

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- ☒ Preliminary Information Statement
☐ Definitive Information Statement

2. Name of Registrant as specified in its charter

BDO Unibank, Inc.

3. Province, country or other jurisdiction of incorporation or organization

Metro Manila

4. SEC Identification Number

34001

5. BIR Tax Identification Code

000-708-174-000

6. Address of principal office

BDO Corporate Center, 7899 Makati Ave., Makati City

Postal Code

0726

7. Registrant's telephone number, including area code

(632) 8840-7000 / 8702-6000

8. Date, time and place of the meeting of security holders

April 22, 2022, 2:00 p.m., The meeting will be conducted virtually and participation will be via remote communication.

9. Approximate date on which the Information Statement is first to be sent or given to security holders

Mar 17, 2023

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding

Common	5,264,204,036
Preferred	618,000,000

13. Are any or all of registrant's securities listed on a Stock Exchange?

☒ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange - Common Shares

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



BDO Unibank, Inc.
BDO

**PSE Disclosure Form 17-5 - Information Statement for Annual or
Special Stockholders' Meeting**
References: SRC Rule 20 and
Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Apr 19, 2023
Type (Annual or Special)	Annual
Time	2:00 PM
Venue	Forbes Ballroom, Conrad Manila, Pasay City, with livestreaming for stockholders participating remotely
Record Date	Feb 24, 2023

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information

Please see attachment.

Filed on behalf by:

Name	Elmer Serrano
Designation	Corporate Information Officer

for
SEC FORM 20-IS

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(632) 8840-7000

December 31

Edmundo L. Tan

tan.edmundo@bdo.com.ph

+63 (2) 8878-4210

BDO Towers Valero, 8741 Paseo de Roxas, Makati City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be informed that the Annual Stockholders' Meeting ("ASM") of **BDO UNIBANK, INC.** ("BDO" or the "Bank") will be held on **April 19, 2023**, Wednesday, at **two o'clock in the afternoon**. The ASM will be conducted in hybrid format (a combination of in-person and remote attendance) and voting by BDO stockholders of record ("Stockholders") will solely be *in absentia* through a secure online voting facility. The in-person meeting will be held at Forbes Ballroom, Second Floor, Conrad Manila, Seaside Boulevard corner Coral Way, Mall of Asia Complex, Pasay City, and will be livestreamed for stockholders participating remotely.

The agenda of the meeting is as follows:

1. Call to order
2. Proof of notice and determination of existence of quorum
3. Approval of the minutes of the previous Annual Stockholders' Meeting held on April 22, 2022
4. Report of the President and approval of the Audited Financial Statements of BDO as of December 31, 2022
5. Open Forum
6. Approval and Ratification of all Acts of the Board of Directors, Board Committees and Management during their terms of office
7. Election of Directors
8. Appointment of External Auditor
9. Other business that may properly be brought before the meeting
10. Adjournment

Each agenda item for approval is explained in the Information Statement, with a brief description in the attached Annex "A." The Bank's Dividend Policy Statement is likewise stated in Annex "A" for your information and guidance.

The Bank's Board of Directors has fixed **February 24, 2023** as the record date for the determination of Stockholders entitled to notice of, to participate, and to vote *in absentia* at such meeting and any adjournment thereof.

BDO Unibank, Inc.
BDO Towers Valero
8741 Paseo De Roxas
Salcedo Village
Makati City 1226
Philippines
Swift Code BNORPHMM
Tel +632 8840-7000

bdo.com.ph

We find ways®

Stockholders who wish to participate in the meeting, whether in-person or remotely, must register at the BDO 2023 ASM website <www.bdo.com.ph/2023asmregister> and upload supporting documents listed therein on or before **April 14, 2023**. All documents submitted will be subject to verification and validation by the Corporate Secretary.

In addition to the above, Stockholders who wish to attend in-person must email the Corporate Secretary at <corporate_secretary@bdo.com.ph> to be counted for in-person attendance. Kindly note that in observance of Covid-19 protocols, in-person attendance will be limited to the first one hundred (100) fully-vaccinated Stockholders who registered via email as set forth above.

Stockholders who wish to appoint a proxy must submit their duly accomplished and signed proxies no later than **March 31, 2023** to the Office of the Corporate Secretary at the 21st Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City via courier delivery **or** by email to <corporate_secretary@bdo.com.ph>. Validation of proxies is set on **April 5, 2023, at 10:00 o'clock a.m.**, at the Office of the Corporate Secretary. Stockholders may download and print the proxy form from BDO's website <www.bdo.com.ph/2023proxyform>.

Successfully registered Stockholders can then cast their votes *in absentia* through the Bank's secure online voting facility and will be provided access to the livestreaming of the ASM. For the detailed registration and voting procedures, please refer to the "*Guidelines for Registering, Participating via Remote Communication and In-Person, and Voting in Absentia*" appended to the Information Statement posted on the Bank's website <www.bdo.com.ph/2023ASM> and PSE EDGE.

The procedure for nomination and election of directors is detailed in the Information Statement posted on the Bank's website <www.bdo.com.ph/2023DIS> and PSE EDGE.

For complete information on the Bank's 2023 ASM, please visit <www.bdo.com.ph/2023ASM>.


EDMUNDO L. TAN
Corporate Secretary

ANNEX “A”

BRIEF DESCRIPTION OF AGENDA ITEMS

1. **Call to order.** The Chairperson, Ms. Teresita T. Sy, will formally open the 2023 Annual Stockholders’ Meeting (ASM) of BDO Unibank, Inc. (“BDO” or the “Bank”).
2. **Proof of notice and determination of existence of quorum.** The Corporate Secretary, Atty. Edmundo L. Tan, will certify that notice requirements for the 2023 ASM have been complied with in accordance with BDO’s By-Laws, Revised Corporation Code of the Philippines, and the Securities and Exchange Commission (SEC) regulations, and will attest whether a quorum is present for the valid transaction of the ASM and all matters included in the Agenda.
3. **Approval of the Minutes of the Annual Stockholders’ Meeting held on April 22, 2022.** Copies of the Minutes are available for examination during office hours at the Office of the Corporate Secretary and at BDO’s website <www.bdo.com.ph/2022ASMminutes>. Stockholders will be asked to approve the Minutes. Below is the text of the proposed resolution:

“RESOLVED, That the Stockholders of BDO Unibank, Inc. approve, as they hereby approve, the Minutes of the Annual Stockholders’ Meeting held on April 22, 2022.”

4. **President’s Report and approval of BDO’s Audited Financial Statements (AFS) as of December 31, 2022.** The Report presents the highlights of the performance and achievements of BDO in 2022. It includes the summary of the AFS which is incorporated in the Information Statement posted on the Bank’s website <www.bdo.com.ph/2023DIS>. Copies of the AFS are also submitted to the SEC and Bureau of Internal Revenue.
5. **Open Forum.** Every stockholder may raise any relevant question or express any appropriate comment. Stockholders are given the opportunity to send their questions and/or remarks prior to the meeting by sending an email to <irandcorplan@bdo.com.ph> not later than 2:00 p.m. of April 19, 2023. Questions which cannot be read and answered during the meeting will be replied to by BDO through the stockholders’ email addresses.
6. **Approval and Ratification of all Acts of the Board of Directors, Board Committees and Management during their terms of office.** All actions and proceedings, criteria and process for the Board of Directors’ evaluation as published in BDO’s website, including approvals of significant related parties’ transactions, of the Board of Directors, the Board Committees, and the Management of BDO from the last Annual Stockholders’ Meeting of BDO held on April 22, 2022 will be presented to the stockholders for their approval and ratification. These collective actions are the main keys to the Bank’s performance in 2022.
7. **Election of Directors.** The Chairman of the Nominations Committee will present to the stockholders the nominees for election as members of the Board of Directors of BDO, including the independent directors. The profiles of the nominees to the Board of Directors are provided in the Information Statement posted on the Bank’s website <www.bdo.com.ph/2023DIS> for reference of the stockholders.

8. **Appointment of External Auditor.** The Board Audit Committee of BDO will accept and screen the nominees for external auditor of BDO. It will make the appropriate recommendation on the appointment of one auditing firm as external auditor of BDO. The recommended external auditor will be presented to the stockholders for their approval.
9. **Other business that may properly be brought before the meeting.** All other matters that arise after the Notice of Meeting and Agenda have been sent out or raised throughout the course of the meeting may be presented to the stockholders for consideration. Stockholders may raise such matters as may be relevant or appropriate to the occasion.
10. **Adjournment.** After consideration of all business, the Chairperson shall declare the meeting adjourned. This formally ends the 2023 Annual Stockholders' Meeting of BDO.

BDO DIVIDEND POLICY STATEMENT

BDO recognizes the importance of providing a stable and sustainable dividend stream consistent with its commitment to stockholders. Since December 2013, the Bank has been paying regular cash dividends of Php 0.30 per quarter, or an annual equivalent of Php 1.20 per share and will endeavor to do so while maintaining financial stability.

The Board of Directors may, at its discretion and depending on the business results for the year and capital needs of the business, declare and approve the distribution of additional special dividends to all stockholders normally announced at the Annual Stockholders' Meeting.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

 ☒ Preliminary Information Statement
 ☐ Definitive Information Statement
2. Name of Registrant as specified in its charter: **BDO Unibank, Inc.**
3. Country of Incorporation: **Philippines**
4. SEC Identification Number: **34001**
5. BIR Tax Identification Code: **000-708-174-000**
6. Address of principal office: **BDO Corporate Center, 7899 Makati Avenue, Makati City**
7. Registrant's telephone number, including area code: **(632) 8840-7000/ (632) 8631-8000/**

(632) 8702-6000
8. Date, time and place of the meeting of security holders: **April 19, 2023, 2:00 o'clock p.m.**

The meeting will be conducted in hybrid format, a combination of in-person and remote attendance. The in-person meeting shall be held at the Forbes Ballroom, Conrad Manila, in Pasay City, and shall be livestreamed for stockholders participating remotely.
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **March 17, 2023**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

Title of Each Class

Number of Shares

Common Shares, ₱10.00 par value	5,264,204,036
Preferred Shares, ₱10.00 par value	618,000,000

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes ☒ No ☐ Philippine Stock Exchange, Common Shares

**WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

- (a) Date : **April 19, 2023, Wednesday**
- Time : **2:00 o'clock p.m.**
- Place : **The meeting will be held at the Forbes Ballroom, Conrad Manila, Pasay City, with livestreaming for stockholders participating remotely.**
- Mailing : **BDO UNIBANK, INC.**
 Address : **Office of the Corporate Secretary
21st Floor, BDO Towers Valero
8741 Paseo de Roxas, Salcedo Village, Makati City
Philippines**
- (b) Approximate date on which the Information Statement is first to be sent or given to security holders: **March 17, 2023**

Item 2. Rights of Shareholders; Dissenter's Right of Appraisal

BDO Unibank, Inc. (**BDO**) respects the inherent rights of shareholders in accordance with law. BDO recognizes that all shareholders should be treated fairly and equally whether they are controlling or minority, local or foreign. To ensure this, the By-Laws of BDO provide that all shares of each class should carry the same rights, and any changes in the voting rights shall be approved by shareholders.

When a proposed corporate action would involve a substantial and fundamental change in BDO in the cases provided by law, a stockholder may exercise his appraisal rights. Pursuant to Section 80 of the Revised Corporation Code of the Philippines, a stockholder may exercise his appraisal right by dissenting on any of the following corporate actions and demanding payment of the fair value of his shares:

- (1) In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder 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;
- (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
- (3) In case of merger or consolidation; and

- (4) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The procedure for the exercise of a stockholder's appraisal right is as follows:

- (1) A stockholder shall have dissented to such corporate action;
- (2) Within thirty (30) days after the date on which the vote was taken, the dissenting stockholder shall make a written demand on BDO for payment of the fair value of his shares.

Failure to make the demand within such period shall be deemed a waiver of the appraisal right.

- (3) Within ten (10) days after demanding payment for his shares, the dissenting stockholder shall submit to BDO the certificate(s) of stock representing his shares for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of BDO, terminate his appraisal rights.
- (4) No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless BDO consents thereto.
- (5) If the corporate action is implemented or effected, BDO shall pay to such dissenting stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of a merger if such be the corporate action involved.
- (6) If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the dissenting stockholder and BDO cannot agree on the fair value of the shares, it shall be appraised and determined by three (3) disinterested persons, one of whom shall be named by the stockholder, another by BDO, and the third by the two (2) thus chosen.
- (7) The findings of a majority of the appraisers shall be final, and their award shall be paid by BDO within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless BDO has unrestricted retained earnings in its books to cover such payment.
- (8) Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his shares to BDO.

No matter will be presented for shareholders' approval during the annual meeting that may give rise to the exercise of the right of appraisal.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No director or officer of BDO since the beginning of the last fiscal year, or any nominee for election as director, nor any of their associates, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the meeting, other than election to office.
- (b) No director of BDO has informed BDO in writing that he intends to oppose any action to be taken by BDO at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders

- (a) Voting securities entitled to be voted at the meeting:

Title of Each Class	Number of Shares (as of January 31, 2023)	Number of Votes Outstanding
Common Shares	5,264,198,966	One (1) vote per share, except in the election of directors where one share is entitled to as many votes as there are directors to be elected.
Series A Preferred Shares	618,000,000	
Total	5,882,198,966	

- (b) Record date

Only stockholders of record in the books of BDO as of the close of business on February 24, 2023 are entitled to notice of, and to vote at, the annual meeting.

- (c) Election of directors and voting rights (cumulative voting)

Each shareholder holding Common Shares and Series A Preferred Shares (each, a “**Voting Share/s**”) as of February 24, 2023 is entitled to as many votes as there are directors to be elected. Thus, if there are eleven (11) directors to be elected, each Voting Share is entitled to eleven (11) votes. Such shareholder may cumulate and cast all his votes in favor of one candidate or distribute them among as many candidates as he shall see fit, provided that the total number of votes cast by him does not exceed the number of shares owned by him multiplied by the number of directors to be elected.

For this year's Annual Stockholders' Meeting, all voting will still be *in absentia* through BDO's secure online voting facility and proxies submitted to the Office of the Corporate Secretary via courier delivery or by e-mail.

The shareholder holding Voting Shares may nominate directors and vote by remote communication, *in absentia*, or by proxy. Stockholders of record must inform the Corporate Secretary of their intention to participate in the meeting in person or via remote communication and to vote *in absentia* by registering at <www.bdo.com.ph/2023asmregister> on or before April 14, 2023, subject to the verification and validation by the Corporate Secretary. Stockholders who will participate through remote communication or *in absentia* shall be deemed present for purposes of quorum for the meeting. Voting will be made through a secure online voting facility accessible only to verified stockholders to protect the integrity and secrecy of votes cast.

Stockholders who wish to attend in person must email the Corporate Secretary at <corporate_secretary@bdo.com.ph> of their intention to attend in-person, and only the first one hundred (100) fully-vaccinated stockholders to email will be allowed to join the in-person meeting. These stockholders shall receive a notification from BDO, which will include details on safety protocols for their attendance of the meeting at Forbes Ballroom, Second Floor, Conrad Manila, Seaside Boulevard corner Coral Way, Mall of Asia Complex, Pasay City. Stockholders attending the in-person meeting should still cast their votes in absentia via BDO's online voting portal <<https://asmvoting.bdo.com.ph>>.

Stockholders of record may submit their duly executed and signed proxies (which need not be notarized) on or before March 31, 2023 via courier delivery or by mail to the Corporate Secretary at the 21st Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City, or by email to <corporate_secretary@bdo.com.ph>. Stockholders of record opting to vote by proxy may download and print the proxy form from BDO's website <www.bdo.com.ph/2023proxyform>.

A forum for the validation of proxies chaired by the Corporate Secretary or Assistant Corporate Secretary and attended by BDO's stock and transfer agent shall be convened on April 5, 2023, 10:00 o'clock a.m., at the Office of the Corporate Secretary located at the 21st Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding on the shareholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the meeting.

The detailed guidelines for participation and voting for this meeting are set forth in the ***"Guidelines for Registering, Participating via Remote Communication and In-Person, and Voting in Absentia"*** appended to this Information Statement.

(d) Security ownership of certain record and beneficial owners and management:

1. Security ownership of certain record/beneficial owners

As of January 31, 2023, the following are known to BDO to be directly or indirectly the record and/or beneficial owners of more than 5% of BDO's voting securities:

Title of Class	Name, address of record owner and relationship with BDO	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	SM Investments Corp. 10th Floor One E-Com Center, Harbour Drive, Mall of Asia Complex, CBP-I-A, Pasay City/ Parent Company	Sy Family (Substantial Stockholders)	Filipino	2,144,616,778 *	40.74%
Common	PCD Nominee Corp. (Non-Filipino) 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City/Various stockholders	Various stockholders	Foreign	1,322,941,205	25.13%
Common	PCD Nominee Corp. (Filipino) 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City/ Various stockholders	Various stockholders	Filipino	909,718,637**	17.28%
Common	Multi-Realty Development Corporation 10 th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City/ Stockholder	SM Investments Corp. (Subsidiary)	Filipino	349,815,643 *	6.65%
Common	Sybase Equity Investments Corporation 10 th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City/ Stockholder	Various corporate stockholders	Filipino	288,012,350 *	5.47%
TOTAL (COMMON)				5,015,104,613	95.27%

* Inclusive of PCD-lodged shares of SM Investments Corporation (SMIC), Multi-Reality Development Corporation (MRDC) and Sybase Equity Investments Corporation (SEIC)

** Exclusive of PCD-lodged shares of SMIC, MRDC and SEIC.

Title of Class	Name, address of record owner and relationship with BDO	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Preferred	Sybase Equity Investments Corporation 10 th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City/ Stockholder	Various corporate stockholders	Filipino	469,680,000	76.00%
Preferred	SM Investments Corp. 10th Floor One E-Com Center, Harbour Drive, Mall of Asia Complex, CBP-I-A, Pasay City/ Parent Company	Sy Family (Substantial Stockholders)	Filipino	148,320,000	24.00%
TOTAL (PREFERRED)				618,000,000	100.00%

The persons authorized to vote the shares of SM Investments Corporation, Multi-Reality Development Corporation and Sybase Equity Investment Corporation are Ms. Teresita T. Sy and/or Mr. Henry T. Sy, Jr. and/or Mr. Harley T. Sy.

As of January 31, 2023, the following are known to BDO as the PCD participants holding 5% or more of BDO's voting securities:

Member	Name and Address	No. of Shares	Percent of Shareholdings
SCBK Clients' Account	Standard Chartered Bank Standard Chartered Bank Building 6788 Ayala Avenue, Makati City	540,011,646	9.18%
BDO Securities Corporation Clients' Account	BDO Securities Corporation BDO Towers Valero, 8741 Paseo de Roxas Ave., Salcedo Village, Bel-Air 1209 Makati City	406,778,395	6.92%
	TOTAL	946,790,041	16.10%

- The PCD, being a nominee corporation, only holds legal title, not beneficial ownership of the lodged shares. The beneficial owners, such as the clients of PCD, have the power to decide how their shares are to be voted.

(NOTE: *There are no voting trust shares or shares issued pursuant to a Voting Trust Agreement registered with BDO nor has there been any change in control of BDO. BDO is also not aware of any contractual arrangement or otherwise between its shareholders and/or third parties, which may result in change in control of BDO).*

(2) Security ownership of management

As of January 31, 2023, the total number of shares owned by the directors and management of the registrant as a group unnamed is 39,141,829 common shares, which is equivalent to 0.7440% of the total outstanding common capital stock of the registrant. The Bank's directors and officers own the following common shares of the Bank:

Title of Class	Name of Beneficial Owner	Nature of Beneficial Ownership (Direct (D)/ Indirect (I))	Position	Citizenship	No. of Shares (beginning balance as of March 2, 2022/effectivity date of election/ appointment in position)	No. of Shares (as of January 31, 2023)	Percent of Class (Shares as of January 31, 2023)
Common	Teresita T. Sy	619,614 - D 20,619 - I	Chairperson	Filipino	533,528	640,233	0.0122%
Common	Jesus A. Jacinto, Jr.	9,368 - D 287,018 - I	Vice Chairman	Filipino	147,102	296,386	0.0057%
Common	George T. Barcelon	D	Independent Director	Filipino	201,001	241,201	0.0046%
Common	Estela P. Bernabe	D	Independent Director	Filipino	1	1	0.0000%
Common	Vipul Bhagat	D	Independent Director	American	1	1	0.0000%
Common	Jones M. Castro, Jr.	D	Non-Executive Director	Filipino & American	12,001	19,401	0.0004%
Common	Vicente S. Pérez, Jr.	D	Independent Director	Filipino	30,000	36,000	0.0007%
Common	Dioscoro I. Ramos	D	Lead Independent Director	Filipino	203,800	260,760	0.0050%

Title of Class	Name of Beneficial Owner	Nature of Beneficial Ownership (Direct (D)/ Indirect (I))	Position	Citizenship	No. of Shares (beginning balance as of March 2, 2022/effectivity date of election/ appointment in position)	No. of Shares (as of January 31, 2023)	Percent of Class (Shares as of January 31, 2023)
Common	Josefina N. Tan	D	Non-Executive Director	Filipino	715,958	1,063,605	0.0202%
Common	Nestor V. Tan	D	President, CEO & Executive Director	Filipino	15,448,629	18,738,130	0.3560%
Common	Walter C. Wassmer	D	Non-Executive Director	Filipino	498,339	1,580,338	0.0300%
Common	Joseph Albert L. Gotuaco	D	SEVP	Filipino	470,000	564,000	0.0107%
Common	Rolando C. Tanchanco	D	SEVP	Filipino	316,783	505,455	0.0096%
Common	Jaime C. Yu	D	SEVP	Filipino	606,934	854,185	0.0162%
Common	Stella L. Cabalatungan	D	EVP	Filipino	317,100	392,694	0.0075%
Common	Gerard Lee B. Co	D	EVP	Filipino	411,482	505,952	0.0096%
Common	Lucy C. Dy	1,045,830 – D 12,000 - I	EVP & Comptroller	Filipino	620,339	1,057,830	0.0201%
Common	Eduardo V. Francisco	D	EVP	Filipino	768,779	1,105,711	0.0210%
Common	Jesus Antonio S. Itchon	D	EVP	Filipino	6,000	7,200	0.0001%
Common	Jeanette S. Javellana	D	EVP	Filipino	311,156	399,847	0.0076%
Common	Ma. Corazon A. Mallillin	D	EVP	Filipino	145,232	186,452	0.0035%
Common	Dalmacio D. Martin	D	EVP & Treasurer	Filipino	171,595	218,088	0.0041%
Common	Luis S. Reyes, Jr.	D	EVP	Filipino	829,580	920,360	0.0175%
Common	Cecilia Luz L. Tan	D	EVP	Filipino	13,854	28,798	0.0005%
Common	Evelyn L. Villanueva	D	EVP & Chief Risk Officer	Filipino	695,027	854,928	0.0162%
Common	Albert S. Yeo	D	EVP	Filipino	1,000	1,200	0.0000%
Common	Noel L. Andrada	D	SVP	Filipino	204,100	244,920	0.0047%
Common	Maria Carina S. Antonio	D	SVP	Filipino	139,420	187,638	0.0036%

Title of Class	Name of Beneficial Owner	Nature of Beneficial Ownership (Direct (D)/ Indirect (I))	Position	Citizenship	No. of Shares (beginning balance as of March 2, 2022/effectivity date of election/ appointment in position)	No. of Shares (as of January 31, 2023)	Percent of Class (Shares as of January 31, 2023)
Common	Rafael G. Ayuste, Jr.	D	SVP & Trust Officer	Filipino	32,000	2,574	0.0000%
Common	Ferdinand C. Bacungan	D	SVP	Filipino	39,700	56,160	0.0011%
Common	Melanie S. Belen	D	SVP	Filipino	253,604	316,498	0.0060%
Common	Marita E. Bueno	D	SVP	Filipino	0	0	0.0000%
Common	Edmund S. Chan	D	SVP	Filipino	29,500	35,701	0.0007%
Common	Ruby A. Chua	D	SVP	Filipino	78,037	78,164	0.0015%
Common	Romeo Ramon Martin R. Co, Jr.	D	SVP	Filipino	4,785	5,742	0.0001%
Common	Jonathan T. Cua	D	SVP	Filipino	0	0	0.0000%
Common	Ramon S. David	D	SVP	Filipino	106,591	140,083	0.0027%
Common	Montiel H. Delos Santos	D	SVP	Filipino	115,800	1,134	0.0000%
Common	Gwyneth M. Entao	D	SVP	Filipino	76,277	104,386	0.0020%
Common	Belinda C. Fernandez	D	SVP	Filipino	128,264	99,405	0.0019%
Common	Andre M. Flores	D	SVP	Filipino	4,000	4,800	0.0001%
Common	Gina Marie C. Galita	D	SVP	Filipino	0	1,080	0.0000%
Common	Cheryll B. Gaviño	D	SVP	Filipino	69,202	91,562	0.0017%
Common	Geneva T. Gloria	D	SVP	Filipino	103,969	124,762	0.0024%
Common	Alvin C. Go	D	SVP & Assistant Corporate Secretary	Filipino	232,800	291,534	0.0055%
Common	Jonathan Cua Bian T. Go II	D	SVP	Filipino	8,405	18,606	0.0004%
Common	Marilyn K. Go	D	SVP & Deputy Treasurer	Filipino	72,800	99,534	0.0019%
Common	Sonia Maribel D. Go	D	SVP	Filipino	172,687	219,398	0.0042%
Common	Frederic Mark S. Gomez	D	SVP	Filipino	15,000	18,000	0.0003%

Title of Class	Name of Beneficial Owner	Nature of Beneficial Ownership (Direct (D)/ Indirect (I))	Position	Citizenship	No. of Shares (beginning balance as of March 2, 2022/effectivity date of election/ appointment in position)	No. of Shares (as of January 31, 2023)	Percent of Class (Shares as of January 31, 2023)
Common	Maria Lourdes Donata C. Gonzales	D	SVP	Filipino	0	0	0.0000%
Common	Richard Emil R. Grau	D	SVP	Filipino	0	12,174	0.0002%
Common	Lazaro Jerome C. Guevarra	D	SVP	Filipino	26,188	108,399	0.0021%
Common	Enrico R. Hernandez	D	SVP	Filipino	288,698	418,971	0.0080%
Common	Geraldine C. Liggayu	D	SVP	Filipino	108,803	139,083	0.0026%
Common	Gabriel U. Lim	D	SVP	Filipino	214,169	269,176	0.0051%
Common	John Emmanuel M. Lizares	D	SVP	Filipino	71,871	86,245	0.0016%
Common	Juan Sabino P. Lizares	D	SVP	Filipino	238,880	295,176	0.0056%
Common	Joseph Rhoderick B. Lledo	D	SVP	Filipino	103,619	187,942	0.0036%
Common	Manuel Z. Locsin, Jr.	D	SVP	Filipino	66,863	88,755	0.0015%
Common	Rhodora M. Lugay	D	SVP	Filipino	20,000	24,000	0.0005%
Common	Jose Paolo Enrique A. Magpale	D	SVP	Filipino	18,500	30,720	0.0006%
Common	Roy Allan V. Magturo	D	SVP	Filipino	133,572	172,460	0.0033%
Common	Manuel Patricio C. Malabanan	D	SVP	Filipino	12,000	26,574	0.0005%
Common	Angelita C. Manulat	D	SVP	Filipino	165,411	210,667	0.0040%
Common	Edgardo R. Marcelo, Jr.	D	SVP	Filipino	49,503	67,923	0.0013%
Common	Elena D. Mariano	D	SVP	Filipino	28,260	39,846	0.0008%
Common	Jose Noel M. Mendoza	D	SVP	Filipino	238,740	292,413	0.0056%
Common	Tomas Victor A. Mendoza	D	SVP	Filipino	48,960	80,526	0.0015%
Common	Aurea Imelda S. Montejo	D	SVP	Filipino	221,489	277,960	0.0053%
Common	Francis Jay F. Nacino	D	SVP	Filipino	0	0	0.0000%
Common	Jaime M. Nasol	D	SVP	Filipino	78,800	100,734	0.0019%

Title of Class	Name of Beneficial Owner	Nature of Beneficial Ownership (Direct (D)/ Indirect (I))	Position	Citizenship	No. of Shares (beginning balance as of March 2, 2022/effectivity date of election/ appointment in position)	No. of Shares (as of January 31, 2023)	Percent of Class (Shares as of January 31, 2023)
Common	Carlo B. Nazareno	D	SVP	Filipino	0	0	0.0000%
Common	Cristina G. Ngo	D	SVP	Filipino	190,996	229,195	0.0044%
Common	Frederico Rafael D. Ocampo	D	SVP	Filipino	12,000	26,574	0.0005%
Common	Estrellita V. Ong	D	SVP & Chief Internal Auditor	Filipino	0	0	0.0000%
Common	Maria Rhoda B. Orsolino	D	SVP	Filipino	52,807	119,942	0.0023%
Common	Jose Alfredo G. Pascual	D	SVP	Filipino	138,305	150,660	0.0029%
Common	Cyrus M. Polloso	D	SVP	Filipino	29,150	43,500	0.0008%
Common	Jose Eduardo A. Quimpo II	D	SVP	Filipino	5,850	12,954	0.0002%
Common	Alberto O. Quiogue	D	SVP	Filipino	650	780	0.0000%
Common	Rogel A. Raya	D	SVP	Filipino	181,034	229,414	0.0044%
Common	Maria Nannette R. Regala	D	SVP	Filipino	359,247	431,006	0.0082%
Common	Gerardo Clemente C. Rivera	D	SVP	Filipino	0	0	0.0000%
Common	Susan Audrey P. Rivera	D	SVP	Filipino	73,755	17,400	0.0003%
Common	Evelyn C. Salagubang	D	SVP	Filipino	122,254	223,678	0.0042%
Common	Roberto Ramon L. Santos	D	SVP	Filipino	0	0	0.0000%
Common	Paul John Siy	D	SVP	Filipino	0	0	0.0000%
Common	Noel B. Sugay	D	SVP	Filipino	110,928	146,488	0.0028%
Common	Lorelei Lorraine L. Sy	D	SVP	Filipino	17,500	38,880	0.0007%
Common	Robert W. Sy	D	SVP	Filipino	72,931	91,691	0.0017%
Common	Edwin R. Tajanlangit	D	SVP	Filipino	4	58	0.0000%
Common	Christopher Raymund P. Tan	D	SVP	Filipino	0	0	0.0000%
Common	Maria Theresa L. Tan	D	SVP	Filipino	106,195	110,755	0.0021%

Title of Class	Name of Beneficial Owner	Nature of Beneficial Ownership (Direct (D)/ Indirect (I))	Position	Citizenship	No. of Shares (beginning balance as of March 2, 2022/effectivity date of election/ appointment in position)	No. of Shares (as of January 31, 2023)	Percent of Class (Shares as of January 31, 2023)
Common	Federico P. Tancongco	D	SVP & Chief Compliance Officer	Filipino	0	0	0.0000%
Common	Reynaldo A. Tanjangco, Jr.	D	SVP	Filipino	116,802	140,336	0.0027%
Common	Dante R. Tinga, Jr.	D	SVP	Filipino	0	0	0.0000%
Common	Myla R. Untalan	D	SVP	Filipino	10,450	26,214	0.0005%
Common	Sharon Mae S. Vicente	D	SVP	Filipino	77,402	63,482	0.0012%
Common	Carol P. Warner	D	SVP	Filipino	0	0	0.0000%
Common	Julie Y. Chua	D	Senior Credit Executive	Filipino	617,311	904,507	0.0172%
Common	Nilo L. Pacheco, Jr.	D	Senior Credit Executive	Filipino	0	0	0.0000%
Common	Mario B. Palou	D	Senior Credit Executive	Filipino	0	0	0.0000%
Common	Edmundo S. Soriano	D	Senior Credit Executive	Filipino	373,800	448,560	0.0085%
Common	Edmundo L. Tan	D	Corporate Secretary	Filipino	101,312	121,574	0.0023%
Common	Sabino E. Acut, Jr.	D	Asst. Corporate Secretary	Filipino	20,000	24,000	0.0005%
	Total				30,287,171	39,141,829	0.7440%

Directors and officers are required to report to BDO any acquisition or disposition of BDO's shares within three (3) business days from the date of the transaction. As prescribed under Philippine Stock Exchange (PSE) Disclosure Rules, BDO shall disclose to the PSE any acquisition or disposition of BDO's shares by its directors and officers within five (5) trading days from the transaction. Moreover, beneficial ownership of BDO shares by the directors and officers is also required to be reported within ten (10) calendar days from the date of initial acquisition or within ten (10) calendar days after the close of each calendar month, if there has been any change in such ownership during the month, to the Securities and Exchange Commission.

Item 5. Directors and Executive Officers

(a) Directors and Corporate Officers

The Board of Directors is empowered to direct, manage and supervise, under its collective responsibility, the affairs of BDO. It is also responsible for the proper administration and management of BDO's trust business. The members of the Board are elected annually by the stockholders to hold office for a term of one (1) year, and shall serve until their respective successors have been elected and qualified.

The Board of Directors meets monthly to discuss BDO's operations and approve matters requiring its approval. Materials containing matters to be taken up during the Board meeting are distributed to the directors at least five (5) days prior to the scheduled Board meeting.

Following is the list of the members of the Board, and the corporate officers and their business experience during the past five (5) years:

Directors' Profile

Teresita T. Sy
Chairperson
Non-Executive Director
Filipino, 72 years old

Teresita T. Sy has been a member of the Board of Directors of BDO Unibank, Inc. (BDO) since 1977, and currently serves as Chairperson of the Board. Concurrently, she serves as the Chairperson and/or Director of various subsidiaries and affiliates of BDO: BDO Private Bank, Inc., BDO Finance Corporation, BDO Capital & Investment Corporation, BDO Foundation, Inc., and BDO Life Assurance Company, Inc. Ms. Sy also serves as Advisor to the Board of BDO Network Bank, Inc.

Ms. Sy is the Vice Chairperson of SM Investments Corporation and Advisor to the Board of SM Prime Holdings, Inc. She also sits as Chairperson of the Board of SM Retail, Inc. A graduate of Assumption College with a degree in Bachelor of Arts and Science in Commerce major in Management, she brings to the board her diverse expertise in banking and finance, retail merchandising, mall and real estate development.

Jesus A. Jacinto, Jr.
Vice Chairman
Executive Director
Filipino, 75 years old

Jesus A. Jacinto, Jr. was elected to the Board of Directors of BDO Unibank, Inc. on May 25, 1996, and has since been Vice Chairman of the Board. He is concurrently the Chairman and President of BDO Insurance Brokers, Inc. He also heads Jaces Corp. as Chairman and President, and Janil Realty, Inc. and JAJ Holdings, Inc. as President. Formerly, he was Director and Executive Vice President of CityTrust Banking Corporation; Director of CityTrust Investments Philippines and CityTrust Finance Corporation; and Vice President and Managing Partner of Citibank N.A. He holds a bachelor's degree in Business Administration from Fordham University in New York City and an MBA in International Business from Columbia University, New York City.

Nestor V. Tan
President & Chief Executive Officer
Executive Director
Filipino, 65 years old

Nestor V. Tan is the President and CEO of BDO Unibank, Inc. He was elected to the Board of Directors on June 27, 1998. In addition to his role in BDO Unibank, Inc., he also holds the following positions in the BDO Group: Chairmanship of BDO Strategic Holdings, Inc. and BDO Network Bank, Inc.; Vice chairmanships and/or directorships in BDO Capital & Investment Corporation, BDO Finance Corporation, BDO Life Assurance Company, Inc., BDO Private Bank, Inc., and SM Keppel Land, Inc.; and Trusteeship of BDO Foundation, Inc.

In addition, he is currently the Chairman of the De La Salle University Board of Trustees; Chairman of Bancnet, the operator of the electronic payment system, InstaPay, and the ATM switching utility for Philippine banks; and Chairman of Mastercard Asia Pacific Advisory Board. He is the past president and chairman, and current Director of the Bankers Association of the Philippines.

Prior to joining BDO Unibank, Mr. Tan was Chief Operating Officer of the Financial Institutions Services Group of BZW, the investment-banking subsidiary of the Barclays Group. His banking career spans nearly four (4) decades and includes posts at global financial institutions, among them Mellon Bank in Pittsburgh, PA; Bankers Trust Company in New York, NY; and the Barclays Group in New York and London. He holds a bachelor's degree in Commerce from De La Salle University and an MBA from the Wharton School, University of Pennsylvania.

Dioscoro I. Ramos
Lead Independent Director
Filipino, 64 years old

Dioscoro I. Ramos was elected to the Board of Directors of BDO Unibank, Inc. on January 9, 2016 and was appointed Lead Independent Director on April 23, 2021. Mr.

Ramos concurrently holds Independent Director positions in BDO Private Bank, Inc. and BDO Securities Corporation. Mr. Ramos has been the Chief Executive Officer & Chief Investment Officer of RY&S Investments Ltd., Hong Kong since September 28, 2012. He was Head of Asia Financials Investment Research of Goldman Sachs Asia, LLC, Hong Kong from 1994 to 2011, and appointed Managing Director in 1998 and Partner in 2006. Prior to that, he was with Mellon Bank, N.A. with postings in Pittsburgh, Philadelphia, New York, and Hong Kong. Mr. Ramos is a Certified Public Accountant. He holds a Bachelor of Science degree in Business Administration and Accountancy, *cum laude*, from the University of the Philippines; and a master's degree in Business from Wharton School, University of Pennsylvania.

George T. Barcelon
Independent Director
Filipino, 74 years old

George T. Barcelon was elected Independent Director of BDO Unibank, Inc. on April 22, 2019. He is currently the President of the Philippine Chamber of Commerce and Industry (PCCI). He is the visionary behind Integrated Computer Systems, Inc. (ICS), one of the Top 1000 companies based in the Philippines, dedicated to providing effectual IT Solutions for small to large-scale businesses and institutions. For 45 years, ICS has provided its customers with technological expertise and quality services. As the president of a company with 400 employees whose success depends on uncompromising leadership, imagination, and careful quality control, Mr. Barcelon seeks to promote the values of Integrity, Commitment, and Service Quality, the cornerstones upon which ICS was built. He is also a member of the Rotary Club of Makati, Philippines; and a board member of the Cardinal Medical Charities Foundation, Inc. in San Juan City, Philippines. Mr. Barcelon graduated *cum laude* from De La Salle University, Manila and received a bachelor's degree in Chemical Engineering.

Estela P. Bernabe
Independent Director
Filipino, 70 years old

Estela P. Bernabe was appointed as Independent Director of BDO Unibank, Inc. effective July 31, 2022. She was Senior Associate Justice of the Supreme Court of the Philippines. She served the Judiciary as Justice of the Court of Appeals, Regional Trial Court Judge of Makati City, Metropolitan Trial Court Judge of the same city, and as Technical Assistant in the Office of the Court Administrator, Supreme Court of the Philippines. She also worked in various private and government offices, namely, China Banking Corporation, Paramount Finance Corp., National Home Mortgage and Finance Corp. and Bernabe Perlas Morte and Associates. She has a law degree from the Ateneo de Manila University College of Law and has more than 40 years' experience in public and private legal practice.

She is also an Independent Director of San Miguel Food and Beverage, Inc. effective August 3, 2022, and was elected member of the Board of Trustees of the Foundation for Liberty and Prosperity last December 6, 2022.

Vipul Bhagat
Independent Director
American, 60 years old

Vipul Bhagat was appointed as Independent Director of BDO Unibank, Inc. on January 8, 2022. Prior to his appointment as Independent Director, he was Independent Board Advisor of BDO. He was formerly the Deputy Head in the Public-Private Partnership (PPP) Advisory Services Department at the International Finance Corporation (IFC) in Washington, D.C., and was responsible for strategic sectors, including climate-friendly projects. Previous to this, Mr. Bhagat was stationed in Asia for over eleven (11) years, most recently as Regional Head for PPP Advisory Services in South Asia (based in India), where he successfully launched and significantly grew the business advising Governments in the region on PPPs in infrastructure and social sectors and facilitating investment flows for projects. Mr. Bhagat has deep knowledge of the Philippines having been previously the Country Manager of IFC for the Philippines. He has been engaged in extensive operational work in infrastructure portfolio, advisory activities, financial sector investments, private sector investment banking, consulting and finance operations. Mr. Bhagat holds a master's degree in Business Administration from The Wharton School of the University of Pennsylvania and a bachelor's degree from the American University, Washington, D.C. He is also a designated Chartered Financial Analyst, and a Certified Public Accountant.

Jones M. Castro, Jr.
Non-Executive Director
Filipino and American, 74 years old

Jones M. Castro, Jr. was elected to the Board of Directors of BDO Unibank, Inc. on April 20, 2012. He was Lead Independent Director of BDO Unibank from December 7, 2013 to April 23, 2021. Mr. Castro has 49 years of banking expertise, with 42 years of international banking experience. From 2009 to 2011, Mr. Castro was the Area Head for South and Southeast Asia of Wells Fargo Bank, San Francisco. As Area Head, Mr. Castro had responsibility for 12 countries and managed 11 overseas offices with a total of 102 team members, and US\$3 billion in loans. From 2006 to 2009, Mr. Castro was Regional Head for Latin America 1, including the Caribbean, of the Wachovia Bank, Miami, and likewise had responsibility for 25 countries, 3 overseas offices, 30 team members, and a US\$1.8-billion loan portfolio. From 2005 to 2006, he was Executive Vice President and International Banking Group Head of the Union Bank of California, San Francisco. From 1990 to 1994, he was Senior Vice President – Controller of Bank

of California, San Francisco, and from 1994 to 1997, he was its Senior Vice President of Strategic Planning in Office of the President. Mr. Castro is currently Trustee of PhilDev USA and PhilDev S & T Foundations, and is a Fellow at the Institute of Corporate Directors. Mr. Castro obtained his bachelor's degree in Applied Mathematics in Economics and graduated *cum laude* from Harvard University. He received his master's degree in Business Administration, Accounting & Finance from Stanford University.

Vicente S. Pérez, Jr.
Independent Director
Filipino, 64 years old

Vicente S. Pérez, Jr. was elected Independent Director of BDO Unibank, Inc. on April 22, 2019. He is currently chairman of Alternergy, a wind, solar and run-of-river power developer and an Independent Director of DoubleDragon Corporation (formerly DoubleDragon Properties Corporation), a real estate developer. He is also a Non-Executive Director of Singapore Technologies Telemedia Pte, Ltd., the Temasek holding company for telecom, data centers and mobile technology. He is a member of the Advisory Boards of Bhutan Foundation, New Zealand Trade and Enterprise, Geneva-based Pictet Clean Energy Fund, and the Yale Center for Business and the Environment. In September 2020, he was appointed Honorary Consul of the Kingdom of Bhutan in the Philippines. He was Philippine Energy Secretary from 2001 to 2005. Mr. Pérez briefly served in early 2001 as Undersecretary at the Department of Trade and Industry and as Managing Head of the Board of Investments. Prior to his government service, Mr. Pérez had 17 years banking experience, first in Latin America debt restructuring at Mellon Bank in Pittsburgh, and later in debt capital markets in emerging countries at Lazard in London, New York and Singapore. At 35, he became General Partner at New York Investment Bank Lazard Frères as head of its Emerging Markets Group. He was Managing Director of Lazard Asia in Singapore from 1995 until 1997, when he co-founded Next Century Partners, a private equity firm based in Singapore. In 2005, he was briefly a government appointed director of Philippine National Bank until its privatization. Mr. Perez obtained an MBA from the Wharton Business School of the University of Pennsylvania in 1983 and a bachelor's degree in Business Economics from the University of the Philippines in 1979. He was a 2005 World Fellow at Yale University where he lectured an MBA class at the Yale School of Management.

Josefina N. Tan
Non-Executive Director
Filipino, 77 years old

Josefina N. Tan was Director of Banco de Oro Universal Bank (now BDO Unibank, Inc.) from February 3, 2001 to August 2005. She then became a Director of Equitable PCI

Bank, Inc. from September 2005 until its merger with BDO Unibank in May 2007. Ms. Tan was re-elected to the Board of Directors of BDO Unibank (then Banco de Oro – EPCI, Inc.) on July 27, 2007. Concurrently, she is Board Advisor of BDO Private Bank, Inc. She is also Chairman of the Board of Miriam College and a Trustee of the Development Center for Finance and the Laura Vicuña Foundation. She is also Treasurer of the Equestrian Order of the Holy Sepulchre of Jerusalem. Ms. Tan served as President and Director of BDO Private Bank, Inc. from August 29, 2003 to April 17, 2017. She was also Executive Vice President of the former Far East Bank & Trust Co.; Director and President of FEB Leasing & Finance Corporation; Executive Director and Trustee of FEB Foundation, Inc.; and Executive Vice President of FEB Investments, Inc. until 2000. Ms. Tan holds a Bachelor of Arts degree with a major in Communication Arts from Maryknoll College, and a master’s degree in Business Administration from Ateneo Graduate School of Business.

Walter C. Wassner
Non-Executive Director
Filipino, 65 years old

Walter C. Wassmer was elected to the Board of Directors of BDO Unibank, Inc. (BDO) on April 22, 2022. Prior to his election as Director of BDO, Mr. Wassmer was Senior Executive Vice President and Head of the Institutional Banking Group of BDO. He was previously Chairman and Officer-in-Charge of BDO Elite Savings Bank, Inc., formerly GE Money Bank, Inc. (A Savings Bank), and held directorships in BDO Leasing and Finance, Inc., BDO Finance Corporation, BDO Capital & Investment Corporation, MMPC Auto Financial Services Corporation, MDB Land, Inc., Mabuhay Vinyl Corporation, and Banco De Oro Savings Bank, Inc. (formerly Citibank Savings, Inc.). He was also appointed as Senior Board Adviser of First Philippine Holdings Corporation on November 10, 2022. He holds a Bachelor of Science degree in Commerce from De La Salle University.

Edmundo L. Tan
Corporate Secretary
Filipino, 77 years old

Edmundo L. Tan has been serving as Corporate Secretary of BDO Unibank, Inc. since July 27, 2007, and of BDO Private Bank, Inc. since February 2012. He was formerly Director of BDO Leasing and Finance, Inc. and subsequently served as Advisor to the Board. Atty. Tan sits on the Boards of Directors of the following companies: APC Group, Inc. (Director from 2000 to present, Corporate Secretary from 2000 to 2016); Philippine Global Communications, Inc. (Director from 2000 to present, Corporate Secretary from 2000 to 2010); and Aragorn Power and Energy Corporation (Director from 2005 to present, Corporate Secretary from 2005 to 2012). Atty. Tan is also currently a Director of PRC MAGMA Resources, Inc. (2010 to present) and of Ortigas Land Corporation

(formerly OHI, July 2012 to present). He was elected Director of Sagittarius Mines, Inc. in March 2016, and Director of Concrete Aggregates Corporation on December 12, 2019. In July 2017, he was elected President of the Philippine Dispute Resolution Center, Inc. (PDRCI), a non-stock, non-profit organization which he co-founded. Atty. Tan is the Managing Partner of Tan Acut Lopez & Pison Law Offices (1993 to present). Formerly, he was a Senior Partner in Ponce Enrile Cayetano Reyes & Manalastas Law Offices; a Partner in Angara Abello Concepcion, Regala & Cruz Law Offices; and an Associate in Cruz Villarin Ongkiko Academia & Durian Law Offices. Atty. Tan holds a Bachelor of Arts degree from De La Salle College, Bacolod, and a bachelor's degree in Law from the University of the Philippines.

Sabino E. Acut, Jr.
Assistant Corporate Secretary
Filipino, 72 years old

Sabino E. Acut, Jr. was appointed Assistant Corporate Secretary of BDO Unibank, Inc. on July 27, 2007, a position he currently holds. He is presently a Senior Partner and Head of the Litigation Department of Tan Acut Lopez & Pison Law Offices. He was a former Senior Partner and Head of the Litigation Department of Ponce Enrile Cayetano Reyes & Manalastas Law Offices (PECABAR) and, before that, a Partner of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA). At various times, he was Corporate Secretary of Boulevard Holdings, Inc., Puerto Azul Golf & Country Club, Philippine Hospital Association, and Eastern General Reinsurance Corporation; Legal Counsel of Alabang Country Club; Trustee of Makati Law Foundation; and President of the Legal Management Council of the Philippines. He was Journal Editor of the 1971 Constitutional Convention, Special Assistant to the Director of the Bureau of National and Foreign Information, and Confidential Attorney to former Supreme Court Justice Cecilia Muñoz Palma. He is a member of the Integrated Bar of the Philippines and the Philippine Bar Association. He is currently a Director of Philippine Global Communications, Inc., Ashdale Holdings, Inc., and Primtown Center Holdings, Inc. He was the Corporate Secretary of the then Equitable PCIB Bank, Inc. until its merger with the Bank. He holds the degrees of Bachelor of Arts, *Magna Cum Laude*, from Mindanao State University; Bachelor of Laws, *Cum Laude*, from the University of the East; and Master of Laws from the University of Pennsylvania.

Alvin C. Go
Assistant Corporate Secretary
Filipino, 61 years old

Alvin C. Go is a Senior Vice President for the Legal Services Group of BDO Unibank, Inc. He was also appointed as Assistant Corporate Secretary and Alternate Corporate Information Officer on October 1, 2015. Prior to joining BDO, he was the Chief Legal Counsel of Philippine National Bank from 2003 to 2012. He was an Associate Attorney

of Salonga, Ordonez, Yap, Corpuz Padlan & Associates Law Offices from 1985 to 1989. He served as Prosecution Attorney from 1989 to 1990 and State Prosecutor of the Department of Justice from 1990 to 1993. He was a Senior Partner at Go, Cojuangco, Mendoza, Ligon and Castro Law Offices from 1994 to 1999, and Senior Partner at Go and Castro Law Offices from 1999 to 2003. He obtained his Bachelor of Arts, Major in Political Science, from the Immaculate Concepcion College, Ozamiz City and his Bachelor of Laws from Misamis University.

The independent directors of the Bank are **George T. Barcelon, Estela P. Bernabe, Vipul Bhagat, Vicente S. Pérez, Jr., and Dioscoro I. Ramos.**

Directorships in other reporting companies:

During the last five (5) years, the following directors are also directors of other reporting companies as listed below:

Name of Director	Name of Reporting Company	Position Held
Teresita T. Sy	SM Investments Corporation	Vice Chairperson
Estela P. Bernabe	San Miguel Food and Beverage, Inc.	Independent Director
Vicente S. Pérez, Jr.	DoubleDragon Corp. (formerly DoubleDragon Properties Corp.)	Independent Director

Attendance in Board Meetings

Below is the attendance of the Directors for the meetings held as of December 2022:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Teresita T. Sy	15	15	100%
Jesus A. Jacinto, Jr.	13	15	86.67%
George T. Barcelon	15	15	100%
Estela P. Bernabe ¹	4	4	100%
Vipul Bhagat	13	15	86.67%
Jones M. Castro, Jr.	14	15	93.33%
Vicente S. Pérez, Jr.	14	15	93.33%
Dioscoro I. Ramos	15	15	100%
Josefina N. Tan	15	15	100%
Nestor V. Tan	15	15	100%
Walter C. Wassmer ²	8	8	100%
Christopher A. Bell-Knight ³	11	11	100%
Jose F. Buenaventura ⁴	7	7	100%

- ¹ Newly-elected to the Board on July 30, 2022, with effectivity on July 31, 2022, hence, attendance count started on August 26, 2022.
- ² Newly-elected to the Board on April 22, 2022, hence, attendance count started on April 22, 2022.
- ³ Resigned as Director effective July 31, 2022.
- ⁴ Term ended on April 22, 2022.

Nomination of Directors

The nomination period starts February 23, 2023 and closes on March 8, 2023. The final list of candidates shall be determined after the end of the nomination period.

BDO has complied with the Guidelines set forth in Section 38 of the Securities Regulation Code, its Implementing Rules and regulations and other SEC issuances.

The directors of BDO are elected at the annual stockholders' meeting to hold office until the next annual meeting and until their respective successors are appointed or elected and qualified. The nominated persons will be presented to BDO's stockholders for election at the Annual Stockholders' Meeting. The nominated individuals shall possess all the qualifications and none of the disqualifications provided in the SRC and its Implementing Rules and Regulations. Further, no director has resigned or declined to stand for re-election to the Board of Directors since the date of the last Annual Stockholders' Meeting because of a disagreement with BDO on any matter relating to its operations, policies or practices.

The procedure for nomination of directors shall be as follows:

- All nominations for directors shall be submitted in writing to the Corporate Secretary of BDO from February 23, 2023 to March 8, 2023. Nominations that are not submitted within such nomination period shall not be valid. Only a stockholder of record, including a minority stockholder, entitled to notice of and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected a director of BDO. (par. 3 Section 17, By-Laws)
- All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. (SRC Rule 38)
- The nominations received from February 23, 2023 to March 8, 2023 shall be submitted to BDO's Nominations Committee, which shall determine the qualifications of the nominees for Directors and Independent Directors.

The Nominations Committee meets at least twice a year to (a) open the nomination period for the submission of nominations for directors, (b) pre-screen and check the qualifications of all persons nominated to be elected to the Board of Directors of BDO from the pool of candidates submitted by

the nominating stockholders, and (c) approve the final list of nominees for presentation and approval by the shareholders of BDO.

- The Nominations Committee shall pre-screen the nominees based on their qualifications as provided in BDO's Manual of Good Corporate Governance and (SRC Rule 38). The Nominations Committee will hold its meeting on March 10, 2023.
- The decision of the Nominations Committee concurred in by a vote of a majority of its members shall be final and binding on the stockholders and may no longer be raised during the annual meeting. (par. 4 Section 17, By-Laws)
- The Nominations Committee is composed of the following members, all of whom are independent directors:
 1. George T. Barcelon - Chairman (Independent Director)
 2. Vicente S. Pérez, Jr. - Member (Independent Director)
 3. Dioscoro I. Ramos - Member (Independent Director)

Below is the attendance of the members for the Committee meetings held as of December 2022:

	No. of Meetings Attended	Total No. of Meetings	Percentage
George T. Barcelon	9	9	100%
Dioscoro I. Ramos *	5	5	100%
Vicente S. Pérez, Jr. **	8	8	100%
Jose F. Buenaventura ***	4	4	100%
* Appointed as Member of the Nominations Committee on April 22, 2022, hence, attendance count started on May 25, 2022. ** Appointed as Member of the Nominations Committee on January 8, 2022, hence, attendance count started January 29, 2022. *** Term as Member ended on April 22, 2022.			

Those nominated to the Board as independent directors shall submit to the SEC a Certification of Independent Directors. BDO ensures compliance with SEC Memorandum Circular No. 19, Series of 2016 and SEC Memorandum Circular No. 4, Series of 2017, on the term limits for independent directors including the necessary stockholders' approval for any extension of term if approved by the BSP; and SEC Memorandum Circular No. 5, Series of 2017 on disclosure of the qualifications of independent directors to hold said position. All newly-elected directors are required to undergo an orientation program within three (3) months from date of election. This is intended to familiarize the new directors on their statutory/fiduciary roles and responsibilities in the Board and Committees, BDO's strategic plans, enterprise risks,

group structures, business activities, compliance programs, Code of Business Conduct and Ethics, Personal Trading Policy and Corporate Governance Manual.

All directors are also encouraged to participate in continuing education programs at BDO's expense to maintain a current and effective Board. In 2022, all directors of BDO Unibank complied with the annual corporate governance training requirement of four (4) hours. Eight (8) directors of BDO Unibank, along with members of senior management, attended its in-house corporate governance seminar held on July 20, 2022. Keynote speaker Prof. Kishore Mahbubani of the Asia Research Institute, National University of Singapore provided valuable insights on geopolitical risk in the face of fierce geopolitical contest among world superpowers and the continuing rise of Asia and the ASEAN. S&P Global, on the other hand, talked about sustainability and the role of boards, with focus on climate change and biodiversity challenges that companies are facing today.

Two (2) directors attended the corporate governance seminars facilitated by the Institute of Corporate Directors last August 3, October 28, and December 9, 2022, which covered advanced corporate governance training, anti-money laundering updates, diverse and inclusive policies, and ESG strategy. One (1) director attended the corporate governance seminar facilitated by the Risks, Opportunities, Assessment and Management (ROAM), Inc., with topics on corporate governance regulatory updates, global and regional trends, and personal liability of directors and officers under the law.

The Board also held strategic meetings and received regular economic briefings and briefings on new regulatory issuances.

(a) Senior executive officers

The members of senior management, subject to control and supervision of the Board, collectively have direct charge of all business activities of BDO. They are responsible for the implementation of the policies set by the Board. The following is a list of BDO's key officers, and their business experiences during the past five (5) years:

Joseph Albert Lim Gotuaco, 57, Filipino, is Senior Executive Vice President and Head of the Bank's Central Operations Group. He has served at BDO since February 2019 and helps manage the Bank's primary infrastructure relevant to transactions and payments processing, logistics, and customer fulfillment. Mr. Gotuaco started his banking career in New York in 1986, as a trader, structurer, and risk manager for fixed income derivatives and securities. He was then based in Hong Kong between 1994 and 2009, where he was responsible for credit and fixed income origination for corporate, financial institution, and sovereign clients in the Philippines and in Southeast Asia. In Hong Kong, Mr. Gotuaco was employed at J.P. Morgan, Credit Suisse First Boston, and finally at Merrill Lynch where he was a Managing Director and served on its Asia Pacific Operating Committee. Following this, Mr. Gotuaco moved to

Singapore, where he worked for an investment vehicle of the Brunei government, helping manage investments in general aviation (Piper Aircraft) and related in-house financing programs (Piper Capital). Mr. Gotuaco returned to the Philippines in 2013, joining Bank of the Philippine Islands (“BPI”). Until 2016, he served as CFO; from 2016 to 2018, he headed Retail Banking. Mr. Gotuaco obtained his B.S. Economics degree, *summa cum laude*, in finance and marketing in 1986, from the Wharton School at the University of Pennsylvania. He obtained his MBA from Harvard Business School in 1994. He also currently serves on the Board of Directors of the Philippine Clearing House Corporation (“PHCH”).

Rolando C. Tanchanco, Filipino, is Senior Executive Vice President of BDO Universal Bank and Head of its Consumer Banking Group. His responsibilities cover all retail lending businesses (Home Mortgages, Auto Financing, Small Business Loans, Credit Cards and Personal Loans), Payment Channels, and Digital Banking. He currently sits on the board of BDO Network Bank Inc., BDO Insurance Brokers Inc. and TransUnion Phils Inc. Mr. Tanchanco is a member of Visa Asia Pacific Client and Risk Councils, American Express Partner Advisory Council, and UnionPay SEA Regional Council. Prior to joining BDO, Mr. Tanchanco was president of AIG Savings Bank and Managing Director of AIG Credit Card Company. He has extensive banking experience having worked in several multinational organizations like Citibank, HSBC and AIG. He holds a Bachelor’s degree in Business Economics, *cum laude* from the University of the Philippines and a Master’s degree from the Asian Institute of Management

Jaime C. Yu, 64, Filipino, is Senior Executive Vice President. He holds a Bachelor of Arts degree in Economics from De La Salle University and is a MBA graduate from the Ateneo de Manila University. He has extensive experience in commercial, corporate, and investment banking from the International Corporate Bank and Union Bank of the Philippines, where he held various positions up to his appointment as First Vice President and Region Head for the Manila-Pasay area. He joined BDO in December 1997 and is currently the Group Head of Branch Banking where he manages the entire branch network.

Stella L. Cabalatungan, 58, Filipino, is Executive Vice President. She holds a Bachelor of Science degree in Marketing Management from De La Salle University. Prior to joining BDO, she was Vice President of Banco Santander Philippines, Inc., and Head of the Personal Investment Banking Group from 2000 to 2003. She was also Vice President of Citibank, N.A. from 1998 to 2000 where she spent fifteen (15) years in retail and priority banking in Singapore and the Philippines, her last assignment being the Citigold Priority Banking Head. She is presently seconded to BDO Private Bank, Inc. as Executive Vice President–Wealth Management Head.

Gerard Lee B. Co, 63, Filipino, is Executive Vice President and Co-Group Head for Institutional Banking. He is a Director of Markham One Development Corp. He graduated from the University of San Carlos with a Degree in Bachelor of Science in Commerce Major in Banking and Finance. He attended the Advanced Management

Program for International Bankers at the Wharton School of the University of Pennsylvania, U.S.A. He likewise completed the Program for Executive Development at IMD in Laussane, Switzerland. He joined the Bank in October 1993 as Vice President for Visayas Division.

Lucy Co Dy, 67, Filipino, is Executive Vice President and Comptroller. She concurrently holds the position of Director of BDO Life Assurance Company, Inc.; Director of BDO Remit Limited and BDORO Europe, Ltd.; Director and Treasurer of BDO Strategic Holdings, Inc.; and Trustee and Treasurer of BDO Foundation, Inc. She holds a Bachelor's degree in Accounting from the University of Santo Tomas.

Eduardo V. Francisco, 61, Filipino, is Executive Vice President. He is President/Director of BDO Capital & Investment Corporation, the investment banking arm of BDO Unibank, Inc. and Chairman of Averon Holdings Corp. He sits on several boards such as the Development Center for Finance, CIBI Foundation, Shareholders Association of the Philippines (SharePhil), International School of Manila, UP College of Business Alumni Association, Financial Executives Institute of the Philippines (FINEX) Foundation and Valle Verde Country Club, Inc. He is also a member of Makati Business Club (MBC), and the POLO Triathlon Team. He is on the Capital Markets committees of the Bankers Association of the Philippines and Philippine Stock Exchange. He is also in the Listings committee of the Philippine Dealing and Exchange Corporation. He is the former Chairman of BDO Nomura Securities, Inc. and Chairman for the International Association of Financial Executives Institutes (IAFEI). He was the Co-Chairman of the Capital Market Development Council (CMDC) of the Philippines, Vice Chairman of the Integrity Initiative, and has been the President of the Management Association of the Philippines (MAP), Financial Executives Institute of the Philippines (FINEX), Wharton-Penn Club, Federation of Valle Verde Associations, First Valle Verde Association Inc. and BDO Securities Corporation. Mr. Francisco has worked with other financial institutions in New York and Hong Kong such as Bank of America and Barclays Bank. He holds a MBA from the Wharton School of the University of Pennsylvania and Bachelor's degree in Business Administration from the University of the Philippines. He is a recipient of Financial Management Excellence from the University of the Philippines and the Distinguished Alumnus Award from the U.P. College of Business Administration. He was honored by BizNewsAsia as one of the Nation Builders and was an Asia Leaders Award's Mentor of the Year finalist.

Jesus Antonio S. Itchon, 61, Filipino, is Executive Vice President of BDO Unibank, Inc. since September 15, 2017. He is seconded to BDO Network Bank, Inc. (BDONB) and serves as President and Vice Chairman of BDONB. He has over thirty-five (35) years of experience in the financial services industry. Prior to joining the Bank, he was Executive Vice President of Property Company of Friends, Inc. and Williamton Financing Corporation since 2016, and Independent Director of Paymaya Phils. Inc. since 2015. Mr. Itchon also worked with Citibank N.A. Philippines as Managing Director where he held various senior leadership positions from 1986 to 2015 including Citi Country Compliance Officer, President of Citibank Savings and Country Head of

Global Transaction Banking. He graduated from the De La Salle University with a degree in Bachelor of Arts in Economics and from Johnson Graduate School of Management, Cornell University with a Master's Degree in Business Administration.

Jeanette S. Javellana, 62, Filipino, is Executive Vice President and Head for Commercial Banking Metro Manila. She joined the Bank in October 2001.

Ma. Corazon A. Mallillin, 60, Filipino, is Executive Vice President of BDO Unibank, Inc. She is currently the Deputy Group Head of Branch Banking Group and has been with BDO Unibank for more than seventeen (17) years. She joined BDO Unibank in March 2005 as Region Head of Branch Banking. Prior to that, she was Senior Vice President for Branch Banking of both Maybank, Phils. (2002 to 2005) and Asiatrust Bank (1998 to 2002). She started her career as a Management Trainee of PCIBank in 1982 and was an Assistant Vice President of PCIBank in 1998. Atty. Mallillin holds a Bachelor of Arts degree in Economics and a Bachelor of Laws degree from the University of the Philippines.

Dalmacio D. Martin, 60, Filipino, is Executive Vice President of BDO Unibank, Inc. He has been with the Bank for more than ten (10) years. He is currently the Bank's Treasurer of the Bank's Treasury Group. He holds a Bachelor's Degree in B.A Political Science from the U.C Berkeley University and a Masters in Management from the Arthur D. Little MEI.

Luis S. Reyes, Jr., 65, Filipino, is Executive Vice President for Investor Relations and Corporate Planning. He is concurrently a Director of BDO Strategic Holdings, Inc. and BDORO Europe Ltd., and Chairman of Nashville Holdings, Inc. He is also a Director and Treasurer of Dominion Holdings, Inc. and BDO Rental, Inc., and Treasurer of BDO Finance Corporation. He holds a Bachelor of Science degree in Business Economics from the University of the Philippines. He was First Vice President of Far East Bank & Trust Company, Trust Banking Group before joining BDO.

Cecilia Luz L. Tan, 62, Filipino, currently holds the position of Executive Vice President and Lead Co-Head of Institutional Banking Group. Prior to joining BDO, she was Director-President of BPI Capital Corp. and Director-Chairman of BPI Securities Corp. She has over 41 years experience covering the fields of corporate, investment and private banking. She holds a degree in Bachelor of Science in Business Management from Ateneo de Manila University and post graduate in Advanced Management Program from Harvard Business School.

Evelyn L. Villanueva, 64, Filipino, is Executive Vice President of BDO's Risk Management Group, and is BDO's Chief Risk Officer. She holds a Bachelor degree in Statistics from the University of the Philippines. She obtained her Master in Business Management ("MBM") degree from the Asian Institute of Management. She has over forty (40) years of banking experience in corporate banking and enterprise-wide risk management covering credit, market, liquidity, interest rate and operational risk

management. She started out as a management trainee in Citytrust Banking Corporation and was connected with HSBC as Senior Vice President for Credit Risk Management before joining BDO.

Albert S. Yeo, 63, Filipino, is an Executive Vice President at BDO Unibank, Inc. since January 3, 2017. Mr. Yeo, prior to joining the Bank, had been with Merrill Lynch & Co. for 17 years, last as a Senior Financial Advisor at their Manhattan Beach Office in Los Angeles, California. He was also connected with UBS Securities and Prudential Securities, Inc. (now Wells Fargo Advisors) in various capacities in the financial services industry. Prior to that, he was connected with IBJ Schroder Bank and Trust (now Mizuho Bank) in their Capital Markets Group in New York City for 5 years. Before his MBA, he spent 2 years at Rizal Commercial Banking Corporation as a Corporate Banking officer at their Binondo area headquarters. Mr. Yeo earned his MBA in Finance from the Wharton School at the University of Pennsylvania. He finished his undergraduate degree at the Ateneo de Manila University, BS Management Engineering with *Magna Cum Laude* distinction and was the Departmental Awardee of his class.

Rafael G. Ayuste, Jr., 58, Filipino, is Senior Vice President of BDO Unibank, Inc. He has been with BDO Unibank for more than eight (8) years. He is currently the Trust Officer and Head of BDO Trust and Investments Group and was the Trust Officer and Head of Wealth Advisory and Trust Group of BDO Private Bank, Inc. He has more than thirty-six (36) years banking experience, with twenty-eight (28) years in trust banking. He holds a Bachelor's Degree in Business Administration from University of Sto. Tomas, a Master's Degree in Business Administration (Nominee) from De La Salle University and an Executive Master's Degree (Nominee) in Business Economics from University of Asia and the Pacific.

Frederic Mark S. Gomez, 60, Filipino, is Senior Vice President of BDO Unibank, Inc. He joined the Bank on November 15, 2017 and was appointed as Head of Information Technology Group and Member of the IT Steering Committee, effective March 1, 2018. Prior to joining the Bank, Mr. Gomez was Vice President and Chief Information/Technology Officer for Information Technology, Asia Pacific of S&P Global, Inc. (Singapore & Tokyo, Japan) from January 2011 to January 2017. He held various global head positions at Standard & Poor's (New York, USA) since 1996 before becoming its Vice President and Global IT Head for Sales and Marketing Systems in February 2008 up to January 2011. He graduated from the University of Santo Tomas with a degree in Bachelor of Science in Business Administration.

Lazaro Jerome C. Guevarra, 56, Filipino, is Senior Vice President. He is the Chief of Staff for the Office of the President and concurrently the Head of the Governance Group, administratively overseeing the Legal Services & Corporate Secretary, Compliance, Internal Audit, and Information & Cyber Security Office. He also holds the following positions in the BDO Group: Chairman of BDO Remit (Canada), Ltd., BDO Remit (Japan), Ltd., and BDO Remit (USA), Inc.; Director of BDO Strategic Holdings,

Inc., BDORO Europe Ltd., Averon Holdings Corp., SM Keppel Land, Inc., NorthPine Land, Inc., Nashville Holdings, Inc., and Dominion Holdings, Inc. (formerly BDO Leasing & Finance, Inc.); Trustee of BDO Foundation, Inc.; and Advisor to the Board of BDO Securities Corporation. He was previously the Head of Advisory, Mergers & Acquisition of BDO Capital & Investment Corporation and President of BDO Securities Corporation. He holds a Bachelor's degree in Economics from the University of the Philippines. He has more than thirty (30) years of experience in banking, mergers & acquisition.

Estrellita V. Ong, 67, Filipino, joined BDO in 2012 as Senior Vice President for the Internal Audit Division heading Branches Audit. In April 2013, the Board approved and confirmed her designation as the Unibank Group's Chief Internal Auditor (CIA). She was formerly connected with Security Bank Corporation retiring as its CIA. Prior to being a CIA, she had held position in Security Bank as Assistant Controller and Executive Assistant to the Chairman handling the Centro Escolar University Finance portfolio. She was also formerly a Director of the 6776 Ayala Condo Corp. and Corporate Secretary of the Eastman Enterprises Corp. Prior to joining the bank mainstream, she had held Controllershship position in Evergreen Shipping Corp.'s General Agent's office and Pioneer Intercontinental Insurance. She had varied experience also in manufacturing being General Manager and Treasurer of several Import/Export businesses subcontracting for branded US luggage and apparels. She is a Certified Public Accountant graduating from the University of the East – Recto with a Bachelor of Science degree in Business Administration.

Evelyn C. Salagubang, 59, Filipino, is Senior Vice President. She assumed the position of Group Head for Human Resources (HR) of the Bank in July 2011. She was formerly the Head of Human Resources of American Express Savings Bank, with oversight HR role over the American Express International, Inc., and American Express Bank Philippines. Prior to joining BDO, she was the HR Manager for Kraft Foods Philippines, Inc. She holds a degree in Psychology from Assumption College and completed a Diploma Program in Human Resource Management from the same institution.

Maria Theresa L. Tan, 54, Filipino, is Senior Vice President. She is Vice President. She is General Manager of BDO Insurance Brokers, Inc. (BDI). She has had more than two (2) decades of experience in sales, marketing/product management, and general management in the consumer, services, and insurance industries. She graduated from the Ateneo de Manila University with a degree in Business Management, Minor in Marketing. Prior to joining BDO, she was the General Manager of International SOS, Philippines, Inc. She joined the Bank in July 2009.

Federico P. Tancongco, 62, Filipino, is Senior Vice President. He joined BDO Unibank in October 2005 and was then seconded to BDO Private Bank, Inc. as Head of the Compliance and Legal Department. His secondment was recalled and since July 1, 2017 serves as Chief Compliance Officer of BDO Unibank. Prior to this, he served as

trial attorney and solicitor with the Office of the Solicitor General for six (6) years before joining the Rizal Commercial Banking Corporation where he was Trust Legal Counsel for the Trust and Investments Division for twelve (12) years. He also serves as trustee in religious non-profit corporations, namely: Far East Broadcasting Corporation, WorldTeach Ministries Philippines, Inc., and Pamilya Muna Pilipinas, Inc. He holds a Bachelor's Degree in Philosophy and Letters from De La Salle University (DLSU) and a Law degree from the University of the Philippines College of Law.

Renato A. Vergel de Dios, 69, Filipino, is the President & CEO of BDO Life Assurance Company, Inc. (BDO Life) and a Director of BDO Life Board since October 2009. He also serves as a member of the Board of Directors of the Philippine Life Insurance Association (PLIA). Mr. Vergel de Dios has been in the life insurance business for over forty-five (45) years. Prior to joining BDO Life, he served as CEO for Manulife Philippines Inc. and Executive Vice President, Sales and Operations, for the Philippine American Life Insurance Company, Inc. He holds a Bachelor's Degree in Mathematics from Ateneo de Manila University and an MS Management (Sloan) degree from Stanford Graduate School of Business. He has also completed the examination requirements for Associateship in the U.S. Society of Actuaries and is a Fellow of the U.S. Life Management Institute (FLMI).

Senior Credit Executives

The following are the Senior Credit Executives functioning exclusively as members of the Bank's Executive Committee and/or Management Credit Committee:

Julie Y. Chua, 71, Filipino, is a Senior Credit Executive of BDO Unibank, Inc. She was appointed on January 1, 2022. She was an Executive Vice President since 2008. She holds a Bachelor's degree in Commerce, major in Banking and Finance, *Cum Laude*, from the University of Santo Tomas. She has more than thirty-five (35) years of experience in branch banking and lending business. Previous to her assignment, she was connected with BPI, Far East Bank & Trust Company and Producers Bank.

Nilo L. Pacheco, Jr., 67, Filipino, is a Senior Credit Executive of BDO Unibank, Inc. He was appointed on February 3, 2020. He has had forty-eight (48) years of work experience in the area of finance that included forty-one (41) years in the banking industry. Prior to joining BDO Unibank, Mr. Pacheco was with Sterling Bank of Asia since 2010 where he was a member of the Board of Directors, and Chairman of its Trust, Corporate Governance, and Risk Management Committees, and previously member also of its Executive, Bids and Awards, and Information Technology Committees. He was also concurrently with the De La Salle Group from 2011-2019 as Vice President for Finance of both De La Salle College of St. Benilde and De La Salle University, and held senior positions in De La Salle Philippines, La Salle Antipolo, Catholic Educational Association of the Philippines, and a member of the Board of Directors of First Metro Asset Management Company and Maybank ATR Kim Eng Securities Inc. Prior to 2011, he held senior positions in Union Bank of the Philippines,

United Coconut Planters Bank, International Exchange Bank, and Export and Industry Bank. Mr. Pacheco obtained his Bachelor of Arts degree in Mathematics, *magna cum laude*, from De La Salle University, took Masters units in Business Administration from the University of the Philippines, and finished the Advanced Management Program of Harvard Business School in Boston, Massachusetts, U.S.A.

Mario B. Palou, 68, Filipino, is Senior Credit Executive of BDO Unibank, Inc. since March 1, 2018. He has more than thirty-five (35) years experience in the financial industry. He was Executive Vice President and Head of Middle Market Group of the Development Bank of the Philippines since February 2014. He also worked with Bank of the Philippine Islands as Senior Vice President (SVP) and Co-Division Head of Corporate Banking Group (CBG) for Top Corporate Companies from 2000 to 2003 and as SVP and Head of CBG from 2006 to 2013. He was an SVP and Department Head of Commercial Loans of BPI Family Savings Bank from 2003-2006. Prior to that, he was with Far East Bank and Trust Company, and FEB Investments, Inc. Mr. Palou graduated from San Beda College with a degree in Bachelor of Arts in Economics.

Edmundo S. Soriano, 67, Filipino, is Senior Credit Executive and is a Member of BDO Unibank's Executive Committee and Management Credit Committee. For the period of July 2017 to December 2018, he was EVP and Deputy Head, Institutional Banking Group at BDO Unibank, with direct responsibility for International Desks, Financial Institutions and Global Operations as well as a member of BDO's Management Credit Committee. Previous to this, he was Executive Vice President and Group Head for Corporate Banking from July 2004 to June 2017. Before joining BDO, Mr. Soriano was a Vice President at JP Morgan Chase where he was a member of the Senior Management Teams of Hong Kong and China Branches. His last assignment in Hong Kong exposed him to Asia-Pacific regional responsibilities doing Corporate Investment Banking. Prior to this, he was an Assistant Vice President at First Chicago Leasing and Equipment Credit Corp., an affiliate of First National Bank of Chicago. He holds a Bachelor's degree in Economics (Honors) from Ateneo de Manila University and an MBA (with Distinction) from Adelphi University, New York, U.S.A. where he was a Rotary Foundation International Fellow. He attended continuing education programs at INSEAD, University of California at Berkeley and American Institute of Banking. In 2014, Mr. Soriano was President of the Financial Executives Institute of the Philippines (FINEX). For 2015, he was Chairman of FINEX Research and Development Foundation, Inc.

NOTE: *BDO is not dependent on the services of any particular employee and does not have any special arrangements to ensure that any employee will remain with BDO and will not compete upon termination.*

(1) Significant Employees

BDO's senior executive officers are enumerated under Item 5 (b). BDO has no employee who is not an executive officer expected to make a significant contribution to BDO's business.

(2) Family Relationships

Mr. Gabriel U. Lim, Senior Vice President, and Stella L. Cabalatungan, Executive Vice President, are siblings.

(3) Involvement of directors/executive officers in legal proceedings

To BDO's knowledge, none of the directors or executive officers is named or is involved during the last five (5) years in any legal proceedings which will have any material effect on BDO, its operations, reputation, or financial condition.

To BDO's knowledge, none of its directors and senior executives have been subject of the following legal proceedings during the last five (5) years:

- (a) bankruptcy petition by or against any business of which such director was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;
- (b) a conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign;
- (c) to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
- (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading, market or self-regulatory organization, to have violated the securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

(4) Certain Relationships and Related Transactions

In the ordinary course of business, BDO has loan and other transactions and arrangements involving BDO's products and services, with its subsidiaries and affiliates and with certain directors, officers, stockholders and related interests (DOSRI) and parties. These loans and other transactions and arrangements involving BDO's products and services, are made on substantially the same terms as those given to other individuals and businesses of comparable risks.

Policies and procedures have been put in place to manage potential conflicts of interests arising from related party transactions, such as credit accommodations, products or services extended by BDO to directors or officers in their personal capacity or to their company and related interests and parties. BDO's Executive Committee approves these transactions. Where appropriate, the Related Party Transactions Committee endorses related party transactions to the Board. These transactions are then elevated to the Board for independent review and confirmation. All directors, except the interested party, could scrutinize the details of the transactions to ensure that these are done on an arms-length basis and in accordance with regulations. The details of the deliberations are included in the minutes of the Board and Board Committee meetings. Approved related party transactions are properly tagged for monitoring and reporting of exposures. BDO then submits the significant related party transactions to the BSP where BSP approval is required.

The Related Party Transactions Committee is chaired by Mr. Dioscoro I. Ramos (Lead Independent Director). Its members are Messrs. Vipul Bhagat (Independent Director) and Jones M. Castro, Jr. (Non-Executive Director).

Below is the attendance of the members for the Committee meetings held as of December 2022:

	<u>No. of Meetings Attended</u>	<u>Total No. of Meetings</u>	<u>Percentage</u>
Dioscoro I. Ramos *	11	11	100.00%
Vipul Bhagat **	5	7	71.43%
Jones M. Castro, Jr.	11	12	91.67%
Jose F. Buenaventura ***	5	5	100.00%
<p>* Appointed as Chairman of the RPTC on January 8, 2022, hence, attendance count started on January 29, 2022.</p> <p>** Appointed as Member of the RPTC on April 22, 2022, hence, attendance count started on May 28, 2022.</p> <p>*** Term as Member ended April 22, 2022.</p>			

The General Banking Law and BSP regulations limit the amount of the loans granted by BDO to each subsidiary or affiliate, which are not related interests of the directors, officers and/or stockholders of BDO, to not more than 10% of BDO's network, with a further ceiling of not more than 5% of BDO's network for unsecured loans. Total outstanding loans to all subsidiaries and affiliates shall not exceed 20% of BDO's network.

The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of the deposit and book value of their investment

in BDO. In the aggregate, loans to DOSRI generally should not exceed the total capital funds or 15% of the total loan portfolio of BDO, whichever is lower.

For the period ended December 31, 2022, there were no material self-dealings or related party transactions by any director which require disclosure.

Please refer to Notes 2.18 and 27 of the Notes to Financial Statements. Said Financial Statements are attached to this Information Statement as **Annex “A”**.

(5) Disagreement with a Director

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders’ meeting because of a disagreement with BDO on any matter relating to BDO’s operations, policies or practices.

Item 6. Executive Compensation

It is the objective of BDO to attract, motivate and retain high-performing executives necessary to maintain its leadership position in the industry. To be competitive in the marketplace, BDO offers a remuneration package composed of fixed salary, benefits and long-term incentives. Below are the compensation details of the directors and key executive officers of BDO.

(1) President and four (4) most highly compensated executive officers

in million pesos	Year	Annual Compensation	Other Annual Compensation
President and four (4) most highly compensated executive officers	2023 (estimate)	205.24	none
	2022	201.22	none
	2021	197.62	none
Year	Name		Position/Title
2022	Nestor V. Tan		President
	Walter C. Wassmer*		SEVP
	Jaime C. Yu		SEVP
	Rolando C. Tanchanco		SEVP
	Joseph A. Gotuaco		SEVP
2021	Nestor V. Tan		President
	Walter C. Wassmer		SEVP
	Jaime C. Yu		SEVP
	Rolando C. Tanchanco		SEVP
	Josaph A. Gotuaco		SEVP

**Retired effective April 21, 2022.*

The above compensation includes the usual bonus paid to bank officers. Except for salaries, allowances, retirement benefits provided under BDO's retirement plan, and company-wide benefit extended to all qualified employees under BDO's stock option plan, there is no separate stock option, stock warrant or other security compensation arrangement between BDO and its individual officers.

(2) Compensation of directors and officers as a group

in million pesos	Year	Salary Bonuses	Other Compensation	Annual
Aggregate Officers (from senior vice presidents) & Directors	2023 (estimate)	963.32	none	
	2022	953.78	none	
	2021	944.93	none	

Each director shall receive a reasonable *per diem* for attendance in every Board meeting. The President is authorized to fix and/or increase the fees and other remuneration of any Director or any other officer of BDO as may be deemed necessary, subject to Board approval. The Board of Directors of BDO approves all compensation and remuneration schemes for all the executive directors and senior officers of BDO. As provided by law, the total compensation of directors shall not exceed ten percent (10%) of the net income before income tax of BDO during the preceding year.

Each director receives a per diem allowance of ₱10,000 for attending board meetings and ₱5,000 for committee meetings. There is no distinction on the fee for a committee chairman and member. The above table contains the details of the compensation of directors and officers of BDO. In view of possible security risks, BDO opted to disclose these on an aggregate basis as a group. Other than these fees, the non-executive directors do not receive any share options, profit sharing, bonus or other forms of emoluments.

BDO may grant to the directors any compensation other than *per diems* by the approval of the shareholders representing at least a majority of the outstanding capital stock.

The Compensation Committee determines and proposes for Management and Board approval the salaries and compensation schemes for all executive directors and senior officers of BDO. The Compensation Committee meets at least twice a year to discuss matters pertaining to the determination of salaries and compensation schemes and proposals for any changes in the remuneration

of executive officers of BDO.

The members of BDO's Compensation Committee are as follows:

1. George T. Barcelon - Chairman (Independent Director)
2. Dioscoro I. Ramos - Member
3. Teresita T. Sy - Member

Below is the attendance of the members for the Committee meetings held as of December 2022:

	<u>Meetings Attended</u>	<u>Total No. of Meetings</u>	<u>Percentage</u>
George T. Barcelon	2	2	100%
Dioscoro I. Ramos	2	2	100%
Teresita T. Sy	2	2	100%

(3) Compensation and Benefits

BDO Unibank Group provides employment benefits to employees through a defined benefit plan and defined contribution plan, and other employee benefits, some of which are provided as follows:

(a) Post-Employment Benefits

The BDO Unibank Group and the Parent Bank maintain a fully funded, multi-employer and tax-qualified non-contributory retirement plan that is being administered by the Parent Bank's trust and investment group as trustee covering all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provided for an early retirement at age of 50 with a minimum of ten years of credited service and late retirement up to age 65. Normal retirement benefit is an amount equivalent to a percentage ranging from 50% to 200% of plan salary for every year of credited service.

(b) Post-Employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which BDO Unibank Group pays fixed contributions into an independent entity, such as the Social Security System. BDO Unibank Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

(c) Termination Benefits

Termination benefits are payable when employment is terminated by BDO Unibank Group for authorized cause before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

(d) Employee Stock Option Plan

BDO Unibank Group has an employee stock option plan (ESOP) for its senior officers (from vice-president up) for their contribution to BDO Unibank Group's performance and attainment of team goals. The amount of stock options allocated to the qualified officers is based on the performance of the senior officers as determined by management and it requires a vesting period of five years. These are adjusted accordingly for any resignation or disqualification. The vested options may be exercised within three years from vesting date. The cost of ESOP is amortized over five years (vesting period) starting from the approval of the Board.

Please refer to Notes 2.24, 22.4 and 26.3 of the Notes to Financial Statements attached to Information Statement as **Annex "A"** for further reference.

(4) Employment contracts and termination of employment and change-in-control arrangements

There are no special contracts of employment between BDO and the named directors and executive officers, as well as special compensatory plans or arrangements, including payment to be received from BDO with respect to any named director or executive.

Item 7. Independent Public Accountants

BDO's present external auditor, Punongbayan & Araullo, Grant Thornton will be recommended to the shareholders for re-appointment as the external auditor for the ensuing year. Representatives of the said firm are expected to be present at the annual meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from the shareholders.

Punongbayan & Araullo, Grant Thornton was first appointed external auditor of BDO in 2000 and has not resigned, been dismissed, or its services ceased since its appointment. BDO has had no material disagreement with Punongbayan & Araullo, Grant Thornton on any matter of accounting principle or practices or disclosures in BDO's financial statements. To comply with the requirement of SRC Rule 68 (3)(b)(ix)

on the five (5) year Rotation of External Auditors Signing Partner, Mr. Romualdo V. Murcia III has been the Signing Partner of the financial audit since 2020. Mr. Leonardo D. Cuaresma, Jr., Partner of Punongbayan & Araullo, Grant Thornton, handled the financial audit from years 2017-2019.

The Board Audit Committee endorses for approval of Board of Directors (BOD) the appointment and removal of BDO's internal and external auditor.

Audit and Audit-Related Fees

The aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by the external auditor amounted to ₱12,089,003.36 for the year 2022, ₱11,369,392.77 for the year 2021, and ₱14,059,783.54 for the year 2020. These fees cover services rendered by the external auditor for audit of the financial statements of BDO and other services in connection with statutory and regulatory filings for fiscal years 2022, 2021, and 2020.

Tax Fees and Other Fees

No other fees were paid to Punongbayan & Araullo, Grant Thornton for the last two (3) fiscal years.

It is the policy of BDO that all audit findings are presented to the Board Audit Committee which reviews and makes recommendations to the Board on actions to be taken thereon. The Board of Directors passes upon and approves the Board Audit Committee's recommendations.

The members of the Board Audit Committee of BDO are as follows:

- | | | |
|------------------------------------|---|---------------------------------|
| 1. Vicente S. Pérez, Jr. | - | Chairman (Independent Director) |
| 2. Vipul Bhagat | - | Member (Independent Director) |
| 3. Jones M. Castro, Jr. | - | Member (Non-Executive Director) |
| 4. Estela P. Bernabe | - | Advisor |
| 5. Corazon S. de la Paz – Bernardo | - | Advisor |
| 6. Christopher A. Bell-Knight | - | Advisor |
| 7. Jose F. Buenaventura | - | Advisor |
| 8. Jesus A. Jacinto, Jr. | - | Advisor |

Below is the attendance of the members for the Committee meetings held as of December 2022:

	<u>No. of Meetings Attended</u>	<u>Total No. of Meetings</u>	<u>Percentage</u>
Vicente S. Pérez, Jr. *	12	13	92.31%
Vipul Bhagat **	7	9	77.78%

Jones M. Castro, Jr.	12	13	92.31%
Jose F. Buenaventura ***	4	4	100%
<p>* Member of the BAC until April 22, 2022 and was appointed as Chairman of the BAC on April 22, 2022.</p> <p>** Appointed as Member of the BAC on April 22, 2022, hence, attendance count started on May 18, 2022.</p> <p>*** Term as Chairman of the BAC ended on April 22, 2022.</p>			

Item 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action will be presented for shareholders' approval at this year's annual meeting which involves authorization or issuance of any securities.

Item 10. Modification or Exchange of Securities

No action will be presented for shareholders' approval at this year's annual meeting which involves the modification of any class of BDO's securities, or the issuance of one class of BDO's securities in exchange for outstanding securities of another class. in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Audited Financial Statements of BDO are attached as **Annex "A"**.

Representatives of BDO's external auditor, Punongbayan & Araullo, Grant Thornton are expected to be present at the annual meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from the shareholders. BDO has had no material disagreement with Punongbayan & Araullo, Grant Thornton on any matter of accounting principle or practices or disclosures in BDO's financial statements.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action will be presented for shareholders' approval at this year's annual meeting in respect of (1) the merger or consolidation of BDO into or with any other person, or of any other person into or with BDO, (2) acquisition by BDO or any of its shareholders of securities of another person, (3) acquisition by BDO of any other going business or of

the assets thereof, (4) the sale or transfer of all or any substantial part of the assets of BDO, or (5) liquidation or dissolution of BDO.

Item 13. Acquisition or Disposition of Property

No action will be presented for shareholders' approval at this year's annual meeting in respect of any acquisition or disposition of property of BDO.

Item 14. Restatement of Accounts

No action will be presented for shareholders' approval at this year's annual meeting which involves the restatement of any of BDO's assets, capital or surplus account.

D. OTHER MATTERS

Item 15. Action with Respect to Reports and Other Proposed Action

There is no action to be taken with respect to any report of BDO or of its directors, officers or committees, except for the approval of the minutes of the previous annual meeting of BDO.

The following matters with respect to minutes of the stockholders' meeting of the Company and resolutions adopted by its Board of Directors will be presented for approval during the stockholders' meeting:

- 1) Minutes of the annual meeting of stockholders held on April 22, 2022, appended to this Information Statement as **Annex "B"**. These minutes fully reflect the proceedings during the meeting, including:
 - a) a description of the voting and vote tabulation procedures used in the previous meeting, including the engagement and presence of external auditor Punongbayan & Araullo, Grant Thornton, which was especially engaged as third-party validator for the meeting;
 - b) a description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given;
 - c) the list of directors and officers and a description of stockholders who participated in the meeting, certified duly certified to by the Corporate Secretary, verified by the Company's Stock Transfer Agent, Stock Transfer Service, Inc., and validated by Punongbayan & Araullo, Grant Thornton; and
 - d) approval of the declaration of the 20% stock dividend and increase in authorized capital stock and the corresponding amendment of the Seventh Articles of the Company's Articles of Incorporation.

These minutes were posted in the Company's website within five (5) banking days from adjournment of the meeting. The office of the Corporate Secretary has in its custody the full list and names of stockholders who participated in the virtual 2022 annual meeting.

- 2) At the annual meeting, shareholders will be asked to approve and ratify the acts of the Board of Directors during their term of office. The matters for stockholders' ratification are acts of the Board, its Committees and Management for the previous year up to the date of the annual meeting which were entered into or made in the ordinary course of business, the significant acts or transactions of which are covered by appropriate disclosures with the Securities and Exchange Commission and Philippine Stock Exchange, Inc., as follows:

Date of Disclosure	Subject
March 28, 2022	Updated Agenda of the 2022 ASM
March 29, 2022	Definitive Information Statement for the 2022 ASM
March 31, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retiree/s, totaling 76,900 common shares
March 31, 2022	Amended Definitive Information Statement for the 2022 ASM
April 5, 2022	Amended General Information Sheet of BDO for the Year 2021 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of BDO
April 12, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retiree/s, totaling 40,200 common shares
April 18, 2022	Public Ownership Report as of March 31, 2022
April 19, 2022	Amended General Information Sheet of BDO for the Year 2021 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of BDO
April 19, 2022	List of Top 100 stockholders of BDO with PCD Participants for the period ending March 31, 2022
April 21, 2022	Results of Board Meeting held on April 21, 2022 <ul style="list-style-type: none"> i. Financial Statements of the Bank for the First Quarter of 2022 ii. Press Release re: BDO 1Q up 13% to April 21, 2022 Php 11.7 billion iii. appointment of the following as Co-Heads of Institutional Banking Group, effective April 21, 2022, subject to BSP confirmation: <ul style="list-style-type: none"> - Cecilia Luz L. Tan, EVP covering Corporate Banking, Financial Institutions, International Desks, Sustainable Finance Desk and Administration & Support (Lead Co-Head); - Gerard Lee B. Co, EVP covering Commercial Banking for Visayas and Mindanao; and - Jeanette S. Javellana, EVP covering Luzon including Metro Manila
April 22, 2022	SEC Form 17-Q Quarterly Report as of March 31, 2022

Date of Disclosure	Subject
April 22, 2022	Result of Special Board Meeting held on April 22, 2022 - Declaration of special cash dividend on common shares of the Bank in the amount of Php1.00 per share payable on May 31, 2022 to all stockholders of record as of May 6, 2022
April 22, 2022	<p>Results of Annual Stockholders' Meeting held virtually on April 22, 2022:</p> <ul style="list-style-type: none"> i. Approval of the Minutes of the Annual Shareholders' Meeting held on April 23, 2021; ii. Report of the President and the Audited Financial Statements of BDO as of December 2021; iii. All acts of the Board of Directors, Board Committees, and Management during their terms of office; iv. Election of the members of the Board of Directors for 2022-2023; v. Re-appointment of Punongbayan and Araullo, Grant Thornton as external auditor of BDO for the year 2022; vi. Declaration of stock dividends equivalent to 20% of BDO's outstanding capital stock to be issued out of BDO's increase in authorized capital stocks; and vii. Increase in the Bank's authorized capital stock (common shares) from 5,500,000,000 to 8,500,000,000 shares, and the corresponding amendment of the Seventh Article of the Bank's Amended Articles of Incorporation to reflect the increase in authorized capital stock
April 22, 2022	<p>Results of the 2022 Organizational Meeting of Board of Directors – Election/appointment of the following:</p> <ul style="list-style-type: none"> - Chairperson, Vice Chairman and Lead Independent Director; - Advisors to the Board; - Board Committee Members; and, - Corporate Officers.
April 25, 2022	Press release re: BDO posts Php42.8 Bn income in 2021 and Php11.7 Bn in 1Q 2022: Php1.00 special cash & 20% stock dividend declared; Hike in authorized capital approved
April 25, 2022	Resignation of Ms. Edna R. Tarroza, Senior Vice President and Head of Treasury Group - Liquidity Management of BDO effective April 25, 2022, subject to clearance
April 29, 2022	Press Release re: IFC's Investment in BDO's Blue Bond to Help Tackle Marine Pollution in the Philippines, Support Blue Economy
May 2, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retirees, totaling to 7,000 common shares
May 4, 2022	Amended General Information Sheet of BDO for the Year 2021 reflecting the updated List of Officers of the Bank
May 4, 2022	<p>Disclosure of BAC's Compliance with SEC Memorandum Circular No. 4 series of 2012:</p> <ul style="list-style-type: none"> - The BAC has its charter, which is compliant with BSP and SEC requirements; - The BAC conducted during the first quarter of 2022 a self-assessment of its 2021 performance; and - Results of the 2021 self-assessment.

Date of Disclosure	Subject
May 7, 2022	Amended General Information Sheet of BDO for the Year 2021 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of the Bank
May 10, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retirees, totaling to 22,900 common shares
May 16, 2022	SEC Form 17-A (Annual Report) as of December 31, 2021
May 13, 2022	BDO Statement of Condition as of March 31, 2022
May 13, 2022	Correspondence on the news article entitled "BDO, UnionBank face sanctions over hacked accounts"
May 16, 2022	Press Release re: BDO issues first Blue Bond for US\$100 Million: First private sector issuance in Southeast Asia
May 17, 2022	Amended General Information Sheet of BDO for the Year 2021 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of the Bank
May 20, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retirees, totaling to 3,900 common shares
May 24, 2022	2022 General Information Sheet of BDO Unibank, Inc.
May 30, 2022	Results of Regular Board Meeting held on May 28, 2022: <ul style="list-style-type: none"> - Declaration of regular cash dividends on common shares of BDO in the amount of Php 0.30 per share for the 2nd Quarter of 2022 payable on June 30, 2022 to all stockholders of record as of June 14, 2022 - Hiring of Ms. Marita Ellazar Bueno as Senior Vice President (SVP) for Investor Relations and Corporate Planning Group/Data and Analytics, effective June 16, 2022 - Resignation of Ms. Edna R. Tarroza as SVP and Head of Treasury Group - Liquidity Management, effective April 25, 2022
May 30, 2022	Integrated Annual Corporate Governance Report of BDO for 2021
May 30, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retirees, totaling to 145,107 common shares
June 3, 2022	Revised Manual on Corporate Governance of BDO
June 7, 2022	Amended General Information Sheet of BDO for the Year 2022 reflecting the updated Capital Structure, Directors, Stockholders' Information, and Additional Issued Shares of the Bank
June 10, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retirees, totaling to 123,400 common shares
June 14, 2022	Amended General Information Sheet of BDO reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of the Bank
June 15, 2022	Amendment of effectivity date of hiring of Ms. Marita Ellazar Bueno as Senior Vice President (SVP) for Investor Relations and Corporate Planning Group/Data and Analytics to July 1, 2022

Date of Disclosure	Subject
June 20, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retirees, totaling to 34,000 common shares
June 28, 2022	Amended General Information Sheet of BDO for the Year 2022 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of the Bank
June 28, 2022	BDO received an updated accreditation on its Sustainable Finance Framework (SFF) from Sustainalytics relative to the expansion of SFF eligible categories to include blue projects aligned with current market standards
July 7, 2022	Statement supplementing earlier disclosure to clarify that both preferred and common shares are also covered by the stock dividends declaration approved by the Board and Shareholders.
July 8, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retirees, totaling to 26,746 common shares
July 11, 2022	Amended General Information Sheet of BDO for the Year 2022 reflecting the updated list of officers
July 15, 2022	List of Top 100 stockholders of BDO with PCD Participants for the period ending June 30, 2022
July 15, 2022	Public Ownership Report as of June 30, 2022
July 18, 2022	Amended General Information Sheet of BDO for the Year 2022 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of the Bank
July 20, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retirees, totaling to 351,835 common shares
July 22, 2022	Notice of Analysts' Briefing on August 1, 2022 (Monday), 02:00 PM PHT at the 34/F BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City
July 25, 2022	Clarification on the news article entitled "'Dennis Uy's Udenna insists not in debt default"
July 26, 2022	Resignation of Mr. Christopher A. Bell-Knight, Director of BDO from the Bank's Board of Directors effective July 31, 2022
July 26, 2022	Amended General Information Sheet of BDO for the Year 2022 reflecting the updated Capital Structure, Officers, Stockholders' Information, Additional Issued Shares and List of Subsidiaries/Affiliates of the Bank and Beneficial Ownership Declaration
July 29, 2022	Disclosure on SEC's approval of BDO's Amended By-Laws
July 29, 2022	Disclosure on SEC's approval of BDO's Amended Articles of Incorporation
August 1, 2022	SEC Form 17-Q (Quarterly Report) as of June 30, 2022
August 1, 2022	Results of Board Meeting held on July 30, 2022: <ul style="list-style-type: none"> - Financial statements of the Bank for the 1st Half of 2022 and Press Release re: BDO net income up 12% to Php23.9 billion in 1H 2022; - Acceptance of the resignation of Mr. Christopher A. Bell-Knight as Director of BDO, effective July 31, 2022;

Date of Disclosure	Subject
	<ul style="list-style-type: none"> - Appointment of Senior Associate Justice Estela P. Bernabe (Ret.) as Independent Director of BDO effective July 31, 2022, - Appointment of Mr. Bell-Knight as Advisor to the Board, Trust Committee; - Appointment of Justice Bernabe as Member of CG and Trust Committee and Advisor of the BAC; and - New Membership composition of the BAC, CG Committee and Trust Committee
August 7, 2022	BDO Statement of Condition as of 30 June 2022
August 8, 2022	Amended General Information Sheet of BDO for the Year 2022 reflecting the updated Directors, Officers, and List of Subsidiaries/Affiliates of the Bank
August 26, 2022	<p>Results of Board Meeting held on August 26, 2022:</p> <ul style="list-style-type: none"> i. Declaration of regular cash dividends on common shares in the amount of Php 0.30 per share for the 3rd Quarter of 2022 payable on September 30, 2022 to all stockholders of record as of September 13, 2022; ii. Promotion of Officers: First Vice President to Senior Vice President <ul style="list-style-type: none"> - Ms. Ruby A. Chua - Ms. Cheryl B. Gaviño - Mr. John Emmanuel M. Lizares - Ms. Elena D. Mariano - Mr. Francis Jay F. Nacino - Mr. Cyrus M. Poloso - Mr. Alberto O. Quiogue - Ms. Lorelei Lorraine L. Sy
September 5, 2022	Amended General Information Sheet of BDO for the Year 2022 reflecting the updated Officers, and List of Subsidiaries/Affiliates of the Bank
September 26, 2022	Results of Board Meeting held on September 24, 2022 - Retirement of Mr. Edwin Romualdo Gonzago Reyes, Executive Vice President and Group Head of Transaction Banking Group, effective October 1, 2022, subject to usual clearance
September 29, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retirees, totaling to 19,193 common shares
October 4, 2022	Amended General Information Sheet of BDO for the Year 2022 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of the Bank
October 10, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retirees, totaling to 32,566 common shares
October 13, 2022	Amended General Information Sheet of BDO for the Year 2022 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of the Bank
October 14, 2022	Public Ownership Report as of September 30, 2022
October 14, 2022	List of the top 100 stockholders of BDO with PCD Participants for the period ending September 30, 2022
October 21, 2022	Notice of Analysts' Briefing on November 3, 2022 (Thursday), 02:00 PM PHT at the 34/F BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City

Date of Disclosure	Subject
October 28, 2022	Results of Board Meeting held on October 28, 2022: <ul style="list-style-type: none"> - Acceptance of resignation of Mr. Howard Lindoln Dy Son, Senior Vice President and Country Head of Hong Kong Branch, effective November 1, 2022, subject to usual clearance and approval of Hong Kong Monetary Authority - Financial Statements of the Bank for the Third Quarter of 2022 and Press Release re: BDO earns Php40.0 billion in 9M 2022
October 28, 2022	SEC Form 17-Q (Quarterly Report) as of September 30, 2022
November 2, 2022	Approval by Hong Kong Monetary Authority of the resignation of Mr. Howard Lincoln Dy Son as Senior Vice President and Country Head of Hong Kong Branch, effective November 1, 2022
November 2, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to an eligible Retiree of the Bank, totaling 13,373 common shares
November 3, 2022	Amended General Information Sheet of BDO for the Year 2022 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of the Bank
November 23, 2022	BDO Statement of Condition as of September 30, 2022
November 29, 2022	Disclosure on SEC's approval of BDO's Amended Articles of Incorporation
November 29, 2022	Disclosure on SEC's approval of the issuance of Stock Dividends
December 3, 2022	Results of Board Meeting held on December 3, 2022: <ul style="list-style-type: none"> - Retirement of Mr. Ramon Tremucha Militar, Senior Vice President and Group Head of BDO Network Bank, Inc./Community Banking Network Group, effective January 1, 2023, subject to usual clearance - Payment Date of Stock dividends - Declaration of regular cash dividends on common shares of BDO Unibank in the amount of Php 0.30 per share for the 4th Quarter of 2022 payable on December 29, 2022 to all stockholders of December 20, 2022
December 3, 2022	Press Release re: BDO declares Cash & Stock Dividends
December 7, 2022	Amended General Information Sheet of BDO Unibank, Inc. for the Year 2022 reflecting the updated Capital Structure, Stockholders' Information, and List of Subsidiaries/Affiliates of the Bank
December 27, 2022	Disclosure on the final number of common shares to be issued as stock dividends
December 28, 2022	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to retirees, totaling to 105,913 common shares
January 3, 2023	Board of Directors' Attendance for Meetings Held in 2022
January 4, 2023	Amended General Information Sheet of BDO Unibank, Inc. for the Year 2022 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Shares Issued by the Bank
January 9, 2023	Result of Board Meeting held on January 7, 2023 - Setting of the Annual Stockholders' Meeting of the Bank on April 19, 2023, at 2:00 in the afternoon; and setting of the record date for stockholders entitled to vote and be voted, and participate at such meeting on February 24, 2023

Date of Disclosure	Subject
January 9, 2023	Amended General Information Sheet of BDO Unibank, Inc. for the Year 2022 reflecting the updated Capital Structure, Stockholders' Information, and Additional Shares Issued by the Bank
January 10, 2023	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible retirees, totaling 45,000 common shares
January 11, 2023	Amended Public Ownership Report as of September 30, 2022
January 13, 2023	List of Top 100 stockholders of BDO with PCD Participants for the period ending December 31, 2022
January 16, 2023	Public Ownership Report as of December 31, 2022
January 23, 2023	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible retiree, totaling 27,361 common shares
January 25, 2023	Amended General Information Sheet of BDO Unibank, Inc. for the Year 2022 reflecting the updated Capital Structure, Directors, Officers, Stockholders' Information, and Additional Shares Issued by the Bank
January 29, 2023	Results of Board Meeting held on January 28, 2023: <ul style="list-style-type: none"> - Manner of Holding and venue of the Annual Stockholders' Meeting of the Bank on April 19, 2023 - Declaration on cash dividends for Preferred Shares
February 2, 2023	BDO Statement of Condition as of December 31, 2022
February 6, 2023	Notice and Agenda of the Annual Stockholders' Meeting of the Bank on April 19, 2023
February 10, 2023	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible retirees, totaling 121,359 common shares
February 20, 2023	Notice of Analysts' Briefing on March 3, 2023 (Friday), 12:00 PM PHT, at the Ballroom 1, 2nd Floor, Fairmont Makati, 1 Raffles Drive, Makati Avenue, Makati City
February 20, 2023	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible retirees, totaling 62,199 common shares
	<i>***Related Party Transactions (Please refer to Notes 2.18 and 27 of the Notes to Financial Statements attached to Information Statement as Annex "A")</i>

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, By-laws or Other Documents

There is no action to be taken with respect to any amendment of the charter, by-laws, or other documents.

Item 18. Other Proposed Action

There is no other proposed action not specifically referred to above.

Item 19. Voting Procedures

At the 2023 Stockholders' Meeting, holders of a majority of BDO's issued and outstanding voting shares who are present in person, via remote communication or represented by proxy shall constitute a quorum for the transaction of business. A majority of votes shall decide any matter submitted to the shareholders at the meeting, except in those cases where the law requires a greater number.

In the election of directors, the shareholders are entitled to cumulate their votes as discussed in Part B, Item 4(c) of this Information Statement.

BDO's Corporate Secretary is tasked and authorized to count votes on any matter properly brought to the vote of the shareholders, including the election of directors. Punongbayan & Araullo, Grant Thornton, BDO's external auditor, an independent party, has been appointed to validate the votes.

For this year's Annual Stockholders' Meeting, all voting by Stockholders will be *in absentia* through BDO's secure online voting facility and proxies submitted to the Office of the Corporate Secretary via courier delivery or by e-mail. Stockholders attending the in-person meeting should still cast their votes in absentia via BDO's online voting portal <<https://asmvoting.bdo.com.ph>>.

Stockholders as of February 24, 2023 who have successfully registered their intention to participate in the annual meeting via remote communication, and to vote *in absentia*, duly verified and validated by the BDO, shall be provided with log-in credentials to securely access the voting portal. Stockholders or their proxies can then cast their votes on specific matters for approval, including the election of directors.

Votes will then be automatically tabulated and counted at the close of registration and voting periods.

Pursuant to the Company's By-laws, duly accomplished proxy forms must be submitted to the Corporate Secretary at least ten (10) business days before the day of the annual meeting. During the online registration for this meeting, stockholders who wish to appoint a proxy should submit advance electronic copies of their duly accomplished proxy forms during registration to facilitate the verification process. Original and duly signed proxy forms should thereafter be submitted no later than March 31, 2023 (Friday) at the 21 st Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City via courier delivery or by email to <corporate_secretary@bdo.com.ph>. Validation of proxies is set on April 5, 2023, at

10:00 a.m., at the Office of the Corporate Secretary. Stockholders may download and print the proxy form from BOO's website <www.bdo.com.ph/2023proxyform>.

The detailed guidelines for participation and voting for this meeting are set forth in the ***“Guidelines for Registering, Participating via Remote Communication and In-Person, and Voting in Absentia”*** appended as Annex in this Information Statement.

Shareholders holding BDO common shares and Series “A” preferred shares as of February 24, 2023 are entitled to vote on the following matters which are also indicated in the Notice and Agenda included in this Information Statement:

1. Approval of the minutes of the previous annual meeting held on April 22, 2022

The minutes of BDO’s annual meeting held on April 22, 2022 is attached to this Information Statement as **Annex “B”** for review of the shareholders. Shareholders’ approval of the minutes will be sought at this year’s annual meeting.

Required vote: A majority vote of shareholders present or represented at the meeting.

2. Audited Financial Statements as of December 31, 2022

BDO’s Audited Financial Statements as of December 31, 2022, together with the Supplementary Schedules, are attached as **Annex “A”** to this Information Statement for review of the shareholders. This will enable the shareholders to assess the financial performance of BDO for the period covered by said financial statements. Shareholders’ approval of the financial statements will be sought at this year’s annual meeting.

Required vote: A majority vote of shareholders present or represented at the meeting.

3. Approval and ratification of all acts of the Board of Directors, Board Committees and Management during their terms of office

During their term, the Board approved resolutions and authorized actions in connection with their mandate to direct, manage and supervise the affairs and operations of BDO. The acts of the Board of Directors, its Committees, and Management listed in Part D, Item 15, during their terms of office, will be presented to the shareholders for approval and ratification. In compliance with the PSE Disclosure Rules, the Securities Regulation Code and its implementing rules, and in keeping with the policy on transparency as embodied in BDO’s Manual on Good Corporate Governance, BDO regularly and promptly discloses actions taken by its Board and Management. While shareholders’ approval of such acts is not required under the Revised Corporation Code and regulatory issuances, BDO believes it to be sound corporate governance to present these to the shareholders for approval and ratification.

Required vote: A majority vote of shareholders present or represented at the meeting.

4. Election of Directors

At the annual meeting, shareholders will be asked to elect the directors for the ensuing year. A shareholder may cumulate his vote as discussed in Part B, Item 4(c) of this Information Statement.

Required vote: Candidates receiving the highest number of votes shall be declared elected.

5. Appointment of External Auditor

Pursuant to BDO's Manual of Corporate Governance, the Board, upon the recommendation of the Board Audit Committee, shall recommend to the shareholders, appointment of an external auditor to undertake independent audit and provide objective assurance on the manner by which the financial statements are being prepared and presented to the shareholders.

At the annual meeting, the shareholders will be requested to approve the re-appointment of Punongbayan & Araullo, Grant Thornton as external auditor of BDO for the ensuing fiscal year.

Required vote: A majority vote of shareholders present or represented at the meeting.

(Signature page follows.)


SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

This report is signed in the City of Makati on February 28, 2023.

Issuer:

BDO Unibank, Inc.

A handwritten signature in black ink, appearing to read "Edmundo L. Tan". The signature is stylized with a large "E" and a long horizontal stroke.

Edmundo L. Tan
Corporate Secretary

BDO UNIBANK, INC.

MANAGEMENT REPORT

I. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The consolidated financial statements of BDO Unibank, Inc. (**BDO** or the “**Bank**”) for the year ended 31 December 2022 are incorporated herein by reference.

II. INFORMATION CONCERNING DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The financial statements of the Bank for the year ending 31 December 2021 and 31 December 2022 have been audited by Punongbayan and Araullo, Grant Thornton in accordance with generally accepted accounting principles. The Bank has not had any disagreements with any of its former or present accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which led to a change in external auditors and if not resolved to the satisfaction of any of these accountants, would have caused the latter to make reference to the subject matter of the disagreement in connection with its report.

III. MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

(1) Management’s Discussion and Analysis

Balance Sheet – 2022 vs. 2021

Total Resources increased 12% year-on-year to P4.1 trillion as gross customer loans grew 9% to P2.6 trillion while Investment Securities climbed 17% to P722.8 billion. Cash and Other Cash Items as well as Due from BSP rose 20% to P82.9 billion and 27% to P385.8 billion, respectively, owing to deposit growth. Due from Other Banks went down 16% to P58.8 billion owing to lower levels of placements and working balances with correspondent banks.

Equity Investments went up 6% to P5.5 billion due to earnings from associates. Investment Properties expanded 13% to P21.2 billion coming from foreclosures and dacion payments. Deferred Tax Assets fell 21% to P5.4 billion primarily from loan write-offs. Other Assets jumped 33% to P49.0 billion on account of higher margin deposits, outstanding credit card transactions, Foreign Currency on Hand and non-current assets held for sale as of the cut-off date.

Deposit Liabilities hiked 14% to P3.2 trillion as Demand, Savings and Time deposits expanded 14%, 4% and 64%, respectively. Other Liabilities increased 19% to P129.1 billion owing to increases in outstanding acceptances from trade transactions, accrued expenses and accounts payable as well as bills purchased contra account.

Total Equity grew 9% to P461.5 billion from continued profitable operations.

Contingent Accounts – 2022 vs. 2021

Total Contingent Accounts rose 3% to P2.8 trillion with material movements from the following accounts:

- Unused L/Cs and Export L/Cs Confirmed soared 25% and 218% to P94.9 billion and P14.8 billion, respectively, following higher volume of trade transactions.
- Outstanding Guarantees Issued declined 46% to P2.3 billion as of the cut-off date.
- Bills for Collection, as well as Late Deposits and Payments Received, jumped 72% and 207% to P14.9 billion and P1.4 billion, respectively, after higher outstanding transactions as of year-end 2022.
- Treasury trading activities yielded declines in levels of Spot Exchange Bought and Sold, Forward Exchange Bought, Interest Rate Futures Sold as well as Interest Rate Swap Receivable and Payable.

Income Statement – 2022 vs. 2021

The Bank registered a Net Income attributable to Equity holders of the Parent Company of P57.1 billion in 2022, 33% higher than from the previous year's P42.8 billion. Net Interest Income improved 14% to P149.2 billion from an expansion in earning assets coupled with an improvement in margins from rising interest rates brought about by policy rate hikes implemented by the BSP. Other income hiked 17% to P71.5 due to year-on year growth in Service Charges, Trust Fees, FX Gain and Insurance Premiums.

Operating Expenses rose 9% to P131.2 billion owing to the following:

- Employee Benefits went up 6% from salary increases and a higher manpower headcount.
- Occupancy expenses increased 14% from improvements in premises and investments in the Bank's various distribution channels.
- Taxes and Licenses climbed 18% due to Gross Receipt Taxes on a higher income base as well as higher Documentary Stamp Tax on increased Time Deposit levels.
- Insurance expenses grew 9% from higher deposit levels.
- Advertising expenses slid 22% from lower marketing, promotional and advertising expenditures.
- Litigation/Assets Acquired increased 10% due to higher costs associated with litigation and maintenance of acquired assets.
- Insurance Benefits and Claims dropped 18% from maturities.

- Security, Clerical and Janitorial expenses as well as Other expenses grew 9% and 21%, respectively, following increased business volumes and a wider distribution network.

Tax Expense jumped 24% to P16.0 billion owing to higher taxable income as well as the lower tax rates in 2021 coming from the retroactive application of the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE).

Comprehensive Income – For the years Ended December 31, 2022 vs. 2021

From a Consolidated Net Income of P57.2 billion, Total Comprehensive Income for 2022 stood at P47.4 billion, inclusive of P17.9 billion unrealized mark-to-market losses on fixed income investments at FVOCI as interest rates continue to rise, a negative P5 million translation adjustment related to foreign operations, an actuarial loss on remeasurement of retirement benefit obligation amounting to P1.1 billion, a positive remeasurement of life insurance reserves of P9.6 billion and P498 million unrealized mark-to-market losses on equity investments at FVOCI. The Total Comprehensive Income registered a 28% improvement from P37.0 billion in 2021.

Key Performance Indicators – 2022 vs. 2021

	2022	2021	Inc/(Dec)
Return on Average Common Equity	13.0%	10.5%	2.5%
Return on Average Equity	12.9%	10.4%	2.5%
Return on Average Assets	1.5%	1.2%	0.3%
Net Interest Margin	4.1%	4.0%	0.1%
Capital to Risk Assets	14.5%	14.7%	-0.2%
Basic Earnings Per Share	10.77	8.07	2.70
Liquidity Ratio	34.2%	32.2%	2.0%
Solvency Ratio (Debt-to-Equity)	783.0%	753.6%	29.4%
Asset-to-Equity Ratio	883.0%	853.6%	29.4%
Interest Rate Coverage Ratio	468.9%	512.0%	-43.1%
Profit Margin	23.8%	20.8%	3.0%

Return on Average Common Equity, Return on Average Equity, Return on Average Assets and Basic Earnings Per Share improved to 13.0%, 12.9%, 1.5% and 10.77, respectively, owing to a higher Net Income.

Net Interest Margin went up to 4.1% following earning asset expansion in a rising interest rate environment.

Capital to Risk Assets slightly went down to 14.5% as the growth in risk weighted assets outpaced the increase in capital.

Liquidity Ratio rose to 34.2% as excess funds were channeled to liquid assets.

Solvency Ratio and Asset-to-Equity Ratio rose to 783.0% and 883.0%, respectively, as the increases in both liabilities and total assets outpaced the change in total equity.

Interest Rate Coverage dropped to 468.9% from higher interest expense.

Profit Margin hiked to 23.8% on higher bottomline profits.

Balance Sheet – 2021 vs. 2020

Total Resources expanded 7% to P3.6 trillion as Gross Loans rose 6% to P2.4 trillion and Investment Securities jumped 21% to P616.3 billion. Cash and Other Cash Items went down 8% to P69.1 billion while Due from Other Banks went up 7% to P70.1 billion owing to higher placements and working balances with correspondent banks.

Equity Investments increased 7% to 5.2 billion owing to earnings from associates. Investment Properties also rose 19% to P18.8 billion from an investment in prime real estate in Makati. Deferred Tax Assets dropped 14% to P6.8 billion mainly due to loan write-offs. Other Assets dropped 13% to P36.9 billion on reduced levels of foreign currency notes and coins, retirement and miscellaneous assets.

Deposit Liabilities climbed 8% to P2.8 trillion from an expansion in Demand and Savings deposits of 29% and 11%, respectively, as the Bank continued its low cost deposit marketing efforts. Insurance Contract Liabilities hiked 12% to P65.3 billion from sustained BDO Life business volumes.

Total Equity increased 8% to P424.5 billion from bottomline profits.

Contingent Accounts – 2021 vs. 2020

Total Contingent Accounts rose 9% to P2.7 trillion owing to the following accounts:

- Trust Department Accounts grew 9% to P1.8 trillion from a larger portfolio of funds managed.
- Unused L/Cs and Outstanding Guarantees Issued soared 46% and 21% to P75.8 billion and P4.2 billion, respectively, owing to higher volume of trade transactions.
- Export L/Cs Confirmed, Bills for Collection, as well as Late Deposits and Payments Received, fell 26%, 41% and 63% to P4.6 billion, P8.7 billion and P461 million, respectively, after lower outstanding transactions as of year-end 2021.
- Increased treasury trading activities yielded an increase in Spot Exchange Bought and Sold, Forward Exchange Bought and Sold, and Interest Rate Futures Sold. On

the other hand, Interest Rate Swap Receivable and Payable went down year-on-year.

Income Statement – For the years Ended December 31, 2021 vs. 2020

The Bank posted a Net Income attributable to Equity holders of the Parent Company of P42.8 billion in 2021, a 51% improvement from previous year's P28.2 billion. Net Interest Income slightly dipped by 2% to P131.3 billion owing to a general decline in lending rates as well as the rate cap imposed by BSP on credit card receivables. Other income grew 11% to P61.4 as Service Charges, Trust Fees, FX Gain, Insurance Premiums and Miscellaneous Income all posted year-on-year increases as the economy recovered from the business slowdown in 2020.

Operating Expenses went up 6% to P119.9 billion owing to the following:

- Employee Benefits increased 12% primarily from salary increases and benefits extended due to the pandemic.
- Taxes and Licenses dropped 12% due to lower Documentary Stamp Tax on Time Deposits.
- Insurance expenses increased 5% from higher deposit levels.
- Litigation/Assets Acquired expenses hiked 29% from higher costs associated with litigation and maintenance of acquired assets.
- Insurance Policy Reserves, Benefits and Claims climbed 19% from higher BDO Life business volumes.
- Other Operating Expenses rose 6% owing to increased business volumes year-on-year.

Tax Expense fell 27% to P12.9 billion primarily due to lower tax rates resulting from the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE).

Comprehensive Income – For the years Ended December 31, 2021 vs. 2020

From a Consolidated Net Income of P42.9 billion, Total Comprehensive Income for 2021 registered at P37.0 billion, inclusive of a decrease in net gains on FVOCI Securities of P5.8 billion, a P92 million translation adjustment related to foreign operations, an actuarial loss on remeasurement of retirement benefit obligation amounting to P6.0 billion, a remeasurement of life insurance reserves of P5.7 billion, a reversal of revaluation increment of P55 million and a P135 million increase in unrealized gains on equity investments at FVOCI. The Total Comprehensive Income represents a 35% improvement from P27.5 billion in 2020.

Key Performance Indicators – 2021 vs. 2020

	2021	2020	Inc/(Dec)
Return on Average Common Equity	10.5%	7.6%	2.9%
Return on Average Equity	10.4%	7.5%	2.9%
Return on Average Assets	1.2%	0.9%	0.3%

Net Interest Margin	4.0%	4.4%	-0.4%
Capital to Risk Assets	14.7%	14.4%	0.3%
Basic Earnings Per Share	8.07	5.30	2.77
Liquidity Ratio	32.2%	30.8%	1.4%
Solvency Ratio (Debt-to-Equity)	753.6%	758.7%	-5.1%
Asset-to-Equity Ratio	853.6%	858.7%	-5.1%
Interest Rate Coverage Ratio	512.0%	297.3%	214.7%
Profit Margin	20.8%	13.3%	7.5%

Return on Average Common Equity, Return on Average Equity, Return on Average Assets and Basic Earnings Per Share improved to 10.5%, 10.4%, 1.2% and 8.07, respectively, owing to a higher Net Income.

Net Interest Margin was lower at 4.0% from the general decline in lending rates as well as the rate cap imposed by BSP on credit card receivables.

Capital to Risk Assets went up to 14.7% as the increase in capital outpaced the growth in risk weighted assets.

Liquidity Ratio rose to 32.2% as excess funds were channeled to liquid assets.

Solvency Ratio and Asset-to-Equity Ratio went down to 753.6% and 853.6%, respectively, as the growth in total equity outpaced the increases in both liabilities and total assets.

Interest Rate Coverage soared to 512.0% on higher profits and lower interest expense from an improved funding mix.

Profit Margin climbed to 20.8% on higher bottomline profits.

Balance Sheet – 2020 vs. 2019

Total Resources increased 6% to P3.4 trillion as Gross Loans went up 3% to P2.3 trillion and Investment Securities expanded 17% to P508.8 billion. Cash and Other Cash Items grew 17% to P74.9 billion resulting from deposit expansion. Due from Other Banks jumped 68% to P65.3 billion owing to higher placements and working balances with correspondent banks.

Bank Premises and Net Finance Lease went down 5% to P44.3 billion on account of depreciation of facilities and equipment. Investment Properties dropped 6% to P15.9 billion on lower levels of ROPA and reclassification to Bank Premises of some branch sites. Deferred Tax Assets declined 11% to P7.9 billion owing to the amortization of past service cost. Other Resources climbed 12% to P42.4 billion mainly from an increase in foreign currency notes and coins on hand as of year-end 2020.

Deposit Liabilities grew 5% to P2.6 trillion as Demand and Savings deposits soared 35% and 14% to P314.3 billion and P1.8 trillion, respectively, driven by the Bank's continued accessibility through its branches, ATMs and digital channels. Bills Payable jumped 25% to P209.7 billion on peso and USD bond issuances, while the Bank redeemed its P10.0 billion Subordinated Notes Payable in March 2020. Insurance Contract Liabilities hiked 38% to P58.4 billion due to re-measurement of life insurance reserves given the decline in interest rates as well as sustained BDO Life business volumes. Other Liabilities slid 8% to P103.6 billion owing to reduced Bills Purchased contra account and lease and security deposits.

Total Equity increased 6% to P393.0 billion from profitable operations.

Contingent Accounts – 2020 vs. 2019

Total Contingent Accounts climbed 15% to P2.5 trillion owing to the following accounts:

- Trust Department Accounts surged 22% to P1.6 trillion on higher level of assets managed.
- Outstanding Guarantees Issued and Bills for Collection grew 18% and 35% to P3.5 billion and P14.6 billion, respectively.
- Unused L/Cs, Export L/Cs Confirmed, as well as Late Deposits and Payments Received, were lower by 3%, 20% and 60% at P52.0 billion, P6.3 billion and P1.3 billion, respectively, on lower outstanding transactions as of year-end 2020.
- Increased treasury trading activities yielded an increase in Forward Exchange Bought and Sold and Interest Rate Futures Sold, while Spot Exchange Bought and Sold as well as Interest Rate Swap Receivable and Payable declined year-on-year.
- Other Contingent Accounts went up 5% to P436.2 billion following growth in Committed Credit Lines.

Income Statement – For the years Ended December 31, 2020 vs. 2019

The Bank posted a Net Income attributable to Equity holders of the Parent Company of P28.2 billion in 2020, 36% lower than previous year's P44.2 billion. This was due to the P30.2 billion Provision for Impairment Losses in anticipation of an increase in non-performing loans due to the COVID-19 pandemic and the resulting Enhanced and General Community Quarantine (ECQ / GCQ) imposed across the country. Pre-provision Operating Income, however, remained strong, growing by 17% year-on-year to P76.3 billion, as the Bank's core businesses exhibited resilience despite the pandemic.

Net Interest Income increased 12% to P133.7 billion owing to an expansion in margins as well as growth in interest-earning assets. Other income went down 8% to P55.2 due to the pandemic and the resulting slowdown in business activity. Service Charges, FX Gain and Miscellaneous Income dropped 22%, 54% and

13%, respectively. However, Trading Gain, Trust Fees and Insurance Premiums increased 310%, 8%, and 2%, respectively.

Operating Expenses were lower by 2% to P112.6 billion due to the following:

- Employee Benefits rose 6% from a higher manpower count as well as allowances and benefits to employees during the ECQ /GCQ period.
- Taxes and Licenses dropped 10% owing to lower Documentary Stamp Tax on reduced Time Deposit levels.
- Insurance expenses rose 6% following continued deposit expansion.
- Litigation/Assets Acquired expenses went up 10% from higher costs relating to litigation and maintenance of acquired assets.
- Advertising expenses declined 38% on lower marketing, promotional and advertising expenditures.
- Policy Reserves as well as Insurance Benefits and Claims increased 19% and 34%, respectively, reflecting adverse market movements and sustained business volumes of BDO Life. Policy reserves relating to the revaluation of unit linked investments (ULs) have been offset against the corresponding trading gain/loss starting 2020, to reflect the net impact in the income statement, rather than on a gross basis. The income statements for prior years have likewise been adjusted to a net basis, with no change in the net income numbers.
- Security, Clerical and Janitorial expenses as well as Other Operating Expenses dropped 8% and 11%, respectively, from scaled down business operations during the middle of the year

Tax Expense increased 18% to P17.8 billion on a higher taxable income base.

Comprehensive Income – For the years Ended December 31, 2020 vs. 2019

From a Consolidated Net Income of P28.3 billion, Total Comprehensive Income for 2020 stood at P27.5 billion, inclusive of an increase in net gains on FVOCI Securities of P4.1 billion, a negative P44 million translation adjustment related to foreign operations, an actuarial gain on remeasurement of retirement benefit obligation amounting to P764 million, a remeasurement of life insurance reserves of negative P6.1 billion, a P579 million increase in unrealized gains on equity investments at FVOCI and a negative P10 million share in Other Comprehensive Income of affiliates. The Total Comprehensive Income registered a 38% decline from P44.7 billion in 2019.

Key Performance Indicators – 2020 vs. 2019

	2020	2019	Inc/(Dec)
Return on Average Common Equity	7.6%	12.8%	-5.2%
Return on Average Equity	7.5%	12.6%	-5.1%
Return on Average Assets	0.9%	1.4%	-0.5%
Net Interest Margin	4.4%	4.2%	0.2%
Capital to Risk Assets	14.4%	14.2%	0.2%
Basic Earnings Per Share	6.37	10.02	-3.65
Liquidity Ratio	30.8%	27.8%	3.0%

Solvency Ratio (Debt-to-Equity)	758.7%	760.5%	-1.8%
Asset-to-Equity Ratio	858.7%	860.5%	-1.8%
Interest Rate Coverage Ratio	297.3%	245.5%	51.8%
Profit Margin	13.3%	20.0%	-6.7%

Return on Average Common Equity, Return on Average Equity, Return on Average Assets and Basic Earnings Per Share declined to 7.6%, 7.5%, 0.9% and 6.37, respectively, owing to lower Net Income, due to the pre-emptive provisions set aside for the potential increase in delinquencies from the pandemic.

Net Interest Margin improved to 4.4% given modest growth in interest-earning assets and an improvement in funding mix.

Capital to Risk Assets inched up to 14.4% as the increase in capital slightly outpaced the growth in risk weighted assets.

Liquidity Ratio rose to 30.8% owing to an increase in liquid assets and slower loan growth.

Solvency Ratio and Asset-to-Equity Ratio went down to 758.7% and 858.7%, respectively, as capital increased at a slightly faster rate than both liabilities and total assets.

Interest Rate Coverage Ratio improved to 297.3% following a decline in interest rates.

Profit Margin dropped to 13.3% on lower bottomline profits.

(2) Past and Future Financial Condition and Results of Operations

BDO Unibank, Inc. (BDO) delivered a Net Income of P57.1 billion in 2022 vis-a-vis P42.8 billion in 2021, driven by strong growth across its core businesses. Net interest income grew 14% to P149.2 billion as gross customer loans went up by 9% owing to broad-based growth due to the economic re-opening. Total deposits climbed 14%, with low-cost current and savings accounts comprising 79% of deposits. Non-interest income hiked 17% to P71.5 billion, bolstered by the 24% increase in fees, and trading and forex gains mainly generated from flow-related business. Operating expenses went up 9% on new branches opened in underserved/rural areas and continued Information Technology spend to support digital initiatives.

Asset quality improved further, with Non-Performing Loan (NPL) ratio dipping to 1.95% and NPL coverage strengthening to 167%.

Return on Average Common Equity rose to 13.0% while Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) Ratio were at 14.5% and 13.4%, respectively, both comfortably above regulatory minimum levels.

Prospects for the Future/Plans of Operation

The Bank expects the Philippine economy's recovery from the Covid-19 pandemic to continue. The Government's Cabinet-level Development Budget Coordination Committee (DBCC) forecasts GDP growth to range between 6.0-7.0% in 2023 with the improvement and broadening of household consumption trends especially supported by the removal of remaining pandemic related mobility restrictions.

While risks of a US recession as well as the ongoing Russia-Ukraine military conflict provide headwinds to the global growth outlook, the slowdown in global economic activity has nonetheless resulted in a deceleration in inflation. In contrast to 2022, easing global inflation this year is likely to translate to a slowing pace of Central Bank policy rate hikes and a relatively more stable interest rate and exchange rate environment. Business and investor sentiment may also react positively to the Marcos administration's plan to boost economic competitiveness and attract investments via policy reforms such as the reconfiguration of the Public-Private Partnership (PPP) program.

Given this favorable environment, the Bank hopes to continue growing its business and implementing its strategy of providing increased access to financial products and services in both urban and underserved communities across the country.

Downside risks that may hinder the continued recovery of the Philippine economy include domestic food and energy supply bottlenecks that may keep local headline inflation above the 2% to 4% target range of the Bangko Sentral ng Pilipinas (BSP). Investors are also likely to monitor the government's fiscal consolidation efforts especially with the Philippines' outstanding government debt-GDP and fiscal deficit-GDP ratios having significantly deteriorated since the start of the Covid-19 pandemic.

(3) Material Changes

(a) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

None.

(b) Internal and External Sources of Liquidity

The internal and external sources of liquidity are herein discussed under the preceding discussion.

(c) Any Material Commitments for Capital Expenditure and Expected Funds

None.

(d) Any Known Trends, Events or Uncertainties (Material Impact on Sales)

Trends, events or uncertainties, which can have a material impact on sales, are explained under the preceding discussion.

(e) Causes for any Material Changes from Period to Period of Financial Statements, which shall include vertical and horizontal analyses of any material item (5%)

The causes for any material changes from 2022-2023 are explained in item III(1) above.

(f) Seasonal Aspects that has Material Effect on the Financial Statements

None.

IV. DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE BUSINESS OF THE BANK AND ITS SUBSIDIARIES

(1) Business Development

Form and Year of Organization

BDO Unibank, Inc. (BDO or the "Bank"), originally known as Acme Savings Bank, was acquired by the SM Group in 1976. The SM Group is one of the largest conglomerates in the Philippines, with substantial interests in financial services, real estate development, and tourism and entertainment, founded around its core business in commercial centers and retailing. BDO listed its shares on the Philippine Stock Exchange (PSE) on 21 May 2002.

BDO is now the market leader in most of its core business lines following its merger with Equitable PCI Bank (EPCI) in May 2007. The Bank offers a complete array of products and services, i.e. Retail Banking, Lending (Corporate, Commercial, Consumer, and SME), Treasury, Trust, Credit Cards, Corporate Cash Management and Remittances. Through its subsidiaries, the Bank offers Leasing and Financing, Investment Banking, Private Banking, Bancassurance,

Insurance Brokerage and Stock Brokerage services.

It has one of the largest branch networks, with 1,650 operating domestic branches (including 453 BDO Network Bank, Inc. (BDO Network) (formerly One Network Bank, Inc.) branches) and two full-service branches in Hong Kong and Singapore as of 31 December 2022. BDO's network includes 14 overseas remittance and representative offices across Asia, North America, Europe and the Middle East, and 4,655 automated teller machines (ATMs), 640 cash deposit machines, and 8 self-service teller machines.

Over the past several years, the Bank has experienced significant growth. This resulted from organic growth arising from a wider array of products and services, as well as through mergers and acquisitions of banks. Sustaining earlier gains, the Bank is currently the largest bank in the Philippines in terms of total assets, loans, deposits and trust assets under management.

BDO's diverse subsidiaries and investments in allied undertakings provide an extensive range of banking and other financial services. The Bank's subsidiaries and associates as of 31 December 2022 are as follows:

Philippine Subsidiaries	% Interest Held
Averon Holdings Corp.	100%
BDO Insurance Brokers, Inc.	100%
BDO Private Bank, Inc.	100%
BDO Finance Corporation	100%
BDO Rental, Inc.	100%
BDO Securities Corporation	100%*
BDO Strategic Holdings, Inc.	100%
BDO Capital & Investment Corporation	99.88%
BDO Life Assurance Company, Inc.	97%
Dominion Holdings, Inc. (formerly BDO Leasing and Finance, Inc.)	87.43%
BDO Network Bank, Inc.	84.37%
Equimark – NFC Development Corp.	60%
Foreign Subsidiaries	% Interest Held
BDO Remit (Canada), Ltd.	100%
BDO Remit (Japan), Ltd.	100%

BDO Remit (Macau), Ltd.	100%
BDO Remit (USA), Inc.	100%
BDO Remit (UK) Ltd.	100%
BDO Remit (Spain) S.A.	100%
CBN Greece S.A.	99.92%
BDO Remit Limited	100%
BDORO Europe Ltd.	100%
BDO Remit International Holdings B.V.	96.32%
Associates	% Interest Held
SM Keppel Land, Inc.	50%
Taal Land, Inc.	33.33%
Northpine Land, Inc.	20%
NLEX Corporation (formerly Manila North Tollways Corporation)	11.70%

**98.31% owned via BDO Cap and 1.69% directly owned by BDO*

None of the Bank's subsidiaries and associates is under any bankruptcy, receivership or similar proceedings. Further, such subsidiaries and associates have not engaged in any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets that is not in the ordinary course of business.

(2) Business of Issuer – Description of the Business and its Significant Subsidiaries

(i) Principal Products and Services

Deposits

BDO offers a wide array of Peso, Dollar, and Third Currency deposit products and services catering to a broad and diversified client base. These products cut across all age groups and customer profiles (such as kids, young professionals, entrepreneurs, OFWs and their beneficiaries and retirees). Further details on the Bank's various deposit products can be accessed at its website www.bdo.com.ph.

Remittance

BDO's strength in providing top remittance services lies in its extensive international reach spanning Asia, Europe, North America, and the Middle East. On the distribution side, a strong domestic coverage consisting of the

Bank's wide branch network and remittance partners that include, among others, ShoeMart (SM), thrift banks, pawnshops, as well as other financial service partners, complements the Bank's international presence. BDO also has tie-ups with SM and its partner establishments, as well as food outlets (like Jollibee and Max's) that provide clients with unique value-added services such as gift and food remittance delivery.

Trust Services

BDO has created and grown its trust services and investment product offerings to provide solutions for every kind of client or investor need under a trust or an agency agreement. It is currently the dominant player in the local trust industry and is the first local financial institution to breach the PhP 1 trillion assets under management (AUM) threshold as of end-2016. In the Unit Investment Trust Fund business, BDO also has a lion's share, a testament to its investment expertise.

Treasury

The Bank provides treasury products and services to clients ranging from retail, middle market and large corporates, both onshore and offshore. These services include purchase and sale of foreign exchange, fixed income securities as well as offering hedging tools (in the form of derivatives) to mitigate the clients' interest and foreign exchange risks. As the bank is committed to be its clients' partner for growth, the bank holds periodic economic briefings and forums to keep its clients abreast of the financial market conditions. This also serves as a venue for the bank to listen to the clients' needs and offer solutions. On several occasions, the Bank has been recognized and has been a recipient of various awards in the area of foreign exchange and fixed income securities.

Transaction Banking

BDO's transaction-based services provide high value-added cash management government entities, and small- and medium-enterprises (SMEs). The Bank's electronic banking services, which include the Bank's over 4,655 ATMs nationwide, 640 cash deposit machines, 8 self-service teller machines, as well as browser-based, mobile app, and landline banking facilities, allow customers to access their accounts and perform an extensive range of banking transactions at their convenience anytime and anywhere.

Meanwhile, the Bank's debit card facility lets customers enjoy the convenience of hassle-free cashless payment and easy cash access using either pre-loaded or account-funded cards

Credit Cards

In the credit card industry, BDO issues the most brands in the country, namely Mastercard, Visa, JCB, UnionPay, Diners Club and American Express, including corporate and tie-up cards with different companies.

The bank likewise dominates the merchant acquiring business in the Philippines with BDO POS terminals being the pioneering terminals in the industry to accept the six (6) credit card brands and all locally issued ATM/Debit Cards.

Investment Banking

Through its subsidiary, BDO Capital & Investment Corp., the Bank provides expertise and optimal solutions to address the capital raising needs of corporations and government entities plus meet the investment needs of retail and institutional investors. The Bank's strong origination and structuring capabilities, robust distribution network, dominant presence in both the equities and capital markets, and established track record all highlight BDO's brand of investment banking.

Insurance

The Bank provides its clients non-life and group life insurance through BDO Insurance Brokers, Inc., a wholly owned subsidiary. The Bank also has a bancassurance license with BDO Life that permits it to market and sell individual life insurance products through its nationwide network, permitting customers access to a wide array of insurance products.

Trade Services

Trade finance plays a key role in the Bank. BDO's commitment to the trade business is reflected in its significant investments in technology, processing capabilities and people. BDO's strategy is to be able to provide a variety of trade solutions that fit clients' requirements at the least cost possible. We take a proactive role in finding out what our clients need and customize trade solutions to meet these needs.

Given BDO's leading standing in the industry and broad client coverage, BDO is able to capture a significant market share of customers' trade finance transactions.

BDO has the ability to offer competitive pricing because of its access to low-cost funding as well as preferential pricing from its network of correspondent bank relationships.

Trade transactions are being serviced in 5 Trade Processing Centers geographically located across the country with 3 centers in Metro Manila and one each in Cebu and Davao. These centers are manned by around 100 employees who are trained in all aspects of international trade processing. Moreover, each center has a dedicated Customer Service team who are equipped to provide prompt response to clients' inquiries and concerns. We have also implemented groundbreaking services in the Philippines which include weekend banking and extended banking hours for our domestic branch network.

BDO is also able to service trade requirements of clients who would like to open their Letters of Credit offshore through the trade capabilities of BDO Hong Kong and BDO Singapore branches.

BDO offers a wide variety of documentary products and services including: 1) Letters of Credit (LC); 2) Import LC Openings and Negotiations; 3) Domestic LC; 4) Standby LCs; 5) Trust Receipt Financing; 6) Export Letters of Credit; 7) Export LC Advising and Confirmation; 8) Export Advances; 9) Export Bills Purchase; 10) Non-Letters of Credit; 11) Open account remittances; 12) Documents against Acceptance; and, 13) Documents against Payment.

International Desks

The International Desks (IDesks) of BDO's Institutional Banking Group comprise teams of relationship managers with international and local banking experience, dedicated to address the financial needs of foreign companies and nationals conducting business and/or with business interests, or residing in the Philippines, as well as embassies, diplomats, multilateral organisations, foreign chambers of commerce and international schools. IDesks' teams have been organized along geographic lines: ASEAN, China, EU, Japan, South Korea, North America/Australia and New Zealand, and Taiwan. Furthermore, several IDesks team members speak Japanese, Korean and the Chinese dialects of Mandarin and Fookien. In addition, IDesks' Multilateral and ECA (Export Credit Agency) Desk manage and facilitate specialized guarantee facilities and wholesale long term loan facilities for eligible clients and projects sourced from multilateral organizations such as the Asian Development Bank and the World Bank's International Finance Corporation; international export credit agencies such as the Japan Bank of International Cooperation and the Korea Export Import Bank; and domestically from the specialized lending facilities of the

Development Bank of the Philippines, Land Bank, and the Social Security System.

Leasing

BDO Leasing and Finance provides leasing and financing products to commercial clients. Leasing products include direct leases and sale and leaseback arrangements. Its financing products consist of commercial and consumer loans, installment paper purchases, receivables discounting and factoring. Assets financed include automobiles, trucks, office equipment, industrial, agricultural and office machinery, real property, and financial assets such as receivables.

(ii) Distribution Methods of Products or Services

The Bank's products and services are available mainly through the branches, but select services are also accessible through other channels such as call centers, mobile and landline telephones, internet, and point-of sale terminals. The Bank's extensive distribution network provides it good market coverage that is superior to many of its competitors. Aside from a branch in Hong Kong and Singapore, and a consolidated domestic network of 1,650 operating domestic branches (including of 453 branches of BDO Network Bank, Inc.), the Bank has 4,655 ATMs, 640 cash deposit machines, and 8 self-service teller machines as of 31 December 2022.

The Bank's foreign operation is comprised of banking branches in Hong Kong and Singapore along with various remittance subsidiaries operating in Asia, Europe, and the United States.

(iii) Status of Publicly Announced New Products or Service

None

(iv) Competition

The Philippine universal and commercial banking sector consists of 22 universal and 23 commercial banks for a total of 45 banks. Of the universal banks, 13 are private universal domestic banks, 6 are branches of foreign universal banks and 3 are government-controlled universal banks. The commercial banks, meanwhile, consists of 3 private commercial domestic banks, 18 branches of foreign banks, and 2 subsidiaries of foreign banks.

The total assets of the universal/commercial banking system as of 31 December 2022 reached P21.71 trillion. Liabilities amounted to P19.21

trillion of which deposits were at P16.76 trillion. Meanwhile, the system's total capital accounts amounted to P2.49 trillion.

Note: All the data used in the discussion above are from the BSP.

(v) Transactions with and/or Dependence on Related Parties

In the ordinary course of business, the Bank has loans, deposits and other transactions with its related parties, and with certain directors, officers, stockholders and related interest (DOSRI). These loans and other transactions are made on the same terms as with other individuals and businesses of comparable risks and in compliance with all regulatory requirements.

(vi) Patents, Trademarks, Licenses, Franchises, Concession, Royalty Agreement or labor contracts including duration

The Bank has registered the following trademarks with the Intellectual Property Office of the Philippines:

	Trademarks	Duration
1.	BDO Cash Management (42007013805)	September 13, 2013 to September 13, 2023
2.	BDO On Site & Device (42007013806)	September 13, 2013 to September 13, 2023
3.	BDO Banco De Oro Kabayan Loan & Device (42007003250)	September 13, 2013 to September 13, 2023
4.	BDO Kabayan Loans (42007003251)	September 13, 2013 to September 13, 2023
5.	BDO Kabayan Auto Loan (42007003252)	September 13, 2013 to September 13, 2023
6.	BDO Banco De Oro Kabayan Auto Loan & Device (42007003253)	September 13, 2013 to September 13, 2023
7.	BDO Kabayan Home Loan (42007003255)	September 13, 2013 to September 13, 2023
8.	BDO Banco De Oro Kabayan Home Loan & Device (42007003256)	September 13, 2013 to September 13, 2023
9.	BDO Kabayan Personal Loan (42007003258)	September 13, 2013 to September 13, 2023
10.	BDO Banco De Oro Personal Loan & Device (42007003259)	September 13, 2013 to September 13, 2023
11.	BDO Asenso Kabayan & Device (42007003263)	September 13, 2013 to September 13, 2023
12.	BDO Asenso Kabayan and Logo (42007003264)	September 13, 2013 to September 13, 2023
13.	BDO Remit & Device (42007003265)	September 13, 2013 to September 13, 2023

14.	BDO Remit (42007003266)	September 13, 2013 to September 13, 2023
15.	BDO Remit Cash Cards (42007003276)	September 13, 2013 to September 13, 2023
16.	BDO Kabayan Savings (42007003277)	September 13, 2013 to September 13, 2023
17.	BDO Kabayan Bills Bayad (42007003278)	September 13, 2013 to September 13, 2023
18.	BDO Remit & Device (42007011977)	September 13, 2013 to September 13, 2023
19.	BDO (Stylized and In Color) (42010000788)	September 13, 2013 to September 13, 2023
20.	BDO Padala & Device (42015010513)	February 11, 2016 to February 11, 2026
21.	BDO Banco De Oro in class 36 (42010010214)	September 13, 2013 to September 13, 2023
22.	BDO Unibank (wordmark) (42011002470)	September 13, 2013 to September 13, 2023
23.	BDO Unibank (Stylized and in Color) (42011002469)	September 13, 2013 to September 13, 2023
24.	BDO Unibank (Stylized and in Color) in class 16 (42011012955)	September 13, 2013 to September 13, 2023
25.	bdo.com.ph (202011000012)	May 4, 2014 to May 4, 2024
26.	BDO (Stylized and in Color) in class 16 (42011012956)	May 9, 2014 to May 9, 2024
27.	BDO Banco De Oro device in class 16 (42011012954)	May 4, 2014 to May 4, 2024
28.	BDO Leasing (42011012952)	May 4, 2014 to May 4, 2024
29.	BDO Insurance Brokers, Inc. (42011012953)	May 4, 2014 to May 4, 2024
30.	BDO Private Bank in class 16 & 36 (42011012951)	May 4, 2014 to May 4, 2024
31.	BDO Foundation, Inc. (42011012950)	May 2, 2014 to May 2, 2024
32.	BDO Capital & Investment Corporation (42011012949)	May 4, 2014 to May 4, 2024
33.	BDO Securities Corporation (42011012948)	April 29, 2014 to April 29, 2024
34.	Banco De Oro (Reg No: 42010010213)	May 12, 2011 to May 12, 2021
35.	BDORO Europe Ltd. (blue) in class 16 & 36 (42013011107)	April 3, 2014 to April 3, 2024
36.	BDORO Europe Ltd. (blue & yellow) in class 16 & 36 (42013011106)	April 3, 2014 to April 3, 2024
37.	BDORO (color) in class 16 & 36 (42013013103)	May 8, 2014 to May 8, 2024
38.	BDORO (monochrome) in class 16 & 36 (42013013102)	May 8, 2014 to May 8, 2024
39.	Kabayan College Secure (42007003279)	June 30, 2008 to June 30, 2018

40.	Kabayan College Secure & Device (42007003280)	June 30, 2008 to June 30, 2018
41.	Kabayan Personal Loan (42007003262)	June 30, 2008 to June 30, 2018
42.	Kabayan Home Loan (42007003257)	June 23, 2008 to June 23, 2018
43.	Kabayan Auto Loan (42007003254)	June 23, 2008 to June 23, 2018
44.	We find ways (42014011193)	November 20, 2014 to November 20, 2024
45.	BDO Banco De Oro (Stylized) in class 36 (42014014850)	May 7, 2015 to May 7, 2025
46.	#bdowefindways (42015001890)	December 17, 2015 to December 17, 2025
47.	#wefindways (42015001887)	April 7, 2016 to April 7, 2026
48.	#bdounibank (42015001892)	July 23, 2015 to July 23, 2025
49.	#bdobancodeoro (42015001891)	July 23, 2015 to July 23, 2025
50.	#bdoremit (42015001888)	December 17, 2015 to December 17, 2025
51.	#bdo (42015001889)	December 17, 2015 to December 17, 2025
52.	#bdounibank (42015001892)madrid	July 23, 2015 to July 23, 2025
53.	#bdobancodeoro (42015001891)madrid	July 23, 2015 to July 23, 2025
54.	#bdoremit (42015001888)madrid	December 17, 2015 to December 17, 2025
55.	One Network A Rural Bank of BDO (horizontal) (42015011440)	June 2, 2016 to June 2, 2026
56.	One Network A Rural Bank of BDO (vertical) (42015011441)	June 2, 2016 to June 2, 2026
57.	One Network A Savings Bank of BDO (horizontal) (42015011442)	June 2, 2016 to June 2, 2026
58.	One Network A Savings Bank of BDO (vertical) (42015011443)	June 2, 2016 to June 2, 2026
59.	One Network A Rural Bank of BDO Unibank (horizontal) 42015011444	June 23, 2016 to June 23, 2026
60.	One Network A Rural Bank of BDO Unibank (vertical) 42015011445	June 2, 2016 to June 2, 2026
61.	One Network A Savings Bank of BDO Unibank (horizontal) 42015011446	June 23, 2016 to June 23, 2026
62.	One Network A Savings Bank of BDO Unibank (vertical) 42015011447	June 2, 2016 to June 2, 2016
63.	One Network A Rural Bank of BDO (in series horizontal) 42015011448	June 2, 2016 to June 2, 2026
64.	One Network A Rural Bank of BDO (in series vertical) 42015011449	June 2, 2016 to June 2, 2026
65.	One Network A Savings Bank of BDO (in series horizontal) 42015011450	June 2, 2016 to June 2, 2016

66.	One Network A Savings Bank of BDO (in series vertical) 42015011451	July 14, 2016 to July 14, 2026
67.	One Network A Rural Bank of BDO Unibank (in series horizontal) 42015011452	July 14, 2016 to July 14, 2026
68.	One Network A Rural Bank of BDO Unibank (in series vertical) 42015011453	July 14, 2016 to July 14, 2026
69.	One Network A Savings Bank of BDO Unibank (in series horizontal) 42015011454	July 7, 2016 to July 7, 2026
70.	One Network A Savings Bank of BDO Unibank (in series vertical) 42015011455	July 7, 2016 to July 7, 2026
71.	ONB (42015011456)	July 7, 2016 to July 7, 2026
72.	One Network (42015011457)	July 28, 2016 to July 28, 2026
73.	BDO Life (wordmark) 42016005684	August 4, 2016 to August 4, 2026
74.	BDO Life (monochrome black) 42016005665	September 8, 2016 to September 8, 2026
75.	BDO Life (monochrome blue) 42016005666	September 8, 2016 to September 8, 2026
76.	BDO Life (reverse black) 42016005667	October 6, 2016 to October 6, 2026
77.	BDO Life (reverse blue) 42016005668	October 6, 2016 to October 6, 2026
78.	We Protect (monochrome black) 42016005669	September 1, 2016 to September 1, 2026
79.	We Protect (in color) 42016005670	September 1, 2016 to September 2, 2026
80.	We Protect (reverse) 42016005672	September 8, 2016 to September 8, 2026
81.	We Protect (word) 42016005671	September 8, 2016 to September 8, 2026
82.	BDO Life (in color) 42016005673	September 8, 2016 to September 8, 2026
83.	BDO Life 42016005674	September 8, 2016 to September 8, 2026
84.	) BDO Invest Online (42016009435)	December 8, 2016 to December 8, 2026
85.	Master the Art of Trading (42016009438)	December 8, 2016 to December 8, 2026
86.	PERA AGAD (42016014029)	July 17, 2020 to July 17, 2030
87.	PERA AGAD (42016014030)	October 16, 2020 to October 16, 2030
88.	my life my bdo vertical (42016015557)	April 27, 2017 to April 27, 2027
89.	my life my bdo horizontal (42016015558)	April 27, 2017 to April 27, 2027
90.	just debit with bdo horizontal (42016015559)	May 11, 2017 to May 11, 2027
91.	just debit with bdo vertical (42016015560)	May 11, 2017 to May 11, 2027

92.	My Life, My BDO Debit (42017006125)	December 28, 2017 to December 28, 2027
93.	My Life, My BDO Debit (42017006126)	May 11, 2018 to May 11, 2028
94.	BDO Kabayan (42017009476)	March 1, 2018 to March 1, 2028
95.	BDO Kabayan (42017009475)	December 21, 2017 to December 21, 2027
96.	BDO Kabayan (42017009474)	December 21, 2017 to December 21, 2027
97.	BDO Kabayan (42017009473)	December 21, 2017 to December 21, 2027
98.	BDO Kabayan (42017009472)	December 21, 2017 to December 21, 2027
99.	BDO Kabayan (42017009471)	November 23, 2017 to November 23, 2027
100.	BDO Unibank (42017012991)	May 31, 2018 to May 31, 2028
101.	BDO Unibank (Device) 42017012994	May 31, 2018 to May 31, 2028
102.	BDO Banco De Oro (Device) 42017012992	May 31, 2018 to May 31, 2028
103.	BDO Remit (Device) 42017012993	May 31, 2018 to May 31, 2028
104.	BDO We Find Ways (Dreamline) 42017013435	February 3, 2018 to February 3, 2028
105.	BDO We Find Ways (Dreamline) 42017013436	February 3, 2018 to February 3, 2028
106.	BDO We Find Ways (Dreamline) 42017013437	February 3, 2018 to February 3, 2028
107.	BDO We Find Ways (Dreamline) 42017013434	February 3, 2018 to February 3, 2028
108.	BDO NETWORK BANK (42018505534)	August 29, 2019 to August 29, 2029
109.	BDO NETWORK BANK, A RURAL BANK (42018505535)	August 29, 2019 to August 29, 2029
110.	BDO NETWORK, A RURAL BANK (42018505536)	August 29, 2019 to August 29, 2029
111.	BDO NETWORK BANK, INC. (42018505537)	August 29, 2019 to August 29, 2029
112.	BDO Network Bank Device Registration Number: 42018021523	August 8, 2019 to August 8, 2029
113.	BDO Network Bank Device (in blue bg) Registration Number: 42018021524	February 15, 2020 to February 15, 2030
114.	BDO Network Bank Device (in blue font) Registration Number: 42018021525	February 15, 2020 to February 15, 2030
115.	BDO Network Bank Device (in yellow bg) Registration Number: 42018021526	February 15, 2020 to February 15, 2030
116.	BDO Network Bank Device (in black font) Registration Number: 42018021527	December 1, 2019 to December 1, 2029
117.	BDO Network Bank Device (in black bg) Registration Number: 42018021528	December 1, 2019 to December 1, 2029

118.	BDO Network Bank Device (vertical) Registration Number: 42018021529	December 1, 2019 to December 1, 2029
119.	BDO Network Bank Device (vertical in blue bg) Registration Number: 42018021530	January 2, 2020 to January 2, 2030
120.	BDO Network Bank Device (vertical in blue font) Registration Number: 42018021531	December 1, 2019 to December 1, 2029
121.	BDO Network Bank Device (vertical in black bg) Registration Number: 42018021532	December 1, 2019 to December 1, 2029
122.	BDO Network Bank Device (vertical in black font) Registration Number: 42018021533	August 8, 2019 to August 8, 2029
123.	BDO Network Bank Device (vertical in yellow bg) Registration Number: 42018021534	August 8, 2019 to August 8, 2029
124.	BDO Network Bank Device (horizontal 1-liner) Registration Number: 42018021535	August 8, 2019 to August 8, 2029
125.	BDO Network Bank Device (horizontal 1-liner blue bg) Registration Number: 42018021536	August 8, 2019 to August 8, 2029
126.	BDO Network Bank Device (horizontal 1-liner blue font) Registration Number: 42018021537	August 8, 2019 to August 8, 2029
127.	BDO Network Bank Device (horizontal 1-liner black font) Registration Number: 42018021538	August 8, 2019 to August 8, 2029
128.	BDO Network Bank Device (horizontal 1-liner black bg) Registration Number: 42018021539	January 12, 2020 to January 12, 2030
129.	BDO Network Bank Device (horizontal 1-liner yellow bg) Registration Number: 42018021540	January 12, 2020 to January 12, 2030
130.	WE FIND WAYS (42019501752)	July 28, 2019 to July 28, 2029
131.	BDO WE FIND WAYS Application Number: 42019503945	November 7, 2019 to November 7, 2029
132.	BDO We find ways (in black) Application Number: 42019503948	November 7, 2019 to November 7, 2029
133.	BDO We find ways (in blue) Application Number: 42019503950	November 7, 2019 to November 7, 2029
134.	BDO We find ways (in blue & yellow) Application Number: 42019503952	December 5, 2019 to December 5, 2029
135.	WE FIND WAYS (wordmark) Application Number: 42019503996	January 19, 2020 to January 19, 2030
136.	WE FIND WAYS Application Number: 42019503997	January 19, 2020 to January 19, 2030
137.	BDO (wordmark) Application Number: 42019503940	November 7, 2019 to November 7, 2029
138.	BDO REMIT (wordmark) Registration Number: 42019503943	June 28, 2020 to June 28, 2030
139.	We find ways (in blue) Application Number: 42019503941	November 7, 2019 to November 7, 2029
140.	We find ways (in yellow) Application Number: 42019503942	November 7, 2019 to November 7, 2029
141.	BDO Network Bank Device (horizontal 2-liner yellow bg)	April 4, 2020 to April 4, 2030

	Registration Number: 42019012899	
142.	BDO Network Bank Device (vertical 2-liner yellow bg) Registration Number: 42019012898	April 4, 2020 to April 4, 2030
143.	FIND YOUR WAY wordmark Registration Number: 42019505926	June 28, 2020 to June 28, 2030
144.	BDO FINANCE wordmark Registration Number: 42020502655	November 20, 2020 to November 20, 2030
145.	BDO FINANCE CORP. wordmark Registration Number: 42020502658	November 20, 2020 to November 20, 2030
146.	BDO Finance Device Vertical Registration Number: 42020502662	December 6, 2020 to December 6, 2030
147.	BDO Finance Device Horizontal Registration Number: 42020502661	December 6, 2020 to December 6, 2030
148.	BDO PRIME (wordmark) Registration No. 42020504585	February 26, 2021 to February 26, 2031
149.	BDO Prime Device horizontal Registration Number: 42020504860	December 18, 2020 to December 18, 2030
150.	BDO Prime A Service of BDO Securities Corporation Registration No: 42020504861	February 26, 2021 to February 26, 2031
151.	BDO Prime Device horizontal Registration Number: 42020504857	December 18, 2020 to December 18, 2030
152.	BDO Prime A Service of BDO Securities Corporation Registration No: 42020504859	February 26, 2021 to February 26, 2031
153.	BDO Prime Device horizontal (in black bg) Registration Number: 42020504862	December 18, 2020 to December 18, 2030
154.	BDO Prime Device A Service of BDO Securities Corporation horizontal (in black bg) Registration Number: 42020504858	January 15, 2021 to January 15, 2031
155.	BDO PENSION 360 Registration No: 42021506817	July 30, 2021 to July 30, 2031
156.	BDO PENSION 360° Registration No: 42021506819	July 30, 2021 to July 30, 2031
157.	BDO EASY INVESTMENT PLAN Registration No: 42021506820	July 30, 2021 to July 30, 2031
158.	BDO EASY INVEST PLAN Registration No: 42021506818	July 30, 2021 to July 30, 2031
159.	BDO EASY PENSION PAY Registration No: 42021506816	July 30, 2021 to July 30, 2031
160.	BDO Prime (Device in color horizontal) Registration No: 42020506350	August 6, 2021 to August 6, 2031
161.	BDO Prime Registration No: 42020506351	August 6, 2021 to August 6, 2031
162.	BDO Prime (blue bg vertical) Registration No: 42020506352	August 6, 2021 to August 6, 2031
163.	BDO Prime Registration No: 42020506353	October 17, 2021 to October 17, 2031
164.	BDO Prime (Device in color horizontal blue bg) Registration No: 42020506348	August 8, 2021 to August 8, 2031

165.	BDO Prime A Service of BDO Securities Corporation (horizontal logo) Registration No: 42021506510	August 29, 2021 to August 29, 2031
166.	BDO Prime A Service of BDO Securities Corporation (horizontal logo blue bg) Registration No: 42021506509	August 29, 2021 to August 29, 2031
167.	BDO Prime (blue font) Registration No: 42020506349	August 13, 2021 to August 13, 2031
168.	BDO Prime A Service of BDO Securities Corporation (black font vertical logo) Registration No: 42021506515	September 10, 2021 to September 10, 2031
169.	BDO Prime A Service of BDO Securities Corporation (blue font vertical logo) Registration No: 42021506514	September 10, 2021 to September 10, 2031
170.	BDO Prime A Service of BDO Securities Corporation (in color vertical logo) Registration No: 42021506516	September 10, 2021 to September 10, 2031
171.	BDO Prime A Service of BDO Securities Corporation (blue font horizontal logo) Registration No: 42021506513	September 10, 2021 to September 10, 2031
172.	BDO Prime A Service of BDO Securities Corporation (vertical logo blue bg) Registration No: 42021506512	September 10, 2021 to September 10, 2031
173.	BDO Prime Registration No: 42020506354	August 29, 2021 to August 29, 2031
174.	BDO Network Bank, a Savings Bank Registration No: 42021518949	November 12, 2021 to November 12, 2031
175.	BDO Network, a Savings Bank Registration No: 42021518948	November 12, 2021 to November 12, 2031
176.	BDO Trade (horizontal logo black font) Registration No: 42021515870	November 25, 2021 to November 25, 2031
177.	BDO Trade (vertical logo black font) Registration No: 42021515868	November 25, 2021 to November 25, 2031
178.	BDO Trade (horizontal logo blue font) Registration No: 42021515874	November 25, 2021 to November 25, 2031
179.	BDO Trade (vertical logo blue font) Registration No: 42021515873	November 25, 2021 to November 25, 2031
180.	BDO Trade (horizontal logo blue bg) Registration No: 42021515867	November 25, 2021 to November 25, 2031
181.	BDO Trade (vertical logo blue bg) Registration No: 42021515872	November 25, 2021 to November 25, 2031
182.	BDO Trade (horizontal logo) Registration No: 42021515876	November 25, 2021 to November 25, 2031
183.	BDO Trade (vertical logo) Registration No: 42021515871	November 25, 2021 to November 25, 2031
184.	BDO Trade (horizontal logo white font blue bg) Registration No: 42021515875	November 25, 2021 to November 25, 2031
185.	BDO Trade (vertical logo white font blue bg) Registration No: 42021515869	November 25, 2021 to November 25, 2031
186.	Plan B (logo in blue bg) Registration No: 42021528290	February 28, 2022 to February 28, 2032
187.	Plan B Registration No: 42021528289	February 28, 2022 to February 28, 2032

188.	What if (logo in blue bg) Registration No: 42021528292	February 28, 2022 to February 28, 2032
189.	What if (logo in black) Registration No: 42021528293	February 28, 2022 to February 28, 2032
190.	What if (logo in blue) Registration No: 42021528291	February 28, 2022 to February 28, 2032
191.	Plan B (logo in black) Registration No: 42021528287	April 7, 2022 to April 7, 2032
192.	DEALS ON WHEELS Registration No: 42022517256	September 8, 2022 to September 8, 2032
193.	SME READY CHECK Registration No: 42022517257	October 6, 2022 to October 6, 2032
194.	BDO DEALS Registration No: 42022517261	September 8, 2022 to September 8, 2032
195.	Diamond Rewards (42014007163)	November 5, 2015 to November 5, 2025
196.	Sapphire Rewards (42014007147)	20 February 2015 to 20 February 2025
197.	BDO Rewards (vertical) (42014006795)	November 10, 2014 to November 10, 2024
198.	BDO Rewards (horizontal) (42014006793)	November 10, 2014 to November 10, 2024
199.	Emerald Rewards (42014007146)	November 10, 2014 to November 10, 2024
200.	Cash Agad (device) 42015011277	August 4, 2016 to August 4, 2026
201.	Cash Agad in Partnership with BDO (42016006584)	October 27, 2016 to October 27 2026
202.	myPERA (42017020732)	April 5, 2018 to April 5, 2028
203.	myBDOPERA (42017020731)	April 5, 2018 to April 5, 2028
204.	MyPERA (42017020733)	April 5, 2018 to April 5, 2028
205.	MyBDOPERA (42017020730)	April 5, 2018 to April 5, 2028
206.	BDOPERA (42017020734)	April 12, 2018 to April 12, 2028
207.	BDO Easy Retirement Plan (42017020736)	October 14, 2018 to October 14, 2028
208.	ERP (42017020737)	June 21, 2018 to June 21, 2028
209.	BDO ERP (42017020735)	April 12, 2018 to April 12, 2028
210.	Insure me, insurance made easy (white background)	December 9, 2018 to December 9, 2028
211.	Insure me, insurance made easy (blue background)	December 9, 2018 to December 9, 2028
212.	Insure me, insurance made easy @SM (white background)	December 9, 2018 to December 9, 2028
213.	Insure me, insurance made easy @SM (blue background)	December 9, 2018 to December 9, 2028

214.	Insure me (white background)	September 9, 2018 to September 9, 2028
215.	Insure me (blue background)	September 9, 2018 to September 9, 2028
216.	BDO Insure Device (horizontal logo blue bg) Registration Number: 42018504220	July 11, 2019 to July 11, 2029
217.	BDO Insure Device (horizontal) Registration Number: 42018504221	July 11, 2019 to July 11, 2029
218.	BDO Insure Device (vertical logo blue bg) Registration Number: 42018504222	July 11, 2019 to July 11, 2029
219.	BDO Insure Device (vertical logo) Registration Number: 42018504223	July 11, 2019 to July 11, 2029
220.	BDO INSURE wordmark Registration Number: 42018504224	July 11, 2019 to July 11, 2029

(vii) Governmental Approval of Principal Products or Services

The Bank secures approval from the Bangko Sentral ng Pilipinas (BSP) for all its products and services, as required.

(viii) Effect of Existing or Probable Governmental Regulations on the Business

Being a banking institution subject to the General Banking Law and banking regulations, BDO is under the supervision of the BSP, whose approval BDO requires to undertake certain activities. BDO strictly complies with the BSP requirements in terms of reserves, liquidity position, limits on loan exposure, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other regulatory requirements.

(ix) Estimate of Amount Spent for Research and Development Activities

This is not applicable to the Bank.

(x) Total Number of Employees

The Bank has a total of 39,323 employees as of 31 December 2022 broken down as follows:

	Non-Officers	Officers	TOTAL
Total for Parent Company	17,011	15,293	32,304
Head Office	2,534	8,652	11,186
Branches	14,477	6,641	21,118

Total for Subsidiaries	2,037	4,982	7,019
TOTAL EMPLOYEES	19,048	20,275	39,323

The Bank's Collective Bargaining Agreement (CBA) with Banco De Oro Employees Association (BDOEA) covers staff level employees, except those as expressly excluded in the Agreement. The Agreement is effective for a period of five (5) years from 1 November 2020 to 31 October 2025. BDOEA is affiliated with Associated Labor Unions (ALU).

The Bank has not suffered any labor strikes in the past 30 years, and considers the maintenance of harmonious relations with its employees and the Union as one of its key human capital agenda.

The Bank anticipated having approximately 39,500 total employees (in all levels; including those not included in the CBA) by 31 December 2023.

(xi) Risk Management

Risk management at BDO begins at the highest level of the organization. At the helm of the risk management infrastructure is the Board of Directors who is responsible for establishing and maintaining a sound risk management system. The Board of Directors assumes oversight over the entire risk management process.

The Board of Directors has the ultimate responsibility for all risks taken by the Bank. It regularly reviews and approves the institution's tolerance for risks, as well as, the business strategy and risk philosophy of the Bank. It takes the lead in disseminating the institution's risk philosophy and control culture throughout the organization. It approves strategies and implementing policies affecting the management of all types of risks relating to the Bank's activities. It sets the risk-based organizational structure that will implement and ensure the effectiveness of the overall risk control system of the Bank. Towards this end, it is regularly updated on developments that could materially affect the Bank's liquidity position or the value of its resources. Likewise, the Board is responsible for overseeing the investment and credit activities of the Bank.

The Board of Directors has created committees tasked with key functions in the over-all risk framework of the Bank. The Risk Management Committee (RMC) is responsible for the development and oversight of the Bank's risk management program. The Executive Committee (EXCOM) has responsibility over the approval processes of the Bank's loans and investments, property-related proposals, as well as, other credit-related

issues over a prescribed amount delegated by the Board of Directors. The Asset and Liability Committee (ALCO) is tasked with managing the Bank's balance sheet and off-balance sheet activities, maintaining adequate liquidity, ensuring sufficient capital and appropriate funding to meet all business requirements within regulatory limits. The Risk Management Group (RMG) is mandated to adequately and consistently evaluate, manage, control, and monitor the overall risk profile of the Bank's activities across the different risk areas (i.e. credit, liquidity, market, interest rate, operational, and environmental and social risks).

The Bank operates an enterprise-wide risk management system to address the risks it faces in its banking activities, including credit, liquidity, market, interest rate, operational risks (including business continuity risk, IT risk, information security risk, data privacy risk, and social media risk), consumer protection risk, and environmental & social risks. The Bank's Risk Management Committee has overall responsibility for the Bank's risk management system and sets risk management policies across the full range of risks to which the Bank is exposed. It is responsible for approving the risk management plan developed by management, defining the policies, limits, and strategies for managing and controlling the major risks of the Bank. It oversees the system of limits of discretionary authority that the Board of Directors delegates to management under its purview, ensures that the system of limits of discretionary authority remains effective, that the limits are observed, and immediate corrective actions are taken whenever limits are breached. It is also responsible for evaluating the risk management plan as needed to ensure its continued relevance, comprehensiveness and effectiveness.

The Risk Management Committee is a Board-Level Committee composed of three (3) members of the Board of Directors, with Vipul Bhagat (Independent Director) as Chairman, and Nestor V. Tan and Dioscoro I. Ramos (Lead Independent Director) as members. Christopher A. Bell-Knight and Jones M. Castro, Jr. serve as Advisors.

Below is the attendance of the members for the Committee meetings in 2022:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Vipul Bhagat*	6	8	75%
Dioscoro I. Ramos	12	12	100%
Nestor V. Tan	11	12	91.67%
Vicente S. Perez, Jr.**	4	4	100%

* Appointed as Chairman of RMC on April 22, 2022, hence, attendance count started on April 26, 2022

** Term as Chairman of the RMC ended on April 22, 2022

Description of Property

(1) Principal Properties Owned

A. Presented below is a list of the Bank's principal properties as of 31 December 2022 owned by the Bank and utilized as Head Offices:

No.	NAME	ADDRESS
1	BDO Building (Radio Marine - MTech)	BDO Bldg., Sen. Gil Puyat Avenue corner Paseo de Roxas, Brgy. Bel-Air, Makati City
2	BDO Corporate Center – Makati	BDO Corporate Tower, 7899 Makati Avenue cor. H.V. Dela Costa St., Makati City
3	BDO Corporate Center – Ortigas	12 ADB Avenue Ortigas Center Mandaluyong City
4	BDO Salcedo-Tower	BDO Salcedo Tower, 156 Valero St., Bel-air, Makati District 1, Makati City 1227

B. Presented below is a list of the Bank's principal properties as of 31 December 2022 owned or majority-owned by the Bank which are utilized as Head Offices and partly tenanted:

No.	NAME	ADDRESS
1	BDO Towers Paseo	8741 Paseo de Roxas Cor. Villar St. Salcedo Village Makati
2	BDO Towers Valero	Valero corner Villar St., Salcedo Village, Makati City, Metro Manila
3	Dagupan Vicar	Vicar Hotel Bldg. along A.B. Fernandez Ave. Brgy. Herrero Perez Dagupan City, Pangasinan
4	Equitable Bank Tower	Equitable Bank Tower, 8751 Paseo de Roxas, Makati City
5	Pacific Star	Pacific Star Building, Makati Avenue, Makati City
6	Robinsons Tower	Robinsons PCIBank Tower, ADB Avenue, Ortigas Center, Pasig City

C. Presented below is a list of the Bank's real properties as of 31 December 2022 owned by the Bank and utilized as BDO branches:

(a) Metro Manila Branches

No.	BRANCH	ADDRESS
1	A. Santos - St. James	8406 A. Santos Avenue, Sucat Parañaque City 1700
2	ADB Avenue Ortigas	Robinsons PCIBank Tower, ADB Avenue, Ortigas Center, 1600 Pasig City
3	Airport Road	Airport Road corner Quirino Avenue, Baclaran, Parañaque City

No.	BRANCH	ADDRESS
4	Alfaro - Salcedo Village	G/F PCCI Bldg. , 118 Leviste Street (Formerly Alfaro St.) , Salcedo Village, Makati City
5	Arranque - T. Alonzo	733 T. Alonzo St., Manila
6	Asia Tower - Paseo	G/F Asia Tower corner Paseo De Roxas & Benavides St., 1229 Makati City
7	Aurora Blvd - Notre Dame	0137 Aurora Blvd. corner Notre Dame St. Cubao, 1110 Quezon City
8	Aurora Blvd - Yale	Aurora Blvd. corner Yale St. Cubao, Quezon City
9	Baclaran - Redemptorist Road	Redemptorist Road, Baclaran, Parañaque City
10	Bagtikan - Chino Roces Avenue	Unit 102 G/F Pryce Center Condominium, 1179 Chino Roces Avenue corner Bagtikan St., San Antonio Village, Makati City
11	BDO Corporate Center	G/F, BDO Towers Paseo, 8741 Paseo de Roxas corner Villar St., Salcedo Village, Bel-Air, Makati City
12	Bel Air - Gil Puyat	Country Space 1 Condominium Bldg., Sen. Gil Puyat Avenue, Bel-Air Village, 1209 Makati City
13	BGC – Fort Victoria	Unit 108B, G/F, Fort Victoria Condominium, 5 th Avenue cor. Rizal Avenue, Bonifacio Global City, Fort Bonifacio, Taguig City
14	Bicutan – Doña Soledad Ave. Ext.	Lot 3 Block 1, Doña Soledad Avenue Extension, Better Living Subd., Brgy. Don Bosco, Parañaque City
15	Blumentritt – Laong Laan	Laong Laan St corner Blumentritt St., Brgy 516, Zone 051, Sampaloc, Manila
16	Blumentritt - San Juan	Lot 11-B, Blk. 127 Blumentritt corner Sto. Toribio St., San Juan City
17	Boni - Maysilo	74 Maysilo Circle corner Boni Avenue, Mandaluyong City
18	C. Palanca - Quiapo	132 Carlos Palanca St., Quiapo, Manila
19	C. M. Recto	C.M. Recto Avenue corner Nicanor Reyes St., Manila
20	C. M. Recto - San Sebastian	2070 C.M. Recto St., 1008 Sampaloc, Manila
21	Caloocan - Sangandaan	628 A. Mabini St., 1408 Sangandaan, Caloocan City
22	Corinthian Gardens	BDO Leasing Center, Ortigas Avenue, Quezon City
23	Dasmariñas St. - Binondo	BDO Bldg., Dasmariñas St., Binondo, 1006 Manila
24	Dian - Gil Puyat	G/F EPCIB Bldg., Sen. Gil Puyat Avenue corner Dian St., Makati City
25	E. Rodriguez	1162 E. Rodriguez Sr. Avenue, New Manila, Quezon City
26	Edsa - Reliance St.	G/F Paragon Plaza, corner Reliance St., Mandaluyong City
27	Fairview	Don Mariano Marcos Avenue Fairview, Quezon City

No.	BRANCH	ADDRESS
28	Gandara	7/F, 321 Dasmariñas St. cor. Marquina St. Brgy. 290, Binondo, Manila
29	Grace Park - 8th Avenue	259 Rizal Avenue Extension, Grace Park, Caloocan City
30	Grace Park - 9th Avenue	414 Rizal Avenue Extension, Grace Park, 1400 Caloocan City
31	Grace Park - 10 th Avenue	359 Rizal Avenue Extension, Brgy. 62, Grace Park, Caloocan City
32	Greenhills - Roosevelt	EBC Bldg., Ortigas Avenue corner Roosevelt Avenue, Greenhills, San Juan City
33	Greenhills North	Unit 102-103 Sunrise Condominium, Ortigas Avenue, 1500 San Juan City
34	Ilaya - M. De Santos	632 M. de Santos St., Manila
35	Kalentong	MRDC Bldg., Shaw Blvd. corner Gen. Kalentong St., Mandaluyong City
36	Las Piñas - Pamplona	Alabang-Zapote Road, Pamplona, Las Piñas
37	Las Piñas - Philamlife Avenue	Alabang-Zapote Road, Pamplona Tres, 1740 Las Pinas City
38	Leveriza - Libertad	212 Libertad St., Pasay City
39	Luneta - T.M. Kalaw	707 T.M. Kalaw St. corner Churruca St. Ermita, Manila
40	Makati - Pasay Road	845 One Corporate Plaza Condominium, A. Arnaiz Avenue, San Lorenzo, Makati City
41	Makati Avenue - Ayala	L.V. Locsin Bldg., Ayala Avenue corner Makati Avenue, 1228 Makati City
42	Makati Cinema Square	Makati Cinema Square, Pasong Tamo, 1229 Makati City
43	Malabon	725 Rizal Avenue, San Agustin, Malabon City
44	Malabon - Rizal Avenue	694 Rizal Avenue, 1470 Malabon, Metro Manila
45	Marikina - Bayanbayanan	48 Bayanbayanan Avenue, Brgy. Concepcion Uno, Marikina City
46	Marikina - Concepcion	17 Bayan-bayanan Avenue, Concepcion, Marikina City
47	Marikina - Sumulong Highway	Corner E. Dela Paz St. Amang Rodriguez Avenue, Sto. Nino, Marikina City
48	Marulas – MacArthur Highway	Lot 16 & 17 McArthur Highway Valenzuela, Metro Manila
49	Medical Plaza - Legaspi Village	Unit 101, G/F Medical Plaza Makati, Amorsolo St. corner Dela Rosa St. Legaspi Village, Makati City
50	Greenhills - Missouri	12 Missouri St., Northeast Greenhills, Brgy. Greenhills, San Juan City
51	Muntinlupa - National Highway	8 National Highway cor. Aguila St., Brgy. Putatan, Muntinlupa
52	N. Domingo - Araneta Avenue	71 N. Domingo St. corner Katubusan St., Brgy. Rivera, San Juan City

No.	BRANCH	ADDRESS
53	Novaliches - Forest Hills	Lot 2 D 1 Quirino Avenue, Novaliches, Quezon City
54	Ortigas Avenue	209 Ortigas Avenue Greenhills, San Juan, MM
55	Ortigas - Exchange Road	G/F, PSE Center, Exchange Road, Ortigas Commercial Complex, Pasig City
56	Paco - A. Linao	1635-1641 A. Linao St., Paco, Manila
57	Padre Faura - A. Mabini	A .Mabini corner Padre Faura St., 1000 Ermita, Manila
58	Pasay	Libertad corner Colayco St., Pasay City
59	Paseo - Gil Puyat	BDO Building, 381 Sen. Gil Puyat Avenue corner Paseo de Roxas, Brgy. Bel-Air, Makati City
60	Paseo Tower - Makati	Equitable Bank Tower, 8751 Paseo de Roxas, Makati City
61	Pasig - Danny Floro	125 Shaw Blvd. corner Danny Floro St. Pasig City
62	Pasig - Manggahan	Amang Rodriguez Avenue, Manggahan, Pasig City
63	Pasig – Market Avenue	8 Market Avenue, Brgy. Palatiw, Pasig City
64	Pasig - Sixto Antonio Ave. Pilapil	Lot 2 B, Sixto Antonio Ave., Brgy. Kapasigan, Pasig City
65	Perea – Paseo	G/F Universal Re Bldg. 106 Paseo de Roxas 1228 Makati City
66	Pioneer Highlands - Madison	Unit 01 (facing Madison St.) LG/F Globe Telecom Plaza 1 Bldg., Pioneer St. Corner Madison St., Mandaluyong City
67	Pitimini - Roosevelt	EBC Bldg. Roosevelt Avenue corner Pitimini St., SFDM, Quezon City
68	Plaza Sta. Cruz - Dasmariñas St.	377 Plaza Sta. Cruz, Brgy. 303, Zone 29, Sta. Cruz, Manila
69	President's Avenue - BF Parañaque	President's Avenue corner J. Elizalde St., BF Homes Parañaque, Metro Manila
70	Quezon Avenue - Heroes Hill	1052 Quezon Avenue, 1103 Quezon City
71	Quezon Avenue - West Triangle	Lot 3-B, Quezon Ave. Extension, Brgy. West Triangle, Quezon City
72	Quiapo - Quinta Market	Quezon Blvd. corner C. Palanca St., Quiapo, Manila
73	Reposo - Makati	EBC Bldg., JP Rizal corner N. Garcia (Formerly Reposo), Makati City
74	Rizal Avenue	2502-2504 Rizal Avenue corner Cavite St. Sta. Cruz, Manila
75	Rockwell Center - Makati	Lot 3 Block 7, Rockwell Drive, Rockwell Center, Poblacion, Makati City
76	Salcedo Center	G/F, Shell House, 156 Valero St., Bel-Air, Makati District 1, Makati City 1227
77	Shaw Blvd. - Stanford	EBC Bldg., Shaw Blvd. corner Stanford St., Mandaluyong City

No.	BRANCH	ADDRESS
78	St. Ignatius - Katipunan	BDO Bldg., 137 Katipunan Avenue, St. Ignatius, Quezon City
79	Strata 100 - Ortigas	G/F Strata 100 Bldg., Don Francisco Ortigas Jr., Pasig City
80	Taft Avenue – Estarda St.	2F, Bankard Bldg., 2422 Taft Avenue, Brgy. 727, Zone 79, Malate, 1004, Manila
81	Taft - Vito Cruz	Bankard Bldg. 2422 Taft Avenue, 1004 Malate, Manila
82	Timog – South Triangle	G/F President Tower, 81 Timog Ave. corner Scout Ybardolaza St., Brgy. South Triangle, Diliman, Quezon City
83	Tomas Morato - Kamuning	Corner Kamuning & Tomas Morato, Quezon City
84	Tutuban	DS 17-18 Tutuban Primeblock, Tutuban Center, CM Recto, Manila
85	U.N. Avenue - J. Bocobo	EBC Bldg., UN Avenue corner J. Bocobo St., Ermita, Manila
86	V.A. Rufino – Valero	G/F Chattam House, Herrera St. corner Valero & San Agustin St., Salcedo Village, Makati City
87	Valenzuela – Malanday MacArthur Highway	656 MacArthur Highway, Brgy. Malanday, Valenzuela City 1444
88	West Trade Center - West Avenue	Unit #1, G/F West Trade Center, West Avenue, Quezon City
89	Yakal - Chino Roces Avenue	Units 2 & 3, G/F Tower 2 Bldg. Avida Towers Makati West Condominium cor. Yakal, Lumbayao and Malugay Sts., San Antonio Village, Makati City

(b) Provincial Branches

No.	BRANCH	ADDRESS
1	Angeles – Balibago	BDO Building along Ramon Tang Avenue, Diamond Subd., Balibago, Angeles City, Pampanga
2	Angeles - MacArthur Highway	Lot 1, MacArthur Highway corner Magalang Avenue, Brgy. Salapungan, Angeles City, Pampanga
3	Angeles - Miranda	BDO Bldg., Miranda St., Sto. Rosario, Angeles City, Pampanga
4	Antique	Corner Gov. Villavert St. & Gov. Gella St., San Jose, Antique 5700
5	Bacolod - Capitol Shopping	Benigno Aquino Drive, Capitol Shopping 6100 Bacolod City, Negros Occidental
6	Bacolod - Gatuslao	26 & 28 Gov. V. Gatuslao St., Bacolod City, Negros Occidental
7	Bacolod - Lacson	Lacson corner Galo St., 6100 Bacolod City, Negros Occidental
8	Bacolod - Plaza	Araneta corner Gonzaga St., 6100 Bacolod City, Negros Occidental

No.	BRANCH	ADDRESS
9	Bacolod - Rosario Lacson	Lot 296-B-7, Lacson St. corner Rosario St., Bacolod City, Negros Occidental
10	Balanga - A. Banzon	A. Banzon St., Brgy. Poblacion, Balanga City, 2100 Bataan
11	Baliwag – JP Rizal	J.P. Rizal St., San Jose, Baliwag, Bulacan
12	Batangas - Nasugbu	JP Laurel St., Brgy. Poblacion, Nasugbu, Batangas
13	Batangas - Sto. Tomas	Maharlika Highway, San Antonio, Sto. Tomas, Batangas
14	Batangas City - Rizal Avenue	Rizal Avenue corner P. Burgos St., 4200 Batangas, Batangas City
15	Biñan	A. Bonifacio St. Barrio Canlalay, Biñan, Laguna
16	Bukidnon - Valencia	M.L. Quezon St. corner G. Laviña Avenue, Valencia City, Bukidnon 8709
17	Cabanatuan - Maharlika Road	Maharlika Road, near corner Sanciangco St., Brgy. Sanbermicristi, Cabanatuan City, Nueva Ecija
18	Cabanatuan - Maharlika South	BDO Building, Maharlika Highway, Brgy. Dicarma, Cabanatuan City, Nueva Ecija
19	Cagayan - Aparri	Rizal St. corner R.F Balisi St., Centro 8, Aparri, Cagayan
20	Cagayan de Oro - Lapasan	C.M. Recto Highway, Lapasan, 9000 Cagayan de Oro City, Misamis Oriental
21	Cagayan de Oro - Velez	Velez Road corner Abejuela St., Cagayan de Oro
22	Calamba Crossing - North	Calamba Crossing National Highway, 4027 Calamba, Laguna
23	Cavite - Dasmariñas Techno Park	Governor's Drive, Brgy. Paliparan I, Dasmariñas, Cavite
24	Cavite - General Trias Gateway	Gateway Business Park, C. Delos Reyes Avenue, 4107 Gen. Trias, Cavite
25	Cavite – GMA Congressional Road	Lot 4 Block C-5-CL, Congressional Road, Brgy. Poblacion 1, Gen. Mariano Alvarez (GMA) Cavite
26	Cavite - Imus Anabu	Gen. Aguinaldo corner Ambrosia Road Anabu I, Imus, Cavite
27	Cavite City - P. Burgos	Corner P. Burgos & P. Julio St., Caridad, 4100 Cavite City
28	Cebu - Borromeo	Borromeo corner Magallanes St., Cebu City
29	Cebu - F. Gonzales	F. Gonzales corner Magallanes St., Cebu City
30	Cebu - Gorordo	Gorordo Avenue, Lahug 6000 Cebu City, Cebu
31	Cebu - Magallanes Plaridel	Magallanes corner Plaridel St., 6000 Cebu City
32	Cebu - North Reclamation	Blk. 20-A corner Port Centre Avenue & Juan Luna Avenue, North Reclamation Area, Cebu City
33	Cebu Mandaue – M.C. Briones	M.C. Briones St., National Highway, Brgy. Bakilid, Mandaue City, Cebu
34	Cotabato - Kidapawan	Quezon Blvd., 9400 Kidapawan, North Cotabato

No.	BRANCH	ADDRESS
35	Cotabato - Makakua	Makakua St., 9600 Cotabato City, Maguindanao
36	Dagupan - Fernandez	A.B. Fernandez Avenue, Brgy. Pantal, Dagupan City, 2400 Pangasinan
37	Davao JP Laurel	Landco-PDCP Corporate Center, JP Laurel Avenue, Bajada, Davao City
38	Davao - Claveria	BDO Building No. 30 C.M. Recto Ave., Poblacion, Davao City
39	Davao - C.M. Recto	383 Claro M. Recto St., Davao City
40	Davao - Digos	Rizal Avenue, Zone II, Digos, Davao Del Sur
41	Davao - Mati	Rizal corner Mabini St., 8200 Mati, Davao Oriental
42	Davao - Tagum	577 Rizal St., 8100 Tagum, Davao Del Norte
43	Davao - Toril	Agton St., Toril, Davao City
44	Dipolog – Quezon Ave.	Quezon Avenue, 7100 Dipolog City, Zamboanga Del Norte
45	Dumaguete – Colon	Colon St. fronting Bldg. V of City Public Market, Poblacion 003, Dumaguete City
46	General Santos – Makar	Hadano Avenue (Makar Wharf), Purok Bagong Silang, Brgy. Labangal, General Santos City, South Cotabato 9500
47	General Santos - Pioneer	Pioneer Avenue, General Santos City, 9500
48	General Santos – Quezon Avenue	Lot 4670. Ts-217, Quezon Avenue, Brgy. Dadiangas West, General Santos City, South Cotabato
49	General Santos - Santiago St.	Ireneo Santiago Blvd., 9500 General Santos St., South Cotabato
50	Iligan - Del Pilar	BC Labao corner Del Pilar St., Iligan City
51	Iloilo - Iznart	Iznart St., 5000 Iloilo City, Iloilo
52	Iloilo - Valeria	Valeria St., Iloilo City
53	Isabela - Roxas	23 Osmeña Road., Bantug, Mallig Plain, 3320 Roxas, Isabela
54	Isabela - Santiago Centro	BDO Bldg. City Rd. cor. Guzman St., Calao West, Santiago City, Isabela
55	Isabela Santiago - Maharlika Highway	BDO Building, No. 57 Maharlika Highway corner Quezon Avenue St., Brgy. Victory Norte, Santiago City, Isabela
56	Koronadal - Gensan Drive	NE of Gensan Drive, Zone 1, Koronadal City, South Cotabato
57	Koronadal – R. Alunan Avenue	R. Alunan Avenue corner Osmeña St., 9506 Koronadal, South Cotabato
58	La Union San Fernando – Quezon Avenue	Quezon Avenue cor. Gen. Luna St., Brgy. 4, City of San Fernando, 2500 La Union
59	Laoag - Balintawak	Rizal St. corner Balintawak St., Brgy. 9, Laoag City, 2900 Ilocos Norte

No.	BRANCH	ADDRESS
60	Leyte - Maasin	Juan Luna St. cor. Enage St., Brgy. Tunga-tunga, Maasin, Southern Leyte
61	Leyte - Ormoc	Corner Burgos & Rizal St., 6541 Ormoc City, Leyte
62	Lipa – CM Recto	131 C. M. Recto St., 4217 Lipa City, Batangas
63	Lipa – Rotonda	G/F BDO Lipa Regional Building, C.M. Recto Avenue, Brgy. 04, Lipa City, Batangas
64	Lucena – Merchan	Lot 2903 Merchan St. cor. C.M. Recto St. cor. Cabana St., Brgy. IV, Lucena City
65	Malolos - Congreso	Paseo Del Congreso, San Agustin, Malolos City, 3000 Bulacan
66	Meycauayan - Zamora	Zamora St., Brgy. Calvario, Meycauayan, Bulacan
67	Naga - Plaza Rizal	Gen. Luna St., 4400 Naga City, Camarines Sur
68	Negros Occ - Cadiz	Cabahug St., 6121 Cadiz, Negros Occidental
69	Negros Occ - Escalante	National Highway, Escalante City, 6124 Negros Occidental
70	Negros Occ - Kabankalan	Guanzon St., Kabankalan, 6111 Negros Occidental
71	Negros Occ – Silay	Figueroa corner Rizal St., Silay City, 6116 Negros Occidental
72	Nueva Ecija - Gapan	Tinio St., Brgy. San Vicente, Gapan City, 3105 Nueva Ecija
73	Nueva Ecija - Guimba	Afan Salvador St., Brgy. Sto. Cristo, Guimba, Nueva Ecija
74	Nueva Ecija - Muñoz	T. Delos Santos St., Brgy. Poblacion West, Science City of Munoz, Nueva Ecija
75	Ozamiz – Gallardo	Cebedo St. corner Gallardo St. 50th District (Pob), Ozamiz City, Misamis Occidental
76	Pagadian	F.S. Pajares Avenue, Pagadian City, 7016 Zamboanga Del Sur
77	Pampanga – Apalit	MacArthur Highway, Brgy. San Vicente, Apalit, Pampanga
78	Pampanga - Guagua	Lot 4876, Brgy. Plaza Burgos, Guagua, 2003 Pampanga
79	Puerto Princesa – Rizal	261 Rizal Avenue, 5300 Puerto Princesa City, Palawan
80	Quezon - Candelaria	Rizal corner Valle St., Candelaria, Quezon 4323
81	Roxas - Roxas Avenue	Roxas Avenue, Roxas City, Capiz
82	San Pablo - Rizal St	2/F Equitable PCI Bldg., Rizal St. corner P. Alcantara, San Pablo City, Laguna
83	Sta. Rosa - South Expressway	National Road Pulong Sta. Cruz, 4026 Sta Rosa, Laguna
84	Sultan Kudarat - Isulan	075 National Highway, Kalawag 2, Isulan, Sultan Kudarat
85	Sultan Kudarat - Tacurong	Alunan Highway, 9800 Tacurong, Sultan Kudarat

No.	BRANCH	ADDRESS
86	Tarlac – F. Tañedo	27 F. Tañedo St., Brgy. Poblacion, Tarlac City, 2300 Tarlac
87	Tarlac - J. Luna	Juan Luna St. near corner MacArthur Highway, Brgy. Sto. Cristo, Tarlac City, 2300 Tarlac
88	Tarlac - Luisita	MacArthur Highway across Robinsons Complex, Brgy. San Miguel, Tarlac City, 2301 Tarlac
89	Tuguegarao - Bonifacio St.	135 Bonifacio St., Centro 6, Tuguegarao City, Cagayan
90	Urdaneta - Alexander	Amadeo R. Perez Jr. Avenue, Brgy. Poblacion, Urdaneta City, 2428 Pangasinan
91	Vigan - Quezon Avenue	Quezon Avenue corner Bonifacio St., Brgy. III, Vigan City, 2700 Ilocos Sur
92	Zamboanga - Rizal St.	Rizal St., Zamboanga City, 7000 Zamboanga Del Sur

D. Presented below is a list of the Bank's real properties as of 31 December 2022 owned by the Bank and utilized as Warehouses and Staffhouses:

No.	NAME	ADDRESS
1	Baguio Staffhouse	Poblete Ext. South Drive, Baguio Country Club, Baguio City
2	Howmart Warehouse	63 & 65 Howmart St., Brgy. Apolonio Samson, Quezon City
3	Malabon General Luna	Gen. Luna St., Barangay San Agustin, Malabon City
4	Presidents Tower (Unit G3)	Ground Floor Presidents Tower, 81 Timog Ave. corner Scout Ybardolaza St., Brgy. South Triangle, Diliman, Quezon City
5	Taguig Warehouse	Arthuro cor. Franco Drive, Sta. Maria Industrial Estate, Barrio Bagumbayan, Taguig, Metro Manila

E. Presented below is a list of the Bank's real properties (vacant lots and/or buildings) as of 31 December 2022 owned by the Bank reserved for Lease or for future Bank use:

No.	NAME	ADDRESS
1	Cebu – J. Mall	National Highway, 6014 Mandaue City, Cebu
2	Gercon Plaza	Lot 5 & 6 Gercon Plaza along Makati Ave., Brgy. Bel Air, Makati City
3	Juan Luna Binondo	J. Luna/Quintin Paredes & Hormiga Sts., Binondo, Manila
4	Malungon Gensan	Brgy. Upper Balulang, Cagayan de Oro City
5	Nuvali Sta. Rosa	Lot 6 Block 9, Nuvali, Sta. Rosa, Laguna
6	Premises Management Division (Binondo)	411 Quintin Paredes St., Binondo, Manila

7	Premises Management Division (Blumentritt)	2325 Rizal Ave. cor Antipolo St., Brgy. 356, Zone 36, District 3, Sta. Cruz, Manila
8	Premises Management Division (Cebu Fuente - Circle)	Fuente Osmena Rotonda, Cebu City
9	Premises Management Division (Cebu Fuente - Tower)	Lot 526-B, Fuente Rotonda, Brgy. Capitol Site, Cebu City
10	Premises Management Division (Lipa - Rotonda)	CM Recto Avenue, Lipa City
11	Property Leasing Dept. (Potrero)	110 MacArthur Highway corner Riverside St. Potrero Malabon
13	PSE Tower	One Bonifacio High Street, 28th Street corner 5th Avenue, Bonifacio Global City, Taguig
14	RBSJ Tarlac Building (Monarch)	Lot 3-H & 3-I-2 Sto. Cristo, J.P. Rizal Extension, Tarlac City

(2) Leased Properties

BDO Unibank Group leases the premises of its head office and most of its branch offices for periods ranging from one to 30 years from the date of the contracts; terms are renewable upon the mutual agreement of the parties.

Lease liabilities amounting to P13,344 and P12,087 as at December 31, 2022 and 2021, respectively, for the BDO Unibank Group and P12,927 and P11,800, as at December 31, 2022 and 2021, respectively, for the Parent Bank are presented in the statements of financial position as part of Other Liabilities (see Note 21).

A list of these leased properties is as follows:

(a) Utilized as Head Offices as of 31 December 2022:

No.	NAME	ADDRESS
1	Customer Contact Center – Meridian Park	8th - 9th Floors Tower 1 Double Dragon Plaza, Meridian Park, Macapagal cor. Edsa Extn, Pasay City
2	Customer Contact Center – SM North Tower	12th floor SM North Tower 1 Edsa cor. North Ave. Quezon City
3	The Podium West Tower	37th-41st SMK, The Podium West Tower, 12 ADB Avenue corner Julia Vargas, Ortigas Center Mandaluyong City

(b) Utilized as Representative Offices located abroad as of 31 December 2022:

No.	NAME	ADDRESS
1	Dubai Representative Office	Ground Floor, DUTCO House Building 44 Al Ittihad Road Diera, Dubai
2	Korea Representative Office	23 rd Floor Seoul Finance Center, 136 Sejongdaero Jung-gu, Seoul 100-768 Korea
3	Paris Representative Office	PARIS 16EME, 46 Paul Valery Street
4	Taipei Representative Office	Hung Kuo Building 7F-A-167 Tun Hua North Road, Song Shan District, Taipei, Taiwan
5	Xiamen Representative Office	Unit 244-246, SM City Mall No.468- Jiahe Road, Xiamen No.1351 Xianyu Rd.

(c) Utilized leased lot and/or buildings as ATM offsite location as of 31 December 2022:

No.	NAME	ADDRESS
1	Clark Philexcel	Philexcel Business Park, M.A. Roxas Highway, ClarkFreeport Zone, Pampanga
2	Ebanking Center	3rd Level Tower 1, The Enterprise Center, 6766 Ayala Avenue Makati City

(d) Utilized as Regional Offices as of 31 December 2022:

No.	NAME	ADDRESS
1	Cash Hub – Ayala Business Center	N. Bacalso Avenue, Brgy. Nicolas, Cebu City
2	Cash Hub – FCIE	Governor's Drive, Brgy. Langkaan, Dasmariñas, Cavite
3	Cash Hub – Tagaytay	Brgy. East Tolentino, Tagaytay City
4	CBG Office – Batangas P. Burgos	PBC Building, Brgy. 13 P. Burgos St. Batangas City
5	CBG Office – Cebu Ayala Business Park	9th floor, Unit 905 FLB Corporate Center, Bohol Avenue and Archbishop Reyes Avenue, Cebu Business Park, Barangay Luz Cebu City
6	CBG Office – Cebu Sky Tower	9th Floor, Skytower Building, #88 Acasia St., Brgy. Kamputhaw, Cebu City, Cebu, Philippines
7	CBG Office – Crosstown Mall Sta. Rosa	Crosstown Mall, Purok 4, Sta. Rosa Tagaytay Road, Pulong Sta. Cruz City, Sta. Rosa, Laguna
8	CBG Office – Laoag Ilocos Norte	G/F Insular Life Bldg, Balintawak St. Laoag City Ilocos Norte
9	CBG Office - Legaspi Albay	2/F City Enterprise Building Landco Business Park F. Imperial St., Bgy. Capantawan, Legazpi City, Albay
10	CBG Office – Madrigal Plaza	7 th Floor, Paz Madrigal Plaza CBG Office - Alabang
11	CBG Office – Malolos Bulacan	2F of a Commercial Building, Mabini Street, Brgy. Guinhawa, Malolos City, Bulacan

No.	NAME	ADDRESS
12	CBG Office – San Pablo Laguna	2 nd & 3 rd Floor, Liangelo Bldg., Maharlika Highway, San Rafael, San Pablo City, Laguna
13	CBG Office - SM Cebu Consolacion	Unit 282, 2F SM City Consolacion, National Road, Brgy. Lamac, Consolacion, Cebu City
14	CBG Office – SM City Gensan	Unit 327A-328B-1, 3 rd Floor, SM General Santos City
15	CBG Office – SM City Iloilo	LG/F SM City Iloilo, Benigno Aquino Avenue, Barangay Boliao, Mandurriao, Iloilo City
16	CBG Office - SM North Tower	10th & 11th Floor, SM North Tower 1, EDSA cor North Ave., Quezon City
17	CBG Office – SM Olongapo	410B-410D, 4F, SM City Olongapo Magsaysay Drive cor. Gordon Ave. Brgy Pag-Asa, Olongapo City, Zambales
18	CBG Office - Tuguegarao	2F Sychangco Bldg. Bonifacio Street, Tuguegarao City Cagayan
19	CBG Office – Two E-com	6 th Floor, Four Ecom Center, East Tower Bldg., JW Diokno Boulevard, Pasay City
20	CBG Office – Waltermart Calamba	2nd Floor Waltermart Makiling, Brgy. Makiling National Highway Calamba Laguna

(e) Metro Manila Branches

1. Lot leased

No.	BRANCH	ADDRESS
1	Better Living	Doña Soledad Avenue corner France St., Better Living, Parañaque City
2	BF Homes Aguirre – P. Corpuz	L1 B5 A. Aguirre Ave. corner Pio V. Corpuz St., Brgy. BF Homes, Parañaque City
3	Commonwealth Ave. - Holy Spirit	Lot 27 Commonwealth Avenue, Brgy. Holy Spirit, Quezon City
4	Congressional - Mindanao Avenue	Congressional Avenue Extension corner Mindanao Avenue, Quezon City
5	Isidora Hills	BDO Bldg., Pook Ligaya Riding Ground, Interneighborhood Road, Isidora Hills Subdivision, Brgy. Holy Spirit, Quezon City
6	Las Piñas - BF Resort	BDO Bldg., Blk 4 Lot 9 BF Resort Drive Phase 4, BF Resort Village, Las Piñas
7	Makati - J.P. Rizal	872 JP Rizal St. Brgy. Poblacion, Makati City
8	Makati - P. Ocampo Sr.Ext.	243 P. Ocampo Sr. corner Flor de Lis St., Brgy La Paz, Makati City
9	Marikina - Tañong	223 A. Bonifacio Avenue, Brgy. Tañong, Marikina City
10	Mayon	No 166 Mayon St., Brgy. Maharlika, Sta. Mesa Heights, Quezon City

No.	BRANCH	ADDRESS
11	Mayon – Simoun	116 Mayon St., Sta. Mesa Heights, Brgy. Lourdes, Quezon City
12	Novaliches	1016 Quirino Highway Town Proper, Brgy. Monica, Novaliches, Quezon City
13	Novaliches - Lagro	Lot 2-B-6 (LRC) PSD-341349, Quirino Highway, Lagro, Novaliches, Quezon City
14	Paso De Blas - North Expressway	Lot 921-B-1-B, Paso De Blas Road, Brgy. Paso De Blas, Valenzuela City
15	Quezon City – Kalayaan Avenue	108 Kalayaan Avenue, Brgy. Central, Central, Quezon City
16	Visayas Avenue - Project 6	57 Visayas Avenue (Near Sanville Subdivision), Quezon City

2. Building leased

No.	BRANCH	ADDRESS
1	6780 Ayala Avenue	G/F 6780 Ayala Avenue Bldg., 6780 Ayala Avenue, Brgy. San Lorenzo, Makati City
2	A Place - Coral Way	G/F A Place, Coral Way Drive, MOA Complex, Central Business Park 1, Island A, Pasay City
3	A. Arnaiz - Paseo	G/F Joni's Bldg., 832 Arnaiz Ave. cor. Edades St., Brgy. San Lorenzo, Makati City
4	A. Arnaiz - San Lorenzo Village	L & R Bldg., 1018 A. Arnaiz Avenue, Makati City
5	A. Bonifacio Ave. - Cloverleaf	2/F Ayala Malls Cloverleaf, A. Bonifacio Avenue, Brgy. Balingasa, Quezon City
6	A. Mabini – Gen. Malvar	Unit R1 G/F, Hollywood Garden Square Bldg., 1709 A. Mabini St. corner Gen. Malvar St. Brgy. 699, Zone 076, Malate, Manila
7	ABS CBN - Mother Ignacia St.	Stall No. 22, East Wing, G/F ELJCC Bldg., Sgt. E.A. Esguerra Avenue corner Mother Ignacia St., Brgy. South Triangle, Quezon City
8	Acropolis - E. Rodriguez Jr.	G/F The SPA Bldg., E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
9	Adriatico – Sta. Monica	1347 Adriatico near cor. Sta. Monica across Robinson's Place Manila, Brgy. 669, Ermita, Manila
10	Alabang Hills	Unit G02 UG/F Madison Galleries, No. 398 Don Jesus Blvd., Brgy. Cupang, Alabang Hills, Muntinlupa City
11	Alabang – Finance Street	Unit 3 & 4, Paz Madrigal Plaza, Alabang Zapote Road corner Finance Street, Brgy. Ayala Alabang, Madrigal Business Park, Ayala Alabang, Muntinlupa City
12	Alabang - Madrigal Avenue	Molito 2 Bldg., Units 1, 2 & 3, Alabang-Zapote Road corner Madrigal Avenue, Alabang, Muntinlupa City

No.	BRANCH	ADDRESS
13	Alabang Town Center	1139 Lower Ground Floor, New Entertainment Complex Alabang Town Center, Brgy. Ayala – Alabang, Muntinlupa City 1780
14	Anonas - Kamias	Anonas St. corner K-6 St., East Kamias, 1102 Quezon City
15	Araneta Center – Ali Mall II	Level 2, A202019-202020R, Ali Mall II, P. Tuazon Avenue, Araneta Center, Brgy. Socorro, Cubao, Quezon City
16	Araneta Center – Gateway Mall	00016 Gateway Mall, Gen. Malvar Avenue, Brgy. Socorro, Cubao, Quezon City
17	Arranque	1359-1361 Soler St., Sta. Cruz, Manila
18	Arranque - Severino Reyes	1451-1457 C.M. Recto corner Severino Reyes St., Sta. Cruz, Manila
19	Aseana – Monarch Parksuites	Space 118 Monarch Parksuites, Bradco Avenue, Aseana Business Park, Brgy. Baclaran, Parañaque City
20	Aurora Blvd. - Anonas	Manahan Bldg., Aurora Blvd. corner Anonas Avenue, Quezon City
21	Aurora Blvd. - Hemady	708 Aurora Blvd. corner Hemady St., New Manila, 1110 Quezon City
22	Aurora Blvd. - New Manila	669 Aurora Blvd. Broadway Heights Bldg., Brgy. Mariana, New Manila, Quezon City
23	Aurora Blvd. - Princeton Residences	SMDC Princeton Residences (LC 102a-103d), Aurora Blvd., Brgy. Valencia, Quezon City
24	Ayala Alabang	G/F Condominium C Unioil Center Bldg. Acacia Avenue corner Commerce Avenue, Ayala Alabang, Muntinlupa
25	Ayala Alabang - Richville Center	Richville Center, 1314 Commerce Avenue Extension, Madrigal Business Park, Ayala Alabang, Muntinlupa
26	Ayala Avenue	6805 Multinational Bancorporation Bldg., Ayala, Makati City
27	Ayala Avenue - People Support	G/F People Support Center Amorsolo St. corner Ayala Avenue, Makati City
28	Ayala Avenue - SGV 1 Bldg.	G/F SGV 1 Building, 6760 Ayala Avenue, Makati City
29	Ayala Avenue Extension – Alphaland Makati Place	Unit G10-G11, The Shops at Alphaland Makati Place, 7232 Ayala Avenue Ext. cor., Malugay St., Brgy. Bel-Air, Makati City
30	Ayala Triangle 1	GM-B G/F Tower 1, Ayala Triangle, Ayala Avenue, Makati City
31	Ayala - Rufino	G/F Rufino Bldg., Ayala Avenue corner Herrera St., 1226 Makati City
32	Baclaran	2987 Taft Avenue Extension, Pasay City
33	Balubaran – MacArthur Highway	G/F Bldg. 1, Arca Strip Commercial Center, 32 MacArthur Highway, Brgy. Dalandanan, Valenzuela City 1443

No.	BRANCH	ADDRESS
34	Banawe - Agno	202-204 Banawe corner Agno St., 1103 Quezon City
35	Banawe - Amoranto	650 N. S. Amoranto Avenue corner Banawe St., Quezon City
36	Banawe - Kitanlad	23-25 Banawe corner Kitanlad, Quezon City
37	Banawe - N. Roxas	71 Nicanor Roxas St. corner Banawe St., Quezon City
38	BDO Corporate Center Ortigas	G/F The Podium, ADB Avenue, Brgy. Wack-Wack, Mandaluyong City
39	Bel-Air – SM Cyberzone 1	G/F SM Makati Cyberzone 1, along Sen. Gil Puyat Avenue, Makati City
40	Better Living - Bicutan	43 Doña Soledad Avenue, Better Living Subdivision, Don Bosco, Parañaque City
41	BF Homes - Aguirre	RGM Bldg., 326 Aguirre Avenue, BF Homes, Parañaque
42	BF Homes - Puregold Southpark	Units 4 & 5, G/F Puregold Avelino, President's Avenue, BF Homes, Parañaque City
43	BF Homes – Teoville	G/F Aurora Comm Bldg., President's Ave., Teoville Subd., Brgy. BF Homes, Paranaque City
44	BGC – Crescent Park West	Arthaland & Century Pacific Tower, 30th St. corner 4th Avenue, Crescent Park West, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig
45	BGC – Net Park	Net Park, 4 th Avenue, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
46	BGC – One Park Drive	G/F Retail Unit Nos. 1 & 2, One Park Drive, 9 th Avenue cor 11 th Drive, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
47	Bicutan – East Service Road	Prime Corporate Center, Km. 15 East Service Road corner Marian Road 2, Brgy. San Martin de Porres, Parañaque City
48	Bicutan – Sun Valley	RA024-RA026, Aria A Amaia Steps Bicutan, Sun Valley Drive, Brgy. Sun Valley, Parañaque City
49	Bicutan - West Service Road	HRDC Bldg., KM. 16 South Super Highway cor. Acsie Road, Severina Industrial Estate, Brgy. Marcelo Green, Parañaque
50	Binondo	Lot 34 and 35, Blk. 2012, Quintin Paredes St., Brgy. 289, Zone 27, Binondo, Manila
51	Binondo – Rosario	483 – 485 G/F Quintin Paredes St., Binondo, Manila
52	Binondo – San Fernando	Units 1-6, G/F, 500 San Fernando St., San Nicolas, 026, Brgy.282, Manila
53	Boni – Dansalan	G/F Exbonytz, Inc. Bldg., Boni Avenue corner M. Vicente St., (formerly Dansalan St), Mandaluyong City
54	Boni - Ligaya	654 Boni Avenue, 1550 Mandaluyong City

No.	BRANCH	ADDRESS
55	BGC - 9 th Avenue	Active Fun Bldg., 9 th Avenue corner 28 th St., Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
56	BGC - Burgos Circle	Unit 1-F & 1-E G/F, Crescent Park Residences, 2nd Avenue corner Burgos Circle, Bonifacio Global City, Taguig City
57	BGC - Ecotower	G/F Ecotower, 32nd St. corner 9th Avenue, Bonifacio Global City, Taguig City
58	BGC - Fort Legends	G/F Fort Legends Tower corner 31st St. & 3rd Avenue, Bonifacio Global City, Taguig City
59	BGC - Grand Hamptons Tower	Grand Hamptons Tower, 1st Avenue corner 31st St., Bonifacio Global City, Taguig City
60	BGC - Inoza Tower	G/F, Inoza Tower, 39 th Street, Bonifacio North Triangle, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
61	BGC - J.Y. Campos Center	G/F J.Y. Campos Center, 30th St. corner 9th Avenue, Bonifacio Global City, Taguig City
62	BGC - Market Market	Space No. 101, Market Market, Bonifacio Global City, Fort Bonifacio, Taguig, MM
63	BGC - MC Home Depot	G/F MC Home Depot, 32nd St. corner Bonifacio Avenue, Bonifacio Global City, Taguig
64	BGC - One McKinley Place	G/F One McKinley Place, 4th Avenue corner 25th St., Bonifacio Global City, Taguig
65	BGC - Phil. Stock Exchange	5/F One Bonifacio High Street Bldg., 28 th St. corner 5 th Avenue, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
66	BGC - Picadilly Star	G/F Picadilly Star Corporate Center, 4th Avenue corner 27th St., Bonifacio Global City, Taguig
67	BGC – Shangri-La The Fort	Unit G/F 22, G/F Shangri-La at the Fort Manila, 30 th St. cor. 5 th Ave., Brgy. Fort Bonifacio, Bonifacio Global City, Taguig
68	BGC - St. Luke's	St. Luke's Medical Center, Rizal Drive corner 5th Avenue & 32nd St., Fort Bonifacio Global City, Taguig
69	BGC - The Infinity Tower	Unit 103 The Infinity Tower, 26th St., Brgy. Fort Bonifacio, Bonifacio Global City, Taguig
70	BGC - University Parkway	G/F Avecshares Center, 1132 University Parkway, Bonifacio North Triangle, Bonifacio Global City, Taguig
71	BGC - World Plaza	G/F, Unit 6, World Plaza, 4 th Avenue, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
72	Blumnetritt – Yuseco	G/F & 2F, Cut Salon Main Office, 1581 F. Yuseco St. corner Rizal Avenue, Brgy. Anacleto, Sta. Cruz, Manila 1012
73	Bonny Serrano Avenue	Unit 11 & 12, Aguinaldo Corporate Centre 125 Col. Bonny S. Serrano Avenue Brgy. Socorro, Quezon City

No.	BRANCH	ADDRESS
74	Bonny Serrano West Crame	G/F, Skylights Center, No. 314 Col. Bonny Serrano Avenue corner 2 nd West Crame, Brgy. West Crame, San Juan City
75	Buendia - Taft	401 Sen. Gil Puyat Ave. cor. Dominga St., Brgy. 48, Pasay City
76	C. M. Recto - Reina Regente	1059 CM Recto Avenue corner Reina Regente St., Binondo, Manila
77	Cainta – Sumulong Highway	Along Sumulong Highway, Brgy. Balanti, Cainta, Rizal
78	Calle Industria – Circulo Verde	G/F Unit I-102, Industria, Circulo Verde, No. 70 Calle Industria, Brgy. Bagumbayan, Quezon City
79	Caloocan	Rizal Avenue Extension near corner 11th Avenue, Grace Park, Caloocan City
80	Caloocan - A. Mabini	G/F Corazon Bldg., 432 A. Mabini St., Poblacion, Caloocan City
81	Caloocan – Maypajo	Units 1-3, 237 A. Mabini St., Brgy. 26, Zone 3, District II, Caloocan City
82	Caloocan – Primark Deparo	Primark Town Center Gilmar’s Place Subd, BF Homes, Brgy. 168, Deparo, Caloocan City
83	Caloocan 7th Ave.	Rizal Avenue Extension corner 7th Avenue, Caloocan City
84	Carmen Planas	Nos. 822, 824 & 826 Carmen Planas St., Brgy. 269, Zone 25, District 3, Manila
85	Carmen Planas - P. Rada	1033-1035 C. Planas St., 1012 Tondo, Manila
86	Carmen Planas - Zaragoza	921 Carmen Planas St. corner Zaragoza St., Tondo, Manila
87	Cash & Carry	G/F Unit No. G01A, Cash & Carry Mall, South Super Highway & Filmore St., Makati City
88	Central Market - V. Fugoso	1724 V. Fugoso St., Brgy. 311 Zone 31, District 3, Sta. Cruz, Manila
89	Chino Roces Avenue	Units 3 & 4 La Fuerza Plaza, Chino Roces, Makati City
90	Chino Roces Avenue – Dela Rosa	Unit 101 & 102, G/F, One Oculus Center, 2120 Chino Roces Avenue, Brgy. Pio del Pilar, Makati City
91	Chino Roces Avenue – V.A. Rufino	G/F Pacifica One Center, 2178 Don Chino Roces Avenue, Brgy. Pio Del Pilar (North Arnaiz), Makati City
92	Chino Roces Extension – Lumbang	G/F Dacon Bldg., 2281 Chino Roces Ave., Ext., Brgy. Magallanes, Makati City
93	City of Dreams Manila	2nd Level, City of Dreams Manila, Aseana cor. Roxas Blvd., Brgy. Tambo, Parañaque City
94	Commonwealth	G/F Teresita Bldg., Holy Spirit Drive, Don Antonio Heights, Quezon City
95	Commonwealth - Don Antonio	Don Antonio Sports Center, Don Antonio (former Holy Spirit Drive), Don Antonio Heights Subdivision, Quezon City

No.	BRANCH	ADDRESS
96	Commonwealth – Ever Gotesco	Ever-Gotesco Commonwealth Center, Don Mariano Avenue corner Don Antonio Road, Brgy. Batasan Hills, Quezon City
97	Commonwealth – Shopwise	Units A3 and A4, G/F, Shopwise Commonwealth, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City
98	Congressional Ave. Ext. – T.M. Kalaw	Blk. 3 Lot 6 Mira Nila Homes, Congressional Ave. Ext., Brgy. Pasong Tamo, Quezon City
99	Congressional Avenue	The Excelland System I Congressional Avenue, Quezon City
100	Congressional Avenue – Project 8	149 Congressional Ave., Brgy. Bahay Toro, Project 8, Quezon City
101	Cubao - P. Tuazon	MEC Tower, P. Tuazon Ave. cor. 21st St., Cubao, Quezon City
102	Dapitan St. - A. H. Lacson Ave.	Dioresa Plaza, Dapitan St. corner A.H. Lacson Avenue, Sampaloc, Manila
103	Del Monte Avenue	63 Del Monte Avenue, Brgy. Manresa, Quezon City
104	Del Monte - Araneta Avenue	641 Del Monte Avenue, San Francisco Del Monte, Quezon City
105	Del Monte - Sienna	409 Del Monte Avenue, Quezon City 1105
106	Dela Rosa - Gallardo	G/F Unit 15 Tropical Palms Condominium, 103 Dela Rosa St. cor. Gallardo St. cor. Perea St., Brgy. San Lorenzo, Legaspi Village, Makati City
107	Dela Rosa - Rada	Ace Bldg., corner Dela Rosa & Rada St., Legaspi Village, 1229 Makati City
108	Diliman - Capitol Hills	16 Capitol Hills Drive, Old Balara, Diliman, Quezon City
109	Diliman - Matalino	G/F Suntrust Capitol Plaza, Matalino St. cor. City Hall Drive cor. Makatarungan St., Brgy. Central, Diliman, Quezon City
110	Divisoria – Juan Luna	744 - 746 Ilaya St., San Nicolas 025, Brgy. 268, Tondo, Manila
111	Divisoria - Sta. Elena	668 Sta. Elena St., Binondo, Manila
112	Dr. A. Santos Avenue – Amaia Steps	Units R108-R112, Amaia Steps Sucat, Dr. A. Santos Ave., Brgy. San Antonio, Parañaque City
113	Dr. A. Santos Avenue – Puregold Evacom	Commercial Units No. 8-10, Puregold San Dionisio, Dr. A. Santos Avenue, Brgy. San Dionisio, Parañaque City
114	Dr. A. Santos Avenue – UPS 5	G/F Omniworx Business Center, 0060 Dr. A. Santos Avenue, Brgy. San Isidro, Parañaque City
115	E. Rodriguez - Welcome Rotonda	G/F AEK Bldg., 40 E. Rodriguez Sr. Avenue, Don Manuel, Quezon City
116	E. Rodriguez Jr. Ave. - Bridgetowne	Shop 2-6 Tera Tower at Bridgetowne, E. Rodriguez Jr. Ave., Libis, Quezon City

No.	BRANCH	ADDRESS
117	E. Rodriguez Sr. - Hillcrest	G/F Rhodium Square Bldg., 1659 E. Rodriguez Sr. Avenue, Brgy. Pinagkaisahan, Quezon City
118	Eastwood City - E. Rodriguez Jr. Avenue	Magnitude Commercial Arcade, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City
119	Eastwood City - IBM Plaza	G/F IBM Plaza, Eastwood City, E. Rodriguez Jr., Avenue, Bagumbayan, Quezon City
120	Eastwood City - Olympic Heights	G/F Olympic Heights, Eastwood City Cyberpark, Bagumbayan, Quezon City
121	Echague	116-120 C. Palanca St. Quiapo, Manila
122	EDSA – Boni Avenue	LG/F, Phinma Properties Center, No. 29 EDSA Brgy. Barangka Ilaya, Mandaluyong City 1500
123	EDSA Cubao	596 Simeon Medalla Bldg., corner Gen. McArthur Avenue, EDSA, Quezon City
124	EDSA East - Caloocan	L & E Bldg. EDSA corner Gen. Concepcion St, Caloocan City
125	EDSA POEA	POEA Bldg., EDSA corner Ortigas Avenue, Mandaluyong City
126	EDSA - A. De Jesus	474 EDSA corner B. Serrano & A. De Jesus St, 1403 Caloocan City
127	EDSA - Balintawak	G/F, 1310 EDSA, Brgy. Apolonio Samson, Balintawak, Quezon City
128	EDSA - Bangkal	3 EDSA, Brgy. Bangkal, Makati City
129	EDSA - Eton Centris	Retail B, Cyberpod Centris Three, Eton Centris, EDSA corner Quezon Ave., Brgy. Pinyahan, Quezon City
130	EDSA – Kalayaan Avenue	G/F Palmyra Bldg., Kalayaan Avenue corner EDSA, Brgy. Pinagkaisahan, Makati City
131	EDSA - New Farmers Plaza	Unit FPGF038R & FPGF054R, G/F New Farmers Plaza, General Roxas Avenue, Araneta City, Brgy. Socorro, Cubao, Quezon City
132	EDSA – New York	EDSA corner New York St., Cubao 1111 Quezon City
133	EDSA – Ortigas	Maranaw Plaza, 187 Edsa, Brgy. Wack-Wack, Greenhills East, Mandaluyong City
134	EDSA – Panorama Technocenter	G-02 Panorama Technocenter, 1029 EDSA, Brgy Veterans Village I, Muñoz, Quezon City
135	EDSA - Pasay	507 EDSA corner B. Garcia St., 1300 Pasay City
136	EDSA – Skysuites Towers	927 The Skysuites Towers, Quezon Ave., cor. EDSA, Brgy West Triangle, District 1, Quezon City
137	Elcano	SHC Tower 619 Elcano St. San Nicolas, Manila
138	Emerald Avenue	G/F Unit 101 Taipan Place, Don Francisco Ortigas Jr. Road, Pasig City
139	Escolta	303 Escolta St., Brgy. 291, Binondo, Manila

No.	BRANCH	ADDRESS
140	España	Carmen Bldg., Espana corner G. Tolentino St., Sampaloc, Manila
141	España – Basilio	España St. corner Basilio St. corner Instruccion St., Brgy 512, Manila
142	España – Blumentritt	2101-2103 España Avenue corner Blumentritt St., 1008 Sampaloc, Manila
143	España – Grand Residences 2	C1-C2, Grand Residences España Tower 2, 958 A.H. Lacson St., Brgy. 479, Zone 47, Sampaloc, Manila
144	España - M. Dela Fuente	Esperanza Place, España Blvd. corner M. Dela Fuente St., Sampaloc, Manila
145	Evangelista - Makati	1695 Evangelista St corner Gen. Lacuna St., Bangkal, Makati City 1233
146	F. Ortigas Jr. Road	G/F Ortigas Center Association, Inc. Bldg., F. Ortigas Jr. Road, Brgy. Oranbo, Ortigas Center, Pasig City
147	Fairview – Ayala Terraces	UG/F Space No. U066, Ayala Fairview Terraces, Quirino Highway corner Maligaya Drive, Brgy. Pasong Putik, Novaliches, Quezon City
148	Fairview - Brittany Square	G/F IL 103, Brittany Square, Belfast St. corner Mindanao Avenue Extension, Brgy. Pasong Putik, Fairview, Quezon City
149	Fairview – Doña Carmen	Shopking Doña Carmen Commercial Center, Commonwealth Avenue, Brgy. North Fairview, Quezon City
150	Fairview – Fairmont	Regalado Avenue, Brgy. North Fairview, Novaliches, Quezon City
151	Fairview – Peacock Plaza	Peacock Plaza, Lot 1 Bkl 2, Commonwealth Ave. cor. Peacock St., Brgy. Fairview Park, Quezon City
152	Fairview – Regalado	G/F Regalado Hive, Regalado Ave., Brgy. Fairview, Quezon City
153	Filinvest Avenue	G/F BC Group Bldg., Filinvest Ave. corner Commerce Ave., Brgy. Ayala Alabang, Filinvest Corporate City, Alabang, Muntinlupa
154	Filinvest - Alabang	G/F Tower 1, Insular Life Corporate Center, Insular Life Drive, Filinvest Corporate City, Alabang, Muntinlupa City
155	Filinvest – Civic Drive	Units 7 & 8, AA Corporate Plaza, Civic Drive, Filinvest Corporate City, Brgy. Alabang, Muntinlupa City
156	Filinvest – Northgate Aeon Center	Space 2, Aeon Center, Alabang Zapote Road corner North Bridgeway, Filinvest Corporate City, Brgy. Alabang, Muntinlupa City
157	Filinvest – Spectrum Midway	Space 3 & 4, Polaris Bldg., Spectrum Midway St., Filinvest Corporate City, Brgy. Alabang, Muntinlupa City
158	Five E-comCenter	G/F FiveE-com Center, Pacific Drive cor. Bayshore Ave., Brgy. 76, Zone 10, Mall of Asia Complex, Pasay City

No.	BRANCH	ADDRESS
159	Fort Bonifacio - Bayani Road	Bayani Road corner M. Roxas St., Fort Bonifacio, Taguig
160	Fort Bonifacio - McKinley Hill	G/F Three World Square, McKinley Hill, Fort Bonifacio, Taguig
161	Fort Bonifacio – McKinley West	LG/F Shops 3-5, Cyber Sigma, Lawton Avenue, McKinley West, Brgy. Fort Bonifacio, Taguig City
162	G. Araneta - Brixton Hill	G/F ILO Bldg., 195 G. Araneta Avenue, Quezon City
163	Gandara - Soler	1268 Soler St. corner S. Padilla St., 1006 Binondo, Manila
164	GC Corporate Plaza - Legaspi St.	150 GC Corporate Plaza, Legaspi St., Legaspi Village, Makati City
165	General Luis	297 Gen. Luis St., Barrio Kaybiga, Caloocan City
166	Gil Puyat - Filmore	1320 Filmore St., Brgy. Palanan, Makati City
167	Gil Puyat - Harrison	Unit IC, ID & IE, No. 53 Gil Puyat Avenue, Brgy. San Rafael, Pasay City
168	Gil Puyat - Metro House	Metro House Building, 345 Sen. Gil J. Puyat Avenue, Brgy. Bel-Air, Makati City
169	Gil Puyat - Taft	336-338 Gil Puyat Avenue, Brgy. 49, Pasay City
170	Gil Puyat – TechZone	G/F TechZone Philippines Bldg., 213 Sen. Gil Puyat Ave., Brgy. San Antonio , Makati City
171	Grace Park	G/F A & R Bldg., 213 Rizal Avenue Extension, Grace Park, Caloocan City
172	Grace Park - 11th Avenue	1619 Rizal Avenue, Extension corner 11th Avenue, 1400 Caloocan City
173	Grass Residences	Unit 101-102B, The Strip at Grass Residences, Misamis St. corner Nueva Ecija and Nueva Vizcaya Sts., Sto. Cristo 3, Quezon City
174	Greenbelt – Legazpi St.	G/F 108 Legapi St. corner Paseo de Roxas, Pioneer House Bldg., Legazpi Village, Makati City
175	Greenhills Shopping Center	G/F Jeweller Center, Greenhills Shopping Center, Ortigas Avenue, San Juan, Metro Manila
176	Greenhills - Annapolis	Unit 101, G/F Vasquez-Madriral Plaza, Annapolis, Greenhills, San Juan
177	Greenhills - Connecticut	G/F Belomed Bldg., No. 49 Connecticut St., Brgy. Greenhills, San Juan City
178	Greenhills - O Square	G/F Unit OS-105, O Square Greenhills Shopping Center, Ortigas Avenue, Brgy. Greenhills, San Juan City
179	Greenhills - West	101 Limketkai Bldg., Ortigas Avenue, San Juan, MM
180	Greenhills - Wilson	227 Wilson St. corner Don Miguel St., San Juan, MM

No.	BRANCH	ADDRESS
181	H.V. Dela Costa	120 Westgate Plaza Condominium, Salcedo Village, Makati City
182	Ilaya	1049-1051 Ilaya St., Divisoria, Manila
183	Ilaya - Padre Herrera	1089 Ilaya St., Brgy.3, Zone 01, Tondo, Manila
184	Intramuros	G/F Chamber of Commerce Bldg., 3 Magallanes Drive, Intramuros, Manila
185	J. Abad Santos	G/F Ching Leong Temple, J. Abad Santos Avenue, Tondo, Manila
186	JAS – Antipolo	G/F Intericast Corporate Tower 2230 J. Abad Santos Avenue, Tondo, Manila
187	JAS – Padre Algue	G/F, Unit C-4, Cintiley Residences, 1278 J. Abad Santos Ave., Brgy. 259, Zone 023, Tondo, Manila
188	Juan Luna	262 Juan Luna Street, Binondo, Manila
189	Julia Vargas – IBP Tower	G/F IBP Tower, Doña Julia Vargas Avenue and Jade Drive, Ortigas Center, Brgy. San Antonio, Pasig City
190	Julia Vargas – Ortigas Technopoint One	Unit Nos. G04-07, OTP Bldg. 1, No. 01, Julia Vargas Avenue, Ugong, Pasig City
191	Julia Vargas – Valle Verde	Units L1-01 & L1-02, Silver City, Frontera Verde, Brgy Ugong, Pasig City
192	Jupiter - Reposo	G/F CEI Headquarters, 158 Jupiter St. corner N. Garcia St., Bel-Air Village, Makati City
193	Kamagong	2567 P. Ocampo (Vito Cruz Extension) corner Madre Perla St. Manila
194	Kamias Road	Trinidad Bldg., Kamias Road corner K- J St., Quezon City
195	Karrivin Plaza - Chino Roces Avenue Ext.	G/F Building A, Karrivin Plaza, 2316 Chino Roces Avenue Extension, Makati City
196	Karuhatan - MacArthur Highway	KM. 13 MacArthur Highway, 1441 Karuhatan, Valenzuela, Metro Manila
197	Katipunan	Regis Center, No. 327 Katipunan Avenue corner F. dela Rosa St., Loyola Heights, Quezon City
198	Katipunan – Blue Ridge	G/F, Place One Building, 205 Katipunan Avenue, Brgy. Milagrosa, Quezon City
199	Katipunan – Loyola Heights	De Borja Commercial Bldg., 299 Katipunan Avenue, Brgy. Loyola Heights, Quezon City
200	Katipunan – Xavierville	G/F Xavierville Square Condominium, 38 Xavierville Avenue, Loyola Heights, Quezon City
201	Katipunan Avenue – U.P. Town Center	Second Level, Phase 2, Space No. 278a, Ayala Malls U.P. Town Center, Katipunan Avenue, Brgy. U.P. Campus, Quezon City
202	Las Piñas - Almanza	Alabang-Zapote Road, Almanza Uno, Las Piñas, Metro Manila

No.	BRANCH	ADDRESS
203	Las Piñas - Evia Daang Hari	Evia Lifestyle Center, Daang Hari Road, Tindig na Mangga, Brgy. Almanza Dos, Las Piñas City
204	Las Piñas - J. Aguilar Avenue Casimiro	Blk. 1 Lot 9 J. Aguilar Avenue, Casimiro Village 3, Brgy BF International, Las Piñas City
205	Las Piñas - Marcos Alvarez Avenue	B-2 L-19 Kimberkay Bldg., Marcos Alvarez Ave., Brgy. Talon Cinco, Las Piñas City
206	Las Piñas - Naga Road	Near corner Naga Road and Main Access Road, E.T. Homes 2, Pulanglupa 2, Las Piñas City
207	Las Piñas - Pamplona Tres	Unit 101-104, G/F, Lot G & H, Torre Sur, Alabang Zapote, Brgy. Pamplona Tres, Las Piñas City
208	Las Piñas - Talon	G/F Motiontrade Bldg, Alabang-Zapote Road, Talon, Las Piñas City
209	Lavezares	321-325 Garden City Condominium corner Lavezares & Camba St., San Nicolas, Manila
210	Legaspi Village - C. Palanca	G/F Colonade Residences, No. 132 Legaspi Village, Makati City
211	Legaspi Village - Gamboa	KL Tower, 117 Gamboa Street, Legaspi Village, Brgy. San Lorenzo, Makati City
212	Legaspi Village - Salcedo St.	Maxicare Tower, 203 Salcedo St., Legaspi Village, Makati City
213	Leon Guinto – Gen. Malvar	Wynn Plaza Commercial Unit 2, 1674 Leon Guinto cor. Gen. Malvar & Agoncillo Sts., Brgy. 694, Zone 075, Malate, Manila
214	Leon Guinto – San Andres	G/F Unit A Queen Rose Bldg, 911 San Andres St. cor. Leon Guinto St., Brgy 723, Malate, Manila
215	Loyola Heights - Berkeley Residences	G/F Berkeley Residences, Katipunan Ave. corner Escaler St., Loyola Heights, Quezon City
216	Macapagal Blvd. - Aseana 3	G/F, Shop 3, Aseana 3, Pres. Diosdado Macapagal Blvd. Corner Asean Avenue, Aseana City, Brgy. Tambo, Parañaque City
217	Macapagal Blvd. - Bay Area	Space Number 2013, Ayala Malls Manila Bay, Diosdado Macapagal Blvd. Corner Asean Avenue, Brgy. Tambo, Parañaque City
218	Macapagal Blvd. - Meridian Park	G/F, Double Dragon Plaza, DD Meridian Park, Macapagal Ave. cor. EDSA Ext., Bay Area, Brgy. 76, Zone 10, Pasay City
219	Macapagal Blvd. - Pearl Drive	Unit Nos. 105 & 106, Scape Bldg., Diosdado Macapagal Avenue corner Pearl Drive, Brgy. 76, San Rafael, Mall of Asia Complex, Pasay City
220	Macapagal Blvd. - W Mall	G/F W-Mall, Diosdado Macapagal Avenue corner Coral Way, Brgy. 76, Zone 10, Pasay City
221	Magallanes Village	Unit 104 The Gate Way Center, Paseo de Magallanes, Magallanes Village, Makati City
222	Makati Avenue - Zuellig	G/F Zuellig Building, Paseo de Roxas corner Makati Avenue, Makati City

No.	BRANCH	ADDRESS
223	Makati Medical Center	G/F Makati Medical Center Bldg., Salcedo St. corner Dela Rosa St., Legaspi Village, Makati City
224	Makati Shangrila Hotel	Unit 191 Shangrila Hotel Manila, Ayala Center, Makati City
225	Makati – Circuit Mall	Level 2, L2 049-L2 050, Ayala Malls Circuit, Circuit Makati, Hippodromo St., Brgy. Carmona, Makati City
226	Makati – Evangelista Macabulos	G/F QS Bldg., Evangelista St. corner General Macabulos St., Brgy. Bangkal, Makati City
227	Makati - Esteban	G/F A & V Crystal Tower, 105 Esteban St., Legaspi Village, Makati
228	Makati – Gramercy Residences	G/F Gramercy Residences, The Century City, Salamanca St., Brgy. Poblacion, Makati
229	Makati – Jazz Residences	G/F Jazz Residences, Jupiter St. corner N. Garcia St., Brgy. Bel-Air, Makati City
230	Makati – Metropolitan Avenue	G/F Metropolitan Terraces, Metropolitan Avenue corner Sacred Heart St., (formerly Dao St), Makati City
231	Malabon – Concepcion	G/F Teresita Bldg., No. 4 Gov. Pascual Avenue, Brgy. Baritan, Malabon City 1470
232	Malabon - Fisher Mall	Unit 1F, G/F Malabon – Fisher Mall, Circumferential Road 4 Dagat-Dagatan Avenue, Brgy. Longos, Malabon City 1472
233	Malabon - Gov. Pascual	G/F MGC Veranda Bldg., 31 Gov. Pascual Avenue, Tenejeros, Malabon City
234	Malanday - McArthur Highway	G/F & 2/F, 584 MacArthur Highway, Brgy. Malanday, 1405 Valenzuela City
235	Malate - Adriatico	Adriatico Executive Center, Adriatico St., Ermita, Manila
236	Mall of Asia – S Maison	G/F S Maison, Marina Way, Mall of Asia Complex, Brgy. 76, Zone 10, Pasay City
237	Mall of Asia – Sea Residences	Location Code 119-121, G/F Sea Residences, Pearl Drive corner Sunrise Drive, SM Mall of Asia Complex, Brgy. 76, Zone 10, Pasay City
238	Mall of Asia – Shell Residences	SMDC Shell Residences (LC 123), EDSA corner Road 11, Brgy. 76, SM Mall of Asia Complex, Pasay City
239	Mall of Asia – Shore Residences	Location 120-121, G/F, Shore 1 Commercial, Shore Residences, Seaside Blvd. Corner Sunrise Drive, SM Mall of Asia Complex, Brgy. 76, Zone 10, Pasay City
240	Mandaluyong - Calbayog	DMG Center, Libertad St. corner M. Cruz, Mandaluyong City
241	Mandaluyong – Fame Residences	Location Code 131 – 133a, 163-165, G/F Fame Residences, EDSA and Mayflower St., Brgy. Highway Hills, Mandaluyong City
242	Mandaluyong - Libertad	Sierra Madre St. corner Libertad St. Mandaluyong City
243	Mandaluyong - Light Mall	G/F Light Mall, Light Residences, Edsa corner Madison St., Brgy. Barangka Ilaya, Mandaluyong City

No.	BRANCH	ADDRESS
244	Mandaluyong – Reliance	G/F, Units 3 & 4 Launch Pad Bldg., Reliance corner Sheridan Sts., Brgy. Highway Hills, Mandaluyong City
245	Mandaluyong – Rockwell Sheridan	Retail 10, G/F The Rockwell Business Center – Sheridan, Sheridan St. corner United St., Brgy. Highway Hills, Mandaluyong City
246	Manila - Otis	1763 Paz Mendoza Guanzon St., Paco, Manila
247	Marikina Heights	G/F Commercial Unit No. 108-110, Puregold & Ayala Malls Marikina, Liwasang Kalayaan, Brgy. Marikina Heights, Marikina City
248	Marikina - Calumpang	Florida 1 Bldg., J.P. Rizal corner M. A. Roxas St., Calumpang, Marikina City
249	Marikina - Gil Fernando Ave.	Gil Fernando Avenue corner Dragon St., Marikina City
250	Marikina - JP Rizal	265 Jose Rizal St., Sta. Elena 1800, Marikina City
251	Marikina - Katipunan	G/F 107 Guerdon Commercial Center, Katipunan Avenue cor. Rainbow St., Brgy. Concepcion Dos, Marikina City
252	Marikina - Lamuan	J. P. Rizal St. near corner Malaya St., Brgy. Lamuan, Marikina City
253	Marikina - Nangka	Unit 1A G/F Bldg 2 Citi Centre Nangka, J.P.Rizal Avenue corner Puerto Rico Avenue, Nangka, Marikina City
254	Marikina - Parang	105 Gen. B. G. Molina St., Brgy. Parang, Marikina City
255	Marikina – Xeland Gil Fernando Ave.	LS1-04 Xeland, Mayor Gil Fernando Avenue, brgy. Sto. Niño, Marikina City
256	Masangkay	Lun Hong Townmates Association Bldg., 1226 Masangkay Sta. Cruz, Manila
257	Masangkay - CM Recto	1029-1031 JP. Bldg., Masangkay corner Tronqued St., Sta. Cruz, Manila
258	Masangkay - Luzon St.	907 Luzon St. corner Masangkay St., Tondo, Manila
259	Mascardo - Chino Roces Avenue	1101 Chino Roces corner Mascardo St., Brgy Sta. Cruz, Makati City
260	Mayon - N. Roxas	241 Mayon Avenue corner Nicanor Roxas St., 1161 Quezon City
261	Maysilo Circle – F. Martinez Avenue	No. 315 Maysilo Circle, Brgy. Plainview, Mandaluyong Cty
262	Meralco - Ortigas	Meralco Compound, Ortigas Avenue, 1604 Pasig City
263	Meralco Avenue – Millenium Place	Unit 102 Millennium Place, Meralco Ave., Brgy. San Antonio, Pasig City
264	Mezza Residences	G/F Mezza Residences, Aurora Blvd. corner Araneta Avenue, Guirayan St., Brgy. Doña Imelda, Quezon City

No.	BRANCH	ADDRESS
265	Mindanao Ave. Ext. - Brittany	EC Center Bldg., Mindanao Ave. Extension cor. Commonwealth Ave., Brgy. Pasong Putik, Quezon City
266	Mindanao Avenue – Bagong Pag-asa	Golden Sun Realty Bldg. II, No. 29 Mindanao Avenue, Brgy. Bagong Pag-asa, Quezon City
267	Mindanao Avenue - St. Charbel	G/F, Lot 2 Block 1, Mindanao Avenue, Brgy. Tandang Sora, Quezon City
268	Mindanao Avenue – Tandang Sora	G/F & 2/F, No.18 Mindanao Avenue, Brgy. Tandang Sora, Quezon City
269	Monumento	G/F Sunhope Bldg., 78 MacArthur Highway, Brgy. 81, Caloocan City
270	Mother Ignacia – M Place	SMDC M Place Sotuh Triangle (LC 106-107), Mother Ignacia corner Panay Avenue, Brgy. South Triangle, Quezon City
271	Muñoz - Roosevelt	328 Mesa Holding Bldg., San Francisco Del Monte, Quezon City
272	Muntinlupa – Ayala South Park	First Floor, Unit 1008-1011, 1014, Ayala Mall South Park, National Road, Brgy. Alabang, Muntinlupa City
273	Muntinlupa – East Bay Residences	Ground Floor, East Bay Residences, KM21, East Service Road, Brgy. Sucat, Muntinlupa City
274	Muntinlupa - Poblacion	G/F Elizabeth Center Bldg., National Road, Poblacion, Muntinlupa
275	Muntinlupa – W Mall	G/F, W Mall Muntinlupa, Km 21 West Service Road, Brgy. Sucat, Muntinlupa City
276	N. Domingo – Gilmore Avenue	G/F Gilmore Tower, No. 2 Gilmore Ave. corner N. Domingo St., Brgy. Valencia, New Manila, Quezon City
277	N. Domingo - M. Paterno	G/F Maxsteel Bldg., No. 266 N. Domingo St., Brgy. Pasadena, San Juan City
278	NAIA 1	Arrival Area, Ninoy Aquino International Airport, Ninoy Aquino Avenue, 1705 NAIA, Parañaque City
279	NAIA 3	Stall No.13, Arrival Lobby of Terminal 3, Ninoy Aquino International Airport, Andrews Avenue, Brgy. Villamor, Pasay City
280	Navotas	514 Northbay Blvd. Corner Lacson St., Brgy. Bangkulasi, Navotas City 1485
281	Neptune - Makati Avenue	101 Neptune St. corner Makati Avenue 1209 Makati City
282	New Manila - E. Rodriguez Sr.	Unit 1G & 2E, 284 Dona Anita Bldg., E. Rodriguez Sr. Avenue, Quezon City
283	Newport City	G/F Newport Office Building 1, Newport City, Pasay City
284	Newport City – Plaza 66	Unit Retail 13a, Plaza 66, Newport City, Manlunas St., Brgy. 183, Villamor Airbase, Pasay City
285	Northbay - Virgo Drive	Melandrea V Bldg., Honorio Lopez Blvd. near corner Virgo, North Bay, Navotas City

No.	BRANCH	ADDRESS
286	Novaliches - Quirino Highway Bagbag	612 Quirino Highway, Brgy. Bagbag, Novaliches, Quezon City
287	Novaliches - Regalado Avenue	G/F, Lot 11 Block 114 Regalado Avenue, Brgy. Greater Lagro, Novaliches, Quezon City
288	Novaliches – S&R Commonwealth Ave.	G/F, Unit 1, S&R Commonwealth, Commonwealth Avenue corner Quirino Highway, Brgy. Kaligayahan, Novaliches, Quezon City
289	Novaliches - Zabarte	G/F C.I. Plaza, 1151 Quirino Highway corner Zabarte Road, Brgy. Kaligayahan, Novaliches, Quezon City
290	Okada Manila Pearl Wing	Hotel Pearl Wing, Okada Manila, Atlantic Drive, Asiaworld City, Boulevard 2000, Brgy. Tambo, Parañaque City
291	Old Sta. Mesa - Albina	Newton Plaza, Old Sta. Mesa corner Albina St., Sampaloc, Manila
292	OneE-comCenter	G/F One E-com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City
293	Ongpin	Unit ABC Imperial Sky Garden Ongpin St. corner T. Pinpin St. Binondo, Manila
294	Ongpin - T. Alonzo	G/F Anchor Skysuites, No. 827 Ongpin St., Brgy.300, Zone 29, Sta. Cruz, Manila
295	Ongpin-Tomas Mapua	1004-1006 Ongpin St. Sta. Cruz, Manila
296	Ortigas Avenue – E. Rodriguez, Jr.	Units A-D, G/F L & Y Plaza Bldg., 120 E. Rodriguez Jr. Avenue corner Ortigas Avenue, Brgy. Ugong, Pasig City
297	Ortigas Avenue Ext. - Pace Bldg	Pace Bldg., 98 Granada St., Ortigas Avenue Extension, Brgy. Valencia, Quezon City
298	Ortigas Avenue Ext. - Pasig	Along Ortigas Avenue Extension, Rosario, Pasig City
299	Ortigas – Garnet Road	Unit 1 G/F Cyberscape Alpha Bldg., Garnet & Sapphire Rds., Ortigas Central Business District, San Antonio, Pasig City
300	Ortigas - Octagon Centre	G/F Octagon Centre, San Miguel Avenue, Ortigas Center, Pasig City
301	Pablo Ocampo Sr. St. - Arellano Avenue	Barko Bldg., P. Ocampo Sr. St. corner Arellano Avenue & Enrique St., Malate, Manila
302	Pacific Star - Makati	G/F Pacific Star Bldg., Sen. Gil Puyat Avenue corner Makati Avenue, Makati City
303	Paco	1054-1060 Pedro Gil St., Paco, Manila
304	Padre Rada	Gosiupo Bldg. 480-482 Padre Rada corner Elcano St. Tondo, Manila
305	Parañaque - La Huerta	0422 Quirino Avenue corner J. Ferrer St., La Huerta, Parañaque City
306	Parañaque - Moonwalk	G/F Seal I Bldg., Armstrong Avenue corner Yosemite St., Moonwalk Subdivision, Parañaque City

No.	BRANCH	ADDRESS
307	Parañaque - Moonwalk E. Rodriguez Ave.	15413 A&M Bldg., E. Rodriguez Ave. cor. Daang Batang St., Brgy. Moonwalk, Parañaque City
308	Parañaque - NAIA Road	G/F Park 'N' Fly Carpark Bldg. 2, NAIA (MIA) Road cor. Mayuga St., Brgy. Tambo, Parañaque City
309	Parañaque - Pascor Drive	Sky Freight Bldg., Ninoy Aquino Avenue near corner Pascor Drive, St. Niño, Parañaque City
310	Parañaque - San Antonio Valley 1	San Antonio Plaza, Blk 6 Lot 20 & 21, San Antonio Ave., Brgy. San Antonio Valley 1, Sucat, Parañaque
311	Parañaque - Sto. Niño	Units U & V, Columbia Airfreight Complex, No. 707 Ninoy Aquino Avenue, Brgy. Sto. Niño, Parañaque City
312	Pasay - Domestic Road	Caltex Compound (PDSC/Park 'N Fly Bldg.), NAIA corner Domestic Road, 1300, Pasay City
313	Pasay - Two Shopping Center	2nd Level. Retail Shops Area, Two Shopping Center, Taft Avenue, Pasay City
314	Pasig - 106 Shaw Boulevard	106 Shaw Blvd., Brgy. Kapitolyo, Pasig City
315	Pasig - A. Sandoval Ave.	G/F Isagabanna Bldg., A. Sandoval Ave. corner Col. R. Fernandez St., Villa Alegre Subd., Brgy. Pinagbuhatan, Pasig City
316	Pasig - C. Raymundo Ave.	JEMCO Bldg., Raymundo Ave. cor. Bernal St., Rosario, Pasig City
317	Pasig – Amang Rodriguez Caruncho Road	Retail 1, Acacia Escalades, Amang Rodriguez corner Caruncho Road, Brgy. Manggahan, Pasig City
318	Pasig - Capitol Commons Estancia	Estancia Mall, Capitol Commons, Pasig City
319	Pasig Blvd. - E. Rodriguez Jr.	G/F P & J Bldg., Pasig Blvd corner E. Rodriguez Jr. Ave., Brgy. Ilog, Pasig City
320	Pasig – Felix Ave. Karangalan	G/F, Hanlu Bldg., Felix Avenue, Karangalan Village, Brgy. Manggahan, Pasig City
321	Pasig - Kapasigan	Mariposa Arcade, A. Mabini corner Dr. Pilapil St., Pasig City
322	Pasig - Maybunga	G/F Armal Bldg. 3, Blk 1 Lot 1-3, C. Raymundo Avenue, Maybunga, Pasig City
323	Pasig – San Antonio Meralco Ave.	Iriz One Corporate Center, No. 35 Meralco Ave. cor. Gen. Segundo St., Brgy. San Antonio, Ortigas Center, Pasig
324	Pasig - Meralco Avenue	G/F One Corporate Centre, Julia Vargas Avenue corner Meralco Avenue, Pasig City
325	Pasig - Mercedes Avenue	628 MK Building, Mercedes Avenue, Brgy. San Miguel, Pasig City
326	Pasig - Oranbo Drive	G/F A.B. Sandoval Bldg., Shaw Blvd. corner Oranbo Drive, Pasig City
327	Pasig - Pioneer	Pioneer Centre, Pioneer St. corner United & Brixton St., Kapitolyo, Pasig City

No.	BRANCH	ADDRESS
328	Pasig - Pioneer Shaw Blvd.	CVFC Corporate Center, Pioneer St. corner San Rafael St., Brgy. Kapitolto, Pasig City
329	Pasig - Puregold San Joaquin	G/F Puregold, 165 M. Concepcion St., Brgy. Buting, Pasig City
330	Pasig - Sixto Antonio Ave. Bedaña	Sixto Antonio Avenue corner R. Bedaña St., Pasig City
331	Pasig - Sixto Antonio Ave. - Stella Maris	478 G/F CLM Bldg., Dr. Sixto Antonio Avenue, Brgy. Maybunga, Pasig City
332	Pasig – The 30 th Meralco Avenue	LG/F, Space No. L0060-61, Ayala Malls The 30 th , Meralco Avenue, Brgy. Ugong, Pasig City 1604
333	Pasig - The Grove Rockwell	G/F The Grove by Rockwell, 117 E. Rodriguez Jr. Avenue, Brgy. Ugong, Pasig City
334	Pasig - Valle Verde Country Club	Valle Verde Country Club, Capt. Henry P. Javier St. corner St. Martin St., Brgy. Oranbo, Pasig City
335	Pasig – The Vantage Kapitolyo	The Vantage at Kapitolyo, 50 West Capitol Drive corner United St., Brgy. Kapitolyo, Pasig City
336	Pasong Tamo Ext.	G/F Allegro Center, Pasong Tamo Extension, Makati City
337	Pateros - Poblacion	77 M. Almeda St., Brgy. San Roque, Pateros
338	Pedro Gil - Adriatico	Adriatico St. near corner Pedro Gil St., Malate, Manila
339	Pedro Gil - A. Mabini	1567-1571 Salud Bldg., Pedro Gil corner A. Mabini St. Ermita, Manila
340	Philam Tower – Valero	G/F Philamlife Tower, 8767 Paseo de Roxas, Brgy. Bel-Air, Makati City
341	Plaza Calderon - Pedro Gil	G/F Unit C, Harmonic Seven Bldg., 2332- 2334 Pedro Gil corner Vesta St., Sta. Ana, Manila
342	Port Area - South Harbor	G/F Velco Center, R.S. Oca corner A. C. Delgado St., Port Area, Manila
343	Potrero	G/F Panco Square, 67 MacArthur Highway, Malabon City 1475
344	Quezon Avenue - Araneta	G/F CSP Bldg., 815 Quezon Avenue, Quezon City
345	Project 8 - Shorthorn	BDO Bldg., No. 41 Shorthorn Street, Brgy. Toro, Project 8, Quezon City
346	Quezon Avenue - Cordillera	37 Quezon Avenue corner Cordillera St., Quezon City
347	Quezon Avenue – D. Tuazon	Unit 101 & 103, Bernmann Centre, No. 28 Quezon Ave., Brgy. Doña Josefa, Quezon City
348	Quezon Avenue – Examiner	G/F Maxmor Bldg., Examiner St. corner Quezon Ave., Brgy. West Triangle, Quezon City
349	Quezon Avenue – Fisher Mall	UB-Bank 1, Fisher Mall, Quezon Ave. corner Roosevelt Ave., Brgy. Sta. Cruz, Quezon City
350	Quezon Avenue – Prima Residences	G/F Prima Residences, 243 Quezon Avenue, Brgy. Tatalon, Quezon City

No.	BRANCH	ADDRESS
351	Quezon Avenue – South Triangle	Unit LG02-03, SKC Service Center Bldg., 1320 Quezon Avenue, Brgy. South Triangle, Quezon City
352	Quiapo - Quezon Blvd.	Quezon Blvd., 1001, Quiapo, Manila
353	Quintin Paredes	524 Enterprise Bldg., Quintin Paredes St. corner Carvajal St., Binondo, Manila
354	Quirino Paco	CRS Tower, corner Perdigon St., President Quirino Avenue, Paco, Manila
355	Rada – Legaspi Village	G/F One Legaspi Park, Rada St., Legaspi Village, Makati City
356	Resorts World Manila	Newport Blvd., Newport City, Pasay City
357	Rizal Avenue - Bambang	1607 Alvarez St. corner Rizal Avenue, Sta. Cruz, 1003 Manila
358	Rizal Avenue - Batangas St.	2200 Rizal Avenue corner Batangas St., Sta. Cruz, Manila
359	Robinsons - Metro East	Level 1 (L1 160 & 162), Robinsons Metro East Mall, Brgy. Dela Paz, Marcos Highway, Pasig City 1611
360	Robinsons – Magnolia	Level 1, Unit 107B, Robinsons Magnolia, Aurora Boulevard corner Dona Hemady St., and N. Domingo St., Brgy. Kaunlaran, New Manila, Quezon City 1112
361	Robinsons Galleria - Ortigas	LG/F Basement Westwing, Robinsons Galleria Mall, Brgy. Ugong Norte, Ortigas Avenue, 1602 Quezon City
362	Robinsons Place - Manila	G/F Robinsons Mall, corner Pedro Gil and Maria Orosa Sts., Ermita, 072 Brgy. 669, Manila
363	Roces Avenue	57 (Don A.) Roces Avenue, Brgy. Laging Handa, Quezon City
364	Rockwell - Ortigas	Level 1, Tower 3 (South), The Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City
365	Rockwell – Power Plant	G/F Power Plant Mall, Rockwell Center, Amapola corner Estrella St., Makati City
366	Roxas Blvd. - Admiral Baysuites	G/F Admiral Baysuites, 2138 Aldecoa St. corner M.H. Del Pilar St., Brgy. 701, Malate, Manila
367	Roxas Blvd. - Breeze Residences	Unit 101-102, G/F SMDC Breeze Residences, Roxas Blvd., Brgy. 5, Zone 2, Pasay City
368	Roxas Blvd. - Coast Residences	Lot 3 & 4, Block 5, Coast Residences, Roxas Blvd. corner Dapitan St., Brgy. 7, Pasay City
369	Roxas Blvd. - Crowne Bay Tower	Unit 101 Crowne Bay Tower, along Roxas Blvd., Brgy. Baclaran, Parañaque City
370	Roxas Blvd. - R. Salas	S & L Bldg., Roxas Blvd. St. corner Romero Salas St., Ermita, Manila
371	Roxas Blvd. - Radiance Manila Bay	Retail No. 3, Radiance Manila Bay, Roxas Blvd., Brgy 001, Pasay City
372	Salcedo - Dela Rosa	Golden Rock Bldg., 168 Salcedo St., Legaspi Village, Makati City

No.	BRANCH	ADDRESS
373	Salcedo - Gamboa	Optima Building, Salcedo St. near corner Gamboa St., Legaspi Village, Makati City
374	Sales St. - Raon	545 Sales St. corner G. Puyat St. (Raon) 1016 Sta. Cruz, Manila
375	Sampaloc – A.H. Lacson	G/F JHL Centre Bldg., 519 A.H. Lacson St., Brgy 434, Zone 44, Sampaloc, Manila
376	Sampaloc – Legarda	G/F Legarda Place Bldg., 2327 Legarda St., Sampaloc 042, Brgy. 416, Manila
377	Sampaloc – Pureza	TP Building, No. 0414 Pureza Extension, Brgy. 425, Zone 043, Sampaloc, Manila
378	Samson Road	G/F Ma. Cristina Bldg., Samson Road corner U.E. Tech., Caloocan City
379	San Andres	San Andres corner A. Linao St., Malate, Manila
380	San Juna – P. Guevarra	G/F No. 299 P. Guevarra St., Brgy. Little Baguio, San Juan City
381	San Juan – Pinaglabanan	G/F, Benson Apartelle, No. 627 & 629 Pinaglabanan St., Brgy. Corazon de Jesus, San Juan City 1500
382	San Juan – Santolan Town Plaza	G/F Santolan Town Plaza, 276 Santolan Road, Brgy. Little Baguio, San Juan City
383	Savemore Novaliches	Savemore Novaliches, General Luis St., Novaliches, Quezon City
384	Savemore - Amang Rodriguez	G/F Savemore Amang Rodriguez, GBU Bldg., Amang Rodriguez Avenue corner Evangelista St., Brgy. Santolan, Pasig City
385	Savemore - Marulas	NF-5 & NF-6, G/F Savemore Marulas Valenzuela, 40 Pio Valenzuela St., Brgy. Marulas, Valenzuela City 1440
386	Savemore - Nagtahan	G/F Savemore Nagtahan, Magsaysay Blvd. corner Nagtahan Road, Brgy. 634, Sampaloc, Manila
387	Savemore - Project 8	Savemore Project 8, Benefit St. corner Redemption and Grant St., Brgy. Sangandaan, Project 8, Quezon City
388	Scout Albano - Quezon Avenue	1488 Quezon Avenue, 1103 South Triangle, Quezon City
389	Scout Limbaga - T. Morato	102 & 103 The Forum, Tomas Morato Avenue corner Scout Limbaga St., 1103, Quezon City
390	Shangri-La Plaza Mall - EDSA	Unit 516-517, Level 5 Shangri-La Plaza Mall, EDSA cor. Shaw Blvd., Brgy. Wack-Wack, Mandaluyong City
391	Shaw - Pasig Blvd.	BDO Place, 145 Pasig Blvd., Brgy. Pineda, Pasig City
392	Shaw Blvd. - Beacon Plaza	UG 105-UG 106 Beacon Plaza, Shaw Blvd. corner Ideal St., Mandaluyong City
393	Shaw Blvd.- High Pointe Center	G/F Units 125 -128 High Pointe Center, Shaw Boulevard corner M. Yulo St., Brgy. Bagong Silang, Mandaluyong City
394	Shaw Blvd. - Mandala Park	G/F Units 1 & 2, Bldg. B, Shaw Blvd, Mandala Park, Brgy. Pleasant Hills, Mandaluyong City

No.	BRANCH	ADDRESS
395	Shaw Blvd.-Wack-Wack	Unit A, BCC Showroom, 545 Shaw Blvd., Brgy. Wack-Wack, Mandaluyong City
396	Silver City - Pasig	G/F Silver City Building 3, Frontera Verde, Ortigas Center, Pasig City
397	SM Aura Premier	LG/F SM Aura Premier, Bonifacio Global City, Brgy. Fort Bonifacio, Taguig City
398	SM Center Las Piñas	LG/F SM Center Las Piñas, Alabang-Zapote Road, Brgy. Pamplona Dos, Las Piñas City
399	SM Center Muntinlupa	UG/F SM Center Muntinlupa, Brgy. Tunasan, National Road, Muntinlupa City
400	SM Center Sangandaan	G/F SM Center Sangandaan, Marcelo H. Del Pilar St. corner Samson Road, Brgy. 003, 1408 Caloocan City
401	SM Cherry Congressional	LC 004-006 & 111-113, SM Cherry Congressional, Congressional Ave., Brgy. Bahay Toro, Quezon City
402	SM Cherry Shaw	SM Cherry Foodarama Shaw Blvd. (LC CS 1-09), Shaw Blvd. corner Old Wack-Wack Rd., Brgy. Pleasant Hills, Mandaluyong City
403	SM City BF Parañaque	G/F SM City BF Parañaque, Dr. A. Santos Avenue, Brgy. BF Homes, Sucat, Parañaque City
404	SM City Bicutan	LG/F, UG/F and MF SM City Bicutan, Dona Soledad Avenue corner West Service Road, Paranaque City
405	SM City East Ortigas	SM City East Ortigas (LC180-183) , Ortigas Avenue Extension, Brgy. Sta. Lucia, Pasig City
406	SM City Fairview A	Location Code AX3 175-179, LG/F SM City Fairview, Quirino Highway corner Ragalado St., Brgy. Greater Lagro, Fairview, Quezon City
407	SM City Fairview B	SM City Fairview, Quirino Highway corner Regalado Avenue, Fairview, Quezon City
408	SM City Fairview C	LG/F, Annex 2, SM City Fairview, Quirino Highway corner Regalado Avenue, Fairview, Quezon City
409	SM City Grand Central	LC 024B; 025-027, LG/F, SM City Grand Central, Rizal Avenue Extension, Grace Park East, Brgy. 88, Zone 8, District II, Caloocan City 1403
410	SM City Manila	LG/F SM City Manila, Concepcion corner Arroceros and San Marcelino St., Manila
411	SM City Marikina	G/F SM City Marikina, Brgy. Calumpang, Marikina City
412	SM City North EDSA A	G/F & M/F The Block SM City North, EDSA corner North Avenue, Quezon City
413	SM City North EDSA B	SM City North EDSA Annex I Bldg., North Avenue corner EDSA, Quezon City
414	SM City North EDSA C	UG/F & MF, SM Center Complex North EDSA, 1105 Quezon City

No.	BRANCH	ADDRESS
415	SM City North EDSA D	G/F BPO Tower 3, SM City North EDSA Complex, EDSA corner North Avenue, Brgy. Bagong Pag-asa, Quezon City
416	SM City Novaliches	G/F SM City Novaliches, Quirino Highway, Novaliches, Quezon City
417	SM City San Lazaro	Felix Huertas corner A.H. Lacson St., Sta. Cruz, Manila
418	SM City Sta. Mesa	SM City Sta. Mesa Annex Bldg., Aurora Blvd. Quezon City
419	SM City Sucat A	G/F SM Supercenter Sucat, Parangue City
420	SM City Sucat B	G/F Annex Bldg. B SM City Sucat, Dr. A Santos Avenue, Parañaque City
421	SM City Valenzuela	Unit 126 G/F SM City Valenzuela, McArthur Highway, Brgy. Karuhatan, Valenzuela City 1441
422	SM Retail HQ Bldg. B	SM Retail Headquarters Bldg. B LC 106-110B Sunrise Drive corner Bayshore Avenue Mall of Asia Complex, Brgy. 76, Pasay City
423	SM Cubao	G/F SM Cubao, Cubao, Quezon City
424	SM Hypermarket Cubao	EDSA corner Main Street, Cubao, Quezon City
425	SM Hypermarket FTI Taguig	G/F SM Hypermarket FTI Taguig, Lot 85 A & B, DBP Avenue, FTI Complex, Brgy. Western Bicutan, Taguig City
426	SM Hypermarket Makati	SM Hypermarket Makati, 5560 Osmeña Highway corner Finlandia St, San Isidro, Makati City
427	SM Hypermarket Novaliches	G/F SM Hypermarket Novaliches, No. 402 Quirino Highway, Brgy. Talipapa, Novaliches, Quezon City
428	SM Center Pasig	G/F SM Supercenter Pasig, Frontera Verde, Ortigas Center, Pasig City
429	SM Hypermarket Sucat – Lopez	SM Hypermarket Sucat-Lopez (LC102-103), Dr. A. Santos Ave., Brgy. San Isidro, Sucat, Paranaque City
430	SM Makati	G/F (GF05) Shoemart Bldg., Ayala Center, Brgy. San Lorenzo, Makati City
431	SM Mall of Asia A	LC 3133-3135 MM, 3/F Main Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Brgy. 76, Zone 10, Pasay City
432	SM Mall of Asia B	G/F Entertainment Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Brgy. 76, Pasay City
433	SM Mega Tower	Unit No. 108, G/F, Mega Tower SM Megamall, J. Vargas corner EDSA, Brgy. Wack-Wack, Mandaluyong City
434	SM Megamall A	UG/F SM Megamall Bldg. A (LC121a-1 & 121a-2), Brgy. Wack-Wack, Greenhills West, Ortigas Center, Mandaluyong City

No.	BRANCH	ADDRESS
435	SM Megamall B	Upper & Lower Ground Floors, SM Megamall Bldg. B, Julia Vargas corner EDSA, Ortigas Center, Mandaluyong City
436	SM Megamall C	UG/F SM Megamall Bldg. A (LC 115A), Brgy. Wack-Wack, Greenhills West, Ortigas Center, Mandaluyong City
437	SM Southmall A	UG/F SM Southmall, Alabang - Zapote Road, Las Piñas City
438	SM Southmall B	UG/F SM Southmall, Alabang - Zapote Road, Las Piñas City
439	SM Retail HQ Bldg. A	SM Retail Headquarters Bldg. A Location Code 104-105 A, J. W. Diokno corner Seaside Blvd., Mall of Asia Complex, Brgy. 76 Pasay City
440	Solaire - Manila Resort	Solaire Manila, Bagong Nayong Pilipino Entertainment City, Parañaque City
441	Solaire - The Shoppes	Solaire Resorts and Casino Manila, Ang Bagong Nayong Pilipino Entertainment City, Brgy. Tambo, Parañaque City
442	Soler	U-1118 & 1120 Gracetown Bldg., corner Soler & Alvarado St., Binondo, Manila
443	Soler - Reina Regente	1087 Soler St., Binondo, Manila
444	Southgate Mall - EDSA	G/F Southgate Mall, EDSA corner Pasong Tamo Ext., Makati City
445	Sta. Ana – Xentro Mall	Space No. LS-02, Xentro Mall Sta. Ana City Market, Pedro Gil St., Brgy 876, Zone 96, Sta. Ana, Manila
446	Sta. Mesa – V. Mapa	G/F & MF, Units H,I,J, LJS Logistics Center, No. 3331, V. Mapa St. cor. Second St., Brgy. 601, Sta. Mesa, Manila
447	Sta. Mesa – Silk Residences	G/F Retail 5, The Silk Residences, Ramon Magsaysay Boulevard corner Santol St., Zone 057, Brgy. 586, Sta. Mesa, Manila
448	Sta. Mesa Heights – D. Tuazon	G/F, Unit ABC, TCC Center, 190 D. Tuazon St., Brgy. Maharlika, Sta. Mesa Heights, Quezon City
449	Sto. Cristo	475-477 Kim Siu Ching Foundation Bldg., Sto. Cristo St., Binondo, Manila
450	Sto. Cristo - Comercio	686 Sto Cristo St., Binondo, Manila
451	Sto. Domingo	6 Sto. Domingo Avenue, Quezon City
452	Sto. Niño St. - Roosevelt	284 Roosevelt Avenue, San Francisco Del Monte, 1105 San Antonio, Quezon City
453	Sucat - Villa Mendoza	Dr. A. Santos Avenue corner Villa Mendoza Subdivision, Sucat Road, Parañaque City 1700
454	Sun Residences	G/F Sun Residences, España Blvd. corner Mayon St., Brgy. Sta. Teresita, Quezon City
455	Tabora	859-861 L & J Bldg. Tabora St., Divisoria, Manila

No.	BRANCH	ADDRESS
456	Taft - Libertad	2250 MCF Bldg., Taft Avenue corner College Road, Pasay City
457	Taft - Pedro Gil	1430 Taft Avenue, Manila
458	Taft Avenue - J. Nakpil	1747 Taft Avenue corner J. Nakpil St., Manila
459	Taft Avenue - Pres. Quirino	G/F FFW Bldg., 1943 Taft Avenue, Malate, Manila
460	Taguig – Grace Residences	Grace Residences (Location Code 131-132), Levi B. Mariano Avenue, Brgy. Ususan, Taguig City
461	Taguig - Levi Mariano Avenue	160 Levi Mariano Avenue, Brgy Ususan, Taguig City
462	Taguig – Vista Mall	G/F-108A Vista Mall Taguig, Camella Road, Brgy. Tuktukan (formerly Brgy. Sta. Ana), Taguig City
463	Tandang Sora - Commonwealth	Tierra Commercial Center Bldg., Commonwealth Ave. corner Tandang Sora Ave., Quezon City
464	Tandang Sora – Culiati	Royal Midway Plaza, No. 419 Tandang Sora Avenue, Brgy. Culiati, Quezon City
465	Tandang Sora – San Vicente de Paul	ERN Commercial Complex, Tandang Sora Avenue, Brgy. Tandang Sora, Quezon City
466	Tandang Sora - Tagumpay	M & J Bldg., 578 Tandang Sora Avenue corner Tagumpay St., Brgy. New Era, Quezon City
467	Tayuman	G/F Delton Bldg., 1808 Rizal Avenue, Sta. Cruz, Manila
468	Teacher's Village	115 Maginhawa St., Brgy. Teacher's Village, Quezon City
469	ThreeE-comCenter	Location Code 107, G/F, Three E-com Center, Block 21 Harbor Drive corner Bay Shore, Mall of Asia Complex, Brgy. 76 Zone 10, Pasay City
470	Timog	26 Cedar Executive Building, Timog Avenue corner Scout Tobias St., Quezon City
471	Timog - EDSA	G/F GEMPC Bldg., 132 Timog Avenue, Brgy. Sacred Heart, 1103 Quezon City
472	Timog - Rotonda	G/F Imperial Palace Suites, Tomas Morato corner Timog Avenue, South Triangle, Quezon City
473	Timog - Scout Torillo	Unit 11& 12, Timog Arcade, Timog Avenue corner Scout Torillo, Brgy. South Triangle, Quezon City
474	Timog - Victoria Towers	Unit F-2 & F-3 Victoria Towers, Timog Avenue corner Panay Avenue, Quezon City
475	Tomas Morato – Metrofocus Commercial	G/F, Units 101 & 102, Metrofocus Commercial Bldg., Tomas Morato Avenue, Brgy. Kristong Hari, Quezon City
476	Tondo - Gagalangin	2459 Juan Luna St. corner Paez St., Gagalangin, Tondo, Manila
477	Tondo - Pritil	1815 N. Zamora St., 1012 Tondo, Manila
478	Tordesillas - Gallardo	G/F Cambridge Centre, 108 Tordesillas corner Gallardo St., Salcedo Village, Makati City

No.	BRANCH	ADDRESS
479	Tordesillas - The Orient Mansion	G/F The Orient Mansion Condominium, 118 Tordesillas St. near corner H.V. dela Costa, Brgy. Bel-Air, Salcedo Village, Makati City
480	Trident - Gil Puyat	G/F Trident Tower Bldg., 312 Sen. Gil. Puyat Avenue, Makati City
481	UN Avenue	Puso ng Maynila Bldg., UN Avenue corner A. Mabini St., Ermita, Manila
482	UN Avenue – Times Plaza	Units 16 & 17 G/F, Units SC-3A & SC-8B 2F, Times Plaza Bldg., U.N. Avenue corner Taft Ave., Brgy. 666, Ermita, Manila
483	V. Luna - Kalayaan Avenue	Unit 101 Kalayaan Center Bldg., 65-67 V. Luna Road corner Kalayaan Avenue corner Maginoo St., Brgy. Pinyahan, Quezon City
484	V - Mall	G/F New V- Mall, Greenhills Shopping Center, San Juan, MM
485	V. A. Rufino - Sotto	115 YL Building, V.A. Rufino cor. Sotto St., Legaspi Village Brgy. San Lorenzo, Makati City
486	V.A. Rufino - Tuscan	G/F Tuscan Condominium, 114 V. A Rufino St., Legaspi Village, Makati City
487	Valenzuela	Km. 15 MacArthur Highway, Dalandanan, Valenzuela
488	Valenzuela - Gateway Complex	Valenzuela Gateway Complex, 318 GS Paso De Blas St., Brgy. Paso De Blas, Valenzuela City
489	Valenzuela - Gen. T. De Leon	Gen. T. De Leon St., Valenzuela City
490	Valenzuela – Happy Go Shopping Mall	Shop 2, Happy Go Shopping Mall, Ibaba St., Brgy. Bignay, Valenzuela City
491	Valero - Salcedo Village	G/F Pearlbank Center, 146 Valero St., Salcedo Village, Makati City
492	Villar - Salcedo Village	Eurovilla III Condominium 154 Villar St. corner L.P. Leviste St., Salcedo Village, Makati City
493	Visayas Avenue	30 Visayas Ave. near corner Congressional Ave., Brgy. Bahay Toro, Quezon City
494	Waltermart - North EDSA	G/F Walter Mart Center - North EDSA, Dangay St., Veterans Village, Quezon City
495	Waltermart - Bicutan	G/F Waltermart Bicutan, Km 16 East Service Road corner Mañalac Avenue, Brgy. San Martin de Porres, Bicutan, Parañaque
496	Waltermart – E. Rodriguez	WQCC 019, Waltermart E. Rodriguez, No. 222 Pacific Center E. Rodriguez Sr. Avenue, Brgy. Kalusugan, Quezon City
497	Waltermart - Sucat	G/F Waltermart Sucat, Dr. A Santos Ave, Paranaque City
498	Waltermart – The Junction Place Novaliches	G/F, Waltermart The Junction Place, 328 Quirino Highway, Brgy. Talipapa, Novaliches, Quezon City

No.	BRANCH	ADDRESS
499	Washington - Gil Puyat	G/F Keystone Bldg., 220 Gil Puyat Avenue, Makati City
500	West Avenue - Baler	G/F 118 Jafer Bldg., 118 West Avenue, Quezon City
501	West Avenue - Del Monte	40 West Avenue, 1104 West Triangle, Quezon City
502	West Avenue-East Maya	160 Ground Floor Columbian Bldg., Near corner EDSA, West Avenue corner East Maya Drive, Philam, Quezon City
503	Zabarte – Kaligayahan	Lot 16 Block 5, Zabarte Road, Brgy. Kaligayahan, Quezon City
504	Zurbaran	Rizal Avenue corner Fugoso St., Sta. Cruz, Manila

(e) Provincial Branches:

1. Lot leased

No.	BRANCH	ADDRESS
1	Angono - National Highway	Lot 3 Blk. 4, M.L. Quezon Avenue, Brgy. San Isidro, Angono, Rizal
2	Bacoor - New Molino Blvd.	New Molino Blvd., Brgy. Molino 3, Bacoor , Cavite
3	Bacoor Molino - Bahayang Pag - asa	L-20 B-5 Avenida Rizal St., Bahayang Pag-asa Subd., Brgy. Molino 5, Bacoor, Cavite
4	Baliwag - Poblacion	B.S. Aquino corner J. Buizon, Brgy. Poblacion, Baliwag, Bulacan
5	Bataan - Mariveles FAB	Avenue of the Philippines cor. 8th Avenue Freeport Area of Bataan (the FAB), Brgy. Malaya, Mariveles, 2106 Bataan
6	Batangas - Mabini	National Road, Brgy. Pulong Niogan, Mabini, Batangas
7	Batangas - Rosario	BDO Bldg., G. Carandang St., Brgy. C Poblacion, Rosario, Batangas
8	Bocaue - MacArthur Highway	MacArthur Highway, Brgy. Wakas, Bocaue, Bulacan
9	Bohol Tagbilaran - Visarra	C.P. Garcia Avenue near corner Visarra St., Bohol, Tagbilaran City
10	Bulacan - Obando	224 J.P. Rizal St., Brgy Pag-asa, Obando, Bulacan
11	Cabanatuan - Sanciangco	261 Sanciangco St., Brgy. Sanbermicristi, Cabanatuan City, Nueva Ecija
12	Cagayan De Oro - Bulua	Zone 3 Upper Bulua, Butuan-Cagayan de Oro-Iligan Rd., Cagayan de Oro City, 9000 Misamis Oriental
13	Cagayan De Oro - Limketkai	L-6 B-2, Limketkai Ave., Limketkai Commercial Complex, Brgy. 31, Poblacion, Cagayan De Oro City, Misamis Oriental

No.	BRANCH	ADDRESS
14	Cavite - Dasmariñas Aguinaldo Highway	Gen. Emilio Aguinaldo Highway corner Natividad St., Dasmariñas, Cavite
15	Cavite - Dasmariñas FCIE	Governor's Drive, Brgy. Langkaan, Dasmariñas, Cavite
16	Cavite - EPZA	Cavite EPZA Compound, 4106 Rosario, Cavite
17	Cavite - Naic	Governor's Drive corner Soriano Highway, Naic, Cavite
18	Cavite - Silang	J.P. Rizal St. cor. Kiamzon St., Brgy. Poblacion III, Silang, Cavite
19	Cebu - Carcar	Dr. Jose Rizal St., Brgy. Poblacion, Carcar City, Cebu
20	Cotabato - Kabacan	Rizal Avenue, National Highway, 9407 Kabacan, North Cotabato
21	Cotabato Midsayap – Quezon Avenue	Quezon Avenue, Brgy. Poblacion 5, Midsayap, North Cotabato
22	Dumaguete - Silliman Campus	North National Highway, Dumaguete City, Negros Oriental
23	Iloilo - Central	Iznart St. Lot 317-B-2-A-1, 5000 Iloilo City, Iloilo
24	Iloilo - Molo	M.H. Del Pilar St., corner Jocson St., Molo, Iloilo City
25	Kawit - Binakayan	Lot 305 – B-3, 140 National Road, Brgy. Binakayan, Kawit, Cavite
26	Mactan - EPZA 1	Mactan-EPZA Compound, 6000 Lapu-Lapu City, Cebu
27	Masbate	Quezon St., Brgy. Pating, Masbate City
28	Meycauayan - MacArthur Highway	MacArthur Highway, Brgy. Calvario, Meycauayan, Bulacan
29	Ozamiz – Rizal Avenue	J.P. Rizal Avenue corner H.T. Feliciano St., 50 th District, Ozamiz City, Misamis Occidental
30	Pangasinan – Lingayen	80 Avenida Rizal East, Brgy. Poblacion, Lingayen, 2401 Pangasinan
31	Quezon – Sariaya	Maharlika Road corner Rizal St. corner Quezon St., Brgy. Poblacion, Sariaya, Quezon
32	San Pedro - Rosario Complex 1	Lots 11 & 12, Rosario Avenue Complex 1, San Pedro, Laguna
33	Tarlac – Paniqui	M.H. Del Pilar St., MacArthur Highway, Brgy. Estacion, Paniqui, 2307 Tarlac

2. Building leased

No.	BRANCH	ADDRESS
1	Abra - Bangued	Unit 12, The Rosario Bldg., Taft St. corner Magallanes St., Zone 5, 2800 Bangued, Abra
2	Agusan del Sur – San Francisco Gaisano	G/F Stall 28 & 29, Gaisano Grand Mall San Francisco, Davao-Agusan National Highway, Brgy. 5, San Francisco, Agusan del Sur

No.	BRANCH	ADDRESS
3	Aklan - Kalibo	Along XIX Martyrs St., Kalibo, Aklan 5600
4	Aklan - Boracay	Station 2, Brgy. Balabag, Boracay Island, Malay, Aklan
5	Aklan - CityMall Boracay	Units 5-6 & 11-12 CityMall Boracay, Sitio Diniwid, Brgy. Balabag, Boracay Island, Malay, Aklan
6	Aklan - CityMall Kalibo	Units 123-125 CityMall Kalibo, F. Quimpo St., Brgy. Andagao, Kalibo, Aklan
7	Albay - Daraga	Rizal St. corner Burgos St., Brgy Centro Ilawod, Daraga, Albay
8	Albay – Polangui	Provincial Road corner Brgy. Road, Brgy. Ubaliw, Polangui, Albay
9	Albay - Tabaco	Along Ziga Avenue, Tabaco, Albay
10	Angeles - Friendship Highway	ECCO Bldg., Fil-Am Friendship Highway, Brgy. Anunas, Angeles City, Pampanga
11	Angeles – Marquee Mall	Level 1, Space No. 1070, Marquee Mall, A. Gueco St., Brgy. Pulung Maragul, Angeles City, Pampanga 2009
12	Angeles - Nepo Mart	Entec Bldg., Teresa Avenue, Nepo Mart Complex, Brgy. Cutcut, Angeles City, Pampanga
13	Angeles - Sto. Domingo	Bee King Bldg., MacArthur Highway, Brgy. Sto. Domingo, Angeles City, Pampanga
14	Angono – Xentro Mall	G/F AB Commercial Plaza, M.L. Quezon Avenue, Brgy. San Isidro, Angono, Rizal
15	Antipolo Plaza	Gatsby Bldg. II, M. L. Quezon St., Antipolo
16	Antipolo - B. V. Soliven	Blk 24, Lot 1, Benito V. Soliven Avenue, Greenheights Subdivision, Brgy. Mayamot, Antipolo City
17	Antipolo - Circumferential Rd.	G/F 1 Cirq Bldg., Circumferential Road, Brgy. San Roque, Antipolo City
18	Antipolo – M.L. Quezon St.	151 M.L. Quezon St., Brgy. San Roque, Antipolo City
19	Antipolo - Sumulong Highway	BDO Bldg., Sumulong Highway, Masinag, Mayamot, Antipolo
20	Antipolo – Xentro Mall	LS01-05, Xentro Mall Antipolo, Sumulong Highway, Brgy. Mambungan, Antipolo City
21	Bacolod - Araneta	Cineplex Complex, Araneta St., Bacolod City
22	Bacolod - East Block IT Park	G/F Villa Angela East Block Bldg A, The Block IT Park, Carlos Hilado National Highway, Bacolod City
23	Bacolod - Goldenfield	Building 1, Goldenfield Commercial Complex, Araneta St., Brgy. Singcang, Bacolod City
24	Bacolod - Gonzaga	Gonzaga - Lopez Enterprise Bldg., Gonzaga St., Bacolod City
25	Bacolod - Hilado	Hilado corner F. Y. Manalo St., 6100 Bacolod City, Negros Occidental
26	Bacolod - Libertad	Corner Hernaez St. & Lopez Jaena St., Bacolod City, Negros Occidental

No.	BRANCH	ADDRESS
27	Bacolod - Mandalagan	G/F Sta. Clara Estate Bldg., Lacson St., Mandalagan, Bacolod City
28	Bacoor – Molino Town Center	Ground Floor, Unit B Molino Town Center, Molino – Paliparan Road, Brgy. Molino IV, Bacoor City, 4102 Cavite
29	Bacoor - Puregold Panapaan	G/F Commercial Unit No. 2-4, Puregold Bacoor Cavite, Aguinaldo Highway, Brgy. Panapaan, Cavite
30	Bacoor - Zapote	Zapote Centre, Aguinaldo Highway, Zapote Road, Brgy. Zapote 4, Bacoor, Cavite
31	Baguio - Abanao Square	Abanao Square Mall, Abanao St. corner Zanduetta St., Brgy. AZKCO, Baguio City
32	Baguio - Bokawkan Road	69 Bokawkan Road, Brgy. Dizon Subdivision, Baguio City
33	Baguio - Harrison Road	G/F Our Lady of Lourdes Bldg., No.7 Harrison Rd., Brgy. Harrison Carantes Claudio, Baguio City
34	Baguio - Kennon Road	C & Triple A Bldg., Kennon Road corner Parisas St., Brgy. Camp 7, Baguio City
35	Baguio - Legarda	Our Lady of Fatima Bldg., Yandoc St., Kayang Extension, Brgy. Palma-Urbano, Baguio City
36	Baguio – Leonard Wood Road	ETCC Commercial Complex, Leonard Wood Road, Brgy. Cabinet Hill – Teachers Camp, Baguio City
37	Baguio - Luneta	Luneta Hill, Upper Session Road, Session Road-Governor, Brgy. Pack Road, Baguio City
38	Baguio - Marcos Highway Balsigan	G/F, ECCO Bldg., No. 39 Marcos Highway, Brgy. Imelda Marcos, Baguio City
39	Baguio - Marcos Highway Centerpoint	G/F Centerpoint Plaza, Marcos Highway, Brgy. Bakakeng Central, Baguio City
40	Baguio - Session Road	G/F, National Life Bldg., Session Road, Session Road-Governor, Brgy. Pack Road, Baguio City
41	Balanga - Capitol Drive	G/F, CT Edifice, Capitol Drive cor. Kinatawan Rd., San Jose, Balanga City, Bataan
42	Bataan - Orani	Provincial Road corner Calle Coronel Leyba, Brgy. Parang-Parang, Orani, Bataan
43	Batangas - Balayan	Antorcha St., Balayan, Batangas
44	Batangas - Bauan	Kapitan Ponso St., Bauan, Batangas
45	Batangas - Diego Silang	Tom's Place, Diego Silang St. corner Maria de Jesus, Brgy. 15, Batangas City
46	Batangas - First Phil. Industrial Park	G/F Administration Bldg., First Philippine Industrial Park, Brgy. Sta. Anastacia, Sto. Tomas, Batangas
47	Batangas - Gulod	MB Bldg., Batangas Tabangao-Lobo Road, Brgy. Gulod Labac, Batangas City, Batangas
48	Batangas - Kumintang	Along National Highway, Brgy. Kumintang Ilaya, Batangas City, Batangas

No.	BRANCH	ADDRESS
49	Batangas - Lemery Ilustre	Ilustre Avenue corner Lakandula St., Lemery, Batangas
50	Batangas - Lemery Xentro Mall	G/F Xentro Mall Lemery, Brgy. Malinis, Lemery, Batangas
51	Batangas - Lima Technology Center	Units R08-S02, Block E, The Outlets at Lima Technology Center, Brgy. Bugtong na Pulo, Lipa City, Batangas 4217
52	Batangas - P. Burgos	P. Burgos St. corner Evangelista St., Brgy. Poblacion, Batangas City
53	Batangas - San Juan	Marasigan corner Kalayaan St., San Juan, Batangas
54	Benguet - La Trinidad	G/F VC Arcadain Bldg., Km. 5, La Trinidad, Benguet
55	Biñan Central Mall	G/F Biñan Central Mall, Units 8 & 9, Malvar St. corner Old National Highway, Biñan, Laguna
56	Biñan - A. Mabini	Rey Bldg., A. Mabini St., Poblacion, 4024 Binan, Laguna
57	Biñan – San Antonio	Alalmeda 2 Arcade, Tulay Bato Old National Highway, Brgy. San Antonio, Biñan City, Laguna
58	Bohol - Panglao	G/F Units 1-5, Hennan Resort Commercial Bldg., Panglao Circumferential Road, Brgy. Tawala, Panglao Island, Bohol
59	Bohol - Tagbilaran	CP Garcia Avenue., 6300 Tagbilaran City, Bohol
60	Bohol – Tubigon	Holy Cross Academy, National Highway, Brgy. Centro, Tubigon, Bohol
61	Bulacan - Balagtas	McArthur Highway, Brgy. San Juan, 3016 Balagtas, Bulacan
62	Bulacan - Bocaue	MacArthur Highway, Brgy. Biñang 1st, Bocaue, Bulacan
63	Bulacan - Bustos	LRM Complex, Hilario St., Brgy. Poblacion, Bustos, Bulacan
64	Bulacan - Hagonoy	Provincial Road, Brgy. Sto. Niño, Hagonoy, Bulacan
65	Bulacan - Norzagaray	G/F, Prince Ken Bldg. II, Circle, Gen. Alejo G. Santos Highway, Brgy. Poblacion, Norzagaray, Bulacan
66	Bulacan - Primark Plaridel	G/F, Primark Town Center Plaridel, Cagayan Valley Road, Brgy. Banga 1 st , Plaridel, Bulacan
67	Bulacan - Pulilan	Doña Remedios Trinidad Highway, Sto. Cristo, Pulilan, Bulacan
68	Bulacan - Puregold Baliwag	G/F Puregold Baliwag, Benigno S. Aquino Ave., Brgy. Bagong Nayon, Baliwag, Bulacan
69	Bulacan - Puregold Bulakan	G/F Commercial Unit 1, Puregold Bulakan, Brgy. Bagumbayan, Bulakan, Bulacan
70	Bulacan - San Jose Del Monte	National Highway, Tungkong Mangga, San Jose Del Monte City, Bulacan

No.	BRANCH	ADDRESS
71	Bulacan - San Miguel	LV Bldg., Maharlika Highway, Brgy. Camias, San Miguel, Bulacan
72	Bulacan - San Rafael	Km. 59.5, Cagayan Valley Road, Brgy. Maguinao, San Rafael, Bulacan
73	Bulacan - Sapang Palay	G/F Elizabeth Place 1 Bldg., Bagong Buhay Ave., Brgy. Sapang Palay, San Jose Del Monte City, Bulacan
74	Bulacan - Sta. Maria M.G. De leon	15 M.G. De Leon St., Poblacion, 3022 Sta. Maria, Bulacan
75	Bulacan - Sta. Rita Guiguinto	126 Cagayan Valley Road, Brgy. Sta. Rita, Guiguinto, Bulacan
76	Bulacan Sta. Maria - Bagbaguin	NEM Bldg., Gov. F. Halili Avenue, Bagbaguin, Sta. Maria, Bulacan
77	Bulacan Sta. Maria - Pulong Buhangin	GRECON Bldg., Km. 38 National Road, Brgy. Pulong Buhangin, Sta. Maria, Bulacan
78	Butuan - Estacio Village	Butuan Doctor's College, J.C. Aquino Ave. cor. Victoria St., Brgy. Bayanihan, Butuan City, Agusan del Norte
79	Butuan - J.C. Aquino Avenue	D & V Plaza II Bldg., J.C. Aquino Avenue, Butuan City
80	Butuan - Montilla	Montilla Blvd. near corner Lopez Jaena St., Butuan City, Agusan Del Norte
81	Cabanatuan - Maharlika Highway North	G/F DGS Building, Along Maharlika Road, Brgy. Bitas, Cabanatuan City, Nueva Ecija
82	Cabanatuan - Paco Roman	Along Paco Roman St., Brgy. City Supermarket, Cabanatuan City, Nueva Ecija
83	Cagayan – CityMall Aparri	CityMall Aparri, Cagayan Valley Road, Barrio of Macanaya, Cagayan
84	Cagayan de Oro - Carmen	Max Y. Surriel St. corner V. Neri St., Carmen, Cagayan de Oro
85	Cagayan de Oro - Cogon	JR Borja St., Cogon, Cagayan de Oro City
86	Cagayan de Oro - Hayes	G/F Trendline Department Store, Arch James Hayes St., Cogon, Cagayan de Oro City
87	Cagayan de Oro - Osmeña	Pres. S. Osmeña corner Ramon Chavez St., Cogon, 9000 Cagayan de Oro, Misamis Oriental
88	Cagayan de Oro - R.N. Pelaez Blvd.	Georgetown Cyber Mall, Rodolfo N. Pelaez Blvd., Kauswagan, Cagayan de Oro City
89	Cagayan De Oro - Xavier	Library Annex Bldg. Corrales Avenue, Cagayan de Oro City
90	Cainta Junction	Hipolito Bldg., Ortigas Avenue Extension, Cainta Junction, Cainta, Rizal
91	Cainta - A. Bonifacio Ave.	Ledor Commercial Center, A. Bonifacio Avenue corner Samonte St., Brgy. San Juan, Cainta, Rizal
92	Cainta – Felix Avenue	Felix Avenue near Cainta Junction, Brgy. Sto. Domingo, Cainta, Rizal

No.	BRANCH	ADDRESS
93	Cainta – Puregold	Puregold Cainta Junction, A. Bonifacio Ave., Brgy. Sto. Domingo, Cainta, Rizal
94	Calamba – CityMall	National Highway, Brgy. Lecheria, Calamba City, Laguna
95	Calamba – Halang National Highway	D’Verde Commercial Bldg., National Highway, Brgy. Halang, Calamba City, Laguna
96	Calamba - Paseo Uno	G/F Paseo Uno de Calamba, National Highway, Brgy. Paciano, Calamba City, Laguna
97	Mindoro – Puregold Calapan	Puregold Calapan Mindoro, J.P. Rizal St., Brgy. Camilmil, Calapan City, Oriental Mindoro
98	Camarines Norte - Daet	J. Lukban St. corner Moreno St., Poblacion, Daet, Camarines Norte
99	Camarines Sur - Calabanga	Galleria de Calabanga, Lot 2, Provincial Road, Brgy. San Francisco, Calabanga, Camarines Sur
100	Camarines Sur – GOA	Ground Floor, RCO Building, Rizal Street, Brgy. Panday, GOA, Camarines Sur
101	Camarines Sur - Nabua	Lot 374 CZA Bldg., National Rd. near cor. Maganda St., Brgy. San Antonio, Poblacion, Nabua, Camarines Sur
102	Camarines Sur - Pili	Santiago, Pili, Camarines Sur
103	Canlubang iMall	Don Bosco Ave. corner Silangan Industrial Park Road, Brgy. Canlubang, Calamba City, Laguna
104	Catanduanes - Virac	Rizal Avenue, Brgy. San Pedro, Virac, Catanduanes
105	Cavite - Dasmariñas Central Mall	Central Mall Dasmariñas, Emilio Aguinaldo Highway cor. Salitran St., Dasmariñas, Cavite
106	Cavite - Dasmariñas Salawag	EVY Commercial Bldg., Molino-Paliparan Rd., Brgy. Salawag, Dasmariñas, Cavite
107	Cavite - General Trias Manggahan	New Hall Commercial Center, Governor’s Drive corner Crisanto delos Santos Ave., Brgy. Manggahan, General Trias, Cavite
108	Cavite - Gen. Trias San Francisco	Lot 1, along Arnaldo Highway, Brookside Lane, Brgy. San Francisco, Gen. Trias, Cavite
109	Cavite - Imus Aguinaldo Highway	G/F DCR Bldg., Aguinaldo Highway, 4103 Imus, Cavite
110	Cavite - Imus Nueno Avenue	358 Exodus Bldg., Nueno Avenue, Imus, Cavite
111	Cavite - Puregold Buhay na Tubig	G/F Commercial Unit Nos. 4, 5 and 3A, Puregold Buhay na Tubig, Buhay na Tubig, Imus, Cavite
112	Cavite – Puregold GMA	Ground Floor and Second Floor, Puregold Building, Brgy. San Gabriel, Governor’s Drive, GMA, Cavite
113	Cavite - Puregold Noveleta	Puregold Noveleta Cavite, National Road, Brgy. Magdiwang, Noveleta, Cavite
114	Cavite - Puregold Tanza	G/F Puregold Tanza, Provincial Road, Tanza, Cavite

No.	BRANCH	ADDRESS
115	Cavite - Silang Aguinaldo Highway	LS 42-43: CS-03 Premier Plaza, Emilio Aguinaldo Highway, Brgy. Lucsuhin, Silang, Cavite
116	Cavite - Trece Martires	L Paseo Arcade, near corner Indang-Trece Road, Trece Martires City, Cavite
117	Cavite – Unitop Mall Dasmariñas	Commercial Space 103 & 105, Ground Floor, Unitop Mall Dasmariñas, Governor’s Drive cor. Paliparan – Silang Rd. Brgy. Paliparan 1, Dasmariñas City, Cavite
118	Cavite Imus – The District	Ground Floor Unit 109 Ayala Malls The District Imus, Aguinaldo Highway corner Daang Hari Road, Brgy. Anabu II-D, Imus City, Cavite
119	Cebu IT Park – TGU Tower	G/F TGU Tower, Salinas Drive corner J. M. Del Mar St., Asiatown IT Park, Apas, Cebu City
120	Cebu - Ayala Business Park	Cebu Towers, Mindanao corner Bohol Avenue, Cebu Business Park, Cebu City
121	Cebu - Ayala Mall	Stall R106 Ground Level, ACC Corporate Center, Ayala Center Cebu, Cebu Business Park, Cebu City
122	Cebu - Banilad	Gov. M. Cuenco Avenue, Banilad, Cebu City
123	Cebu - Bogo	P. Rodriguez corner San Vicente St., 6010 Bogo, Cebu City
124	Cebu - Capitol	Osmeña Blvd. corner Ma. Cristina St., 6000 Cebu City, Cebu
125	Cebu - CityMall Danao	T 10-12 CityMall Danao, Olivar Sr. Extension corner F. Ralota St., Brgy. Poblacion, Danao City, Cebu
126	Cebu - Colon	279 Colon St., Brgy. Kalubihan, Cebu City
127	Cebu - Consolacion	G/F Annex Bldg. Fooda Saversmart, Consolacion, Cebu
128	Cebu - Elizabeth Mall	G/F Elizabeth Mall, Leon Kilat corner South Expressway, Cebu City
129	Cebu - Escario	Cebu Escario St. Cebu City
130	Cebu - F. Cabahug	Unit 10 Northwood Square, F. Cabahug St., Brgy. Kasambagan, Panagdait, Cebu City
131	Cebu - F. Ramos	134 Borromeo Bldg., F. Ramos corner Arlington Pond, Cebu City 6000
132	Cebu - Guadalupe	R. Duterte corner V. Rama St., Guadalupe, Cebu City
133	Cebu - Insular Life Business Centre	G/F Insular Life Cebu Business Centre, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City
134	Cebu - J. Mall	Unit 1 & 2 LG/F, J Centre Mall, A.S. Fortuna St., Bakilid, Mandaue City 6014
135	Cebu - Legaspi	Legaspi corner Zamora St., Cebu City
136	Cebu - Magallanes	Plaridel St. corner Magallanes St., Cebu City
137	Cebu - Mambaling	Grand Orchard Commercial Bldg., C. Padilla St., Mambaling, Cebu City

No.	BRANCH	ADDRESS
138	Cebu – Minglanilla	G/F, Unit B & C, Belmont One Commercial Bldg., Cebu South Road, Sitio Puntod, Brgy. Upper Calajoan, Minglanilla, Cebu
139	Cebu - Osmeña	JR Martinez Bldg., Osmena Blvd., Sta. Cruz, Cebu City
140	Cebu - Parkmall	Unit 29 - 31 Parkmall, No. 168 Ouano Avenue, Mandaue Reclamation Road, Mandaue City, Cebu
141	Cebu - Philam Life Center	Units 6 & 7, Philam Life Center, Cardinal Rosales Avenue corner Samar Loop, Cebu Business Park, Brgy. Luz, Cebu City
142	Cebu - Tabo-an	T. Abella St., San Nicolas Central 6000, Cebu City
143	Cebu IT Park – HM Tower	Units G01 and G02 HM Tower, Abad corner Geonzon St., Cebu IT Park, Brgy. Apas, Cebu City
144	Cebu Mandaue – A. C. Cortes	Units 1-4 Ibabao Square, A. Cortes Avenue, Brgy. Ibabao, Mandaue City, Cebu
145	Cebu Mandaue - A. S. Fortuna	RKD Bldg., 867 A.S. Fortuna St., Brgy. Banilad, Mandaue City, Cebu
146	Cebu Mandaue - North Road	G/F North Road Plaza, National Highway, Labogon, Mandaue City, Cebu
147	Cebu Mandaue - Subangdaku	La Fuerza Compound, Subangdaku, Mandaue City, Cebu
148	Cebu Mandaue - U.N. Avenue	The North Park, U.N. Avenue, Brgy., Alang-Alang, Mandaue City, Cebu
149	Cebu Tabunok	PBS Bldg., 2668 National Highway Tabunok Talisay, Cebu City
150	Clark – Philexcel Business Park	Philexcel Business Park, Manuel A. Roxas Highway, Clark Freeport Zone, Pampanga
151	Clark Center	Unit 1, 2, 9 & 10, Clark Center 14, Jose Abad Santos Avenue, Brgy. Sapangbato, Clark Freeport Zone, Pampanga
152	Cotabato - CityMall	Unit 157 CityMall Cotabato, Gov. Guitierrez Avenue, Brgy. Rosary Heights 7, Cotabato City
153	Cotabato - Midsayap	Jaycee St., 9410 Midsayap, North Cotabato
154	Cotabato – S. K. Pendatun	G/F Insular Life Bldg., Salipada K. Pendatun Ave., Brgy. Poblacion 5, Cotabato City, Maguindanao
155	Dagupan - Mayombo	G/F, BHF Family Plaza, MacArthur Highway, Brgy. Mayombo, Dagupan City, 2400 Pangasinan
156	Dagupan - Perez	386 Perez Blvd., Brgy. Pogo Chico, Dagupan City, 2400 Pangasinan
157	Dagupan - Tapuac	Units 8, 9, 10 Mother Goose Play School Bldg., MacArthur Highway, Brgy. Tapuac District, Dagupan City, 2400 Pangasinan
158	Davao Magsaysay	Ramon Magsaysay Avenue, Davao City

No.	BRANCH	ADDRESS
159	Davao - Agdao	Lapu- Lapu St., 8000 Agdao, Davao City
160	Davao – Poblacion Market Central	Ground Floor, Units 19, 20, 21 and 22, Poblacion Market Central, C. Bangoy St., Brgy. 4A, Poblacion, Davao City
161	Davao - Buhangin	KSS Bldg., Buhangin Road cor. Olive St., Brgy. Buhangin, Davao City
162	Davao – Gaisano Grand Citygate Mall	G/F Gaisano Grand Citygate Mall, Cabantian corner Tigatto Roads, Brgy. Buhangin, Davao City 8000, Davao Del Sur
163	Davao - Calinan	WTKC Realty Bldg., Davao-Bukidnon National Highway, Brgy. Calinan, Davao City
164	Davao - Felcris Centrale	Felcris Centrale, Quimpo Boulevard, Brgy. Bucana, Davao City
165	Davao - Lanang Insular Village	SJRDC Bldg., Insular Village 1 Commercial Area, Lanang, Davao City
166	Davao - Lizada	Ramon Magsaysay Avenue corner Lizada St., 8000 Davao City, Davao del Sur
167	Davao – Monteverde Gov. Sales	G/F Felcris Supermarket, Inc. Building, Gov. Sales Street, Brgy. 27 – C. Davao City, Davao Del Sur
168	Davao - Narra	Tomas Monteverde Avenue corner Narra St., Davao City
169	Davao - Panabo	National Highway, Brgy. Sto. Niño, Panabo City, Davao del Norte
170	Davao - Quirino Avenue	Nicolas 1 Bldg., Quirino Avenue, 8000 Davao City
171	Davao - Rizal	365 Farmar Building, Rizal St., Brgy. 3-A Poblacion, Davao City
172	Davao - Sta. Ana	Monteverde corner F. Bangoy St., 8000 Davao City, Davao del Sur
173	Davao - Sta. Ana Gempesaw	Sta. Ana Avenue corner Gempesaw St., Brgy. 015, Davao City
174	Davao - Toril Gaisano Grand Mall	G/FS 01-02, Gaisano Grand Toril, National Highway corner Saavedra St., Brgy. Lizada, Toril, Davao City
175	Davao - Wood Lane Diversion Road	Unit 1B G/F Bldg. 2, The Shoppes at Wood Lane, Diversion Road (Carlos P. Garcia Highway), Brgy. Ma-a, Davao City, Davao del Sur
176	Davao Digos - San Jose	G/F Ladera Bldg., Rizal Avenue, Brgy. Zone III, Digos City, Davao Del Sur
177	Davao Tagum - National Highway	BIBU Square, Liwayway Commercial Area, National Highway, Brgy. Magugpo East, Tagum City, Davao del Norte
178	Dipolog – Rizal Avenue	Rizal Avenue near corner Gonzales St., Brgy. Central, Dipolog City
179	Dumaguete – CityMall	Unit 03 CityMall Dumaguete, North National Highway, Brgy. Daro, Dumaguete City

No.	BRANCH	ADDRESS
180	Gaisano Grand Mall - Cotabato Kidapawan	G/F Gaisano Grand Mall Kidapawan, Quezon Blvd., Purok 1, Brgy. Lanao, Kidapawan City, North Cotabato
181	General Santos	Santiago Blvd. corner J.P. Laurel St., General Santos City
182	General Santos - National Highway	Tandem Center, Pasiliao Subdivision, National Highway, Brgy. City Heights, General Santos City, South Cotabato
183	General Santos – Robinsons Place	Level 1, Robinsons Place General Santos, J. Catolico Sr. Avenue, Purok 4, Brgy. Lagao, General Santos City
184	Iligan – Andres Bonifacio Avenue	Unit 101, Solana District, Andres Bonifacio Avenue, Brgy. San Miguel, Iligan City, Lanao Del Norte
185	Iligan - Quezon Avenue	Quezon Avenue, 9200 Iligan City, Lanao Del Norte
186	Ilocos Norte - Batac	Aoigan Building, Washington St., Brgy. 2 Ablan, City of Batac, 2906, Ilocos Norte
187	Ilocos Sur - Cabugao	MacArthur Highway, Brgy. Bacilig, Cabugao, Ilocos Sur
188	Ilocos Sur - Candon	National Highway corner Abaya St., Brgy. San Jose, Candon City, 2710, Ilocos Sur
189	Ilocos Sur – Narvacan	National Road, Brgy. Sta Lucia, Narvacan, Ilocos Sur
190	Iloilo - Arevalo	Calle M.L. Quezon corner Gen. Yulo Drive, Brgy. Quezon, Arevalo, Iloilo City
191	Iloilo - CityMall Pavia	G/F, Units 01 & 02, Citymall Pavia, Iloilo R3 Road corner C1 Road, Brgy. Ungka, Pavia, Iloilo
192	Iloilo - General Luna	48 LPHTP Bldg., General Luna St., Iloilo City, 5000
193	Iloilo - Jaro	NB Bldg., Lopez Jaena St., Jaro, Iloilo City
194	Iloilo - La Paz	G/F INJAP Bldg. corner Luna St. & Huervana St., La Paz, Iloilo City
195	Iloilo - Ledesma	G/F Esther Bldg., Ledesma St., Iloilo City
196	Iloilo - Passi	G/F Fronthub Ventures Bldg. Simeon Aguilar St. (National Road) corner Commonwealth Drive, Brgy. Ilawod, Passi City, Iloilo
197	Iloilo - Quezon St.	Lots 3 & 5 Quezon St., Iloilo City
198	Iloilo - Tabuc Suba	Roger's Bldg., McArthur Highway, Tabuc Suba, Iloilo City
199	Iloilo Jaro - CityMall Tagbak	UO2 CityMall Tagbak Jaro Iloilo, MacArthur Highway, Brgy. Tagbak, Jaro, Iloilo City
200	Iriga City	Iriga Plaza Hotel, Msgr. Lanuza St., San Francisco, Iriga City, Camarines Sur
201	Iriga City – Puregold	G/F Commercial Unit 1, Puregold Iriga City, Highway 1, San Roque, Iriga City 4431

No.	BRANCH	ADDRESS
202	Isabela - Ilagan	Along Maharlika Highway, Brgy. Calamagui 2 nd , City of Ilagan, Isabela
203	Isabela - Primark Cauayan	Primark Town Center, Maharlika Highway corner Cortes St., Brgy. San Fermin, Cauayan City, Isabela
204	Isabela - Primark Cordon	G04, G/F, Primark Cordon Isabela, Pan Philippine Highway, Brgy. Roxas, Cordon, Isabela
205	Isabela - Tumauni	National Highway, Brgy. San Pedro, Tumauni, Isabela
206	Isabela Cabagan - Xentro Mall	G/F Xentro Mall, Brgy. Ugad, Cabagan, Isabela
207	Isabela Santiago - Xentro Mall	G/F Xentro Mall corner National Highway & 4 Lanes Rd., Brgy. Villasis, Santiago City, Isabela
208	Kawit – Centennial Road	Unit 102, V Central Mall, Centennial Road, Brgy. Magdalo Putol, Kawit, Cavite
209	La Union - Agoo	CMC North Bldg., National Highway, Brgy. San Nicolas Sur, Agoo, La Union
210	La Union San Fernando - Manna Mall	G/F Manna Mall, National Highway corner Diversion Road, Brgy. Pagdaraoan, San Fernando City, La Union
211	La Union San Fernando - Rizal Avenue	Rizal Avenue corner Ortega St., Brgy. IV, City of San Fernando, La Union
212	Laguna - Alaminos	KCD Commercial Complex, National Highway, Brgy. II Poblacion, Alaminos, Laguna
213	Laguna - Cabuyao	G/F Lim-Bell Business Center, J.P. Rizal St., Cabuyao, Laguna
214	Laguna - Carmelray I	Administration Bldg., Carmelray Industrial Park I, Carmeltown, Canlubang, Calamba, Laguna
215	Laguna - Carmelray II	Administration Bldg., Carmelray Industrial Park II, Km. 54 National Highway, Brgy. Milagrosa, Calamba City
216	Laguna - Pagsanjan	JP Rizal St. corner F. De San Juan St., Brgy. Dos, Poblacion, Pagsanjan, Laguna
217	Laguna - Sta. Cruz	Along Regidor St., Sta. Cruz, Laguna
218	Laguna - Sta. Cruz National Highway	G/F E Home Town Center, National Highway, Brgy. Pagsawitan, Sta. Cruz, Laguna
219	Laguna - Technopark	G/F Laguna Technopark, Admin. Bldg. 1, North Main Avenue, Laguna Technopark Biñan, Laguna
220	Laoag - Castro	Pichay Bldg., J.P. Rizal corner A. Castro St., Brgy. 16, San Jacinto, Laoag City
221	Legazpi City - Albay District	G/F & Mezzanine Floor, ZPC Bldg., Rizal St., Brgy. Baño, Old Albay, Legazpi City, Albay
222	Legazpi City - Rizal St.	Rizal corner Gov. Imperial St., Legaspi City
223	Legazpi City - Rotonda	Rizal St., 4500 Legaspi City, Albay
224	Legazpi City - Tahao	AGR Building, Alternate Road, Tahao, Legazpi City

No.	BRANCH	ADDRESS
225	Leyte - Ormoc Gaisano	G/F Gaisano Capital Ormoc Riverside, Brgy. Alegria, Ormoc City, Leyte
226	Lipa - Ayala Highway	Casa Esperanza Bldg., Pres. JP Laurel Highway, Brgy. Mataas na lupa, Lipa City
227	Lipa – High 5 Square	High 5 Square, Ayala Highway, Mataas na Lupa, Lipa City, Batangas
228	Lipa Town Center	Unit Nos. 101 and 102, Lipa Town Center, JP Laurel Highway, Brgy. Sico, Lipa City, Batangas
229	Lipa – Puregold	G/F Puregold Lipa, Gen. Luna St., cor. D.P.Laygo St. & H.La Torre St., Brgy. 10, Lipa City, Batangas
230	Los Baños	Olivarez Plaza Cinema & Supermarket Complex, along National Highway, Brgy. Batong Malake, Los Baños
231	Lucena - Enriquez	Enriquez corner Evangelista St., Lucena City
232	Lucena - Gulang-Gulang	505 Quezon Avenue Extension, Brgy. Gulang-gulang, Lucena City
233	Lucena - Iyam	Space 4-6, Kester Bldg., Maharlika Highway corner Love St., RosarioVillage Subd., Brgy. Ilayang Iyam, Lucena City
234	Lucena - Quezon Avenue	Quezon Avenue corner Profugo St., Lucena City, Quezon
235	Lucena - Tagarao	M.L. Tagarao St., Brgy. 5, Lucena City
236	Mactan - EPZA 2	Unit 204 NGA Bldg. 2, Pueblo Verde MEZ II, Basak, Lapu-Lapu City
237	Mactan – Lapu-Lapu GMC	Unit 9, The Arcade, ML Quezon Highway, Pajo, Lapu-Lapu City
238	Mactan – Pajo National Highway	Hofuna Cresente Building, 2783 ML Quezon National Highway, Sangi, Pajo, Lapu-Lapu City
239	Malolos - Crossing	G/F Margen Bldg., MacArthur Highway, Sumapang Matanda, Malolos City, Bulacan
240	Marcos - Sumulong Highway	Kingsville Commercial Arcade, Marcos Highway, 1870 Antipolo, Rizal
241	Marcos Highway	Town & Country Commercial Arcade, Marcos Highway corner Narra St., Cainta, Rizal
242	Marcos Highway – Feliz Mall	G/F Space No. 171, Ayala Malls Feliz, Marcos Highway, Brgy. Dela Paz, Pasig City
243	Marcos Highway - Vermont Park	Park Place Building, Marcos Highway corner Vermont Park, Brgy Mayamot, Antipolo City
244	Marilao - MacArthur Highway	Unit 1-3 Cecilia Commercial Complex, Abangan Norte, MacArthur Highway, 3019 Marilao, Bulacan
245	Masbate – F. Magallanes	Lot Nos. 1058 – B – 1 & 2, Quezon Street, Brgy. F. Magallanes, Masbate City, Masbate
246	Meycauayan - Malhacan	Supima Square Commercial Complex, Lukytex Compound, Malhacan Road, Meycauayan, Bulacan

No.	BRANCH	ADDRESS
247	Mindoro – Calapan	J.P. Rizal St., 5200 Calapan, Oriental Mindoro
248	Mindoro – CityMall Calapan	T-3, T-4 & T-5 CityMall – Calapan, A. Bonifacio corner Roxas Drive, Brgy. Ilaya, Calapan City, Oriental Mindoro
249	Misamis Occ. - Oroquieta	Mayor A. Enerio St., Oroquieta City, 7207 Misamis Occidental
250	Misamis Oriental - Gingoog	National Highway, Gingoog City, Misamis Oriental
251	Montalban – Puregold	G/F Units 3-5, Rodriguez Highway, Brgy. Rosario, Montalban, Rizal
252	Naga - Concepcion Grande	G/F Commercial Bldg., Maharlika Highway, Brgy. Concepcion Grande, Naga City
253	Naga - Diversion Road	Building 5, Stalls A and B, M Plaza Roxas Avenue, Diversion Road, Concepcion Pequeña, Naga City
254	Naga - Elias Angeles	Chua O. Co Bldg., Elias Angeles St., Brgy. San Francisco, Naga City, Camarines Sur
255	Naga - General Luna	Nos. 80-82 General Luna St., Dinaga, Naga City
256	Naga - Magsaysay Avenue	One Magsaysay Bldg., Magsaysay Avenue corner Reno St., Brgy. Concepcion Pequeña, Naga City
257	Naga - Panganiban Drive	G/F DECA Corporate Center, Panganiban Drive, Brgy Tinago, Naga City, Camarines Sur
258	Naga - San Francisco	Brgy. San Francisco, Peñafrancia Avenue, Naga City
259	Negros Occ - Bago	Araneta Avenue cor. Gen. Luna St., Bago City, Negros Occidental 6101
260	Negros Occ - Binalbagan	Biscom Compound, Binalbagan, Negros Occidental
261	Negros Occ – CityMall Kabankalan	Unit 07 & 08, CityMall – Kabankalan, Justice Perez Highway corner Noceco Road, Brgy. Talubangi, Kabankalan City, Negros Occidental
262	Negros Occ - Hinigaran	Aguinaldo corner Rizal St., Hinigaran, 6106 Negros Occidental
263	Negros Occ - La Carlota	Yunque St. corner Gurrea St., Brgy. 1, La Carlota City, Negros Occidental
264	Negros Occ - San Carlos	S. Carmona St. corner Rizal St., San Carlos City, Negros Occidental
265	Negros Occ - Talisay	Paseo Mabini St., Brgy. Poblacion, Zone 9, Talisay City, Negros Occidental
266	Negros Occ - Victorias	Osmeña Avenue, Victorias City, Negros Occidental, 6119
267	Negros Oriental - Bayawan	G/F NVF Bldg., 441 National Highway, Brgy. Poblacion, Negros Oriental
268	Nueva Ecija - Gapan Maharlika Highway	Units 3-7, Maharlika Highway corner Sampaguita St., Brgy. Bayanihan, Gapan, Nueva Ecija

No.	BRANCH	ADDRESS
269	Nueva Ecija – Primark Gapan	Primark Gapan, Maharlika Highway corner Abad Santos Avenue, Brgy. San Vicente, Gapan City, Nueva Ecija
270	Nueva Ecija - San Jose	Maharlika Road, Brgy. Rafael Rueda Sr., San Jose City, Nueva Ecija
271	Nueva Ecija - Sta. Rosa	Along Maharlika Highway, Brgy. Conjuangco, Sta. Rosa, Nueva Ecija
272	Nueva Ecija - Talavera	G/F RDL Square 1 Bldg., Maharlika Highway, Brgy. Marcos District, Poblacion, Talavera, Nueva Ecija
273	Nueva Ecija – CityMall Sta. Rosa	T-23 & 24, CityMall-Sta. Rosa, Maharlika Highway, Brgy. Rizal, Sta. Rosa City, Nueva Ecija
274	Nueva Ecija – Primark Cabiao	G/F Primark Cabiao, Jose Abad Santos Avenue, Brgy. San Roque, Cabiao, Nueva Ecija
275	Nueva Ecija – Zaragoza	Along Tarlac-Sta. Rosa Road, Brgy. Del Pilar East, Zaragoza, Nueva Ecija
276	Nueva Vizcaya - Solano	Maharlika Highway, Brgy. Poblacion North, Solano, Nueva Vizcaya
277	Pampanga – Guagua Town Center	GTC Building, Lot 2, Olongapo-Gapan & Provincial Road, Brgy. San Matias, Guagua, Pampanga
278	Pampanga - Lubao	G/F, Mendoza-Diwa Bldg., Jose Abad Santos Avenue, Sta. Cruz, Lubao, Pampanga
279	Pampanga - Magalang	Pablo Luciano Avenue, Brgy. San Pedro 1, Poblacion, Magalang, Pampanga
280	Pampanga – Puregold Dau	G/F & 2/F, Puregold Dau, MacArthur Highway, Brgy. Dau, Mabalacat City, Pampanga
281	Pampanga San Fernando - Dolores	G/F, Rodriguez Bldg., MacArthur Highway, Dolores, City of San Fernando, Pampanga
282	Pampanga San Fernando - MacArthur Highway	G/F, Doña Isa Fel Bldg. II, MacArthur Highway, Dolores, San Fernando City, Pampanga
283	Pampanga San Fernando - Sindalan	Palm Bldg., MacArthur Highway, Sindalan, San Fernando City, Pampanga
284	Pampanga San Fernando – San Isidro	Kingspire Business Center, Mac Arthur Highway, Brgy. San Isidro, City of San Fernando, Pampanga
285	Pangasinan - Alaminos	Marcos Avenue, Brgy. Palamis, Alaminos City, 2404 Pangasinan
286	Pangasinan - Calasiao	G/F, Señor Tesoro Academy Bldg., Brgy. San Miguel, Calasiao, 2418, Pangasinan
287	Pangasinan - Carmen	MacArthur Highway, Brgy. Carmen East, Rosales, 2441 Pangasinan
288	Pangasinan - Mangaldan	Along Rizal Avenue, Brgy. Poblacion, Mangaldan, 2432 Pangasinan
289	Pangasinan - San Carlos	Palaris St., Brgy. Poblacion, San Carlos City, 2420 Pangasinan
290	Pangasinan - Tayug	Steve N Sons Bldg., Quezon Blvd., Brgy. B, Tayug, 2445 Pangasinan

No.	BRANCH	ADDRESS
291	Pangasinan – Bayambang	Rizal Avenue, Brgy. Zone II, Bayambang, 2423 Pangasinan
292	Pangasinan – Malasiqui	ARLU Bldg., Magsaysay St., Brgy. Poblacion, Malasiqui, 2421 Pangasinan
293	Pangasinan San Carlos – Magic Mall	G/F, Magic Mall, Roxas Blvd. Corner Zamora St., Brgy. Roxas Blvd., San Carlos City, Pangasinan 2420
294	Puerto Princesa – San Pedro	G/F Palawan Uno Hotel, National Highway, Brgy. San Pedro, Puerto Princesa City, Palawan
295	Quezon – CityMall Tiaong	Units T 3-5 CityMall- Tiaong, Maharlika Highway, Brgy. Lalig, Tiaong, Quezon
296	Quezon – Gumaca	JT Bldg., Maharlika Highway, Brgy. Peñafrancia, Gumaca, Quezon
297	Rizal - Montalban	G/F Montalban Town Center, Rodriguez Highway corner Lardizabal St., Brgy. San Jose, Rodriguez, Rizal
298	Rizal – Primark Cainta	G05-G06, Primark Cainta Rizal, Ortigas Avenue Extension cor. Don Celso Tuazon Ave., Brgy. San Juan, Cainta, Rizal
299	Rizal – Primark Teresa	G03, Primark Teresa Rizal, R. Magsaysay Ave., Brgy. San Gabriel, Teresa, Rizal
300	Rizal - Tanay	Tanay Town Center, Sampaloc Road corner F.T. Catapusan St., Plaza Aldea, Tanay, Rizal
301	Rizal – Binangonan	Lexar Building, Manila East Road, Brgy. Calumpang, Binangonan, Rizal
302	Rizal – Morong	G/F & 2/F Morong Centerpoint, No. 58 T. Claudio St., Brgy. San Juan, Morong, Rizal
303	Rizal – San Mateo	G/F & Mezzanine Flr., Doña Isabel Bldg., No. 29 Gen. Luna St., Brgy. Guitnang Bayan 1, San Mateo, Rizal
304	Robinsons – Dumaguete	Robinsons Dumaguete, Dumaguete Business South Road, Calingdagan, Dumaguete City
305	Robinsons Place - Lipa	Level 1, Space L1- 177, Robinsons Place-Lipa, Lipa Highway, Brgy. Mataas na Lupa, Lipa City, Batangas
306	Robinsons Place - San Nicolas	Unit 1-00144, Robinsons Place Ilocos, Brgy. 1 San Francisco, San Nicolas, Ilocos Norte
307	Robinsons Place – General Trias	Level 1 130-133, Robinsons Place General Trias, Antero Soriano Highway, EPZA, Bacao Diversion Road, Brgy. Tejero, General Trias, Cavite
308	Robinsons Place – Tuguegarao	Level 1 Tenant 1085-1086, Robinsons Place Tuguegarao, Maharlika Highway, Brgy. Tanza, Tuguegarao City, Cagayan
309	Robinsons Townville – Cabanatuan	G/F Unit RA1, Robinsons Townville, Brgy. H. Concepcion, Km. 111, Maharlika Highway, Cabanatuan City
310	Roxas – CityMall	CityMall-Roxas, Arnaldo Boulevard, Brgy. Baybay, Roxas City, Capiz

No.	BRANCH	ADDRESS
311	Roxas – Pueblo De Panay	G/F Hotel Veronica Bldg., Immaculate Heart of Mary Ave., Pueblo de Panay, Brgy. Lawa-an, Roxas City
312	Samar – Calbayog	Magsaysay Blvd. Corner Burgos St., Brgy. East Awang, Calbayog City, Samar
313	Samar - Catbalogan	Del Rosario St. corner Allen Avenue, 6700 Catbalogan, Samar
314	Samar – Catarman	E.B. Moore St. corner Anunciacion St., Brgy Lapu-Lapu, Catarman, Northern Samar
315	San Pablo - Maharlika Highway	G/F BienPaz Arcade, Maharlika Highway Junction, San Rafael, San Pablo City
316	San Pablo - Paulino	M. Paulino St., San Pablo City
317	San Pedro	National Highway Junction & Mabini St., Brgy. Nueva, San Pedro, Laguna
318	San Pedro – Robinsons Galleria South	Level 2 Robinsons Galleria South, National Highway, Brgy. Nueva, San Pedro City
319	San Pedro - Pacita	G/F M. Allen Bldg., Km 31, Old National, National Highway, San Pedro, Laguna
320	Savemore Market – EPZA	G/F Savemore Market EPZA General Trias, Diversion Road, EPZA, Brgy. Bacao Dos, General Trias, Cavite
321	SM CDO Downtown Premier	Location Code 112-114, G/F, SM CDO Downtown Premier, C.M. Recto corner Osmeña Sts., Brgy. Lapasan, Cagayan de Oro City
322	SM Center Angono	UG/F SM Center Angono, Manila East Road, Brgy. San Isidro, Angono, Rizal
323	SM Center Dagupan	Location Code 115, G/F, SM Center Dagupan, Herrero St., Brgy. Herrero- Perez, Dagupan City, 2400 Pangasinan
324	SM Center Imus	G/F, SM Center Imus (LC 163-164a, 173-174a), NIA and Alapan Road, Brgy, Bucandala, Imus, Cavite
325	SM Center Lemery	Location Code 127-130, G/F SM Center Lemery, Illustre Avenue corner Calle P. Gomez St., Brgy. District IV, Lemery, Batangas
326	SM Center Ormoc	G/F SM Center Ormoc (Location Code 123-125), Real St., Brgy. District 14, Ormoc City, Leyte
327	SM Center Pulilan	Location Code 140-142, G/F SM Center Pulilan, Plaridel-Pulilan Diversion Road, Brgy. Sto. Cristo, Pulilan, Bulacan
328	SM Center Tuguegarao Downtown	LC 117-119, G/F & 246B & 247A, SM Center Tuguegarao Downtown, Luna St. corner Mabini St. Brgy. Ugac Sur, Tuguegarao City
329	SM Cherry Antipolo	UG/F 122, 123 & 124, SM Cherry Foodarama Antipolo, Marcos Highway, Brgy. Mayamot, Antipolo City
330	SM City Bacolod	G/F South Wing Bldg. SM City Bacolod, Poblacion Reclamation Area, Bacolod City

No.	BRANCH	ADDRESS
331	SM City Bacolod North	G/F SM City Bacolod North Wing Bldg., Brgy. 12, Poblacion, Reclamation Area, Bacolod City
332	SM City Bacoor	UG/F SM City Bacoor, Gen. Aguinaldo Highway corner Tirona Highway Bacoor, Cavite
333	SM City Baguio	Location Code 176-179, Upper Ground Floor, SM City Baguio, Luneta Hill, Upper Session Road, Session Road-Governor, Brgy. Pack Road, Baguio City 2600
334	SM City Baliwag	G/F, SM City Baliwag (LC EX 101-102, 105b-107b), DRT Highway, Brgy. Pagala, Baliwag, Bulacan
335	SM City Batangas	G/F SM City Batangas, Brgy. Pallocan West, Batangas City
336	SM City Butuan	Location Code 178-181 A, Ground Floor, SM City Butuan, Jose C. Aquino Avenue corner Jose Rosales Avenue, Brgy. Lapu Lapu, Butuan City
337	SM City Cabanatuan	UG/F SM City Cabanatuan, Maharlika Highway, Brgy. Hermogenes C. Concepcion Sr., Cabanatuan City, Nueva Ecija
338	SM City Cagayan De Oro	G/F SM City Cagayan de Oro, Pueblo de Oro Business Park, Upper Canituan, Cagayan de Oro, Misamis Oriental
339	SM City Calamba	G/F SM City Calamba, National Highway, Brgy. Real, Calamba City, Laguna
340	SM City Cauayan	G/F & 2/F SM City Cauayan, Maharlika Highway, Brgy. San Fermin, Cauayan, Isabela
341	SM City Cebu	SM City Cebu North Reclamation Area, Cebu City
342	SM City Cebu B	UG/F The Northwing - SM City Cebu, North Reclamation Area, San Jose dela Montaña corner M.J. Cuenco Avenue, Cebu City
343	SM City Clark A	LC 101-104, G/F, SM City Clark, M.A. Roxas St., Malabánias, Angeles City, Pampanga
344	SM City Clark B	G/F SM City Clark BPO Tower 1&2 (LC B1-101-107), Brgy. Malabánias, Pampanga
345	SM City Consolacion Cebu	G/F SM City Consolacion Cebu, Cebu North Road, Brgy. Lamac, Consolacion, Cebu
346	SM City Daet	G/F, SM City Daet, Purok 1, Brgy. Lag-on, Vinzons Avenue, Daet, Camarines Norte
347	SM City Dasmariñas A	Upper Ground Floor, SM City Dasmariñas, Barrio Pala-Pala, Dasmariñas, Cavite
348	SM City Dasmariñas B	LG/F SM City Dasmariñas, Governor's Drive, Brgy. Pala-Pala, Dasmariñas, Cavite
349	SM City Davao	UG/F SM City Davao, Brgy. Matina, Davao City
350	SM City Davao Annex	G/F and M/F Annex Bldg., SM City Davao, Brgy. Matina, Davao City

No.	BRANCH	ADDRESS
351	SM City General Santos	G/F SM City General Santos, Santiago Boulevard corner San Miguel St., General Santos City
352	SM City Iloilo	UG/F SM City Iloilo, Benigno Aquino Avenue, Mandurriao, Iloilo City
353	SM City Iloilo B	UG/F SM City Iloilo Expansion Bldg. (LC1053A-1053F), Benigno Aquino Avenue, Brgy. Bolilao, Mandurriao, Iloilo City 5000
354	SM City Legazpi	G/F SM City Legazpi (Location Code 1045-1047), Imelda Roces Avenue, Zone 9, Brgy. 37 Bitano, Legazpi City, Albay
355	SM City Lipa	G/F SM City Lipa, Ayala Highway, Lipa City, Batangas
356	SM City Lucena	G/F SM City Lucena (LC - 177- 178) Pagbilao National Road, Lucena City
357	SM City Marilao	G/F SM City Marilao, MacArthur Highway, Marilao, Bulacan
358	SM City Masinag	G/F SM City Masinag, Marcos Highway, Mayamot, Antipolo City
359	SM City Mindpro	Ground Floor, SM City Mindpro, La Purisima Street, Brgy. Zone III, Zamboanga City
360	SM City Molino	G/F SM City Molino, Brgy. Molino 4, Bacoar, Cavite
361	SM City Naga	G/F SM City Naga, Brgy. Triangulo, Central Business District II, Naga City
362	SM City Olongapo	G/F SM City Olongapo (Location Code EXP 105-106), Magsaysay Drive corner Gordon Ave., Pag-asa, Olongapo City, Zambales
363	SM City Olongapo Central	Location Code 125-129, G/F, SM City Olongapo Central, Rizal Avenue, Brgy. East Tapinac, Olongapo City
364	SM City Pampanga A	G/F, SM City Pampanga, Brgy. San Jose, City of San Fernando, Pampanga
365	SM City Pampanga B	G/F, SM City Pampanga Annex Bldg. 4, Brgy. Lagundi, Mexico, Pampanga
366	SM City Puerto Princesa	LG/F SM City Puerto Princesa, Malvar corner Lacao Sts., Brgy. San Miguel, Puerto Princesa City, Palawan
367	SM City Rosales	G/F, SM City Rosales, Brgy. Carmen East, Rosales, 2441 Pangasinan
368	SM City Rosario	G/F SM City Rosario, General Trias Drive, Brgy. Tejero, Rosario, Cavite
369	SM City Roxas	1101 B – 1102 Ground Floor, SM City Roxas, Arnaldo Blvd., Brgy. Baybay, Roxas City, Capiz 5800
370	SM City San Fernando	G/F, SM City San Fernando Downtown, V. Tiomico St., Sto. Rosario, City of San Fernando, Pampanga

No.	BRANCH	ADDRESS
371	SM City San Jose Del Monte	Unit 164-167, G/F, SM City San Jose Del Monte, Quirino Highway, Brgy. Tungkong Mangga, San Jose Del Monte City, Bulacan
372	SM City San Mateo	SM City San Mateo, General Luna, Brgy. Ampid 1, San Mateo, Rizal
373	SM City San Pablo	G/F SM City San Pablo, National Highway, Brgy. San Rafael, San Pablo City, Laguna
374	SM City Sorsogon	Unit nOs. 173-176, Ground Floor, SM City Sorsogon, Maharlika Highway, Brgy. Balogo, East District, Sorsogon City 4700
375	SM City Sta. Rosa	G/F SM City Sta. Rosa, Barrio Tagapo, Sta. Rosa, Laguna
376	SM City Tanza	Ground Floor, Area Code 1117, SM City Tanza, Antero Soriano Highway, Brgy. Daang Amaya II, Tanza, Cavite
377	SM City Tarlac	UG/F, SM City Tarlac, MacArthur Highway, Brgy. San Roque, Tarlac City, 2300 Tarlac
378	SM City Taytay	G/F Bldg. A, SM City Taytay, Manila East Road, Brgy. Dolores, Taytay, Rizal
379	SM City Telabastagan	184-185, Ground Floor, SM City Telabastagan, MacArthur Highway, Brgy. Telabastagan, 2000 City of San Fernando, Pampanga
380	SM City Trece Martires	UG/F SM City Trece Martires (LC 33A-135A), Brgy. San Agustin, Trece Martires, Cavite
381	SM City Tuguegarao	G/F, Area Code 179-180-181, 189A, SM City Tuguegarao, Bagay Road corner Diversion Road, Brgy. Caritan Norte, Tuguegarao City, Cagayan
382	SM City Urdaneta Central	LC 155-157, G/F, SM City Urdaneta Central, MacArthur Highway, Brgy. Nancayasan, Urdaneta City, 2428 Pangasinan
383	SM Delgado	G/F SM Delgado Bldg., Valeria St., Iloilo City
384	SM Hypermarket Cainta	SM Hypermarket Cainta, Felix Huerta Ave., Cainta, Rizal
385	SM Hypermarket Daet	G/F SM Hypermarket Daet, Vinzons Avenue, Brgy. IV, Daet, Camarines Norte
386	SM Hypermarket Mabalacat	G/F, SM Hypermarket Pampanga, MacArthur Highway, Brgy. Camachiles, Mabalacat City, Pampanga
387	SM Lanang Premier	UG/F SM Lanang Premier, J.P. Laurel Avenue, Brgy. San Antonio Bajada, Lanang, Davao City
388	SM Market Mall Dasmariñas	G/F Dasmariñas Bagong Bayan Resettlement Project Area B (DBB-B), Congressional Road, Kadiwa, Dasmariñas, Cavite
389	SM Megacenter Cabanatuan	UG/F SM Megacenter Cabanatuan, Gen. Tinio & Melencio Sts., San Roque Norte, Cabanatuan City

No.	BRANCH	ADDRESS
390	SM Savemore Davao Bangkal	G/F SM Savemore Market Bangkal, Davao Km. 7 MacArthur Highway, Brgy. Bangkal, Davao City
391	SM Savemore Tacloban	G/F SM Savemore Tacloban, Justice Romualdez St., Brgy. 13, Tacloban City
392	SM Seaside City Cebu A	LG/F SM Seaside City Cebu, Brgy. Mambaling, South Road Reclamation Area, Cebu City
393	SM Seaside City Cebu B	2/F SM Seaside City Cebu, Brgy. Mambaling, South Road Reclamation Area, Cebu City
394	Sorsogon – Primark J.P. Rizal	Primark Sorsogon 3, J.P. Rizal St. corner De Vera St., Brgy. Talisay, Sorsogon City
395	Sorsogon City	Ground Floor, St. Matthew’s Building, Magsaysay St., Brgy. Almendras, East District, Sorsogon City 4700
396	South Cotabato – Gaisano Polomolok	G/F 3, 5 and 6 Gaisano Grand Mall Polomolok, National Highway, Brgy. Magsaysay, Polomolok, South Cotabato
397	Sta. Lucia East - Cainta	Sta. Lucia East Grand Mall, Marcos Hi-Way corner Felix Avenue, 1900 Cainta, Rizal
398	Sta. Lucia East – Felix Avenue	G/F Phase 1, Sta. Lucia Grand Mall, Marcos Highway corner Felix Avenue, Cainta
399	Sta. Rosa – Arcadia	Unit Anchor 2, Arcadia Bldg., Greenfield City, Tagaytay-Balibago Road, Brgy. Don Jose, Sta. Rosa City, Laguna
400	Sta. Rosa - Don Jose	PCC Bldg., Sta. Rosa Tagaytay Road, Brgy. Don Jose, Sta. Rosa, Laguna
401	Sta. Rosa - Puregold Tagapo	Puregold Sta. Rosa - Tagapo, Rizal Blvd., Brgy. Tagapo, Sta. Rosa, Laguna
402	Subic – Puregold SBMA	G/F, Commercial Units 1-3, Puregold Duty Free Subic, Argonaut Highway, Subic Port District, Brgy. Asinan, Subic Bay Freeport Zone, Olongapo City, Zambales
403	Subic - Times Square	420 Rizal Highway, Subic Bay Freeport Zone, 2200 Olongapo City, Zambales
404	Sultan Kudarat – Primark Tacurong	G10, G/F, Primark Town Center, Magsaysay Avenue corner Bonifacio St., Purok 1, Brgy. Poblacion, Tacurong City, Sultan Kudarat
405	Surigao	Magallanes corner San Nicolas St., 8400 Surigao City
406	Tacloban - Justice Romualdez	Philamlife Bldg., Justice Romualdez St. corner P. Paterno St., Tacloban City
407	Tacloban - Rizal Avenue	Rizal Avenue, Brgy. 41, Tacloban City
408	Tacloban - Zamora	Carlos Chan Bldg., P.Zamora St., Tacloban City
409	Tagaytay - Mendez Junction	E. Aguinaldo Hi-way, Mendez Crossing, Tagaytay City
410	Tagaytay - Rotonda	Frablyn Tower (Tolentino Bldg.), Emilio Aguinaldo Highway, Tagaytay (near Tagaytay Rotonda)

No.	BRANCH	ADDRESS
411	Tagaytay - Wind Residences	G/F Tower 2, SM Wind Residences, Aguinaldo Highway, Brgy. Maharlika West, Tagaytay City
412	Tanauan - A. Mabini	A. Mabini St., Tanauan, 4232 Batangas
413	Tanauan - JP Laurel Highway	Pres. J. P. Laurel Highway corner Sixto Castillo St., Poblacion, Tanauan, Batangas
414	Tarlac - Camiling	Romulo St., Brgy. Poblacion A, Camiling, 2306 Tarlac
415	Tarlac - Capas	San Trope Bldg., No. 57 MacArthur Highway, Brgy. Sto. Domingo 1 st , Capas, 2315 Tarlac
416	Tarlac - Concepcion	L. Jaena St., Brgy. San Nicolas Poblacion, Concepcion, 2316 Tarlac
417	Tarlac – MacArthur Highway	Block 7, MacArthur Highway, Brgy. San Nicolas, Tarlac City, 2300 Tarlac
418	Tarlac - San Roque	1567 Zamora St., Brgy. San Roque, Tarlac City, 2300 Tarlac
419	Tarlac – CityMall	T-01, CityMall-Tarlac, MacArthur Highway, Brgy. San Rafael, Tarlac City, 2300 Tarlac
420	Tarlac – Gerona	Nick Hotel Commercial Complex, MacArthur Highway, Brgy. Abagon, Gerona, 2302 Tarlac
421	Taytay - National Highway	Korte Rosario Restaurant, Taytay National Highway, Ilog Pugad, Brgy. San Juan, Taytay Rizal
422	Taytay - Manila East Road	BDO Bldg., East Road, Taytay, Rizal
423	Tuguegarao – Buntun	Luna St., Brgy. Buntun, Tuguegarao City, Cagayan
424	Tuguegarao – CityMall	CityMall Tuguegarao, Pan-Philippine Highway, Brgy. Leonarda, Tuguegarao City, Cagayan
425	Urdaneta - MacArthur Highway	182 LIS Bldg., MacArthur Highway, Brgy. San Vicente, Urdaneta City, 2428 Pangasinan
426	Urdaneta – Nancayasan	587 MacArthur Highway, Phinma UPang College Building, Brgy. Nancayasan, Urdaneta City, 2428 Pangasinan
427	Vigan - Plaza Maestro	G/F, Plaza Maestro Commercial Complex, Burgos St., Brgy. 1, Vigan City, Ilocos Sur
428	Vigan – Puregold	Puregold Vigan, Jose Singson St., Brgy VIII, Sta. Elena, Vigan City, Ilocos Sur
429	Virac Town Center	G/F Virac Town Center, Rizal Avenue, Brgy. Gogon Sirangan, Virac, Catanduanes
430	Waltermart – Antipolo	G/F, Waltermart Antipolo, L. Sumulong Memorial Circle, Brgy. San Roque, Antipolo City
431	Waltermart – Bacoor	Ground Floor, Waltermart Bacoor, Molino Blvd., Brgy. Mamabog IV, Bacoor City, Cavite
432	Waltermart – Balanga	Location Code WBLN 040, G/F, Waltermart Balanga, Roman Superhighway, Brgy. Tenejero, Balanga City, Bataan

No.	BRANCH	ADDRESS
433	Waltermart – Batangas City	G/F, Waltermart Batangas, P. Burgos St., Brgy. Calicanto, Batangas City, Batangas
434	Waltermart – Baliwag	G/F, Waltermart Baliwag, Doña Remedios Trinidad Highway, Brgy. Sabang, Baliwag, Bulacan
435	Waltermart - Bel-Air Sta. Rosa	G/F Waltermart Bel-Air Sta. Rosa, Tagaytay National Highway, Brgy. Pulong , Sta. Cruz, Sta. Rosa, Laguna
436	Waltermart – Candelaria	Ground Floor, Waltermart Candelaria, Sambat, Maharlika Highway, Brgy. Malabanban Norte, Candelaria Quezon
437	Waltermart – Capas Tarlac	G/F Waltermart Capas, MacArthur Highway, Brgy. Sto. Domingo 1, Capas, Tarlac 2315
438	Waltermart - Guiguinto	Waltermart Guiguinto Bulacan, MacArthur Highway, Brgy. Ilang-ilang, Guiguinto, Bulacan
439	Waltermart – Malolos	G/F, Waltermart Malolos, Km 44, MacArthur Highway, Brgy. Longos, Malolos City Bulacan
440	Waltermart - Pampanga	G/F Waltermart San Fernando, MacArthur Highway, San Agustin, City of San Fernando, Pampanga
441	Waltermart - Sta. Maria	G/F Waltermart Sta. Maria, Provincial Road corner By-Pass Road, Brgy.Sta.Clara, Sta. Maria, Bulacan
442	Waltermart - Sta. Rosa	San Lorenzo Drive corner Balibago Road, Brgy. Balibago, 4026 Sta. Rosa, Laguna
443	Waltermart – Balayan	G/F Waltermart Balayan, Balibago-Balayan Highway corner Paz St., Brgy. Caloocan, Balayan, Batangas
444	Waltermart – Cabanatuan	G/F Waltermart Cabanatuan, Brgy. Dicarma, Cabanatuan City, Nueva Ecija
445	Waltermart – Carmona	G/F Waltermart Carmona, Macaria Business Center, National Highway, Brgy. Mabuhay, Carmona, Cavite
446	Waltermart – Concepcion Tarlac	G/F Waltermart Concepcion (LC WCON 033), L. Cortez St., Brgy. Alfonso, 2316 Concepcion, Tarlac
447	Waltermart – Dasmariñas	G/F Waltermart Dasmariñas, National Highway, Brgy. Barrio Burol, Dasmariñas, Cavite
448	Waltermart – Nasugbu	Location Code WNAS 017, G/F Waltermart Nasugbu, J.P. Laurel Highway, Brgy. Lumbangan, Nasugbu, Batangas
449	Waltermart – Paniqui	G/F, Waltermart Paniqui, MacArthur Highway, Brgy. Estacion, Paniqui, Tarlac 2307
450	Waltermart – San Jose	G/F, Waltermart San Jose, Pan Philippine Highway, Brgy. Malasin, San Jose, Nueva Ecija
451	Waltermart – Subic	G/F, Waltermart Subic, National Highway, Brgy. Mangan- Vaca, Subic, Zambales
452	Waltermart – Talavera	Unit WMT G-32, G/F Waltermart Talavera, Maharlika Highway, Brgy. La Torre, Talavera, Nueva Ecija 3114
453	Waltermart – Tanauan	G/F Waltermart Tanauan, Pres. J.P. Laurel Highway, Brgy. Darasa, Tanauan City, Batangas

No.	BRANCH	ADDRESS
454	Walmart – Taytay	LG/F Walmart Taytay, Ortigas Avenue Extension, Brgy. San Isidro, Taytay, Rizal
455	Walmart Center - Makiling	G/F Walmart Center Makiling, National Highway, Brgy. Makiling, Calamba, Laguna
456	Walmart Center – Cabuyao	G/F Walmart Center Cabuyao, Km 47 National Highway, Brgy. Banlic, Cabuyao, Laguna
457	Zambales - Castillejos	G/F RM Mall, National Highway, Brgy. San Nicolas, Castillejos, Zambales
458	Zambales - Iba	Zambales - Pangasinan Provincial Road, Brgy. Sagapan, Iba, Zambales
459	Zamboanga - Ipil	National Highway, Ipil, 7001 Zamboanga Del Sur
460	Zamboanga – Canelar	Mayor Jaldon Avenue, Brgy. Canelar, Zamboanga City
461	Zamboanga – City Mall Tetuan	U33 CityMall Tetuan Zamboanga, Gov. Alvarez Extension, Tetuan, Zamboanga City
462	Zamboanga – La Purisima	La Purisima St., Brgy. Zone II, Zamboanga City
463	Zamboanga – Veterans Avenue	G/F Wee Agro Commercial Bldg., Veterans Avenue, Brgy. Camino Nuevo, Zamboanga City

(3) Limitations on Property

Other than the properties owned by the Bank, the other properties utilized by the Bank are subject to the respective terms of lease.

(4) Properties to be acquired

The Bank does not have any current plans to acquire any property within the next twelve (12) months.

V. DIRECTORS AND EXECUTIVE OFFICERS OF THE BANK

Please refer to Item 5 of the Information Statement for the discussion on the identity of each of the Bank’s directors and executive officers, their principal occupation or employment, the name and principal business of any organization by which such directors and executive officers are employed.

VI. MARKET PRICE, SHAREHOLDER AND DIVIDEND INFORMATION

(1) Market Information

The Bank’s common shares are traded at the PSE. The high and low sales prices for each quarter within the last two (2) fiscal years are as follows:

	High	Low
First Quarter 2021	113.50	99.00
Second Quarter 2021	118.10	98.50
Third Quarter 2021	117.10	102.00
Fourth Quarter 2021	135.00	111.00
First Quarter 2022	140.40	119.00
Second Quarter 2022	137.50	110.50
Third Quarter 2022	131.50	110.20
Fourth Quarter 2022	136.00	105.50

Source: www.edge.pse.com.ph

As of February 27, 2023, the closing price of the Bank's common shares is ₱ 124.10.

(2) Holders of Securities

The number of common shareholders of record as of January 31, 2023 was 12,304. Common shares outstanding as of January 31, 2023 stood at 5,264,198,966. The top twenty (20) common shareholders are as follows:

Rank	Name of Stockholder	Nationality	No. of Shares Owned	% of Ownership
1	SM Investments Corporation	Filipino	2,144,616,778 *	40.74%
2	PCD Nominee Corporation	Non-Filipino	1,322,941,205	25.13%
3	PCD Nominee Corporation	Filipino	908,200,616 **	17.25%
4	Multi-Realty Development Corporation	Filipino	349,815,643 *	6.65%
5	Sybase Equity Investments Corporation	Filipino	288,012,350 *	5.47%
6	Shoemart, Inc. (now SM Prime Holdings, Inc.)	Filipino	108,029,274	2.05%
7	DFC Holdings, Inc.	Filipino	36,516,409	0.69%
8	Dacon Corporation	Filipino	30,453,058	0.58%
9	Sysmart Corporation	Filipino	12,114,791	0.23%
10	Executive Optical Inc.	Filipino	3,269,489 *	0.06%
11	Edilberto Narciso	Filipino	3,138,542	0.06%
12	La Filipina Uy Gongco Corp.	Filipino	3,117,048	0.06%
13	Lucky Securities, Inc.	Filipino	2,872,592	0.05%
14	DHS Investment	Filipino	2,805,322	0.05%
15	Cedar Commodities, Inc.	Filipino	1,293,775 *	0.02%

Rank	Name of Stockholder	Nationality	No. of Shares Owned	% of Ownership
16	Ernest Lee Go	Filipino	1,250,548	0.02%
17	Hong Eng Tan	Filipino	1,036,200	0.02%
18	Jonathan Dee Co	Filipino	800,000	0.02%
19	Regina Capital Development Corp.	Filipino	724,574	0.01%
20	Teresita T. Sy	Filipino	640,233 **	0.01%
Total			5,221,648,447	99.17%

* Inclusive of PCD-lodged shares

** Exclusive of PCD-lodged shares of SM Investments Corporation, Multi-Realty Development Corporation, Sybase Equity Investments Corporation, Sysmart Corporation, Executive Optical Inc., Cedar Commodities, Inc., and Chairperson Teresita T. Sy.

The material information on the current shareholders and voting rights are discussed in Items 4(d) and 4(c), respectively, of the Information Statement.

In particular, the following are known to BDO to be directly or indirectly the record and/or beneficial owners of more than 5% of BDO's voting securities:

Title of Class	Name, address of record owner and relationship with BDO	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	SM Investments Corp. 10th Floor One E-Com Center, Harbour Drive, Mall of Asia Complex, CBP-I-A, Pasay City/ Parent Company	Sy Family (Substantial Stockholders)	Filipino	2,144,616,778 *	40.74%
Common	PCD Nominee Corp. (Non-Filipino) 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City/Various stockholders	Various stockholders	Foreign	1,322,941,205	25.13%
Common	PCD Nominee Corp. (Non-Filipino) 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City/Various stockholders	Various stockholders	Foreign	909,718,637**	17.28%

Title of Class	Name, address of record owner and relationship with BDO	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Multi-Realty Development Corporation 10 th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City/ Stockholder	SM Investments Corp. (Subsidiary)	Filipino	349,815,643 *	6.65%
Common	Sybase Equity Investments Corporation 10 th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City/ Stockholder	Various corporate stockholders	Filipino	288,012,350 *	5.47%
TOTAL (COMMON)				5,015,104,613	95.27%

* Inclusive of PCD-lodged shares of SM Investments Corporation (SMIC), Multi-Realty Development Corporation (MRDC) and Sybase Equity Investments Corporation (SEIC)

** Exclusive of PCD-lodged shares of SMIC, MRDC and SEIC.

Title of Class	Name, address of record owner and relationship with BDO	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Preferred	Sybase Equity Investments Corporation 10 th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City/ Stockholder	Various corporate stockholders	Filipino	469,680,000	76.00%
Preferred	SM Investments Corp. 10th Floor One E-Com Center, Harbour Drive, Mall of Asia Complex, CBP-I-A, Pasay City/ Parent Company	Sy Family (Substantial Stockholders)	Filipino	148,320,000	24.00%
TOTAL (PREFERRED)				618,000,000	100.00%

The persons authorized to vote the shares of SM Investments Corporation, Multi-Realty Development Corporation and Sybase Equity Investment Corporation are Ms. Teresita T. Sy and/or Mr. Henry T. Sy, Jr. and/or Mr. Harley T. Sy.

As of January 31, 2023, the following are known to BDO as the PCD participants holding 5% or more of BDO's voting securities:

Member	Name and Address	No. of Shares	Percent of Shareholdings
SCBK Clients' Account	Standard Chartered Bank Standard Chartered Bank Building 6788 Ayala Avenue, Makati City	540,011,646	9.18%
BDO Securities Corporation Clients' Account	BDO Securities Corporation BDO Towers Valero, 8741 Paseo de Roxas Ave., Salcedo Village, Bel-Air 1209 Makati City	406,778,395	6.92%
	TOTAL	946,790,041	16.10%

- The PCD, being a nominee corporation, only holds legal title, not beneficial ownership of the lodged shares. The beneficial owners, such as the clients of PCD, have the power to decide how their shares are to be voted.

(NOTE: There are no voting trust shares or shares issued pursuant to a Voting Trust Agreement registered with BDO nor has there been any change in control of BDO. BDO is also not aware of any contractual arrangement or otherwise between its shareholders and/or third parties, which may result in change in control of BDO).

On voting rights, each shareholder holding Common Shares and Series A Preferred Shares (each, a "Voting Share/s") as of February 24, 2023 is entitled to as many votes as there are directors to be elected. Thus, if there are eleven (11) directors to be elected, each Voting Share is entitled to eleven (11) votes. Such shareholder may cumulate and cast all his votes in favor of one candidate or distribute them among as many candidates as he shall see fit, provided that the total number of votes cast by him does not exceed the number of shares owned by him multiplied by the number of directors to be elected.

(3) Dividends

The Bank's Board of Directors is authorized to declare dividends annually. Stock Dividend declarations require further approval of stockholders representing not less than two-thirds (2/3) of all stocks outstanding and entitled to vote. Such stockholders' approval may be given at a general or special meeting duly called for the purpose. Dividends may be declared only from surplus profits after making proper provisions for necessary reserves in accordance with applicable laws and the regulations of the BSP.

On January 29, 2022, the Board of Directors of BDO approved the declaration of annual cash dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P339 million. The dividends were paid on February 22, 2022.

The Board of Directors approved the declaration of quarterly cash dividends in the amount of P0.30 per common share for the first, second, third and fourth quarters of 2022 on February 24, 2022, May 28, 2022, August 26, 2022 and December 3, 2022, respectively. The dividends were paid on March 31, 2022, June 30, 2022, September 30, 2022 and December 29, 2022, respectively.

On March 26, 2022, the Board of Directors approved the declaration of stock dividends equivalent to 20% of the Bank's outstanding capital stock. This was ratified by the Bank's stockholders representing at least two-thirds (2/3) of the outstanding capital stock on April 22, 2022. The stock dividends equivalent to 877,337,627 common shares and 103,000,000 preferred shares were issued on December 29, 2022.

On April 22, 2022, the Board of Directors approved the declaration of a special cash dividend in the amount of P1.00 per common share for a total of P4.4 billion. The dividends were paid on May 31, 2022.

On January 30, 2021, the Board of Directors of BDO approved the declaration of annual cash dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P340 million. The dividends were paid on February 22, 2021.

The Board of Directors approved the declaration of quarterly cash dividends in the amount of P0.30 per common share for the first, second, third and fourth quarters of 2021 on February 24, 2021, May 29, 2021, August 27, 2021 and December 4, 2021, respectively. The dividends were paid on March 25, 2021, June 25, 2021, September 24, 2021 and December 29, 2021, respectively.

On February 1, 2020, the Board of Directors of BDO approved the declaration of annual cash dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P339 million. The dividends were paid on February 21, 2020.

The Board of Directors approved the declaration of quarterly cash dividends in the amount of P0.30 per common share for the first, second, third and fourth quarters of 2020 on February 27, 2020, May 30, 2020, August 29, 2020 and December 5, 2020, respectively. The dividends were paid on March 27, 2020, June 29, 2020, September 28, 2020 and December 29, 2020, respectively.

(4) Recent Sales of Unregistered Securities (within 3 years)

On January 28, 2022, BDO issued P52.7 billion worth of Peso-denominated Fixed-Rate Association of Southeast Asian Nations (ASEAN) Sustainability Bonds. The issue was intended to diversify the Bank's funding sources and finance/refinance eligible assets under the Bank's Sustainable Finance Framework.

On May 16, 2022, the Bank issued its maiden Blue Bond amounting to US\$100 million. The issuance will expand financing for projects that help prevent marine pollution and preserve clean water resources, while supporting the country's climate goals.

On February 3, 2020, the Bank issued P40.1 billion Fixed Rate Peso Bonds to diversify funding sources and support its lending activities.

On July 3, 2020, the Bank issued P36.0 billion in Fixed Rate Peso Bonds to diversify its funding sources and support its lending activities.

On July 13, 2020, the Bank issued US\$600 million in Fixed Rate Senior Notes to tap longer-term funding sources to support dollar-denominated projects.

VII. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

Corporate governance in BDO is about effective oversight, strict compliance with regulations, and sustainable value creation to promote the best interest of its various stakeholders.

BDO Unibank, Inc. affirms its deep commitment to the highest standards of corporate governance practice firmly anchored on the principles of accountability, fairness, integrity, transparency and performance consistently applied throughout the institution. BDO's good market reputation has been built on the solid foundation of an ethical corporate culture and responsible business conduct, underpinned by a well-structured and effective system of governance.

BDO complies, where appropriate, with the SEC Code of Corporate Governance for Publicly-Listed Companies and with the Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions. It follows relevant international best practices of corporate governance issued by globally recognized standards-setting bodies such as the Organization for Economic Cooperation and Development (OECD) and the ASEAN Corporate Governance Scorecard (ACGS) which serve as essential points of reference. Please refer to BDO's ACGS Self-Assessment Report published in our corporate website at <https://www.bdo.com.ph/corporate-governance/asean-corporate-governance-scorecard>.

This report describes the highlights of our corporate governance practices throughout the financial year ended December 31, 2022.

1. Composition of the Board – The Board is composed of eleven (11) members and aided by five (5) advisors. As part of the Board’s commitment to continually promote and observe diversity in its membership, the members of the Board are all professionals with various expertise in fields relevant to BDO's business and strategic plans such as banking, accounting and finance, law, merchandise marketing, strategy formulation, bank regulations, information technology, sustainability, and risk management. It is led by a Non-Executive Chairperson with five (5) Independent Directors, three (3) Non-Executive Directors, and two (2) Executive Directors who are the Vice Chairman and the President & CEO.

The present composition of the Board exceeds the minimum regulatory standards which require that independent and non-executive directors account for the majority. Independent and Non-Executive Directors of the Bank comprise 82% (nine of 11) of the Board. With five (5) of 11 Board seats allocated for independent directors, the Bank goes beyond the 1/3 minimum requirement of the *Bangko Sentral ng Pilipinas* and the Securities Exchange Commission.

The Board advisors are considered as integral parts of the Board whose influence are akin to directors. Their opinions and recommendations are taken into consideration by the Board members. The presence of a female Board advisor provides an independent view of the Bank and complements the two (2) female non-executive directors and one (1) female independent director in the Board.

2. Composition of the Board Committees – Independent directors chair eight (8) of nine (9) board committees, namely Risk Management, Audit, Corporate Governance, Related Party Transactions, IT Steering, Nominations, Compensation, and Trust. This provides independent and objective judgment on significant corporate matters and ensures that key issues and strategies are objectively reviewed, constructively challenged, thoroughly discussed and rigorously examined.
3. Audited financial statements for calendar year 2021 were disclosed to the public on February 28, 2022, 59 days from year end, following the best practice recommendation of the ASEAN Corporate Governance Scorecard of within 60 days from year-end, for the past eight (8) years;
4. Executive Sessions of Independent/Non-Executive Directors – A regular meeting is held by Independent and Non-Executive Directors (INED) with the heads of the control functions (i.e. Chief Risk Officer, Chief Compliance Officer, and Chief Internal Auditor) as well as the external auditor, without the presence of management or any bank executive, to discuss various matters or issues outside the Audit Committee and Risk Management Committee meetings. The meeting is chaired by the Lead Independent Director. In 2022, the INED conducted three (3) sessions and the results of these sessions were discussed with the Bank’s Executive Directors in three (3) separate sessions.
5. Annual Board performance self-assessment – A yearly self-assessment is conducted focusing on the performance of the Board, directors, Committees and senior management, through the Corporate Governance Committee, using an approved set of questionnaires. The yearly self-assessment is facilitated by an independent party. To the Committee, engaging an independent party / external facilitator every year, rather than every three years as recommended by the Securities and Exchange Commission, provides more governance inputs to the Board and allows comparability and continuity of aspects examined. The

performance evaluation process begins with sending out customized Board Evaluation Questionnaires to each director and advisor. They are required to complete the questionnaire and explain the rationale of their response. The results are tabulated and assessed by the external facilitator and discussed with the directors/advisors, when necessary. In 2022, the Corporate Governance Committee endorsed to the Board the continuous engagement of the services of an external facilitator for its yearly self-assessment.

This report sets out the main corporate governance practices of the Bank in relation to the following OECD guiding principles:

Rights and Equitable Treatment of Stakeholders

Shareholders

The Bank respects the inherent rights and recognizes the roles of various stakeholders in accordance with law. To this end, it has put in place various governance practices, policies and programs for the protection of shareholders' rights and the promotion for exercising those rights in accordance with OECD principles, such as the right to buy, sell or transfer securities held, the right to receive dividend, the right to vote for the appointment of the external auditor, the right to participate in decision-making for corporate matters, the right to propose agenda item in the shareholders' meeting and the right to attend the shareholders' meeting.

Annual Stockholders' Meeting

As a matter of policy, all stockholders (retail and institutional) on record are encouraged to attend, personally, by proxy, or by remote communication, the annual stockholders' meeting to ensure their participation and active involvement in the affairs of the Bank. Shareholders will be given equal opportunities to raise questions, make suggestions and recommendations pertaining to the operations of the Bank. They can vote by remote communication or in absentia, or assign proxies to vote on their behalves if shareholders cannot attend the stockholders' meeting. For the convenience of shareholders to exercise their right to attend the stockholders' meeting, the venue, date, time and agenda of the annual meeting, explanation of each agenda item requiring shareholders' approval, method of voting results will be announced in advance. In 2022, the Notice of Annual Stockholders' Meeting, which contains details and rationale for each agenda item, was released through the Definitive Information Statement on March 29, 2022, or 24 days prior to the date of the Meeting.

The Annual Stockholders' Meeting was held on April 22, 2022 and was attended by the Board Chairperson, President & Chief Executive Officer, and all Directors. The shareholders were allowed to cast their votes on each nominee director and on each agenda item presented to them for approval. They were also given the opportunity to ask questions, express opinions and make suggestions on

various issues. Please see the minutes of the 2022 Annual Stockholders' Meeting for detailed Questions and Answers, the voting results showing the Approving, Dissenting and Abstaining Votes cast by the shareholders on each agenda item in www.bdo.com.ph/company-disclosures/stockholders-meetings.

Dividends

A quarterly declaration of cash dividends is approved by the Board of Directors and is immediately disclosed to the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC). This disclosure is readily available at the websites of the PSE and the SEC, as well as of the Bank. During the Annual Stockholders' Meeting, the President reports to the stockholders the financial performance of the Bank for the year. In addition, the Bank files with the PSE and SEC quarterly reports on its financial performance.

On March 26, 2022, the Board approved and endorsed for stockholders' approval the declaration of stock dividends equivalent to 20% of the Bank's outstanding capital stock in relation to the increase in its authorized capital stock (common shares) from 5.5 Billion to 8.5 Billion shares. On April 22, 2022, the Board also approved the declaration of a special cash dividend on common shares of the Bank in the amount of Php1.00 per share to all stockholders of record as of May 6, 2022 and was paid out on May 31, 2022.

Fair and Equal Treatment of Shareholders

The Bank recognizes that all shareholders should be treated fairly and equally whether they are controlling or minority, local or foreign. To ensure this, the Amended By-Laws of the Bank provides that all shares in each class should carry the same rights and any changes in the voting rights must be approved by the shareholders. The Bank accepts the votes cast by nominees and custodians in behalf of the beneficial owners as valid. Shareholders may exercise their right of appraisal in case of amendment to the Articles of Incorporation that has the effect of changing or restricting their rights.

Investors

BDO BDO adopts a pro-active relationship with its stockholders through its Investor Relations' (IR) comprehensive engagement program. IR articulates the Bank's strategic direction as well as financial and operating results by joining conferences and roadshows in key global financial markets and conducting various one-on-one meetings, conference calls and briefings with institutional investors, analysts, and credit rating agencies. IR also reaches out to retail investors by participating in retail conferences and roadshows organized by local brokers. The Bank has in the past likewise joined virtual investor conferences when mobility restrictions were still in place. From time to time, IR is joined by

other members of the Senior Management team in meetings and corporate access activities in order to impart more insights on BDO's operations.

Relevant information is also shared through official disclosures posted via PSE Edge and company website.

On 28 January 2022, the Bank issued ₱52.7 billion of senior fixed rate Sustainability Bonds with a rate of 2.9% per annum which will mature on 28 January 2024. On 16 May 2022, the Bank issued its maiden blue bond amounting to U.S. \$100 million through an investment from the International Finance Corporation (IFC). The bond, which has a tenor of seven years, expanded financing for projects that help prevent marine pollution and preserve clean water resources. The issuance marked a milestone for BDO for being the first private sector issuance for a blue bond in Southeast Asia.

Investor Relations accomplished the following after the easing of mobility restrictions and the resumption of in-person meetings in 2022:

1. Investor Engagement

IR engaged with more than 500 investors in 2022, through participation in both physical and virtual conferences, investor calls, as well as one-on-one meetings or virtual calls.

IR apprised investors of the following developments in the Bank in 2022:

- The Bank's improved financial performance vis-à-vis 2021 is anchored on its strong core businesses—ROE has returned to, if not exceeded pre-pandemic levels, and asset quality has improved—and was adequately provided for;
- Ongoing digital initiatives on sustained IT investments, and new product launches; and
- More positive macroeconomic and business outlook on economic reopening, which has been supported by robust growth in consumption spending, remittances and employment.

2. Analyst briefings

IR held virtual briefings on the following dates during which the Bank's senior management presented the Bank's financial results, operations updates, and recent developments:

February 28, 2022 – covering full year-2021 results

August 1, 2022 – covering 1H 2022 results

November 3, 2022 – covering 9M 2022 results

Video coverage of the analysts' briefings last year are posted under the Investor Relations section of the Bank's website.

3. Coordination on Environmental, Social and Governance (ESG)

IR and the Sustainability Office (SO) in coordination with the Sustainable Finance Unit (SFU) take the lead in addressing queries from regulators, investors and analysts, ESG ratings agencies, and clients' ESG due diligence surveys regarding the Bank's sustainability/ESG initiatives.

IR also coordinated the Bank's participation in the Asia Transition Finance Study Group arranged by Mitsubishi UFJ Financial Group (MUFG) that tackled taxonomy and challenges in transition finance across Asia and other markets. The Study Group is composed of more than 20 leading Asian and international institutions, including commercial banks, development banks/Export Credit Agencies and public agencies.

4. Regular feedback from investors and analysts to Senior Management and the Board.

IR regularly conveyed feedback from investors and analysts to Senior Management and to the Board for a better appreciation of market sentiment towards the Bank, through periodic updates on shareholder developments, industry analysis reports, and write-ups and comments about the Bank.

5. Coordination with other units for the disclosure of public information about the Bank

IR recognizes the need for accurate and updated information of the Bank's financial condition and all matters affecting the Bank. It coordinates with the Corporate Secretary's Office and Marketing Communications Group (MCG) to ensure the timely disclosure and posting of material and relevant information.

IR directly liaises with the Bank's stock transfer agent on matters relating to stockholders' claims for cash dividends, updating of contact information and requests for documents and/or information regarding their stockholdings.

Shareholders can request relevant information from the Corporate Secretary or Investor Relations Unit through the contact details provided in the Bank's official website. The minutes of the 2021 Annual Stockholders' Meeting is available in our corporate website at www.bdo.com.ph/company-disclosures/stockholders-meetings.

Customers

Our clients are our most valuable asset and we are truly grateful for their patronage. BDO is committed to meet their needs by providing them with high quality customer service and relevant products and services.

BDO is committed to treat clients fairly. The minimum standards to ensure that clients are treated fairly are the following:

- Communications are fair and not misleading.
- Clients are given clear and concise information, including the risks involved, before they enter into financial products and services.
- Products and services are suitable and appropriate, taking into account the needs of the clients, their financial and risk profile and objectives.
- Complaints should be handled in a prompt, friendly, fair and effective manner.

Consumer Protection

We scrupulously comply with the regulations on financial consumer protection in the Philippines, the Bank has monitored and profiled the client inquiries/requests/complaints together with resolutions/actions taken. The Bank has been proactive in resolving complaints. The Bank has established a

Consumer Assistance Management System to address customer concerns. Effective recourse is one of the five (5) areas of BSP's Consumer Protection Framework, and BDO has been seriously devoting resources to ensure that customer issues are resolved in a timely manner. It has also implemented the Framework and Policy on Social Media Risk Management.

Data Privacy

The Bank continues to implement its Data Privacy Management Program (DPMP), which serves as the framework for protecting the data privacy rights of the Bank's data subjects, to ensure compliance with the Philippine Data Privacy Act (PDPA). The Bank appointed a Data Protection Officer (DPO) who is registered with the National Privacy Commission (NPC). Compliance Officers for Privacy (COPs) in each business and support unit (BSU) were also appointed to ensure proper coordination in the implementation of any initiatives related to the Bank's DPMP. The required data processing systems were also registered with the NPC. The Enterprise Data Privacy Policy, Privacy Statement, and Breach Reporting Procedures were established, including the templates for Consent, Data Sharing Agreement (DSA), and Outsourcing Agreement Supplements. Furthermore, conduct of Privacy Impact Assessments (PIAs) for the whole Bank was completed to assess privacy risks in order to ensure that the necessary security measures are in place to mitigate risks to personal data and uphold the data privacy rights of individuals. Privacy risk monitoring is also integrated in the Bank's operational risk management tools. To ensure continuous education within BDO, an e-Learning course on Data Privacy is mandatory to be taken every 2 years by all employees. A regular assembly of the COPs are also being conducted by the DPO for a refresher on the DPA principles. A Data Privacy campaign through an email blast is launched to serve as a continuing reminder to all employees that Data Privacy is everyone's responsibility. As part of the Bank's cybersecurity program, the Bank's data protection policies were also enhanced to align with the recent technology solutions implemented by the Bank and new cyber threats.

The Risk Management Committee (RMC) is also regularly updated with respect to the progress of the Bank's compliance to the PDPA. In view of its commitment to comply with data privacy requirements, and as part of its continuing assessment and development efforts, the Bank has actively participated in the establishment of the Data Privacy Coordinating Group (DPCG) of the Bankers Association of the Philippines (BAP). BAP DPCG, with BDO's DPO as one of the chosen members, participates in various private forums and liaises with other DPOs and the NPC.

Customer Service

In living the "We Find Ways" service credo, BDO is committed to meet the clients' needs by providing them with high quality customer service and relevant

products and services. It continues to invest heavily in technology to improve products and processes. Our clients can look forward to a more convenient banking experience as the Bank exerts efforts to leverage the use of digital technology in making available its products and services across various channels.

As of December 31, 2022, BDO Unibank Group had 1,652 branches (including two foreign branches), 4,655 automated teller machines (ATMs) and 640 cash accept machines (CAMs). This is a milestone affirming the Bank's commitment to make banking reachable to Filipinos and our way of creating opportunities for more people to experience the rewards of having a bank that takes care of their financial needs.

Creditors, Counterparties and Suppliers

The Bank is committed to meet its contractual obligations with all creditors and counterparties based on the covenants agreed with them. The Bank's peso bonds, amounting to ₱40.1 billion issued in February 2020 and ₱36.0 billion issued in July 2020, matured in August 2022 and April 2022, respectively.

In the conduct of its business dealings, the Bank undertakes to honor all binding trade-related agreements and conditions on the basis of widely accepted industry practices, mutual understanding and cooperation with counterparties. In accordance with law, they will be given priority in payment of the Bank's obligations in the normal course of business and in the event of liquidation.

For suppliers, it has established appropriate policies that govern the vendor accreditation, selection, bidding and approval processes. The Bank strictly prohibits the solicitation and acceptance, directly or indirectly, of any gift (including entertainment services or activities), gratuity, commissions or any form of payment from clients, business partners, suppliers and third party service providers in exchange for any unnecessary or favorable treatment.

Employees

The Bank considers its Human Resources as extremely valuable. To ensure the protection and well-being of the employees, the Bank has implemented policies and programs that cover the following areas:

a. **Code of Conduct and Business Ethics**

As a financial institution, BDO believes that practicing right conduct and ethical behavior inspires and strengthens the confidence of all our stakeholders.

The Code outlines the principles and policies that govern the activities of the institution, sets forth the rules of conduct in our work place and the standards of behavior of its directors, officers and employees in their activities and relationships with external shareholders. These reflect the core values the institution subscribe to and promote.

The Code applies at all times to all members of the Board of Directors and BDO Unibank Group employees in their dealings with clients, suppliers, business partners and service providers. It covers the Bank's commitment to a gender friendly workplace, concern for occupational health, safety and workplace environment, transparency, integrity and accountability, compliance with laws and regulations, standards of behavior and personal conduct, and ethics of doing business.

b. Training and Development

BDO Employees

BDO continues to provide training opportunities aligned with business requirements and employees' potentials and capabilities. Training programs include orientation for new hires, job specific technical training, management and leadership training programs which aim to develop and enhance the knowledge, skills, managerial and leadership capabilities, attitude and mindset of employees. The Bank allocates a yearly training budget for these developmental programs. The following statistics were achieved for the trainings given to employees:

	Staff	Junior Managers	Senior Officers
Average Training Hours	36.98	28.83	23.32
No. of Employees Trained	19,010	18,415	1,856

Improvements in the design and delivery of eCourses and targeted training programs continue to ensure more effective retention of the knowledge learned. Culture and values, service excellence, regulatory requirements, job knowledge as well as leadership development continue to be the focus in 2022 to sustain availability of ready talents that support business growth.

Directors and Key Officers

The continuing education program for Directors is an ongoing process to ensure the enhancement of their skills and knowledge. Every year, all Directors and key officers are given updates and briefings, and are required to attend a corporate governance seminar on appropriate topics to ensure that they are continuously informed of the developments in the business and regulatory environments, including emerging opportunities and risks in the banking industry. All directors of BDO Unibank complied with the annual corporate governance training requirement of four (4) hours for 2022. Eight (8) directors of BDO Unibank, along with members of senior management, attended its in-house corporate governance seminar held on July 20, 2022. Keynote speaker Prof. Kishore Mahbubani of the Asia Research Institute, National University of Singapore provided valuable insights on geopolitical risk in the face of fierce geopolitical contest among world superpowers and the continuing rise of Asia and the ASEAN. S&P Global, on the other hand, talked about sustainability and the role of boards, with focus on climate change and biodiversity challenges that companies are facing today.

Two (2) directors attended the corporate governance seminars facilitated by the Institute of Corporate Directors last August 3, October 28, and December 9, 2022, which covered advanced corporate governance training, anti-money laundering updates, diverse and inclusive policies, and ESG strategy. One (1) director attended the corporate governance seminar facilitated by the Risks, Opportunities, Assessment and Management (ROAM), Inc., with topics on corporate governance regulatory updates, global and regional trends, and personal liability of directors and officers under the law..

c. Employee Welfare

BDO is committed to promote the physical, social and mental well-being of its employees. It aims to provide a workplace free from discrimination and all forms of physical, sexual and psychological abuse including harassment, bullying and intimidation. The Bank established the Policy on Disclosure of Sensitive/Confidential Matters to Management to give employees the opportunity to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices in the workplace.

d. Health and Safety

BDO is committed to maintain a positive, harmonious and professional work environment with due importance accorded to the occupational health and safety of the employees and related external constituencies.

The continuing activities to promote health and safety are the following:

- No Smoking Policy in all head offices and branches is strictly enforced;
- No firearms allowed in all offices and branch premises;
- Use of CCTV as a deterrent to possible criminal activities such as hold-ups/robberies;
- Fire prevention measures and safety/evacuation drills for fire and earthquakes;
- Installation of access ramps for persons with disability in our buildings and branches to make our offices safe and accessible to PWDs;
- Regular safety inspections in corporate offices and branches nationwide to rectify immediately all noted unsafe conditions; and
- Emergency Response Teams to ensure availability of emergency response personnel in time of disaster.
- Safety and health training

In 2022, the Bank conducted the following initiatives to improve the health and safety of Bank employees and customers inside the premises:

1. To continuously respond to the impact of the Covid-19 pandemic, the following programs and protocols were still implemented:
 - Covid Care Hotline provided to all employees (teleconsult) up to June 30, 2022 after which employees were referred to HMO's teleconsult services;
 - Covid-19 antigen testing for employees was increased during surge of cases to weekly and fortnightly for client-facing and other employees, respectively (January 2022 to February 2022). In November 2022, regular Antigen testing was suspended due to steady decrease in number of cases;
 - Personnel exhibiting Covid-like symptoms, upon medical assessment, are referred for reverse-transcriptase polymerase chain reaction (RT-PCR) testing;
 - Granting of additional Sick Leave (SL) credits for confirmed Covid-19 positive employees;

- Provision and delivery of health kits to confirmed Covid-19 positive employees;
 - Provision of vitamins to employees;
 - Provision of alcohol and soap at the branches and buildings;
 - Installation of temperature scanners at the entrance of Corporate Centers and provision of portable temperature scanners in other offices;
 - Paperless contact tracing at the branches;
 - Regular disinfection of bank premises;
 - Weekly inspection on the compliance with Covid-19 control at the branches and buildings, among others;
 - Split locations for each business unit to allow a steady delivery of services/operations in case of disruption of services/operations in one location;
 - Work from home setup to some groups;
 - Inspection of ventilation system of buildings; and
 - Published 66 advisories on Covid-19 prevention in 2022.
2. A Health and Safety Committee meets on a regular basis to review the progress on the implementation of its programs. The Committee is composed of a mix of officers in the Bank headed by the Central Operations Group Head.

Our clinics are manned by occupational health practitioners and nurses. BDO maintains nine medical clinics located in the following strategic areas in Metro Manila:

1. BDO Towers Valero
2. Corporate Center Ortigas
3. Ortigas Avenue, Greenhills
4. Roosevelt Avenue, Greenhills
5. Binondo, Dasmariñas
6. Davao City
7. Karrivin Plaza, Makati
8. BDO Salcedo Tower
9. Double Dragon Meridian, Pasay
10. BDO SM City North
11. BDO Petron Mega Plaza

Society, Community and the Environment

Corporate Social Responsibility

BDO Foundation, the corporate social responsibility arm of BDO Unibank, continued to address the needs of underserved sectors of society and contribute to addressing social problems. In 2022, the Foundation contributed to the achievement of Sustainable Development Goals (SDGs), implementing programs in the areas of financial inclusion, and disaster response, rehabilitation and reconstruction. The BDO Group contributes to all 17 Sustainable Development Goals, with the Foundation in particular, focused on SDG 2 Zero Hunger, SDG 3 Good Health and Well-being, SDG 4 Quality Education, and SDG 17 Partnerships for the Goals. As the number of COVID-19 cases declined significantly, BDO Foundation started to refocus efforts on its regular programs

after successfully completing a wide range of pandemic response initiatives in the past two years.

Rehabilitation of rural health units

BDO Foundation continued to rehabilitate rural health units (RHUs) in different parts of the country as part of efforts to help improve the health and well-being of the underserved. Last year, the foundation rehabilitated ten RHUs for the benefit of 477,208 people.

BDO Foundation improved the health centers' exteriors, layout and interior design, lobbies and waiting areas, offices, birthing clinics, consultation rooms, treatment rooms and pharmacies. It renovated birthing clinics that are critical in the life of communities. Using available space, it built breastfeeding stations for nursing mothers, play areas for children and waiting lounges for senior citizens. It installed new furniture and fixtures to help health workers accommodate more patients.

The foundation also revisited previously rehabilitated structures damaged by Super typhoon Odette. It conducted maintenance, upkeep and repair work on four RHUs severely affected by the disaster.

Supported by the Department of Health (DOH) and local government units, the rehabilitation initiative helped improve the healthcare delivery system in the country, one of the goals under the Philippine health agenda. The rehabilitation of facilities enabled health workers to provide primary healthcare services more efficiently, empowering them to deliver the best patient care possible to their constituents. Doctors, nurses and midwives became better equipped to serve the community. The improvements resulted in the health centers receiving high assessment scores from the DOH and accreditation from PhilHealth.

The program benefits mothers, infants and children, persons with disabilities, senior citizens and other patients. Many of the rehabilitated health centers serve indigenous peoples living in remote areas.

Like other BDO Foundation programs, the rehabilitation of health facilities was made possible by officers of BDO and BDO Network Bank branches, who recommended health centers that needed assistance. As COVID-19 restrictions limited travel, branch heads represented the foundation in the turn over of the RHUs, personally attending the inauguration and reopening of the health centers.

The program gained greater significance as the country continued to recover from the pandemic. Instrumental in helping curb the spread of the coronavirus, health centers provided free antigen testing and assisted in the rollout of the government's vaccination program.

Construction of facilities for learners

As part of a shared advocacy to support disadvantaged communities devastated by disasters, BDO Foundation signed an agreement with the Philippine Geothermal Production Company (PGPC) for the construction of a three-classroom school building in Baybay Elementary School in Catarman, Northern Samar. Catarman was severely hit by Typhoons Bising, Odette and Tisoy in recent years.

Supportive of DepEd's Adopt-A-School program, the initiative aims to address the shortage of classrooms in Baybay Elementary School and help administrators accommodate more students as the school resumes face-to-face classes.

This was the latest project of BDO Foundation in partnership with PGPC, the Philippines' pioneering geothermal firm. As part of post-Yolanda rebuilding efforts, the partners constructed a school building also in Baybay Elementary School back in 2014. In 2015, the foundation and the geothermal firm joined forces again for the construction of a school building in Tiwi Community College in Albay.

BDO Foundation also started the construction of a two-storey technical-vocational training facility for underserved youth at the Don Bosco Technical and Vocational Education and Training (TVET) Center in Balamban, Cebu.

The foundation's third partnership project with the Salesian Society of St. John Bosco, the initiative was undertaken to support Don Bosco's mission to educate, evangelize and capacitate Filipino youth. Similar structures were built by the foundation at Don Bosco training centers in Mati, Davao Oriental in 2019 and Dumangas, Iloilo in 2021.

The structure in Balamban will serve as a workshop, where senior high school students can learn tech-voc livelihood skills. The new building will enable Don Bosco to accommodate more learners. In addition to the construction of the facility, BDO Foundation will also provide furniture as well as tools and equipment for the training of students.

Don Bosco's TVET Centers educate economically disadvantaged and out-of-school youth and prepare them for gainful employment in the Philippines and abroad.

Financial education programs

In line with its financial inclusion advocacy, BDO Foundation continued to support the National Strategy for Financial Inclusion of the Bangko Sentral ng Pilipinas (BSP). The foundation worked closely with BSP's Economic and

Financial Learning Office for the implementation of financial education programs in partnership with the Department of Education (DepEd), Overseas Workers Welfare Administration (OWWA), Civil Service Commission (CSC), Armed Forces of the Philippines (AFP), Philippine National Police (PNP), Bureau of Fire Protection (BFP), and Bureau of Fisheries and Aquatic Resources (BFAR). The programs benefited 1,611,311 people in 2022.

Through the ongoing programs, the partners integrated financial education into the regular training programs of the partner agencies. They shared financial literacy lessons on such topics as saving, budgeting and financial planning, avoiding scams, debt management, entrepreneurship, insurance and retirement planning with target audiences. The programs benefited students, teachers and non-teaching personnel, overseas Filipino workers (OFWs), government workers, armed forces personnel, police personnel, firefighters and fisherfolk.

a. Department of Education (DepEd)

Pursuant to DepEd Order No. 21 series of 2022, DepEd continued to incorporate financial education into the K to 12 Curriculum and integrate financial literacy concepts into the teaching of Mathematics, Science, Araling Panlipunan, entrepreneurship, and technical-vocational and livelihood education, among other subjects. The policy helps ensure that financial education, while not a standalone subject, is taught in schools through the lesson exemplars prepared for the regular subjects and uploaded on the DepEd learning resource portal. Materials uploaded on the portal are downloaded by teachers for use in classrooms.

As part of a special project aimed at helping improve financial education in public schools, BDO Foundation, DepEd and Huawei Philippines awarded teachers who developed learning modules that effectively integrate financial literacy into the teaching of Science and Mathematics. The outstanding modules were honored at the online awards ceremony of the Search for the Best Supplemental Learning Materials in the Teaching of Defined Key Concepts in Science and Mathematics.

The nationwide competition invited elementary and high school teachers to develop modules that integrate financial literacy lessons into Science and Math. A panel of judges composed of distinguished academicians from the country's top universities evaluated 96 entries. Twelve winning modules were uploaded on the DepEd learning resource portal, where they could be accessed by teachers all over the country.

In support of DepEd's efforts to further improve the quality of education, BDO Foundation partnered with Huawei Philippines and Knowledge Channel Foundation for the production of five curriculum-based educational videos on early numeracy. Designed to teach Mathematics to Grade One pupils, these learning resources were made available for viewing on Knowledge Channel's on-air, online and offline platforms. These programs helped empower learners and educators. Further, they contributed to the implementation of DepEd's K to 12 Curriculum, its Brigada Eskwela program and the achievement of its Sulong Edukalidad advocacy and the Basic Education Development Plan 2030.

b. Bureau of Fisheries and Aquatic Resources (BFAR)

In line with the financial education program for fisherfolk, Fish N' LEarn—a gamified training intervention co-developed by BDO Foundation, BFAR, BSP, the Fish Right Program of the United States Agency for International Development (USAID), and PATH Foundation Philippines—was launched. As part of the launch and in commemoration of Farmers' and Fisherfolk's Month in May, the partners turned over game kits to leaders of fishing communities nationwide.

In order to ensure that the more than 2.4 million fisherfolk across the country will be reached, BFAR issued Fisheries Order No. 159 Series of 2022 or the Nationwide Adoption of Fish N' LEarn, the Financial Education Game for Fisherfolks, in the Conduct of BFAR Technical Trainings. The order mandates all BFAR regional and provincial offices as well as national and local training centers to adopt the training tool as a regular offering.

BDO Foundation's contributions to the development of Fish N' LEarn received recognition when the Department of Agriculture and BFAR officials conferred the Gawad Pagkilala award to the foundation at the opening ceremony of the 59th Fish Conservation Week.

c. Department of Agriculture (DA)

Supportive of the Department of Agriculture's efforts to achieve Masaganang Ani at Mataas na Kita, the innovative training tool helps improve the financial literacy of fishers and their families. It also promotes the protection of marine resources and the conservation of fishers' source of livelihood.

d. Civil Service Commission (CSC)

For its part, CSC formalized its adoption of the financial education program for civil servants through the issuance of an internal policy that makes financial education an integral part of the training of its personnel. More than 1,300 CSC personnel stand to benefit from financial education interventions that will be embedded in the agency's onboarding orientations for new employees, in-service leadership courses, sessions for retiring employees and other relevant training programs. Further, CSC started preparations for the rollout of the program in the entire government bureaucracy through training of trainers sessions participated in by personnel of the Civil Service Institute, CSC's training arm.

e. Armed Forces of the Philippines (AFP), Bureau of Fire Protection (BFP), and Philippine National Police (PNP)

Meanwhile, BDO Foundation and BSP continued to work with the AFP, BFP and PNP for the development of financial education trainers' manuals for publication in early 2023. The manuals will be used by trainers in the rollout of financial education programs for the armed forces, firefighters and police personnel.

f. Department of Migrant Workers (DMW)

The financial education program for OFWs, also known as Pinansyal ng Talino at Kaalaman or PiTaKa, continued implementation, most notably through the conduct of Pre-Departure Orientation Seminars that migrant workers attend prior to their deployment abroad.

In support of the PiTaKa program, BDO Foundation participated in the Multi-stakeholder Consultation on the Full-Cycle National Reintegration Program. The two-day consultation conducted by the Department of Migrant Workers was aimed at aligning the programs of various stakeholders for the successful reintegration of OFWs back into Philippine society. The initiative is in line with Republic Act No. 11641 or the Department of Migrant Workers Act of 2021.

g. Bangko Sentral ng Pilipinas (BSP) and Agricultural Credit Policy Council (ACPC)

As the pandemic limited the conduct of in-person financial literacy training sessions, BDO Foundation accelerated efforts to make its financial education materials available in the digital space. In partnership with BSP, the foundation began the process of developing nine online learning modules. The modules cover lessons on financial planning, saving and budgeting, debt management, basics of investing, fraud and scam prevention, financial consumer protection, digital financial literacy, Personal Equity and Retirement Account (PERA), and relevant economic indicators.

The modules will initially be accessible to BDO and BSP employees. Eventually, they will be made available to partner institutions and the general public.

In addition to the aforementioned partnerships, BDO Foundation also forged ties with other government agencies to reach more beneficiaries. The foundation signed an agreement with the Agricultural Credit Policy Council and BSP for the development of a financial education program for small farmers, fisherfolk, livestock raisers, young agripreneurs and repatriated OFWs engaged in agribusiness. It also started to form partnerships with the Department of Trade and Industry, Local Government Academy, and Technical Education and Skills Development Authority for the development of programs tailored for their respective target audiences.

In support of BSP's financial inclusion advocacy, the foundation participated in the BSP Financial Education Stakeholders Expo for the fifth consecutive year. The expo was themed *Owning the Future: Rebuilding and Strengthening Financial Health through Financial Literacy*. Working with the Marketing Communications Group, BDO Foundation contributed to the conduct of Financial Self-Care 101, one of the learning sessions in the week-long event. At the session, BDO brand ambassador and Miss Universe 2015 Pia Wurtzbach shared insights on how to achieve financial wellness.

Through its programs, BDO Foundation helped institutionalize financial education in the capacity building measures of its partner organizations. As it contributed to the government's efforts to improve financial literacy levels in the country, the foundation helped enhance the economic well-being of underserved Filipinos so that they may have brighter financial futures.

Relief operations

In line with its disaster response advocacy and in the spirit of bayanihan, BDO Foundation provided aid for 70,960 families affected by natural disasters last year.

BDO Foundation mounted relief operations in provinces placed under a state of calamity, mobilizing volunteers for the immediate distribution of relief goods in underserved communities. Volunteers visited evacuation sites and distributed relief packs containing food, rice and drinking water to families displaced by typhoons, earthquakes, volcanic eruptions and incidents of fire. Depending on the need of disaster-affected communities, the foundation also provided other items such as hygiene kits that included soap and alcohol as well as cleaning kits to help residents clean up dirt and debris scattered by storms.

Beneficiaries included families affected by a 7.0-magnitude earthquake that devastated parts of Northern Luzon, the Bulusan Volcano eruptions and Typhoons Agaton, Karding and Paeng, among others.

The disaster response efforts were made possible by volunteers from partner parishes, diocesan social action centers, non-governmental organizations, local government units, the military and the police. They were also supported by employees of BDO and BDO Network Bank branches, who helped the foundation assess situations in affected areas and coordinate logistics. BDO volunteers also helped distribute relief goods in certain locations.

Handog sa ‘Yo ng BDO Foundation

As part of a Christmas gift-giving initiative called Handog sa ‘Yo ng BDO Foundation, the foundation provided Christmas food bags for 25,000 families in economically disadvantaged communities across the country in 2022. For the third consecutive year, it distributed bags containing food, rice and drinking water to help poor families celebrate the season despite the pandemic and the country’s economic situation.

The project was made possible with the support of Caritas Philippines, the social arm of the Catholic Church in the country. Caritas Philippines volunteers from parishes and diocesan social action centers distributed Christmas food bags in Luzon, the Visayas and Mindanao.

Handog sa ‘Yo ng BDO Foundation was also backed by Tanging Yaman Foundation, a non-profit organization that links donors with beneficiaries. In line with its Christmas for Others program, Tanging Yaman personnel distributed Christmas food bags to families in Caloocan, Malabon, Manila, Muntinlupa, Novaliches, Pasay, Pasig, Quezon City and Taguig.

Employee volunteer program

The Human Resources Group, Sustainability Office and BDO Foundation launched the BDO employee volunteer program as part of efforts to promote

employee engagement and involvement in BDO's corporate citizenship initiatives.

The program contributes to the achievement of SDGs in the areas of poverty and hunger, the environment, education, and financial inclusion. It gives BDO employees all over the country opportunities to give back to the community and help Filipinos in need by participating in the volunteer events of the foundation and partner non-governmental organizations.

As part of the pilot run of the program, BDO Foundation engaged Caritas Philippines, Tanging Yaman Foundation, Don Bosco One TVET and SM Foundation for the initial set of volunteer events. BDO employees participated in the Handog sa 'Yo ng BDO Foundation initiative in partnership with Caritas Philippines and Tanging Yaman Foundation for the benefit of 25,000 families. Employees also volunteered to conduct financial literacy sessions for 813 beneficiaries composed of Don Bosco students, teachers, and non-teaching personnel; Caritas Philippines beneficiaries; and SM scholars.

The foundation also began coordinating with other organizations for future volunteer opportunities.

Establishment of vegetable gardens

Making inroads into initiatives that help promote food security and address hunger, BDO Foundation signed a memorandum of agreement with East-West Seed Foundation, the corporate social responsibility arm of East-West Seed Philippines, for the implementation of a project called *Gulayamanan*.

The partnership project aims to establish vegetable gardens in disadvantaged communities for the benefit of residents who lack livelihood opportunities. It is expected to provide income to beneficiaries and additional food supply to their communities. The initiative includes the conduct of financial literacy sessions for the target audience.

Other corporate citizenship initiatives

BDO Foundation made an impact on its beneficiaries through other initiatives.

- Joint funding with Huawei Philippines for Knowledge Channel Teaching in the New Normal, a program that provides public school principals and teachers professional development training on how to use multimedia learning resources to teach lessons online and offline
- Donation to the National Citizens' Movement for Free Elections and Parish Pastoral Council for Responsible Voting to support the non-profit organizations' efforts to ensure the integrity of the national and local elections
- Donation of school supplies to students of Nanapun Elementary School in Marawi City, Lanao del Sur in partnership with BancNet and in support of DepEd's Balik Eskwela program

- Donation of school supplies and hygiene kits to students of Mampang Elementary School in Zamboanga City in support of DepEd's Balik Eskwela program and in partnership with BDO Remit and Western Union
- Distribution of laptops donated by Huawei Philippines to schools in Benguet, Lanao del Sur, Negros Oriental, Palawan and Quezon as part of efforts to give more educators and learners much needed access to computers and help schools prepare for the resumption of face-to-face classes
- Participation in the Strengthening Financial Resilience session of the Public Sector Human Resource Symposium themed Building Resilient Organizations: Honing Agile and Future-Ready Leaders and HR Practitioners, an event organized by the Civil Service Institute of the Civil Service Commission
- Support for the League of Corporate Foundations CSR Expo 2022 themed Creating the Future We Need: Striking a Path During a Period of Transition
- Support for the Zero Extreme Poverty Philippines 2030 7th General Assembly themed Innovations in Achieving Progress Towards the SDGs 2030

As it marks its 15th year milestone in 2023, BDO Foundation is gearing up for more financial inclusion interventions, disaster response projects and post-disaster programs. While implementing ongoing initiatives, the corporate social responsibility arm of BDO Unibank will also explore more opportunities to contribute to the achievement of SDGs and work towards a sustainable, resilient and financially inclusive future.

Environmental Initiatives

BDO imposes limits and monitors exposure to certain industries such as production or trade in weapons and munitions, online gaming and equivalent enterprises, hydroelectric plant with weir height of more than 50 meters, illegal mining, illegal fishing and child labor (those deemed to have adverse environmental and social effects to community).

BDO's green financing has been practiced since 2010 and is considered one of the pioneers to have catalyzed sustainable finance in Philippine's banking industry. Through its cooperation with IFC until 2018, the Bank has led financing in green energy investments in Renewable Energy, Energy Efficiency and Green Building projects. In February 2018, BDO was the first to have issued a \$150 million green bond in the country and East Asia Pacific with IFC as its sole investor.

In January 2022, BDO successfully raised Php 52.7 billion worth of Peso-denominated Fixed-Rate ASEAN Sustainability Bonds which has been the largest issuance in the Philippines.

In March 2022, BDO issued its maiden Blue Bond amounting to US\$100million, through an investment from the International Finance Corporation. This issuance will expand financing for projects that help prevent marine pollution and preserve clean water resource, while supporting the country's climate goals. This marks

another milestone for BDO, being the first private sector issuance in Southeast Asia to issue a Blue Bond.

In addition, BDO had a partnership with Japan Bank for International Cooperation to relend its \$50 million green facility to environment-related projects focusing on renewable energy in the Philippines in August 2016. Thus, providing our clients with additional financial product that can support their prospective green projects.

In 2021, BDO's Sustainable Finance Framework was certified and given endorsement by Sustainalytics, a leading and independent Environmental, Social and Governance (ESG) research and ratings provider based in New York. Sustainalytics expressed that "BDO's Sustainable Finance Framework is credible and impactful, and aligns with the Sustainability Bond Guidelines in 2018, Green Loan Principles 2020, and the ASEAN Sustainability Bond Standards 2018."

Blue Bond issuance helped BDO expand its Sustainable Finance Framework to include projects supporting the country's blue economy, while establishing a new asset class in the Philippine debt market. World Bank defines blue economy as sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health.

Please refer to the Corporate Social Responsibility Section of the 2021 Annual Report and the 2021 Sustainability Report for more details on the Bank's socio-civic programs and initiatives published in our corporate website at (www.bdo.com.ph).

The Bank also maintained its "Go Green Program" to raise awareness on environmental issues, promote good environmental practices in the workplace, mobilize volunteers for conservation programs. Its Green initiatives focuses on energy conservation using LED lights, water management using waterless urinals, air quality by tree planting in support of "Grow a Million Trees" campaign, waste disposal and other clean-up projects.

BDO Corporate Center Ortigas (BDO CCO) has earned a certification on Leadership in Energy and Environmental Design (LEED). It is the first high-rise office-commercial building in the Philippines to achieve a LEED Gold "New Construction Category" Certification. Various sustainable methods were implemented in the construction of the building that steered its LEED accreditation. These include the installation of automated monitoring and control systems as CO2 sensors, occupancy sensors, daylight dimming and timer switches.

- With the help of the CO2 sensors, indoor pollutants are mitigated and help the building steer away from catching the sick building syndrome.

- By deciding to go automated, energy is saved from mechanically turning off or dimming the lights when it does not sense any human activity and when sufficient natural light enters the room.
- Sustainable effort was done by employing dual piping in the plumbing system. Grey
- water, harvested rainwater and condensate water are recycled and re-used for flushing.

The combination of efficient water fixtures and grey water flushing were keys in reducing the total building potable water use by approximately 5,700,000 liters annually. BDO's practice in green financing brings forth solid outcome and basis for establishing Sustainable Finance Framework which provides guidelines and parameters for green and social impact financing. With continued innovation in green financing, the Bank has positioned to lead Sustainable Finance across various industries.

Business Competitors

The Bank is committed to treat business competitors fairly and professionally in all dealings with them. It will avoid making references or discussions that may have a negative impact on the Bank's competitors.

Government and Regulators

The Bank supports the compliance with the spirit, not just the letter, of the laws and regulations of the jurisdictions it operates. All business deals and transactions shall adhere to regulatory requirements and applicable laws particularly on confidentiality of deposits, data privacy and protection, anti-money laundering and other financial crimes, anti-corruption and bribery, insider trading and consumer protection. In 2022, the Bank continued to be active in giving comments on various proposed legislations and regulations.

Transparency and Disclosures

BDO is fully committed to provide its investors and other stakeholders full transparency and timely information disclosure through filing with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), as found in the following:

- General Information Sheet (GIS)
- Definitive Information Sheet (DIS)
- SEC form 17-A
- SEC form 17-C (current reports - material information)
- SEC form 17-Q (Quarterly Report)
- SEC form 23-A/B (Statement of Beneficial Owners)
- Audited Financial Statements (AFS)

Required disclosures relating to:

1. Financial information is stated in the AFS, SEC Form 17-Q and the DIS
2. Shareholder matters are provided in the DIS
3. Executive compensation policy is stated in the DIS
4. Directors' fees are found in the DIS

5. Corporate actions, among others, are provided in the PSE official website www.pse.com.ph

In particular, BDO released the 2022 audited financial statements on February 24, 2023 or just 55 days after close of the financial year to promote transparency and full disclosure of the results of the operations of the Bank.

Other key information disclosed by the Bank included the composition of the Board, role and activities of board committees, meetings held and attendance of directors, director continuing education records, remuneration policy, shareholding structure, annual performance self-assessment of Board of Directors as a collective body, directors, committees and senior management, Code of Conduct and Business Ethics, Corporate Governance Manual, SEC Annual Corporate Governance Report, BDO organizational structure, conglomerate map and important corporate governance policies on whistle blowing, term limit of independent directors, personal trading, conflict of interest, dividend, Board diversity policy and related party transactions.

To ensure an even wider access by the investors and the public, these disclosures and other corporate information are also uploaded in the Bank's official website www.bdo.com.ph (See "Investor Relations" and "Corporate Governance"). The details of established corporate governance policies are found in the Revised Corporate Governance Manual.

Evaluation System

The Bank has required in its Corporate Governance Manual (the "Manual") that all Board level committees shall report regularly to the Board of Directors in compliance with the Manual's policies and procedures. The Bank supports the principle and regulatory mandate of checks and balances across the entire Group by its observance of the segregation of powers, independence of audit, compliance and risk management functions. In the context of independent checks and balances, the Board has appointed the Chief Internal Auditor, Chief Risk Officer and Chief Compliance Officer to assist the Board in its oversight functions.

As part of its continuing focus on good corporate governance, the Board Audit Committee is empowered by the Board to oversee the financial reporting process, internal control and risk management systems, internal and external audit functions, and compliance with applicable laws and regulations.

Their oversight function covers the following areas:

On financial reporting, the committee reviews the integrity of the reporting process to ensure the accuracy and reliability of financial statements and

compliance with financial reporting standards and disclosure requirements set for listed companies.

On internal control and risk management, it monitors and evaluates the adequacy, soundness and effectiveness of the Bank's established internal control and risk management systems, policies and procedures including implementation across all units of the Bank to provide reasonable assurance against fraud or other irregularities and material misstatement or loss.

On internal and external audit, it recommends the appointment, reappointment and removal of the external auditors, remuneration, approval of terms of audit engagement and payment of fees. It reviews non-audit work, if any, ensuring that it would not conflict with their duties as external auditors or may pose a threat to their independence. It approves the annual audit plan and reviews audit results focusing on significant findings with financial impact and its resolution. It reviews the implementation of corrective actions to ensure that these are done in a timely manner to address deficiencies, non-compliance with policies, laws and regulations.

On compliance, it recommends the approval of the Compliance Charter and reviews the performance of the Chief Compliance Officer and compliance function. It also reviews the annual plans of the Compliance Group including the Anti-Money Laundering Department, and evaluates the effectiveness of the regulatory compliance framework and governance policies and practices of the Bank to ensure that these are consistently applied and observed throughout the institution. It reviews the report of examination of the Bangko Sentral ng Pilipinas (BSP) and other regulators including replies to such reports for endorsement to the Board for approval.

In this context, the following were done during the year:

Board Audit Committee

On financial reporting, the Board Audit Committee (BAC) reviewed and recommended for approval to the Board the Bank's quarterly unaudited and annual audited financial statements ensuring compliance with accounting standards and tax regulations. On February 23, 2022, it endorsed for approval of the Board the Bank's audited financial statements as of December 31, 2021 including the Notes to the Financial Statements. This was approved by the Board on February 24, 2022 and disclosed to the public on February 28, 2022, 59 days from the financial year-end, following the best practice requirement of the ASEAN Corporate Governance Scorecard (ACGS). It believes that the financial statements are fairly presented in conformity with the relevant financial reporting standards

in all material aspects. The related internal controls on financial reporting process, compliance with accounting standards were likewise reviewed.

In overseeing the internal audit function, it reviewed and approved the 2022 and 2023 Internal Audit risk-based audit plans after a thorough review of its scope, as well as changes to the plan, audit methodology, budget, manpower resources and the appointments/assignments of key audit officers during the year. It also reviewed and approved on April 20, 2022 the External Quality Assessment Review Plan of the Internal Audit activities by the independent third- party assessor and reviewed the results of such assessment on August 17, 2022. It reviewed audit reports focusing on high and moderate risk findings relating to operational, financial and compliance controls including risk assessment systems with impact to financial, reputation and information security. It regularly tracked the timely resolution of findings and asked for Management's action plans on items that needed to be addressed. It also assessed the performance of the Chief Internal Auditor and the internal audit function. It ensured the Internal Audit's independence and unfettered access to all records, properties and information to be able to fully carry out its function. The Committee is satisfied that the internal audit function has adequate resources to perform its function effectively.

On external audit, it reviewed and approved the 2022 Audit Plans of the external auditor to ensure the adequacy of its scope and coverage and appropriateness of the timelines. On March 16, 2022, it approved and endorsed for approval of the Board the engagement with the Bank's external auditor for its non-audit role as Board of Canvassers in the voting in the bank's Annual Stockholders Meeting on April 22, 2022. It reviewed and discussed the content of the engagement letter, scope of work, composition of engagement team among others, prior to the commencement of the non- audit work. It comprehensively discussed the external audit reports, focusing on internal controls, risk management, governance and matters with financial impact particularly on the changes in accounting and reporting standards. It reviewed Management's Letter as well as Management's response and action taken on the external auditor's findings and recommendations.

In overseeing the compliance function, it reviewed and approved the new internal work Guidelines, revisions to the Money Laundering and Terrorist Financing Prevention Program (MTPP) Manual, annual compliance plans, and independent compliance testing roadmaps of the Compliance and Anti-Money Laundering (AML) departments. It monitored the progress and reviewed the status of the annual compliance plans, results of the independent compliance and AML testing, timely submission of regulatory and prudential reports, compliance to mandatory ratios, as well as

continuous improvement of the compliance and AML systems. It conducted the annual appraisal of the performance of the Chief Compliance Officer for 2021. It discussed in detail the Bangko Sentral ng Pilipinas and Anti-Money Laundering Council Reports of Examination including the results of regulatory examinations of the Bank's foreign subsidiaries and reviewed Management's replies and its periodic updates to the regulators, thereby ensuring implementation of corrective actions. It also reviewed and provided guidance to Management in its replies to concerns of the regulators to ensure that the Bank's position is appropriately presented. It approved on September 21, 2022 the second Money Laundering/ Terrorism Financing Institutional Risk Assessment of the bank for the year 2020 and the 2021 Money Laundering/Terrorism Financing Risk Assessment of the Bank. It approved and endorsed for approval of the Board of Directors on June 22, 2022 the expanded Table of Organization of the group that provides additional manpower complement to address the increasing compliance risk management tasks of the group.

Reports on cases in operations, whistle blower accounts as well as non-loan related cases with impact to financials, internal controls, information systems and reputation were deliberated on focusing on risk assessment, legal handling, and fraud prevention.

As part of its commitment to excellent corporate governance, the Committee conducted a self-assessment for its 2021 performance based on its Terms of Reference. The BAC likewise evaluated the performance of Internal Audit, Compliance and AML departments, and External Audit to ensure their effectiveness and achievement of their objectives.

The BAC reports its evaluation of the effectiveness of the internal controls, financial reporting process, risk management systems of the Bank, based on the report and unqualified opinion obtained from the External Auditor, the overall assurance provided by the Chief Internal Auditor and additional reports and information requested from Senior Management, and found these to be generally adequate across BDO.

The Board Audit Committee is chaired by Mr. Vicente S. Pérez, Jr. (Independent Director). Its other members are Mr. Vipul Bhagat (Independent Director) and Mr. Jones M. Castro, Jr. (Non-Executive Director).

The Board Audit Committee held 13 meetings in 2022.

Below is the attendance of the members in Board Audit Committee meetings held in 2022:

Name	Director Type	No. of Meetings Attended	Total No. of Meetings	Percentage	Remarks
Jose F. Buenaventura	Independent	4	4	100%	Term as director ended on April 22, 2022
Vicente S. Pérez, Jr.	Independent	12	13	92%	Member until April 22, 2022; Chairman beginning April 22, 2022
Vipul Bhagat	Independent	7	9	78%	Member beginning April 22, 2022
Jones M. Castro, Jr.	Non-Executive	12	13	92%	

Corporate Governance Committee

The Corporate Governance Committee (CGC) is primarily tasked to assist the Board in formulating the governance policies and overseeing the implementation of the governance practices of the Bank as well as its subsidiaries and affiliates. Annually, it also conducts the performance evaluation of the Board of Directors, its committees, executive management, peer evaluation of directors, and conducts a self-evaluation of its performance. It provides an assessment of the outcome and reports to the Board the final results of the evaluation including recommendations for improvement and areas to focus to enhance effectiveness. It also oversees the continuing education program for directors and key officers and proposes relevant trainings for them.

During the year, the Corporate Governance Committee achieved the following:

a. Annual Continuing Education of Directors

The Corporate Governance Committee facilitated the compliance of the directors of the Bank and its subsidiaries with the regulatory requirement for an annual corporate governance seminar as part of their continuing education. The in-house seminar focused on the impact of geopolitical risk in the face of the rising Asia and the ASEAN, as well as sustainability and the role of boards, covering climate change and biodiversity challenges.

The Committee continuously monitored the Bank's compliance with local and international corporate governance standards. It reviewed and endorsed for Board approval the Bank's 2021 Integrated Annual Corporate Governance Report to the Securities and Exchange Commission (SEC), which documents Bank's compliance with the SEC Code of Corporate Governance.

b. Policy on Interlocking Positions

The Committee approved and endorsed to the Board for approval the Bank's Policy on Interlocking Positions, which establishes the framework in handling interlocking positions of the Bank's directors and officers, in compliance with BSP Circular 1129 on Amendments to Corporate Governance Guidelines for BSP-Supervised Financial Institutions.

c. Sustainability Initiatives

The Committee noted various sustainability updates, including BDO's win in Asia Top Sustainability Advocates Award, United Nations (UN) VISION2045 Initiative, BDO Transition Plan, and BDO Sustainability Organizational Structure, among others; presentation of BDO Foundation; and updates on Employee Volunteer Program and Grant.

d. Board Effectiveness Evaluation

The Committee also spearheaded the annual Board evaluation self-assessment by Board members and advisors as facilitated by PwC Philippines (PwC) covering the performance in 2021 and 2022 of the Board of Directors, Board Committees, senior management, each director, and Board Advisors. Although the recommendation in the SEC Code of Corporate Governance for an external facilitator is required only every three years, the Committee steered the engagement of an external facilitator to handle the annual Board evaluation self-assessment for better governance practice.

Below is the attendance of the members in Committee meetings held in 2022:

Name	Director Type	No. of Meetings Attended	Total No. of Meetings	Percentage	Remarks
Jose F. Buenaventura	Independent	3	3	100%	Term as director ended on April 22, 2022
George T. Barcelon	Independent	4	4	100%	Chairman beginning April 22, 2022
Estela P. Bernabe	Independent	3	3	100%	Appointed on July 31, 2022

Vipul Bhagat	Independent	4	7	57%	
Vicente S. Pérez, Jr.	Independent	7	7	100%	

Measures on leading practices of good corporate governance

The Bank is constantly aligning its corporate governance system with the international practice taking into account the continuous developments in national regulations.

The Board approved the amendments to the Bank's Articles of Incorporation and By-Laws to conform with the Revised Corporation Code of the Philippines and the Bank's current operations and structure as well as enhance corporate governance. Noteworthy of these amendments is the increase of the quorum requirement for meetings of the Board from a simple majority to two-thirds (2/3). Every decision made during such meetings shall also require two-thirds (2/3) of such quorum in order to pass a valid corporate act.

Related party transactions, whose value may exceed 10% of the Bank's total assets, require review of an external independent party to evaluate the fairness of its terms and conditions and approval of 2/3 vote of the Board, with at least a majority of the independent directors voting affirmatively.

Any Deviation from the Manual

There were no deviations from the Manual.

Improvement on Corporate Governance

The Bank, as a financial institution, recognizes the importance of addressing the climate change and supporting the country's transition towards a low-carbon economy. The Bank, through its Board and Senior Management, remains committed to advancing the sustainability agenda and achieving strategic resilience by consistently incorporating sustainability in the way it conducts business. The Board, being the highest governance body, plays a crucial role in ensuring that sustainability is embedded in the Bank's compliance, corporate governance, and risk management frameworks. The Board sets the tone at the top by promoting an enterprise-wide culture that continually fosters environmentally and socially responsible business decisions. The Bank endeavors to contribute to the country's sustained growth by financing economic activities that nurture the environment, empower the Filipino consumers, and promote the best interest of the Bank's various stakeholders. Consistent with the UN Sustainable Development Goals (SDGs), UN Global

Compact, and the government's Sustainable Finance Roadmap, the Bank constantly strives to create lasting, net positive impact through delivery of various banking products and services that are sustainable, inclusive, equitable, environment-friendly, and socially-relevant.

The Corporate Governance Committee also defined its oversight responsibility on the sustainability initiatives of the Bank, consistent with its Sustainable Finance Framework and its commitment to sustainable development.

The Bank also makes continuous improvements in its corporate governance practices as it consciously adopts the principles of ASEAN Corporate Governance Scorecard (ACGS). The Bank further diversified its Board composition by having an additional female independent director and another foreign independent director. On transparency, the Bank discloses the total remuneration of each member of the board of directors. To ensure that its shareholders can easily cast their votes in the Annual Stockholders' Meeting even in absentia, the Bank provides a secure electronic voting platform.

VIII. UNDERTAKING TO PROVIDE WITHOUT CHARGE A COPY OF THE BANK'S ANNUAL REPORT ON SEC FORM 17-A

THE BANK WILL PROVIDE WITHOUT CHARGE A COPY OF THE BANK'S ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022 (SEC FORM 17-A) TO ITS STOCKHOLDERS UPON RECEIPT OF A WRITTEN REQUEST ADDRESSED TO THE CORPORATE SECRETARY, 21ST FLOOR, BDO TOWERS VALERO, 8741 PASEO DE ROXAS, SALCEDO VILLAGE, MAKATI CITY, PHILIPPINES.



BDO UNIBANK, INC.
2023 ANNUAL STOCKHOLDERS' MEETING
April 19, 2023 at 2:00 p.m.

Guidelines for Registering, Participating via Remote Communication and In-Person, and Voting *in Absentia*

The 2023 Annual Stockholders' Meeting (ASM) of BDO Unibank, Inc. (BDO) is scheduled on **April 19, 2023, Wednesday, at 2:00 p.m.**, with the end of trading hours of The Philippine Stock Exchange, Inc. on **February 23, 2023 as the record date** set by BDO's Board of Directors for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

The ASM will be conducted in hybrid format (a combination of in-person and remote attendance). In-person attendance will be limited to the first one hundred (100) fully-vaccinated stockholders. The ASM will be broadcasted via livestreaming accessible to registered participants.

ALL VOTING BY STOCKHOLDERS WILL STILL BE *IN ABSENTIA* THROUGH BDO'S SECURE ONLINE VOTING FACILITY.

Registration for All Stockholders

Stockholders must notify the Corporate Secretary of their intention to participate in the ASM whether in-person or via remote communication and to exercise their right to vote *in absentia* no later than **April 14, 2023** by registering at <www.bdo.com.ph/2023asmregister> and by uploading the following supporting documents/information, subject to verification and validation:

- **For Certificated Individual Stockholders**
 1. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
 2. Stock certificate number/s
 3. A valid and active e-mail address and contact number of stockholder
 4. If appointing a proxy, duly accomplished and signed proxy. Proxy form can be downloaded from BDO's website <www.bdo.com.ph/2023proxyform>.
- **For Certificated Multiple Stockholders or Joint owners**
 1. A clear copy of the ALL stockholders' valid government-issued IDs (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
 2. Stock certificate number/s
 3. A valid and active email-address and contact number of authorized representative
 4. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need *not* be notarized)
 5. If appointing a proxy, duly accomplished and signed proxy. Proxy form can be downloaded

from BDO's website <www.bdo.com.ph/2023proxyform>.

- **For Certificated Corporate/Partnership Stockholders**

1. Secretary's Certification of Board resolution attesting to the authority of representative to participate by remote communication for, and on behalf of the Corporation/Partnership
2. Stock certificate number/s
3. A clear copy of the valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) of stockholder's authorized representative showing photo, signature and personal details, preferably with residential address
4. A valid and active email-address and contact number of authorized representative
5. If appointing a proxy, duly accomplished and signed proxy. Proxy form can be downloaded from BDO's website <www.bdo.com.ph/2023proxyform>.

- **For Stockholders with Shares under PCD Participant/Broker Account**

1. Certification from broker as to the number of shares owned by stockholder
2. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
3. A valid and active email-address and contact number of stockholder or proxy
4. If appointing a proxy, duly accomplished and signed proxy. Proxy form can be downloaded from BDO's website <www.bdo.com.ph/2023proxyform>.

Note: Attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

Important Reminder: Please refrain from sending duplicate and inconsistent information/documents as this can result in failed registration. All documents/information shall be subject to verification and validation by the Corporate Secretary.

An active/valid email address is required for the registration. Any single email address can be used to register up to five (5) times for multiple shareholdings with BDO under different classifications, i.e., single, joint, multiple/joint, corporate and under broker account. If you have exceeded this number of allowable request, please contact the Office of the Corporate Secretary at (632) 8840-7610 / 8878-4208 or via email at <corporate_secretary@bdo.com.ph>.

Voting in Absentia

Stockholders who have successfully registered shall be notified via email from BDO of their unique log-in credentials for the voting portal. Registered stockholders can then cast their votes for specific items in the agenda, as follows:

1. Access the voting portal by clicking the link, and log in using the unique credentials sent by email to the email-address of the stockholder provided to BDO.
2. Upon accessing the voting portal, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval is appended as Annex "A" to the Notice of Meeting.
 - 2.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.

- 2.2 For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees (abstain), or vote for certain nominees only.

Note: *A stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected (11 directors for BDO) multiplied by the number of his/her shares shall equal, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit, provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholder.*

3. Once the stockholder has finalized his/her vote, he/she can proceed to submit the vote by clicking the “Submit” button.
4. The stockholder can still change and re-submit votes, provided, such new votes are submitted using the same log-in credentials. Previous votes will be automatically overwritten and replaced by the system with the new votes cast.

In-Person Attendance

In-person attendance will be limited to ensure the well-being of everyone. Shareholders who wish to attend in-person must email the Corporate Secretary at <corporate_secretary@bdo.com.ph> of their intention to attend in-person, and ONLY THE FIRST ONE HUNDRED (100) fully-vaccinated stockholders to email will be allowed to join the in-person meeting. These stockholders shall receive a notification from BDO, which will include details on safety protocols for their attendance of the meeting at Forbes Ballroom, Second Floor, Conrad Manila, Seaside Boulevard corner Coral Way, Mall of Asia Complex, Pasay City.

Note: *Stockholders attending the in-person meeting should still cast their votes in absentia via BDO’s online voting portal <<https://asmvoting.bdo.com.ph>>.*

Participation Through Remote Communication

The ASM will be livestreamed and stockholders who have successfully registered can participate via remote communication. Details of the meeting will be sent to stockholders in the emails provided to BDO. Instructions on how to access the livestream will also be posted at <www.bdo.com.ph/2023ASM>.

Video recordings of the ASM will be adequately maintained by BDO and will be made available to participating stockholders upon request. Stockholders may access the recorded webcast of the ASM by sending an email request addressed to <corporate_secretary@bdo.com.ph>.

Open Forum

During the meeting, BDO will have an Open Forum, during which, the meeting’s moderator will read and where representatives of BDO shall endeavor to answer as many of the questions and comments received from stockholders as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject “ASM 2023 Open Forum” to <irandcorplan@bdo.com.ph> not later than 2:00 p.m. of April 19, 2023. A section for stockholder comments/questions or a “chatbox” shall also be provided in the livestreaming platform.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by BDO through the stockholders' email addresses.

For complete information on the ASM, please visit <www.bdo.com.ph/2023ASM>.

For any clarification or other ASM-related queries, stockholders may contact BDO at (632) 8840-7610/ 8878-4208 or send an email to the Office of the Corporate Secretary at <corporate_secretary@bdo.com.ph> or Investor Relations at <irandcorplan@bdo.com.ph>.

Remarks: Please use BLACK ink for scanning purposes.

Financial Statements and
Independent Auditors' Report

BDO Unibank, Inc. and Subsidiaries

December 31, 2022, 2021 and 2020

Report of Independent Auditors

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders

BDO Unibank, Inc.

BDO Corporate Center
7899 Makati Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BDO Unibank, Inc. and subsidiaries (collectively referred to as the BDO Unibank Group) and of BDO Unibank, Inc. (the Parent Bank), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BDO Unibank Group and of the Parent Bank as at December 31, 2022 and 2021, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

The following are the key audit matters identified in our audit of the financial statements of the BDO Unibank Group and the Parent Bank:

(a) Valuation of Loans and Other Receivables*Description of the Matter*

The BDO Unibank Group and the Parent Bank are required to recognize allowance for impairment on their loans and other receivables using the expected credit loss (ECL) model in accordance with PFRS 9, *Financial Instruments*. As of December 31, 2022, the BDO Unibank Group and the Parent Bank had loans and other receivables amounting to P2,696,901 million and P2,621,221 million, respectively, net of allowance for impairment of P76,360 million and P74,000 million, respectively. Loans and other receivables are the most significant resources of the BDO Unibank Group and the Parent Bank which account for 66% and 67% of the BDO Unibank Group and the Parent Bank's total resources, respectively.

The allowance for impairment of loans and other receivables is considered to be a matter of significance as it requires the application of critical management judgment and use of subjective estimates in determining how much impairment loss is required to be recognized in the financial statements. These judgment and estimates are disclosed in the BDO Unibank Group's and the Parent Bank's accounting policies in Notes 2 and 3 to the financial statements.

The BDO Unibank Group and the Parent Bank use an ECL model in determining the impairment of their loans and other receivables. The assessment of credit risk of a portfolio of assets entails estimations as to the likelihood of defaults occurring, the associated loss ratios and of default correlations of the related counterparties. Furthermore, the BDO Unibank Group and the Parent Bank incorporated forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly from its initial recognition and the measurement of ECL. The BDO Unibank Group and the Parent Bank have identified and documented key drivers of credit risk and credit losses for each loan portfolio and, using an analysis of historical data, have estimated relationships between macro-economic variables, credit risk and credit losses.

The significant judgments applied and the subjectivity of estimates used by management have further heightened due to the unprecedented impact of COVID-19 pandemic to the BDO Unibank Group's and the Parent Bank's loans and receivables. Further, BDO Unibank Group and the Parent Bank consider the current and forecasted macroeconomic variables in determining the appropriate overlay and in updating the probability of default and loss given default. Accordingly, the BDO Unibank Group and the Parent Bank have recognized in 2022 impairment losses on loans and other receivables amounting to P16,414 million and P15,665 million, respectively, based on the ECL model used by the BDO Unibank Group and the Parent Bank by considering the current credit status of the loans and receivables and the potential delinquencies brought about by the current economic condition.

The disclosures of the BDO Unibank Group and the Parent Bank on the allowance for impairment of loans and other receivables, and the related credit risk are included in Notes 4 and 11 to the financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to the adequacy of allowance for impairment of loans and other receivables, which was considered to be a significant risk, included:

- testing the design and operating effectiveness of relevant general and application controls across the processes, as assisted by our own Information Technology specialists, over the loan classification into stages, and the calculation and recognition of the allowance for impairment;
- evaluating appropriateness of the BDO Unibank Group's and the Parent Bank's credit policy and loan impairment process as approved by the Board of Directors;
- on a sample basis, evaluating the appropriateness of the credit risk ratings of loans to assess appropriateness of credit risk monitoring;
- assessing the appropriateness of the BDO Unibank Group's and the Parent Bank's design of the ECL impairment model;
- evaluating the inputs and assumptions, as well as the formulas used in the development of the ECL models for each of the loan portfolio. This includes assessing the completeness and appropriateness of the formula and inputs used in determining the probability of default, loss given default and exposure at default;
- for forward-looking information used, evaluating whether the forecasted macro-economic factors, which include gross domestic product growth, unemployment rates and core inflation rates were appropriate. In addition, assessing the level of significance of correlation of selected macro-economic factors to the default rates as well as the impact of these variables to the ECL;
- assessing the borrowers' repayment abilities by examining payment history for selected loan accounts; and,
- on selected non-performing loan accounts, evaluating the management's forecast of recoverable cash flows based on agreed restructuring agreement, actual payment pattern after the restructuring, valuation of collaterals and estimates of recovery from other sources of collection.

(b) Valuation of Financial Instruments*Description of the Matter*

In general, the fair valuation of the financial instruments of the BDO Unibank Group and the Parent Bank is computed with reference to external sources and readily available market value. The fair valuation of financial instruments of the BDO Unibank Group and the Parent Bank is considered a key area of focus in our audit due to the use of inputs from external sources in computing the market value of some financial instruments with no readily available market value. To the extent practicable, certain financial instruments are measured using models with observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

As of December 31, 2022, the derivative financial assets and derivatives with negative fair values of the BDO Unibank Group that are carried at fair value amounted to P8,613 million and P7,809 million, respectively, while that of the Parent Bank amounted to P3,468 million and P3,636 million, respectively. The debt and equity investments at Level 2 and Level 3 amounted to P6,224 million for the BDO Unibank Group and P482 million for the Parent Bank.

The disclosures of the BDO Unibank Group and the Parent Bank on exposure to financial instruments valuation risk are included in Note 4 to the financial statements.

How the Matter was Addressed in the Audit

Our audit procedures, included among others, the following:

- testing of design and operating effectiveness of relevant controls over the valuation process including the valuation method and assumption used by the BDO Unibank Group and the Parent Bank on the financial instruments, particularly the measurement of derivative financial instruments as assisted by our own Information and Technology specialists.
- evaluating whether fair value prices used were appropriate by testing the inputs against reliable market sources;
- recomputing the fair values based on the inputs and compared with the market values reported by the BDO Unibank Group and the Parent Bank; and,
- reviewing the appropriateness of the method used in fair market valuation.

(c) Carrying Value of Goodwill and Other Intangible Assets with Indefinite Useful Lives*Description of the Matter*

The BDO Unibank Group has goodwill of P4,535 million, with allowance for impairment of P1,514 million, as of December 31, 2022, and the significant portion of which relates to the acquisition of BDO Network Bank, Inc. (BDO Network). Furthermore, the BDO Unibank Group and the Parent Bank have other intangible assets with indefinite useful lives amounting to P3,525 million and P3,522, respectively.

This annual impairment testing of goodwill and other intangible assets with indefinite useful lives for impairment is considered to be a key audit matter because the management's process in assessing the recoverability of the intangible assets is complex. In addition, the assumptions used in determining the cash generating units (CGUs) where the goodwill and other intangible assets with indefinite useful lives are allocated and estimating the recoverable amount involves significant judgment. The recoverable amount of the CGUs has been computed using discounted cash flows method. This valuation method uses several key assumptions, including estimates for forecasted statement of financial position and net profit of CGUs, terminal value growth rates and discount rate.

The BDO Unibank Group's disclosures about goodwill and other intangible assets are included in Notes 2, 3 and 15 to the financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to impairment of goodwill and other intangible assets with indefinite useful lives included, among others, evaluating the appropriateness of assumptions and methodologies used by the management, in particular, those relating to the forecasted statement of financial position and statement of income as well as the discount and growth rates used. We have involved our Firm valuation specialist to assist in evaluating the appropriateness of assumptions used in estimating the recoverable amount of CGUs. In addition, we recalculated the value-in-use of the CGUs and compared it with the carrying amount. We also reviewed the BDO Unibank Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill and other intangible assets with indefinite useful lives. Furthermore, our audit of the financial statements of BDO Network as of and for the year ended December 31, 2022 did not identify events or conditions that may cast significant doubt on BDO Network's ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises the information included in the BDO Unibank Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A, and Annual Report for the year ended December 31, 2022, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, 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 financial statements in accordance with PFRS, 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 BDO Unibank Group's and the Parent 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 BDO Unibank 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 BDO Unibank Group's and the Parent Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BDO Unibank Group's and 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 BDO Unibank Group's and the Parent Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the BDO Unibank Group and the Parent Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the BDO Unibank Group and the Parent Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

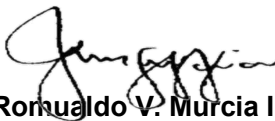
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation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

Report on 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. As discussed in Note 31 to the financial statements, the Parent Bank presented the supplementary information required by the Bureau of Internal Revenue (BIR) under Revenue Regulations (RR) No. 15-2010 in a supplementary schedule filed separately from the basic financial statements. RR No. 15-2010 requires the supplementary information to be presented in the notes to the financial statements. The supplementary information for the years ended December 31, 2022 and 2021 required by the Bangko Sentral ng Pilipinas (BSP) as disclosed in Note 35 to the financial statements is presented for purposes of additional analysis. Such supplementary information required by BIR and BSP is the responsibility of management. The supplementary information is not a required part of the basic financial statements prepared in accordance with PFRS; it is neither a required disclosure under the Revised Securities Regulation Code Rule 68 of the SEC.

The engagement partner on the audits resulting in this independent auditors' report is Romualdo V. Murcia III.

PUNONGBAYAN & ARAULLO



By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 9566639, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 95626-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-022-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 24, 2023

Supplemental Statement of Independent Auditors

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors

BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue, Makati City

We have audited the financial statements of BDO Unibank, Inc. (the Bank) for the year ended December 31, 2022, on which we have rendered the attached report dated February 24, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Bank has 10,709 stockholders owning 100 or more shares each of the Bank's capital stock as of December 31, 2022.

PUNONGBAYAN & ARAULLO



By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 9566639, January 3, 2023, Makati City
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 24, 2023

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Millions of Philippine Pesos)

		BDO Unibank Group				Parent Bank			
	Notes	2022		2021		2022		2021	
RESOURCES									
CASH AND OTHER CASH ITEMS	8	P	82,944	P	69,105	P	80,666	P	66,440
DUE FROM BANGKO SENTRAL NG PILIPINAS	8		385,779		304,906		382,210		302,660
DUE FROM OTHER BANKS - Net	9		58,766		70,092		51,055		64,349
TRADING AND INVESTMENT SECURITIES - Net	10		722,830		616,261		606,789		497,963
LOANS AND OTHER RECEIVABLES - Net	11		2,696,901		2,450,903		2,621,221		2,399,983
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	12, 13		46,471		44,807		42,394		41,586
INVESTMENT PROPERTIES - Net	14		21,158		18,795		13,173		11,263
OTHER RESOURCES - Net	15		59,859		48,880		102,815		81,762
TOTAL RESOURCES		P	4,074,708	P	3,623,749	P	3,900,323	P	3,466,006
LIABILITIES AND EQUITY									
DEPOSIT LIABILITIES	17	P	3,220,883	P	2,820,896	P	3,141,016	P	2,751,715
BILLS PAYABLE	18		198,891		204,431		188,872		196,174
INSURANCE CONTRACT LIABILITIES	20		64,363		65,328	-	-	-	-
OTHER LIABILITIES	21		129,114		108,546		110,536		94,656
Total Liabilities			3,613,251		3,199,201		3,440,424		3,042,545
EQUITY	22								
Attributable to:									
Shareholders of the Parent Bank			459,332		422,934		459,899		423,461
Non-controlling Interests			2,125		1,614	-	-	-	-
			461,457		424,548		459,899		423,461
TOTAL LIABILITIES AND EQUITY		P	4,074,708	P	3,623,749	P	3,900,323	P	3,466,006

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Millions of Philippine Pesos Except Per Share Data)

	Notes	BDO Unibank Group		Parent Bank	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2020</u>
INTEREST INCOME	23	P 169,071	P 144,879	P 136,772	P 149,697
INTEREST EXPENSE	24	<u>19,839</u>	<u>13,533</u>	<u>18,728</u>	<u>22,400</u>
NET INTEREST INCOME		<u>149,232</u>	<u>131,346</u>	<u>139,904</u>	<u>127,297</u>
IMPAIRMENT LOSSES (RECOVERIES) - Net	16				
Financial Assets	10, 11	16,564	16,942	15,815	16,745
Non-financial Assets	14, 15	(203)	93	(232)	56
Others	21	<u>5</u>	<u>28</u>	<u>5</u>	<u>28</u>
		<u>16,366</u>	<u>17,063</u>	<u>15,588</u>	<u>29,596</u>
NET INTEREST INCOME		132,866	114,283	124,316	97,701
AFTER IMPAIRMENT LOSSES				107,037	37,254
OTHER OPERATING INCOME	25	71,535	61,354	50,129	40,635
OTHER OPERATING EXPENSES	25	<u>131,208</u>	<u>119,875</u>	<u>104,119</u>	<u>90,067</u>
PROFIT BEFORE TAX		73,193	55,762	70,326	54,059
TAX EXPENSE	31	<u>15,959</u>	<u>12,907</u>	<u>13,333</u>	<u>11,378</u>
NET PROFIT		<u>P 57,234</u>	<u>P 42,855</u>	<u>P 56,993</u>	<u>P 42,681</u>
				P 28,254	P 28,606
Attributable to:					
Shareholders of the Parent Bank		P 57,054	P 42,791	P 28,246	
Non-controlling Interests		<u>180</u>	<u>64</u>	<u>8</u>	
		<u>P 57,234</u>	<u>P 42,855</u>	<u>P 28,254</u>	
Earnings Per Share:	32				
Basic		<u>P 10.77</u>	<u>P 8.07</u>	<u>P 5.30</u>	
Diluted		<u>P 10.72</u>	<u>P 8.05</u>	<u>P 5.30</u>	

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Millions of Philippine Pesos)

	BDO Unibank Group			Parent Bank		
	2022	2021	2020	2022	2021	2020
NET PROFIT						
	P 57,234	P 42,855	P 28,254	P 56,993	P 42,681	P 28,606
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that are or will be reclassified subsequently to profit or loss:						
Net unrealized gains (losses) on debt investments at fair value through other comprehensive income (FVOCI), net of tax	10 (17,959)	(5,394)	4,060	(17,883)	(5,365)	4,067
Transfer of realized losses (gains) on disposed debt investments at FVOCI to statements of income, net of tax	11 67	(275)	(43)	11 67	(275)	(52)
Impairment losses (recoveries) on debt investments at FVOCI	10 (17,881)	(5,756)	37	(17,805)	(5,727)	37
Net gains (losses) on FVOCI securities, net of tax	(5)	92	(44)	(10)	100	(60)
Translation adjustment related to foreign operations	(17,886)	(5,664)	4,010	(17,815)	(5,627)	3,992
Items that will not be reclassified to profit or loss:						
Remeasurement on life insurance reserves	20 9,620	5,686	(6,070)	9,620	5,686	(6,070)
Actuarial gain (losses) on remeasurement of retirement benefit obligation, net of tax	26 (1,097)	(6,022)	756	(1,101)	(6,005)	752
Reversal of revaluation increment	-	55	-	-	55	-
Unrealized gains (losses) on equity investments at FVOCI, net of tax	10 (498)	135	579	(498)	135	579
	8,025	(146)	(4,735)	8,021	(129)	(4,739)
	(9,861)	(5,810)	(725)	(9,794)	(5,756)	(747)
Other Comprehensive Income (Loss), net of tax						
	P 47,373	P 37,045	P 27,529	P 47,199	P 36,925	P 27,859
TOTAL COMPREHENSIVE INCOME						
	P 47,265	P 37,028	P 27,505			
Attributable to:						
Shareholders of the Parent Bank	108	17	24			
Non-controlling Interests	P 47,373	P 37,045	P 27,529			

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Millions of Philippine Pesos)

BDO Unibank Group														
Notes	Net Unaudited				Accumulated				Total Attributable Share in Other Comprehensive Income of the Parent Bank		Non-controlling Interests		Total Equity	
	Common Stock	Preferred Stock	Additional Paid-in Capital	Treasury Shares at cost	Surplus Reserves	Other Reserves	Surplus Reserve	Gain (Loss) on FVOCI	Accumulated Income	Residual Income	Life Insurance Reserve	Translation Adjustment		Comprehensive Income
BALANCE, AT JANUARY 1, 2022	P 43,855	P 5,190	P 124,447	P -	P 10,000	P 20	P 200,745	P 1,620	P 16,645	P 1,000	P -	P 40	P 10	P 424,548
Transaction with owners														
22	13	-	-	-	-	-	-	-	-	-	-	-	-	144
20,3	-	-	-	-	947	-	-	-	-	-	-	-	-	(947)
	-	-	-	-	294	-	-	-	-	-	-	-	-	294
	8,773	1,030	-	1	-	-	113,171	-	-	-	-	-	-	(1)
	-	-	-	-	-	-	10,232	-	-	-	-	-	-	10,234
	8,786	1,030	105,602	(1)	(43)	-	(125,423)	-	-	-	-	-	-	30,732
Total comprehensive income (loss)	-	-	-	-	-	-	27,054	(18,303)	1,112	-	9,020	(3)	11	47,265
Transfer from Surplus Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22,29	-	-	-	-	251	-	(231)	-	-	-	-	-	-	-
22	-	-	-	-	(43)	-	(43)	-	-	-	-	-	-	-
22	-	-	-	-	2,475	-	(2,475)	-	-	-	-	-	-	-
Other reserves	-	-	-	-	142	-	(142)	-	-	-	-	-	-	-
	-	-	-	-	2,854	-	(2,854)	-	-	-	-	-	-	-
Deposits of equity securities classified as fair value through other comprehensive income (FVOCI)	-	-	-	-	-	-	17	(17)	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional capital contribution to a subsidiary	-	-	-	-	-	103	-	-	-	-	-	-	-	103
BALANCE, AT DECEMBER 31, 2022	P 43,842	P 4,180	P 229,046	P 1	P 22,118	P 76	P 179,557	P 70,809	P 17,645	P 1,030	P 6,447	P 38	P 5	P 409,932
Transaction with owners														
22	13	-	-	-	-	-	-	-	-	-	-	-	-	133
20,3	-	-	-	-	44	-	-	-	-	-	-	-	-	44
	-	-	-	-	271	-	-	-	-	-	-	-	-	271
	-	-	-	-	5,602	-	5,602	-	-	-	-	-	-	5,602
	13	-	-	-	317	-	5,602	-	-	-	-	-	-	5,132
Total comprehensive income (loss)	-	-	-	-	-	-	42,792	(5,392)	(5,025)	15	5,696	42	(4)	37,048
Transfer from Surplus Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22,29	-	-	-	-	303	-	(263)	-	-	-	-	-	-	-
22	-	-	-	-	1,537	-	(1,537)	-	-	-	-	-	-	-
Other reserves	-	-	-	-	49	-	(49)	-	-	-	-	-	-	-
	-	-	-	-	1,649	-	(1,649)	-	-	-	-	-	-	-
Deposits of equity securities classified as FVOCI	-	-	-	-	-	-	(32)	(45)	-	-	-	-	-	363
BALANCE, AT DECEMBER 31, 2021	P 43,855	P 5,190	P 124,447	P -	P 10,000	P 20	P 200,745	P 1,620	P 16,645	P 1,000	P 3,173	P 40	P 10	P 424,548
BALANCE, AT JANUARY 1, 2020	P 43,814	P 5,130	P 124,049	P -	P 18,862	P 12	P 193,335	P 1,241	P 11,242	P 955	P (2,797)	P 11	-	P 396,802
Transaction with owners														
22	28	-	-	-	278	-	-	-	-	-	-	-	-	306
20,3	-	-	-	-	(92)	-	-	-	-	-	-	-	-	(92)
	-	-	-	-	354	-	-	-	-	-	-	-	-	354
	-	-	-	-	-	-	5,600	-	-	-	-	-	-	5,600
	28	-	-	-	262	-	(5,600)	-	-	-	-	-	-	(5,032)
Total comprehensive income (loss)	-	-	-	-	-	-	26,346	4,614	745	-	6,000	(4)	(10)	27,305
Transfer from Surplus Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22,29	-	-	-	-	272	-	(272)	-	-	-	-	-	-	-
22	-	-	-	-	(209)	-	(209)	-	-	-	-	-	-	-
Other reserves	-	-	-	-	(80)	-	(80)	-	-	-	-	-	-	-
	-	-	-	-	107	-	(107)	-	-	-	-	-	-	-
	-	-	-	-	(660)	-	660	-	-	-	-	-	-	-
Deposits of equity securities classified as FVOCI	-	-	-	-	-	-	(1,109)	1,115	-	-	-	-	-	6
Other adjustments	-	-	-	-	-	17	(3)	-	-	-	-	-	-	12
Change in ownership interest in subsidiaries	-	-	-	-	-	17	(5)	-	-	-	-	-	-	12
BALANCE, AT DECEMBER 31, 2020	P 43,842	P 5,130	P 124,047	P -	P 17,064	P 20	P 204,525	P 4,008	P 10,650	P 955	P 8,890	P 40	P 10	P 397,425
BALANCE, AT DECEMBER 31, 2019	P 43,842	P 5,130	P 124,047	P -	P 17,064	P 20	P 204,525	P 4,008	P 10,650	P 955	P 8,890	P 40	P 10	P 397,425
BALANCE, AT DECEMBER 31, 2018	P 43,842	P 5,130	P 124,047	P -	P 17,064	P 20	P 204,525	P 4,008	P 10,650	P 955	P 8,890	P 40	P 10	P 397,425
BALANCE, AT DECEMBER 31, 2017	P 43,842	P 5,130	P 124,047	P -	P 17,064	P 20	P 204,525	P 4,008	P 10,650	P 955	P 8,890	P 40	P 10	P 397,425
BALANCE, AT DECEMBER 31, 2016	P 43,842	P 5,130	P 124,047	P -	P 17,064	P 20	P 204,525	P 4,008	P 10,650	P 955	P 8,890	P 40	P 10	P 397,425
BALANCE, AT DECEMBER 31, 2015	P 43,842	P 5,130	P 124,047	P -	P 17,064	P 20	P 204,525	P 4,008	P 10,650	P 955	P 8,890	P 40	P 10	P 397,425
BALANCE, AT DECEMBER 31, 2014	P 43,842	P 5,130	P 124,047	P -	P 17,064	P 20	P 204,525	P 4,008	P 10,650	P 955	P 8,890	P 40	P 10	P 397,425
BALANCE, AT DECEMBER 31, 2013	P 43,842	P 5,130	P 124,047	P -	P 17,064	P 20	P 204,525	P 4,008	P 10,650	P 955	P 8,890	P 40	P 10	P 397,425
BALANCE, AT DECEMBER 31, 2012	P 43,842	P 5,130	P 124,047	P -	P 17,064	P 20	P 204,525	P 4,008	P 10,650	P 955	P 8,890	P 40	P 10	P 397,425
BALANCE, AT DECEMBER 31, 2011	P 43,842	P 5,130	P 124,047	P -	P 17,064	P 20	P 204,525	P 4,008	P 10,650	P 955	P 8,890	P 40	P 10	P 397,425
BALANCE, AT DECEMBER 31, 2010	P 43,842	P 5,130	P 124,047	P -	P 17,064	P 20	P 204,525	P 4,008	P 10,650	P 955	P 8,890	P 40	P 10	P 397,425

IBO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Millions of Philippine Pesos)

Notes	Parent Bank										Accumulated Surplus in Other Comprehensive Income (Loss) of Subsidiaries and Associates		Total Equity
	Common Stock	Preferred Stock	Additional Paid in Capital	Treasury shares at cost	Surplus Reserves	Surplus Free	Net Unrealized Gain (Loss) on Fair Value PVOI	Accumulated Amortized Leases	Revaluation Investment	Accumulated Translation Adjustment			
	P	P	P	P	P	P	P	P	P	P	P	P	P
IBALANCE, AT JANUARY 1, 2022	43,845	5,150	124,428	-	16,599	209,407	348	15,673	1,007	36	3,138	423,861	
Transaction with owner													
Issuance of shares during the year	22	13	-	-	(94)	-	-	-	-	-	-	144	
Options transferred during the year	26,3	-	-	-	289	-	-	-	-	-	-	(94)	
Options exercised during the year	-	1,050	103,568	1)	(115,171)	-	-	-	-	-	-	289	
Share repurchase	-	-	-	-	-	(10,252)	-	-	-	-	-	(10,252)	
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	
	5,796	1,280	103,499	1)	(623)	(75,423)	-	-	-	-	-	(10,761)	
Total comprehensive income (loss)	-	-	-	-	-	56,093	(11,421)	(1,227)	-	(41)	3,387	47,392	
Transfer from Surplus Free	22,28	-	-	-	261	(261)	-	-	-	-	-	-	
Reversal of appropriation of excess GILP over ECL	22	-	-	-	2,311	(2,311)	-	-	-	-	-	-	
Appropriation of excess GILP over ECL	22	-	-	-	132	(132)	-	-	-	-	-	-	
Other reserves	22	-	-	-	2,094	(2,094)	-	-	-	-	-	-	
Deposits of equity securities classified as Fair value through other comprehensive income (FVOCI)	-	-	-	-	-	17	(7)	-	-	-	(30)	-	
IBALANCE, AT DECEMBER 31, 2022	53,641	6,430	229,927	1)	21,001	178,300	12,228	16,002	1,007	25	1	459,899	
IBALANCE, AT JANUARY 1, 2021	43,842	5,150	124,308	-	17,045	214,307	2,499	10,012	952	14	5,023	392,684	
Transaction with owner													
Issuance of shares during the year	22	13	-	-	65	-	-	-	-	-	-	133	
Options transferred during the year	-	-	-	-	252	-	-	-	-	-	-	65	
Options exercised during the year	26,3	-	-	-	(5,422)	-	-	-	-	-	-	(5,405)	
Cash dividends	-	-	-	-	-	(5,602)	-	-	-	-	-	(5,132)	
	13	-	120	-	317	(5,602)	-	-	-	-	-	(5,132)	
Total comprehensive income (loss)	-	-	-	-	-	42,681	(2,353)	(5,603)	55	30	2,587	36,025	
Transfer from Surplus Free	22,28	-	-	-	263	(263)	-	-	-	-	-	-	
Reversal of appropriation of excess GILP over ECL	22	-	-	-	1,260	(1,260)	-	-	-	-	-	-	
Other reserves	22	-	-	-	44	(44)	-	-	-	-	-	-	
	-	-	-	-	1,537	(1,537)	-	-	-	-	-	-	
Deposits of equity securities classified as FVOCI	-	-	-	-	-	(322)	(22)	-	-	-	(22)	(36)	
IBALANCE, AT DECEMBER 31, 2021	43,855	5,150	124,428	-	16,599	209,407	348	15,673	1,007	36	3,338	423,861	
IBALANCE, AT JANUARY 1, 2020	43,914	5,150	124,000	-	17,287	191,535	(628)	10,744	952	4)	(2,286)	369,210	
Transaction with owner													
Issuance of shares during the year	22	28	-	-	278	-	-	-	-	-	-	306	
Options transferred during the year	-	-	-	-	(34)	-	-	-	-	-	-	(34)	
Options exercised during the year	26,3	-	-	-	316	(5,600)	-	-	-	-	-	(5,600)	
Cash dividends	-	-	-	-	-	(5,600)	-	-	-	-	-	(5,132)	
	28	-	278	-	262	(5,600)	-	-	-	-	-	(5,132)	
Total comprehensive income (loss)	-	-	-	-	-	28,006	3,139	732	-	(8)	(4,610)	27,699	
Transfer from Surplus Free	22,28	-	-	-	223	(223)	-	-	-	-	-	-	
Reversal of appropriation of excess GILP over ECL	22	-	-	-	827	(827)	-	-	-	-	-	-	
Other reserves	22	-	-	-	40	(40)	-	-	-	-	-	-	
	-	-	-	-	564	(564)	-	-	-	-	-	-	
Deposits of equity securities classified as FVOCI	-	-	-	-	-	(1,009)	148	-	-	-	-	967	
Other adjustment	13,30	-	-	-	-	11	-	-	-	-	-	11	
Change in ownership interest in subsidiaries	-	-	-	-	-	11	-	-	-	-	-	-	
IBALANCE, AT DECEMBER 31, 2020	43,842	5,150	124,308	-	17,045	214,307	2,499	10,012	952	14	5,023	392,684	

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Millions of Philippine Pesos)

	Notes	BDO Unibank Group			Parent Bank		
		2022	2021	2020	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		P	73,193	P	55,762	P	46,030
Adjustments for:							
Interest income	23	(	169,071	(	144,879	(	157,031
Interest received			166,954		147,093		153,049
Interest expense	24		19,839		13,533		23,331
Interest paid		(	16,862	(	13,039	(	24,211
Impairment losses	9, 10, 11, 14, 15, 16, 21		16,366		17,063		30,240
Foreign exchange loss (gain) unrealized		(	15,457	(	7,614	(	5,705
Depreciation and amortization	12, 14, 15		9,920		9,198		9,190
Share in net profit of subsidiaries and associates	15	(	849	(	814	(	470
Fair value losses (gains)			679		293		68
Gain from the disposal of investment securities at amortized cost	10	(	18	(	156	(	3,586
Gain from the disposal of securities at fair value through other comprehensive income (FVOCI)	10	(	8	(	278	(	644
Operating profit before changes in operating resources and liabilities			84,686		75,576		81,535
Decrease (increase) in financial assets at fair value through profit or loss		(	2,708	(	10,287	(	9,976
Increase in loans and other receivables		(	233,423	(	145,077	(	59,366
Increase in investment properties		(	3,864	(	4,291	(	194
Decrease (increase) in other resources		(	19,653	(	13,928	(	16,213
Increase in deposit liabilities			398,047		210,839		126,307
Increase in insurance contract liabilities			8,655		12,604		9,867
Increase in other liabilities			29,034		15,963		5,479
Cash generated from operations			266,190		141,399		137,439
Cash paid for income tax		(	13,640	(	13,213	(	15,857
Net Cash From Operating Activities			252,550		128,186		121,582
CASH FLOWS FROM INVESTING ACTIVITIES							
Acquisitions of securities at FVOCI	10	(	285,428	(	476,166	(	197,175
Proceeds from disposals of securities at FVOCI	10		279,524		490,264		158,479
Acquisitions of investment securities at amortized cost	10	(	161,048	(	169,502	(	116,777
Maturities and disposals of investment securities at amortized cost	10		61,931		68,198		89,456
Acquisitions of premises, furniture, fixtures and equipment	12	(	3,888	(	3,853	(	3,089
Proceeds from disposals of premises, furniture, fixtures and equipment	12		285		158		131
Net Cash Used in Investing Activities		(	108,624	(	90,901	(	68,975
CASH FLOWS FROM FINANCING ACTIVITIES							
Payments of bills payable	18	(	154,424	(	139,905	(	327,299
Proceeds from bills payable	18		140,241		127,859		375,207
Dividends paid	22	(	10,255	(	5,603	(	5,600
Payments of lease liabilities	13	(	4,192	(	3,238	(	2,940
Proceeds from issuance of common stock	22		144		133		306
Redemption of subordinated notes payable	19		-		-		10,000
Net Cash From (Used in) Financing Activities		(	28,486	(	20,754	(	29,674
NET INCREASE IN CASH AND CASH EQUIVALENTS (Carried Forward)							
		P	115,440	P	16,531	P	82,281
		P	208,456	P	15,292	P	78,224

	Notes	BDO Unibank Group		Parent Bank	
		2022	2021	2022	2020
NET INCREASE IN CASH AND CASH EQUIVALENTS (Brought Forward)					
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		P 115,440	P 16,531	P 208,456	P 15,292
Cash and other cash items					
Due from Bangko Sentral ng Pilipinas (BSP)	8	69,105	74,851	66,440	72,301
Due from other banks	8	304,906	308,636	302,660	305,079
Investment securities at amortized cost	9	70,092	65,289	64,349	63,281
Reverse repurchase agreements	10	-	164	-	164
Interbank loans receivables	11	17,095	16,729	15,800	14,135
Foreign currency notes and coins (FCNC)	15	81,083	57,100	81,083	57,100
		5,597	8,578	5,597	8,577
		547,878	531,347	535,929	520,637
CASH AND CASH EQUIVALENTS AT END OF YEAR					
Cash and other cash items					
Due from BSP	8	82,944	69,105	80,666	66,440
Due from other banks	8	385,779	304,906	382,210	305,079
Investment securities at amortized cost	9	58,766	70,092	51,055	64,349
Reverse repurchase agreements	10	-	-	-	164
Interbank loans receivables	11	26,305	17,095	26,091	15,800
FCNC	15	98,942	81,083	102,293	81,083
		10,582	5,597	102,070	5,597
		P 663,318	P 547,878	P 744,385	P 535,929
					P 520,637

Supplemental Information on Noncash Financing and Investing Activities

The following are the significant noncash transactions:

- The BDO Unibank Group and the Parent Bank foreclosed real and other properties totalling to P16,875 and P16,729, respectively, in 2022, P13,523 and P13,479, respectively, in 2021, and P13,757 and P13,743, respectively, in 2020 in settlement of certain loan accounts (see Note 14).
- The BDO Unibank Group and the Parent Bank recognized additional right-of-use assets amounting to P4,683 and P4,414, respectively, in 2022, P3,216 and P2,951, respectively, in 2021, and P1,775 and P1,628, respectively, in 2020 which are presented as part of Premises, Furnitures, Fixtures and Equipment (see Notes 12 and 13).

Other Information

Certain investment securities at amortized cost, SPURRA, interbank loans receivables, and FCNC are included as part of cash and cash equivalents for cash flow purposes but are presented as part of Trading and Investment Securities, Loans and Other Receivables, and Other Resources, respectively, in the statements of financial position (see Note 26).

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Millions of Philippine Pesos, Except Per Share Data or As Indicated)

1. CORPORATE MATTERS

1.1 Incorporation and Operations

BDO Unibank, Inc. (BDO Unibank, BDO or the Parent Bank) was incorporated in the Philippines on December 20, 1967 to engage in the business of banking. It was authorized to engage in trust operations on January 5, 1988 and in foreign currency deposit operations on November 23, 1990. The Bangko Sentral ng Pilipinas (BSP) granted approval to the Parent Bank to operate as an expanded commercial bank on August 5, 1996. The Parent Bank commenced operations as such in September of the same year. The Parent Bank and its subsidiaries (collectively referred to as BDO Unibank Group) offer a wide range of banking services such as commercial banking, investment banking, private banking, insurance and other banking services. These services include traditional loan and deposit products, as well as treasury, asset management, realty management, leasing and finance, remittance, trade services, retail cash cards, life insurance and insurance brokerage, credit card services, stock brokerage, trust and others.

As a banking institution, BDO Unibank Group's operations are regulated and supervised by the BSP. In this regard, BDO Unibank Group is required to comply with the rules and regulations of the BSP such as those relating to maintenance of reserve requirements on deposit liabilities and deposit substitutes and those relating to the adoption and use of safe and sound banking practices, among others, as promulgated by the BSP. BDO Unibank Group is subject to the provisions of Republic Act (R.A.) No. 8791, the *General Banking Law of 2000*, and other related banking laws.

The Parent Bank's common shares are listed in the Philippine Stock Exchange (PSE).

The BDO Unibank Group and the Parent Bank's banking network within and outside the Philippines as of December 31, 2022 and 2021 follows:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Local branches	1,650	1,542	1,197	1,191
Foreign branches	2	2	2	2
Automated teller machines (ATMs):				
On-site	2,385	2,626	2,385	2,339
Off-site	2,269	1,857	2,269	1,812
Cash accept machines (CAMs)	640	624	640	624
Self-service teller machines	8	9	8	9
Mobile automated teller machines	1	1	1	1

BDO Unibank Group operates mainly within the Philippines with banking branches in Hong Kong and Singapore, a real estate and holding company in Europe, and various remittance subsidiaries operating in Asia, Europe, Canada and the United States. These foreign operations accounted for 1.4%, 1.2% and 1.0% of BDO Unibank Group's total revenues in 2022, 2021 and 2020, respectively, and 2.0% and 2.1% of BDO Unibank Group's total resources as of December 31, 2022 and 2021, respectively. BDO Unibank Group's subsidiaries and associates are shown in Notes 2.3 and 15.2.

The Parent Bank's principal office address is at BDO Corporate Center, 7899 Makati Avenue, Makati City while the temporary business address is at BDO Towers Valero, 8741 Paseo de Roxas Street, Salcedo Village, Makati City effective October 30, 2021 until further notice.

1.2 Impact of Russia - Ukraine Conflict on the BDO Unibank Group's Business

On February 24, 2022, Russia started its invasion of Ukraine which caused far-reaching impact for economies, markets, and businesses. The ongoing military conflict has introduced a wide range of sanctions against Russia, including certain Russian entities and individuals and led to significant casualties, dislocation of population, damage to infrastructure, slowdown of business operations in both countries, disruption of supply chains and commodity flows that impact prices of items such as petroleum products, cereals, iron, and steel.

In principle, it cannot be ruled out that a prolonged conflict between Russia and Ukraine may result in a significant slowdown in the global and Philippine economy and therefore a potential consequential deterioration in the business outlook for the Philippines. However, as of December 31, 2022, the BDO Unibank Group, whose business is primarily in the Philippines, has not been affected in a material way by the Russia-Ukraine conflict, despite its inflationary impact on commodity prices, disruption in supply chains, and volatility in interest rates and foreign exchange rates. The Philippines remains a domestically-focused, import-dependent consumption economy, and despite the higher inflation resulting from the conflict, Philippine Gross Domestic Product (GDP) numbers remained strong and resilient in 2022. The reopening of the economy, the relaxation of mobility restrictions and the resurgence in consumption spending all contributed to this strong GDP performance. This in turn has led to improved loan growth, better margins from the increase in policy rates and net income growth, not just for the BDO Unibank Group, but for the industry in general.

The BDO Unibank Group continues to closely monitor developments in both the global and domestic markets. While the impact of the conflict has not been material so far, the BDO Unibank Group recognizes that a prolonged situation of high inflation and interest rates could eventually affect economic activity, resulting in slower growth and consumption. The BDO Unibank Group believes that its established business franchise and strong financial condition will allow it to weather near-term risks arising from the conflict.

1.3 Continuing Impact of COVID-19 Pandemic on BDO Unibank Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these financial statements. In 2022, the country's economic status improved with the reopening of local and international travel and the easing of health and safety protocols and restrictions. Demand and supply of products continued to slowly return to pre-pandemic levels. As a result, the overall continuing impact of the COVID-19 pandemic to the BDO Unibank Group has considerably diminished and the BDO Unibank Group's operations have gone back to pre-pandemic levels.

With the reduced impact of pandemic-related issues in 2022, the BDO Unibank Group saw more normalized operations and increasingly positive results as the economy continued with its recovery. Overall net impact is an increase in net profit of 34% for both BDO Unibank Group and the Parent Bank compared to that of 2021.

Management will continue to monitor any potential risks arising from the pandemic, and will institute measures to mitigate these, as needed. Based on recent developments, management is optimistic that the BDO Unibank Group will continue to post positive results consistent with the country's economic recovery, and will maintain sufficient liquidity to meet current obligations as they fall due. Accordingly, management has not determined any material uncertainty that may cast significant doubt on the BDO Unibank Group's ability to continue as a going concern due to the effects of the pandemic.

1.4 Approval of Financial Statements

The financial statements of the BDO Unibank Group and the Parent Bank as of and for the year ended December 31, 2022 (including the comparative financial statements as of December 31, 2021 and for the years ended December 31, 2021 and 2020) were authorized for issue by the Parent Bank's Board of Directors (BOD) on February 24, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Financial Reporting Standards in the Philippines

The consolidated financial statements of BDO Unibank Group and the separate financial statements of the Parent Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC), from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of resources, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The BDO Unibank Group and the Parent Bank present a statement of comprehensive income separate from the statement of income.

The BDO Unibank Group and the Parent Bank present a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the BDO Unibank Group and the Parent Bank's functional and presentation currency, and all values are presented in millions, except for per share data or when otherwise indicated (see also Note 2.23).

Items included in the financial statements of BDO Unibank Group and the Parent Bank are measured using its functional currency. Functional currency is the currency of the primary economic environment in which BDO Unibank Group and the Parent Bank operate.

2.2 Adoption of New and Amended PFRS

(a) *Effective in 2022 that are Relevant to BDO Unibank Group and the Parent Bank*

The BDO Unibank Group and the Parent Bank adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
PFRS 3 (Amendments)	:	Business Combinations - Reference to the Conceptual Framework
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Liabilities
PFRS 16 (Amendments):		Leases – Lease Incentives

Discussed below and in the succeeding pages are the relevant information about these pronouncements.

- (i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the BDO Unibank Group and the Parent Bank's financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.
- (ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the BDO Unibank Group and the Parent Bank's policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the BDO Unibank Group and the Parent Bank's financial statements as a result of the change since none of the existing contracts as of January 1, 2022 would be identified as onerous after applying the amendments.
- (iii) PFRS 3 (Amendments), *Business Combinations – Reference to the Conceptual Framework*. The amendments are responses to feedback received from the post-implementation review of PFRS 3. The amendments clarify the minimum attributes that the acquired set of activities and assets must have to be considered a business. To meet the definition of a business, the acquired set of activities and assets must have inputs and substantive processes that can collectively significantly contribute to the creation of outputs. The amendments removed the assessment of whether market participants are able to replace missing inputs or processes and continue to produce outputs. The amendments introduced an optional test ("the concentration test") that allows the acquirer to carry out a simple assessment to determine whether the acquired set of activities and assets is not a business. The entity can choose whether to apply the concentration test for each transaction it makes. These amendments have no significant impact to the BDO Unibank Group's financial statements.
- (iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the amendments relevant to the BDO Unibank Group and the Parent Bank's financial statements which do not have significant impact, and which are effective from January 1, 2022, are presented on the succeeding page.

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*. The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) *Effective in 2022 that are not Relevant to the BDO Unibank Group and the Parent Bank*

Among the amendments to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following Annual Improvements to PFRS 2018-2020 Cycle are not relevant to the BDO Unibank Group and the Parent Bank's financial statement:

- (i) PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*
- (ii) PAS 41, *Agriculture – Taxation in Fair Value Measurements*

(c) *Effective Subsequent to 2022 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the BDO Unibank Group and the Parent Bank's financial statements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (ii) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)
- (v) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely)

- (vi) PFRS 17, *Insurance Contracts* (effective January 1, 2023). The new standard will eventually replace PFRS 4. The Insurance Commission (IC), through its Circular Letter 2020-62 issued on May 18, 2020, has further deferred the implementation of PFRS 17 for life insurance and non-life insurance industries by two years after its effective date as decided by the IASB.

PFRS 17 will set out the principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope. This new standard requires a current measurement model where estimates are remeasured in each reporting period. Moreover, contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment; and,
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognized as revenue over the coverage period.

PFRS 17 further 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 financial assets under PFRS 9.

In addition, the standard provides an optional, simplified premium allocation approach for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

A modification of the general measurement model called the variable fee approach is also introduced by PFRS 17 for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

2.3 Basis of Consolidation

The BDO Unibank Group's consolidated financial statements comprise the accounts of the Parent Bank, and its subsidiaries as enumerated in Notes 2.3(c) and 15.2, after the elimination of material intercompany transactions. All intercompany resources and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the BDO Unibank Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Bank, using consistent accounting principles.

The Parent Bank accounts for its investments in subsidiaries, associates and transactions with non-controlling interests as follows:

(a) *Investments in Subsidiaries*

Subsidiaries are all entities over which the Parent Bank has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Bank controls another entity. The Parent Bank obtains and exercises control when (i) it has power over the entity; (ii) it is exposed, or has rights to, variable returns from its involvement with the entity; and, (iii) it has the ability to affect those returns through its power over the entity, usually through voting rights. Subsidiaries are consolidated from the date the Parent Bank obtains control.

The Parent Bank reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries [see Note 2.3(d)]. Acquisition method requires recognizing and measuring the identifiable resources acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the BDO Unibank Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

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 BDO Unibank Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of BDO Unibank Group's share of the identifiable net assets acquired, is recognized as goodwill. If the acquisition consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly as a gain in the statement of income [see Note 2.3(d)].

On the other hand, business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls BDO Unibank Group are accounted for under the pooling-of-interest method and reflected in the financial statements as if the business combination had occurred at the beginning of the earliest comparative period presented, or if later, at the date that common control was established; for this purpose, comparative periods presented are restated. The resources and liabilities acquired are recognized in BDO Unibank Group's financial statements at their carrying amounts. The components of equity of the acquired entities are added to the same components within BDO Unibank Group's equity.

Investments in subsidiaries are initially recognized at cost and subsequently accounted for using the equity method in the Parent Bank's financial statements (see Note 2.12).

(b) Investment in Associates

Associates are those entities over which the BDO Unibank Group and the Parent Bank are able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the BDO Unibank Group and the Parent Bank's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the BDO Unibank Group and the Parent Bank's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the BDO Unibank Group and the Parent Bank's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity in net profit (loss) of associates as part of Miscellaneous - net and Share in net income of subsidiaries and associates under Other Operating Income account in the statement of income for BDO Unibank Group and Parent Bank, respectively.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Notes 2.22 and 15.2).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the BDO Unibank Group and the Parent Bank, as applicable. However, when the BDO Unibank Group and the Parent Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the BDO Unibank Group and the Parent Bank do not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the BDO Unibank Group and the Parent Bank resume recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

(c) *Transactions with Non-controlling Interests*

BDO Unibank Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of BDO Unibank Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the subsidiary's net assets is recognized in equity. Disposals of equity investments to non-controlling interests, which result in gains or losses for BDO Unibank Group, are also recognized in equity.

When BDO Unibank Group ceases to have control, any interest retained in the subsidiary is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The initial carrying amount for the purposes of subsequently accounting for the interest retained as an associate, joint venture or financial asset is the fair value. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if BDO Unibank Group had directly disposed of the related resources or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

In BDO Unibank Group's financial statements, the non-controlling interest component is shown in its statement of changes in equity, and in its statement of income and statement of comprehensive income for the share of profit or loss and movement of other comprehensive income, respectively, during the year.

The BDO Unibank Group holds interests in the following subsidiaries:

Subsidiaries	Percentage of Ownership		
	2022	2021	2020
Rural Bank			
BDO Network Bank, Inc. (BDO Network)	87.37%	84.87%	84.87%
Investment House			
BDO Capital & Investment Corporation (BDO Capital)	99.88%	99.88%	99.88%
Private Banking			
BDO Private Bank, Inc. (BDO Private)	100%	100%	100%
Leasing and Finance			
Averon Holdings Corporation (Averon)	99.88%	99.88%	99.88%
BDO Rental, Inc. (BDO Rental)	100%	100%	100%
BDO Finance Corporation (BDO Finance)	100%	100%	100%
Securities Companies			
BDO Securities Corporation (BDO Securities)	99.88%	99.88%	99.88%
Armstrong Securities, Inc. (ASI)	-	80%	80%
Real Estate Companies			
BDORO Europe Ltd. (BDORO)	100%	100%	100%
Equimark-NFC Development Corporation (Equimark)	60%	60%	60%
Insurance Companies			
BDO Life Assurance Company Inc., (BDO Life)	100%	100%	100%
BDO Insurance Brokers, Inc. (BDOI)	100%	100%	100%
Holding Companies			
Dominion Holdings, Inc. (Dominion Holdings) (formerly BDO Leasing and Finance, Inc.)	88.54%	88.54%	88.54%
BDO Strategic Holdings, Inc. (BDOSHI)	100%	100%	100%
Remittance Companies			
BDO Remit (USA), Inc.	100%	100%	100%
BDO Remit (Japan) Ltd.	100%	100%	100%
BDO Remit (Canada) Ltd.	100%	100%	100%
BDO Remit Limited	100%	100%	100%
BDO Remit (Macau) Ltd.	100%	100%	100%
BDO Remit (UK) Ltd.	99.88%	96.20%	96.20%
BDO Remit International Holdings B.V. (BDO RIH)*	96.20%	96.20%	96.20%
BDO Remit (Spain) S.A*	96.20%	96.20%	96.20%
CBN Greece S.A*	96.13%	96.13%	96.13%
BDO Remit (Italia) S.p.A	-	-	100%

*Under liquidation

Non-controlling interests represent the interests not held by BDO Unibank Group in BDO Network, BDO Capital, Dominion Holdings, Averon, BDO Securities, ASI, Equimark, BDO Remit (UK), BDO RIH, BDO Remit Spain and CBN Greece in 2021 and 2020. For 2022, BDO Unibank Group's non-controlling interest is the same as 2021 and 2020 except for BDO Remit (UK) (see Note 30.1), BDO Network and ASI.

On August 18, 2022 and October 28, 2022, BDO Unibank subscribed to additional 53,505,727 and 80,258,590 of BDO Network common shares, respectively, at the total subscription price of P4,250, thereby increasing its shareholdings from 84.87% in 2021 to 87.37% in 2022.

On July 28, 2022, ASI was sold to a third party for P52. This deconsolidation resulted in the reversal of its assets, liabilities, capital stock and surplus reserves amounting to P60, P4, P42 and P14, respectively, and the recognition of loss on sale amounting to P15.

On December 1, 2020, the merger of BDO Nomura and BDO Securities was completed, with BDO Securities as the surviving entity (see Note 30.2).

On June 13, 2020, BDO Remit (Italia) S.p.A completed its liquidation and made partial repatriation of funds to BDOSHI. Final capital return was made on July 1, 2021 (see Note 30.4).

(d) Business Combination

Business acquisitions are accounted for using the acquisition method of accounting [see Note 2.3(a)].

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of a business combination over BDO Unibank Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired (see Note 2.22). Impairment losses on goodwill are not reversed.

Negative goodwill, if any, which is the excess of BDO Unibank Group's interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over cost of investment is recognized directly in the statement of income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segments.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by BDO Unibank 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 are recognized in accordance with PAS 37, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting or pooling-of-interest method [see Note 2.3(a)].

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to BDO Unibank Group's chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows BDO Unibank Group's products and services as disclosed in Note 6, which represent the main products and services provided by BDO Unibank Group.

Each of these operating segments is managed separately as each of these services requires different technologies and resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies of BDO Unibank Group used for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements.

In addition, corporate assets, which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment information.

2.5 Current versus Non-current Classification

The BDO Unibank Group presents assets and liabilities in the statement of financial position based on liquidity, while current or noncurrent classification is presented in Note 4.8. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The BDO Unibank Group classifies all other liabilities as noncurrent. Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

2.6 Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Regular purchases and sales of financial assets are recognized on their settlement date (i.e., the date that the BDO Unibank Group commits to purchase or sell the asset).

At initial recognition, the BDO Unibank 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 fair value through profit or loss (FVTPL), transaction costs that are incremental or 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.

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets are driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described below and in the succeeding pages.

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within BDO Unibank Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("held to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Except for other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any expected credit loss (ECL).

Where the business model is to hold assets to collect contractual cash flows, the BDO Unibank Group assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the BDO Unibank 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 [see Note 3.1(c)]. 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 BDO Unibank Group's financial assets at amortized cost are presented as Cash and Other Cash Items, Due from BSP, Due from Other Banks, Loans and Other Receivables, Investment securities at amortized cost and certain accounts under Other Resources account in the statement of financial position.

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, due from BSP and other banks, foreign currency notes and coins (FCNC), reverse repurchase agreements, certain interbank bank loans receivables and investment securities at amortized cost with original maturities of three months or less from placement date.

(ii) *Financial Assets at Fair Value Through Other Comprehensive Income*

BDO Unibank Group accounts for financial assets at fair value through other comprehensive income (FVOCI) if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,
- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, BDO Unibank Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the BDO Unibank Group for trading or as mandatorily required to be classified as FVTPL. The BDO Unibank Group has designated equity instruments as at FVOCI.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of net unrealized gain or loss (NUGL) on FVOCI account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the NUGL account is not reclassified to profit or loss but is reclassified directly to Surplus Free account except for those debt securities classified as FVOCI wherein fair value changes are reclassified to profit or loss.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Miscellaneous - net under Other Operating Income account in the statements of income, when the BDO Unibank Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the BDO Unibank Group, and, the amount of dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(iii) Financial Assets at Fair Value Through Profit or Loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the BDO Unibank Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The BDO Unibank Group's financial assets at FVTPL include equity securities which are held for trading purposes.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Trading gain under Other Operating Income account in the statements of income. Related transaction costs are recognized directly as expense in profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using valuation technique when no active market exists.

Interest earned on these investments is recorded under Interest Income while dividend income is reported as part of Dividends under Other Operating Income account in the statements of income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

BDO Unibank Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, BDO Unibank Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the BDO Unibank Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) *Effective Interest Rate Method and Interest Income*

Interest income is recognized using the effective interest rate (EIR) method for all financial instrument measured at amortized cost and financial instrument designated at FVTPL. Interest income on interest bearing financial assets measured at FVOCI are also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of EIR. The BDO Unibank Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive (negative) adjustment to the carrying amount of the asset in the statement of financial position with an increase (reduction) in interest income. The adjustment is subsequently amortized through interest and similar income in the statement of income.

The BDO Unibank Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition [see Note 2.6(c)], interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

(c) *Impairment of Financial Assets*

At the end of the reporting period, the BDO Unibank Group assesses its ECL on a forward-looking basis associated with its financial assets which consist of debt instruments carried at amortized cost and FVOCI, and other contingent accounts such as committed credit lines and unused commercial letter of credits. No impairment loss is recognized on equity investments. The BDO Unibank Group considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The BDO Unibank Group measures loss allowances at an amount equal to lifetime ECL, except for the following financial instruments for which they are measured as 12-month ECL:

- debt securities that are identified to have 'low credit risk' at the reporting date; and,
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

For these financial instruments, the allowance for impairment is based on 12-month ECL associated with the probability of default of a financial instrument in the next 12 months (referred to as 'Stage 1' financial instruments). When there has been a significant increase in credit risk subsequent to the initial recognition of the financial asset, a lifetime ECL (which are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial asset) will be recognized (referred to as 'Stage 2' financial instruments). 'Stage 2' financial instruments also include those loan accounts and facilities where the credit risk has improved and have been reclassified from 'Stage 3'. A lifetime ECL shall also be recognized for 'Stage 3' financial instruments, which include financial instruments that are subsequently credit-impaired, as well as purchased or originated credit impaired (POCI) assets.

The BDO Unibank Group's definition of credit risk and information on how credit risk is mitigated by the BDO Unibank Group are disclosed in Note 4.3.

(d) *Measurement of ECL*

The key elements used in the calculation of ECL are as follows:

- *Probability of Default (PD)* – it is an estimate of likelihood of a borrower defaulting on its financial obligation over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.
- *Loss Given Default (LGD)* – it is an estimate of loss arising in case where a default occurs at a given time (either over the next 12 months or 12-month LGD), or over the remaining lifetime or lifetime LGD). It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those BDO Unibank Group would expect to receive, including the realization of any collateral. It is presented as a percentage loss per unit of exposure at the time of default.
- *Exposure at Default (EAD)* – it represents the gross carrying amount of the financial instruments subject to impairment calculation; hence, this is the amount that the BDO Unibank Group expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD). In case of a loan commitment, the BDO Unibank Group shall include the undrawn balance (up to the current contractual limit) at the time of default should it occur, unless the drawdown after default will be mitigated by the normal credit risk management actions and policies of the BDO Unibank Group.

The measurement of the ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and, (iii) 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.

The BDO Unibank Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in NUGL account, and does not reduce the carrying amount of the financial asset in the statement of financial position, and other contingent accounts, for which the loss allowance is recognized in the other liability account.

The BDO Unibank Group's detailed ECL measurement as determined by the management is disclosed in Note 4.3.5.

(e) *Derecognition of Financial Assets*

(i) *Modification of Loans*

When the BDO Unibank Group renegotiates or otherwise modifies the contractual cash flows of loans to customers, the BDO Unibank Group assesses whether or not the new terms are substantially different to the original terms. The BDO Unibank Group considers, among others:

- 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;
- whether any substantial new terms are introduced that will affect the risk profile of the loan;
- 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; and/or,
- insertion of collateral, other security or credit enhancements that will significantly affect the credit risk associated with the loan.

If the terms are substantially different, the BDO Unibank Group derecognizes the 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, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the BDO Unibank 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 recognized as gain or loss on derecognition of financial assets in profit or loss. As to the impact on ECL measurement, the expected fair value of the “new” asset is treated as the final cash flow from the existing financial asset at the date of derecognition. Such amount is included in the calculation of cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the BDO Unibank Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows of the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). As to the impact on ECL measurement, the derecognition of the existing financial asset will result in the expected cash flows arising from the modified financial asset to be included in the calculation of cash shortfalls from the existing financial asset.

(ii) Derecognition of Financial Assets Other than Through Modification

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the BDO Unibank Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the BDO Unibank Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the BDO Unibank Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the BDO Unibank Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(f) Classification and Measurement of Financial Liabilities

Financial liabilities include deposit liabilities, bills payable, insurance contract liabilities and other liabilities (including derivatives with negative fair values, except taxes payable, unearned income and capitalized interest and other charges).

- *Deposit liabilities and other liabilities* are recognized initially at fair value and subsequently measured at amortized cost less settlement payments.

- *Bills payable* are recognized initially at fair value, equivalent to the issue proceeds (fair value of consideration received), net of direct issue costs. Bills payable are subsequently measured at amortized cost. Any difference between 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.
- *Derivatives with negative fair values* are recognized initially and subsequently measured at fair value with changes in fair value recognized in profit or loss (see Note 2.7).
- *Lease deposits from operating and finance leases* (presented as Lease deposits under Other Liabilities account in the statement of financial position) are initially recognized at fair value. The excess of the principal amount of the deposits over its fair or present value is immediately recognized as day-one gain and is included as part of Miscellaneous - net under Other Operating Income account in the statement of income. Meanwhile, interest expense on the subsequent amortization of the lease deposits is accrued using the effective interest method and is included as part of Interest Expense account in the statement of income.
- *Dividend distributions to shareholders* are recognized as financial liabilities when the dividends are declared by BDO Unibank Group and subject to the requirements of BSP Circular 888.

(g) *Derecognition of Financial Liabilities*

Financial liabilities are derecognized in the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(h) *Financial Guarantees and Undrawn Loan Commitments*

The BDO Unibank Group issues financial guarantees and loan commitments. Financial guarantees are those issued by the BDO Unibank Group to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing as guarantor in the contract or agreement. Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the BDO Unibank Group is required to provide a loan or credit with pre-specified terms to the customer. The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not reflected in the statement of financial position. These contracts are in the scope of the ECL requirements where the BDO Unibank Group estimates the expected portion of the irrevocable undrawn loan commitments that will be drawn over their expected life based on the BDO Unibank Group's historical observations of actual drawdowns and forward-looking forecasts. The ECL related to financial guarantees and loan commitments without outstanding drawn amounts is recognized under Other Liabilities account in the statement of financial position.

2.7 Derivative Financial Instruments

BDO Unibank Group is a party to various foreign currency forwards, cross-currency swaps and interest rate swaps. These contracts are entered into as a service to customers and as a means of reducing or managing BDO Unibank Group's foreign exchange and interest rate exposures, as well as for trading purposes.

Derivatives are initially recognized at fair value on the date on which derivative contract is entered into and are subsequently measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, BDO Unibank Group recognizes profit or loss at initial recognition.

For more complex instruments, BDO Unibank Group uses valuation models, which usually use the discounted cash flow approach. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions. When entering into a transaction, the financial instrument is recognized initially at the transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price. This initial difference in fair value indicated by valuation techniques is recognized as profit or loss depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation technique, in some instances, is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value in the statement of financial position.

Certain derivatives, if any, may be designated as either: (i) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge); or, (ii) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Changes in the fair value of derivatives are recognized in profit or loss. The method of recognizing the resulting fair value gain or loss on derivatives that qualify as hedging instrument, if any, depends on the hedging relationship designated by BDO Unibank Group.

2.8 Premises, Furniture, Fixtures and Equipment

Land is stated at cost less impairment losses, if any. As no finite useful life for land can be determined, related carrying amounts are not depreciated. All other premises, furniture, fixtures and equipment are carried at cost less accumulated depreciation, amortization and any impairment in value. Property items of the former Equitable PCI Bank (EPCIB), an entity merged with BDO Unibank in 2008, stated at appraised values were included in BDO Unibank Group balances at their deemed costs at the date of transition to PFRS in 2005. The revaluation increment is credited to Revaluation Increment account in the equity section of the statement of changes in equity, net of applicable deferred tax [see Note 2.17(h)].

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the depreciable assets as follows:

Buildings	10 to 50 years
Furniture, fixtures and equipment	3 to 15 years
Leasehold rights and improvements	5 to 10 years

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Fully depreciated assets are retained in accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets. 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 (see Note 2.22).

The residual values, estimated useful lives and method of depreciation and amortization of premises, furniture, fixtures and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period.

An item of premises, furniture, fixtures and equipment, including the related accumulated depreciation, amortization and any impairment loss, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.9 Investment Properties

Investment properties are stated at cost. The cost of an investment property comprises its purchase price and directly attributable costs incurred. This also includes land and building acquired by BDO Unibank Group from defaulting borrowers not held for sale in the next 12 months. For these properties, the cost is recognized initially at fair value. Investment properties, except land, are depreciated on a straight-line basis over a period of 10 to 50 years.

BDO Unibank Group adopted the cost model in measuring its investment properties; hence, these are carried at cost less accumulated depreciation and any impairment in value.

Depreciation and impairment loss are recognized in the same manner as in premises, furniture, fixtures and equipment (see Notes 2.8 and 2.22).

Direct operating expenses related to investment properties, such as repairs and maintenance, and real estate taxes are normally charged against current operations in the period in which these costs are incurred.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss and is presented as part of Income from assets sold or exchanged under Other Operating Income account in the statement of income in the year of retirement or disposal.

Transfers from other accounts (such as premises, furniture, fixtures and equipment) are made to investment properties when and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party or holding the property for capital appreciation, while transfers from investment properties are made when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

2.10 Real Properties for Development and Sale

Real properties for development and sale (included as part of Other Resources account) consist of subdivision land for sale and development, and land acquired for home building, home development, and other types of real estate development. These are carried at the lower of aggregate cost and net realizable value (NRV). Costs, which are determined through specific identification, include acquisition costs and costs incurred for development, improvement and construction of subdivision land.

Real properties for development and sale are derecognized upon disposal or no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of these properties is recognized in profit or loss and is presented as part of Income from assets sold or exchanged under Other Operating Income account in the year of retirement or disposal.

2.11 Non-current Assets Held for Sale

Non-current assets held for sale include other properties (chattels) acquired through repossession or foreclosure that BDO Unibank Group intends to sell within one year from the date of classification as held for sale.

BDO Unibank Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond BDO Unibank Group's control and there is sufficient evidence that BDO Unibank Group remains committed to sell the asset.

Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as assets held for sale and their fair value less costs to sell. The BDO Unibank Group shall recognize an impairment loss for any initial and subsequent write-down of the asset to fair value less cost to sell. Gain for any subsequent increase in fair value less cost to sell of an asset is recognized to the extent of the cumulative impairment loss previously recognized. Assets classified as held for sale are not subject to depreciation or amortization.

If BDO Unibank Group has classified an asset as held for sale, but the criteria for it to be recognized as held for sale are no longer satisfied, the BDO Unibank Group shall cease to classify the asset as held for sale and will reclassify it as investment properties for land and building, or other properties for chattel and other assets. For building under investment properties or other properties, this would be subject to depreciation.

The profit or loss arising from the sale of assets held for sale is included as part of Income from assets sold or exchanged under Other Operating Income account in the statement of income.

2.12 Equity Investments

In the Parent Bank's financial statements, investments in subsidiaries and associates (presented as Equity investments under Other Resources account in the statement of financial position) are accounted for under the equity method of accounting and are initially recognized at cost less allowance for impairment, if any (see Note 2.22). Associates are all entities over which the BDO Unibank Group has significant influence but which are neither subsidiaries nor interest in a joint venture.

Investments in subsidiaries and associates are initially recognized at cost and subsequently accounted for using the equity method (see Note 2.3).

Changes resulting from other comprehensive income of the subsidiary and associate or items recognized directly in the subsidiary's and associate's equity are recognized in other comprehensive income or equity of the Parent Bank, as applicable. However, when the Parent Bank's share of losses of subsidiary or associate equals or exceeds its interest in the subsidiary or associate, including any other unsecured receivables, the Parent Bank would not recognize further losses, unless it has incurred obligations or made payments on behalf of the subsidiary or associate. If the subsidiary or associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Impairment loss is provided when there is objective evidence that the investment in a subsidiary and an associate will not be recovered (see Note 2.22).

Distributions received from the subsidiaries and associates are accounted for as a reduction of the carrying value of the investment.

2.13 Other Resources

Other resources, which include non-current assets held for sale (see Note 2.11), pertain to other assets that are controlled by BDO Unibank Group as a result of past events. These are recognized in the financial statements when it is probable that the future economic benefits will flow to BDO Unibank Group and the asset has a cost or value that can be measured reliably. 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 (see Note 2.22).

2.14 Intangible Assets

Intangible assets include goodwill, trading rights, branch licenses, customer lists, trademark and computer software licenses.

Goodwill represents the excess of the cost of acquisition over the fair value of the net assets acquired at the date of acquisition [see Note 2.3(d)]. Goodwill is classified as intangible asset with indefinite useful life and, thus, not subject to amortization but to an annual test for impairment (see Note 2.22). Goodwill is subsequently carried at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.

Trading rights represent the rights given to securities subsidiaries of BDO Unibank Group in stock brokerage to preserve access to the trading facilities and to transact business on PSE. Trading right is assessed as having an indefinite useful life. It is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares) less allowance for impairment loss, if any. BDO Unibank Group has no intention to sell its trading right in the future as it intends to continue to operate its stock brokerage business. The trading right is tested annually for any impairment in realizable value (see Note 2.22).

Branch licenses, on the other hand, represent the rights given to BDO Unibank Group to establish certain number of branches as an incentive in acquiring distressed banks or as provided by the BSP in addition to the current branches of the acquired banks. Branch licenses are assessed as having an indefinite useful life and are tested annually for any impairment (see Note 2.22).

Customer lists consist of information about customers such as their name, contact information, and managed accounts under BDO Unibank Group's trust business. The customer list is classified as intangible asset with indefinite useful life, hence, would be reviewed for impairment by assessing at each reporting date whether there is any indication that the trust business brought about by the customer lists may be impaired (see Note 2.22).

Trademark pertains to the license granted to the Parent Bank for the exclusive right to use the trademark, service mark, name or logo of Diners Club International, Ltd. (Diners) in connection with the Parent Bank's operation of Diners Club card business in the Philippines. The trademark is covered by a trademark license agreement with a term of five years, renewable every five years, subject to certain conditions set by trademark owner. This intangible asset is recognized at an amount equal to the excess of purchase price for the acquisition of Diners credit card portfolio over the acquisition-date fair value of the net assets acquired. It is amortized on a straight-line basis over a finite useful life of five years based on the term of the trademark license agreement, which is deemed to have a finite useful life since renewal is not guaranteed.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. These costs are amortized on straight-line basis over the expected useful life of five years. Costs associated with maintaining computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.15 Insurance Contract Liabilities

(a) Legal Policy Reserves

Life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts is calculated on the basis of a prospective actuarial valuation method and assumptions subject to the provisions of the Insurance Code and guidelines set by the IC.

The BDO Unibank Group uses gross premium valuation (GPV) as the basis for valuation of the reserves for traditional life insurance policies. GPV is calculated as the sum of the present value of future benefits and expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate risk-free discount rate provided by the IC. For this purpose, the expected future cash flows shall be determined using the best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation (MfAD) from the expected experience. The methods and assumptions shall be in accordance with the internationally accepted actuarial standards and consider the generally accepted actuarial principles concerning financial reporting framework promulgated by the Actuarial Society of the Philippines, which considers other assumptions such as morbidity, lapse and/or persistency, non-guaranteed benefits and MfAD.

The changes in legal policy reserves for traditional life insurance policies are recognized as follows:

- (i) the increase or decrease in legal policy reserves in the current year due to other assumptions excluding change in discount rate will be recognized to profit or loss; and,
- (ii) remeasurement on life insurance reserves due to changes in discount rates will be recognized in other comprehensive income (see Note 2.17).

(b) Insurance Contracts with Fixed and Guaranteed Terms

Liabilities are determined as the sum of the present value of future benefits and expenses less the present value of future gross premiums discounted at rates prescribed by the IC. Future cash flows are determined using best estimate assumptions with regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

BDO Unibank Group has different assumptions for different products. However, the reserves are computed to comply with the statutory requirements, wherein discount rates are based on risk-free discount rates provided by IC and other assumptions such as mortality, disability, lapse, and expenses taking into account BDO Unibank Group's experience.

(c) *Variable Unit-linked Insurance Contracts*

BDO Unibank Group, through BDO Life, issues unit-linked insurance contracts. In addition to providing insurance coverage, a unit-linked contract links payments to units of an internal investment fund set up by BDO Unibank Group with the consideration received from the policyholders. Premiums received from the issuance of unit-linked insurance contracts are recognized as premiums revenue. As allowed by PFRS 4, BDO Unibank Group chose not to unbundle the investment portion of its unit-linked products.

The reserve for unit-linked liability is increased by additional deposits and changes in unit prices and is decreased by policy administration fees, mortality and surrender charges and any withdrawals. At each reporting date, this reserve is computed on the basis of the number of units allocated to the policyholders multiplied by the unit price of the underlying investment funds. The assets and liabilities underlying the internal investment funds have been consolidated with the general accounts of BDO Unibank Group.

(d) *Liability Adequacy Test*

Liability adequacy tests are performed annually to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any deficiency is immediately charged against profit or loss initially by establishing a provision for losses arising from the liability adequacy tests.

Insurance premiums and insurance benefits and claims on insurance contracts are recognized as follows:

(a) *Insurance Premiums*

- (i) *Net insurance premium.* Recognized as gross premium on insurance contracts less reinsurers' share of gross premiums.
- (ii) *Gross premiums on insurance contracts.* Premiums arising from insurance contracts are initially recognized as income on the effective date of the insurance policies. Subsequent to initial recognition, gross earned premiums on life insurance contracts are recognized as revenue at the date when payments are due.
- (iii) *Reinsurers' share of gross premiums.* Gross reinsurance premiums on traditional and variable contracts are recognized as an expense when the policy becomes effective.

(b) *Insurance Benefits and Claims*

- (i) *Net insurance benefits and claims.* BDO Unibank Group's net insurance benefits and claims consist of gross benefits and claims, reinsurers' share on benefits and claims, gross change in legal policy reserves and reinsurers' share on gross change in legal policy reserves.
- (ii) *Gross benefits and claims.* Gross benefits and claims of the policyholders include the cost of all claims arising during the year. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.
- (iii) *Share on benefits and claims.* Reinsurers' share on benefits and claims pertain to the amount recoverable from reinsurers for recognized claims during the year. These are accounted for when the corresponding claims are recognized.
- (iv) *Gross change in legal policy reserves.* Gross change in legal policy reserves represents the change in the valuation of legal policy reserves recognized as part of Insurance Contract Liabilities account in the statement of financial position.
- (v) *Reinsurers' share on gross change in legal policy reserves.* Reinsurers' share on gross change in legal policy reserves pertain to the reinsurers' share in the change of legal policy reserves. These are accounted for in the same period as the corresponding change in insurance contract liabilities.

2.16 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.17 Equity

Equity consists of the following:

- a. Capital stock represents the nominal value of shares that have been issued.
- b. Additional paid-in capital includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

- c.* Surplus reserves consist of (i) reserve for trust business - represents the accumulated amount set aside by BDO Unibank Group under existing regulations requiring the BDO Unibank Group to carry to surplus 10% of its net profits accruing from its trust business until the surplus shall amount to 20% of the regulatory capital and, to the appropriation for general loan loss provision as prescribed by BSP; (ii) reserve for insurance fund and additional working capital for underwriting and equity trading securities and reserve fund requirement for subsidiaries engaged in the security brokerage business (see Note 22); and, (iii) share options outstanding (SOO) - represents the accumulated total of employee share options' amortizations over the vesting period as the share-based employee remuneration are recognized and reported in the statement of income. SOO will be deducted for any exercise or forfeiture of share options already vested.
- d.* Other reserves pertain to the amount recognized from changes in BDO Unibank Group's ownership interest in any of its subsidiaries that do not result in loss of control.
- e.* Surplus free includes all current and prior period results as disclosed in the statement of income and which are available and not restricted for use by BDO Unibank Group, reduced by the amounts of dividends declared, if any.
- f.* NUGL on FVOCI compose of cumulative mark-to-market valuation of outstanding securities and accumulated impairment on debt securities classified as FVOCI.
- g.* Accumulated actuarial gains (losses) from the remeasurements of post-employment defined benefit plan.
- h.* Revaluation increment pertains to gains from the revaluation of land under premises, furniture, fixtures and equipment, which is now treated as part of the deemed cost of the assets (see Note 2.8).
- i.* Remeasurement on life insurance reserves arises from the increase or decrease of the reserves brought about by changes in discount rates (see Note 2.15).
- j.* Accumulated translation adjustment pertains to foreign exchange differences arising on translation of the resources and liabilities of foreign branch and subsidiaries that are taken up in other comprehensive income (see Note 2.23).
- k.* Accumulated share in other comprehensive income (loss) of subsidiaries and associates pertains to changes resulting from the BDO Unibank Group and the Parent Bank's share in other comprehensive income (loss) of subsidiaries and associates or items recognized directly in the subsidiaries and associates' equity.
- l.* Non-controlling interests represent the portion of the net resources and profit or loss not attributable to BDO Unibank Group, which are presented separately in BDO Unibank Group's statement of income, statement of comprehensive income and within the equity in BDO Unibank Group's statement of financial position and changes in equity.

2.18 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between BDO Unibank Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with BDO Unibank Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of BDO Unibank Group that gives them significant influence over BDO Unibank Group and close members of the family of any such individual; and, (d) BDO Unibank Group's funded retirement plan (see Note 26.2).

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. The BDO Unibank Group established policies and procedures on related party transactions in accordance with the regulations of the BSP and the Securities and Exchange Commission (SEC). All material related party transactions, which exceed the established materiality thresholds, must undergo prior review from the board-level Related Party Transactions Committee before endorsing the same to the BOD for approval.

Related party transactions, whose value exceeds 10% of the BDO Unibank Group's total resources, either single or aggregated within a 12-month period, require review of an external independent party and approval of two-thirds vote of the BOD, with at least a majority of the independent directors voting affirmatively. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within 12-month period that breaches the materiality threshold of 10% of BDO Unibank Group's total resources based on the latest audited consolidated financial statements, the same approval of the BOD would be required for the transaction that meets and exceeds the materiality threshold covering the same related party.

2.19 Other Income and Expense Recognition

Revenue is recognized only when (or as) the BDO Unibank Group satisfies a performance obligation by transferring control of the promised services to the customer. A contract with a customer that results in a recognized financial instrument in the BDO Unibank Group's financial statements may be partially within the scope of PFRS 9 and partially within the scope of PFRS 15. In such case, the BDO Unibank Group first applies PFRS 9 to separate and measure the part of the contract that is in-scope of PFRS 9, and then applies PFRS 15 to the residual part of the contract. Expenses and costs, if any, are recognized in profit or loss upon utilization of the assets or services or at the date these are incurred. All finance costs are reported in profit or loss on accrual basis, except to the extent that they are capitalized.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

The BDO Unibank Group also earns service fees and commissions in various banking services, and gains on sale of properties, which are supported by contracts approved by the parties involved. These revenues are accounted for by the BDO Unibank Group in accordance with PFRS 15.

For revenues arising from these various banking services which are to be accounted for under PFRS 15, the following provides information about the nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

- (a) *Service charges, fees and commissions* – Service charges, fees and commissions are generally recognized over time as the service is being provided and is based on the various criteria of recognition for each specific income source. These include the following accounts:
 - (i) *Commission and fees* arising from loans, deposits, and other banking transactions are taken up as income based on agreed terms and conditions.
 - (ii) *Loan syndication fees* are recognized as revenue when the syndication has been completed and that BDO Unibank Group retained no part of the loan package for itself or retained a part at the same effective interest rate for the other participants.
 - (iii) *Arranger fees* arising from negotiating or participating in the negotiation of a transaction for a third party such as arrangement of the acquisition of shares or other securities or the purchase or sale of businesses are recognized at the completion of the underlying assumptions.
 - (iv) *Portfolio and other management advisory and service fees* are recognized based on the applicable service contracts, usually on a time-proportionate basis.
- (b) *Asset Management Services* – The BDO Unibank Group recognizes trust fees related to asset management services, which include trust and fiduciary services. Trust fees related to investment funds are recognized ratably over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

For other income outside the scope of PFRS 15, the following provides information about the nature and the related revenue recognition policies:

- (a) *Trading and Securities Gains (Losses)* – These are recognized when the ownership of the securities is transferred to the buyer and is computed as the difference between the selling price and the carrying amount of the securities disposed of. These also include trading gains and losses as a result of the mark-to-market valuation of investment securities classified as FVTPL.
- (b) *Gain or loss from assets sold or exchange* – Income or loss from assets sold or exchanged is recognized when the title to the properties is transferred to the buyer or when the collectability of the entire sales price is reasonably assured. This is included in statement of income as part of Other Operating Income account.
- (c) *Recovery on charged-off assets* – Income arising from collections on accounts or recoveries from impairment of items previously written off are recognized in the year of recovery. This is included in statement of income as part of Other Operating Income account.

The BDO Unibank Group recognizes an expense and liability relative to the fair value of the reward points earned by clients and customers [see Note 3.2(j)] since such points are redeemable primarily from the goods or services provided by a third party participating in the program, for example, SM Group (a related party) and rewards partners of the Parent Bank.

2.20 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and these can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events (e.g., legal disputes or onerous contracts).

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of reporting period, including the risks and uncertainties associated with the present obligation. 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. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that BDO Unibank Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

The BDO Unibank Group offers monetized rewards to active account holders in relation to its credit card and marketing rewards program. Provisions for rewards are recognized at a certain rate of the account holders' availments, determined by management based on redeemable amounts.

2.21 Leases

BDO Unibank Group accounts for its leases as follows:

(a) *BDO Unibank Group as Lessor*

Leases, wherein BDO Unibank Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item, are classified as finance leases and are presented as receivable at an amount equal to BDO Unibank Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on BDO Unibank Group's net investment outstanding in respect of the finance lease.

Leases, which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease collections are recognized as income in profit or loss as part of Rental under Other Operating Income account in the statement of income on a straight-line basis over the lease term.

(b) *BDO Unibank Group as Lessee*

For any new contracts entered into, BDO Unibank Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, BDO Unibank Group assesses whether the contract meets three key evaluations which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to BDO Unibank Group;
- BDO Unibank Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- BDO Unibank Group has the right to direct the use of the identified asset throughout the period of use. BDO Unibank Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the BDO Unibank Group recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by BDO Unibank Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, BDO Unibank Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The BDO Unibank Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.22).

On the other hand, BDO Unibank Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or BDO Unibank Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

BDO Unibank Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense as incurred.

On the statement of financial position, right-of-use assets and lease liabilities have been presented as part of Premises, Furniture, Fixtures and Equipment and Other Liabilities, respectively.

2.22 Impairment of Non-financial Assets

BDO Unibank Group's equity investments, goodwill, branch licenses, trading rights, trademark and customer lists recorded as part of Other Resources, Premises, Furniture, Fixtures and Equipment, Investment Properties and other non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life, such as goodwill, branch licenses, customer lists and trading rights are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Except for goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.23 Foreign Currency Transactions and Translations

(a) Foreign Currency Transactions

The financial statements of the Foreign Currency Deposit Unit (FCDU) of BDO Unibank Group are translated at the prevailing current exchange rates (for statement of financial position accounts) and average exchange rate during the period (for statement of income accounts) for consolidation purposes.

Foreign exchange gains and losses resulting from the settlement of foreign currency denominated transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as FVOCI securities are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

(b) Foreign Currency Translation

The accounting records of BDO Unibank Group are maintained in Philippine pesos except for foreign branches and subsidiaries, which are maintained in U.S. dollars (USD), Canadian Dollar (CAD), European Union Euro (Euro), Great Britain Pound (GBP), Japanese Yen (JPY), Hong Kong Dollars (HKD) or Singapore Dollar (SGD).

The operating results and financial position of foreign branches and subsidiaries which are measured using the USD, CAD, Euro, GBP, JPY, HKD or SGD, respectively, are translated to Philippine pesos (BDO Unibank Group's functional currency) as follows:

- (i)* Resources and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii)* Income and expenses for each statement of income are translated at the monthly 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,
- (iii)* All resulting exchange differences are recognized as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation due from foreign branch and net investment in foreign subsidiaries are recognized in other comprehensive income as part of Accumulated Translation Adjustment account (see Note 2.17). When a foreign operation is sold, the cumulative amount of exchange differences is recognized in profit or loss.

The translation of the financial statements into Philippine peso should not be construed as a representation that the USD, CAD, Euro, GBP, JPY, HKD or SGD amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

2.24 Compensation and Benefits Expense

BDO Unibank Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plan, and other employee benefits, which are recognized as follows:

(a) Post-employment Defined Benefit

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with BDO Unibank Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund. BDO Unibank Group's defined benefit post-employment plan covers all regular full-time employees. The post-employment plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for defined benefit post-employment plans is the present value of the defined benefit obligation (DBO) less the fair value of plan assets at the end of reporting period, together with adjustments for asset ceiling. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using a discount rate derived from the interpolated yields of government bonds as calculated by Bloomberg which used Bloomberg Valuation Service (BVAL) Evaluated Pricing Service to calculate the PHP BVAL Reference Rates which are published by Philippine Dealing & Exchange Corp. These yields are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. If there is a plan amendment, curtailment or settlement during the period, the BDO Unibank Group remeasures its net defined benefit liability or asset using updated actuarial assumptions to determine the current service cost and net interest for the remaining of the annual reporting period after the change to the plan. Net interest is reported as part of Interest expense on bills payable and other borrowings under Interest Expense account in the statement of income.

Past-service costs are recognized immediately in profit or loss in the period of plan amendment and curtailment.

(b) *Post-employment Defined Contribution Plan*

A defined contribution plan is a post-employment plan under which BDO Unibank Group pays the required employer's contributions into an independent entity, such as the Social Security System. BDO Unibank Group has no legal or constructive obligations to pay further contributions after payment of the required employer's contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred.

(c) *Short-term Benefits*

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before 12 months after the end of the reporting period during which the employee services are rendered, but do not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Other Liabilities account in the statement of financial position.

(d) *Termination Benefits*

Termination benefits are payable when employment is terminated by BDO Unibank Group for authorized cause before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. BDO Unibank Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognized costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of reporting period are discounted to present value.

(e) *Bonus Plans*

BDO Unibank Group recognizes a liability and an expense for bonuses based on the BDO Unibank Group's bonus policy. A provision is recognized by BDO Unibank Group where it is contractually obliged to pay the benefits or where there is a past practice that has created a constructive obligation.

(f) *Employee Stock Option Plan*

BDO Unibank Group has an employee stock option plan (ESOP) for its senior officers (from vice-president up) for their contribution to BDO Unibank Group's performance and attainment of team goals. None of the BDO Unibank Group's stock plan is cash settled.

All services received in exchange for the grant of the stock options are measured at their fair values using the Black-Scholes option model. Where employees are rewarded using stock options, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. The amount of stock options allocated to the qualified officers is based on the performance of the senior officers as determined by management and it requires a vesting period of five years. These are adjusted accordingly for any resignation or disqualification. The vested options may be exercised within three years from vesting date. The cost of ESOP is amortized over five years (vesting period) starting from the approval of the BOD. The annual amortization of stock options is included in Compensation and benefits under Other Operating Expenses account in the statement of income with corresponding recognition of SOO (included as part of Surplus Reserves under the Equity section of the statement of financial position).

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to capital stock to the nominal (or par) value of the shares issued with any excess being recorded as additional paid-in-capital. In case of forfeiture, the previously recognized share options outstanding will be transferred to additional paid-in-capital.

(g) Unavailed Leaves

Unavailed leaves (excluding those qualified under the retirement benefit plan), included in Other Liabilities account, are recognized as expense at the amount BDO Unibank Group expects to pay at the end of reporting period. Unavailed leaves of employees qualified under the retirement plan are valued and funded as part of the present value of DBO in Note 2.24(a).

2.25 Income Taxes

Tax expense recognized in statement of income comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates and tax laws have been enacted or substantively enacted at the end of each reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which BDO Unibank Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if BDO Unibank Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority (see Note 31.1).

2.26 Earnings Per Share

Basic earnings per share is determined by dividing consolidated net profit by the weighted average number of common shares issued and outstanding during the period, after retroactive adjustment for any stock dividend declared in the current period.

The diluted earnings per share is also computed by dividing consolidated net profit by the weighted average number of common shares issued and outstanding during the period. However, consolidated net profit attributable to common shares and the weighted average number of common shares outstanding are adjusted to reflect the effects of potentially dilutive convertible preferred shares and stock option plan granted by BDO Unibank Group to the qualified officers (to the extent that shares under the stock option plan shall be issued from the unissued authorized capital stock and not purchased from the market or stock exchange).

Convertible preferred shares are deemed to have been converted to common shares at the issuance of preferred shares. The stock option plan is deemed to have been converted into common stock in the year the stock option is granted.

2.27 Trust Activities

BDO Unibank Group commonly acts as trustee and in other fiduciary capacities, including agency functions, that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. Resources and income arising thereon are excluded from these financial statements, as these are neither resources nor income of BDO Unibank Group.

2.28 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about BDO Unibank Group's financial position at the end of reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

BDO Unibank Group and the Parent Bank's financial statements, prepared in accordance with PFRS, require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates and the differences could be significant.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying BDO Unibank Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Application of ECL to Financial Assets at Amortized Cost and Financial Assets at FVOCI

BDO Unibank Group uses the general approach to calculate ECL for all debt instruments carried at amortized cost and FVOCI, together with loan commitments and financial guarantee contracts. The allowance for impairment is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized. This is where significant judgment is required.

BDO Unibank Group has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument (see Note 4.3.5).

(b) Evaluation of Business Model Applied in Managing Financial Instruments

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

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

In determining the classification of a financial instrument, BDO Unibank Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by BDO Unibank Group (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to BDO Unibank Group's investment, trading and lending strategies.

(c) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

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

If more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

In making this judgment, BDO Unibank Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if BDO Unibank Group can explain the reasons for those sales and why those sales do not reflect a change in BDO Unibank Group's objective for the business model.

In 2021, the BDO Unibank Group and the Parent Bank initiated the disposal of certain debt securities from its amortized cost portfolio in accordance with its investment policy. However, in 2022, all of the BDO Unibank and Parent Bank's premature disposal from its amortized cost portfolio were all initiated by issuers. Such disposals have qualified under the permitted sale events set forth in BDO Unibank Group and Parent Bank's business model in managing financial assets manual and the requirements of PFRS 9 (see Note 10.3).

(d) *Distinction Between Investment Properties and Owner-occupied Properties*

BDO Unibank Group determines whether a property qualifies as investment property. In making its judgment, BDO Unibank Group considers whether the property generates cash flows largely independent of the other assets held by BDO Unibank Group. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other resources used in the supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If the portions can be sold separately (or leased out separately under finance lease), BDO Unibank Group accounts for those portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The BDO Unibank Group considers each property separately in making its judgment.

(e) *Distinction Between Operating and Finance Leases for Contracts where BDO Unibank Group is the Lessor*

The BDO Unibank Group has entered into various lease agreements as a lessor. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of resources.

(f) *Determination of Lease Term*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of land and office spaces, the factors that are normally the most relevant are (i) if there are significant penalties should BDO Unibank Group pre-terminate the contract, and (ii) if any leasehold improvements are expected to have a significant remaining value, BDO Unibank Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the BDO Unibank Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The BDO Unibank Group did not include the renewal period as part of the lease term of the land and office spaces because the terms of most of the contracts are renewable upon the mutual agreement of the parties.

The lease term is reassessed if an option is actually exercised or not or the BDO Unibank Group becomes obliged to exercise or not. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the BDO Unibank Group.

(g) *Classification and Fair Value Determination of Acquired Properties*

The BDO Unibank Group classifies its acquired properties as Premises, Furniture, Fixtures and Equipment if used in operations, chattels as Non-current assets held for sale (presented under Other Resources account) if expected to be recovered through sale rather than use, real properties as Investment Properties if intended to be held for capital appreciation or lease, as financial assets if qualified as such in accordance with PFRS 9 or as Other properties (presented under Other Resources account) if held for sale but the depreciable properties (other than building) are not yet disposed within certain years. At initial recognition, the BDO Unibank Group determines the fair value of the acquired properties through internally or externally generated appraisal. The appraised value is determined based on the current economic and market conditions as well as the physical condition of the properties. The BDO Unibank Group's methodology in determining the fair value of acquired properties are further discussed in Note 7.5.

(h) *Assessment of Significant Influence on Entities in which BDO Unibank Group Holds Less than 20% Ownership*

The management considers that the BDO Unibank Group and the Parent Bank have significant influence on NLEX Corporation even though it holds less than 20% of the ordinary shares in the latter. In making this judgment, management considered the BDO Unibank Group and the Parent Bank's voting rights, which is based on its acquired right to nominate a director in NLEX Corporation as granted in the Amended and Restated Shareholders' Agreement (ARSA).

ARSA provides that investors shall be entitled to nominate one director for as long as it owns at least 10% of the equity of NLEX Corporation or shall be entitled to nominate two directors for as long as it owns at least 16.5% of the equity of NLEX Corporation.

Failure to make the right judgment will result in either overstatement or understatement of resources, liabilities, income and expenses.

(i) *Determination of Timing of Satisfaction of Performance Obligations*

The BDO Unibank Group determines that its revenues from services for account management, loan administration and fees from annual credit card membership shall be recognized over time while all other revenue streams are recognized at point in time. In making its judgment, the BDO Unibank Group considers the timing of receipt and consumption of benefits provided by the BDO Unibank Group to the customers. As the work is performed, the BDO Unibank Group becomes entitled to payments. This demonstrates that the customers simultaneously receive and consume the benefits of the BDO Unibank Group's rendering of these retail and corporate banking services as it performs.

In determining the best method of measuring the progress of the BDO Unibank Group's rendering of aforementioned services, the management considers the output method, which uses direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised as basis in recognizing revenues. Such measurements include results of performance completed to date and time elapsed.

(j) Determination of Branch Licenses Having Indefinite Useful Lives

The BDO Unibank Group's licenses were regarded as having indefinite useful lives considering there is no foreseeable limit to the period over which such assets are expected to generate net cash inflows for the BDO Unibank Group. The assessment of having indefinite useful lives is reviewed periodically and is updated whether events and circumstances such as the period of control over these assets and legal or similar limits on the use of these assets continue to support such assessment.

(k) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.20 and relevant disclosures are presented in Note 34.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of resources and liabilities within the next reporting period.

(a) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost and debt instruments measured at FVOCI is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.3.5.

The carrying value of financial assets at FVOCI, Investment securities at amortized cost and Loans and Other Receivables, and the analysis of the allowance for impairment on such financial assets, are shown in Notes 10.2, 10.3, 11, and 16, respectively.

(b) Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. Valuation techniques are used to determine fair values which are validated and periodically reviewed by management. To the extent practicable, models use observable data, however, areas such as counterparty credit risk, volatilities and correlations require management to make estimates. Changes in assumptions could affect the reported fair value of financial instruments.

The carrying values of the BDO Unibank Group's financial assets at FVTPL and financial assets at FVOCI and the amounts of fair value changes recognized during the years on those assets are disclosed in Notes 10.1 and 10.2, respectively.

(c) Determination of Fair Value of Derivatives

The fair value of derivative financial instruments that are not quoted in an active market is determined through valuation techniques normally using the discounted cash flow model.

Valuation techniques are used to determine fair values, which are validated and periodically reviewed by management. To the extent practicable, models use observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions and correlations could affect reported fair value of financial instruments. The value produced by a model or other valuation technique, in some instances, is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value in the statement of financial position.

(d) *Estimation of Useful Lives of Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources*

The BDO Unibank Group estimates the useful lives of premises, furniture, fixtures and equipment, investment properties and other properties, including trademark and computer software license, based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The BDO Unibank's goodwill and branch licenses were regarded as having indefinite useful lives considering there is no foreseeable limit to the period over which such assets are expected to generate net cash inflows for the BDO Unibank Group. The assessment of having indefinite useful lives is reviewed periodically and is updated whether events and circumstances such as the period of control over these assets and legal or similar limits on the use of these assets continue to support such assessment.

Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

The carrying amounts of premises, furniture, fixtures and equipment are analyzed in Note 12 while investment properties and other resources, including trademark, goodwill and branch licenses, are analyzed in Notes 14 and 15, respectively.

(e) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The BDO Unibank Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the BDO Unibank Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(f) *Determination of Assumptions for Management's Estimation of Fair Value of Investment Properties*

Investment properties are measured using the cost model. The fair value disclosed in Note 14 to the financial statements is determined by BDO Unibank Group using the discounted cash flows valuation technique which are mainly based on existing market conditions and actual transactions at each reporting period such as selling price under installment sales, expected timing of sale and appropriate discount rates. The expected selling price is determined by either an independent or internal appraiser on the basis of current appraised values of the properties or similar properties in the same location and condition (see Note 7.5).

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties. A significant change in key inputs and sources of information used in the determination of the fair value disclosed for those assets may result in adjustment in the carrying amount of the assets reported in the financial statements if their fair value will indicate evidence of impairment.

(g) *Determination of Realizable Amount of Deferred Tax Assets*

BDO Unibank Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is applied by the management to determine the amount of deferred tax assets that can be recognized based on the likely timing and level of BDO Unibank Group's future taxable income. The BDO Unibank Group assessed its projected performance in determining the sufficiency of the future taxable income to support the recognition of deferred tax assets.

The carrying value of deferred tax assets, which management assessed to be utilized within the next two to three years, as of December 31, 2022 and 2021 is disclosed in Note 31.1.

(h) *Impairment of Non-financial Assets*

Except for goodwill and other intangible assets with indefinite useful lives, PAS 36 requires that an impairment review be performed when certain impairment indicators are present. BDO Unibank Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.22. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment losses recognized in profit or loss are disclosed in Note 16.

(i) *Valuation of Post-employment Defined Benefit*

The determination of BDO Unibank Group's obligation and cost of post-employment and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 26.2 and include, among others, discount rates, expected rate of return on plan asset and salary increase rates. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation, as well as the significant assumptions in estimating such obligation are presented in Note 26.2.

(j) *Recognition of Reward Points*

The BDO Unibank Group provides rewards points to its banking clients and customers based on the month-to-date average daily balance they maintain in their personal current and savings accounts and credit card usages. Reward points are redeemable in a wide selection of reward categories, including travel, merchandise of third parties, reward credits and gift certificates. Certain loyalty points for credit card have no expiration date unless the credit card is cancelled but for other rewards program, unredeemed points may expire at some future date.

The BDO Unibank Group sets up a liability to cover the cost of future reward redemptions for points earned to date. The estimated liability is based upon points earned by the clients and the current cost per point of redemption. The estimated points to be redeemed are measured and adjusted based on many factors including but not limited to past redemption behavior of the clients, product type on which the points are earned and their ultimate redemption rate on the points earned to date but not yet redeemed.

The BDO Unibank Group continually evaluates its estimates for rewards based on developments in redemption patterns, cost per point redeemed and other factors. The estimated liability for unredeemed points is impacted over time by enrollment levels, amount of points earned and redeemed, weighted-average cost per point, redemption choices made by the clients and other membership rewards program changes. The calculation is most sensitive to changes in the estimated ultimate redemption rate. This rate is based on the expectation that a large majority of all points earned will eventually be redeemed and the rewards will be redeemed through goods or services supplied by a third party or affiliated retail partners based on BDO Unibank Group's past experience.

The carrying value of the rewards points accrued by BDO Unibank Group are presented as part of Accrued expenses under Other Liabilities account in the statement of financial position as disclosed in Note 21.

(k) *Valuation of Legal Policy Reserves*

Legal policy reserves represent estimates of present value of future benefits and expenses in excess of present value of future gross premiums. These estimates are based on interest rates, mortality/morbidity tables, and valuation method subject to the provisions of the Insurance Code and guidelines set by IC.

The liability for life insurance contracts uses the discount rate as provided by the IC with other assumptions based on best estimate with regard to significant recent experience and appropriate margin for adverse deviation from the expected experience. At each reporting date, these estimates are reassessed for adequacy and changes will be reflected in adjustments to the liability. The main assumptions used relate to mortality, morbidity, lapse, and discount rate.

For life insurance contracts, estimates are made as to the expected number of deaths and lapses for each of the years in which the BDO Unibank Group is exposed to risk. The BDO Unibank Group uses mortality tables and lapse rates subject to the guidelines set by the IC as the basis of these estimates. The estimated number of lapses, deaths, illness or injury determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future premiums (see Note 20).

(l) Fair Value Measurement of Share Options

The BDO Unibank Group estimates the fair value of the executive stock option by applying the Black-Scholes Option pricing model, considering the terms and conditions on which the stock option plan was granted. The estimates and assumptions used include, among others, the option's vesting period, applicable risk-free interest rate, expected dividend yield, volatility of the BDO Unibank Group's share price, and fair value of the BDO Unibank Group's common shares. Changes in these factors can affect the fair value of stock options at grant date.

4. RISK MANAGEMENT

With its culture of managing risk prudently within its capacity and capabilities, the BDO Unibank Group will pursue its strategy and business plans to provide consistent quality service to its customers, to achieve its desired long-term target returns to its shareholders and satisfy or abide by the needs of its other stakeholders, including its depositors and regulators.

The BDO Unibank Group believes that, as there are opportunities, there are associated risks and the objective is not to totally avoid risks, but to adequately and consistently evaluate, manage, control, and monitor the risks and ensure that the BDO Unibank Group is adequately compensated for all the risks taken. Good risk management involves making informed and rational decisions about the level of risks the institution wants to take, in the pursuit of its objectives, but with consideration to return commensurate with the risk-taking activity.

The BDO Unibank Group's goal is to remain a strong bank that is resilient to possible adverse events. Hence, the BDO Unibank Group ensures:

- strong financial position by maintaining adequate capital ratios;
- sound management of liquidity; and,
- ability to generate sustainable earnings commensurate with the risks taken.

For credit risk, market risk, and liquidity risk, the BDO Unibank Group ensures that these are within Board-approved operating limits. For operational risk (which includes legal, regulatory, compliance risks), and reputational risks, these are invariably managed by the development of both a strong “control culture” and an effective internal control system that constantly monitors and updates operational policies and procedures with respect to the BDO Unibank Group’s activities and transactions.

Risk management at BDO Unibank Group begins at the highest level of the organization. At the helm of the risk management infrastructure is the BOD who is responsible for establishing and maintaining a sound risk management system. The BOD assumes oversight over the entire risk management process and has the ultimate responsibility for all risks taken. It regularly reviews and approves the institution’s tolerance for risks, as well as, its business strategy and risk philosophy.

The BOD has constituted the Risk Management Committee (RMC) as the Board-Level Committee responsible for the oversight of the risk management program. Considering the importance of appropriately addressing credit risk, the BOD has also constituted the Executive Committee. The Executive Committee is responsible for approving credit-specific transactions, while the RMC is responsible for approving risk appetite levels, policies, and risk tolerance limits related to credit portfolio risk, market risk, liquidity risk, interest rate risk, operational risk (including business continuity risk, IT risk, information security and cyber-security risk, data privacy risk, and social media risk), consumer protection risk and environmental and social risk to ensure that current and emerging risk exposures are consistent with BDO Unibank Group’s strategic direction and overall risk appetite.

Within BDO Unibank Group’s overall risk management system is the Assets and Liabilities Committee (ALCO), which is responsible for managing the BDO Unibank Group’s statement of financial position, including the BDO Unibank Group’s liquidity, interest rate and foreign exchange related risks. In addition, ALCO formulates investment and financial policies by determining the asset allocation and funding mix strategies that are likely to yield the targeted financial results.

The BDO Unibank Group operates an enterprise-wide risk management system to address the risks it faces in its banking activities. The Risk Management Group (RMG) is mandated to adequately and consistently evaluate, manage, control, and monitor the overall risk profile of the BDO Unibank Group’s activities across the different risk areas, i.e., credit, market, liquidity, interest rate, and operational risks, including business continuity risk, IT risk, information security, cyber-security, and data privacy risk, to optimize the risk-reward balance and maximize return on capital. RMG also has the responsibility for recommending to the appropriate body, risk policies across the full range of risks to which the BDO Unibank Group is exposed. RMG functionally reports to the RMC.

The evaluation, analysis, and control performed by the Risk Function, in conjunction with the Risk Takers, constitute the risk management process. The risk management process is applied at three levels: the transaction level, the business unit level, and the portfolio level. This framework ensures that risks are properly identified, quantified and analyzed, in the light of its potential effect on the BDO Unibank Group’s business. The goal of the risk management process is to ensure rigorous adherence to the BDO Unibank Group’s standards for precision in risk measurement and reporting and to make possible, in-depth analysis of the deployment of capital and the returns that are delivered to the shareholders.

In 2022, there was no significant change on the policies and process for managing the risk and the methods used to measure the risk of the BDO Unibank Group and the Parent Bank, except for the performance of the comprehensive review of the financial instruments, including loans and investments, to assess vulnerability to the significant increase in credit risk in response to the continuing impact of COVID-19 pandemic, the impact of higher oil prices, Russia-Ukraine War, and rising interest rates, and the updating of the BDO Unibank Group's Treasury system to capture the complex computation of Secured Overnight Financing Rate (SOFR) in relation to the LIBOR phase out and adhering to the protocols set by International Swaps and Derivatives Association (ISDA) on LIBOR Reform (see Note 4.7).

4.1 Liquidity Risk

Liquidity risk is the risk that there could be insufficient funds available to repay depositors, to fulfill commitments to lend, or to meet any other liquidity commitments. The BDO Unibank Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to meet funding requirements, manage and control liquidity gaps through Maximum Cumulative Outflow (MCO) limits, regular liquidity stress testing to ensure positive cashflow across all identified stress scenarios, and establishment of a Liquidity Contingency Plan, to ensure adequate liquidity under both business-as-usual and stress conditions.

The analyses of the maturity groupings of resources, liabilities and off-book items as of December 31, 2022 and 2021 in accordance with account classification of the BSP are presented below and in the succeeding pages. The amounts disclosed in the maturity analysis are the contractual cash flows using the primary contractual maturities or behavioral assumptions on core levels (e.g., core deposit liabilities and core deposit substitutes with maturities within one year have been classified in the more than three years category), if the latter is more relevant for purposes of profiling the liquidity gap.

BDO Unibank Group

	2022				
	One to Three Months	More Than Three Months to One Year	More Than One Year to Three Years	More Than Three Years	Total
Resources:					
Cash and other cash items	P 82,944	P -	P -	P -	P 82,944
Due from BSP and other banks	213,571	19,429	116,275	95,270	444,545
Trading and investment securities	17,190	27,519	161,374	516,747	722,830
Loans and other receivables - net	564,041	290,147	528,938	1,313,775	2,696,901
Other resources - net*	12,932	3,855	4	110,697	127,488
Total Resources	890,678	340,950	806,591	2,036,489	4,074,708
Liabilities and Equity:					
Deposit liabilities	915,451	164,764	1,164,877	975,791	3,220,883
Bills payable	61,727	27,388	79,144	30,632	198,891
Insurance contract liabilities**	77	(1,124)	637	64,773	64,363
Other liabilities	64,736	4,157	2,410	57,811	129,114
Total Liabilities	1,041,991	195,185	1,247,068	1,129,007	3,613,251
Equity	-	-	-	461,457	461,457
Total Liabilities and Equity (Balance carried forward)	P 1,041,991	P 195,185	P 1,247,068	P 1,590,464	P 4,074,708

* Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources - net.

** Insurance Contract Liabilities with maturity of more than three months to one year have negative aging because the renewal premiums (inflow) are greater than the expected insurance benefit liability.

BDO Unibank Group

	2022				
	One to Three Months	More Than Three Months to One Year	More Than One Year to Three Years	More Than Three Years	Total
Total Liabilities and Equity (Balance brought forward)	P 1,041,991	P 195,185	P 1,247,068	P 1,590,464	P 4,074,708
On-book gap	(151,313)	145,765	(440,477)	446,025	-
Cumulative on-book gap	(151,313)	(5,548)	(446,025)	-	-
Contingent assets	272,616	46,778	18,167	25,477	363,038
Contingent liabilities	344,710	47,875	18,013	25,533	436,131
Off-book gap	(72,094)	(1,097)	154	(56)	(73,093)
Net Periodic Gap	(223,407)	144,668	(440,323)	445,969	73,093
Cumulative Total Gap	(P 223,407)	(P 78,739)	(P 519,062)	(P 73,093)	P -

BDO Unibank Group

	2021				
	One to Three Months	More Than Three Months to One Year	More Than One Year to Three Years	More Than Three Years	Total
Resources:					
Cash and other cash items	P 69,105	P -	P -	P -	P 69,105
Due from BSP and other banks	150,526	22,027	55,300	147,145	374,998
Trading and investment securities	22,687	31,904	140,229	421,441	616,261
Loans and other receivables - net	503,503	252,927	395,115	1,299,358	2,450,903
Other resources - net*	-	118	46	112,318	112,482
Total Resources	745,821	306,976	590,690	1,980,262	3,623,749
Liabilities and Equity:					
Deposit liabilities	563,666	177,738	595,385	1,484,107	2,820,896
Bills payable	24,278	89,567	55,139	35,447	204,431
Insurance contract liabilities**	349	(613)	206	65,386	65,328
Other liabilities	41,159	4,099	4,601	58,687	108,546
Total Liabilities	629,452	270,791	655,331	1,643,627	3,199,201
Equity	-	-	-	424,548	424,548
Total Liabilities and Equity	629,452	270,791	655,331	2,068,175	3,623,749
On-book gap	116,369	36,185	(64,641)	(87,913)	-
Cumulative on-book gap	116,369	152,554	87,913	-	-
Contingent assets	263,000	81,896	20,865	23,227	388,988
Contingent liabilities	325,897	82,924	28,606	23,100	460,527
Off-book gap	(62,897)	(1,028)	(7,741)	127	(71,539)
Net Periodic Gap	53,472	35,157	(72,382)	(87,786)	71,539
Cumulative Total Gap	P 53,472	P 88,629	P 16,247	(P 71,539)	P -

* Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources - net.

** Insurance Contract Liabilities with maturity of more than three months to one year have negative aging because the renewal premiums (inflow) are greater than the expected insurance benefit liability.

Parent Bank

2022					
	One to Three Months	More Than Three Months to One Year	More Than One Year to Three Years	More Than Three Years	Total
Resources:					
Cash and other cash items	P 80,666	P -	P -	P -	P 80,666
Due from BSP and other banks	204,651	18,101	116,268	94,245	433,265
Trading and investment securities	13,079	22,138	144,385	427,187	606,789
Loans and other receivables – net	565,422	274,410	497,832	1,283,557	2,621,221
Other resources – net*	<u>1,673</u>	<u>3,806</u>	<u>-</u>	<u>152,903</u>	<u>158,382</u>
Total Resources	<u>865,491</u>	<u>318,455</u>	<u>758,485</u>	<u>1,957,892</u>	<u>3,900,323</u>
Liabilities and Equity:					
Deposit liabilities	884,615	163,300	1,163,399	929,702	3,141,016
Bills payable	64,621	17,683	76,110	30,458	188,872
Other liabilities	<u>48,727</u>	<u>2,786</u>	<u>-</u>	<u>59,023</u>	<u>110,536</u>
Total Liabilities	997,963	183,769	1,239,509	1,019,183	3,440,424
Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,899</u>	<u>459,899</u>
Total Liabilities and Equity	<u>997,963</u>	<u>183,769</u>	<u>1,239,509</u>	<u>1,479,082</u>	<u>3,900,323</u>
On-book gap	(<u>132,472</u>)	<u>134,686</u>	(<u>481,024</u>)	<u>478,810</u>	<u>-</u>
Cumulative on-book gap	(<u>132,472</u>)	<u>2,214</u>	(<u>478,810</u>)	<u>-</u>	<u>-</u>
Contingent assets	251,178	31,050	2,145	2,074	286,447
Contingent liabilities	<u>323,587</u>	<u>32,353</u>	<u>2,082</u>	<u>2,071</u>	<u>360,093</u>
Off-book gap	(<u>72,409</u>)	(<u>1,303</u>)	<u>63</u>	<u>3</u>	(<u>73,646</u>)
Net Periodic Gap	(<u>204,881</u>)	<u>133,383</u>	(<u>480,961</u>)	<u>478,813</u>	<u>73,646</u>
Cumulative Total Gap	(<u>P 204,881</u>)	(<u>P 71,498</u>)	(<u>P 552,459</u>)	(<u>P 73,646</u>)	<u>P -</u>

* Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources - net.

Parent Bank

2021					
	One to Three Months	More Than Three Months to One Year	More Than One Year to Three Years	More Than Three Years	Total
Resources:					
Cash and other cash items	P 66,440	P -	P -	P -	P 66,440
Due from BSP and other banks	143,601	21,971	55,296	146,141	367,009
Trading and investment securities	8,166	27,987	119,732	342,078	497,963
Loans and other receivables - net	494,423	239,634	371,315	1,294,611	2,399,983
Other resources - net*	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,611</u>	<u>134,611</u>
Total Resources (Balance carried forward)	<u>P 712,630</u>	<u>P 289,592</u>	<u>P 546,343</u>	<u>P 1,917,441</u>	<u>P 3,466,006</u>

* Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources - net.

Parent Bank

	2021				
	One to Three Months	More Than Three Months to One Year	More Than One Year to Three Years	More Than Three Years	Total
Total Resources (Balance brought forward)	P 712,630	P 289,592	P 546,343	P 1,917,441	P 3,466,006
Liabilities and Equity:					
Deposit liabilities	538,429	175,500	595,264	1,442,522	2,751,715
Bills payable	17,687	89,068	52,305	37,114	196,174
Other liabilities	37,139	2,806	2,543	52,168	94,656
Total Liabilities	593,255	267,374	650,112	1,531,804	3,042,545
Equity	-	-	-	423,461	423,461
Total Liabilities and Equity	593,255	267,374	650,112	1,955,265	3,466,006
On-book gap	119,375	22,218	(103,769)	(37,824)	-
Cumulative on-book gap	119,375	141,593	37,824	-	-
Contingent assets	259,638	63,697	2,998	3,022	329,355
Contingent liabilities	322,537	64,872	10,972	3,021	401,402
Off-book gap	(62,899)	(1,175)	(7,974)	1	(72,047)
Net Periodic Gap	56,476	21,043	(111,743)	(37,823)	72,047
Cumulative Total Gap	P 56,476	P 77,519	(P 34,224)	(P 72,047)	P -

The negative liquidity gap in the MCO is due to the timing difference in the contractual maturities of resources and liabilities. The MCO measures the maximum funding requirement the BDO Unibank Group may need to support its maturing obligations. To ensure that the BDO Unibank Group maintains a prudent and manageable level of cumulative negative gap, the BDO Unibank Group maintains a pool of highly liquid assets in the form of tradable investment securities. Moreover, the BOD has approved the MCO Limits which reflect the BDO Unibank Group's overall appetite for liquidity risk exposure. This limit is reviewed every year. Compliance to MCO Limits is monitored and reported to the BOD and senior management.

In case of breach in the MCO Limit, the RMG elevates the concern to the BOD through the RMC for corrective action by senior management. Additional measures to mitigate liquidity risks include reporting of funding concentration, short-term liquidity reporting, available funding sources, and liquid assets analysis. More frequent analysis of projected funding source and requirements as well as pricing strategies is discussed thoroughly during the weekly ALCO meetings.

Pursuant to applicable BSP regulations, the BDO Unibank Group is required to maintain reserves against deposit liabilities which are based on certain percentages of deposits. The required reserves against deposit liabilities shall be kept in the form of deposits placed in the BDO Unibank Group demand deposit accounts with the BSP. The BSP also requires the BDO Unibank Group to maintain asset cover of 100% for foreign currency-denominated liabilities of its FCDU.

4.1.1 Liquidity Risk Stress

To augment the effectiveness of the BDO Unibank Group's gap analysis, the BDO Unibank Group regularly assesses liquidity risk based on behavioral and hypothetical assumptions under stress conditions. Survivability and resilience of the BDO Unibank Group are assessed for a minimum stress period of 30 days for all crisis scenarios enumerated in BSP Circular No. 981, *Guidelines on Liquidity Risk Management*. The results of these liquidity stress simulations are reported monthly to RMC.

4.1.2 Foreign Currency Liquidity Management

The liquidity risk management policies and objectives described in this section also apply to the management of any foreign currency to which the BDO Unibank Group maintains significant exposure. Specifically, the BDO Unibank Group ensures that its measurement, monitoring and control systems account for these exposures as well. The BDO Unibank Group sets and regularly reviews limits on the size of the cash flow mismatches for each significant individual currency and in aggregate over appropriate time horizons. The BDO Unibank Group also assesses its access to foreign exchange markets when setting up its risk limits.

4.2 Market Risk

The BDO Unibank Group's exposure to market risk, the risk of future loss from changes in the price of a financial instrument, relates primarily to its holdings in foreign exchange instruments, debt securities, equity securities and derivatives. The BDO Unibank Group manages its risk by identifying, analyzing and measuring relevant or likely market risks. The Market and Liquidity Risk Management Unit of the Parent Bank recommends market risk limits based on relevant activity indicators for approval by BDO Unibank Group's RMC and the BOD.

4.2.1 Foreign Exchange Risk

The BDO Unibank Group manages its exposure to effects of fluctuations in the foreign currency exchange rates by maintaining foreign currency exposure within the existing regulatory guidelines and at a level that it believes to be relatively conservative for a financial institution engaged in that type of business.

The BDO Unibank Group's net foreign exchange exposure is computed as its foreign currency resources less foreign currency liabilities. BSP regulations impose a cap of 25% of qualifying capital or US\$150 million, whichever is lower, on a bank's consolidated net open foreign exchange position. The BDO Unibank Group's foreign exchange exposure is primarily limited to the day-to-day, over-the-counter buying and selling of foreign exchange in BDO Unibank Group's branches as well as foreign exchange trading with corporate accounts and other financial institutions. The BDO Unibank Group, being a major market participant in the Philippine Dealing System, may engage in proprietary trading to take advantage of foreign exchange fluctuations.

The BDO Unibank Group's foreign exchange exposure at end-of-day is guided by the limits set forth in BDO Unibank Group's Risk Management Manual. These limits are within the prescribed ceilings mandated by the BSP. At the end of each day, BDO Unibank Group reports to the BSP on its compliance with the mandated foreign currency exposure limits. In addition, it also reports to the BSP on the respective foreign currency positions of its subsidiaries. The breakdown of the financial assets and financial liabilities as to foreign and peso-denominated balances as of December 31, 2022 and 2021 is presented in the succeeding page.

BDO Unibank Group

	2022			2021		
	Foreign Currencies	Philippine Pesos	Total	Foreign Currencies	Philippine Pesos	Total
Resources:						
Cash and other cash items and due from BSP	P 90	P 468,633	P 468,723	P 107	P 373,904	P 374,011
Due from other banks	55,186	3,580	58,766	68,401	1,691	70,092
Trading and investment securities:						
At FVTPL	7,857	36,855	44,712	6,622	41,312	47,934
At FVOCI	80,243	85,826	166,069	86,804	83,989	170,793
At amortized cost	196,188	315,861	512,049	164,529	233,005	397,534
Loans and other receivables	389,365	2,307,536	2,696,901	331,327	2,119,576	2,450,903
Other resources	11,017	2,777	13,794	6,214	1,246	7,460
	<u>P 739,946</u>	<u>P 3,221,068</u>	<u>P 3,961,014</u>	<u>P 664,004</u>	<u>P 2,854,723</u>	<u>P 3,518,727</u>
Liabilities:						
Deposit liabilities	P 505,050	P 2,715,833	P 3,220,883	P 463,368	P 2,357,528	P 2,820,896
Bills payable	136,277	62,614	198,891	120,920	83,511	204,431
Insurance contract liabilities	7,844	56,519	64,363	8,702	56,626	65,328
Other liabilities	14,089	104,760	118,849	16,951	80,666	97,617
	<u>P 663,260</u>	<u>P 2,939,726</u>	<u>P 3,602,986</u>	<u>P 609,941</u>	<u>P 2,578,331</u>	<u>P 3,188,272</u>

Parent Bank

	2022			2021		
	Foreign Currencies	Philippine Pesos	Total	Foreign Currencies	Philippine Pesos	Total
Resources:						
Cash and other cash items and due from BSP	P 6	P 462,870	P 462,876	P 33	P 369,067	P 369,100
Due from other banks	50,611	444	51,055	64,188	161	64,349
Trading and investment securities:						
At FVTPL	3,649	2,234	5,883	2,759	1,857	4,616
At FVOCI	71,632	38,015	109,647	74,197	41,768	115,965
At amortized cost	190,632	300,627	491,259	159,235	218,147	377,382
Loans and other receivables	388,598	2,232,623	2,621,221	330,424	2,069,559	2,399,983
Other resources	10,961	1,213	12,174	5,784	968	6,752
	<u>P 716,089</u>	<u>P 3,038,026</u>	<u>P 3,754,115</u>	<u>P 636,620</u>	<u>P 2,701,527</u>	<u>P 3,338,147</u>
Liabilities:						
Deposit liabilities	P 493,041	P 2,647,975	P 3,141,016	P 450,484	P 2,301,231	P 2,751,715
Bills payable	136,176	52,696	188,872	119,738	76,436	196,174
Other liabilities	12,034	89,853	101,887	15,927	69,452	85,379
	<u>P 641,251</u>	<u>P 2,790,524</u>	<u>P 3,431,775</u>	<u>P 586,149</u>	<u>P 2,447,119</u>	<u>P 3,033,268</u>

4.2.2 Interest Rate Risk

The BDO Unibank Group prepares an interest rate gap analysis in the Banking Book to measure the sensitivity of its resources, liabilities and off-book items to interest rate fluctuations. The Banking Book is a term for resources on a bank's statement of financial position that are expected to be held to maturity, usually consisting of customer loans to and deposits from retail and corporate customers. The Banking Book can also include those derivatives that are used to hedge exposures arising from the Banking Book activity, including interest rate risk. The focus of analysis is the impact of changes in interest rates on accrual or reported earnings. This analysis would give management a glimpse of the re-pricing profile of its interest sensitive resources and liabilities in the Banking Book.

An interest rate gap report is prepared by classifying all resources and liabilities into various time buckets according to contracted maturities if fixed or anticipated repricing dates if floating, or based on behavioral assumptions if more applicable. In the interest rate gap presented, loans and investments are profiled based on next repricing if floating or contracted maturity if fixed rate while non-maturity deposit liabilities are considered non-rate sensitive. The difference in the amount of resources and liabilities maturing or being repriced in any time period category would then give BDO Unibank Group an indication of the extent to which it is exposed to the risk of potential changes in net interest income. Interest rate financial instruments (e.g., interest rate derivatives) may be used to hedge the interest rate exposures in the Banking Book. There are however, no outstanding interest rate derivatives used as hedges in the Banking Book.

The analyses of the groupings of resources, liabilities and off-book items as of December 31, 2022 and 2021 based on the expected interest realization or recognition are shown below and in the succeeding pages.

BDO Unibank Group

	2022					
	One to Three Months	More Than Three Months to One Year	More Than One Year to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and other cash items	P -	P -	P -	P -	P 82,944	P 82,944
Due from BSP and other banks	130,852	1,294	-	-	312,399	444,545
Trading and investment securities	11,874	26,823	289,426	349,995	44,712	722,830
Loans and other receivables - net	1,320,621	377,502	876,912	121,866	-	2,696,901
Other resources - net*	10,036	3,807	3	-	113,642	127,488
Total Resources	1,473,383	409,426	1,166,341	471,861	553,697	4,074,708
Liabilities and Equity:						
Deposit liabilities	1,107,910	183,996	26,346	6,328	1,896,303	3,220,883
Bills payable	85,036	13,188	91,937	5,576	3,154	198,891
Insurance contract liabilities**	(802)	(2,159)	696	37,066	29,562	64,363
Other liabilities	12,832	76	660	70	115,476	129,114
Total Liabilities	1,204,976	195,101	119,639	49,040	2,044,495	3,613,251
Equity	-	-	-	-	461,457	461,457
Total Liabilities and Equity (Balance carried forward)	P 1,204,976	P 195,101	P 119,639	P 49,040	P 2,505,952	P 4,074,708

* Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources - net.

** Insurance Contract Liabilities with maturities of one to three months and more than three months to one year have negative aging because the renewal premiums (inflow) are greater than the expected insurance benefit liability.

BDO Unibank Group

2022						
	One to Three Months	More Than Three Months to One Year	More Than One Year to Five Years	More Than Five Years	Non-rate Sensitive	Total
Total Liabilities and Equity (Balance brought forward)	<u>P 1,204,976</u>	<u>P 195,101</u>	<u>P 119,639</u>	<u>P 49,040</u>	<u>P 2,505,952</u>	<u>P 4,074,708</u>
On-book gap	<u>268,407</u>	<u>214,325</u>	<u>1,046,702</u>	<u>422,821</u>	<u>(1,952,255)</u>	<u>-</u>
Cumulative on-book gap	<u>268,407</u>	<u>482,732</u>	<u>1,529,434</u>	<u>1,952,255</u>	<u>-</u>	<u>-</u>
Contingent assets	<u>40,387</u>	<u>1,130</u>	<u>2,788</u>	<u>-</u>	<u>-</u>	<u>44,305</u>
Contingent liabilities	<u>30,346</u>	<u>836</u>	<u>13,102</u>	<u>-</u>	<u>-</u>	<u>44,284</u>
Off-book gap	<u>10,041</u>	<u>294</u>	<u>(10,314)</u>	<u>-</u>	<u>-</u>	<u>21</u>
Net Periodic Gap	<u>278,448</u>	<u>214,619</u>	<u>1,036,388</u>	<u>422,821</u>	<u>(1,952,255)</u>	<u>(21)</u>
Cumulative Total Gap	<u>P 278,448</u>	<u>P 493,067</u>	<u>P 1,529,455</u>	<u>P 1,952,276</u>	<u>P 21</u>	<u>P -</u>
2021						
	One to Three Months	More Than Three Months to One Year	More Than One Year to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and other cash items	P -	P -	P -	P -	P 69,105	P 69,105
Due from BSP and other banks	41,470	-	-	-	333,528	374,998
Trading and investment securities	8,346	31,238	231,337	297,406	47,934	616,261
Loans and other receivables - net	1,140,250	287,117	904,358	119,178	-	2,450,903
Other resources - net*	-	-	-	-	112,482	112,482
Total Resources	<u>1,190,066</u>	<u>318,355</u>	<u>1,135,695</u>	<u>416,584</u>	<u>563,049</u>	<u>3,623,749</u>
Liabilities and Equity:						
Deposit liabilities	328,737	48,785	48,092	13,868	2,381,414	2,820,896
Bills payable	42,137	89,567	72,727	-	-	204,431
Insurance contract liabilities**	(364)	(1,322)	1,038	39,713	26,263	65,328
Other liabilities	-	33	438	4	108,071	108,546
Total Liabilities	<u>370,510</u>	<u>137,063</u>	<u>122,295</u>	<u>53,585</u>	<u>2,515,748</u>	<u>3,199,201</u>
Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>424,548</u>	<u>424,548</u>
Total Liabilities and Equity (Balance carried forward)	<u>P 370,510</u>	<u>P 137,063</u>	<u>P 122,295</u>	<u>P 53,585</u>	<u>P 2,940,296</u>	<u>P 3,623,749</u>

* Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources - net.

** Insurance Contract Liabilities with maturities of one to three months and more than three months to one year have negative aging because the renewal premiums (inflow) are greater than the expected insurance benefit liability.

BDO Unibank Group

	2021					
	One to Three Months	More Than Three Months to One Year	More Than One Year to Five Years	More Than Five Years	Non-rate Sensitive	Total
Total Liabilities and Equity (Balance brought forward)	P 370,510	P 137,063	P 122,295	P 53,585	P 2,940,296	P 3,623,749
On-book gap	819,556	181,292	1,013,400	362,999	(2,377,247)	-
Cumulative on-book gap	819,556	1,000,848	2,014,248	2,377,247	-	-
Contingent assets	7,583	4,151	-	-	-	11,734
Contingent liabilities	2,523	4,164	-	-	-	6,687
Off-book gap	5,060	(13)	-	-	-	5,047
Net Periodic Gap	824,616	181,279	1,013,400	362,999	(2,377,247)	(5,047)
Cumulative Total Gap	P 824,616	P 1,005,895	P 2,019,295	P 2,382,294	P 5,047	P -

Parent Bank

	2022					
	One to Three Months	More Than Three Months to One Year	More Than One Year to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and other cash items	P -	P -	P -	P -	P 80,666	P 80,666
Due from BSP and other banks	125,084	-	-	-	308,181	433,265
Trading and investment securities	10,657	22,138	255,436	312,675	5,883	606,789
Loans and other receivables - net	1,318,458	368,986	819,563	114,214	-	2,621,221
Other resources - net*	10,036	3,806	-	-	144,540	158,382
Total Resources	1,464,235	394,930	1,074,999	426,889	539,270	3,900,323
Liabilities and Equity:						
Deposit liabilities	1,080,372	181,248	31,093	8,627	1,839,676	3,141,016
Bills payable	79,571	6,633	97,222	5,446	-	188,872
Other liabilities	12,820	-	-	-	97,716	110,536
Total Liabilities	1,172,763	187,881	128,315	14,073	1,937,392	3,440,424
Equity	-	-	-	-	459,899	459,899
Total Liabilities and Equity	1,172,763	187,881	128,315	14,073	2,397,291	3,900,323
On-book gap	291,472	207,049	946,684	412,816	(1,858,021)	-
Cumulative on-book gap	291,472	498,521	1,445,205	1,858,021	-	-
Contingent assets	39,041	1,965	-	-	-	41,006
Contingent liabilities	38,974	1,965	-	-	-	40,939
Off-book gap	67	-	-	-	-	67
Net Periodic Gap	291,539	207,049	946,684	412,816	(1,858,021)	(67)
Cumulative Total Gap	P 291,539	P 498,588	P 1,445,272	P 1,858,088	P 67	P -

* Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources - net.

Parent Bank

		2021					
		One to Three Months	More Than Three Months to One Year	More Than One Year to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:							
Cash and other							
cash items	P	-	P	-	P	-	P
Due from BSP and							
other banks		40,800	-	-	-	326,209	367,009
Trading and							
investment							
securities		6,023	27,987	202,032	257,306	4,615	497,963
Loans and other							
receivables - net		1,133,066	279,191	868,587	119,139	-	2,399,983
Other resources - net*		-	-	-	-	134,611	134,611
Total Resources		<u>1,179,889</u>	<u>307,178</u>	<u>1,070,619</u>	<u>376,445</u>	<u>531,875</u>	<u>3,466,006</u>
Liabilities and Equity:							
Deposit liabilities		312,535	44,502	47,101	18,239	2,329,338	2,751,715
Bills payable		35,546	89,068	71,560	-	-	196,174
Other liabilities		-	-	-	-	94,656	94,656
Total Liabilities		<u>348,081</u>	<u>133,570</u>	<u>118,661</u>	<u>18,239</u>	<u>2,423,994</u>	<u>3,042,545</u>
Equity		-	-	-	-	423,461	423,461
Total Liabilities and Equity		<u>348,081</u>	<u>133,570</u>	<u>118,661</u>	<u>18,239</u>	<u>2,847,455</u>	<u>3,466,006</u>
On-book gap		<u>831,808</u>	<u>173,608</u>	<u>951,958</u>	<u>358,206</u>	<u>(2,315,580)</u>	<u>-</u>
Cumulative on-book gap		<u>831,808</u>	<u>1,005,416</u>	<u>1,957,374</u>	<u>2,315,580</u>	<u>-</u>	<u>-</u>
Contingent assets		5,231	2,634	-	-	-	7,865
Contingent liabilities		<u>131</u>	<u>2,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,765</u>
Off-book gap		<u>5,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,100</u>
Net Periodic Gap		<u>836,908</u>	<u>173,608</u>	<u>951,958</u>	<u>358,206</u>	<u>(2,315,580)</u>	<u>(5,100)</u>
Cumulative Total Gap	P	<u>836,908</u>	<u>P 1,010,516</u>	<u>P 1,962,474</u>	<u>P 2,320,680</u>	<u>P 5,100</u>	<u>P -</u>

* Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources - net.

The BDO Unibank Group and the Parent Bank's market risk management limits are generally categorized as limits on:

- Value-at-risk (VaR) – The RMG computes the VaR benchmarked at a level, which is a percentage of projected earnings. The BDO Unibank Group and the Parent Bank use the VaR model to estimate the daily potential loss that the BDO Unibank Group and the Parent Bank can incur from its trading book, based on a number of assumptions with a confidence level of 99%. The measurement is designed such that exceptions over limits should only arise in very exceptional circumstances.
- Stop loss – The RMG sets the amount of each risk-bearing activity at a percentage of the budgeted annual income for such activity.
- Nominal position – The RMG sets the nominal amount to prevent over-trading, excessive concentration, and to limit financial loss supplementing other established limits.

- Trading volume – The RMG sets the volume of transactions that any employee may execute at various levels based on the rank of the personnel making the risk-bearing decision.
- Earnings-at-risk (EAR) – The RMG computes the EAR based on the repricing profile of the Banking Book and benchmarks against projected annual net interest income and capital.

VaR is one of the key measures in BDO Unibank Group and Parent Bank's management of market risk. VaR is defined as a statistical estimate of the maximum possible loss on a given position during a time horizon within a given confidence interval. The BDO Unibank Group and the Parent Bank use a 99% confidence level and a 260-day observation period in VaR calculation. The BDO Unibank Group and the Parent Bank's VaR limit is established as a percentage of projected earnings and is used to alert senior management whenever the potential losses in the BDO Unibank Group and the Parent Bank's portfolios exceed tolerable levels. Because the VaR measure is tied to market volatility, it therefore allows management to react quickly and adjust its portfolio strategies in different market conditions in accordance with its risk philosophy and appetite. The VaR model is validated through back-testing.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A one-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period;
- A 99% confidence level does not reflect losses that may occur beyond this level. Even within the model used, there is a one percent probability that losses could exceed the VaR;
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature; and,
- The VaR measure is dependent upon the BDO Unibank Group and the Parent Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice-versa.

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio. In addition, the BDO Unibank Group and the Parent Bank use a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the BDO Unibank Group and the Parent Bank's overall position. Stress VaR is also performed on all portfolios as a complementary measure of risk. While VaR deals with risk during times of normality, stress testing is used to measure the potential effect of a crisis or low probability event.

A summary of the VaR position of the trading portfolios at December 31 follows:

	<u>2022</u>		<u>2021</u>	
	<u>VaR</u>	<u>Stress VaR</u>	<u>VaR</u>	<u>Stress VaR</u>
<u>BDO Unibank Group</u>				
Foreign currency risk	(P 9)	(P 84)	(P 8)	(P 107)
Interest rate risk – Peso	(91)	(1,469)	(53)	(888)
Interest rate risk – USD	(13)	(194)	(13)	(355)
	<u>(P 113)</u>	<u>(P 1,747)</u>	<u>(P 74)</u>	<u>(P 1,350)</u>
<u>Parent Bank</u>				
Foreign currency risk	(P 7)	(P 72)	(P 4)	(P 56)
Interest rate risk – Peso	(31)	(641)	(15)	(252)
Interest rate risk – USD	(1)	(31)	(2)	(36)
	<u>(P 39)</u>	<u>(P 744)</u>	<u>(P 21)</u>	<u>(P 344)</u>

For the BDO Unibank Group, the earnings perspective using an EAR approach is the more relevant measure for the interest rate risks in the Banking Book given a “going concern” assumption and also because the component of earnings in focus is net interest income. EAR is a measure of likely earnings volatility for accrual portfolios. The appropriate yield curve used is the relevant benchmark rate and the volatilities of the relevant benchmark interest rate curve are calculated similar to the method employed for VaR. The volatility calculations make use of actual pre-defined time series data, using five-years’ worth of yearly changes, at the 99% confidence level. The frequency of measurement for EAR is monthly. EAR Stress Test uses 300 basis points increase in USD interest rates and 400 basis points increase in Peso interest rates.

The EAR before tax in a rising and declining interest rate scenario for financial assets and liabilities repriced during 2022 and 2021 is shown below and in the succeeding pages.

BDO Unibank Group

	<u>2022</u>			
	<u>Change in Interest Rates (in basis points)</u>			
	<u>-100</u>	<u>+100</u>	<u>-50</u>	<u>+50</u>
Change on annualized net interest income	<u>(P 5,085)</u>	<u>P 5,085</u>	<u>(P 2,543)</u>	<u>P 2,543</u>
As a percentage of the BDO Unibank Group’s net interest income for 2022	<u>(3.41%)</u>	<u>3.41%</u>	<u>(1.70%)</u>	<u>1.70%</u>
EAR	<u>P 17,284</u>			
As a percentage of the BDO Unibank Group’s net interest income for 2022	<u>11.60%</u>			
Average (1yr) EAR	<u>P 23,455</u>			
Stress EAR	<u>P 30,506</u>			

BDO Unibank Group

	2021			
	Change in Interest Rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 8,331)	P 8,331	(P 4,165)	P 4,165
As a percentage of the BDO Unibank Group's net interest income for 2021	(6.34%)	6.34%	(3.17%)	3.17%
EAR	P 24,347			
As a percentage of the BDO Unibank Group's net interest income for 2021	18.54%			
Average (1yr) EAR	P 24,391			
Stress EAR	P 31,984			

Parent Bank

	2022			
	Change in Interest Rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 5,572)	P 5,572	(P 2,786)	P 2,786
As a percentage of the Parent Bank's net interest income for 2022	(4.00%)	4.00%	(2.00%)	2.00%
EAR	P 18,854			
As a percentage of the Parent Bank's net interest income for 2022	13.50%			
Average (1yr) EAR	P 23,845			
Stress EAR	P 31,169			

	2021			
	Change in Interest Rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 8,404)	P 8,404	(P 4,202)	P 4,202
As a percentage of the Parent Bank's net interest income for 2021	(6.79%)	6.79%	(3.39%)	3.39%
EAR	P 24,735			

Parent Bank

	2021			
	Change in Interest Rates (in basis points)			
	-100	+100	-50	+50
As a percentage of the Parent Bank's net interest income for 2021				
				<u>19.97%</u>
Average (1yr) EAR				<u>P 24,627</u>
Stress EAR				<u>P 32,233</u>

4.2.3 Price Risk

The BDO Unibank Group and the Parent Bank are exposed to equity securities price risk because of investments in equity securities held by the BDO Unibank Group and the Parent Bank classified on the statement of financial position either as financial assets at FVOCI or financial assets at FVTPL. The BDO Unibank Group and the Parent Bank are not exposed to commodity price risk. To manage its price risk arising from investments in listed equity securities, the BDO Unibank Group maintains a diversified portfolio. Diversification of the portfolio is done in accordance with the limits set by the BDO Unibank Group.

The table below summarizes the impact of equity prices on listed equity securities classified as financial assets at FVTPL and financial assets at FVOCI on BDO Unibank Group and Parent Bank's net profit after tax and equity as of December 31, 2022 and 2021. The results are based on the volatility assumption of the benchmark equity index, which was 4.15% and 3.52% in 2022 and 2021, respectively, for securities classified as financial assets at FVTPL and FVOCI securities with all other variables held constant and all the BDO Unibank Group and the Parent Bank's equity instruments moved according to the historical correlation with the index.

Impact on Net Profit After Tax			Impact on Other Comprehensive Income		
Increase			Increase		
2022	2021	2020	2022	2021	2020

BDO Unibank Group

Financial assets at FVTPL	P 1,054	P 806	P 1,554	P -	P -	P -
Financial assets at FVOCI	<u>-</u>	<u>-</u>	<u>-</u>	<u>158</u>	<u>148</u>	<u>350</u>
	<u>P 1,054</u>	<u>P 806</u>	<u>P 1,554</u>	<u>P 158</u>	<u>P 148</u>	<u>P 350</u>

Parent Bank

Financial assets at FVOCI	P -	P -	P -	P 25	P 30	P 291
	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 25</u>	<u>P 30</u>	<u>P 291</u>

4.3 Credit Risk

Credit risk is the risk that the counterparty in a transaction may default and arises from lending, trade finance, treasury, derivatives and other activities undertaken by the BDO Unibank Group. RMG undertakes several functions with respect to credit risk management including credit analysis, risk ratings for corporate accounts, and development and performance monitoring of credit risk rating and scoring models for both corporate and consumer loans. It also ensures that BDO Unibank Group's credit policies and procedures are adequate to meet the demands of the business.

RMG also subjects the loan portfolio to a regular portfolio quality review, credit portfolio stress testing and rapid portfolio reviews based on specific and potential events that may affect borrowers in particular geographic locations or industries.

BDO Unibank Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers. Such risks are monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits is secured from the Credit Committee. On the industry segments, set limits and exposures are monitored and reported to the RMC.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also managed in part by obtaining collateral or corporate and personal guarantees.

4.3.1 Credit Risk Assessment

Loan classification and credit risk rating are an integral part of the BDO Unibank Group's management of credit risk. On an annual basis, loans are reviewed, classified as necessary, and rated based on internal and external factors that affect its performance. On a monthly basis, loan classifications of impaired accounts are assessed and the results are used as basis for the review of loan loss provisions.

The BDO Unibank Group's definition of its loan classification and corresponding credit risk ratings are as follows:

• Pass/Current	:	Grades AAA to B
• Watchlisted	:	Grade B-
• Especially Mentioned	:	Grade C
• Substandard	:	Grade D
• Doubtful	:	Grade E
• Loss	:	Grade F

Once an account is Watchlisted or Adversely Classified, the resulting risk rating grade is aligned based on the above classification.

(a) *Pass/Current*

These are individual credits that do not have a greater-than-normal risk and do not possess the characteristics of adversely classified loans. These are credits that have the apparent ability to satisfy their obligations in full and therefore, no loss in ultimate collection is anticipated. These are adequately secured by readily marketable collateral or other forms of support security or are supported by sufficient credit and financial information of favorable nature to assure repayment as agreed.

(b) *Watchlisted*

Since early identification of troublesome or potential accounts is vital in portfolio management, a "Watchlisted" classification of credit accounts is maintained. These accounts are not adversely classified but they require more than normal attention to prevent these accounts from deteriorating to said category.

Past due or individually impaired financial assets comprise accounts under the following risk ratings:

(c) *Adversely Classified*

(i) *Especially Mentioned (EM)*

It is an adverse classification of loans/accounts that have potential weaknesses and deserves management's close attention. These potential weaknesses, if left uncorrected, may affect the repayment of the loan and thus increase credit risk to the BDO Unibank Group.

(ii) *Substandard*

Accounts classified as "Substandard" are individual credits or portions thereof, that have well-defined weakness/(es) that may jeopardize repayment/liquidation in full, either in respect of the business, cash flow or financial position, which may include adverse trends or developments that affect willingness or repayment ability of the borrower.

(iii) *Doubtful*

Accounts classified as "Doubtful" are individual credits or portions thereof which exhibit more severe weaknesses than those classified as "Substandard" whose characteristics on the basis of currently known facts, conditions and values make collection or liquidation highly improbable, however, the exact amount remains undeterminable as yet. Classification as "Loss" is deferred because of specific pending factors, which may strengthen the assets.

(iv) *Loss*

Accounts classified as "Loss" are individual credits or portions thereof, which are considered uncollectible or worthless, and of such little value that their continuance as bankable assets are not warranted although the loans may have some recovery or salvage value.

This shall be viewed as a transitional category for loans and other credit accommodations, which have been identified as requiring write-off during the current reporting period even though partial recovery may be obtained in the future.

In addition, credit portfolio review is another integral part of the BDO Unibank Group's management of credit risk. This exercise involves the conduct of periodic post approval review of individual credits whose main objective is to help monitor and maintain sound and healthy risk asset portfolio. Parameters of the credit portfolio review are structured so as to reflect both sides of the risk management equation such as credit quality and process. This function actuates the philosophy that credit quality is derived from sound risk management process. The credit quality of financial assets is managed by the BDO Unibank Group using internal credit ratings.

4.3.2 Credit Quality Analysis

The following table sets out information about the credit quality of loans and other receivables, financial assets measured at amortized cost, and FVOCI debt investments. Unless specifically indicated for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and other contingent accounts, the amounts in the table represent the amounts committed. As of December 31, 2022 and 2021, there are no POCI financial assets in both BDO Unibank Group and Parent Bank's financial statements.

The following tables show the exposure to credit risk as of December 31, 2022 and 2021 for each internal risk grade and the related allowance for ECL:

BDO Unibank Group

		2022			
		Stage 1	Stage 2	Stage 3	Total
Receivables from customers - corporate					
Grades AAA to B : Pass/Current	P	1,922,405	P -	P -	P 1,922,405
Grade B : Watchlisted		24	23,020	1,640	24,684
Grade C : EM		55	47,691	3,028	50,774
Grade D : Substandard		-	4,391	7,145	11,536
Grade E : Doubtful		-	-	3,332	3,332
Grade F : Loss		-	-	2,611	2,611
		1,922,484	75,102	17,756	2,015,342
ECL allowance	(	6,950)	(26,614)	(14,025)	(47,589)
Carrying amount	P	1,915,534	P 48,488	P 3,731	P 1,967,753
Receivables from customers - consumer					
Grades AAA to B : Pass/Current	P	560,560	P -	P 118	P 560,678
Grade B : Watchlisted		-	57	38	95
Grade C : EM		-	953	87	1,040
Grade D : Substandard		-	1,598	4,311	5,909
Grade E : Doubtful		-	-	3,561	3,561
Grade F : Loss		-	-	27,186	27,186
		560,560	2,608	35,301	598,469
ECL allowance	(	6,614)	(890)	(18,683)	(26,187)
Carrying amount	P	553,946	P 1,718	P 16,618	P 572,282
Other receivables					
Grades AAA to B : Pass/Current	P	155,344	P 115	P 213	P 155,672
Grade C : EM		-	3	-	3
Grade D : Substandard		511	417	339	1,267
Grade E : Doubtful		-	-	419	419
Grade F : Loss		-	-	2,089	2,089
		155,855	535	3,060	159,450
ECL allowance	(	101)	(78)	(2,405)	(2,584)
Carrying amount	P	155,754	P 457	P 655	P 156,866

BDO Unibank Group

		2022			
		Stage 1	Stage 2	Stage 3	Total
Debt investment securities at					
amortized cost					
Grades AAA to B : Pass/Current	P	512,128	P -	P -	P 512,128
Grade C : EM		-	56	-	56
Grade E : Doubtful		-	-	1,252	1,252
Grade F : Loss		-	-	267	267
		<u>512,128</u>	<u>56</u>	<u>1,519</u>	<u>513,703</u>
ECL allowance	(	<u>106</u>)	<u>29</u>)	<u>1,519</u>)	<u>1,654</u>)
Carrying amount	P	<u>512,022</u>	P <u>27</u>	P <u>-</u>	P <u>512,049</u>
Debt investment securities at FVOCI					
Grades AAA to B : Pass/Current	P	161,301	P -	P -	P 161,301
Grade C : EM		-	53	-	53
Carrying amount	P	<u>161,301</u>	P <u>53</u>	P <u>-</u>	P <u>161,354</u>
Loan commitments and other					
contingent accounts					
Grades AAA to B : Pass/Current	P	131,273	P -	P -	P 131,273
Grade B : Watchlisted		-	28	-	28
Grade C : EM		-	9	-	9
		<u>131,273</u>	<u>37</u>	<u>-</u>	<u>131,310</u>
ECL allowance	(	<u>233</u>)	<u>-</u>)	<u>-</u>)	<u>233</u>)
Carrying amount	P	<u>131,040</u>	P <u>37</u>	P <u>-</u>	P <u>131,077</u>
		2021			
		Stage 1	Stage 2	Stage 3	Total
Receivables from customers - corporate					
Grades AAA to B : Pass/Current	P	1,733,845	P -	P -	P 1,733,845
Grade B : Watchlisted		106	30,835	502	31,443
Grade C : EM		5	81,131	2,009	83,145
Grade D : Substandard		-	4,403	7,059	11,462
Grade E : Doubtful		-	-	5,578	5,578
Grade F : Loss		-	-	3,882	3,882
		<u>1,733,956</u>	<u>116,369</u>	<u>19,030</u>	<u>1,869,355</u>
ECL allowance	(	<u>7,513</u>)	<u>17,205</u>)	<u>13,237</u>)	<u>37,955</u>)
Carrying amount	P	<u>1,726,443</u>	P <u>99,164</u>	P <u>5,793</u>	P <u>1,831,400</u>
Receivables from customers - consumer					
Grades AAA to B : Pass/Current	P	473,747	P -	P 160	P 473,907
Grade B : Watchlisted		9	181	62	252
Grade C : EM		-	1,506	107	1,613
Grade D : Substandard		-	1,356	8,078	9,434
Grade E : Doubtful		-	-	16,658	16,658
Grade F : Loss		-	-	28,974	28,974
		<u>473,756</u>	<u>3,043</u>	<u>54,039</u>	<u>530,838</u>
ECL allowance	(	<u>5,554</u>)	<u>504</u>)	<u>21,246</u>)	<u>27,304</u>)
Carrying amount	P	<u>468,202</u>	P <u>2,539</u>	P <u>32,793</u>	P <u>503,534</u>
Other receivables					
Grades AAA to B : Pass/Current	P	114,790	P 22	P 238	P 115,050
Grade C : EM		-	41	-	41
Grade D : Substandard		503	407	258	1,168
Grade E : Doubtful		16	-	249	265
Grade F : Loss		-	-	1,929	1,929
		<u>115,309</u>	<u>470</u>	<u>2,674</u>	<u>118,453</u>
ECL allowance	(	<u>79</u>)	<u>77</u>)	<u>2,328</u>)	<u>2,484</u>)
Carrying amount	P	<u>115,230</u>	P <u>393</u>	P <u>346</u>	P <u>115,969</u>

BDO Unibank Group

		2021			
		Stage 1	Stage 2	Stage 3	Total
Debt investment securities at					
amortized cost					
Grades AAA to B	: Pass/Current	P 397,595	P -	P -	P 397,595
Grade E	: Doubtful	-	-	1,146	1,146
Grade F	: Loss	-	-	264	264
		397,595	-	1,410	399,005
ECL allowance		(61)	-	(1,410)	(1,471)
Carrying amount		<u>P 397,534</u>	<u>P -</u>	<u>P -</u>	<u>P 397,534</u>
Debt investment securities at FVOCI					
Grades AAA to B	: Pass/Current	<u>P 165,461</u>	<u>P -</u>	<u>P -</u>	<u>P 165,461</u>
Loan commitments and other					
contingent accounts					
Grades AAA to B	: Pass/Current	P 112,403	P -	P -	P 112,403
Grade B-	: Watchlisted	-	461	-	461
Grade C	: EM	-	42	-	42
		112,403	503	-	112,906
ECL allowance		(289)	-	-	(289)
Carrying amount		<u>P 112,114</u>	<u>P 503</u>	<u>P -</u>	<u>P 112,617</u>

The table below sets out the credit quality of trading debt securities of the BDO Unibank Group measured at FVTPL (see Note 10.1).

	2022	2021
Grade:		
AAA	P 7,678	P 4,449
AA+ to AA	151	330
A+ to A-	-	371
BBB+ to BBB-	2,131	4,440
BB+ to BB-	158	516
	<u>P 10,118</u>	<u>P 10,106</u>

The table below shows an analysis of counterparty credit exposures arising from derivative transactions of the BDO Unibank Group. Outstanding derivative exposures to counterparties are generally to investment grade counterparty banks. Derivative transactions with non-bank counterparties are on a fully secured basis.

	Over-the-counter							
	Total		Exchange-traded		Central Counterparties		Other Bilateral Collateralized	
	Notional Amount	Fair Value	Notional Amount	Fair Value	Notional Amount	Fair Value	Notional Amount	Fair Value
2022								
Derivative assets	P 172,551	P 8,613	P 1,072	P -	P 139,990	P 3,468	P 31,489	P 5,145
Derivative liabilities	205,608	7,809	2,489	1	169,658	3,634	33,461	4,174
2021								
Derivative assets	P 190,129	P 6,232	P 131	P 1	P 163,556	P 2,468	P 26,442	P 3,763
Derivative liabilities	201,482	5,742	1,792	-	171,809	2,462	27,881	3,280

As of December 31, 2022 and 2021, the BDO Unibank Group held Cash and Other Cash Items, Due from Other Banks and Due from BSP totaling to P527,489 and P444,103, respectively. The financial assets are held with the BSP and financial institution counterparties that are rated at least BBB to AAA+, based on external rating agencies.

Parent Bank

		2022			
		Stage 1	Stage 2	Stage 3	Total
Receivables from customers - corporate					
Grades AAA to B : Pass/Current	P	1,914,938	P -	P -	P 1,914,938
Grade B- : Watchlisted	-	-	23,020	1,640	24,660
Grade C : EM	-	-	47,691	3,024	50,715
Grade D : Substandard	-	-	4,391	7,145	11,536
Grade E : Doubtful	-	-	-	3,332	3,332
Grade F : Loss	-	-	-	2,609	2,609
		1,914,938	75,102	17,750	2,007,790
ECL allowance	(	6,906)	(26,614)	(14,022)	(47,542)
Carrying amount	P	1,908,032	P 48,488	P 3,728	P 1,960,248
Receivables from customers - consumer					
Grades AAA to B : Pass/Current	P	494,913	P -	P -	P 494,913
Grade B- : Watchlisted	-	-	57	38	95
Grade C : EM	-	-	906	75	981
Grade D : Substandard	-	-	1,308	4,272	5,580
Grade E : Doubtful	-	-	-	3,300	3,300
Grade F : Loss	-	-	-	24,985	24,985
		494,913	2,271	32,670	529,854
ECL allowance	(	6,050)	(775)	(17,209)	(24,034)
Carrying amount	P	488,863	P 1,496	P 15,461	P 505,820
Other receivables					
Grades AAA to B : Pass/Current	P	153,966	P -	P -	P 153,966
Grade D : Substandard	-	509	416	336	1,261
Grade E : Doubtful	-	-	-	366	366
Grade F : Loss	-	-	-	1,984	1,984
		154,475	416	2,686	157,577
ECL allowance	(	74)	(78)	(2,272)	(2,424)
Carrying amount	P	154,401	P 338	P 414	P 155,153
Debt investment securities at					
amortized cost					
Grades AAA to B : Pass/Current	P	491,324	P -	P -	P 491,324
Grade C : EM	-	-	56	-	56
Grade E : Doubtful	-	-	-	1,252	1,252
Grade F : Loss	-	-	-	267	267
		491,324	56	1,519	492,899
ECL allowance	(	92)	(29)	(1,519)	(1,640)
Carrying amount	P	491,232	P 27	P -	P 491,259
Debt investment securities at FVOCI					
Grades AAA to B : Pass/Current	P	108,053	P -	P -	P 108,053
Grade C : EM	-	-	53	-	53
Carrying amount	P	108,053	P 53	P -	P 108,106
Loan commitments and other					
contingent accounts					
Grades AAA to B : Pass/Current	P	131,273	P -	P -	P 131,273
Grade B- : Watchlisted	-	-	28	-	28
Grade C : EM	-	-	9	-	9
		131,273	37	-	131,310
ECL allowance	(	233)	-	-	(233)
Carrying amount	P	131,040	P 37	P -	P 131,077

Parent Bank

		2021			
		Stage 1	Stage 2	Stage 3	Total
Receivables from customers - corporate					
Grades AAA to B : Pass/Current	P	1,728,038	P -	P -	P 1,728,038
Grade B : Watchlisted	-	-	30,830	502	31,332
Grade C : EM	-	-	81,131	2,009	83,140
Grade D : Substandard	-	-	4,403	7,059	11,462
Grade E : Doubtful	-	-	-	5,578	5,578
Grade F : Loss	-	-	-	3,878	3,878
		<u>1,728,038</u>	<u>116,364</u>	<u>19,026</u>	<u>1,863,428</u>
ECL allowance	(	<u>7,477</u>	<u>17,204</u>	<u>13,233</u>	<u>37,914</u>
Carrying amount	P	<u>1,720,561</u>	<u>99,160</u>	<u>5,793</u>	<u>1,825,514</u>
Receivables from customers - consumer					
Grades AAA to B : Pass/Current	P	438,721	P -	P -	P 438,721
Grade B : Watchlisted	-	-	181	62	243
Grade C : EM	-	-	1,468	47	1,515
Grade D : Substandard	-	-	1,094	8,013	9,107
Grade E : Doubtful	-	-	-	11,677	11,677
Grade F : Loss	-	-	-	26,860	26,860
		<u>438,721</u>	<u>2,743</u>	<u>46,659</u>	<u>488,123</u>
ECL allowance	(	<u>5,194</u>	<u>414</u>	<u>19,752</u>	<u>25,360</u>
Carrying amount	P	<u>433,527</u>	<u>2,329</u>	<u>26,907</u>	<u>462,763</u>
Other receivables					
Grades AAA to B : Pass/Current	P	110,798	P -	P -	P 110,798
Grade D : Substandard	-	502	406	251	1,159
Grade E : Doubtful	-	-	-	211	211
Grade F : Loss	-	-	-	1,856	1,856
		<u>111,300</u>	<u>406</u>	<u>2,318</u>	<u>114,024</u>
ECL allowance	(	<u>31</u>	<u>77</u>	<u>2,210</u>	<u>2,318</u>
Carrying amount	P	<u>111,269</u>	<u>329</u>	<u>108</u>	<u>111,706</u>
Debt investment securities at amortized cost					
Grades AAA to B : Pass/Current	P	377,427	P -	P -	P 377,427
Grade E : Doubtful	-	-	-	1,146	1,146
Grade F : Loss	-	-	-	264	264
		<u>377,427</u>	<u>-</u>	<u>1,410</u>	<u>378,837</u>
ECL allowance	(	<u>45</u>	<u>-</u>	<u>1,410</u>	<u>1,455</u>
Carrying amount	P	<u>377,382</u>	<u>-</u>	<u>-</u>	<u>377,382</u>
Debt investment securities at FVOCI					
Grades AAA to B : Pass/Current	P	<u>114,095</u>	<u>-</u>	<u>-</u>	<u>114,095</u>
Loan commitments and other contingent accounts					
Grades AAA to B : Pass/Current	P	112,403	P -	P -	P 112,403
Grade B : Watchlisted	-	-	461	-	461
Grade C : EM	-	-	42	-	42
		<u>112,403</u>	<u>503</u>	<u>-</u>	<u>112,906</u>
ECL allowance	(	<u>289</u>	<u>-</u>	<u>-</u>	<u>289</u>
Carrying amount	P	<u>112,114</u>	<u>503</u>	<u>-</u>	<u>112,617</u>

The table below sets out the credit quality of trading debt securities of the Parent Bank measured at FVTPL (see Note 10.1).

	<u>2022</u>		<u>2021</u>	
Grade:				
AAA	P	2,088	P	1,756
AA+ to AA		5		5
BBB+ to BBB-		216		169
BB+ to BB-		<u>105</u>		<u>216</u>
	<u>P</u>	<u>2,414</u>	<u>P</u>	<u>2,146</u>

The table below shows an analysis of counterparty credit exposures arising from derivative transactions. Derivative transactions of the Parent Bank are generally fully collateralized by cash.

								Over-the-counter								
								Central				Other Bilateral				
								Counterparties				Collateralized				
Total				Exchange-traded												
Notional		Fair		Notional		Fair		Notional		Fair		Notional		Fair		
Amount		Value		Amount		Value		Amount		Value		Amount		Value		
<u>2022</u>																
Derivative assets	P	141,062	P	3,468	P	1,072	P	-	P	139,990	P	3,468	P	-	P	-
Derivative liabilities		170,730		3,636		1,072		1		169,658		3,635		-		-
<u>2021</u>																
Derivative assets	P	163,687	P	2,469	P	131	P	-	P	163,556	P	2,469	P	-	P	-
Derivative liabilities		171,940		2,462		131		-		171,809		2,462		-		-

As of December 31, 2022 and 2021, the Parent Bank held Cash and Other Cash Items, Due from Other Banks and Due from BSP totaling to P513,931 and P433,449, respectively. The financial assets are held with the BSP and financial institution counterparties that are rated at least BBB to AAA+, based on external rating agencies.

4.3.3 Concentrations of Credit Risk

The BDO Unibank Group and the Parent Bank monitor concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk (gross of allowance) at the reporting date is shown below and in the succeeding page.

BDO Unibank Group

	2022			2021		
	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities
Concentration by sector:						
Financial and insurance activities	P 664,420	P 402,156	P 547,225	P 547,827	P 397,823	P 438,014
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	-	399,101	-	-	356,129	-
Real estate activities	-	324,074	20,022	-	307,048	21,656
Wholesale and retail trade	-	299,896	3,010	-	282,446	953
Electricity, gas, steam and air-conditioning supply	-	281,036	26,017	-	282,036	23,345
Manufacturing	-	232,488	15,627	-	206,445	14,198
Construction	-	90,712	181	-	68,951	102
Information and communication	-	90,342	7,157	-	42,845	5,962
Transportation and storage	-	87,256	4,089	-	88,043	4,190
Arts, entertainment and recreation	-	83,076	1,025	-	77,010	715
Education	-	71,731	-	-	37,199	-
Water supply, sewerage waste management and remediation activities	-	38,760	321	-	26,912	148
Accommodation and food service activities	-	36,529	-	-	39,937	-
Human health and social work activities	-	31,875	980	-	30,653	901
Agriculture, forestry and fishing	-	15,642	-	-	15,266	-
Mining and quarrying	-	10,578	3,732	-	10,175	1,279
Professional, scientific and technical services	-	9,912	1,059	-	9,642	975
Administrative and support services	-	9,581	1,060	-	7,592	1,262
Public administrative and defense; compulsory social security	-	1,030	5,858	-	693	2,629
Other service activities	<u>34</u>	<u>98,036</u>	<u>55,318</u>	<u>54</u>	<u>113,348</u>	<u>64,475</u>
	P 664,454	P 2,613,811	P 692,681	P 547,881	P 2,400,193	P 580,804
Concentration by location:						
Philippines	P 508,615	P 2,439,453	P 588,929	P 400,581	P 2,261,065	P 486,987
Foreign countries	<u>155,839</u>	<u>174,358</u>	<u>103,752</u>	<u>147,300</u>	<u>139,128</u>	<u>93,817</u>
	P 664,454	P 2,613,811	P 692,681	P 547,881	P 2,400,193	P 580,804

* Cash and cash equivalents include cash and other cash items, due from BSP and other banks, reverse repurchase agreements, FCNC, certain interbank loans receivables and investment securities at amortized cost (see Note 2.6).

**Receivables from customers are reported as gross of allowance but net of unearned interests or discounts.

Parent Bank

	2022			2021		
	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities
Concentration by sector:						
Financial and insurance activities	P 654,033	P 401,394	P 512,005	P 535,932	P 397,733	P 414,478
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	-	391,623	-	-	347,713	-
Real estate activities	-	325,088	15,631	-	308,053	16,953
Wholesale and retail traded	-	294,838	3,010	-	278,173	953
Electricity, gas, steam and air-conditioning supply	-	280,969	23,554	-	281,990	21,731
Manufacturing	-	231,327	14,923	-	205,679	12,891
Information and communication	-	90,123	4,584	-	42,634	3,802
Construction	-	89,326	181	-	68,108	102
Transportation and storage	-	87,613	3,720	-	88,607	3,630
Arts, entertainment and recreation	-	82,107	1,025	-	76,004	715
Water supply, sewerage waste management and remediation activities	-	38,714	321	-	26,870	148
Accommodation and food service activities	-	36,329	-	-	39,688	-
Human health and social work activities	-	31,616	980	-	30,392	901
Agriculture, forestry and fishing	-	14,876	-	-	14,600	-
Mining and quarrying	-	10,483	3,732	-	10,122	1,279
Education	-	10,151	-	-	4,373	-
Professional, scientific and technical services	-	9,861	1,059	-	9,601	975
Administrative and support services	-	9,375	1,060	-	7,430	1,262
Public administrative and defense; compulsory social security	-	1,030	5,858	-	693	2,629
Other service activities	-	100,801	14,137	-	113,088	15,098
	P 654,033	P 2,537,644	P 605,780	P 535,932	P 2,351,551	P 497,547
Concentration by location						
Philippines	P 502,022	P 2,363,286	P 507,850	P 391,881	P 2,212,423	P 410,296
Foreign countries	152,011	174,358	97,930	144,051	139,128	87,251
	P 654,033	P 2,537,644	P 605,780	P 535,932	P 2,351,551	P 497,547

* Cash and cash equivalents include cash and other cash items, due from BSP and other banks, reverse repurchase agreements, FCNC, certain interbank loans receivables and investment securities at amortized cost (see Note 2.6).

**Receivables from customers are reported as gross of allowance but net of unearned interests or discounts.

4.3.4 Collateral Held as Security and Other Credit Enhancements

The BDO Unibank Group and the Parent Bank hold collateral against credit exposures from customers in the form of mortgage interests over property, other registered securities over assets, financial collateral including deposits, debt and equity securities, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are updated periodically. Collateral generally is not held over from due from other banks, interbank loans and investment securities, except when securities are held as part of reverse repurchase and securities borrowing activity.

There is no significant change on the quality of the collateral and other security enhancements held against the credit exposures except for the fair value of the collaterals driven by the change in market conditions.

Estimate of the fair value of collateral and other security enhancements held against the following credit exposures as of December 31 follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Receivable from customers – corporate:				
Property	P 816,641	P 643,403	P 813,925	P 632,969
Equity securities	200,243	119,361	199,187	117,459
Hold-out deposits	53,976	31,257	53,342	30,986
Debt securities	10,649	2,298	9,987	1,252
Others	<u>99,530</u>	<u>105,236</u>	<u>99,329</u>	<u>105,024</u>
	<u>1,181,039</u>	<u>901,555</u>	<u>1,175,770</u>	<u>887,690</u>
Receivable from customers – consumer:				
Property	606,259	558,874	589,616	545,335
Debt securities	704	989	675	989
Equity securities	183	146	183	146
Hold-out deposits	7	52	7	52
Others	<u>195,833</u>	<u>212,603</u>	<u>195,833</u>	<u>202,216</u>
	<u>802,986</u>	<u>772,664</u>	<u>786,314</u>	<u>748,738</u>
Other receivables:				
Property	1,914	1,832	1,914	1,668
Others	<u>26,305</u>	<u>17,095</u>	<u>26,091</u>	<u>15,800</u>
	<u>28,219</u>	<u>18,927</u>	<u>28,005</u>	<u>17,468</u>
	<u>P 2,012,244</u>	<u>P 1,693,146</u>	<u>P 1,990,089</u>	<u>P 1,653,896</u>

The BDO Unibank Group and the Parent Bank have recognized certain properties arising from foreclosures in settlement of loan account amounting to P16,875 and P16,729, respectively, in 2022 and P13,523 and P13,479, respectively, in 2021 (see Note 14 and 15.5).

The BDO Unibank Group's manner of disposing the collateral for impaired loans and receivables is normally through sale of these assets after foreclosure proceedings have taken place.

The general creditworthiness of a corporate and individual customer tends to be the most relevant indicator of credit quality of a loan extended to it (see Note 4.3.2). However, collateral provides additional security and the BDO Unibank Group generally requests that corporate and individual borrowers provide it. The BDO Unibank Group may take collateral in the form of a first charge over real estate, floating charges over all corporate and individual assets and other liens and guarantees.

While the BDO Unibank Group is focused on corporate and individual customers' creditworthiness, it continuously and regularly updates the valuation of collateral held against all loans to corporate and individual customers. Most frequent updating, however, is required when the loan is put on a watch list and the loan is monitored more closely. The same applies to credit-impaired loans, as the BDO Unibank Group obtains appraisals or valuation of collateral to provide input into determining the management credit risk actions.

(a) Receivable from Customers and Other Receivables

The net carrying amount of credit-impaired (loans under Stages 2 and 3) receivables and the value of identifiable collateral held against those loans and advances as of December 31, 2022 and 2021 are as follows:

		<u>2022</u>		<u>2021</u>	
		<u>Net Carrying</u>	<u>Identifiable</u>	<u>Net Carrying</u>	<u>Identifiable</u>
		<u>Amount</u>	<u>Collateral</u>	<u>Amount</u>	<u>Collateral</u>
<u>BDO Unibank Group</u>					
Receivable from customers:					
Corporate	P	52,219	P 52,297	P 104,957	P 63,098
Consumer		18,336	64,043	35,332	74,986
Other receivables		1,112	393	739	2,895
<u>Parent Bank</u>					
Receivable from customers:					
Corporate	P	52,216	P 52,297	P 104,953	P 63,083
Consumer		16,957	47,370	29,236	69,602
Other receivables		752	393	437	2,438

For each loan, the value of disclosed collateral (mainly collateral properties) is capped at the nominal amount of the loan that it is held against.

(b) *Debt Investment Securities*

The BDO Unibank Group and the Parent Bank invest in non-collateralized debt securities issued by various government and corporate entities. The maximum exposure to credit risk of debt investment securities is equivalent to their carrying amount as of December 31, 2022 and 2021 as shown below:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Debt securities:				
At amortized cost	P 512,049	P 397,534	P 491,259	P 377,382
At FVOCI	161,354	165,461	108,106	114,095
At FVTPL	<u>10,118</u>	<u>10,106</u>	<u>2,414</u>	<u>2,146</u>
	<u>P 683,521</u>	<u>P 573,101</u>	<u>P 601,779</u>	<u>P 493,623</u>

4.3.5 Amounts Arising from Expected Credit Losses

At each reporting date, BDO Unibank Group assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired (referred to as Stages 2 and 3 financial assets). A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The BDO Unibank Group measures credit risk using PD, LGD and EAD.

(a) *Significant Increase in Credit Risk (SICR)*

As outlined in PFRS 9, a '3-stage' impairment model was adopted by the BDO Unibank Group based on changes in credit quality since initial recognition of the financial asset. A financial asset that is not credit-impaired on initial recognition is classified as 'Stage 1', with credit risk continuously monitored by the BDO Unibank Group as its ECL is measured at an amount equal to the portion of lifetime ECL that results from possible default events within the next 12 months. If an SICR since initial recognition is identified, the classification will be moved to 'Stage 2' but is not yet deemed to be credit-impaired. Such assessment is based on the following criteria in determining whether there has been a significant increase in credit risk: (i) qualitative indicators, such as net losses, intermittent delays in payment or restructuring; and (ii) quantitative test based on movement in risk rating and PD. The borrowers can be moved to Stage 1 upon completion of the seasoning period which shall be 6 months of continuous payment with no incident of past due.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the BDO Unibank Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the BDO Unibank Group's historical experience and expert credit assessment and including forward-looking information (FLI).

The objective of the assessment is to identify whether an SICR has occurred for an exposure by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

(i) Credit risk grading

The BDO Unibank Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

The credit grades are defined and calibrated such that the risk of default increases exponentially at each higher risk grade so, for example, the difference in the PD between an AAA and AA rating grade is lower than the difference in the PD between a B and B- rating grade.

(ii) Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The BDO Unibank Group collects performance and default information about its credit risk exposures analyzed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information from external credit reference agencies is also used.

The BDO Unibank Group employs statistical models to analyze the data collected and generates the term structure of PD estimates.

(iii) Determining whether credit risk has significantly increased

The BDO Unibank Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower. What is considered significant varies across financial assets of the BDO Unibank Group.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the BDO Unibank Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as net loss, significant drop in risk ratings and intermittent delays in payments.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

In 2022 and 2021, the assumptions and estimation technique have been reviewed to consider the continuing impact of the COVID-19 pandemic, impact of higher oil prices, and rising interest rates. In this regard, the BDO Unibank Group and the Parent Bank performed comprehensive review of the financial assets, particularly for loan accounts to assess vulnerability arising from current economic condition, which resulted in the transfer of the classification of some loans from Stage 1 to either Stage 2 or 3. These accounts are continually monitored to determine whether they are subsequently qualified for transfer to either Stage 1 or Stage 2.

(b) Definition of Default

The BDO Unibank Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the BDO Unibank Group in full, without recourse by the BDO Unibank Group to actions such as realizing security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the BDO Unibank Group; or,
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the BDO Unibank Group considers indicators that are qualitative (e.g., breaches of covenant) and, quantitative (overdue or non-payment).

Inputs into the assessment of whether a financial instrument is in default as well as their significance may vary over time to reflect changes in circumstances.

These criteria have been applied to all financial instruments held by the BDO Unibank Group and are consistent with the definition of default used for internal credit risk management purposes. Such definition has been consistently applied in determining PD, EAD, and LGD throughout the ECL calculations of the BDO Unibank Group.

An instrument is considered to have cured when it no longer meets any of the default criteria for a consecutive period of six months. The cure period sets the tolerance period wherein the borrowers are allowed to update the payments in compliance with the regulatory requirements on transfer between stages.

(c) Measurement of ECL

The key inputs into the measurement of ECL are the term structure of PD, LGD and EAD.

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD.

LGD is the magnitude of the likely loss if there is a default. The BDO Unibank Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value (LTV) ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The BDO Unibank Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortization. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described in the previous page, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the BDO Unibank Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the BDO Unibank Group considers a longer period. The maximum contractual period extends to the date at which the BDO Unibank Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For portfolios in respect of which the BDO Unibank Group has limited historical data, external benchmark information (e.g., PD from external credit rating agencies, Basel LGD) issued are used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL include exposures to foreign borrowers and low default borrower segments.

There were no significant changes in the estimation techniques or significant assumptions made by the BDO Unibank Group in 2022.

(d) Collective Basis of Measurement of ECL

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics such as:

- instrument type;
- credit risk gradings;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and,
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

The groupings are subject to the regular review by the BDO Unibank Group's RMG in order to ensure that credit exposures within a particular group remain appropriately homogenous.

(e) Forward-looking Information (FLI)

The BDO Unibank Group incorporates FLI into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The BDO Unibank Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The relevant macro-economic variables for selection generally include, but are not limited to, GDP growth rate, unemployment rate, inflation rate, foreign exchange rates, stock market index, oil prices and interest rates.

Predicted relationships between the key macro-economic indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 10 to 15 years.

The significance of the selected macro-economic variables as predictors of default may change over time as historical information is added. As such, the generated macro-economic models are updated at least on an annual basis.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore, the actual outcomes may be significantly different from the projections. The BDO Unibank Group considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the BDO Unibank Group different product types to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Management has also considered other FLIs not incorporated within the above economic scenarios, such as any regulatory, legislative, or political changes, but are not deemed to have a significant impact on the calculation of ECL. Management reviews and monitors the appropriateness of FLIs at least annually.

(f) Modified Financial Assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognized and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The BDO Unibank Group renegotiates loans of customers in financial difficulties (referred to as 'restructuring') to maximize collection opportunities and minimize the risk of default. Under the BDO Unibank Group's restructuring policy, loan restructuring is granted on a selective basis if the debtor is currently in default on its debt but the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, deferment of principal payment, changing the timing of interest payments and amending the terms of loan covenants. The proposals for loan restructuring are for approval by the BDO Unibank Group's Executive Committee.

For financial assets modified as part of the BDO Unibank Group's restructuring policy, the estimate of credit loss will reflect the probability to collect interest and principal. As part of this process, the BDO Unibank Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, restructuring is a qualitative indicator of an SICR and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 4.3.2). A customer needs to demonstrate consistently good payment behavior over a period of time (in accordance with the new terms for six consecutive months or more) before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

In response to the unprecedented impact of the COVID-19 pandemic, the BDO Unibank Group and the Parent Bank granted to its customers the mandatory reliefs provided by the government through *Bayaniban to Heal as One Act (Bayaniban I)* and *Bayaniban to Recover as One Act (Bayaniban II)*. In addition, it entered into voluntary renegotiations of terms of loans of some other customers with a view of maximizing recovery of the contractual amount of obligation. These relief measures were granted to eligible borrowers to allow them to get back into the habit of paying loans which includes payment relief including extension of contractual terms, principal and interest relief, as well as extension of balloon payment terms.

Financial reliefs provided by the BDO Unibank Group and the Parent Bank and mandated by the government were assessed to be non-substantial modification and has not resulted in material modification loss as the present value of the original cash flows and the present value of the revised cash flows using the original effective interest rate were substantially the same.

The following tables provide a summary of the outstanding principal balance net of allowance for impairment of modified loans provided by the BDO Unibank Group and the Parent Bank as of December 31, 2022 and 2021:

BDO Unibank Group

	<u>2022</u>	<u>2021</u>
Stage 1 (Performing)		
Corporate	P 79,515	P 68,893
Consumer	<u>55,423</u>	<u>121,081</u>
	134,938	189,974
Allowance for impairment	(<u>892</u>)	(<u>1,404</u>)
	<u>P 134,046</u>	<u>P 188,570</u>
Stage 2 (Underperforming)		
Corporate	P 19,596	P 98,434
Consumer	<u>67,691</u>	<u>1,075</u>
	87,287	99,509
Allowance for impairment	(<u>16,350</u>)	(<u>15,798</u>)
	<u>P 70,937</u>	<u>P 83,711</u>
Stage 3 (Non-performing)		
Corporate	P 5,474	P 5,673
Consumer	<u>6,872</u>	<u>7,542</u>
	12,346	13,215
Allowance for impairment	(<u>6,124</u>)	(<u>4,709</u>)
	<u>P 6,222</u>	<u>P 8,506</u>

Parent Bank

	<u>2022</u>	<u>2021</u>
Stage 1 (Performing)		
Corporate	P 79,515	P 68,893
Consumer	<u>55,063</u>	<u>120,081</u>
	134,578	188,974
Allowance for impairment	(<u>840</u>)	(<u>1,367</u>)
	<u>P 133,738</u>	<u>P 187,607</u>
Stage 2 (Underperforming)		
Corporate	P 19,596	P 98,434
Consumer	<u>67,688</u>	<u>1,054</u>
	87,284	99,488
Allowance for impairment	(<u>16,349</u>)	(<u>15,793</u>)
	<u>P 70,935</u>	<u>P 83,695</u>
Stage 3 (Non-performing)		
Corporate	P 5,474	P 5,673
Consumer	<u>6,783</u>	<u>7,006</u>
	12,257	12,679
Allowance for impairment	(<u>6,039</u>)	(<u>4,521</u>)
	<u>P 6,218</u>	<u>P 8,158</u>

(g) *Write-offs*

The BDO Unibank Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include cessation of enforcement activity and, where the BDO Unibank Group's recovery method is through foreclosure of collateral and the value of the collateral is less than the outstanding contractual amounts of the financial assets to be written-off. The BDO Unibank Group and the Parent Bank have still, however, enforceable right to receive payment even if the financial assets have been written off except in certain cases.

The BDO Unibank Group and the Parent Bank had written off certain accounts from which it no longer have an enforceable right to receive payment amounting to P793 and P331 respectively, in 2022, and P1,054 and P1,015, respectively, in 2021.

(h) *Credit risk exposure*

The BDO Unibank Group and the Parent Bank's maximum exposure to credit risk is equal to the carrying value of its financial assets as shown below and in the succeeding page.

BDO Unibank Group

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>	<u>Financial Effect of Collaterals</u>
<u>2022</u>				
Loans and discounts:				
Corporate	P 2,015,342	P 1,181,039	P 834,303	P 1,181,039
Consumer	598,469	802,986	-	598,469
Reverse repurchase agreements	26,305	26,305	-	-
Sales contracts receivables	<u>1,421</u>	<u>1,914</u>	<u>-</u>	<u>1,421</u>
	<u>P 2,641,537</u>	<u>P 2,012,244</u>	<u>P 834,303</u>	<u>P 1,780,929</u>
<u>2021</u>				
Loans and discounts:				
Corporate	P 1,869,355	P 901,555	P 967,800	P 901,555
Consumer	530,838	772,664	-	530,838
Reverse repurchase agreements	17,095	17,095	-	-
Sales contracts receivables	<u>1,283</u>	<u>1,832</u>	<u>-</u>	<u>1,283</u>
	<u>P 2,418,571</u>	<u>P 1,693,146</u>	<u>P 967,800</u>	<u>P 1,433,676</u>

Parent Bank

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>	<u>Financial Effect of Collaterals</u>
<u>2022</u>				
Loans and discounts:				
Corporate	P 2,007,790	P 1,175,770	P 832,020	P 1,175,770
Consumer	529,854	786,314	-	529,854
Reverse repurchase agreements	26,091	26,091	-	-
Sales contracts receivables	<u>1,323</u>	<u>1,914</u>	<u>-</u>	<u>1,323</u>
	<u>P 2,565,058</u>	<u>P 1,990,089</u>	<u>P 832,020</u>	<u>P 1,706,946</u>
<u>2021</u>				
Loans and discounts:				
Corporate	P 1,863,428	P 887,690	P 975,738	P 887,690
Consumer	488,123	748,738	-	488,123
Reverse Repurchase Agreements	15,800	15,800	-	-
Sales contracts receivables	<u>1,226</u>	<u>1,668</u>	<u>-</u>	<u>1,226</u>
	<u>P 2,368,577</u>	<u>P 1,653,896</u>	<u>P 975,738</u>	<u>P 1,377,039</u>

An analysis of the maximum credit risk exposure relating to Stage 3 financial assets as of December 31, 2022 and 2021 is shown below and in the succeeding page.

BDO Unibank Group

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>	<u>Financial Effect of Collaterals</u>
<u>2022</u>				
Loans and discounts:				
Corporate	P 17,756	P 7,273	P 10,483	P 7,273
Consumer	35,301	53,010	-	35,301
Sales contracts receivables	<u>282</u>	<u>348</u>	<u>-</u>	<u>282</u>
	<u>P 53,339</u>	<u>P 60,631</u>	<u>P 10,483</u>	<u>P 42,856</u>
<u>2021</u>				
Loans and discounts:				
Corporate	P 19,030	P 6,455	P 12,575	P 6,455
Consumer	54,039	68,085	-	54,039
Sales contracts receivables	<u>214</u>	<u>304</u>	<u>-</u>	<u>214</u>
	<u>P 73,283</u>	<u>P 74,844</u>	<u>P 12,575</u>	<u>P 60,708</u>

Parent Bank

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>	<u>Financial Effect of Collaterals</u>
2022				
Loans and discounts:				
Corporate	P 17,750	P 7,273	P 10,477	P 7,273
Consumer	32,670	45,337	-	32,670
Sales contracts receivables	<u>282</u>	<u>348</u>	<u>-</u>	<u>282</u>
	<u>P 50,702</u>	<u>P 52,958</u>	<u>P 10,477</u>	<u>P 40,225</u>
2021				
Loans and discounts:				
Corporate	P 19,026	P 6,455	P 12,571	P 6,455
Consumer	46,659	66,296	-	46,659
Sales contracts receivables	<u>212</u>	<u>302</u>	<u>-</u>	<u>212</u>
	<u>P 65,897</u>	<u>P 73,053</u>	<u>P 12,571</u>	<u>P 53,326</u>

The following table sets out the gross carrying amounts of the exposures to credit risk on financial assets with low credit risk measured at amortized cost and debt securities at FVOCI as of December 31:

		<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>Notes</u>	<u>2022</u>	2021	<u>2022</u>	2021
Cash equivalents	8, 9	<u>P 527,504</u>	<u>P 444,103</u>	<u>P 513,945</u>	<u>P 433,449</u>
Debt securities:					
At FVOCI	10.2	161,354	165,461	108,106	114,095
At amortized cost	10.3	<u>513,703</u>	<u>399,005</u>	<u>492,899</u>	<u>378,837</u>
		P 675,057	P 564,466	P 601,005	P 492,932

Cash equivalents includes loans and amounts due from BSP and from other banks.
Debt securities includes government and corporate bonds. These are held by the BSP, financial institutions and other counterparties that are reputable and with low credit risk; hence, ECL is negligible.

(i) *Loss allowance*

In 2022 and 2021, the BDO Unibank Group and the Parent Bank performed recalibration of its existing ECL model to incorporate the most-recent default and recovery experience of the BDO Unibank Group and the Parent Bank and developments in the macroeconomic environment. Independent macroeconomic variables used to forecast the PD could either be dictated by their statistical significance in the model or economic significance. Inputs are updated to ensure that models are robust, predictive and reliable.

The following tables show the reconciliation from the opening to the closing balance of the loss allowance by class of financial instrument.

BDO Unibank Group

		2022			
		Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate					
Balance at January 1	P	7,513	P 17,205	P 13,237	P 37,955
Transfers to:					
Stage 1		7,025	(7,020)	(5)	-
Stage 2	(	25)	31	(6)	-
Stage 3	(	3)	(18)	21	-
Net remeasurement of loss allowance	(	7,431)	11,833	2,750	7,152
New financial assets originated or purchased		3,075	6,296	4,465	13,836
Derecognition of financial assets	(	3,262)	(1,713)	(6,001)	(10,976)
Write-offs	-	-	-	(1,017)	(1,017)
Foreign exchange		58	-	581	639
Balance at December 31	P	6,950	P 26,614	P 14,025	P 47,589
Receivables from customers – consumer					
Balance at January 1	P	5,554	P 504	P 21,246	P 27,304
Transfers to:					
Stage 1		1,312	(157)	(1,155)	-
Stage 2	(	102)	382	(280)	-
Stage 3	(	744)	(1,060)	1,804	-
Net remeasurement of loss allowance	(	735)	1,153	5,607	6,025
New financial assets originated or purchased		1,836	155	508	2,499
Derecognition of financial assets	(	510)	(87)	(1,638)	(2,235)
Write-offs	-	-	-	(7,426)	(7,426)
Foreign exchange		3	-	17	20
Balance at December 31	P	6,614	P 890	P 18,683	P 26,187
Other receivables					
Balance at January 1	P	79	P 77	P 2,328	P 2,484
Transfers to:					
Stage 1		8	(2)	(6)	-
Stage 2	-	(2)	2	-	-
Stage 3	(	24)	15	9	-
Net remeasurement of loss allowance	(	65)	(17)	(9)	39
New financial assets originated or purchased		39	17	605	661
Derecognition of financial assets	(	66)	(10)	(359)	(435)
Write-offs	-	-	-	(165)	(165)
Balance at December 31	P	101	P 78	P 2,405	P 2,584
Debt investment securities at amortized cost					
Balance at January 1	P	61	P -	P 1,410	P 1,471
Transfers to:					
Stage 2	(	1)	1	-	-
Net remeasurement of loss allowance	(	43)	28	-	71
New financial assets originated or purchased		4	-	-	4
Foreign exchange		5	-	109	114
Derecognition of financial assets	(	6)	-	-	(6)
Balance at December 31	P	106	P 29	P 1,519	P 1,654

BDO Unibank Group

		2022			
		Stage 1	Stage 2	Stage 3	Total
Debt investment securities at FVOCI					
Balance at January 1	P	50	P -	P -	P 50
Net remeasurement of loss allowance		14	60	-	74
New financial assets originated or purchased		5	-	-	5
Derecognition of financial assets	(	12)	-	-	(12)
Balance at December 31	P	57	P 60	P -	P 117
Loan commitments and other contingent accounts					
Balance at January 1	P	289	P -	P -	P 289
Net remeasurement of loss allowance	(	54)	-	-	(54)
New financial assets originated or purchased		43	-	-	43
Derecognition of financial assets	(	51)	-	-	(51)
Foreign exchange		6	-	-	6
Balance at December 31	P	233	P -	P -	P 233
		2021			
		Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate					
Balance at January 1	P	6,254	P 11,699	P 10,056	P 28,009
Transfers to:					
Stage 1		414	(414)	-	-
Stage 2		218	(217)	(1)	-
Stage 3	(	7)	(17)	24	-
Net remeasurement of loss allowance	(	743)	6,206	1,645	7,108
New financial assets originated or purchased		3,529	877	3,960	8,366
Derecognition of financial assets	(	2,227)	(1,151)	(1,352)	(4,730)
Write-offs	-		-	(1,256)	(1,256)
Foreign exchange		75	222	161	458
Balance at December 31	P	7,513	P 17,205	P 13,237	P 37,955
Receivables from customers – consumer					
Balance at January 1	P	7,795	P 997	P 19,619	P 28,411
Transfers to:					
Stage 1		3,290	(630)	(2,660)	-
Stage 2	(	210)	379	(169)	-
Stage 3	(	2,692)	(393)	3,085	-
Net remeasurement of loss allowance	(	3,099)	160	10,152	7,213
New financial assets originated or purchased		1,273	109	1,015	2,397
Derecognition of financial assets	(	805)	(118)	(2,234)	(3,157)
Write-offs	-		-	(7,575)	(7,575)
Foreign exchange		2	-	13	15
Balance at December 31	P	5,554	P 504	P 21,246	P 27,304
Other receivables					
Balance at January 1	P	151	P 18	P 2,262	P 2,431
Transfers to:					
Stage 1		13	(1)	(12)	-
Stage 2			1	(1)	-
Stage 3	(	6)	-	6	-
Net remeasurement of loss allowance	(	80)	52	154	126
New financial assets originated or purchased		22	18	527	567
Derecognition of financial assets	(	22)	(11)	(474)	(507)
Write-offs			-	(135)	(135)
Foreign exchange		1	-	1	2
Balance at December 31	P	79	P 77	P 2,328	P 2,484

BDO Unibank Group

	2021			
	Stage 1	Stage 2	Stage 3	Total
Debt investment securities at amortized cost				
Balance at January 1	P 248	P -	P 1,342	P 1,590
Net remeasurement of loss allowance	(180)	-	-	(180)
New financial assets originated or purchased	10	-	-	10
Foreign exchange	5	-	68	73
Derecognition of financial assets	(22)	-	-	(22)
Balance at December 31	<u>P 61</u>	<u>P -</u>	<u>P 1,410</u>	<u>P 1,471</u>
Debt investment securities at FVOCI				
Balance at January 1	P 137	P -	P -	P 137
Net remeasurement of loss allowance	(75)	-	-	(75)
New financial assets originated or purchased	12	-	-	12
Derecognition of financial assets	(24)	-	-	(24)
Balance at December 31	<u>P 50</u>	<u>P -</u>	<u>P -</u>	<u>P 50</u>
Loan commitments and other contingent accounts				
Balance at January 1	P 314	P 3	P -	P 317
Net remeasurement of loss allowance	(29)	-	-	(29)
New financial assets originated or purchased	66	-	-	66
Derecognition of financial assets	(65)	(3)	-	(68)
Foreign exchange	3	-	-	3
Balance at December 31	<u>P 289</u>	<u>P -</u>	<u>P -</u>	<u>P 289</u>

Parent Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate				
Balance at January 1	P 7,477	P 17,204	P 13,233	P 37,914
Transfers to:				
Stage 1	7,009	(7,005)	(4)	-
Stage 2	(25)	31	(6)	-
Stage 3	(3)	(16)	19	-
Net remeasurement of loss allowance	(7,413)	11,817	2,750	7,154
New financial assets originated or purchased	3,059	6,296	4,465	13,820
Derecognition of financial assets	(3,256)	(1,713)	(6,001)	(10,970)
Write-offs	-	-	(1,015)	(1,015)
Foreign exchange	58	-	581	639
Balance at December 31	<u>P 6,906</u>	<u>P 26,614</u>	<u>P 14,022</u>	<u>P 47,542</u>
Receivables from customers – consumer				
Balance at January 1	P 5,194	P 414	P 19,752	P 25,360
Transfers to:				
Stage 1	1,158	(115)	(1,043)	-
Stage 2	(99)	377	(278)	-
Stage 3	(675)	(213)	888	-
Net remeasurement of loss allowance	(551)	279	5,930	5,658
New financial assets originated or purchased	1,434	90	396	1,920
Derecognition of financial assets	(413)	(57)	(1,487)	(1,957)
Write-offs	-	-	(6,966)	(6,966)
Foreign exchange	2	-	17	19
Balance at December 31	<u>P 6,050</u>	<u>P 775</u>	<u>P 17,209</u>	<u>P 24,034</u>

Parent Bank

		2022			
		Stage 1	Stage 2	Stage 3	Total
Other receivables					
Balance at January 1	P	31	P 77	P 2,210	P 2,318
Transfers to:					
Stage 1		8	(2)	(6)	-
Stage 2	-	(	2)	2	-
Stage 3	-	(	2)	2	-
Net remeasurement of loss allowance		63	-	(40)	23
New financial assets originated or purchased		38	17	601	656
Derecognition of financial assets	(	66)	(10)	(339)	(415)
Write-offs	-	-	-	(158)	(158)
Balance at December 31	P	74	P 78	P 2,272	P 2,424

Debt investment securities at amortized cost

Balance at January 1	P	45	P -	P 1,410	P 1,455
Transfers to:					
Stage 2	(	1)	1	-	-
Net remeasurement of loss allowance		44	28	-	72
New financial assets originated or purchased		4	-	-	4
Foreign exchange		4	-	109	113
Derecognition of financial assets	(	4)	-	-	(4)
Balance at December 31	P	92	P 29	P 1,519	P 1,640

Debt investment securities at FVOCI

Balance at January 1	P	37	P -	P -	P 37
Net remeasurement of loss allowance		13	60	-	73
New financial assets originated or purchased		2	-	-	2
Derecognition of financial assets	(	10)	-	-	(10)
Balance at December 31	P	42	P 60	P -	P 102

Loan commitments and other contingent accounts

Balance at January 1	P	289	P -	P -	P 289
Net remeasurement of loss allowance	(	54)	-	-	(54)
New financial assets originated or purchased		43	-	-	43
Derecognition of financial assets	(	51)	-	-	(51)
Foreign exchange		6	-	-	6
Balance at December 31	P	233	P -	P -	P 233

		2021			
		Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate					
Balance at January 1	P	6,200	P 11,699	P 10,053	P 27,952
Transfers to:					
Stage 1		398	(398)	-	-
Stage 2		218	(217)	(1)	-
Stage 3	(	7)	(15)	22	-
Net remeasurement of loss allowance	(	709)	6,187	1,646	7,124
New financial assets originated or purchased		3,515	877	3,959	8,351
Derecognition of financial assets	(	2,213)	(1,151)	(1,351)	(4,715)
Write-offs	-	-	-	(1,256)	(1,256)
Foreign exchange		75	222	161	458
Balance at December 31	P	7,477	P 17,204	P 13,233	P 37,914

Parent Bank

	2021			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers –				
consumer				
Balance at January 1	P 7,558	P 671	P 17,808	P 26,037
Transfers to:				
Stage 1	2,832	(409)	(2,423)	-
Stage 2	(206)	370	(164)	-
Stage 3	(2,663)	(349)	3,012	-
Net remeasurement of loss allowance	(2,599)	159	9,508	7,068
New financial assets originated				
or purchased	1,033	58	797	1,888
Derecognition of financial assets	(763)	(86)	(1,832)	(2,681)
Write-offs	-	-	(6,967)	(6,967)
Foreign exchange	2	-	13	15
Balance at December 31	<u>P 5,194</u>	<u>P 414</u>	<u>P 19,752</u>	<u>P 25,360</u>
Other receivables				
Balance at January 1	P 62	P 19	P 2,204	P 2,285
Transfers to:				
Stage 1	13	(1)	(12)	-
Stage 3	(1)	-	1	-
Net remeasurement of loss allowance	(44)	55	89	100
New financial assets originated				
or purchased	21	15	520	556
Derecognition of financial assets	(21)	(11)	(465)	(497)
Write-offs	-	-	(128)	(128)
Foreign exchange	1	-	1	2
Balance at December 31	<u>P 31</u>	<u>P 77</u>	<u>P 2,210</u>	<u>P 2,318</u>
Debt investment securities at				
amortized cost				
Balance at January 1	P 229	P -	P 1,342	P 1,571
Net remeasurement of loss allowance	(175)	-	-	(175)
New financial assets originated				
or purchased	5	-	-	5
Foreign exchange	5	-	68	73
Derecognition of financial assets	(19)	-	-	(19)
Balance at December 31	<u>P 45</u>	<u>P -</u>	<u>P 1,410</u>	<u>P 1,455</u>
Debt investment securities at FVOCI				
Balance at January 1	P 108	P -	P -	P 108
Net remeasurement of loss allowance	(63)	-	-	(63)
New financial assets originated				
or purchased	8	-	-	8
Derecognition of financial assets	(16)	-	-	(16)
Balance at December 31	<u>P 37</u>	<u>P -</u>	<u>P -</u>	<u>P 37</u>
Loan commitments and other				
contingent accounts				
Balance at January 1	P 314	P 3	P -	P 317
Net remeasurement of loss allowance	(29)	-	-	(29)
New financial assets originated				
or purchased	66	-	-	66
Derecognition of financial assets	(65)	(3)	-	(68)
Foreign exchange	3	-	-	3
Balance at December 31	<u>P 289</u>	<u>P -</u>	<u>P -</u>	<u>P 289</u>

The following table sets out a reconciliation of changes in the total loss allowance.

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Balance at January 1	P 69,553	P 60,895	P 67,373	P 58,270
Net remeasurement of loss allowance	13,307	14,163	12,926	14,025
New financial assets originated or purchased	17,048	11,418	16,445	10,874
Derecognition of financial assets	(13,715)	(8,508)	(13,407)	(7,996)
Write-offs	(8,608)	(8,966)	(8,139)	(8,351)
Foreign exchange	779	551	777	551
Balance at December 31	<u>P 78,364</u>	<u>P 69,553</u>	<u>P 75,975</u>	<u>P 67,373</u>

(j) *Significant Changes in Gross Carrying Amount Affecting Allowance for ECL*

The tables below and in the succeeding pages provide information how the significant changes in the gross carrying amount of financial instruments in 2022 and 2021 contributed to the changes in the allowance for ECL.

BDO Unibank Group

	2022			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate				
Balance at January 1	P 1,733,956	P 116,369	P 19,030	P 1,869,355
Transfers to:				
Stage 1	38,178	(38,133)	(45)	-
Stage 2	(2,804)	2,929	(125)	-
Stage 3	(745)	(556)	1,301	-
New financial assets originated or purchased	1,674,386	13,508	6,417	1,694,311
Derecognition of financial assets	(1,520,487)	(19,015)	(7,805)	(1,547,307)
Write-offs	-	-	(1,017)	(1,017)
Balance at December 31	<u>P 1,922,484</u>	<u>P 75,102</u>	<u>P 17,756</u>	<u>P 2,015,342</u>
Receivables from customers – consumer				
Balance at January 1	P 473,756	P 3,043	P 54,039	P 530,838
Transfers to:				
Stage 1	32,222	(26,905)	(5,317)	-
Stage 2	(1,502)	1,927	(425)	-
Stage 3	(8,532)	(1,471)	10,003	-
New financial assets originated or purchased	214,499	26,655	617	241,771
Derecognition of financial assets	(149,883)	(641)	(16,190)	(166,714)
Write-offs	-	-	(7,426)	(7,426)
Balance at December 31	<u>P 560,560</u>	<u>P 2,608</u>	<u>P 35,301</u>	<u>P 598,469</u>

BDO Unibank Group

		2022			
		Stage 1	Stage 2	Stage 3	Total
Other receivables					
Balance at January 1	P	115,309	P 470	P 2,674	P 118,453
Transfers to:					
Stage 1		51	(22)	(29)	-
Stage 2	(	18)	27	(9)	-
Stage 3	(	208)	(12)	220	-
New financial assets originated or purchased		57,801	196	1,124	59,121
Derecognition of financial assets	(	17,080)	(124)	(755)	(17,959)
Write-offs		-	-	(165)	(165)
Balance at December 31	P	155,855	P 535	P 3,060	P 159,450
Debt investment securities at amortized cost					
Balance at January 1	P	397,595	P -	P 1,410	P 399,005
Amortization	(	1,621)	-	-	(1,621)
New financial assets originated or purchased		158,756	-	-	158,756
Foreign exchange		15,453	-	109	15,562
Transfers to:					
Stage 2	(	56)	56	-	-
Derecognition of financial assets	(	57,999)	-	-	(57,999)
Balance at December 31	P	512,128	P 56	P 1,519	P 513,703
Debt investment securities at FVOCI					
Balance at January 1	P	165,461	P -	P -	P 165,461
Amortization	(	749)	-	-	(749)
Fair value gain	(	16,659)	-	-	(16,659)
New financial assets originated or purchased		280,222	-	-	280,222
Foreign Exchange		7,309	-	-	7,309
Transfers to:					
Stage 2	(	53)	53	-	-
Derecognition of financial assets	(	274,230)	-	-	(274,230)
Balance at December 31	P	161,301	P 53	P -	P 161,354
Loan commitments and other contingent accounts					
Balance at January 1	P	112,403	P 503	P -	P 112,906
New financial assets originated or purchased		106,296	30	-	106,326
Derecognition of financial assets	(	87,426)	(496)	-	(87,922)
Balance at December 31	P	131,273	P 37	P -	P 131,310
		2021			
		Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate					
Balance at January 1	P	1,557,696	P 163,212	P 15,030	P 1,735,938
Transfers to:					
Stage 1		13,931	(13,930)	(1)	-
Stage 2	(	1,875)	1,930	(55)	-
Stage 3	(	471)	(552)	1,023	-
New financial assets originated or purchased		1,306,861	5,575	5,714	1,318,150
Derecognition of financial assets	(	1,142,186)	(39,866)	(1,425)	(1,183,477)
Write-offs		-	-	(1,256)	(1,256)
Balance at December 31	P	1,733,956	P 116,369	P 19,030	P 1,869,355

BDO Unibank Group

		2021			
		Stage 1	Stage 2	Stage 3	Total
Receivables from customers – consumer					
Balance at January 1	P	475,090	P 7,149	P 45,525	P 527,764
Transfers to:					
Stage 1		10,022	(3,144)	(6,878)	-
Stage 2	(	2,097)	2,465	(368)	-
Stage 3	(	22,686)	(2,207)	24,893	-
New financial assets originated or purchased		131,086	293	3,877	135,256
Derecognition of financial assets	(	117,659)	(1,513)	(5,435)	(124,607)
Write-offs		-	-	(7,575)	(7,575)
Balance at December 31	P	<u>473,756</u>	P <u>3,043</u>	P <u>54,039</u>	P <u>530,838</u>
Other receivables					
Balance at January 1	P	94,023	P 451	P 2,656	P 97,130
Transfers to:					
Stage 1		71	(14)	(57)	-
Stage 2	(	10)	13	(3)	-
Stage 3	(	85)	(3)	88	-
New financial assets originated or purchased		25,808	168	1,076	27,052
Derecognition of financial assets	(	4,498)	(145)	(951)	(5,594)
Write-offs		-	-	(135)	(135)
Balance at December 31	P	<u>115,309</u>	P <u>470</u>	P <u>2,674</u>	P <u>118,453</u>
Debt investment securities at amortized cost					
Balance at January 1	P	287,067	P -	P 1,342	P 288,409
Amortization	(	1,202)	-	-	(1,202)
New financial assets originated or purchased		166,073	-	-	166,073
Foreign exchange		9,068	-	68	9,136
Derecognition of financial assets	(	63,411)	-	-	(63,411)
Balance at December 31	P	<u>397,595</u>	P <u>-</u>	P <u>1,410</u>	P <u>399,005</u>
Debt investment securities at FVOCI					
Balance at January 1	P	174,559	P -	P -	P 174,559
Amortization	(	483)	-	-	(483)
Fair value gain	(	5,576)	-	-	(5,576)
New financial assets originated or purchased		474,062	-	-	474,062
Foreign Exchange		4,986	-	-	4,986
Derecognition of financial assets	(	482,087)	-	-	(482,087)
Balance at December 31	P	<u>165,461</u>	P <u>-</u>	P <u>-</u>	P <u>165,461</u>
Loan commitments and other contingent accounts					
Balance at January 1	P	96,509	P 145	P 16	P 96,670
Transfers to:					
Stage 1		48	(48)	-	-
New financial assets originated or purchased		54,277	451	-	54,728
Derecognition of financial assets	(	38,431)	(45)	(16)	(38,492)
Balance at December 31	P	<u>112,403</u>	P <u>503</u>	P <u>-</u>	P <u>112,906</u>

Parent Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate				
Balance at January 1	P 1,728,038	P 116,364	P 19,026	P 1,863,428
Transfers to:				
Stage 1	37,967	(37,922)	(45)	-
Stage 2	(2,804)	2,929	(125)	-
Stage 3	(745)	(549)	1,294	-
New financial assets originated or purchased	1,670,470	13,295	6,417	1,690,182
Derecognition of financial assets	(1,517,988)	(19,015)	(7,802)	(1,544,805)
Write-offs	-	-	(1,015)	(1,015)
Balance at December 31	<u>P 1,914,938</u>	<u>P 75,102</u>	<u>P 17,750</u>	<u>P 2,007,790</u>
Receivables from customers – consumer				
Balance at January 1	P 438,721	P 2,743	P 46,659	P 488,123
Transfers to:				
Stage 1	5,227	(752)	(4,475)	-
Stage 2	(1,458)	1,871	(413)	-
Stage 3	(7,518)	(1,187)	8,705	-
New financial assets originated or purchased	154,030	154	328	154,512
Derecognition of financial assets	(94,089)	(558)	(11,168)	(105,815)
Write-offs	-	-	(6,966)	(6,966)
Balance at December 31	<u>P 494,913</u>	<u>P 2,271</u>	<u>P 32,670</u>	<u>P 529,854</u>
Other receivables				
Balance at January 1	P 111,300	P 406	P 2,318	P 114,024
Transfers to:				
Stage 1	38	(22)	(16)	-
Stage 2	(18)	(1)	19	-
Stage 3	(146)	1	145	-
New financial assets originated or purchased	44,451	156	1,008	45,615
Derecognition of financial assets	(1,150)	(124)	(630)	(1,904)
Write-offs	-	-	(158)	(158)
Balance at December 31	<u>P 154,475</u>	<u>P 416</u>	<u>P 2,686</u>	<u>P 157,577</u>
Debt investment securities at amortized cost				
Balance at January 1	P 377,427	P -	P 1,410	P 378,837
Amortization	(1,598)	-	-	(1,598)
New financial assets originated or purchased	155,205	-	-	155,205
Foreign exchange	14,987	-	109	15,096
Transfers to (from):				
Stage 2	(56)	56	-	-
Derecognition of financial assets	(54,641)	-	-	(54,641)
Balance at December 31	<u>P 491,324</u>	<u>P 56</u>	<u>P 1,519</u>	<u>P 492,899</u>
Debt investment securities at FVOCI				
Balance at January 1	P 114,095	P -	P -	P 114,095
Amortization	(583)	-	-	(583)
Fair value gain	(11,215)	-	-	(11,215)
New financial assets originated or purchased	258,406	-	-	258,406
Foreign exchange	6,239	-	-	6,239
Transfers to (from):				
Stage 2	(53)	53	-	-
Derecognition of financial assets	(258,836)	-	-	(258,836)
Balance at December 31	<u>P 108,053</u>	<u>P 53</u>	<u>P -</u>	<u>P 108,106</u>

Parent Bank

	2022			
	Stage 1	Stage 2	Stage 3	Total
Loan commitments and other contingent accounts				
Balance at January 1	P 112,403	P 503	P -	P 112,906
Transfers to Stage 2	-	-	-	-
New financial assets originated or purchased	106,296	30	-	106,326
Derecognition of financial assets	(87,426)	(496)	-	(87,922)
Balance at December 31	<u>P 131,273</u>	<u>P 37</u>	<u>P -</u>	<u>P 131,310</u>
	2021			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate				
Balance at January 1	P 1,554,068	P 163,030	P 15,027	P 1,732,125
Transfers to:				
Stage 1	13,707	(13,707)	-	-
Stage 2	(1,868)	1,922	(54)	-
Stage 3	(470)	(550)	1,020	-
New financial assets originated or purchased	1,301,391	5,535	5,713	1,312,639
Derecognition of financial assets	(1,138,790)	(39,866)	(1,424)	(1,180,080)
Write-offs	-	-	(1,256)	(1,256)
Balance at December 31	<u>P 1,728,038</u>	<u>P 116,364</u>	<u>P 19,026</u>	<u>P 1,863,428</u>
Receivables from customers – consumer				
Balance at January 1	P 446,247	P 4,590	P 41,533	P 492,370
Transfers to:				
Stage 1	7,056	(1,318)	(5,738)	-
Stage 2	(1,887)	2,227	(340)	-
Stage 3	(21,190)	(1,908)	23,098	-
New financial assets originated or purchased	99,753	145	482	100,380
Derecognition of financial assets	(91,258)	(993)	(5,409)	(97,660)
Write-offs	-	-	(6,967)	(6,967)
Balance at December 31	<u>P 438,721</u>	<u>P 2,743</u>	<u>P 46,659</u>	<u>P 488,123</u>
Other receivables				
Balance at January 1	P 88,556	P 413	P 2,496	P 91,465
Transfers to:				
Stage 1	71	(14)	(57)	-
Stage 2	(10)	13	(3)	-
Stage 3	(73)	(2)	75	-
New financial assets originated or purchased	23,597	135	843	24,575
Derecognition of financial assets	(841)	(139)	(908)	(1,888)
Write-offs	-	-	(128)	(128)
Balance at December 31	<u>P 111,300</u>	<u>P 406</u>	<u>P 2,318</u>	<u>P 114,024</u>
Debt investment securities at amortized cost				
Balance at January 1	P 267,901	P -	P 1,342	P 269,243
Amortization	(1,186)	-	-	(1,186)
New financial assets originated or purchased	157,763	-	-	157,763
Foreign exchange	8,746	-	68	8,814
Derecognition of financial assets	(55,797)	-	-	(55,797)
Balance at December 31	<u>P 377,427</u>	<u>P -</u>	<u>P 1,410</u>	<u>P 378,837</u>

Parent Bank

	2021			
	Stage 1	Stage 2	Stage 3	Total
Debt investment securities at FVOCI				
Balance at January 1	P 121,848	P -	P -	P 121,848
Amortization	(334)	-	-	(334)
Fair value gain	(2,861)	-	-	(2,861)
New financial assets originated or purchased	445,300	-	-	445,300
Foreign exchange	4,249	-	-	4,249
Derecognition of financial assets	(454,107)	-	-	(454,107)
Balance at December 31	<u>P 114,095</u>	<u>P -</u>	<u>P -</u>	<u>P 114,095</u>
Loan commitments and other contingent accounts				
Balance at January 1	P 96,509	P 145	P 16	P 96,670
Transfers to Stage 2	48	(48)	-	-
New financial assets originated or purchased	54,277	451	-	54,728
Derecognition of financial assets	(38,431)	(45)	(16)	(38,492)
Balance at December 31	<u>P 112,403</u>	<u>P 503</u>	<u>P -</u>	<u>P 112,906</u>

(k) Sensitivity Analysis on ECL Measurement

Set out below and in the succeeding page are the changes to the BDO Unibank Group's 12-month ECL as of December 31, 2022 and 2021 that would result from reasonably possible changes in these parameters from the actual assumptions used in the BDO Unibank Group's economic variable assumptions.

	Change in MEVs		Impact on ECL	
	Increase	Decrease	Increase in MEV	Decrease in MEV
2022				
Corporate or Commercial Loans:				
GDP growth rate	+1%	-1%	-6.9%	6.9%
Inflation rate	+1%	-1%	3.0%	-3.0%
Credit Card Receivables or Personal Loans:				
GDP growth rate	+1%	-1%	-1.2%	1.2%
Unemployment rate	+1%	-1%	1.8%	-1.8%
Home/Housing Loans:				
GDP growth rate	+1%	-1%	-0.2%	0.2%
Inflation rate	+1%	-1%	1.3%	-1.7%
Auto Loans:				
GDP growth rate	+1%	-1%	-0.02%	0.02%
Unemployment rate	+1%	-1%	1.4%	-1.4%

	Change in MEVs		Impact on ECL	
	Increase	Decrease	Increase in MEV	Decrease in MEV
<u>2021</u>				
Corporate or Commercial Loans:				
GDP growth rate	+1%	-1%	-6.8%	6.8%
Inflation rate	+1%	-1%	2.1%	-2.6%
Credit Card Receivables or Personal Loans:				
GDP growth rate	+1%	-1%	-1.4%	1.4%
Unemployment rate	+1%	-1%	1.1%	-1.1%
Home/Housing Loans:				
GDP growth rate	+1%	-1%	-0.6%	0.6%
Inflation rate	+1%	-1%	0.1%	-0.1%
Auto Loans:				
GDP growth rate	+1%	-1%	-0.5%	0.5%
Unemployment rate	+1%	-1%	3.7%	-3.7%

4.4 Operational Risk

Operational risk is the risk of loss due to the BDO Unibank Group's:

- failure to comply with defined operational procedures;
- inability to address fraud committed internally or externally;
- inability to handle system failures; and,
- inability to cope with the impact of external events.

The BDO Unibank Group manages its operational risks by instituting policies to minimize its expected losses, allocating capital for the unexpected losses and having insurance and/or a business continuity plan to prepare for catastrophic losses.

Framework

True to its commitment to sound management and corporate governance, the BDO Unibank Group considers operational risk management as a critical element in the conduct of its business. Under BDO Unibank Group's Operational Risk Management (ORM) framework, the BOD has the ultimate responsibility for providing leadership in the management of operational risk in BDO Unibank Group.

The RMG provides the common risk language and management tools across the BDO Unibank Group as well as monitors the implementation of the ORM framework and policies. The business process owners, as risk owners, are responsible for identifying, assessing and limiting the impact of risk in their businesses/operations.

The BDO Unibank Group continues to conduct periodic Risk and Control Self-Assessment (RCSA) so that business process owners could document both their operational risks and control mechanisms they have put in place to manage those risks. This ORM tool allows the BDO Unibank Group to identify risks the business/operation faces, assess the severity of those risks, evaluate the adequacy of key controls associated to the identified risks, and take proactive action to address any deficiencies identified.

The BDO Unibank Group also continues to use Key Risk Indicators (KRI) as alerts for operational risk vulnerabilities. Reporting of top KRIs to the BOD through the RMC is done quarterly.

The BDO Unibank Group likewise uses Loss Data Collection, Analysis and Reporting that allows the BDO Unibank Group to gather data per Basel loss event category across business lines. The collected data are processed for information and appropriate escalation, root cause analysis, control effectiveness and enables action plans to prevent recurrence.

These ORM tools are continually being reviewed and enhanced to proactively manage operational risks. The Operational Risk Management Solution (ORMS) was implemented to automate the reporting of BDO Unibank Group's RCSAs, KRIs and operational losses. The bank-wide information asset inventory is regularly reviewed to address operational risks arising from information security concerns. The inventory identified critical applications and sensitive data based on the BDO Unibank Group's classification standards, information risks, as well as protection measures in place to mitigate these risks. Under the purview of information security is data privacy. The BDO Unibank Group's data privacy framework is in accordance with the R.A. No. 10173, *Data Privacy Act of 2012*.

Information technology risks which include current and prospective negative impact to earnings arising from failure of IT systems and realization of cyber security threats are appropriately managed through policies and measures that are integrated into BDO Unibank Group's day-to-day operations.

Operational risks arising from health, safety and environmental issues are appropriately managed through policies and measures that are integrated into BDO Unibank Group's Day-to-day operations. These include Environmental Consciousness, Occupational Health and Safety, and Community Health and Safety.

The BDO Unibank Group continues to review its preparedness for major disaster scenarios and implements required changes in its Business Continuity Plan.

4.5 Insurance Risk

The risk under an insurance contract is the risk that an insured event will occur, including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefits payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than originally estimated, and subsequent development of long-term claims.

(a) *Terms and Conditions*

The BDO Unibank Group principally writes life insurance where the life of the policyholder is insured against death, illness, injury or permanent disability, usually for a predetermined amount. Life insurance contracts offered by the BDO Unibank Group mainly include whole life, term insurance, endowments, VUL products, group life insurance, and accident and health insurance.

- Whole life insurance and term insurance are conventional products where lump sum benefits are payable upon death of the insured.
- Endowment products are investments/savings products where lump sum benefits are payable after a fixed period or on death before the fixed term is completed.
- VUL products differ from conventional policies. In VUL products, a guaranteed percentage of each premium is allocated to units in a pooled investment fund and the policyholder benefits directly from the total investment growth and income of the fund.
- Group life insurance covers a defined group of people insured by the employer under a master policy agreement that is normally issued on a yearly renewable term.
- Accident and health insurance covers payment of hospital and medical expenses when sickness, accidental injury, or accidental death happened to the insured.

(b) *Underwriting risk*

Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing. Underwriting risks are brought about by a combination of the following:

- Mortality risk - risk of loss arising from the policyholder's death experience being higher than expected.
- Morbidity risk - risk of loss arising from the policyholder's health experience being higher than expected.
- Expense risk - risk of loss arising from expense experience being higher than expected.
- Policyholder decision risk - risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

Underwriting guidelines and limits for insurance and reinsurance contracts are regularly monitored for compliance and updated to reflect current requirements. To further control the underwriting risks, the BDO Unibank Group's Actuarial Department regularly assesses the adequacy of the insurance premiums and technical provisions. The risks of defaults by reinsurers are mitigated as the BDO Unibank Group only deals with accredited reinsurers. Additionally, provisions for known and unknown liabilities arising from the BDO Unibank Group's commitments are calculated using prudent actuarial methods.

The main underwriting strategies of the BDO Unibank Group to control risk are the use of reinsurance, which is discussed below, and the controlled granting of non-medical authority (NMA) to the sales force. The NMA is being given only to members of the sales force who either qualify by virtue of field experience or by passing a certain underwriting and training program. Actual experience is closely monitored and corrective actions are executed whenever necessary.

The BDO Unibank Group utilizes surplus reinsurance programs to manage its mortality risk from large fluctuations in claim experience. A summary of active reinsurance treaties is presented below.

- Individual Business - Surplus treaties covering traditional and VUL products from Individual Line which have retention limits of up to P3 for death benefit and supplementary benefits and 50% of Sum Assured for early stage and late stage critical illness benefit.
- Credit Group Life Business - Surplus treaties covering loan borrowers of Credit Group Life accounts which have retention limits of P6 for death benefit and P6 for supplementary benefits.
- Group Employee Benefit Business - Surplus treaties covering employees of accounts covered under Group Employee which have retention limits of P6 for death benefit and supplementary benefits.

4.6 Anti-Money Laundering Controls

The Anti-Money Laundering (AML) Program of the BDO Unibank Group and the Parent Bank is articulated in the Board-approved Money Laundering and Terrorist Financing Prevention Program (MTPP) Manual. The MTPP encapsulates the policies and procedures covering the: (i) on-boarding of clients, Know Your Client and required due diligence; (ii) customer risk assessment; (iii) on-going monitoring of transactions; (iv) regulatory reporting; (v) record-keeping; (vi) training of all officers and staff including BOD; (vii) Independent Compliance Testing (ICT); and, (viii) Institutional Risk Assessment.

The MTPP provides the framework for the BDO Unibank Group and the Parent Bank to adhere with AML and Counter-Terrorism Financing Laws and Regulations:

1. R.A. No. 9160: *The Anti-Money Laundering Act of 2001* (AMLA) as amended by R.A. No 9194 (2003); R.A. 10167 (2012); R.A. 10365 (2013); R.A. No. 10927 (2017) and R.A. No. 11521 (2021); together with applicable Implementing Rules and Regulations (IRR)
2. BSP Circular No. 706 (2011), as amended by BSP Circular No. 950 (2017); and BSP Circular No. 1022 (2018)
3. R.A. 10168: *The Terrorism Financing Prevention and Suppression Act of 2012* and its IRR; R.A. 10697 *Strategic Trade Management Act (2015)* and its IRR; and the R.A. 11479 *Anti-Terrorism Act (2020)*

The Chief Compliance Officer directly reports to the BOD through the Board Audit Committee and is also a member of the AML Committee of the Parent Bank. The AML Committee, composed of senior officers from various units, is tasked to oversee the operational implementation of BDO's AML/CTF Program.

4.7 Impact of LIBOR Reform

The BDO Unibank Group currently has exposure to contracts with reference to LIBOR and extend beyond 2022, including swaps which will transition under the ISDA protocols.

In 2020, the Parent Bank established a steering committee, consisting of key finance, risk, information technology, treasury, legal and compliance personnel and external advisors, to oversee the BDO Unibank Group LIBOR transition plan. This steering committee put in place a transition project for those contracts which reference USD LIBOR to transition them to SOFR, with the aim of minimizing the potential disruption to business and mitigating operational and conduct risks and possible financial losses. This transition project is considering changes to systems, processes, risk management and valuation models, as well as managing related tax and accounting implications. As at December 31, 2022, changes required to systems, processes and models have been implemented. There have been general communications with counterparties, but specific changes to contracts required by LIBOR reform have not yet been proposed or agreed. The BDO Unibank Group has identified that the areas of most significant risk arising from the replacement of LIBOR are: (i) updating systems and processes which capture LIBOR referenced contracts; (ii) amending affected contracts, or existing fallback/transition clauses not operating as anticipated; and, (iii) reviewing mismatches in timing of derivatives and loans transitioning from LIBOR and the resulting impact on economic risk management.

The BDO Unibank Group continues to engage with industry participants and the BSP to ensure an orderly transition to SOFR and minimize the risks arising from the transition. The BDO Unibank Group continues to identify and assess risks associated with USD LIBOR replacement.

The following table contains details of all of the financial instruments that the BDO Unibank Group and the Parent Bank hold at December 31, 2022 and 2021 for each LIBOR rate that have not yet transitioned to SOFR or an alternative interest rate benchmark as of December 31, 2022 and 2021:

	Carrying value		Notional amount	
	2022	2021	2022	2021
<u>BDO Unibank Group</u>				
USD LIBOR	P 134,799	P 213,650	P 348,187	P 355,523
GBP LIBOR	1,950	2,931	3,124	3,226
EUR LIBOR	1,170	1,230	1,680	460
CHF LIBOR	-	-	61	-
JPY LIBOR	-	134	37	46
	<u>P 137,919</u>	<u>P 217,945</u>	<u>P 353,089</u>	<u>P 359,255</u>
<u>Parent Bank</u>				
USD LIBOR	P 125,116	P 206,548	P 273,651	P 298,000
GBP LIBOR	1,950	2,931	3,124	3,226
EUR LIBOR	1,170	1,230	1,680	460
CHF LIBOR	-	-	61	-
JPY LIBOR	-	134	37	46
	<u>P 128,236</u>	<u>P 210,843</u>	<u>P 278,553</u>	<u>P 301,732</u>

The breakdown of the financial instruments between non-derivative financial assets and liabilities and derivative instruments is as follows:

	Carrying value		Notional amount	
	2022	2021	2022	2021
<u>BDO Unibank Group</u>				
Non-derivative financial assets –				
Loans and other receivables	P 111,298	P 150,569	P -	P -
Other assets	3,303	4,666	-	-
Non-derivative financial liabilities –				
Bills payable	6,691	41,534	-	-
Other liabilities	-	9,282	-	-
Derivatives:				
Asset	8,760	6,236	165,327	175,774
Liability	7,867	5,658	187,762	183,481
	<u>P 137,919</u>	<u>P 217,945</u>	<u>P 353,089</u>	<u>P 359,255</u>
	Carrying value		Notional amount	
	2022	2021	2022	2021
<u>Parent Bank</u>				
Non-derivative financial assets –				
Loans and other receivables	P 111,298	P 150,569	P -	P -
Other assets	3,303	4,666	-	-
Non-derivative financial liabilities –				
Bills payable	6,691	41,534	-	-
Other liabilities	-	9,282	-	-
Derivatives:				
Asset	3,432	2,443	129,048	147,736
Liability	3,512	2,349	149,505	153,996
	<u>P 128,236</u>	<u>P 210,843</u>	<u>P 278,553</u>	<u>P 301,732</u>

The following are the key risks for the BDO Unibank Group arising from the transition:

- Liquidity risk: There are fundamental differences between LIBOR and the various alternative benchmark rates which the BDO Unibank Group will be adopting. LIBOR are forward-looking term rates published for a period (e.g., three months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management. The BDO Unibank Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

- Litigation risk: If no agreement is reached to implement the interest rate benchmark reform on existing contracts (e.g., arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The BDO Unibank Group is working closely with all counterparties to avoid this from occurring.
- Operational risk: The BDO Unibank Group's current treasury management system has undergone updates to fully manage the transition to alternative benchmark rates and there is a risk that such upgrades are not fully functional in time, resulting in additional manual procedures which give rise to operational risks. The BDO Unibank Group is working closely with its system provider to ensure the relevant updates are made in good time and the BDO Unibank Group has alternative manual procedures in place with relevant controls to address any potential delay.

4.8 Maturity Profile of Resources and Liabilities

The table below presents the resources and liabilities analyzed according to whether these are expected to be recovered or settled in less than 12 months and over 12 months from statement of financial position date:

BDO Unibank Group

	2022			2021		
	Within 12 Months	Beyond 12 Months	Total	Within 12 Months	Beyond 12 Months	Total
Resources						
Cash and other cash items	P 82,944	P -	P 82,944	P 69,105	P -	P 69,105
Due from BSP and other banks	444,545	-	444,545	374,998	-	374,998
Trading and investment securities	91,776	631,054	722,830	95,000	521,261	616,261
Loans and other receivables - net	854,188	1,842,713	2,696,901	756,430	1,694,473	2,450,903
Premises, furniture, fixtures, and equipment - net	-	46,471	46,471	-	44,807	44,807
Investment properties - net	-	21,158	21,158	-	18,795	18,795
Other resources - net	16,787	43,072	59,859	118	48,762	48,880
	<u>P 1,490,240</u>	<u>P 2,584,468</u>	<u>P 4,074,708</u>	<u>P 1,295,651</u>	<u>P 2,328,098</u>	<u>P 3,623,749</u>
Liabilities						
Deposit liabilities	P 3,126,217	P 94,666	P 3,220,883	P 2,732,734	P 88,162	P 2,820,896
Bills payable	80,781	118,110	198,891	112,973	91,458	204,431
Insurance contract liabilities	7,844	56,519	64,363	3,375	61,953	65,328
Other liabilities	106,608	22,506	129,114	88,339	20,207	108,546
	<u>P 3,321,450</u>	<u>P 291,801</u>	<u>P 3,613,251</u>	<u>P 2,937,421</u>	<u>P 261,780</u>	<u>P 3,199,201</u>

Parent Bank

Resources						
Cash and other cash items	P 80,666	P -	P 80,666	P 66,440	P -	P 66,440
Due from BSP and other banks	433,265	-	433,265	367,009	-	367,009
Trading and investment securities	46,608	560,181	606,789	45,460	452,503	497,963
Loans and other receivables - net	839,832	1,781,389	2,621,221	734,057	1,665,926	2,399,983
Premises, furniture, fixtures, and equipment - net	-	42,394	42,394	-	41,586	41,586
Investment properties - net	-	13,173	13,173	-	11,263	11,263
Other resources - net	5,479	97,336	102,815	-	81,762	81,762
	<u>P 1,405,850</u>	<u>P 2,494,473</u>	<u>P 3,900,323</u>	<u>P 1,212,966</u>	<u>P 2,253,040</u>	<u>P 3,466,006</u>
Liabilities						
Deposit liabilities	P 3,050,839	P 90,177	P 3,141,016	P 2,664,655	P 87,060	P 2,751,715
Bills payable	74,225	114,647	188,872	106,016	90,158	196,174
Other liabilities	95,158	15,378	110,536	80,340	14,316	94,656
	<u>P 3,220,222</u>	<u>P 220,202</u>	<u>P 3,440,424</u>	<u>P 2,851,011</u>	<u>P 191,534</u>	<u>P 3,042,545</u>

5. CAPITAL MANAGEMENT

5.1 Capital Management and Regulatory Capital

On January 15, 2009, the BSP issued Circular No. 639 articulating the need for banks to adopt and document an Internal Capital Adequacy Assessment Process (ICAAP). All universal and commercial banks are expected to perform a thorough assessment of all their material risks and maintain adequate capital to support these risks. This is intended to complement the current regulatory capital requirement of at least 10% of risk assets, which covered only credit, market and operational risks. On December 29, 2009, the BSP issued Circular No. 677 effectively extending the implementation of ICAAP from January 1, 2010 to January 1, 2011.

In October 2009, BDO Unibank Group presented its ICAAP and submitted the initial draft of its ICAAP document to the BSP. Based on comments from the BSP, BDO Unibank Group subsequently revised its ICAAP document and secured approval from its BOD on January 8, 2011. Annually as required, BDO Unibank Group submits its updated ICAAP to the BSP.

The ICAAP document articulates BDO Unibank Group's capital planning strategy and discusses governance, risk assessment, capital assessment and planning, capital adequacy monitoring and reporting, as well as internal control reviews.

The lead regulator of the banking industry, the BSP, sets and monitors capital requirements for BDO Unibank Group. In implementing current capital requirements, the BSP requires BDO Unibank Group to maintain a prescribed ratio of qualifying capital to risk-weighted assets.

The BSP has adopted the Basel 3 risk-based capital adequacy framework effective January 1, 2014, which was amended on January 1, 2019, which requires BDO Unibank Group to maintain:

- (a) Common Equity Tier 1 (CET 1) of at least 6.0% of risk-weighted assets;
- (b) Tier 1 Capital of at least 7.5% of risk-weighted assets;
- (c) Qualifying Capital (Tier 1 plus Tier 2 Capital) of at least 10.0% of risk-weighted assets;
- (d) Capital Conservation Buffer of 2.5% of risk-weighted assets, comprised of CET 1 Capital; and,
- (e) Countercyclical Capital Buffer (CCyB) of 0% subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant but not to exceed 2.5%.

The regulatory capital is analyzed as CET 1 Capital, Additional Tier 1 Capital and Tier 2 Capital, each adjusted for prescribed regulatory deductions.

Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the Monetary Board of the BSP.

BDO Unibank Group's policy is to maintain a strong capital base to promote investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder's return is also recognized and BDO Unibank Group recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Under BSP Circular No. 781, universal banks with more than 100 branches are required to comply with the minimum capital requirement of P20 billion. As of December 31, 2022 and 2021, the Parent Bank has complied with the above capitalization requirement.

BSP issued Circular No. 856 on the guidelines on the framework for dealing with domestic systemically important banks (DSIB) that is consistent with the Basel principles, as amended by BSP Circular No. 1051 dated September 27, 2019. Banks, which are identified as DSIB, shall be required to have a higher loss absorbency (HLA) depending on their computed systemic importance. The HLA requirement is aimed at ensuring that DSIBs have a higher share of their statements of financial position funded by instruments, which increase their resilience as a going concern. The HLA requirement is to be met with CET 1 capital.

Under BSP Circular No. 1051, banks identified by the BSP as DSIB are required to put up lower HLA to be met CET 1 capital ranging from 1.50% to 2.50%, effective October 12, 2019.

BSP Circular No. 1024 requires banks to put up a CCyB, which is set initially at 0%, composed of CET 1. CCyB may be subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant but not to exceed 2.5%. This took effect on December 21, 2018.

BDO Unibank Group and the Parent Bank's regulatory capital position (computed using balances prepared under PFRS) based on the Basel 3 risk-based capital adequacy framework as of December 31, 2022 and 2021 as follows:

	BDO	
	<u>Unibank Group</u>	<u>Parent Bank</u>
<u>December 31, 2022</u>		
Tier 1 Capital		
CET 1	P 437,138	P 437,314
Additional Tier 1	<u>6,180</u>	<u>6,180</u>
	443,318	443,494
Tier 2 Capital	<u>27,501</u>	<u>26,540</u>
Total Regulatory Capital	470,819	470,034
Deductions	(<u>42,219</u>)	(<u>72,666</u>)
Total Qualifying Capital	<u>P 428,600</u>	<u>P 397,368</u>
Total Risk-Weighted Assets	<u>P 2,954,935</u>	<u>P 2,846,030</u>
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk weighted assets	14.5%	14.0%
Tier 1 Capital Ratio	13.6%	13.0%
Total CET 1 Ratio	13.4%	12.8%

	BDO		
	<u>Unibank Group</u>	<u>Parent Bank</u>	
<u>December 31, 2021</u>			
Tier 1 Capital			
CET 1	P 403,388	P 404,134	
Additional Tier 1	<u>5,150</u>	<u>5,150</u>	
	408,538	409,284	
Tier 2 Capital	<u>25,209</u>	<u>24,265</u>	
Total Regulatory Capital	433,747	433,549	
Deductions	(<u>35,097</u>)	(<u>61,769</u>)	
Total Qualifying Capital	<u>P 398,650</u>	<u>P 371,780</u>	
Total Risk-Weighted Assets	<u>P 2,714,820</u>	<u>P 2,617,747</u>	
Capital ratios:			
Total qualifying capital expressed as a percentage of total risk weighted assets	14.7%	14.2%	
Tier 1 Capital Ratio	13.8%	13.3%	
Total CET 1 Ratio	13.6%	13.1%	

At the end of each reporting period, the BDO Unibank Group and the Parent Bank have complied with the prescribed ratio of qualifying capital to risk-weighted assets.

5.2 Leverage Ratio

On June 9, 2015, the BSP issued Circular No. 881, *Implementing Guidelines on the Basel III Leverage Ratio Framework*, which provides the implementing guidelines on the leverage ratio framework designed to act as a supplementary measure to the risk-based capital requirements. It sets out a minimum leverage ratio of 5.00% and shall be complied with at all times.

The Basel III leverage ratio is defined as the ratio of capital measure (Tier 1 Capital) and the exposure measure which include on-balance sheet, derivatives and securities financing transactions exposures and off-balance sheet items.

The BDO Unibank Group and the Parent Bank's Basel III leverage ratio as reported to the BSP are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>BDO Unibank Group</u>			
<u>Capital Measure</u>	9.8%	10.3%	10.2%
Exposure Measure			
<u>Parent Bank</u>			
<u>Capital Measure</u>	9.4%	9.9%	9.8%
Exposure Measure			

5.3 Liquidity Coverage Ratio and Net Stable Funding Ratio

On March 10, 2016, the BSP issued Circular No. 905, *Implementation of Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio and Disclosure Standards*, which provides the implementing guidelines on liquidity coverage ratio (LCR) and disclosure standards that are consistent with the Basel III framework. Circular No. 905 requires the BDO Unibank Group to maintain available High Quality Liquid Assets (HQLA) to meet anticipated net cash outflows for a 30-day period under stress conditions. The BDO Unibank Group has fully complied with the LCR minimum requirement of 100% coverage effective January 1, 2019.

To strengthen the BDO Unibank Group's short-term liquidity position and as a defense against potential onset of liquidity stress, it maintains adequate stock of unencumbered HQLAs that consists of cash or assets that can be freely converted into cash at little or no loss of value in private markets.

The BDO Unibank Group and the Parent Bank's LCR as of December 31, 2022, 2021, and 2020 are analyzed below.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>BDO Unibank Group</u>			
$\frac{\text{Total Stock of High – Quality Liquid Assets}}{\text{Total Net Cash Outflows}}$	140.7%	145.4%	127.1%
<u>Parent Bank</u>			
$\frac{\text{Total Stock of High – Quality Liquid Assets}}{\text{Total Net Cash Outflows}}$	141.2%	145.9%	129.0%

Net Stable Funding Ratio (NSFR), as detailed in BSP Circular No. 1007, *Implementing Guidelines on the adoption of the Basel III Framework on Liquidity Standards - Net Stable Funding Ratio*, is an assessment of the level of sustainable funding required to reduce funding risk over a one-year time horizon. The NSFR complements the LCR, which promotes short-term resilience of the BDO Unibank Group's liquidity profile.

The BDO Unibank Group has fully complied with the NSFR minimum requirement of 100% coverage effective January 1, 2019.

To promote long-term resilience against liquidity risk, the BDO Unibank Group maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities and seeks to meet this objective by limiting overreliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off-balance sheet accounts.

The BDO Unibank Group and the Parent Bank's Basel III NSFR as of December 31, 2022, 2021 and 2020 are summarized below.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>BDO Unibank Group</u>			
<u>Available Stable Funding</u> Required Stable Funding	123.9%	123.5%	122.0%
<u>Parent Bank</u>			
<u>Available Stable Funding</u> Required Stable Funding	123.5%	123.1%	122.0%

6. SEGMENT REPORTING

6.1 Business Segments

BDO Unibank Group's main operating businesses are organized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. These are also the basis of BDO Unibank Group in reporting to its chief operating decision-maker for its strategic decision-making activities.

Management currently identifies BDO Unibank Group's five service lines as primary operating segments. In addition, minor operating segments, for which quantitative thresholds have not been met, as described in PFRS 8 are combined as Others.

- (a) **Commercial banking** – handles the entire lending (corporate and consumer), trade financing and cash management services for corporate and retail customers;
- (b) **Investment banking** – provides services to corporate clients outside the traditional loan and deposit products. These services include loan syndications, underwriting and placing of debt and equity securities, financial advisory services, and securities brokerage;
- (c) **Private banking** – provides traditional and non-traditional investment and structured products to high net worth individuals and institutional accounts;
- (d) **Leasing and financing** – provides direct leases, sale and leaseback arrangements and real estate leases;
- (e) **Insurance** – engages in insurance brokerage and life insurance business by providing protection, education, savings, retirement and estate planning solutions to individual and corporate clients through life insurance products and services; and,
- (f) **Others** – includes remittance, holding, and realty management, none of which individually constitutes a separate reportable segment.

These segments are the basis on which BDO Unibank Group reports its segment information. Transactions between the segments are on normal commercial terms and conditions. Inter-segment transactions are eliminated in consolidation.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on BDO Unibank Group's cost of capital. There are no other material items of income or expense between the segments.

Segment assets and liabilities comprise operating assets and liabilities including items such as taxation and borrowings.

Segment revenues and expenses that are directly attributable to primary operating segment and the relevant portions of BDO Unibank Group's revenues and expenses that can be allocated to that operating segment are accordingly reflected as revenues and expenses of that operating segment. Revenue sharing agreements are used to allocate external customer revenues to a segment on a reasonable basis.

6.2 Analysis of Segment Information

In 2022, the service line of Dominion Holdings was changed from Leasing and Financing to Others (See Note 30.3).

Segment information (by service lines) as of and for the years ended December 31, 2022, 2021 and 2020 are as follows:

	Commercial Banking	Investment Banking	Private Banking	Leasing and Financing	Insurance	Others	Total
December 31, 2022							
Revenues							
From external customer							
Interest income	P 164,647	P 53	P 1,156	P 629	P 2,587	(P 1)	P 169,071
Interest expense	(19,532)	(2)	(76)	(156)	(76)	3	(19,839)
Net interest income	<u>145,115</u>	<u>51</u>	<u>1,080</u>	<u>473</u>	<u>2,511</u>	<u>2</u>	<u>149,232</u>
Intersegment revenue							
Interest income	182	2	-	-	6	72	262
Interest expense	(121)	(33)	(16)	(18)	(54)	(67)	(309)
Net interest income	<u>61</u>	<u>(31)</u>	<u>(16)</u>	<u>(18)</u>	<u>(48)</u>	<u>5</u>	<u>(47)</u>
Other operating income							
Investment banking fees	-	2,856	-	-	-	-	2,856
Others	<u>54,066</u>	<u>245</u>	<u>1,667</u>	<u>651</u>	<u>21,331</u>	<u>600</u>	<u>78,560</u>
	<u>54,066</u>	<u>3,101</u>	<u>1,667</u>	<u>651</u>	<u>21,331</u>	<u>600</u>	<u>81,416</u>
Total net revenues	<u>199,242</u>	<u>3,121</u>	<u>2,731</u>	<u>1,106</u>	<u>23,794</u>	<u>607</u>	<u>230,601</u>
Expenses							
Other operating expenses							
Depreciation and amortization	9,095	85	85	418	296	82	10,061
Impairment losses	16,321	1	(1)	20	26	3	16,370
Others	<u>101,738</u>	<u>1,039</u>	<u>1,325</u>	<u>341</u>	<u>18,340</u>	<u>346</u>	<u>123,129</u>
	<u>127,154</u>	<u>1,125</u>	<u>1,409</u>	<u>779</u>	<u>18,662</u>	<u>431</u>	<u>149,560</u>
Segment operating income	72,088	1,996	1,322	327	5,132	176	81,041
Tax expense	<u>13,961</u>	<u>592</u>	<u>120</u>	<u>88</u>	<u>1,156</u>	<u>42</u>	<u>15,959</u>
Segment net income	<u>P 58,127</u>	<u>P 1,404</u>	<u>P 1,202</u>	<u>P 239</u>	<u>P 3,976</u>	<u>P 134</u>	<u>P 65,082</u>

	Commercial Banking	Investment Banking	Private Banking	Leasing and Financing	Insurance	Others	Total
Statement of Financial Position							
Total resources							
Segment assets	P 3,975,178	P 8,071	P 36,985	P 8,515	P 92,672	P 10,505	P 4,131,926
Deferred tax assets							
(liabilities) - net	5,466	(173)	15	17	43	(13)	5,355
Intangible assets	<u>6,908</u>	<u>65</u>	<u>170</u>	<u>-</u>	<u>32</u>	<u>-</u>	<u>7,175</u>
	<u>P 3,987,552</u>	<u>P 7,963</u>	<u>P 37,170</u>	<u>P 8,532</u>	<u>P 92,747</u>	<u>P 10,492</u>	<u>P 4,144,456</u>
Total liabilities	<u>P 3,516,144</u>	<u>P 4,112</u>	<u>P 31,151</u>	<u>P 7,154</u>	<u>P 74,067</u>	<u>P 2,205</u>	<u>P 3,634,833</u>
Other segment information							
Capital expenditures	<u>P 6,794</u>	<u>P 31</u>	<u>P 7</u>	<u>P 585</u>	<u>P 1,160</u>	<u>P 36</u>	<u>P 8,613</u>
Investment in associates under equity method	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 5,654</u>	<u>P 5,654</u>
Share in the profit of associates	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 849</u>	<u>P 849</u>
December 31, 2021							
Revenues							
From external customer							
Interest income	P 140,997	P 7	P 1,108	P 632	P 2,133	P 2	P 144,879
Interest expense	(13,166)	(1)	(70)	(229)	(66)	(1)	(13,533)
Net interest income	<u>127,831</u>	<u>6</u>	<u>1,038</u>	<u>403</u>	<u>2,067</u>	<u>1</u>	<u>131,346</u>
Intersegment revenue							
Interest income	119	2	-	-	3	1	125
Interest expense	(16)	(45)	(4)	(28)	(11)	(65)	(169)
Net interest income	<u>103</u>	<u>(43)</u>	<u>(4)</u>	<u>(28)</u>	<u>(8)</u>	<u>(64)</u>	<u>(44)</u>
Other operating income							
Investment banking fees	-	2,268	-	-	-	-	2,268
Others	<u>42,725</u>	<u>277</u>	<u>1,451</u>	<u>809</u>	<u>20,412</u>	<u>543</u>	<u>66,217</u>
	<u>42,725</u>	<u>2,545</u>	<u>1,451</u>	<u>809</u>	<u>20,412</u>	<u>543</u>	<u>68,485</u>
Total net revenues	<u>170,659</u>	<u>2,508</u>	<u>2,485</u>	<u>1,184</u>	<u>22,471</u>	<u>480</u>	<u>199,787</u>
Expenses							
Other operating expenses							
Depreciation and amortization	8,424	85	72	531	137	85	9,334
Impairment losses	17,066	55	(20)	(20)	(18)	-	17,063
Others	<u>90,521</u>	<u>772</u>	<u>1,204</u>	<u>385</u>	<u>19,005</u>	<u>291</u>	<u>112,178</u>
	<u>116,011</u>	<u>912</u>	<u>1,256</u>	<u>896</u>	<u>19,124</u>	<u>376</u>	<u>138,575</u>
Segment operating income	54,648	1,596	1,229	288	3,347	104	61,212
Tax expense	<u>11,584</u>	<u>375</u>	<u>264</u>	<u>43</u>	<u>623</u>	<u>18</u>	<u>12,907</u>
Segment net income	<u>P 43,064</u>	<u>P 1,221</u>	<u>P 965</u>	<u>P 245</u>	<u>P 2,724</u>	<u>P 86</u>	<u>P 48,305</u>
Statement of Financial Position							
Total resources							
Segment assets	P 3,506,708	P 6,736	P 37,937	P 15,208	P 82,976	P 4,320	P 3,653,885
Deferred tax assets							
(liabilities) - net	6,843	(154)	15	16	53	(5)	6,768
Intangible assets	<u>7,194</u>	<u>76</u>	<u>21</u>	<u>-</u>	<u>44</u>	<u>1</u>	<u>7,336</u>
	<u>P 3,520,745</u>	<u>P 6,658</u>	<u>P 37,973</u>	<u>P 15,224</u>	<u>P 83,073</u>	<u>P 4,316</u>	<u>P 3,667,989</u>
Total liabilities	<u>P 3,091,065</u>	<u>P 2,455</u>	<u>P 31,905</u>	<u>P 8,072</u>	<u>P 71,798</u>	<u>P 2,212</u>	<u>P 3,207,507</u>
Other segment information							
Capital expenditures	<u>P 5,020</u>	<u>P 26</u>	<u>P 23</u>	<u>P 239</u>	<u>P 3,564</u>	<u>P 2</u>	<u>P 8,874</u>
Investment in associates under equity method	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 5,347</u>	<u>P 5,347</u>
Share in the profit of associates	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 814</u>	<u>P 814</u>

	Commercial Banking	Investment Banking	Private Banking	Leasing and Financing	Insurance	Others	Total
<u>December 31, 2020</u>							
Revenues							
From external customer							
Interest income	P 152,691	P 18	P 1,196	P 1,237	P 1,883	P 6	P 157,031
Interest expense	(22,536)	(3)	(196)	(502)	(86)	(8)	(23,331)
Net interest income	<u>130,155</u>	<u>15</u>	<u>1,000</u>	<u>735</u>	<u>1,797</u>	<u>(2)</u>	<u>133,700</u>
Intersegment revenues							
Interest income	238	9	-	2	13	1	263
Interest expense	(35)	(73)	(6)	(95)	(8)	(80)	(297)
Net interest income	<u>203</u>	<u>(64)</u>	<u>(6)</u>	<u>(93)</u>	<u>5</u>	<u>(79)</u>	<u>(34)</u>
Other operating income							
Investment banking fees	-	1,410	-	-	-	-	1,410
Others	<u>38,683</u>	<u>285</u>	<u>1,552</u>	<u>1,478</u>	<u>16,440</u>	<u>551</u>	<u>58,989</u>
	<u>38,683</u>	<u>1,695</u>	<u>1,552</u>	<u>1,478</u>	<u>16,440</u>	<u>551</u>	<u>60,399</u>
Total net revenues	<u>169,041</u>	<u>1,646</u>	<u>2,546</u>	<u>2,120</u>	<u>18,242</u>	<u>470</u>	<u>194,065</u>
Expenses							
Other operating expenses							
Depreciation and amortization	8,289	105	71	677	101	91	9,334
Impairment losses	29,714	19	9	444	54	-	30,240
Others	<u>85,849</u>	<u>817</u>	<u>1,168</u>	<u>549</u>	<u>16,059</u>	<u>290</u>	<u>104,732</u>
	<u>123,852</u>	<u>941</u>	<u>1,248</u>	<u>1,670</u>	<u>16,214</u>	<u>381</u>	<u>144,306</u>
Segment operating income	45,189	705	1,298	450	2,028	89	49,759
Tax expense	<u>16,462</u>	<u>262</u>	<u>291</u>	<u>171</u>	<u>571</u>	<u>19</u>	<u>17,776</u>
Segment net income	<u>P 28,727</u>	<u>P 443</u>	<u>P 1,007</u>	<u>P 279</u>	<u>P 1,457</u>	<u>P 70</u>	<u>P 31,983</u>
Statement of Financial Position							
Total resources							
Segment assets	P 3,262,339	P 6,522	P 41,408	P 16,223	P 70,354	P 4,388	P 3,401,234
Deferred tax assets							
(liabilities) - net	8,023	(166)	8	6	42	(2)	7,911
Intangible assets	<u>5,677</u>	<u>114</u>	<u>17</u>	<u>2</u>	<u>47</u>	<u>-</u>	<u>5,857</u>
	<u>P 3,276,039</u>	<u>P 6,470</u>	<u>P 41,433</u>	<u>P 16,231</u>	<u>P 70,443</u>	<u>P 4,386</u>	<u>P 3,415,002</u>
Total liabilities	<u>P 2,877,836</u>	<u>P 2,579</u>	<u>P 35,288</u>	<u>P 9,268</u>	<u>P 64,499</u>	<u>P 2,191</u>	<u>P 2,991,661</u>
Other segment information							
Capital expenditures	<u>P 4,019</u>	<u>P 12</u>	<u>P 10</u>	<u>P 314</u>	<u>P 24</u>	<u>P 4</u>	<u>P 4,383</u>
Investment in associates under equity method	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 5,015</u>	<u>P 5,015</u>
Share in the profit of associates	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 470</u>	<u>P 470</u>

6.3 Reconciliation

Presented below and in the succeeding page is a reconciliation of the BDO Unibank Group's segment information to the key financial information presented in its consolidated financial statements.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue			
Total segment net revenues	P 230,601	P 199,787	P 194,065
Elimination of intersegment revenues	(9,834)	(7,087)	(5,155)
Net revenues as reported in profit or loss	<u>P 220,767</u>	<u>P 192,700</u>	<u>P 188,910</u>
Profit or loss			
Total segment net income	P 65,082	P 48,305	P 31,983
Elimination of intersegment profit	(7,848)	(5,450)	(3,729)
Net profit as reported in profit or loss	<u>P 57,234</u>	<u>P 42,855</u>	<u>P 28,254</u>

	2022	2021	2020
Resources			
Total segment resources	P 4,144,456	P 3,667,989	P 3,415,002
Elimination of intersegment assets	(69,748)	(44,240)	(40,102)
Total resources	<u>P 4,074,708</u>	<u>P 3,623,749</u>	<u>P 3,374,900</u>
Liabilities			
Total segment liabilities	P 3,634,833	P 3,207,507	P 2,991,661
Elimination of intersegment liabilities	(21,582)	(8,306)	(9,782)
Total liabilities	<u>P 3,613,251</u>	<u>P 3,199,201</u>	<u>P 2,981,879</u>

7. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

7.1 Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below and in the succeeding pages.

BDO Unibank Group

		2022			
		Classes			
	At Amortized Cost	At Fair Value	Carrying Amount	Fair Value	
Financial assets					
At amortized cost:					
Cash and other cash items	P 82,944	P -	P 82,944	P 82,944	
Due from BSP	385,779	-	385,779	385,783	
Due from other banks	58,766	-	58,766	58,781	
Loans and other receivables	2,696,901	-	2,696,901	2,736,010	
Other resources	13,794	-	13,794	13,794	
Investment securities	512,049	-	512,049	473,270	
At FVTPL	-	44,712	44,712	44,712	
At FVOCI	-	166,069	166,069	166,069	
	<u>P 3,750,233</u>	<u>P 210,781</u>	<u>P 3,961,014</u>	<u>P 3,961,363</u>	
Financial liabilities					
At amortized cost:					
Deposit liabilities	P 3,220,883	P -	P 3,220,883	P 3,263,048	
Bills payable	198,891	-	198,891	191,713	
Insurance contract liabilities	64,363	-	64,363	64,363	
Other liabilities	111,040	-	111,040	111,040	
At fair value –					
Other liabilities	-	7,809	7,809	7,809	
	<u>P 3,595,177</u>	<u>P 7,809</u>	<u>P 3,602,986</u>	<u>P 3,637,973</u>	

BDO Unibank Group

		2021			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial assets					
At amortized cost:					
Cash and other cash items	P	69,105	P -	P 69,105	P 69,105
Due from BSP		304,906	-	304,906	304,907
Due from other banks		70,092	-	70,092	70,092
Loans and other receivables		2,450,903	-	2,450,903	2,460,214
Other resources		7,460	-	7,460	7,460
Investment securities		397,534	-	397,534	399,761
At FVTPL		-	47,934	47,934	47,934
At FVOCI		-	170,793	170,793	170,793
		<u>P 3,300,000</u>	<u>P 218,727</u>	<u>P 3,518,727</u>	<u>P 3,530,266</u>
Financial liabilities					
At amortized cost:					
Deposit liabilities	P	2,820,896	P -	P 2,820,896	P 2,861,596
Bills payable		204,431	-	204,431	206,988
Insurance contract liabilities		65,328	-	65,328	65,328
Other liabilities		91,875	-	91,875	91,875
At fair value -					
Other liabilities		-	5,742	5,742	5,742
		<u>P 3,182,530</u>	<u>P 5,742</u>	<u>P 3,188,272</u>	<u>P 3,231,529</u>

Parent Bank

		2022			
		Classes			
		At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial assets					
At amortized cost:					
Cash and other cash items	P	80,666	P -	P 80,666	P 80,666
Due from BSP		382,210	-	382,210	382,214
Due from other banks		51,055	-	51,055	51,069
Loans and other receivables		2,621,221	-	2,621,221	2,661,224
Other resources		12,174	-	12,174	12,174
Investment securities		491,259	-	491,259	453,246
At FVTPL		-	5,883	5,883	5,883
At FVOCI		-	109,647	109,647	109,647
		<u>P 3,638,585</u>	<u>P 115,530</u>	<u>P 3,754,115</u>	<u>P 3,756,123</u>

Parent Bank

		2022			
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial liabilities					
At amortized cost:					
Deposit liabilities	P	3,141,016	P -	P 3,141,016	P 3,171,809
Bills payable		188,872	-	188,872	184,359
Other liabilities		98,251	-	98,251	98,251
At fair value –					
Other liabilities		-	3,636	3,636	3,636
	P	3,428,139	P 3,636	P 3,431,775	P 3,458,055
2021					
		Classes			
		At Amortized	At Fair	Carrying	Fair
		Cost	Value	Amount	Value
Financial assets					
At amortized cost:					
Cash and other cash items	P	66,440	P -	P 66,440	P 66,440
Due from BSP		302,660	-	302,660	302,661
Due from other banks		64,349	-	64,349	64,349
Loans and other receivables		2,399,983	-	2,399,983	2,412,229
Other resources		6,752	-	6,752	6,752
Investment securities		377,382	-	377,382	379,266
At FVTPL		-	4,616	4,616	4,616
At FVOCI		-	115,965	115,965	115,965
	P	3,217,566	P 120,581	P 3,338,147	P 3,352,278
Financial liabilities					
At amortized cost:					
Deposit liabilities	P	2,751,715	P -	P 2,751,715	P 2,787,683
Bills payable		196,174	-	196,174	198,756
Other liabilities		82,917	-	82,917	82,917
At fair value –					
Other liabilities		-	2,462	2,462	2,462
	P	3,030,806	P 2,462	P 3,033,268	P 3,071,818

7.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

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

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When BDO Unibank Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

7.3 Financial Instruments Measured at Fair Value

The financial assets and financial liabilities as of December 31, 2022 and 2021 are grouped into the fair value hierarchy as presented in the tables in the succeeding pages.

Unquoted equity securities consist of preferred and common shares of various unlisted local companies.

BDO Unibank Group

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>					
Resources:					
Financial assets at FVTPL:	10.1				
Equity securities - quoted		P 25,197	P 784	P -	P 25,981
Government debt securities		7,135	-	-	7,135
Corporate debt securities		457	2,526	-	2,983
Derivative financial assets		-	8,613	-	8,613
		<u>32,789</u>	<u>11,923</u>	<u>-</u>	<u>44,712</u>
Financial assets at FVOCI:	10.2				
Government debt securities		109,782	-	-	109,782
Corporate debt securities		51,572	-	-	51,572
Equity securities - quoted		4,184	378	-	4,562
Equity securities - not quoted		-	114	39	153
		<u>165,538</u>	<u>492</u>	<u>39</u>	<u>166,069</u>
		<u>P 198,327</u>	<u>P 12,415</u>	<u>P 39</u>	<u>P 210,781</u>
Liabilities –					
Derivatives with negative fair values	21	<u>P 101</u>	<u>P 7,708</u>	<u>P -</u>	<u>P 7,809</u>
<u>December 31, 2021</u>					
Resources:					
Financial assets at FVTPL:	10.1				
Equity securities - quoted		P 28,752	P 2,844	P -	P 31,596
Government debt securities		5,427	-	-	5,427
Corporate debt securities		1,086	3,593	-	4,679
Derivative financial assets		-	6,232	-	6,232
		<u>35,265</u>	<u>12,669</u>	<u>-</u>	<u>47,934</u>
Financial assets at FVOCI:	10.2				
Government debt securities		110,182	-	-	110,182
Corporate debt securities		55,279	-	-	55,279
Equity securities - quoted		4,722	288	-	5,010
Equity securities - not quoted		-	-	322	322
		<u>170,183</u>	<u>288</u>	<u>322</u>	<u>170,793</u>
		<u>P 205,448</u>	<u>P 12,957</u>	<u>P 322</u>	<u>P 218,727</u>
Liabilities –					
Derivatives with negative fair values	21	<u>P 91</u>	<u>P 5,651</u>	<u>P -</u>	<u>P 5,742</u>

Parent Bank

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>					
Resources:					
Financial assets at FVTPL:	10.1				
Government debt securities		P 2,207	P -	P -	P 2,207
Derivative financial assets		-	3,468	-	3,468
Corporate debt securities		207	-	-	207
Equity securities - quoted		<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
		<u>2,415</u>	<u>3,468</u>	<u>-</u>	<u>5,883</u>
Financial assets at FVOCI:	10.2				
Government debt securities		66,465	-	-	66,465
Corporate debt securities		41,641	-	-	41,641
Equity securities - quoted		1,059	369	-	1,428
Equity securities - not quoted		<u>-</u>	<u>113</u>	<u>-</u>	<u>113</u>
		<u>109,165</u>	<u>482</u>	<u>-</u>	<u>109,647</u>
		<u>P 111,580</u>	<u>P 3,950</u>	<u>P -</u>	<u>P 115,530</u>
Liabilities –					
Derivatives with negative fair values	21	<u>P 101</u>	<u>P 3,535</u>	<u>P -</u>	<u>P 3,636</u>
<u>December 31, 2021</u>					
Resources:					
Financial assets at FVTPL:	10.1				
Government debt securities		P 1,919	P -	P -	P 1,919
Derivative financial assets		-	2,469	-	2,469
Corporate debt securities		227	-	-	227
Equity securities - quoted		<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
		<u>2,147</u>	<u>2,469</u>	<u>-</u>	<u>4,616</u>
Financial assets at FVOCI:	10.2				
Government debt securities		71,798	-	-	71,798
Corporate debt securities		42,297	-	-	42,297
Equity securities - quoted		1,306	282	-	1,588
Equity securities - not quoted		<u>-</u>	<u>-</u>	<u>282</u>	<u>282</u>
		<u>115,401</u>	<u>282</u>	<u>282</u>	<u>115,965</u>
		<u>P 117,548</u>	<u>P 2,751</u>	<u>P 282</u>	<u>P 120,581</u>
Liabilities –					
Derivatives with negative fair values	21	<u>P 91</u>	<u>P 2,371</u>	<u>P -</u>	<u>P 2,462</u>

There have been no significant transfers among Levels 1 and 2 in the reporting periods.

Discussed in the succeeding page is the information about how fair values of the BDO Unibank Group and the Parent Bank's classes of financial assets are determined.

(a) Equity securities

- (i) Quoted equity securities classified as financial assets at FVTPL or financial assets at FVOCI have fair values that were determined based on their closing prices on the PSE. These instruments are included in Level 1.

Financial assets at FVTPL included in Level 2 pertain to investments in Unit Investment Trust Funds (UITFs). The fair value of these financial assets were derived using the net asset value per unit (computed by dividing the net asset value of the fund by the number of outstanding units at the end of the reporting period), as published by banks and the Investment Company Association of the Philippines.

Golf club shares classified as financial assets at FVOCI are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

- (ii) Unquoted equity securities consist of preferred shares and common shares of various unlisted local companies. For unquoted preferred shares, the fair value is determined based on their discounted amount of estimated future cash flows expected to be received or paid, or based on their cost which management estimates to approximate their fair values. Further, unlisted common share which are classified as financial assets at FVOCI securities, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument. These instruments are included in Level 3.

(b) Debt securities

The fair value of the debt securities of BDO Unibank Group and the Parent Bank, which are categorized within Level 1 and Level 2, is discussed below.

- (i) Fair values of peso-denominated government debt securities issued by the Philippine government, are determined based on the reference price per Bloomberg which used BVAL. These BVAL reference rates are computed based on the weighted price derived using an approach based on a combined sequence of proprietary BVAL algorithms of direct observations or observed comparables.
- (ii) For corporate and other quoted debt securities, fair value is determined to be the current mid-price, which is computed as the average of ask and bid prices as appearing on Bloomberg.

(c) Derivatives

The fair values of Republic of the Philippines (ROP) warrants which are categorized within Level 1, is determined to be the current mid-price based on the last trading transaction as defined by third-party market makers. The fair value of other derivative financial instruments, which are categorized within Level 2, is determined through valuation techniques using the net present value computation [see Note 3.2(c)].

7.4 *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The tables below and in the succeeding pages summarize the fair value hierarchy of the BDO Unibank Group and the Parent Bank's financial assets and financial liabilities, which are measured at amortized cost in the statements of financial position but for which fair value is disclosed.

BDO Unibank Group

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>				
Resources:				
Cash and other cash items	P 82,944	P -	P -	P 82,944
Due from BSP	385,783	-	-	385,783
Due from other banks	58,781	-	-	58,781
Investment securities at amortized cost	470,887	-	2,383	473,270
Loans and other receivables	388	-	2,735,622	2,736,010
Other resources	<u>12,273</u>	<u>-</u>	<u>1,521</u>	<u>13,794</u>
	<u>P 1,011,056</u>	<u>P -</u>	<u>P 2,739,526</u>	<u>P 3,750,582</u>
Liabilities:				
Deposit liabilities	P -	P -	P 3,263,048	P 3,263,048
Bills payable	-	133,311	58,402	191,713
Insurance contract liabilities	-	-	64,363	64,363
Other liabilities	<u>-</u>	<u>-</u>	<u>111,040</u>	<u>111,040</u>
	<u>P -</u>	<u>P 133,311</u>	<u>P 3,496,853</u>	<u>P 3,630,164</u>
<u>December 31, 2021</u>				
Resources:				
Cash and other cash items	P 69,105	P -	P -	P 69,105
Due from BSP	304,907	-	-	304,907
Due from other banks	70,092	-	-	70,092
Investment securities at amortized cost	399,761	-	-	399,761
Loans and other receivable	271	-	2,459,943	2,460,214
Other resources	<u>6,180</u>	<u>-</u>	<u>1,280</u>	<u>7,460</u>
	<u>P 850,316</u>	<u>P -</u>	<u>P 2,461,223</u>	<u>P 3,311,539</u>
Liabilities:				
Deposit liabilities	P -	P -	P 2,861,596	P 2,861,596
Bills payable	-	152,235	54,753	206,988
Insurance contract liabilities	-	-	65,328	65,328
Other liabilities	<u>-</u>	<u>-</u>	<u>91,875</u>	<u>91,875</u>
	<u>P -</u>	<u>P 152,235</u>	<u>P 3,073,552</u>	<u>P 3,225,787</u>

Parent Bank

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>				
Resources:				
Cash and other cash items	P 80,666	P -	P -	P 80,666
Due from BSP	382,214	-	-	382,214
Due from other banks	51,069	-	-	51,069
Investment securities at amortized cost	453,246	-	-	453,246
Loans and other receivables	-	-	2,661,224	2,661,224
Other resources	<u>10,961</u>	<u>-</u>	<u>1,213</u>	<u>12,174</u>
	<u>P 978,156</u>	<u>P -</u>	<u>P 2,662,437</u>	<u>P 3,640,593</u>
Liabilities:				
Deposit liabilities	P -	P -	P 3,171,809	P 3,171,809
Bills payable	-	133,311	51,048	184,359
Other liabilities	<u>-</u>	<u>-</u>	<u>98,251</u>	<u>98,251</u>
	<u>P -</u>	<u>P 133,311</u>	<u>P 3,321,108</u>	<u>P 3,454,419</u>
<u>December 31, 2021</u>				
Resources:				
Cash and other cash items	P 66,440	P -	P -	P 66,440
Due from BSP	302,661	-	-	302,661
Due from other banks	64,349	-	-	64,349
Investment securities at amortized cost	379,266	-	-	379,266
Loans and other receivables	-	-	2,412,229	2,412,229
Other resources	<u>5,784</u>	<u>-</u>	<u>968</u>	<u>6,752</u>
	<u>P 818,500</u>	<u>P -</u>	<u>P 2,413,197</u>	<u>P 3,231,697</u>
Liabilities:				
Deposit liabilities	P -	P -	P 2,787,683	P 2,787,683
Bills payable	-	152,235	46,521	198,756
Other liabilities	<u>-</u>	<u>-</u>	<u>82,917</u>	<u>82,917</u>
	<u>P -</u>	<u>P 152,235</u>	<u>P 2,917,121</u>	<u>P 3,069,356</u>

For financial assets and financial liabilities, management considers that the carrying amounts of those short-term financial instruments approximate their fair values. The following are the methods used to determine the fair value of financial assets and financial liabilities presented in the statements of financial position at their amortized cost.

(a) *Cash and Other Cash Items*

Cash consists primarily of funds in the form of Philippine currency notes and coins in the BDO Unibank Group and the Parent Bank's vault and those in the possession of tellers, including automated teller machines (see Note 8).

Other cash items includes cash items other than currency and coins on hand (see Note 15) such as checks drawn on the other banks or other branches that were received after the BDO Unibank Group and the Parent Bank's clearing cut-off time until the close of the regular banking hours. Carrying amounts approximate fair values in view of the relatively short-term maturities of these instruments.

(b) *Due from BSP and Other Banks*

Due from BSP pertains to deposits made by BDO Unibank Group to the BSP for clearing and reserve requirements. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

(c) *Investment Securities at Amortized Cost*

The fair value of investment securities at amortized cost is determined by direct reference to published price quoted in an active market for traded debt securities.

(d) *Loans and Other Receivables*

Loans and other receivables are net of provisions for impairment. The estimated fair value of loans and receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(e) *Deposits and Borrowings*

The estimated fair value of demand deposits with no stated maturity, which includes noninterest-bearing deposits, is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The fair value of Bills Payable under Level 2 is computed based on the average of ask and bid prices as appearing on Bloomberg. For Bills Payable categorized within Level 3, the BDO Unibank Group and the Parent Bank classify financial instruments that have no quoted prices or observable market data where reference of fair value can be derived; hence, fair value is determined based on their discounted amount of estimated future cash flows expected to be received or paid, or based on their cost which management estimates to approximate their fair values.

(f) *Other Resources and Liabilities*

Due to their short duration, the carrying amounts of other resources and liabilities in the statements of financial position are considered to be reasonable approximation of their fair values.

7.5 Fair Value Measurement for Non-financial Assets

Details of BDO Unibank Group and Parent Bank's investment properties and the information about the fair value hierarchy as of December 31, 2022 and 2021 are shown below.

BDO Unibank Group

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>				
Investment properties				
Land	P -	P -	P 29,677	P 29,677
Building and improvements	-	-	14,720	14,720
Non-current assets held for sale	-	-	3,251	3,251
	<u>P -</u>	<u>P -</u>	<u>P 47,648</u>	<u>P 47,648</u>
<u>December 31, 2021</u>				
Investment properties				
Land	P -	P -	P 27,349	P 27,349
Building and improvements	-	-	12,786	12,786
Non-current assets held for sale	-	-	1,825	1,825
	<u>P -</u>	<u>P -</u>	<u>P 41,960</u>	<u>P 41,960</u>

Parent Bank

<u>December 31, 2022</u>				
Investment properties				
Land	P -	P -	P 22,735	P 22,735
Building and improvements	-	-	13,798	13,798
Non-current assets held for sale	-	-	3,251	3,251
	<u>P -</u>	<u>P -</u>	<u>P 39,784</u>	<u>P 39,784</u>
<u>December 31, 2021</u>				
Investment properties				
Land	P -	P -	P 20,819	P 20,819
Building and improvements	-	-	11,917	11,917
Non-current assets held for sale	-	-	1,824	1,824
	<u>P -</u>	<u>P -</u>	<u>P 34,560</u>	<u>P 34,560</u>

The fair value of the investment properties of the BDO Unibank Group and the Parent Bank as of December 31, 2022 and 2021 (see Note 14) was determined on the basis of a valuation carried out on the respective dates by either an independent or internal appraiser having appropriate qualifications and recent experience in the valuation of properties in the relevant locations. To some extent, the valuation process was conducted by the appraisers in discussion with the management of the BDO Unibank Group and the Parent Bank with respect to determination of the inputs such as size, age and condition of the land and buildings and the comparable prices in the corresponding property location.

In estimating the fair value of the properties, management takes into account the market participant's ability to generate economic benefits by using the assets in its highest and best use. Based on management's assessment, the best use of the investment properties of the BDO Unibank Group and the Parent Bank indicated in the previous page is their current use. The fair value discussed in the previous page as determined by the appraisers were used by the BDO Unibank Group and the Parent Bank in determining the fair value of investment properties and non-current assets held for sale.

The fair value of these investment properties and assets held for sale was determined based on the following approaches:

(a) *Fair Value Measurement for Land*

The Level 3 fair value of land was derived using the observable recent prices of the reference properties, which were adjusted for differences in key attributes such as property size, zoning and accessibility. The most significant input into this valuation approach is the price per square foot; hence, the higher the price the higher the fair value. On the other hand, if fair value of the land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations, fair value is included in Level 2. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property, minor adjustments on the price is made to consider peculiarities of the property with that of the benchmark property.

(b) *Fair Value Measurement for Buildings and Improvements*

The Level 3 fair value of the buildings and improvements was determined using the replacement cost approach that reflects the cost to a market participant to construct an asset of comparable usage, constructions standards, design and lay-out, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

(c) *Fair Value Measurement for Assets Held for Sale*

The fair value of assets held for sale is determined based on the recent experience in the valuation of similar properties. The fair value, determined under Level 3 measurement, was derived using the market data approach that reflects that recent transaction prices for similar properties, adjusted for differences in property age and condition.

There has been no change to the valuation techniques used by BDO Unibank Group during the year for its non-financial assets. Further, there were no transfers into or out of Level 3 fair value hierarchy in 2022 and 2021.

7.6 Offsetting Financial Assets and Financial Liabilities

The following financial assets of the BDO Unibank Group and the Parent Bank with amounts presented in the statements of financial position as of December 31, 2022 and 2021 are subject to offsetting, enforceable master netting arrangements and similar agreements.

BDO Unibank Group

	Financial Assets	Financial Liabilities Available for Set-off	Collateral Received	Net Amount
<u>December 31, 2022</u>				
Financial assets at FVOCI	P 5,535	P 4,799	P -	P 736
Investment securities at amortized cost	17,038	10,380	-	6,658
Financial assets at FVTPL:				
Currency swaps	856	819	-	37
Interest rate swaps	70	69	-	1
Loans and receivables – Receivables from customers	<u>23,795</u>	<u>-</u>	<u>20,886</u>	<u>2,909</u>
	<u>P 47,294</u>	<u>P 16,067</u>	<u>P 20,886</u>	<u>P 10,341</u>

December 31, 2021

Financial assets at FVTPL:				
Currency swaps	P 617	P 572	P -	P 45
Interest rate swaps	64	59	-	5
Loans and receivables – Receivables from customers	<u>29,497</u>	<u>-</u>	<u>26,216</u>	<u>3,281</u>
	<u>P 30,178</u>	<u>P 631</u>	<u>P 26,216</u>	<u>P 3,331</u>

Parent Bank

December 31, 2022

Financial assets at FVOCI	P 2,508	P 2,298	P -	P 210
Investment securities at amortized cost	13,683	10,380	-	3,303
Financial assets at FVTPL:				
Currency swaps	111	110	-	1
Interest rate swaps	67	66	-	1
Loans and receivables – Receivables from customers	<u>20,363</u>	<u>-</u>	<u>20,363</u>	<u>-</u>
	<u>P 36,732</u>	<u>P 12,854</u>	<u>P 20,363</u>	<u>P 3,515</u>

Parent Bank

	<u>Financial Assets</u>	<u>Financial Liabilities Available for Set-off</u>	<u>Collateral Received</u>	<u>Net Amount</u>
<u>December 31, 2021</u>				
Financial assets at FVTPL:				
Currency swaps	P 5	P 5	P -	P -
Interest rate swaps	54	53	-	1
Loans and receivables –				
Receivables from customers	<u>26,045</u>	<u>-</u>	<u>26,045</u>	<u>-</u>
	<u>P 26,104</u>	<u>P 58</u>	<u>P 26,045</u>	<u>P 1</u>

The currency forwards and interest rate swaps relate to accrued interest receivable and accrued interest payable subject to enforceable master netting arrangements but were not set-off and presented at gross in the statements of financial position.

The following financial liabilities with net amounts presented in the statements of financial position of the BDO Unibank Group and the Parent Bank are subject to offsetting, enforceable master netting arrangements and similar agreements.

BDO Unibank Group

	<u>Financial Liabilities</u>	<u>Financial Assets Available for Set-off</u>	<u>Collateral Given</u>	<u>Net Amount</u>
<u>December 31, 2022</u>				
Deposit liabilities	P 38,295	P 20,886	P -	P 17,409
Bills payable	15,179	-	15,179	-
Derivatives with negative fair values:				
Currency swaps	1,070	819	-	251
Interest rate swaps	<u>79</u>	<u>69</u>	<u>-</u>	<u>10</u>
	<u>P 54,623</u>	<u>P 21,774</u>	<u>P 15,179</u>	<u>P 17,670</u>
<u>December 31, 2021</u>				
Deposit liabilities	P 32,393	P 26,216	P -	P 6,177
Bills payable	1,088	-	1,088	-
Derivatives with negative fair values:				
Currency swaps	629	572	-	57
Interest rate swaps	<u>72</u>	<u>59</u>	<u>-</u>	<u>13</u>
	<u>P 34,182</u>	<u>P 26,847</u>	<u>P 1,088</u>	<u>P 6,247</u>

Parent Bank

	<u>Financial Liabilities</u>	<u>Financial Assets Available for Set-off</u>	<u>Collateral Given</u>	<u>Net Amount</u>
<u>December 31, 2022</u>				
Deposit liabilities	P 37,772	P 20,363	P -	P 17,409
Bills payable	12,679	-	12,679	-
Derivatives with negative fair values:				
Currency swaps	361	110	-	251
Interest rate swaps	<u>75</u>	<u>66</u>	<u>-</u>	<u>9</u>
	<u>P 50,887</u>	<u>P 20,539</u>	<u>P 12,679</u>	<u>P 17,669</u>
<u>December 31, 2021</u>				
Deposit liabilities	P 32,222	P 26,045	P -	P 6,177
Derivatives with negative fair values:				
Currency swaps	62	5	-	57
Interest rate swaps	<u>66</u>	<u>53</u>	<u>-</u>	<u>13</u>
	<u>P 32,350</u>	<u>P 26,103</u>	<u>P -</u>	<u>P 6,247</u>

For the financial assets and financial liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the BDO Unibank Group and counterparties allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis; however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

8. CASH AND BALANCES WITH THE BSP

These accounts are composed of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash and other cash items	<u>P 82,944</u>	P 69,105	<u>P 80,666</u>	P 66,440
Due from BSP:				
Mandatory reserves	308,817	271,953	306,448	269,707
Other than mandatory reserves	<u>76,962</u>	<u>32,953</u>	<u>75,762</u>	<u>32,953</u>
	<u>385,779</u>	<u>304,906</u>	<u>382,210</u>	<u>302,660</u>
	<u>P 468,723</u>	<u>P 374,011</u>	<u>P 462,876</u>	<u>P 369,100</u>

Mandatory reserves represent the balance of the deposit accounts maintained with the BSP to meet reserve requirements and to serve as clearing accounts for interbank claims (see Note 17).

The Parent Bank opened a Special Savings Account (SSA) with the BSP to comply with InstaPay facility requirement. As of December 31, 2022 and 2021, the balance of this account amounted to P706 and P770, respectively, and is presented as part of Due from BSP.

In 2022, the Parent Bank opened a Demand Deposit Account 3 with the BSP for PESONet transactions. As of December 31, 2022, the balance of this account amounted to P14,431 and is presented as part of Due from BSP.

Due from BSP, excluding mandatory reserves which has no interest, bears annual interest rate as follows:

<u>2022</u>	<u>2021</u>	<u>2020</u>
1.50% – 6.45%	1.50% – 1.96%	1.50% – 4.13%

The total interest income earned amounted to P2,558, P1,487 and P1,892 in 2022, 2021 and 2020, respectively, in BDO Unibank Group's statements of income, and P2,533, P1,483 and P1,886 in 2022, 2021 and 2020, respectively, in the Parent Bank's statements of income (see Note 23).

Cash and other cash items and balances with the BSP are included in cash and cash equivalents for statements of cash flows purposes.

9. DUE FROM OTHER BANKS

The balance of this account represents deposits with the following:

Note	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Foreign banks	P 53,513	P 66,185	P 49,995	P 63,193
Local banks	<u>5,268</u>	<u>3,907</u>	<u>1,074</u>	<u>1,156</u>
	58,781	70,092	51,069	64,349
Allowance for impairment 16	(<u>15</u>)	-	(<u>14</u>)	-
	<u>P 58,766</u>	<u>P 70,092</u>	<u>P 51,055</u>	<u>P 64,349</u>

The breakdown of this account as to currency follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
U.S. dollars	P 45,474	P 57,669	P 41,778	P 54,480
Other foreign currencies	9,712	10,732	8,833	9,708
Philippine pesos	<u>3,580</u>	<u>1,691</u>	<u>444</u>	<u>161</u>
	<u>P 58,766</u>	<u>P 70,092</u>	<u>P 51,055</u>	<u>P 64,349</u>

Annual interest rates on these deposits range from:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
BDO Unibank Group	0.00% – 5.50%	0.00% – 1.50%	0.00% – 3.38%
Parent Bank	0.00% – 4.40%	0.00% – 1.00%	0.00% – 1.00%

There are deposits such as current accounts, which do not earn interest. The total interest income earned amounted to P808, P67, and P266 in 2022, 2021, and 2020, respectively, in the BDO Unibank Group's statements of income, and P674, P50, and P234, in 2022, 2021, and 2020, respectively, in the Parent Bank's statements of income (see Note 23). Due from other banks are included in cash and cash equivalents for statements of cash flows purposes.

10. TRADING AND INVESTMENT SECURITIES

The components of this account are shown below.

	<u>Note</u>	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Financial assets at FVTPL	10.1	P 44,712	P 47,934	P 5,883	P 4,616
Financial assets at FVOCI	10.2	166,069	170,793	109,647	115,965
Investment securities at amortized cost - net	10.3	<u>512,049</u>	<u>397,534</u>	<u>491,259</u>	<u>377,382</u>
		<u>P 722,830</u>	<u>P 616,261</u>	<u>P 606,789</u>	<u>P 497,963</u>

10.1 Financial Assets at FVTPL

This account is composed of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Derivative financial assets	P 8,613	P 6,232	P 3,468	P 2,469
Government debt securities	7,135	5,427	2,207	1,919
Corporate debt securities	<u>2,983</u>	<u>4,679</u>	<u>207</u>	<u>227</u>
	18,731	16,338	5,882	4,615
Equity securities - quoted	<u>25,981</u>	<u>31,596</u>	<u>1</u>	<u>1</u>
	<u>P 44,712</u>	<u>P 47,934</u>	<u>P 5,883</u>	<u>P 4,616</u>

All financial assets at FVTPL are held for trading. The following table shows net income (loss) contributed by financial assets at FVTPL to the BDO Unibank Group and the Parent Bank.

	Notes	BDO Unibank Group		
		<u>2022</u>	<u>2021</u>	<u>2020</u>
Interest income	23	P 103	P 92	P 122
Trading gain (loss) - net	25	(728)	(214)	1,261
Dividend income	25	66	118	71
Foreign exchange gain (loss)	25	(357)	71	(214)
Total other income (loss)		(1,019)	(25)	1,118
Total other expenses		1	1	2
Net income/(loss)		(P 917)	P 66	P 1,238

	Notes	Parent Bank		
		<u>2022</u>	<u>2021</u>	<u>2020</u>
Interest income	23	P 69	P 59	P 84
Trading gain (loss) - net	25	(333)	(648)	1,422
Net income (loss)		(P 264)	(P 589)	P 1,506

Effective interest rates of debt securities at FVTPL for both BDO Unibank Group and the Parent Bank range from:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
BDO Unibank Group			
Government debt securities	1.37% – 10.63%	0.88% – 10.62%	0.63% – 10.63%
Corporate debt securities	0.09% – 8.51%	0.09% – 8.51%	0.09% – 8.51%
Parent Bank			
Government debt securities	1.38% – 9.50%	0.88% – 9.50%	0.63% – 10.63%
Corporate debt securities	2.13% – 8.51%	2.50% – 8.51%	3.00% – 8.51%

Foreign currency-denominated securities amounted to P7,857 and P6,622 as of December 31, 2022 and 2021, respectively, in the BDO Unibank Group's statements of financial position, and P3,649 and P2,759 as of December 31, 2022 and 2021, respectively, in the Parent Bank's statements of financial position.

Derivative instruments used by BDO Unibank Group include foreign currency and interest rate forwards/futures, foreign currency and interest rate swaps. Foreign currency and interest rate forwards/futures represent commitments to purchase or sell or contractual obligations to receive or pay a new amount based on changes in currency rates or interest rates on a future date at a specified price. Foreign currency and interest rate swaps are commitments to exchange one set of cash flows for another. Income derived from these derivative instruments are part of trading gains/(losses) (see Note 25).

The aggregate contractual or notional amount of derivative financial instruments and the total fair values of derivative financial assets and financial liabilities are shown below [see Notes 21 and 27(d)(i)(4)].

	2022			2021		
	Notional Amount	Fair Values		Notional Amount	Fair Values	
		Assets	Liabilities		Assets	Liabilities
BDO Unibank Group						
Currency forwards/futures	P 287,952	P 2,913	P 3,026	P 313,246	P 2,091	P 2,118
Cross currency swaps	70,995	5,630	4,602	54,243	4,041	3,440
Interest rate swaps	9,320	70	81	13,986	99	93
Interest rate future sold trading	1,417	-	-	1,661	1	-
ROP warrants	8,475	-	100	8,475	-	91
	<u>P 378,159</u>	<u>P 8,613</u>	<u>P 7,809</u>	<u>P 391,611</u>	<u>P 6,232</u>	<u>P 5,742</u>

Parent Bank

Currency forwards/futures	P 285,316	P 2,896	P 3,008	P 309,373	P 2,086	P 2,045
Cross currency swaps	9,781	505	453	8,792	329	259
Interest rate swaps	8,220	67	75	8,986	54	66
ROP warrants	8,475	-	100	8,475	-	92
	<u>P 311,792</u>	<u>P 3,468</u>	<u>P 3,636</u>	<u>P 335,626</u>	<u>P 2,469</u>	<u>P 2,462</u>

Certain financial assets at FVTPL are subject to offsetting against the related derivatives with negative fair values. This indicates an enforceable master netting arrangements and similar agreements with an intention to settle on a net basis (see Note 7.6).

10.2 Financial Assets at FVOCI

The details of the carrying amounts of these financial assets are as follows:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Government debt securities	P 109,782	P 110,182	P 66,465	P 71,798
Corporate debt securities	51,572	55,279	41,641	42,297
Equity securities:				
Quoted	4,562	5,010	1,428	1,588
Not quoted	153	322	113	282
	<u>P 166,069</u>	<u>P 170,793</u>	<u>P 109,647</u>	<u>P 115,965</u>

As to currency, this account is composed of the following:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Foreign currencies	P 80,243	P 86,804	P 71,632	P 74,197
Philippine peso	85,826	83,989	38,015	41,768
	<u>P 166,069</u>	<u>P 170,793</u>	<u>P 109,647</u>	<u>P 115,965</u>

The maturity profile of this account is presented below.

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Within one year	P 17,722	P 17,781	P 13,164	P 13,743
One to five years	60,848	64,349	43,368	46,361
Beyond five years	87,499	88,663	53,115	55,861
	<u>P 166,069</u>	<u>P 170,793</u>	<u>P 109,647</u>	<u>P 115,965</u>

Effective interest rates of financial assets at FVOCI range from:

	2022	2021	2020
BDO Unibank Group			
Government debt securities	0.53% – 5.75%	0.06% – 5.69%	0.06% – 6.77%
Corporate debt securities	1.87% – 8.76%	0.42% – 7.38%	0.82% – 8.29%
Parent Bank			
Government debt securities	0.54% – 5.75%	0.54% – 5.69%	1.50% – 6.77%
Corporate debt securities	1.87% – 8.76%	1.66% – 7.38%	2.14% – 8.29%

The fair values of government debt, quoted equity securities and corporate debt securities have been determined directly by reference to published prices generated in an active market (see Note 7.3).

The reconciliation of the carrying amounts of financial assets at FVOCI is as follows:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Balance at beginning of year	P 170,793	P 184,881	P 115,965	P 126,922
Additions	285,428	476,166	258,499	446,867
Disposals	(279,483)	(489,677)	(259,519)	(459,326)
Unrealized fair value losses	(18,457)	(5,259)	(11,945)	(2,524)
Foreign currency revaluation	7,821	4,963	6,675	4,199
Realized fair value losses on FVOCI	(33)	(309)	(28)	(201)
Reclassification	-	28	-	28
Balance at end of year	<u>P 166,069</u>	<u>P 170,793</u>	<u>P 109,647</u>	<u>P 115,965</u>

The reconciliation of unrealized fair value losses on financial assets at FVOCI reported under equity is shown below.

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Balance at beginning of year	(P 1,630)	P 4,008	(P 348)	P 2,459
Changes on unrealized fair value gains (losses) during the year:				
Fair value losses during the year	(18,381)	(5,230)	(11,945)	(2,524)
Expected credit losses on FVOCI securities	67	(88)	65	(71)
Deferred tax assets (liabilities) Adjustment	21	(11)	22	(11)
	<u>6</u>	<u>-</u>	<u>6</u>	<u>-</u>
	(19,917)	(1,321)	(12,200)	(147)
Realized fair value gains on securities disposed during the year - net	(33)	(309)	(28)	(201)
Balance at end of year	(P 19,950)	(P 1,630)	(P 12,228)	(P 348)
Net unrealized fair value gains (losses), net of tax:				
Attributable to:				
Shareholder of the Parent Bank	(P 18,381)	(P 5,230)		
Non-controlling interest	(76)	(29)		
	(P 18,457)	(P 5,259)		

The Parent Bank disposed of FVOCI securities under equity amounting to P6 and P3,222 in 2022 and 2021, respectively, while the BDO Unibank Group disposed a total of FVOCI equity securities amounting to P181 and P5,454 in 2022 and 2021, respectively.

Unrealized fair value gains and losses recognized in the NUGL account is not reclassified to profit or loss but is reclassified directly to Surplus Free account except for those debt securities classified as FVOCI wherein fair value changes are recycled back to profit or loss.

The BDO Unibank Group and the Parent Bank recognized gain on disposal of FVOCI securities amounting to P8 and P13, respectively, in 2022, P278 and P191, respectively, in 2021, and P644 and P178, respectively in 2020.

Impairment losses (recoveries) recognized for FVOCI debt securities presented in NUGL for BDO Unibank Group and the Parent Bank amounted to P67 and P65, respectively, in 2022, (P88) and (P71), respectively, in 2021 and P37 and P36, respectively, in 2020. The total accumulated impairment losses presented in NUGL for the BDO Unibank Group and the Parent Bank amounted to P117 and P102, respectively, as of December 31, 2022, and P50 and P37, respectively, as of December 31, 2021 (see Note 4.3.5).

10.3 Investment Securities at Amortized Cost

This account consists of:

	Note	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Government debt securities		P 442,970	P 334,935	P 427,074	P 320,925
Corporate debt securities:					
Quoted		66,832	59,255	64,306	56,523
Not quoted		3,901	4,815	1,519	1,389
		513,703	399,005	492,899	378,837
Allowance for impairment	16	(1,654)	(1,471)	(1,640)	(1,455)
		P 512,049	P 397,534	P 491,259	P 377,382

As to currency, this account is composed of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Foreign currencies	P 196,188	P 164,529	P 190,632	P 159,235
Philippine peso	315,861	233,005	300,627	218,147
	P 512,049	P 397,534	P 491,259	P 377,382

The maturity profile of this account is presented below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Less than one year	P 29,342	P 29,285	P 27,561	P 27,101
One to five years	227,742	166,980	211,611	155,595
Beyond five years	254,965	201,269	252,087	194,686
	P 512,049	P 397,534	P 491,259	P 377,382

The reconciliation of the carrying amounts of investment securities at amortized cost is as follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 397,534	P 286,819	P 377,382	P 267,672
Additions	161,048	169,502	155,379	161,191
Maturities and disposals	(61,913)	(68,042)	(56,413)	(60,412)
Foreign currency gains - net	15,449	9,063	14,983	8,741
Impairment loss	(69)	192	(72)	190
Balance at end of year	P 512,049	P 397,534	P 491,259	P 377,382

Effective interest rates of investment securities at amortized cost for both BDO Unibank Group and Parent Bank range from:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
BDO Unibank Group			
Government debt securities	0.18% – 8.64%	0.05% – 7.60%	0.20% – 7.60%
Corporate debt securities	1.27% – 7.82%	1.29% – 8.41%	0.39% – 8.41%
Parent Bank			
Government debt securities	0.18% – 7.56%	0.05% – 7.60%	0.20% – 7.60%
Corporate debt securities	1.82% – 7.82%	1.82% – 7.82%	0.39% – 7.82%

In 2022, the BDO Unibank Group and the Parent Bank disposed of debt securities from its amortized cost portfolio amounting to P1,801 and P749, respectively, resulting in a trading net gain amounting to P13 and P13, respectively. These disposals were all initiated by the issuers. In 2021, the BDO Unibank Group and the Parent Bank disposed of debt securities from its amortized cost portfolio amounting to P1,565 and P285, respectively, resulting in a trading net gain amounting to P78 and P30, respectively. These disposals were initiated by the Parent Bank because of the deteriorating profile of the securities sold. Management has assessed that such disposals of investment securities in 2022 and 2021 are consistent with the BDO Unibank Group and the Parent Bank's investment at amortized cost business model with the objective of collecting contractual cash flows and have qualified under the permitted sale events set forth in the BDO Unibank Group's business model in managing financial assets manual and the requirements of PFRS 9. The disposal of investment securities was approved by the Investments Committee in compliance with the documentation requirements of the BSP.

As mentioned in Note 28, certain government debt securities are deposited with the BSP.

11. LOANS AND OTHER RECEIVABLES

This account consists of the following:

	Notes	BDO Unibank Group		Parent Bank	
		2022	2021	2022	2021
Receivables from customers:					
Loans and discounts	27	P 2,391,044	P 2,205,151	P 2,314,453	P 2,156,282
Credit card receivables		127,922	106,789	127,922	106,789
Customers' liabilities under letters of credit and trust receipts		85,295	80,217	85,295	80,217
Bills purchased		10,895	8,360	10,885	8,358
		<u>2,615,156</u>	<u>2,400,517</u>	<u>2,538,555</u>	<u>2,351,646</u>
Unearned interests or discounts		(1,345)	(324)	(911)	(95)
Allowance for impairment	16	(73,776)	(65,259)	(71,576)	(63,274)
		<u>(75,121)</u>	<u>(65,583)</u>	<u>(72,487)</u>	<u>(63,369)</u>
		<u>2,540,035</u>	<u>2,334,934</u>	<u>2,466,068</u>	<u>2,288,277</u>
Other receivables:					
Interbank loans receivables		115,694	90,721	119,045	90,721
Reverse repurchase agreements		26,305	17,095	26,091	15,800
Accounts receivable	27	14,738	8,315	11,118	6,277
Sales contract receivables		1,421	1,283	1,323	1,226
Others		<u>1,292</u>	<u>1,039</u>	<u>-</u>	<u>-</u>
		159,450	118,453	157,577	114,024
Allowance for impairment	16	(2,584)	(2,484)	(2,424)	(2,318)
		<u>156,866</u>	<u>115,969</u>	<u>155,153</u>	<u>111,706</u>
		<u>P 2,696,901</u>	<u>P 2,450,903</u>	<u>P 2,621,221</u>	<u>P 2,399,983</u>

The maturity profile of receivable from customers (net of unearned interest or discounts) based on the remaining term is presented below.

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Less than one year	P 760,822	P 715,409	P 754,313	P 708,816
One to five years	1,010,599	830,392	955,786	795,591
Beyond five years	<u>842,390</u>	<u>854,392</u>	<u>827,545</u>	<u>847,144</u>
	<u>P 2,613,811</u>	<u>P 2,400,193</u>	<u>P 2,537,644</u>	<u>P 2,351,551</u>

The breakdown of total loans (receivable from customers, net of unearned interests or discounts) as to type of interest rate follows:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Variable interest rates	P 1,993,259	P 1,885,493	P 1,986,204	P 1,873,116
Fixed interest rates	<u>620,552</u>	<u>514,700</u>	<u>551,440</u>	<u>478,435</u>
	<u>P 2,613,811</u>	<u>P 2,400,193</u>	<u>P 2,537,644</u>	<u>P 2,351,551</u>

Annual interest rates ranges from:

	2022	2021	2020
Loans and discounts	0.00% – 60.96%	0.00% – 60.96%	0.00% – 43.68%
Other receivables	0.00% – 19.00%	0.03% – 19.00%	0.04% – 19.00%

The total interest income earned amounted to:

		BDO Unibank Group		
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Loans and discounts		P 138,080	P 123,545	P 137,590
Other receivables		<u>2,680</u>	<u>1,003</u>	<u>1,146</u>
	23	<u>P 140,760</u>	<u>P 124,548</u>	<u>P 138,736</u>
		Parent Bank		
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Loans and discounts		P 131,465	P 118,667	P 133,261
Other receivables		<u>2,571</u>	<u>899</u>	<u>1,068</u>
	23	<u>P 134,036</u>	<u>P 119,566</u>	<u>P 134,329</u>

Interest income recognized on impaired loans and receivables amounted to P6,398, P6,046 and P4,557 in 2022, 2021 and 2020, respectively, for the BDO Unibank Group, and P6,395, P6,025 and P4,353 in 2022, 2021 and 2020, respectively, for the Parent Bank.

Certain receivables from customers of the BDO Unibank Group and the Parent Bank amounting to P23,795 and P20,363, respectively, in 2022 and P29,497 and P26,045, respectively, in 2021, are subject to offsetting with the corresponding collaterals received as a means of security amounting to P20,886 and P20,363, respectively, in 2022, and P26,216 and P26,045, respectively, for 2021, indicating a legally enforceable right to offset the recognized amounts with an intention to settle on a net basis (see Note 7.6).

Impairment losses recognized for loans and receivables for BDO Unibank Group and the Parent Bank amounted to P16,414 and P15,665, respectively, in 2022, P17,222 and P17,006, respectively, in 2021, and P29,519 and P28,905, respectively, in 2020 (see Note 16).

12. PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment of premises, furniture, fixtures and equipment at the beginning and end of 2022 and 2021 are shown below and in the succeeding page.

BDO Unibank Group

		<u>Land</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvement</u>	<u>Construction in Progress</u>	<u>Right-of- Use Assets</u>	<u>Total</u>
December 31, 2022								
Cost	P	8,430	P 29,066	P 25,345	P 8,660	P 1,266	P 19,561	P 92,328
Accumulated depreciation and amortization		-	(19,682)	(10,047)	(7,295)	-	(8,189)	(45,213)
Allowance for impairment (see Note 16)	(	340)	-	(304)	-	-	-	(644)
Net Carrying Amount		<u>P 8,090</u>	<u>P 9,384</u>	<u>P 14,994</u>	<u>P 1,365</u>	<u>P 1,266</u>	<u>P 11,372</u>	<u>P 46,471</u>
December 31, 2021								
Cost	P	8,409	P 27,867	P 24,044	P 8,373	P 1,316	P 16,704	P 86,713
Accumulated depreciation and amortization		-	(18,527)	(9,384)	(6,902)	-	(6,446)	(41,259)
Allowance for impairment (see Note 16)	(	343)	-	(304)	-	-	-	(647)
Net Carrying Amount		<u>P 8,066</u>	<u>P 9,340</u>	<u>P 14,356</u>	<u>P 1,471</u>	<u>P 1,316</u>	<u>P 10,258</u>	<u>P 44,807</u>
January 1, 2021								
Cost	P	8,405	P 27,194	P 22,792	P 7,823	P 977	P 14,420	P 81,611
Accumulated depreciation and amortization		-	(17,532)	(8,343)	(6,299)	-	(4,460)	(36,634)
Allowance for impairment (see Note 16)	(	271)	-	(376)	-	-	-	(647)
Net Carrying Amount		<u>P 8,134</u>	<u>P 9,662</u>	<u>P 14,073</u>	<u>P 1,524</u>	<u>P 977</u>	<u>P 9,960</u>	<u>P 44,330</u>

Parent Bank

		<u>Land</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvement</u>	<u>Construction in Progress</u>	<u>Right-of- Use Assets</u>	<u>Total</u>
December 31, 2022								
Cost	P	7,693	P 24,804	P 23,466	P 7,674	P 1,250	P 18,911	P 83,798
Accumulated depreciation and amortization		-	(16,859)	(9,409)	(6,678)	-	(7,962)	(40,908)
Allowance for impairment (see Note 16)	(	197)	-	(299)	-	-	-	(496)
Net Carrying Amount		<u>P 7,496</u>	<u>P 7,945</u>	<u>P 13,758</u>	<u>P 996</u>	<u>P 1,250</u>	<u>P 10,949</u>	<u>P 42,394</u>
December 31, 2021								
Cost	P	7,669	P 23,434	P 22,734	P 7,497	P 1,314	P 16,252	P 78,900
Accumulated depreciation and amortization		-	(15,468)	(8,781)	(6,273)	-	(6,296)	(36,818)
Allowance for impairment (see Note 16)	(	197)	-	(299)	-	-	-	(496)
Net Carrying Amount		<u>P 7,472</u>	<u>P 7,966</u>	<u>P 13,654</u>	<u>P 1,224</u>	<u>P 1,314</u>	<u>P 9,956</u>	<u>P 41,586</u>
January 1, 2021								
Cost	P	7,665	P 22,151	P 21,517	P 7,060	P 970	P 14,142	P 73,505
Accumulated depreciation and amortization		-	(14,303)	(7,807)	(5,740)	-	(4,327)	(32,177)
Allowance for impairment (see Note 16)	(	125)	-	(371)	-	-	-	(496)
Net Carrying Amount		<u>P 7,540</u>	<u>P 7,848</u>	<u>P 13,339</u>	<u>P 1,320</u>	<u>P 970</u>	<u>P 9,815</u>	<u>P 40,832</u>

A reconciliation of the carrying amounts at the beginning and end of 2022 and 2021 of premises, furniture, fixtures and equipment is shown below and in the succeeding page.

BDO Unibank Group

	<u>Land</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvement</u>	<u>Construction in Progress</u>	<u>Right-of- Use Assets</u>	<u>Total</u>
Balance at January 1, 2022, net of accumulated depreciation, amortization and impairment	P 8,066	P 9,340	P 14,356	P 1,471	P 1,316	P 10,258	P 44,807
Additions	24	2,635	280	463	486	4,683	8,571
Disposals	(3)	(237)	-	(19)	-	(54)	(313)
Reclassifications	-	236	1,024	100	(519)	-	841
Allowance for impairment	3	-	-	-	-	-	3
Adjustments	-	-	-	-	-	(115)	(115)
Reversal	-	-	(12)	-	(17)	-	(29)
Foreign exchange revaluation	-	1	8	3	-	3	15
Depreciation and amortization charges for the year	-	(2,521)	(662)	(653)	-	(3,403)	(7,309)
Balance at December 31, 2022, net of accumulated depreciation, amortization and impairment	<u>P 8,090</u>	<u>P 9,384</u>	<u>P 14,994</u>	<u>P 1,365</u>	<u>P 1,266</u>	<u>P 11,372</u>	<u>P 46,471</u>
Balance at January 1, 2021, net of accumulated depreciation, amortization and impairment	P 8,134	P 9,662	P 14,073	P 1,524	P 977	P 9,960	P 44,330
Additions	21	2,084	664	568	516	3,216	7,069
Disposals	-	(101)	(47)	(13)	-	-	(161)
Reclassifications	(72)	218	721	73	(172)	-	768
Adjustments	-	-	-	(1)	-	(406)	(407)
Reversal	(17)	-	-	(2)	(5)	-	(24)
Foreign exchange revaluation	-	1	5	1	-	4	11
Depreciation and amortization charges for the year	-	(2,524)	(1,060)	(679)	-	(2,516)	(6,779)
Balance at December 31, 2021, net of accumulated depreciation, amortization and impairment	<u>P 8,066</u>	<u>P 9,340</u>	<u>P 14,356</u>	<u>P 1,471</u>	<u>P 1,316</u>	<u>P 10,258</u>	<u>P 44,807</u>

Parent Bank

	<u>Land</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Buildings</u>	<u>Leasehold Rights and Improvement</u>	<u>Construction in Progress</u>	<u>Right-of- Use Assets</u>	<u>Total</u>
Balance at January 1, 2022, net of accumulated depreciation, amortization and impairment	P 7,472	P 7,966	P 13,654	P 1,224	P 1,314	P 9,956	P 41,586
Additions	24	1,876	239	230	470	4,414	7,253
Disposals	-	(120)	-	(19)	-	(53)	(192)
Reclassifications	-	236	505	100	(517)	-	324
Adjustment	-	-	-	-	-	(100)	(100)
Reversal	-	-	(12)	-	(17)	-	(29)
Foreign exchange revaluation	-	1	-	2	-	4	7
Depreciation and amortization charges for the year	-	(2,014)	(628)	(541)	-	(3,272)	(6,455)
Balance at December 31, 2022, net of accumulated depreciation, amortization and impairment	<u>P 7,496</u>	<u>P 7,945</u>	<u>P 13,758</u>	<u>P 996</u>	<u>P 1,250</u>	<u>P 10,949</u>	<u>P 42,394</u>
Balance at January 1, 2021, net of accumulated depreciation, amortization and impairment	P 7,540	P 7,848	P 13,339	P 1,320	P 970	P 9,815	P 40,832
Additions	21	1,722	630	425	516	2,951	6,265
Disposals	-	(7)	(46)	(13)	-	-	(66)
Reclassifications	(72)	218	717	72	(167)	-	768
Adjustment	-	-	-	-	-	(407)	(407)
Reversal	(17)	-	-	-	(5)	-	(22)
Foreign exchange revaluation	-	-	-	1	-	5	6
Depreciation and amortization charges for the year	-	(1,815)	(986)	(581)	-	(2,408)	(5,790)
Balance at December 31, 2021, net of accumulated depreciation, amortization and impairment	<u>P 7,472</u>	<u>P 7,966</u>	<u>P 13,654</u>	<u>P 1,224</u>	<u>P 1,314</u>	<u>P 9,956</u>	<u>P 41,586</u>

Under BSP rules, investments in premises, furniture, fixtures and equipment should not exceed 50.00% of a bank's unimpaired capital. As of December 31, 2022 and 2021, the BDO Unibank Group and the Parent Bank have complied with this requirement.

Certain fully depreciated premises, furniture, fixtures and equipment as of December 31, 2022 and 2021 are still being used in operations with acquisition costs amounting to P9,557 and P8,298, respectively, in the BDO Unibank Group's financial statements and P8,016 and P7,532, respectively, in the Parent Bank's financial statements.

13. LEASES

The BDO Unibank Group and the Parent Bank have leases for certain land and building. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected as a Right-of-use asset under Premises, Furniture, Fixtures and Equipment (see Note 12) and a Lease liability under Other Liabilities (see Note 21) on the statements of financial position.

Each lease generally imposes a restriction that, unless there is a contractual right for the BDO Unibank Group and the Parent Bank to sublet the asset to another party, the right-of-use asset can only be used by the BDO Unibank Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The BDO Unibank Group and the Parent Bank are prohibited from selling or pledging the underlying leased assets as security. For leases over land and office spaces, the BDO Unibank Group and the Parent Bank must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the BDO Unibank Group and the Parent Bank must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The tables below describe the nature of BDO Unibank Group and the Parent Bank's leasing activities by type of right-of-use asset recognized as part of Premises, Furniture, Fixtures and Equipment in the statements of financial position as of December 31, 2022 and 2021.

	Number of Right-of-use Asset Leased		Range of Remaining Term		Average Remaining Lease Term	
	2022	2021	2022	2021	2022	2021
<u>BDO Unibank Group</u>						
Land	57	58	0 mos. – 27 yrs.	4 mos. – 28 yrs.	12 yrs.	12 yrs.
Building	1,631	1,568	1 mo. – 15 yrs.	1 mo. – 16 yrs.	3.7 yrs.	2.2 yrs.
<u>Parent Bank</u>						
Land	57	58	2 mos. – 27 yrs.	4 mos. – 28 yrs.	12 yrs.	12 yrs.
Building	1,325	1,281	1 mo. – 15.1 yrs.	1 mo. – 16 yrs.	4 yrs.	4 yrs.

13.1 *Right-of-Use Assets*

The carrying amounts of BDO Unibank Group and the Parent Bank's right-of-use assets as at December 31, 2022 and 2021 and the movements during the period are shown below (see Note 12).

BDO Unibank Group

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2022	P 434	P 9,824	P 10,258
Additions	72	4,611	4,683
Disposal	-	(54)	(54)
Adjustment	-	(115)	(115)
Foreign exchange revaluation	-	3	3
Depreciation and amortization	(60)	(3,343)	(3,403)
Balance at December 31, 2022	<u>P 446</u>	<u>P 10,926</u>	<u>P 11,372</u>
Balance at January 1, 2021	P 416	P 9,544	P 9,960
Additions	44	3,172	3,216
Reclassification	38	(38)	-
Adjustment	(6)	(400)	(406)
Foreign exchange revaluation	-	4	4
Depreciation and amortization	(58)	(2,458)	(2,516)
Balance at December 31, 2021	<u>P 434</u>	<u>P 9,824</u>	<u>P 10,258</u>

Parent Bank

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2022	P 459	P 9,497	P 9,956
Additions	72	4,342	4,414
Disposal	-	(53)	(53)
Adjustment	-	(100)	(100)
Foreign exchange revaluation	-	4	4
Depreciation and amortization	(60)	(3,212)	(3,272)
Balance at December 31, 2022	<u>P 471</u>	<u>P 10,478</u>	<u>P 10,949</u>
Balance at January 1, 2021	P 444	P 9,371	P 9,815
Additions	44	2,907	2,951
Reclassification	38	(38)	-
Adjustment	(7)	(400)	(407)
Foreign exchange revaluation	-	5	5
Depreciation and amortization	(60)	(2,348)	(2,408)
Balance at December 31, 2021	<u>P 459</u>	<u>P 9,497</u>	<u>P 9,956</u>

13.2 *Lease Liabilities*

Lease liabilities amounting to P13,344 and P12,087 as at December 31, 2022 and 2021, respectively, for the BDO Unibank Group and P12,927 and P11,800, as at December 31, 2022 and 2021, respectively, for the Parent Bank are presented in the statements of financial position as part of Other Liabilities (see Note 21).

The use of extension and termination options gives the BDO Unibank Group and the Parent Bank added flexibility in the event that it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the BDO Unibank Group and the Parent Bank's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost. As at December 31, 2022, the terms of the lease contracts of the BDO Unibank Group and the Parent Bank are renewable upon mutual agreement of the parties.

As of December 31, 2022, the BDO Unibank Group and the Parent Bank had not committed to any lease which had not yet commenced.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analyses of lease liabilities at December 31, 2022 and 2021 for the BDO Unibank Group and the Parent Bank are as follows:

December 31, 2022

BDO Unibank Group

	<u>Within 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 3 Years</u>	<u>3 to 4 Years</u>	<u>4 to 5 Years</u>	<u>5 to 10 Years</u>	<u>10 or More Years</u>	<u>Total</u>
Lease payments	P 3,928	P 3,266	P 2,775	P 2,111	P 1,311	P 2,206	P 585	P 16,182
Finance charges	(784)	(601)	(449)	(290)	(188)	(386)	(140)	(2,838)
Net present value	<u>P 3,144</u>	<u>P 2,665</u>	<u>P 2,326</u>	<u>P 1,821</u>	<u>P 1,123</u>	<u>P 1,820</u>	<u>P 445</u>	<u>P 13,344</u>

Parent Bank

Lease payments	P 3,793	P 3,127	P 2,658	P 2,034	P 1,283	P 2,208	P 626	P 15,729
Finance charges	(763)	(587)	(427)	(287)	(188)	(395)	(155)	(2,802)
Net present value	<u>P 3,030</u>	<u>P 2,540</u>	<u>P 2,231</u>	<u>P 1,747</u>	<u>P 1,095</u>	<u>P 1,813</u>	<u>P 471</u>	<u>P 12,927</u>

December 31, 2021

BDO Unibank Group

	<u>Within 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 3 Years</u>	<u>3 to 4 Years</u>	<u>4 to 5 Years</u>	<u>5 to 10 Years</u>	<u>10 or More Years</u>	<u>Total</u>
Lease payments	P 3,495	P 2,826	P 2,306	P 1,803	P 1,370	P 2,256	P 517	P 14,573
Finance charges	(675)	(517)	(391)	(275)	(184)	(317)	(127)	(2,486)
Net present value	<u>P 2,820</u>	<u>P 2,309</u>	<u>P 1,915</u>	<u>P 1,528</u>	<u>P 1,186</u>	<u>P 1,939</u>	<u>P 390</u>	<u>P 12,087</u>

Parent Bank

Lease payments	P 3,386	P 2,727	P 2,227	P 1,779	P 1,355	P 2,263	P 561	P 14,298
Finance charges	(667)	(513)	(385)	(276)	(186)	(327)	(144)	(2,498)
Net present value	<u>P 2,719</u>	<u>P 2,214</u>	<u>P 1,842</u>	<u>P 1,503</u>	<u>P 1,169</u>	<u>P 1,936</u>	<u>P 417</u>	<u>P 11,800</u>

The BDO Unibank Group and the Parent Bank sublease its leased properties. The total income earned from the subleasing activities amounted to nil in 2022, 2021 and 2020 for the BDO Unibank Group and P6, P2 and P2 in 2022, 2021 and 2020, respectively, for the Parent Bank.

The total cash outflow in respect to leases amounted to P4,192, P3,238 and P2,940 in 2022, 2021 and 2020, respectively, for the BDO Unibank Group and P4,032, P3,100 and P2,828 in 2022, 2021 and 2020, respectively, for the Parent Bank. Interest expense in relation to lease liabilities amounted to P927, P817 and P690 in 2022, 2021 and 2020, respectively, for the BDO Unibank Group and P905, P807 and P675 in 2022, 2021 and 2020, respectively, for the Parent Bank which are, presented as part of Interest expense on lease liabilities under Interest Expense account in the statements of income (see Notes 21 and 24).

13.3 Lease Payments Not Recognized as Liabilities

The BDO Unibank Group and the Parent Bank have elected not to recognize a lease liability for short-term leases or for leases of low value assets. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities. Payments made under such leases are expensed as incurred.

The expenses relating to short-term leases and low-value assets amounted to P4 and P350 in 2022, P8 and P336 in 2021 and P4 and P269 in 2020 for the BDO Unibank Group, respectively, and nil and P348 in 2022, nil and P328 in 2021, and nil and P262 in 2020 for the Parent Bank, respectively. Moreover, expenses relating to variable lease payments amounted to P171, P114 and P171 for the BDO Unibank Group, and P171, P114 and P171 for the Parent Bank in 2022, 2021 and 2020, respectively. These are presented as part of Occupancy under Other Operating Expenses account in the statements of income (see Note 25).

14. INVESTMENT PROPERTIES

Investment properties include land and buildings held for capital appreciation and for rental. Income earned from investment properties under rental arrangements amounted to P590 and P83 in 2022, P431 and P86 in 2021, and P366 and P83 in 2020 in the BDO Unibank Group and the Parent Bank's financial statements, respectively, and are presented as part of Rental under Other Operating Income account (see Note 25). Direct expenses incurred from these properties such as taxes and licenses amounted to P61 and P3 in 2022, P34 and P3 in 2021, and P23 and P2 in 2020 in the BDO Unibank Group and the Parent Bank's financial statements, respectively, and are presented as part of Taxes and licenses under Other Operating Expenses account in the BDO Unibank Group and Parent Bank's financial statements, respectively (see Note 25).

The gross carrying amounts and accumulated depreciation and impairment at the beginning and end of 2022 and 2021 are shown below and in the succeeding page.

BDO Unibank Group

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
December 31, 2022			
Cost	P 10,457	P 18,393	P 28,850
Accumulated depreciation	-	(6,185)	(6,185)
Allowance for impairment (see Note 16)	(1,442)	(65)	(1,507)
Net carrying amount	<u>P 9,015</u>	<u>P 12,143</u>	<u>P 21,158</u>
December 31, 2021			
Cost	P 9,288	P 16,648	P 25,936
Accumulated depreciation	-	(5,412)	(5,412)
Allowance for impairment (see Note 16)	(1,658)	(71)	(1,729)
Net carrying amount	<u>P 7,630</u>	<u>P 11,165</u>	<u>P 18,795</u>

BDO Unibank Group

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1, 2021			
Cost			
Accumulated depreciation	P 9,176	P 13,310	P 22,486
Allowance for impairment	-	(4,773)	(4,773)
(see Note 16)	(<u>1,773</u>)	(<u>89</u>)	(<u>1,862</u>)
Net carrying amount	<u>P 7,403</u>	<u>P 8,448</u>	<u>P 15,851</u>

Parent Bank

December 31, 2022

Cost	P 8,199	P 11,530	P 19,729
Accumulated depreciation	-	(5,370)	(5,370)
Allowance for impairment			
(see Note 16)	(<u>1,162</u>)	(<u>24</u>)	(<u>1,186</u>)
Net carrying amount	<u>P 7,037</u>	<u>P 6,136</u>	<u>P 13,173</u>

December 31, 2021

Cost	P 7,029	P 10,473	P 17,502
Accumulated depreciation	-	(4,829)	(4,829)
Allowance for impairment			
(see Note 16)	(<u>1,378</u>)	(<u>32</u>)	(<u>1,410</u>)
Net carrying amount	<u>P 5,651</u>	<u>P 5,612</u>	<u>P 11,263</u>

January 1, 2021

Cost	P 6,916	P 10,775	P 17,691
Accumulated depreciation	-	(4,320)	(4,320)
Allowance for impairment			
(see Note 16)	(<u>1,493</u>)	(<u>43</u>)	(<u>1,536</u>)
Net carrying amount	<u>P 5,423</u>	<u>P 6,412</u>	<u>P 11,835</u>

A reconciliation of the carrying amounts, at the beginning and end of 2022 and 2021, of investment properties is shown below and in the succeeding page.

BDO Unibank Group

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2022, net of accumulated depreciation and impairment	P 7,630	P 11,165	P 18,795
Additions	1,681	3,044	4,725
Reclassifications	216	(509)	(293)
Disposals	(512)	(349)	(861)
Foreign exchange revaluation	-	(39)	(39)
Impairment loss	-	(2)	(2)
Depreciation for the year	<u>-</u>	<u>(1,167)</u>	<u>(1,167)</u>
Balance at December 31, 2022, net of accumulated depreciation and impairment	<u>P 9,015</u>	<u>P 12,143</u>	<u>P 21,158</u>
Balance at January 1, 2021, net of accumulated depreciation and impairment	P 7,403	P 8,448	P 15,851
Additions	606	4,415	5,021
Reclassifications	126	(466)	(340)
Disposals	(511)	(309)	(820)
Foreign exchange revaluation	6	84	90
Depreciation for the year	<u>-</u>	<u>(1,007)</u>	<u>(1,007)</u>
Balance at December 31, 2021, net of accumulated depreciation and impairment	<u>P 7,630</u>	<u>P 11,165</u>	<u>P 18,795</u>

Parent Bank

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2022, net of accumulated depreciation and impairment	P 5,651	P 5,612	P 11,263
Additions	1,681	1,778	3,459
Disposals	(511)	(349)	(860)
Reclassifications	216	8	224
Depreciation for the year	<u>-</u>	<u>(913)</u>	<u>(913)</u>
Balance at December 31, 2022, net of accumulated depreciation and impairment	<u>P 7,037</u>	<u>P 6,136</u>	<u>P 13,173</u>
Balance at January 1, 2021, net of accumulated depreciation and impairment	P 5,423	P 6,412	P 11,835
Additions	606	865	1,471
Disposals	(510)	(309)	(819)
Reclassifications	126	(472)	(346)
Foreign exchange revaluation	6	-	6
Depreciation for the year	<u>-</u>	<u>(884)</u>	<u>(884)</u>
Balance at December 31, 2021, net of accumulated depreciation and impairment	<u>P 5,651</u>	<u>P 5,612</u>	<u>P 11,263</u>

The fair value of investment properties as of December 31, 2022 and 2021, determined using observable recent prices of the reference properties adjusted for difference and replacement cost approach, amounted to P44,397 and P40,135, respectively, for the BDO Unibank Group's financial statements and P36,533 and P32,736, respectively, for the Parent Bank's financial statements. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 7.5.

The recoverable amount of impaired investment properties as of December 31, 2022 and 2021 was based on value in use computed through discounted cash flows method at an effective rate of 1.42% and 0.69% in 2022 and 2021, respectively.

BDO Unibank Group has no contractual obligations to purchase, construct or develop investment properties, or to repair, neither maintain or enhance the same nor are there any restrictions on the future use or realizability of the investment properties.

Real and other properties acquired (ROPA) in settlement of loans through foreclosure or dacion in payment are significantly accounted for as either: investment properties, financial assets at FVOCI, other resources or non-current assets held for sale.

As of December 31, 2022 and 2021, ROPA, gross of allowance, comprise of the following:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Investment properties	P 12,929	P 11,070	P 12,783	P 11,028
Financial assets at FVOCI	484	499	484	499
Non-current assets held for sale	3,462	1,954	3,462	1,952
	<u>P 16,875</u>	<u>P 13,523</u>	<u>P 16,729</u>	<u>P 13,479</u>

15. OTHER RESOURCES

The components of this account are shown below.

	Notes	BDO Unibank Group		Parent Bank	
		2022	2021	2022	2021
Foreign currency notes and coins on hand		P 10,582	P 5,597	P 10,582	P 5,597
Deferred charges	15.1	6,544	7,852	6,544	7,852
Equity investments	15.2	5,654	5,347	56,268	43,839
Deferred tax assets – net	31.1	5,355	6,768	5,028	6,262
Goodwill	15.3	4,535	4,535	1,391	1,391
Computer software – net	15.6	3,536	3,696	3,260	3,535
Credit card acquiring		3,490	1,226	3,490	1,226
Non-current assets held for sale	15.5	3,462	1,954	3,462	1,952
Branch licenses	15.4	3,020	3,020	3,020	3,020
Margin deposits		1,688	581	378	187
Prepaid documentary stamps		798	454	737	414
Customer lists - net	15.6	487	487	487	487
Retirement assets	26.2	215	-	-	-
Real properties for development and sale		174	260	-	-
Others	15.6, 20	13,050	10,024	10,586	8,602
		62,590	51,801	105,233	84,364
Allowance for impairment	16	(2,731)	(2,921)	(2,418)	(2,602)
		<u>P 59,859</u>	<u>P 48,880</u>	<u>P 102,815</u>	<u>P 81,762</u>

15.1 Deferred Charges

Deferred charges represent the unamortized portion of loan origination fees, which consist of commission and other fees related to auto loans, presented as part of Receivables from customers – Loans and discounts account under Loans and Other Receivables in the statements of financial position (see Note 11). In addition, this account also includes origination costs related to Long-term Negotiable Certificate of Deposits (LTNCD) presented as part of Time deposit liabilities under Deposit Liabilities account in the statements of financial position (see Note 17). This also includes originating costs related to Fixed Rate Bonds, Bills Payable and Senior Notes (see Note 18).

15.2 Equity Investments

Equity investments consist of the following:

		<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>Held</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Philippine subsidiaries</u>					
BDO Network	87.37%	P -	P -	P 12,416	P 8,166
BDOSHI	100%	-	-	5,684	5,684
BDO Life	97%	-	-	3,403	3,403
BDO Private	100%	-	-	2,579	2,579
Dominion Holdings	87.43%	-	-	1,878	1,878
BDO Capital	99.88%	-	-	1,878	1,878
BDOI	100%	-	-	11	11
Equimark	60%	-	-	4	4
		-	-	27,853	23,603
<u>Foreign subsidiaries</u>					
BDORO	100%	-	-	169	169
BDO Remit (Japan) Ltd.	100%	-	-	92	92
BDO Remit (Canada) Ltd.	100%	-	-	50	50
BDO Remit (USA), Inc.	100%	-	-	26	26
		-	-	337	337
<u>Associates</u>					
SM Keppel Land, Inc. (SM Keppel)	50%	1,658	1,658	1,658	1,658
NLEX Corporation	11.70%	1,405	1,405	1,405	1,405
NorthPine Land, Inc.	20%	232	232	232	232
Taal Land, Inc.	33.33%	170	170	170	170
BDO Securities	1.69%	-	-	35	35
		3,465	3,465	3,500	3,500
<u>Accumulated equity in total comprehensive income:</u>					
Balance at beginning of year		1,882	1,550	16,399	10,280
Equity in net profit		849	814	8,710	6,350
Equity in other comprehensive income (loss)		11 (	6)	3,367	2,587
Dividends		(553)	(476)	(3,898)	(2,818)
Balance at end of year		2,189	1,882	24,578	16,399
<u>Net investments in associates/subsidiaries</u>		5,654	5,347	56,268	43,839
<u>Allowance for impairment</u>		(153)	(153)	(153)	(153)
		P 5,501	P 5,194	P 56,115	P 43,686

Equity in other comprehensive income or loss consists of the following:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accumulated actuarial gains (losses)	P 11 (P	9)	P 126 (P	342)
Remeasurement on life insurance reserves	-	-	9,620	5,686
Accumulated translation adjustment	-	-	51	50
Net unrealized fair value gains (losses) on FVOCI	-	3 (	6,430)	(2,807)
Equity in other comprehensive income (loss)	P 11 (P	6)	P 3,367	P 2,587

BDO Unibank Group's percentage of interest held in each subsidiary and associate is the same as that of the Parent Bank in both 2022 and 2021, except for BDO Life, Dominion Holdings and BDO Securities. For BDO Life and Dominion Holdings, the interest held is at 100% and 88.54% for BDO Unibank Group, respectively (see Note 2.3) in both years and 97.00% and 87.43%, for the Parent Bank, respectively in both years. For BDO Securities, the interest held is at 99.88%, for BDO Unibank Group (see Note 2.3), in both years and 1.69% and 2.65% for Parent Bank, in 2022 and 2021, respectively.

In 2020, the trading of the shares of Dominion Holdings were suspended indefinitely. Using the last traded price on January 24, 2020, the fair value amounted to P6,050. For the remaining equity investments, the fair value cannot be reliably determined either by reference to similar financial instruments or through valuation technique using the net present value of future cash flows.

BDO Unibank Group's subsidiaries as of December 31, 2022 are all incorporated in the Philippines, except for the following:

<u>Foreign Subsidiaries</u>	<u>Country of Incorporation</u>
BDO Remit (USA), Inc.	United States of America
BDORO	United Kingdom
BDO Remit International Holdings B.V.**	Netherlands
BDO Remit UK, Ltd. **	United Kingdom
BDO Remit (Spain), S.A.**	Spain
CBN Greece S.A. **	Greece
BDO Remit (Japan) Ltd.	Japan
BDO Remit (Canada) Ltd.	Canada
BDO Remit Limited*	Hongkong
BDO Remit (Macau) Ltd.*	Macau

**Wholly-owned subsidiaries of BDOSHI*

***Subsidiaries of BDO Capital*

On May 30, 2012, BDORO was registered with the Registrar of Companies for England and Wales (UK) as a private limited company with registered office at the 8th floor, 20 Farringdon Street, London. As of December 31, 2022 and 2021, the Parent Bank's outstanding investment in BDORO amounted to P169.

BDO Remit (Canada) Ltd., a wholly-owned remittance subsidiary in Vancouver, Canada operates as a remittance business and function as a marketing office of the Parent Bank. As of December 31, 2022 and 2021, the Parent Bank's outstanding investment in BDO Remit (Canada) Ltd. Amounted to P50.

In May 2013, BDO Capital obtained control over BDO Remit International Holdings, B.V. (formerly CBN Grupo International Holdings B.V.) through its 60% ownership. Goodwill amounted to P91 and non-controlling share in equity totaled P39 at the date the BDO Unibank Group's control was established. In October 2016, BDO Capital acquired additional shares which increased its ownership interest to 96.32%. Additional goodwill acquired amounted to P32 (see Note 30.1).

On December 5, 2020, the BOD of the Parent Bank approved the write-off of the investment in PCI Realty Corporation.

On June 30, 2021, the BOD of BDONB approved the conversion of the bank from a rural bank to a savings bank. This was ratified by the BDONB shareholders on August 13, 2021 and approved by the BSP on January 20, 2022.

BDO Unibank Group includes two subsidiaries, Dominion Holdings and BDO Network, with significant NCI:

Name	Proportion of Ownership Interest and Voting Rights Held by NCI		Profit Allocated to NCI		Accumulated NCI	
	2022	2021	2022	2021	2022	2021
Dominion Holdings	11.46%	11.46%	P 9	P 5	P 698	P 689
BDO Network	12.63%	15.13%	169	58	1,454	941

The registered office and principal place of business of Dominion Holdings is located at 39th Floor, BDO Corporate Center Ortigas, 12 ADB Avenue, Ortigas Center, Mandaluyong City.

The registered office and principal place of business of BDO Network is located at BDONB Center, Km. 9, Sasa, Davao City.

Dividends paid to NCI amounted to P2 and nil in 2022 and 2021, respectively (see Note 22.3).

The summarized financial information of Dominion Holdings and BDO Network, before intragroup eliminations, follows:

	Dominion Holdings	
	2022	2021
<i>Statements of financial position:</i>		
Total current resources	P 6,110	P 6,020
Total current liabilities	16	8
Equity attributable to owners of the parent	5,396	5,323
Non-controlling interest	698	689
<i>Statements of comprehensive income:</i>		
Total interest income	63	-
Total other operating income	64	57
Profit attributable to owners of the parent	73	39
Profit attributable to NCI	9	5
Profit	82	44
Total comprehensive income attributable to owners of the parent	73	39
Total comprehensive income attributable to NCI	9	5
Total comprehensive income	P 82	P 44
<i>Statements of cash flows:</i>		
Net cash from (used in) operating activities	P 40	(P 31)
Net cash from (used in) investing activities	5,928	(70)
Net cash inflow (outflow)	P 5,968	(P 101)

	BDO Network			
	2022		2021	
<i>Statements of financial position:</i>				
Total current resources	P	13,711	P	10,091
Total non-current resources		73,519		44,648
Total current liabilities		70,422		47,743
Total non-current liabilities		5,298		776
Equity attributable to owners of the parent		10,056		5,278
Non-controlling interest		1,454		941
<i>Statements of comprehensive income:</i>				
Total interest income		6,198		4,343
Total other operating income		3,937		2,090
Profit attributable to owners of the parent		965		325
Profit attributable to NCI		169		58
Profit		1,134		383
Total comprehensive income attributable to owners of the parent		632		59
Total comprehensive income attributable to NCI		108		11
Total comprehensive income	P	740	P	70
<i>Statements of cash flows:</i>				
Net cash from (used in) operating activities	(P	7,450)	P	7,924
Net cash used in investing activities	(	1,077)	(	5,685)
Net cash from (used in) financing activities		11,039		125
Net cash inflow	P	2,512	P	2,114

The following table presents the summarized financial information of BDO Unibank Group's associates as of and for the years ended December 31, 2022, 2021 and 2020:

	NLEX Corporation		SM Keppel*		Others		Total	
<u>December 31, 2022</u>								
<u>(Unaudited)</u>								
Assets	P	77,318	P	11,346	P	91,451	P	180,115
Current		8,489		2,057		13,331		23,877
Non-current		68,829		9,289		78,120		156,238
Liabilities		50,919		9,383		60,530		120,832
Current		8,876		989		10,079		19,944
Non-current		42,043		8,394		50,451		100,888
Equity		26,399		1,963		30,921		59,283
Revenues		16,675		1,227		18,095		35,997
Net profit		7,223		236		7,389		14,848

* As adjusted to conform to the cost model used in the measurement of Investment Properties of BDO Unibank Group.

	NLEX Corporation		SM Keppel*		Others		Total	
<u>December 31, 2021</u> (Audited)								
Assets	P	68,073	P	11,892	P	3,064	P	83,029
Current		5,095		2,315		3,057		10,467
Non-current		62,978		9,577		7		72,562
Liabilities		46,197		10,089		436		56,722
Current		7,866		1,264		436		9,566
Non-current		38,331		8,825	-			47,156
Equity		21,876		1,803		2,628		26,307
Revenues		17,919		805		708		19,432
Net profit		5,919		81		193		6,193
<u>December 31, 2020</u> (Audited)								
Assets	P	62,786	P	11,978	P	3,149	P	77,913
Current		4,020		2,170		2,944		9,134
Non-current		58,766		9,808		205		68,779
Liabilities		42,672		10,276		718		53,666
Current		13,016		1,623		699		15,338
Non-current		29,656		8,653		19		38,328
Equity		20,114		1,702		2,431		24,247
Revenues		18,107		601		843		19,551
Net profit (loss)		3,604	(	331)		118		3,391

* As adjusted to conform to the cost model used in the measurement of Investment Properties of BDO Unibank Group.

15.3 Goodwill

Goodwill represents the excess of the cost of acquisition of the Parent Bank over the fair value of the net assets acquired at the date of acquisition and relates mainly to business synergy for economics of scale and scope. This is from the acquisition of BDO Card Corporation, United Overseas Bank Philippines (UOBP), American Express Bank, Ltd., GE Money Bank, Rural Bank of San Juan, Inc., Rural Bank of San Enrique, Inc., BDO RIH, BDO Savings, Inc. (BDO Savings), BDO Network and Rural Bank of Pandi, Inc. (RBPI), which were acquired in 2005, 2006, 2007, 2009, 2012, 2013, 2014, 2015, 2016 and 2019, respectively (see Note 30).

The reconciliation of the carrying amount of goodwill (net of allowance for impairment) of BDO Unibank Group is as follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cost	<u>P 4,535</u>	<u>P 4,535</u>	<u>P 1,391</u>	<u>P 1,391</u>
Allowance for impairment				
Balance at beginning of year	1,514	1,478	1,391	1,391
Impairment	-	36	-	-
Balance at end of year	<u>1,514</u>	<u>1,514</u>	<u>1,391</u>	<u>1,391</u>
Carrying amount of goodwill	<u>P 3,021</u>	<u>P 3,021</u>	<u>P -</u>	<u>P -</u>

In 2022 and 2021, there was no movement for the goodwill account of the Parent Bank, which was already provided with full allowance.

Significant portion of goodwill of the BDO Unibank pertains to the goodwill from acquisition of BDO Network amounting to P2,907.

The BDO Unibank Group recognized impairment loss on goodwill amounting nil, P36 and P18 in 2022, 2021 and 2020, respectively. The Parent Bank did not recognize any impairment loss in 2022, 2021 and 2020.

The BDO Unibank Group and the Parent Bank provided impairment losses on some of its goodwill as it does not expect any economic benefit from this asset in the succeeding periods since the branch business grew as a result of the efforts and brand of the Parent Bank and is not a result of the customers of the previous banks acquired. The recoverable amount used to determine any impairment on the goodwill from acquisition of BDO Network was based on value-in-use computed through discounting the five-year cash flow projection to be realized by the acquired entity, which do not include restructuring activities that the BDO Unibank Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

The calculation of value-in-use is most sensitive to the following assumptions:

- a. *Discount rate.* Discount rates reflect the current market assessment of the risks and are estimated based on the weighted average cost of capital. The rates are further adjusted to reflect the market assessment of any risk specific to the cash-generating unit for which future estimates of cash flows have not been adjusted. The discount rates applied to cash flow projections in 2022 and 2021 are 5.36% and 3.15%, respectively.
- b. *Total income growth rate.* The growth rates used to extrapolate cash flow projections range from 11.45% to 16.75% in 2022 and 14.08% to 16.53% in 2021. Total income forecasts to calculate the cash flow projections are the management's best estimates after considering factors affecting growth target projection on salary loans and micro, small and medium enterprises loans offered by BDO Network.

Management assessed that no reasonably possible change in discount rates and growth rates would cause the carrying value of goodwill in 2022 and 2021 to materially exceed its recoverable amount.

15.4 Branch Licenses

Branch licenses represent the rights granted by the BSP to the Parent Bank to establish certain number of branches as an incentive in acquiring The Real Bank (A Thrift Bank), Inc. and BDO Savings in addition to the current branches of the acquired banks. The Parent Bank performs annual impairment testing of branch licenses.

The recoverable amount used to determine any impairment on the branch licenses was based on value-in-use computed through discounting the five-year cash flow projection, which does not include restructuring activities that the BDO Unibank Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

The calculation of value-in-use is most sensitive to the following assumptions:

- a. *Discount rate.* Discount rates reflect the current market assessment of the risks and are estimated based on the weighted average cost of capital. The rates are further adjusted to reflect the market assessment of any risk specific to the cash-generating unit for which future estimates of cash flows have not been adjusted. The discount rates applied to cash flow projections in 2022 and 2021 are 5.87% and 5.07%, respectively.
- b. *Compound annual growth rate.* The growth rates used to extrapolate cash flow projections are 7.77% in 2022 and 8.25% in 2021. The growth rates are based on the total assets of the Parent Bank for the last five years.

Management assessed that no reasonably possible change in discount rates and growth rates would cause the carrying value of branch licenses in 2022 and 2021 to materially exceed its recoverable amount.

In 2022 and 2021, with regard to the assessment of value-in-use of the cash-generating unit, there were no allowance on impairment loss on branch licenses recognized in the BDO Unibank Group and Parent Bank's financial statements.

15.5 Non-current Assets Held for Sale

Non-current assets held for sale consist of real and other properties acquired through repossession or foreclosure that BDO Unibank Group and the Parent Bank intend to sell within one year from the date of classification as held for sale. No impairment loss was recognized in 2020 to 2022 in both the BDO Unibank Group and Parent Bank's financial statements.

15.6 Others

Trademark arising from acquisition of Diners Club International credit card portfolio is fully amortized as of 2022 and 2021. The amortization expense on trademark amounted to nil, P25 and P33 in 2022, 2021 and 2020, respectively. This is presented as part of Miscellaneous under Other Operating Expenses account in the statements of income (see Note 25).

Other intangible assets with indefinite useful lives comprise of branch licenses, customer lists, equity securities with Philippine Clearing House Committee and LGU Guaranty Corporation, and trading rights amounting to P3,020, P487, P15, and P3, respectively, both for 2022 and 2021 in the BDO Unibank Group's financial statements and P3,020, P487, P15 and nil, respectively, in the Parent Bank's financial statements.

Amortization expense on computer software licenses amounted to P1,356, P1,342 and P734 in 2022, 2021 and 2020, respectively, in the BDO Unibank Group's financial statements and P1,259, P1,291 and P696 in 2022, 2021 and 2020, respectively, in the Parent Bank's financial statements. These are reported as Amortization of computer software under Other Operating Expenses account in the statements of income (see Note 25).

Depreciation and amortization expense on certain assets amounting to P88, P45 and P21 in 2022, 2021 and 2020, respectively, in both BDO Unibank Group and Parent Bank's financial statements are presented as part of Occupancy under Other Operating Expenses account in the statements of income (see Note 25).

No impairment loss was recognized by the Parent Bank from 2020 to 2022 on the value of customer lists. The customer list was recognized as a result of the Parent Bank's acquisition of a trust business in 2014.

In 2022 and 2021, the BDO Unibank Group and the Parent Bank set aside an additional ESOP fund for the purchase of secondary shares amounting to P751 and nil, respectively.

16. ALLOWANCE FOR IMPAIRMENT

Changes in the allowance for impairment are summarized below.

	Notes	BDO Unibank Group		Parent Bank	
		2022	2021	2022	2021
Balance at beginning of year:					
Investment securities at					
amortized cost	10.3	P 1,471	P 1,590	P 1,455	P 1,571
Loans and other receivables	11	67,743	58,851	65,592	56,274
Bank premises	12	647	647	496	496
Investment properties	14	1,729	1,862	1,410	1,536
Other resources	15	<u>2,921</u>	<u>2,826</u>	<u>2,602</u>	<u>2,522</u>
		74,511	65,776	71,555	62,399
Impairment losses (recoveries)					
Due from other banks	9	14	-	13	-
Investment securities at					
amortized cost	10.3	69 (	192)	72 (	190)
Loans and other receivables	11	16,414	17,222	15,665	17,006
Investment properties	14	2	-	-	-
Other resources	15	<u>(205)</u>	<u>93</u>	<u>(232)</u>	<u>56</u>
		16,294	17,123	15,518	16,872
Write-offs and other adjustments					
Write-offs		(8,610)	(8,970)	(8,142)	(8,353)
Foreign currency revaluation		774	549	772	551
Reclassification		50	86	50	86
Adjustments		(108)	(52)	1	-
Reversals		-	(1)	-	-
		<u>(7,894)</u>	<u>(8,388)</u>	<u>(7,319)</u>	<u>(7,716)</u>
Balance at end of year:					
Due from other banks	9	15	-	14	-
Investment securities at					
amortized cost	10.3	1,654	1,471	1,640	1,455
Loans and other receivables	11	76,360	67,743	74,000	65,592
Bank premises	12	644	647	496	496
Investment properties	14	1,507	1,729	1,186	1,410
Other resources	15	<u>2,731</u>	<u>2,921</u>	<u>2,418</u>	<u>2,602</u>
		P 82,911	P 74,511	P 79,754	P 71,555

The BDO Unibank Group and the Parent Bank provided impairment loss (recovery) on debt securities measured as FVOCI amounting to P67 and P65, respectively, in 2022, (P88) and (P71), respectively, in 2021 and P37 and P36, respectively, in 2020. The impairment losses on debt securities classified as FVOCI are recognized as part of items that are or will be reclassified subsequently to profit or loss in the statements of comprehensive income (see Note 10.2).

The BDO Unibank Group and the Parent Bank also provided impairment loss on loan commitments and other contingent accounts amounting to P5, P28 and P68 in 2022, 2021 and 2020, respectively, which is recognized as Provision – Others under Other Liabilities in the statements of financial position (see Note 21).

The total impairment losses on certain financial assets amounted to P16,497, P17,030 and P29,624 in 2022, 2021 and 2020, respectively, in the BDO Unibank Group's statements of income and P15,750, P16,816 and P29,001 in 2022, 2021 and 2020, respectively, in the Parent Bank's statements of income.

The total impairment losses (recoveries) on non-financial assets amounted to (P203), P93 and P511 in 2022, 2021 and 2020, respectively, in the BDO Unibank Group's statements of income and (P232), P56, and P491 in 2022, 2021 and 2020, respectively, in the Parent Bank's statements of income.

17. DEPOSIT LIABILITIES

The breakdown of this account follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Demand	P 459,511	P 404,568	P 438,838	P 381,824
Savings	2,077,360	2,000,245	2,044,595	1,972,851
Time	<u>684,012</u>	<u>416,083</u>	<u>657,583</u>	<u>397,040</u>
	<u>P 3,220,883</u>	<u>P 2,820,896</u>	<u>P 3,141,016</u>	<u>P 2,751,715</u>

This account is composed of the following (by counterparties):

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Due to other banks:				
Demand	P 4,595	P 2,639	P 4,582	P 2,630
Savings	4,332	4,672	4,332	4,672
Time	<u>12,432</u>	<u>5,710</u>	<u>7,516</u>	<u>5,530</u>
	<u>21,359</u>	<u>13,021</u>	<u>16,430</u>	<u>12,832</u>
Due to customers:				
Demand	454,916	401,929	434,256	379,194
Savings	2,073,028	1,995,573	2,040,263	1,968,179
Time	<u>671,580</u>	<u>410,373</u>	<u>650,067</u>	<u>391,510</u>
	<u>3,199,524</u>	<u>2,807,875</u>	<u>3,124,586</u>	<u>2,738,883</u>
	<u>P 3,220,883</u>	<u>P 2,820,896</u>	<u>P 3,141,016</u>	<u>P 2,751,715</u>

The breakdown of deposit liabilities as to currency is as follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Philippine pesos	P 2,715,833	P 2,357,528	P 2,647,975	P 2,301,231
Foreign currencies	<u>505,050</u>	<u>463,368</u>	<u>493,041</u>	<u>450,484</u>
	<u>P 3,220,883</u>	<u>P 2,820,896</u>	<u>P 3,141,016</u>	<u>P 2,751,715</u>

The maturity profile of this account is presented below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Less than one year	P 3,126,217	P 2,732,734	P 3,050,839	P 2,664,655
One to five years	33,537	25,667	30,091	25,374
Beyond five years	<u>61,129</u>	<u>62,495</u>	<u>60,086</u>	<u>61,686</u>
	<u>P 3,220,883</u>	<u>P 2,820,896</u>	<u>P 3,141,016</u>	<u>P 2,751,715</u>

The BDO Unibank Group and the Parent Bank's deposit liabilities are in the form of demand, savings and time deposit accounts bearing annual interest rates ranging from 0.00% to 5.38% in 2022, 2021 and 2020. Demand and savings deposits usually have both fixed and variable interest rates while time deposits have fixed interest rates (see Note 24).

The BDO Unibank Group's time deposit liabilities include the Parent Bank's LTNCN as of December 31, 2022 and 2021 as follows:

<u>BSP Approval</u>	<u>Effective Rate</u>	<u>Outstanding Balance</u>		<u>Issue Date</u>	<u>Maturity Date</u>
		<u>2022</u>	<u>2021</u>		
August 15, 2019	4.000%	P 6,500	P 6,500	September 27, 2019	March 27, 2025
May 11, 2018	5.375%	7,320	7,320	April 12, 2019	October 12, 2024
June 23, 2017	4.375%	8,200	8,200	May 7, 2018	November 7, 2023
June 23, 2017	3.625%	<u>11,800</u>	<u>11,800</u>	August 18, 2017	February 18, 2023
		<u>P 33,820</u>	<u>P 33,820</u>		

The net proceeds from the issuance of LTNCN are intended to diversify the Parent Bank's maturity profile of funding source and to support its business expansion plans.

In compliance with the BSP Circular No. 1082 issued on March 31, 2020, the Philippine Peso deposit liabilities of the BDO Unibank Group, under the said circular, are subject to reserve requirement of 12% effective April 3, 2020. Moreover, the Philippine LTNCN under BSP Circular No. 1041 issued on May 29, 2019 of the BDO Unibank Group are likewise subject to reserve requirement of 4% effective May 31, 2019.

18. **BILLS PAYABLE**

This account is composed of the following borrowings from:

	Note	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Senior notes	18.1	P 84,355	P 73,053	P 84,355	P 73,053
Fixed rate bonds	18.2	52,696	76,436	52,696	76,436
Foreign banks		39,243	46,881	39,142	45,792
Deposit substitutes		12,679	893	12,679	893
Local banks		8,890	2,640	-	-
Others		1,028	4,528	-	-
		<u>P 198,891</u>	<u>P 204,431</u>	<u>P 188,872</u>	<u>P 196,174</u>

The breakdown of this account as to currency follows:

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Foreign currencies	P 136,277	P 120,920	P 136,176	P 119,738
Philippine pesos	62,614	83,511	52,696	76,436
	<u>P 198,891</u>	<u>P 204,431</u>	<u>P 188,872</u>	<u>P 196,174</u>

The maturity profile of this account is presented below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
One to three months	P 58,936	P 24,640	P 57,495	P 18,906
More than three months to one year	21,845	88,333	16,730	87,110
More than one to three years	79,384	53,551	75,921	52,251
More than three years	38,726	37,907	38,726	37,907
	<u>P 198,891</u>	<u>P 204,431</u>	<u>P 188,872</u>	<u>P 196,174</u>

Bills payable bear annual interest rates of 0.45% to 6.50% in 2022, 0.30% to 4.50% in 2021 and 0.52% to 6.25% in 2020 (see Note 24).

The following comprise the interest expense included as part of Interest Expense on bills payable and other liabilities in the statements of income (see Note 24):

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>BDO Unibank Group</u>			
Fixed rate peso bonds	P 2,742	P 2,893	P 3,540
Senior notes	2,260	2,257	2,012
Foreign banks	826	356	791
Deposit substitutes	138	1	-
Local banks	118	189	470
Others	<u>65</u>	<u>43</u>	<u>34</u>
	<u>P 6,149</u>	<u>P 5,739</u>	<u>P 6,847</u>
<u>Parent Bank</u>			
Fixed rate peso bonds	P 2,742	P 2,893	P 3,540
Senior notes	2,260	2,257	2,012
Foreign banks	824	349	790
Deposit substitute	138	-	-
Others	<u>-</u>	<u>1</u>	<u>-</u>
	<u>P 5,964</u>	<u>P 5,500</u>	<u>P 6,342</u>

18.1 Senior Notes

The Parent Bank issued US dollar denominated senior notes as follows:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Coupon Interest</u>	<u>Principal Amount</u>	<u>Outstanding Balance</u>	
				<u>2022</u>	<u>2021</u>
May 16, 2022	May 16, 2029	3.71%	100	P 5,557	P -
July 13, 2020	January 13, 2026	2.13%	600	33,528	30,591
February 20, 2018	February 20, 2025	4.16%	150	8,475	7,741
September 6, 2017	March 6, 2023	2.95%	654	<u>36,795</u>	<u>34,721</u>
				<u>P 84,355</u>	<u>P 73,053</u>

On May 16, 2022, the Parent Bank issued its maiden blue bond amounting to US\$100 million through an investment from the International Finance Corporation (IFC). The bond, with an interest rate of 3.71% and a tenor of seven years, expanded financing for projects that help prevent marine pollution and preserve clean water resources. The issuance marked a milestone for BDO Unibank Group for being the first private sector issuance for a blue bond in Southeast Asia.

The issuance of senior notes in 2020 is part of the Parent Bank's liability management initiatives to tap longer-term funding sources to support its dollar-denominated projects and refinance outstanding bonds.

18.2 Issuance of Fixed Rate Peso Bonds

On August 31, 2018, the BOD approved the establishment of a P100 billion Peso Bond Program. On February 1, 2020, the BOD approved an increase of P300 billion to the Parent Bank's Peso Bond Program.

On January 28, 2022, the Parent Bank issued P52,700 million of Peso-denominated fixed rate Association of Southeast Asian Nations (ASEAN) Sustainability Bonds. The bonds carry an interest rate of 2.9% per annum and will mature on January 28, 2024.

The Parent Bank's issuances of fixed rate peso bonds as follows:

Issue Date	Maturity Date	Coupon Interest	Principal Amount	Outstanding Balance	
				2022	2021
January 28, 2022	January 28, 2024	2.90%	52,700	P 52,696	P -
February 3, 2020	August 3, 2022	4.41%	40,100	-	40,256
July 3, 2020	April 3, 2022	3.13%	36,000	-	36,180
				<u>P 52,696</u>	<u>P 76,436</u>

18.3 Reconciliation of Liabilities Arising from Financing Activities

Presented below and in the succeeding page is the reconciliation of liabilities arising from financing activities both in 2022 and 2021, which includes both cash and non-cash changes.

BDO Unibank Group

	Foreign Banks	Senior Notes	Fixed Rate Peso Bonds	Local Banks	Deposit Substitute	BSP	Others	Total
Balance as of January 1, 2022	P 46,881	P 73,053	P 76,436	P 2,640	P 893	P -	P 4,528	P 204,431
Cash flows from financing activities								
Additional borrowings	40,215	5,219	52,292	16,349	13,133	20	13,013	140,241
Repayment of borrowings	(49,099)	(1,205)	(76,436)	(10,126)	(1,026)	(20)	(16,512)	(154,424)
Non-cash financing activities								
Interest amortization	133	142	404	70	106	-	(1)	854
Revaluation	1,113	7,146	-	(43)	(427)	-	-	7,789
Balance as of December 31, 2022	P 39,243	P 84,355	P 52,696	P 8,890	P 12,679	P -	P 1,028	P 198,891
Balance as of January 1, 2021	P 43,652	P 83,138	P 76,156	P 6,798	P -	P -	P -	P 209,744
Cash flows from financing activities								
Additional borrowings	63,472	-	-	51,916	941	910	10,620	127,859
Repayment of borrowings	(61,475)	(15,300)	-	(56,063)	(48)	(910)	(6,109)	(139,905)
Non-cash financing activities								
Interest amortization	(3)	61	280	(17)	-	-	17	338
Revaluation	1,235	5,154	-	6	-	-	-	6,395
Balance as of December 31, 2021	P 46,881	P 73,053	P 76,436	P 2,640	P 893	P -	P 4,528	P 204,431
Balance as of January 1, 2020	P 54,916	P 57,298	P 35,141	P 13,427	P -	P -	P 6,742	P 167,524
Cash flows from financing activities								
Additional borrowings	78,583	29,898	75,516	188,431	-	210	2,569	375,207
Repayment of borrowings	(87,643)	-	(35,141)	(194,994)	-	(210)	(9,311)	(327,299)
Non-cash financing activities								
Interest amortization	(55)	(27)	640	(32)	-	-	-	526
Revaluation	(2,149)	(4,031)	-	(34)	-	-	-	(6,214)
Balance as of December 31, 2020	P 43,652	P 83,138	P 76,156	P 6,798	P -	P -	P -	P 209,744

Parent Bank

Balance as of January 1, 2022	P 45,792	P 73,053	P 76,436	P -	P 893	P -	P -	P 196,174
Cash flows from financing activities								
Additional borrowings	39,426	5,219	52,292	-	13,133	10	-	110,080
Repayment of borrowings	(47,292)	(1,205)	(76,436)	-	(1,026)	(10)	-	(125,969)
Non-cash financing activities								
Interest amortization	129	142	404	-	106	-	-	781
Revaluation	1,087	7,146	-	-	(427)	-	-	7,806
Balance as of December 31, 2022	P 39,142	P 84,355	P 52,696	P -	P 12,679	P -	P -	P 188,872
Balance as of January 1, 2021	P 43,573	P 83,138	P 76,156	P -	P -	P -	P -	P 202,867
Cash flows from financing activities								
Additional borrowings	59,811	-	-	-	941	10	-	60,762
Repayment of borrowings	(58,664)	(15,300)	-	-	(48)	(10)	-	(74,022)
Non-cash financing activities								
Interest amortization	(11)	61	280	-	-	-	-	330
Revaluation	1,083	5,154	-	-	-	-	-	6,237
Balance as of December 31, 2021	P 45,792	P 73,053	P 76,436	P -	P 893	P -	P -	P 196,174
Balance as of January 1, 2020	P 54,882	P 57,298	P 35,141	P -	P -	P -	P -	P 147,321
Cash flows from financing activities								
Additional borrowings	76,114	29,898	75,516	136	-	10	-	181,674
Repayment of borrowings	(85,267)	-	(35,141)	(109)	-	(10)	-	(120,527)
Non-cash financing activities								
Interest amortization	(57)	(27)	640	-	-	-	-	556
Revaluation	(2,099)	(4,031)	-	(27)	-	-	-	(6,157)
Balance as of December 31, 2020	P 43,573	P 83,138	P 76,156	P -	P -	P -	P -	P 202,867

19. SUBORDINATED NOTES PAYABLE

The Subordinated Notes (the Notes) represent direct, unconditional unsecured and subordinated peso-denominated obligations of the Parent Bank, issued in accordance with the Terms and Conditions under the Master Note. The Notes, like other subordinated indebtedness of the Parent Bank, are subordinated to the claims of depositors and ordinary creditors, are not a deposit, and are not guaranteed nor insured by the Parent Bank or any party related to the Parent Bank, such as its subsidiaries and affiliates, or the Philippine Deposit Insurance Corporation (PDIC), or any other person. The Notes carry interest rates based on prevailing market rates, with a step-up provision if not called on the fifth year from issue date. The Parent Bank has the option to call the Notes on the fifth year, subject to prior notice to Noteholders.

The issuance of Series 2014-1 Notes was approved by the BOD on March 29, 2014 and was issued on December 10, 2014. The Notes had a principal amount of P10,000 and a maturity date of March 10, 2025. In its letter dated December 2, 2019, the BSP approved the Parent Bank's request to exercise its right of early redemption of the Notes on March 10, 2020. On said date, noteholders were paid the redemption price equal to the par value of the Notes plus all accrued and unpaid interest up to but excluding March 10, 2020 after which the Notes were considered redeemed and cancelled.

Total interest expense on subordinated notes payable included as part of Interest expense on bills payable and other liabilities under the Interest Expense account in the statements of income amounted to nil in 2022 and 2021 and P99 in 2020, both in BDO Unibank Group and Parent Bank (see Note 24).

20. INSURANCE CONTRACT LIABILITIES

This account consists of:

	<u>2022</u>	<u>2021</u>
Legal policy reserves	P 59,321	P 60,438
Policy and contract claims payable	3,516	3,716
Policyholders' dividends	<u>1,526</u>	<u>1,174</u>
	<u>P 64,363</u>	<u>P 65,328</u>

The aging profile of this account is presented below.

	<u>2022</u>	<u>2021</u>
Within one year	P 7,844	P 3,375
More than one year	<u>56,519</u>	<u>61,953</u>
	<u>P 64,363</u>	<u>P 65,328</u>

Insurance contract liabilities may be analyzed as follows:

	Insurance Contract Liabilities		Reinsurer's Share of Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Aggregate reserves for:						
Ordinary life policies	P 30,781	P 35,217	P -	P -	P 30,781	P 35,217
Variable unit-linked (VUL) contracts	27,930	24,627	-	-	27,930	24,627
Group life insurance policies	614	578	20	31	594	547
Accident and health policies	(4)	15	-	-	(4)	15
Policy and contract claims	3,516	3,716	24	59	3,492	3,657
Policyholders' dividends	1,526	1,175	-	-	1,526	1,175
	P 64,363	P 65,328	P 44	P 90	P 64,319	P 65,238

The movements in legal policy reserves are as follows:

	Legal Policy Reserves		Reinsurer's Share of Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Balance at the beginning of the year	P 60,438	P 55,439	P 31	P 60	P 60,407	P 55,379
Premiums received	19,240	18,384	73	92	19,167	18,292
Liability released for payments of death, maturity and surrender benefits and claims	(12,356)	(10,725)	(84)	(121)	(12,272)	(10,604)
Accretion of investment income or change in unit prices	542	2,584	-	-	542	2,584
Changes in valuation of interest rate	(9,620)	(5,686)	-	-	(9,620)	(5,686)
Change in assumptions	574	-	-	-	574	-
Foreign exchange adjustments	503	442	-	-	503	442
Balance at end of year	P 59,321	P 60,438	P 20	P 31	P 59,301	P 60,407

The movement in Legal policy reserves for the years ended December 31, 2022 and 2021 is recognized as part of Policy reserves, insurance benefits and claims under Other Operating Expenses in the BDO Unibank Group's statements of income (see Note 25).

Material judgment is required in determining the liabilities and in the choice of assumptions relating to insurance contracts. The liability for life insurance contracts uses the discount rate as provided by the IC with other assumptions based on best estimate with regard to significant recent experience and appropriate margins for adverse deviations from the expected experience. Assumptions are further evaluated on a continuous basis in order to ensure adequacy of valuations. Assumptions are subject to the provisions of the Code and guidelines set by the IC.

To test the adequacy of the statutory reserve liability, the present value of the current estimates of future cash flows is calculated without margins for adverse deviations, and compared to the booked statutory reserve liability. The test for adequacy is sensitive to the following key assumptions:

- a. *Mortality rates.* Assumptions are based on standard industry and morbidity tables, according to the type of contract written and adjusted, if appropriate, to reflect the BDO Unibank Group's own experiences. The 2017 Philippine Intercompany Mortality Table was chosen as an appropriate base table used in projecting death claims. Higher mortality and morbidity rates would lead to a larger number of claims, increasing the benefit payments and reducing profits for the shareholders.
- b. *Discount rates.* The discount rate affects the calculated present value of the cash flows. The estimate is based on current market returns as well as expectations about future economic and financial developments. A decrease in the discount rate will increase the present value of the cash flows. The discount rate used in the LAT is 6.25% for Peso and 5.50% for Dollar in 2022, and 4.50% for Peso and 3.25% for Dollar in 2021.
- c. *Expense assumptions.* The expense assumptions are based on the BDO Unibank Group's actual current expense experience as determined by an expense study. Future expense assumptions are projected based on the BDO Unibank Group's expense forecasts.
- d. *Lapse and surrender rates.* The lapse and surrender rates assumed vary by product type and policy duration. These assumptions are based on the BDO Unibank Group's experience.

Reinsurers' share of liabilities is recorded as part of Others under Other Resources in the BDO Unibank Group's statements of financial position (see Note 15).

21. OTHER LIABILITIES

Other liabilities consist of the following:

	Notes	BDO Unibank Group		Parent Bank	
		2022	2021	2022	2021
Outstanding acceptances payable		P 21,983	P 16,972	P 21,983	P 16,972
Accounts payable		20,885	13,572	15,599	10,144
Accrued expenses		18,723	17,089	17,396	16,124
Lease liabilities	13.2	13,344	12,087	12,927	11,800
Manager's checks		12,774	13,788	12,655	13,682
Bills purchased – contra		9,601	6,039	9,601	6,039
Derivatives with negative fair values	10.1, 27(d)(i)(4)	7,809	5,742	3,636	2,462
Premium on deposit fund		3,971	3,641	-	-
Withholding taxes payable		2,669	2,093	2,449	1,922
Lease deposits		1,070	745	123	124
Due to BSP and Treasurer of the Philippines		722	727	719	723
Capitalized interest and other charges		297	193	254	151
Due to principal		206	97	-	-
Retirement benefit obligation	26.2	-	3,800	-	3,650
Others	16, 34.1.2	15,060	11,961	13,194	10,863
		P 129,114	P 108,546	P 110,536	P 94,656

The maturity profile of this account is presented below.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Within one year	P 106,608	P 88,339	P 95,158	P 80,340
More than one year	<u>22,506</u>	<u>20,207</u>	<u>15,378</u>	<u>14,316</u>
	<u>P 129,114</u>	<u>P 108,546</u>	<u>P 110,536</u>	<u>P 94,656</u>

The liability for unredeemed reward points amounting to P3,211 and P3,677 as of December 31, 2022 and 2021, respectively, presented as part of Accrued expenses above, represents the fair value of points earned which are redeemable significantly for goods or services provided by third parties identified by the Parent Bank as partners in the rewards program (see Note 2.20).

Others include margin deposits, life insurance deposits, cash letters of credit and other miscellaneous liabilities.

Interest expense on certain liabilities amounting to P94, P78 and P106 in 2022, 2021 and 2020, respectively, for the BDO Unibank Group and P19, P10 and P18 in 2022, 2021 and 2020, respectively, for the Parent Bank which are presented as part of Interest expense on bills payable and other borrowings under Interest Expense account in the statements of income (see Note 24).

Impairment losses recognized for off-books account amounted to P5, P28 and P68 for both the BDO Unibank Group and the Parent Bank in 2022, 2021 and 2020, respectively. The accumulated impairment losses as of December 31, 2022, 2021 and 2020 amounting to P233, P289 and P317, respectively, for both the BDO Unibank Group and the Parent Bank are recorded as part of Others under Other Liabilities account in the statements of financial position (see Note 16).

22. EQUITY

22.1 Capital Stock

Capital stock consists of the following:

	<u>Number of Shares</u>		<u>Amount</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Preferred shares – P10 par value</u>				
Authorized				
Balance at end of year	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>P 10,000</u>	<u>P 10,000</u>
Issued, fully paid and outstanding				
Balance at beginning of year	515,000,000	515,000,000	P 5,150	P 5,150
Issued during the year	<u>103,000,000</u>	<u>-</u>	<u>1,030</u>	<u>-</u>
Balance at end of year	<u>618,000,000</u>	<u>515,000,000</u>	<u>P 6,180</u>	<u>P 5,150</u>

	Number of Shares		Amount	
	2022	2021	2022	2021
<u>Common shares – P10 par value</u>				
Authorized				
Balance at end of year	<u>8,500,000,000</u>	<u>5,500,000,000</u>	<u>P 85,000</u>	<u>P 55,000</u>
Issued, fully paid and outstanding				
Balance at beginning of year	<u>4,385,519,015</u>	<u>4,384,227,915</u>	<u>P 43,855</u>	<u>P 43,842</u>
Issued during the year	<u>878,612,660</u>	<u>1,291,100</u>	<u>8,786</u>	<u>13</u>
Balance at end of year	<u>5,264,131,675</u>	<u>4,385,519,015</u>	<u>P 52,641</u>	<u>P 43,855</u>

22.1.1 Preferred Shares

The following are the features of the BDO Unibank Group and the Parent Bank's preferred shares:

- (a) Perpetual, voting, non-cumulative, convertible, non-participating, peso-denominated Series A shares;
- (b) Convertible to common shares at the option of the holder after five years from the issue date or at the option of BDO Unibank Group at any time after issue date; and,
- (c) Dividend rate is 6.50% per annum of the par value.

22.1.2 Common Shares

The Parent Bank's application for listing of its common shares was approved by the PSE on April 24, 2002. The application is for the initial listing of up to 952,708,650 common shares, with par value of P10 per share, at an offer price range of P17.80 to P23.80 per share. The proceeds from the sale of BDO Unibank's listed shares amounted to about P2,200.

On September 24, 2016, the Parent Bank's BOD authorized the Parent Bank to raise P60,000 in additional core capital through a stock rights offer. The BSP and the PSE approved the transaction on November 23, 2016 and December 14, 2016, respectively.

On January 3, 2017, the Parent Bank fixed the final terms for the stock rights offer which entitled eligible shareholders to subscribe to one common share for every 5.095 common shares held as of January 5, 2017 record date at an offer price of P83.75 per rights share. The offer period ran from January 16, 2017 to January 24, 2017.

Following the close of the offer period, the Parent Bank successfully completed its stock rights offer and 716,402,886 common shares were issued and subsequently listed on the PSE on January 31, 2017. The issuance resulted in recognition of Additional Paid-in Capital amounting to P52,662, net of related transaction costs totaling to P172. The fresh capital will support the Parent Bank's medium-term growth objectives amid the country's favorable macroeconomic prospects and provide a comfortable buffer over higher capital requirements with the forthcoming imposition of DSIB surcharge.

The history of shares issuances from the initial public offering (IPO) and subsequently, private placements exempt from registration pursuant to Section 10.1 of the Securities Regulation Code and other issuances, is as follows:

Transaction	Subscriber	Issue Date	Number of Shares Issued
IPO	Various	May 21, 2002	908,189,550
Private placement	IFC	June 21, 2005	31,403,592
Private placement	UOBP	February 8, 2006	22,429,906
BDO-EPCIB Merger	BDO-EPCIB Merger	May 31, 2007	1,308,606,021
Private placement	IFC	August 23, 2007	31,403,592
Private placement	GE Capital International Holdings Corporation	August 20, 2009	37,735,849
Private placement	Multi Realty Development Corporation	April 23, 2010	107,320,482
Private placement	IFC	April 26, 2010	24,033,253
Private placement	IFC Capitalization (Equity) Fund, L.P.	April 26, 2010	136,315,662
Stock dividends	Various	June 8, 2012	78,218,589
Stock rights	Various	July 4, 2012	895,218,832
Private placement	Sybase Equity Investments Corporation	July 20, 2015	64,499,890
Stock options	Various employees	June 6, 2016 to December 31, 2016	4,592,430
Stock options	Various employees	January 3, 2017 to December 27, 2017	2,604,020
Stock rights	Various employees	January 31, 2017	716,402,886
Stock rights	Various employees	January 31, 2018	5,073,510
Stock options	Various employees	January 7, 2019 to December 26, 2019	7,322,270
Stock options	Various employees	January 6, 2020 to December 28, 2020	2,857,581
Stock options	Various employees	January 15, 2021 to December 15, 2021	1,291,100
Stock dividends	Various	December 29, 2022	877,337,627
Stock options	Various employees	January 17, 2022 to December 27, 2022	1,275,033
			<u>5,264,131,675</u>

As of December 31, 2022 and 2021, there are 12,309 and 12,390 holders, respectively, of the listed shares equivalent to 100% of the Parent Bank's total outstanding shares. Such listed shares closed at P105.70 and P120.70 per share as of December 29, 2022 and December 31, 2021, respectively, (the last trading day in 2022 and 2021).

22.2 BDO American Depositary Receipt Program

On April 18, 2013, the Parent Bank launched its Sponsored Level 1 American Depositary Receipt (ADR) Program by which negotiable securities representing underlying BDO common shares can be traded in the U.S. over-the-counter (OTC) market. This provides flexibility for U.S. investors to trade BDO common shares in their time zone and settle their transactions locally. It is meant to tap the pool of U.S. ADR investors, enhance visibility and global presence and diversify and broaden the Parent Bank's shareholder base. ADRs are quoted and traded in U.S. dollars, and cash dividends received on the underlying shares are paid to investors also in U.S. dollars. The ADR ratio for BDO's sponsored Level 1 ADR Program is 1:10, with each ADR representing ten underlying BDO common shares.

The sponsored Level 1 ADR Program does not necessitate the issuance of new shares as ADRs are traded on the U.S. OTC/secondary market using existing shares, in contrast to the sponsored Level II ADR or sponsored Level III ADR where shares are fully listed on a recognized U.S. exchange (e.g., NYSE, NASDAQ). As such, a Level 1 ADR is not a capital raising transaction, to differentiate it from Level III ADR, which allows the issuer to raise capital through a public offering of ADRs in the U.S.

The sponsored Level 1 ADR is exempt, under U.S. SEC Rule 12g3-2(b), from SEC registration, disclosure requirements and reporting obligations, including Sarbanes-Oxley and U.S. generally accepted accounting principles.

The Parent Bank appointed Deutsche Bank (DB) as the exclusive depository of ADRs for a period of five years. As depository bank, DB is responsible for the issuance and cancellation, as well as the registration of the ADRs; custody of the underlying BDO common shares and maintenance of the register of holders; the distribution of dividends; and execution of corporate actions and services to the Issuer (i.e., BDO)/Investor/Broker. In October 2018, the Parent Bank renewed the appointment of DB as the exclusive depository of ADRs for another five years.

As of December 31, 2022 and 2021, 554,539 and 442,787 ADRs valued at US\$11,566,297 and US\$11,046,429 (absolute amount), respectively, remained outstanding (computed using ADR closing price of US\$20.86/share and US\$24.95/share, respectively).

22.3 *Surplus Free*

The details of the Parent Bank's cash dividend distributions are as follows:

<u>Date Declared and Approved</u>	<u>Common shares dividend</u>		<u>Record Date</u>	<u>Date Paid/Payable</u>
	<u>Per Share</u>	<u>Total Amount</u>		
February 27, 2020	P 0.30	P 1,315	March 13, 2020	March 27, 2020
May 30, 2020	0.30	1,315	June 17, 2020	June 29, 2020
August 29, 2020	0.30	1,315	September 15, 2020	September 28, 2020
December 5, 2020	0.30	1,316	December 22, 2020	December 29, 2020
February 24, 2021	0.30	1,315	March 15, 2021	March 25, 2021
May 29, 2021	0.30	1,315	June 16, 2021	June 25, 2021
August 27, 2021	0.30	1,316	September 15, 2021	September 24, 2021
December 4, 2021	0.30	1,316	December 22, 2021	December 29, 2021
February 24, 2022	0.30	1,316	March 14, 2022	March 31, 2022
April 22, 2022	1.00	4,386	May 6, 2022	May 31, 2022
May 28, 2022	0.30	1,316	June 14, 2022	June 30, 2022
August 26, 2022	0.30	1,316	September 13, 2022	September 30, 2022
December 3, 2022	0.30	1,579	December 20, 2022	December 29, 2022

<u>Date Declared and Approved</u>	<u>Preferred shares dividend</u>		<u>Date Paid/ Payable</u>
	<u>Per Annum</u>	<u>Total Amount</u>	
February 1, 2020	6.50%	339	February 21, 2020
January 30, 2021	6.50%	340	February 22, 2021
January 29, 2022	6.50%	339	February 22, 2022

On March 26, 2022, the BOD approved the declaration of stock dividends equivalent to 20% of the BDO Unibank's outstanding capital stock to be issued out of the increase in BDO Unibank's authorized capital stock (common shares) from 5,500,000,000 to 8,500,000,000 shares amounting to P85,000 with par value of P10 per share and 103,000,000 preferred shares with a par value of P10 per share, payable to all stockholders as of record date. On November 29, 2022, the Bank received the approval from the SEC for this stock dividend issuance, setting December 15, 2022 as the record date. The stock dividends were issued on December 29, 2022.

22.4 ESOP

For options that were exercised in 2022 and 2021, BDO Unibank Group issued new common shares of 1,275,033 and 1,291,100, respectively, from its authorized capital stock (see Note 22).

Set out below are summaries of number of options vested under the plan:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Balance at beginning of year	14,950,363	6,498,024	12,985,298	4,530,459
Vested during the year	10,018,699	14,118,934	9,492,930	13,552,572
Forfeited during the year	(43,235)	(46,800)	(36,135)	(29,250)
Expired during the year	(557,900)	(373,000)	(431,400)	(337,500)
Exercised during the year	(5,982,040)	(5,246,795)	(5,412,845)	(4,730,983)
Balance at end of year	<u>18,385,887</u>	<u>14,950,363</u>	<u>16,597,848</u>	<u>12,985,298</u>

The weighted average exercise price was P110.69 and P109.97 for the years ended December 31, 2022 and 2021, respectively.

The share options expensed and included as part of Compensation and benefits under Other Operating Expenses in the BDO Unibank Group's statements of income, amounted to P294, P273 and P354 in 2022, 2021 and 2020, respectively, and in the Parent Bank's statements of income, amounted to P289, P252 and P316, respectively (see Note 26.1).

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

	2022	2021
Average option life	5 years	5 years
Average share price at grant date	P 119.50	P 101.80
Average exercise price at grant date	P 118.29	P 93.25
Average fair value of options at grant date	P 41.07	P 34.77
Average standard deviation of share price returns	30.29%	34.94%
Average dividend yield	0.97%	1.20%
Average risk-free investment rate	5.72%	2.75%

The underlying expected volatility was determined by reference to historical prices of the Parent Bank's shares over a period of one year.

22.5 Surplus Reserves

The Parent Bank appropriated its Surplus Free amounting to P132 in 2022, P44 for 2021 and P40 in 2020 representing insurance fund on losses due to fire, robbery, and other cash losses. This was approved by the Parent Bank's President. BDO Network appropriated its Surplus Free amounting to P5, P3 and P2 in 2022, 2021 and 2020, respectively, representing insurance fund on losses due to fire, robbery and other cash losses, which was approved by its Chairman.

The BDO Unibank Group and the Parent Bank appropriated its Surplus Free for impairment of general loan loss portfolio amounting to P2,475 and P2,311 in 2022, P1,337 and P1,250 in 2021 and (P830) and (P827) in 2020, respectively. The accumulated amount of appropriation to surplus reserves for general loan loss portfolio as of December 31, 2022, 2021 and 2020 amounted to P15,905, P13,430 and P12,093, respectively, for BDO Unibank Group and P15,477, P13,166 and P11,916, respectively, for the Parent Bank. This appropriation was prescribed by BSP and was recognized as part of Surplus Reserves account.

In compliance with BSP regulations, 10% of BDO Unibank Group and the Parent Bank's profit from trust business amounting to P251, P263 and P272 in 2022, 2021 and 2020, respectively, and P251, P263 and P223 in 2022, 2021 and 2020, respectively, is appropriated to surplus reserves (see Note 28).

On June 10, 2020 and July 2, 2020, the BOD of BDO Securities approved the appropriation of P60 as additional capital requirements and the reversal of the previously approved appropriation for cash dividends amounting to P200, respectively.

Also, included in the 2022, 2021 and 2020 surplus reserves are the appropriations made by BDO Securities and ASI (see Note 2.3) totaling P5, P2 and P5 respectively, as part of the reserve fund requirement of SEC Memorandum Circular No. 16, *Adoption of the Risk Based Capital Adequacy Requirement/ Ratio for Broker Dealers*. On May 26, 2020, the BOD of BDO Nomura approved the reversal of the Surplus Reserves amounting to P9 back to Surplus Free. On July 28, 2022, ASI was sold to a third party which resulted in the reversal of Surplus Reserves amounting to P14 (see Note 2.3).

23. INTEREST INCOME

Interest income consists of the following:

	Notes	BDO Unibank Group		
		2022	2021	2020
Loans and other receivables	11, 27	P 140,760	P 124,548	P 138,736
Trading and investment securities:				
At amortized cost	10.3	17,490	12,410	10,424
At FVOCI	10.2	7,275	6,215	5,546
At FVTPL	10.1	103	92	122
Due from BSP and other banks	8, 9	3,366	1,554	2,158
Others		77	60	45
		<u>P 169,071</u>	<u>P 144,879</u>	<u>P 157,031</u>
	Notes	Parent Bank		
		2022	2021	2020
Loans and other receivables	11, 27	P 134,036	P 119,566	P 134,329
Trading and investment securities at:				
At amortized cost	10.3	16,612	11,633	9,689
At FVOCI	10.2	4,641	3,939	3,440
At FVTPL	10.1	69	59	84
Due from BSP and other banks	8, 9	3,207	1,533	2,120
Others		67	42	35
		<u>P 158,632</u>	<u>P 136,772</u>	<u>P 149,697</u>

24. INTEREST EXPENSE

Interest expense is composed of the following:

	Notes	BDO Unibank Group		
		2022	2021	2020
Deposit liabilities	17, 27	P 12,377	P 6,952	P 15,521
Bills payable and other borrowings	18, 19, 21, 26.2	6,535	5,764	7,120
Finance lease liabilities	13.2, 21, 27	927	817	690
		<u>P 19,839</u>	<u>P 13,533</u>	<u>P 23,331</u>

	Notes	Parent Bank		
		2022	2021	2020
Deposit liabilities	17, 27	P 11,572	P 6,644	P 15,196
Bills payable and other borrowings	18, 19, 21, 26.2	6,251	5,455	6,529
Finance lease liabilities	13.2, 21	905	807	675
		P 18,728	P 12,906	P 22,400

25. OTHER OPERATING INCOME AND EXPENSES

Other operating income is composed of the following:

	Notes	BDO Unibank Group		
		2022	2021	2020
Service charges, fees and commissions	27	P 38,545	P 30,485	P 24,822
Insurance premiums		18,938	18,136	15,009
Foreign exchange gains	10.1	6,060	3,621	1,748
Trust fees	28	4,555	4,364	3,811
Rental	14	1,301	1,269	1,430
Income from assets sold or exchanged	14	483	1,275	1,169
Dividends	10.1	147	207	551
Trading gains (losses) - net	10.1	(600)	220	5,563
Miscellaneous - net		2,106	1,777	1,107
		P 71,535	P 61,354	P 55,210

	Notes	Parent Bank		
		2022	2021	2020
Service charges, fees and commissions	27	P 31,061	P 25,293	P 21,152
Share in net income of subsidiaries and associates	15.2	8,710	6,350	3,839
Foreign exchange gains		5,182	3,273	1,591
Trust fees	28	3,395	3,477	3,035
Rental	14	492	482	514
Income from assets sold or exchanged	14	326	1,174	1,097
Dividends		18	19	258
Trading gains (losses) - net	10.1	(299)	(349)	5,230
Miscellaneous - net		1,244	916	538
		P 50,129	P 40,635	P 37,254

Other operating expenses consist of the following:

	Notes	BDO Unibank Group		
		2022	2021	2020
Compensation and benefits	26.1	P 44,405	P 41,744	P 37,392
Fees and commissions		22,570	17,140	14,994
Policy reserves, insurance benefits and claims	20	14,492	15,633	13,136
Taxes and licenses	14	13,167	11,180	12,703
Occupancy	13, 15.6			
	27	10,553	9,222	9,572
Insurance		6,342	5,828	5,551
Security, clerical, messengerial and janitorial		4,202	3,851	3,674
Repairs and maintenance		2,334	1,982	1,600
Advertising		2,016	2,586	2,621
Power, light and water		1,402	1,130	1,011
Amortization of computer software	15.6	1,356	1,342	734
Representation and entertainment		1,317	1,806	1,877
Information technology		1,104	1,136	919
Traveling		991	883	1,034
Litigation on assets acquired		854	773	601
Supplies		794	731	767
Telecommunication		520	560	616
Freight		422	378	257
Miscellaneous	15.6	2,367	1,970	3,581
		P 131,208	P 119,875	P 112,640

	Notes	Parent Bank		
		2022	2021	2020
Compensation and benefits	26.1	P 37,955	P 35,786	P 32,525
Fees and commissions		21,606	16,600	14,575
Taxes and licenses	14	11,509	10,009	11,631
Occupancy	13, 15.6			
	27	9,182	7,963	8,199
Insurance		6,218	5,715	5,457
Security, clerical, messengerial and janitorial		3,843	3,522	3,382
Repairs and maintenance		2,158	1,855	1,487
Advertising		1,823	2,509	2,495
Power, light and water		1,263	1,047	912
Amortization of computer software	15.6	1,259	1,291	696
Representation and entertainment		1,141	1,573	1,637
Information technology		1,057	1,113	885
Litigation on assets acquired		834	766	592
Supplies		675	606	676
Traveling		638	619	778
Telecommunication		421	456	523
Freight		372	339	241
Miscellaneous	15.6	2,165	1,844	3,376
		P 104,119	P 93,613	P 90,067

26. COMPENSATION AND BENEFITS

26.1 Compensation and Benefits

Expenses recognized for compensation and benefits (see Note 25) are presented below.

	Notes	BDO Unibank Group		
		2022	2021	2020
Salaries and wages		P 26,465	P 23,914	P 22,206
Bonuses		8,387	7,876	7,269
Retirement - defined benefit plan	26.2	2,961	2,421	2,097
Social security costs		1,413	1,254	1,013
Employee stock option plan	26.3	294	273	354
Other benefits		4,885	6,006	4,453
	25	P 44,405	P 41,744	P 37,392

	Notes	Parent Bank		
		2022	2021	2020
Salaries and wages		P 22,375	P 20,409	P 19,147
Bonuses		7,360	6,942	6,424
Retirement - defined benefit plan	26.2	2,583	1,825	1,850
Social security costs		1,195	1,062	863
Employee stock option plan	26.3	289	252	316
Other benefits		4,153	5,296	3,925
	25	P 37,955	P 35,786	P 32,525

26.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The BDO Unibank Group and the Parent Bank maintain a fully funded, multi-employer and tax-qualified noncontributory retirement plan that is being administered by the Parent Bank's trust and investment group as trustee covering all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provided for an early retirement at age of 50 with a minimum of ten years of credited service and late retirement up to age 65. Normal retirement benefit is an amount equivalent to a percentage ranging from 50% to 200% of plan salary for every year of credited service but not less than the regulatory benefit under Republic Act No. 7641, plus the cash conversion of accumulated vacation and sick leaves, if any.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2022 and 2021.

The amounts of Retirement assets and benefit obligation recognized under Other Assets accounts (see Note 15) and Other Liabilities accounts (see Note 21), respectively, in the statements of financial position are determined as follows:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Present value of the DBO	P 43,139	P 42,440	P 39,252	P 38,325
Fair value of plan assets	(43,396)	(38,647)	(39,252)	(34,675)
Deficiency (surplus) of plan assets	(257)	3,793	-	3,650
Effect of asset ceiling	42	7	-	-
Retirement benefit obligation (assets)	(P 215)	P 3,800	P -	P 3,650

The movements in the present value of the DBO are as follows:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Balance at beginning of year	P 42,440	P 34,288	P 38,325	P 31,318
Benefits paid by the plan	(2,285)	(3,231)	(2,086)	(3,037)
Current service cost	2,961	2,040	2,583	1,825
Interest expense	2,399	1,323	2,167	1,215
Past service cost	-	381	-	-
Transfer to/(from) the plan	-	-	110	(49)
Remeasurements:				
Actuarial losses (gains) arising from changes in:				
- financial assumption	(5,357)	3,173	(4,759)	3,464
- demographic assumptions	1,915	330	1,824	54
- experience adjustments	1,066	4,136	1,088	3,535
Balance at end of year	P 43,139	P 42,440	P 39,252	P 38,325

The movements in the fair value of plan assets are presented below.

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Balance at beginning of year	P 38,647	P 35,650	P 34,675	P 32,582
Contributions paid into the plan	8,746	4,286	8,136	3,500
Interest income	2,107	1,378	1,899	1,272
Benefits paid by the plan	(2,285)	(3,231)	(2,086)	(3,037)
Transfer to/(from) the plan	-	-	110	(49)
Remeasurement loss - return on plan assets (excluding amounts included in net interest)	(3,819)	564	(3,482)	407
Balance at end of year	P 43,396	P 38,647	P 39,252	P 34,675

The composition of the fair value of plan assets at the end of the reporting period for each category and risk characteristics are shown below.

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Debt securities:				
Government bonds	P 25,317	P 19,400	P 22,900	P 17,407
Corporate bonds	7,416	7,726	6,708	6,932
UITFs	10,706	8,919	9,683	8,003
Loans and other receivables	2,400	499	2,171	447
Equity securities	512	881	463	790
Cash and cash equivalents	126	74	114	66
Other properties – net	(3,081)	1,148	(2,787)	1,030
	P 43,396	P 38,647	P 39,252	P 34,675

Actual returns on plan assets were (P1,712) and (P1,583) in 2022 and P1,943 and P1,679 in 2021 in the BDO Unibank Group and the Parent Bank's financial statements, respectively.

Certain plan assets include BDO Unibank Group's own financial instruments [see Note 27(c)].

The fair value of the plan assets is at Level 1 in the fair value hierarchy except for UITFs which are at Level 2, loans and other receivables and other properties, which are at Level 3.

The components of amounts recognized in profit or loss and in other comprehensive income of the BDO Unibank Group and the Parent Bank in respect to the defined benefit plan is as follows:

	BDO Unibank Group		
	2022	2021	2020
<i>Recognized in profit or loss:</i>			
Current service costs	P 2,961	P 2,040	P 2,097
Past service costs	-	381	-
Interest expense (income)	292	(53)	68
	P 3,253	P 2,368	P 2,165
<i>Recognized in other comprehensive income, net of tax (see Note 31.1):</i>			
Actuarial losses (gains) arising from change in:			
- experience adjustments	P 799	P 3,102	P 729
- demographic assumptions	1,436	248	-
- financial assumptions	(4,018)	2,379	(2,105)
Remeasurement losses (gains) arising from:			
- return on plan assets (excluding amounts included in net interest expense)	2,864	(423)	580
- changes in the effect of the asset ceiling	27	(43)	33
	1,108	5,263	(763)
Effect of change in income tax rate	-	750	-
	1,108	6,013	(763)
Share in actuarial losses of associates	(11)	9	7
	P 1,097	P 6,022	(P 756)

	Parent Bank		
	2022	2021	2020
<i>Recognized in profit or loss:</i>			
Current service costs	P 2,583	P 1,825	P 1,850
Interest expense (income)	268	(55)	70
	P 2,851	P 1,770	P 1,920
<i>Recognized in other comprehensive income, net of tax (see Note 31.1):</i>			
Actuarial losses (gains) arising from change in:			
– experience adjustments	P 816	P 2,651	P 693
– demographic assumptions	1,368	40	-
– financial assumptions	(3,569)	2,599	(1,935)
Remeasurement losses (gains) arising from:			
– return on plan assets (excluding amounts included in net interest expense)	2,612	(305)	477
– changes in the effect of the asset ceiling	-	(37)	33
	1,227	4,948	(732)
Effect of change in income tax rate	-	715	-
	1,227	5,663	(732)
Share in actuarial losses (gains) of subsidiaries and associates	(126)	342	(20)
	P 1,101	P 6,005	(P 752)

Current service costs are presented as part of Compensation and benefits under Other Operating Expenses account (see Note 25) while interest expense or income are presented or offset against Interest Expense account (see Note 24) in the statements of income of the BDO Unibank Group and the Parent Bank.

Amounts recognized in other comprehensive income were included within the items that will not be reclassified subsequently to profit or loss in the statements of comprehensive income.

In determining the amounts of post-employment benefit obligation, the following significant actuarial assumptions were used:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Discount rates	7.62% - 7.88%	5.03% - 5.04%	7.63%	5.03%
Expected rate of salary increases	2.00% - 14.00%	2.00% - 11.70%	4.75% - 11.00%	4.00% - 11.70%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 22.6 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms of maturity approximating the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the BDO Unibank Group and the Parent Bank to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan is composed of investment in UITF, debt and equity instruments, cash and cash equivalents, and loans and receivables. Due to the long-term nature of plan obligation, a level of continuing debt securities is an appropriate element of the BDO Unibank Group's long-term strategy to manage the plans effectively.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding pages.

(i) *Sensitivity Analysis*

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit asset as of December 31, 2022 and 2021.

<u>Impact on Retirement Benefit Obligation</u>				
	<u>Change in Assumption</u>		<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
<u>BDO Unibank Group</u>				
<u>December 31, 2022</u>				
Discount rate	+/-1%	(P	1,954)	P 2,166
Salary increase rate	+/-1%		2,150	(1,978)
<u>December 31, 2021</u>				
Discount rate	+/-1%	(P	1,850)	P 2,051
Salary increase rate	+/-1%		1,990	(1,835)
<u>Parent Bank</u>				
<u>December 31, 2022</u>				
Discount rate	+/-1%	(P	1,615)	P 1,764
Salary increase rate	+/-1%		1,757	(1,639)
<u>December 31, 2021</u>				
Discount rate	+/-1%	(P	1,474)	P 1,601
Salary increase rate	+/-1%		1,556	(1,463)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, BDO Unibank Group through its Compensation Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds or UITFs) with maturities that match the benefit payments as they fall due and in the appropriate currency. BDO Unibank Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the plan assets as of December 31, 2022 and 2021 consists of debt instruments and UITFs, although the BDO Unibank Group and the Parent Bank also invest in cash and cash equivalents, equity instruments and properties. The debt instruments include government bonds and corporate bonds.

There has been no change in the BDO Unibank Group and the Parent Bank's strategies to manage its risks from previous periods.

(iii) *Funding Arrangements and Expected Contributions*

As of December 31, 2022, the plan of the BDO Unibank Group is overfunded by P215 while the Parent Bank is fully funded based on the latest actuarial valuation report.

The BDO Unibank Group and the Parent Bank expect to pay P9,200 and P8,300, respectively, as contributions to retirement benefit plans in 2023.

The expected maturity of undiscounted expected benefits payments of BDO Unibank Group and the Parent Bank from the plan for the next ten years is presented as follows:

	BDO Unibank		Parent Bank	
	<u>Group</u>		<u>Parent Bank</u>	
Between one to five years	P	41,416	P	38,877
Between six to ten years		<u>28,413</u>		<u>25,443</u>
	P	<u>69,829</u>	P	<u>64,320</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 3.5 to 13.2 years for the BDO Unibank Group and 5.4 years for the Parent Bank.

26.3 ESOP

BDO Unibank Group's ESOP expense includes the amounts recognized by the Parent Bank and its subsidiaries over the vesting period. In 2022 and 2021, vested shares totaled 10,018,699 shares and 14,118,934 shares, respectively, for BDO Unibank Group, and 9,492,930 shares and 13,552,572 shares, respectively, for Parent Bank.

The ESOP expense, included as part of Compensation and benefits under Other Operating Expenses in the BDO Unibank Group's statements of income, amounted to P294, P273 and P354 in 2022, 2021 and 2020, respectively, and in the Parent Bank's statements of income, amounted to P289, P252 and P316, respectively (see Note 26.1).

27. RELATED PARTY TRANSACTIONS

The Parent Bank created a Related Party Transactions Committee composed of two independent directors and a non-executive director, as of December 31, 2022. The said committee exercises oversight role to ensure bank compliance with BSP regulations on related party transactions.

The summary of BDO Unibank Group's significant transactions with its related parties as of December 31, 2022 and 2021 and for each of the three years ended are as follows:

Related Party Category	Note	Amounts of Transaction			Outstanding Balance	
		2022	2021	2020	2022	2021
DOSRI Loans	27(a)					
Stockholders		P 11,241	P 24,854	P 3,636	P 21,122	P 34,266
Related Parties under Common Ownership		2	12	24	-	-
Directors		-	3	3	-	-
Officers and Employees		1,900	1,807	1,418	2,254	2,068
Deposit Liabilities	27(b)					
Stockholders		500,212	468,175	390,344	27,962	19,852
Related Parties under Common Ownership		16,992	2,670	5,099	227	227
Directors		561	443	451	32	54
Officers and Employees		-	222	82	-	1
Other Transactions with Associates	27(d)					
Loans and Advances		-	480	500	7,895	8,261
Interest Income		295	251	359	98	58
Related Parties Under Common Ownership	27(d)					
Right-of-use Asset		1,619	1,677	378	4,818	3,904
Lease Liabilities		1,361	1,474	285	3,199	2,816
Interest Expense		87	77	3	237	178
Depreciation Expense		263	184	39	1,098	524
Key Management Personnel Compensation	27(d)	1,673	1,543	1,589	-	-
Retirement Plan	27(c)	(263)	160	238	5,705	8,351

The summary of the Parent Bank's significant transactions with its related parties as of December 31, 2022 and 2021 and for each of the three years ended are as follows:

Related Party Category	Note	Amounts of Transaction			Outstanding Balance	
		2022	2021	2020	2022	2021
DOSRI Loans	27(a)					
Stockholders		P 11,241	P 24,854	P 3,636	P 21,122	P 34,266
Related Parties under Common Ownership		2	12	24	-	-
Directors		-	3	3	-	-
Officers and Employees		1,898	1,805	1,411	2,250	2,065
Deposit Liabilities	27(b)					
Stockholders		500,212	468,175	390,344	27,962	19,852
Related Parties under Common Ownership		990	2,324	4,152	83	111
Directors		561	443	451	32	54
Officers and Employees		-	222	82	-	1
Other Transactions with Subsidiaries	27(d)					
Loans and Advances		P 28,755	P 25,011	P 37,123	P 9,339	P 2,912
Derivative Assets		3,059	992	-	123	31
Derivative Liabilities		1,738	612	1,471	60	-
Deposit Liabilities		6,599	(572)	(1,881)	11,368	4,769
Accounts Payable		-	-	(2)	-	1
Miscellaneous Assets		(83)	117	259	59	142
Miscellaneous Liabilities		28	(28)	-	-	-
Interest Income		183	119	238	24	3
Rent Income		143	136	132	-	-
Service Fees		1,070	874	796	-	-
Interest Expense		79	5	25	70	-
Right-of-use Asset		24	-	-	100	97
Lease Liabilities		3	(12)	(11)	117	113
Depreciation/Amortization		16	14	13	-	-
Interest Expense – Finance						
Lease Payment Payable		7	7	7	-	-
Trust Fees		120	120	107	-	-
Miscellaneous Expense		83	117	123	-	-
Insurance Expense		56	42	40	-	-
Trading Gain/Loss		230	(20)	(90)	-	-
Miscellaneous Income		123	49	3	-	-
Repairs and Maintenance		1	1	1	-	-
Fees and Commission		135	140	149	-	-
Other Transactions with Associates	27(d)					
Loans and Advances		-	480	500	7,895	8,261
Interest Income		295	251	344	98	58
Related Parties under Common Ownership	27(d)					
Right-of-use Asset		1,619	1,677	378	4,818	3,904
Lease Liabilities		1,361	1,474	285	3,199	2,816
Interest Expense		87	77	3	237	178
Depreciation Expense		263	184	39	1,098	524
Key Management Personnel	27(d)					
Compensation		966	905	1,006	-	-
Retirement Plan	27(c)	(263)	160	238	5,703	8,349

In the ordinary course of business, the BDO Unibank Group and the Parent Bank have loans, deposits and other transactions with its related parties and with certain DOSRI as described below and in the succeeding pages.

(a) Loans to Related Parties

Under existing policies of the BDO Unibank Group and the Parent Bank, these loans bear interest rates ranging from 0.00% to 9.00% per annum in 2022, 2021 and 2020, which are substantially the same terms as loans granted to other individuals and businesses of comparable risks. The General Banking Act and BSP regulations limit the amount of the loans granted by a bank to a single borrower to 25% of equity. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of the unencumbered deposit and book value of the investment in the BDO Unibank Group and the Parent Bank.

Secured DOSRI loans are collateralized by publicly-listed shares, hold-out on deposits, chattels and real estate mortgages and are payable within 20 years.

The total loan releases and collections in 2022 amounted to P13,143 and P26,101 for the BDO Unibank Group and P13,141 and P26,100 for the Parent Bank, respectively. The total loan releases and collections in 2021 amounted to P26,676 and P15,713 for the BDO Unibank Group and P26,674 and P15,709 for the Parent Bank, respectively. The total loan releases and collections in 2020 amounted to P5,081 and P10,265 for the BDO Unibank Group and P5,074 and P10,257 for the Parent Bank, respectively.

(b) Deposits from Related Parties

The total deposits made by the related parties amounted to P517,765, P471,510 and P395,976 in 2022, 2021 and 2020 for the BDO Unibank Group, and P501,763, P471,164 and P395,029 in 2022, 2021 and 2020 for the Parent Bank, respectively, and bearing interest rates range of 0.00% to 5.38% in 2022, and 0.00% to 4.53% 2021 and 2020, respectively. The related interest expense from deposits amounted to P935, P795 and P860 in 2022, 2021 and 2020, respectively (see Note 24).

(c) Transactions with Retirement Plan

BDO Unibank Group's retirement fund has transactions directly and indirectly with BDO Unibank Group as of December 31, 2022 and 2021 and for each of the three years ended are as follows:

Related Party Category	Amounts of Transaction			Outstanding Balance	
	2022	2021	2020	2022	2021
Loans to employees					
BDO Unibank, Inc.	P -	P -	P -	P 4	P 7
Investment in shares of					
BDO Unibank, Inc.	-	-	-	195	48
Dominion Holdings	-	-	-	2	2
Deposit liabilities					
(including LTNCDS)					
BDO Unibank, Inc.	-	-	-	5,504	8,294
Trading gain (loss)					
BDO Unibank, Inc.	(271)	158	235	-	-
Interest expense					
BDO Unibank, Inc.	6	-	1	-	-
Rental income					
BDO Unibank, Inc.	2	2	2	-	-

The BDO Unibank Group's retirement fund has transactions directly and indirectly with the Parent Bank as of December 31, 2022 and 2021 and for each of the three years ended are as follows:

<u>Related Party Category</u>	<u>Amounts of Transaction</u>			<u>Outstanding Balance</u>	
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022</u>	<u>2021</u>
Loans to employees					
BDO Unibank, Inc. P	-	P -	P -	P 4	P 7
Investment in shares of –					
BDO Unibank, Inc.	-	-	-	195	48
Deposit liabilities					
(including LTNCDs)					
BDO Unibank, Inc.	-	-	-	5,504	8,294
Trading gain (loss)					
BDO Unibank, Inc. (	271)	158	235	-	-
Interest expense					
BDO Unibank, Inc.	6	-	1	-	-
Rental income					
BDO Unibank, Inc.	2	2	2	-	-

Details of the contributions of the BDO Unibank Group and the Parent Bank, and benefits paid out by the plan to the employees are presented in Note 26.2.

(d) *Other Transactions with Related Parties*

A summary of other transactions of the Parent Bank with subsidiaries and associates and other related parties are shown in the section that follows. These transactions are generally unsecured and payable in cash, unless otherwise stated.

- (i) Transactions with and between subsidiaries have been eliminated in the BDO Unibank Group's financial statements. Significant transactions with subsidiaries are as follows:

(1) *Loans and Advances to Subsidiaries*

The Parent Bank grants noninterest-bearing advances to subsidiaries for working capital requirements, which are unsecured, payable in cash and without fixed repayment terms. The total advances granted and collected amounted to P259 and P111, P111 and P28, and P46 and P44, in 2022, 2021 and 2020, respectively. The outstanding advances to subsidiaries recognized as part of Accounts receivable under Loans and Other Receivables in the Parent Bank's statements of financial position amounted to P259 and P111 as of December 31, 2022 and 2021, respectively (see Note 11).

The Parent Bank also grants both secured and unsecured interest-bearing loans to subsidiaries with outstanding balance of P9,080 and P2,801 as of December 31, 2022 and 2021, respectively, and are presented as part of Loans and discounts under Loans and Other Receivables account in the Parent Bank's statements of financial position (see Note 11). The total loans granted amounted to P28,496, P24,900 and P37,076 while total loans collected amounted to P22,217, P27,215 and P35,593 for 2022, 2021 and 2020, respectively. These loans are payable in cash with a term between eight days to five years. Interest income recognized on these is presented as part of Interest Income in the Parent Bank's statements of income (see Note 23). Interest rate on these loans ranges from 3.32% to 6.50%, 2.50% to 3.50% and 2.27% to 5.75% per annum in 2022, 2021 and 2020, respectively.

(2) Income to the Parent Bank

BDO subsidiaries engaged the Parent Bank, under service agreements to provide various support such as maintenance, administration of properties/assets management, supplies procurement, facilities management, accounting functions, loan documentation, safekeeping/custodianship of securities and collateral documents, credit card services, human resources management, information technology needs, internal audit, corporate secretarial services, remittance transactions support, legal assistance on all loan and/or property/asset-related litigation, credit investigation services, security services and investigation requirements, and assistance on all tax-related issues. The service agreement shall continue to be in force unless terminated by either party through a written notice, at least 30 calendar days prior to the date intended for termination. The services fees are payable monthly in cash and shall be exclusive of actual costs and expenditures of the Parent Bank in relation to the provision of the services, which shall be reimbursed by the subsidiaries to the Parent Bank.

The total service fees are presented as part of Service charges, fees and commissions under Other Operating Income account in the Parent Bank's statements of income (see Note 25). There are no outstanding balance arising from these transactions as of December 31, 2022 and 2021. Total service fees amounted to P1,070, P874 and P796 in 2022, 2021 and 2020, respectively.

BDO Life has an existing Investment Management Agreement with the Parent Bank. For services rendered, BDO Life pays the Parent Bank management fees in cash equivalent to certain percentage based on the average daily balance of the fund and are deducted quarterly from the fund. The total trust fees is presented as part of Trust fees under Other Operating Income account in the Parent Bank's statements of income (see Note 25). Outstanding balances arising from this as of December 31, 2022 and 2021 are included as part of Accounts receivable under Loans and Other Receivables (see Note 11). The total trust fees amounted to P120 for both 2022 and 2021, and P107 for 2020.

Certain subsidiaries lease office space and equipment from the Parent Bank. The total rent collected from the subsidiaries is included as part of Miscellaneous under Other Operating Income in the Parent Bank's statements of income (see Note 25). The term of the lease office space ranges from three years to five years and is payable in cash. There are no outstanding receivable from subsidiaries as of December 31, 2022 and 2021. The total rent income amounted to P143, P136 and P132 in 2022, 2021 and 2020, respectively.

(3) Expenses of the Parent Bank

The Parent Bank, as a lessee, recognized right-of-use assets related to lease of space from BDO Network, BDOSHI and Averon for its branch operations, amounting to P100 and P97, as of December 31, 2022 and 2021, respectively, which are presented as part of Premises, Furniture, Fixtures and Equipment (see Note 12). Depreciation expense and amortization of the right-of-use assets arising from these transactions amounted to P16, P14 and P13 in 2022, 2021 and 2020, respectively, and presented as part of Occupancy under Other Operating Expenses in the Parent Bank's statements of income (see Note 25). The total interest expense on lease liability is included as part of Interest expense on finance lease liabilities under the Interest Expense account in the Parent Bank's statement on income amounted to P7 for years 2022, 2021 and 2020 (see Note 24). Outstanding balance arising from these transactions amounted to P117, P113 and P118 as of December 31, 2022, 2021 and 2020, respectively, and is included as part of Lease liabilities under Other Liabilities (see Note 21).

The total amount paid for repairs and maintenance of leased properties is included as part of Repairs and Maintenance account under Other Operating Expenses in the Parent Bank's statements of income (see Note 25). The total repairs and maintenance expense amounted to P1 in 2022, 2021 and 2020.

The Parent Bank pays for the group life insurance of its employees and life and accident insurance of enrolled qualified remitters of Kabayan accounts to BDO Life. The total amount paid is included as part of Insurance Expense account under Other Operating Expenses in the Parent Bank's statements of income (see Note 25). Total insurance expense amounted to P56, P42 and P40 in 2022, 2021 and 2020, respectively.

In 2020, the Parent Bank purchased receivables from Dominion Holdings (see Note 30.3). This resulted to a loss amounting to P290 which was initially booked under Miscellaneous Asset and will be amortized over the term of the loan. The amortized loss incurred was recognized as part of Miscellaneous Expense account under Other Operating Expenses in the Parent Bank's statements of income amounting to P83 and P117 in 2022 and 2021, respectively (see Note 25). No similar transaction occurred in 2022 and 2021.

The Parent Bank pays commission to BDO Network and BDO Private related to the referred trust services to the Parent Bank. Also, the Parent Bank pays for various services rendered by foreign subsidiaries. The amount paid for both commission and services are included as part of Fees and Commission account under Other Operating Expense in the Parent Bank's statements of income. The total payments amounted to P135, P140 and P149 in 2022, 2021 and 2020, respectively.

(4) Derivatives

In 2022 and 2021, the Parent Bank entered into derivative transactions with certain subsidiary in the form of currency forwards. As of December 31, 2022 and 2021, the outstanding balance of derivatives assets and liabilities are presented as part of Financial assets at FVTPL under Trading and Investment Securities account (see Note 10.1) and Derivatives with negative fair values under Other Liabilities account in the statements of financial position (see Note 21).

(5) Deposit Liabilities

The total deposits made by the subsidiaries to the Parent Bank during 2022, 2021 and 2020 amounted to P801,252, P669,405 and P559,611, respectively. These are with yearly corresponding withdrawals amounting to P794,653 for 2022, P668,833 for 2021 and P561,492 for 2020. These deposits bear interest rates of 0.00% to 4.88% in 2022, 0.00% to 0.50% in 2021 and 0.00% to 3.25% in 2020. The related interest expense from these deposits is included as part of Interest Expense account on deposit liabilities in the statements of income (see Note 24).

In 2022, the BOD approved the assignment of additional government securities to BDO Network amounting to P1.0 billion to secure transactions between the Parent Bank and BDO Network. As of December 31, 2022 and 2021, the total assigned government securities to BDO Network amounted to P2.0 billion and P1.0 billion, respectively. Additionally, the total assigned government securities to BDO Private for purposes of securing transactions amounted to P2.0 billion for both 2022 and 2021.

(6) Real Estate Joint Venture

On October 23, 2021 and November 11, 2021, the respective BOD of BDO Unibank and BDOSHI have approved the Real Estate Joint Venture Agreement between the two companies wherein BDOSHI will contribute its 3,695 square meters vacant lots and Air Rights in Valero St. Makati City. BDO Unibank will construct Annex A Building on the said lots as part of the BDO Makati Campus Project and shall bear the estimated cost of the construction subject to any adjustment based on the final calculations by the parties. As of December 31, 2022, construction of the said building has not yet started.

(ii) Other transactions with associates are shown below.

Loans and Advances to Associates

As of December 31, 2022 and 2021, the outstanding secured and unsecured interest-bearing loans and advances to associates amounting to P7,895 and P8,261 for the BDO Unibank Group and P7,895 and P8,261 for the Parent Bank, respectively, and are presented as part of Loans and discounts and Accounts receivable under Loans and Other Receivables account in the statements of financial position (see Note 11).

These loans are payable in cash between seven and a half years to twelve years. The total collections on loans and advances amounted to P366, P444 and P75 for BDO Unibank Group and P366, P262 and P57 for the Parent Bank in 2022, 2021 and 2020, respectively.

Annual interest rates on these loans are 4.95% and 2.94% in 2022 and 2021, respectively. For 2020, annual interest rates range from 2.95% to 7.70%. The related interest income is presented as part of Interest Income on loans and other receivables in the BDO Unibank Group's statements of income (see Note 23). As of December 31, 2022, 2021 and 2020, there were no impairment losses recognized on these loans and advances.

- (iii) Transaction of the Parent Bank with related parties under common ownership is shown below.

The Parent Bank, as a lessee, recognized right-of-use assets related to lease of space from related parties for its branch operations, amounting to P4,818 and P3,904 as of December 31, 2022 and 2021, respectively, which is presented as part of Premises, Furniture, Fixtures and Equipment (see Note 12). Amortization expense on right-of-use assets arising from this transaction, amounting to P263, P184, and P39 in 2022, 2021 and 2020, respectively, and is presented as part of Occupancy under Other Operating Expenses account in the Parent Bank's statement of income (see Note 25).

The total interest expense on lease liabilities from related parties, included as part of Interest expense on finance lease liabilities under the Interest Expense account amounted to P87, P77, and P3 in 2022, 2021 and 2020, respectively, in the Parent Bank's statements of income (see Note 24). The outstanding balances arising from this transaction amounted to P3,199 and P2,816 as of December 31, 2022 and 2021, respectively, and is included as part of Lease liabilities under Other Liabilities (see Note 21).

The terms of the lease are from one to ten years and is payable in cash.

- (iv) Key Management Personnel Compensation

The compensation and benefits given to BDO Unibank Group and the Parent Bank's key management are as follows (see Note 26.1):

	BDO Unibank Group		
	2022	2021	2020
Salaries and other benefits	P 1,450	P 1,381	P 1,368
Retirement expense	223	162	221
	<u>P 1,673</u>	<u>P 1,543</u>	<u>P 1,589</u>
	Parent Bank		
	2022	2021	2020
Salaries and other benefits	P 809	P 819	P 849
Retirement expense	157	86	157
	<u>P 966</u>	<u>P 905</u>	<u>P 1,006</u>

28. TRUST OPERATIONS

The following securities and other properties held by BDO Unibank Group in fiduciary or agency capacity (for a fee) for its customers are not included in BDO Unibank Group and the Parent Bank's statements of financial position since these are not resources of the BDO Unibank Group [see Note 35(h)].

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Investments	P 1,813,001	P 1,769,064	P 1,246,315	P 1,223,191
Others	<u>12,018</u>	<u>9,654</u>	<u>9,436</u>	<u>7,679</u>
	<u>P 1,825,019</u>	<u>P 1,778,718</u>	<u>P 1,255,751</u>	<u>P 1,230,870</u>

In compliance with the requirements of the General Banking Act relative to the BDO Unibank Group's trust functions:

- (a) Investment in government securities which are shown as part of Investment securities at amortized cost with a total face value of P19,695 and P18,435 as of December 31, 2022 and 2021 (see Note 10.3), respectively, in BDO Unibank Group and, P13,495 and P12,178 as of December 31, 2022 and 2021, respectively, in the Parent Bank are deposited with the BSP as security for BDO Unibank Group's faithful compliance with its fiduciary obligations; and,
- (b) A certain percentage of the trust income is transferred to surplus reserves. This yearly transfer is required until the surplus reserve for trust function is equivalent to 20% of BDO Unibank Group's authorized capital stock. As of December 31, 2022 and 2021, the additional reserve for trust functions amounted to P251 and P263 for both the BDO Unibank Group and Parent Bank, and is included as part of Surplus Reserves account in statements of changes in equity (see Note 22.5).

Income from trust operations, shown as Trust fees under Other Operating Income account, amounted to P4,555, P4,364 and P3,811 for the years ended December 31, 2022, 2021 and 2020, respectively, in BDO Unibank Group's statements of income and P3,395, P3,477 and P3,035 for the years ended December 31, 2022, 2021 and 2020, respectively, in the Parent Bank's statements of income (see Note 25).

29. UNIT-LINKED FUNDS

VUL insurance contracts of BDO Life are life insurance policies wherein a portion of the premiums received are invested in VUL funds, which are composed mainly of investments in equity and debt securities. The withdrawal or surrender amount of a VUL policy can be computed by multiplying the total units held by the policyholder by the fund's Net Asset Value per unit, which changes daily depending on the fund's performance.

In 2013, BDO Life obtained the approval from IC to issue VUL products, where payments to policyholders are linked to internal investment funds set up by BDO Life. The VUL funds are managed by the Trust and Investment Group of the Parent Bank.

As of December 31, 2022 and 2021, BDO Life has 12 VUL funds. The details of the investment funds, which comprise the assets backing the unit-linked liabilities, are presented in the table below. The assets and liabilities of these investment funds have been consolidated to the appropriate accounts in the BDO Unibank Group's financial statements.

	<u>2022</u>	<u>2021</u>
Assets:		
Cash and cash equivalents	P 161	P 153
Financial assets at FVTPL	27,760	24,592
Other receivables	<u>55</u>	<u>36</u>
	<u>P 27,976</u>	<u>P 24,781</u>
Liabilities and Equity:		
Other liabilities	P 159	P 191
Net assets attributable to unitholders	<u>27,817</u>	<u>24,590</u>
	<u>P 27,976</u>	<u>P 24,781</u>

30. MERGERS AND ACQUISITIONS

30.1 Subscription of Additional Shares in BDO Remit International Holdings, B.V. (formerly CBN Grupo)

On October 21, 2016, BDO Capital subscribed to an additional 3,273,000 shares in BDO Remit International Holdings, B.V. (BDO RIH) for P170, making BDO Capital the owner of approximately 96% of the outstanding capital stock of BDO RIH (see Note 15.2). The total goodwill recognized amounted to P123 and is presented as part of Goodwill under Other Resources on BDO Unibank Group's statement of financial position (see Notes 15.2 and 15.3).

On December 9, 2020, BDO Capital approved the corporate dissolution and liquidation of BDO RIH and to acquire its assets and assume its liabilities. Since the liabilities to be assumed by BDO Capital is higher than the assets it will absorb, BDO Capital also approved the additional investment in BDO RIH amounting to P276 in 2021 and P16 in 2022. This was approved by the BSP on November 9, 2021 and by the BDO RIH shareholders on February 2, 2022.

On July 20, 2022, BDO Capital made additional investment of P47 for its purchase of the shares of BDO Remit UK.

30.2 Merger of BDO Nomura and BDO Securities

On June 23, 2020, the Parent Bank and Nomura Asia came to an agreement and signed a term sheet on the proposed buy-out of Nomura Asia's 49% equity stake in BDO Nomura. The BOD of the Parent Bank authorized BDO Capital to acquire the shares of Nomura Asia and the transaction was completed on November 25, 2020 with settlement amount of P42.

On July 2, 2020, the BOD of BDO Nomura and BDO Securities, at their respective meetings, approved the merger of the two companies, with BDO Securities as the surviving entity, and the Plan of Merger. The same were likewise approved by the respective stockholders of the two entities on July 7, 2020. The merger was approved by the SEC on November 25, 2020 and was implemented on December 1, 2020.

30.3 Sale of Assets of Dominion Holdings

On May 25, 2019, the BOD of BDO Unibank approved the restructuring of the leasing business of the BDO Unibank Group. Under the restructuring, a new, privately-held company BDO Finance was incorporated on December 9, 2019 to carry on the leasing business of the BDO Unibank Group. Dominion Holdings, on the other hand, has sold substantially all of its assets to BDO Unibank, BDO Finance and other subsidiaries.

On October 9, 2020, the BOD of BDO Finance approved the purchase of the BDO Rental shares owned by Dominion Holdings. The sale was consummated through a Deed of Absolute Sale of Shares with BDO Rental becoming a wholly-owned subsidiary of BDO Finance. BDO Finance started its commercial operations on October 19, 2020.

On July 18, 2022, the SEC approved the change in name and purpose of BDO Leasing into Dominion Holdings, Inc, a holding company and remains listed in the PSE.

30.4 Dissolution of BDO Remit Italia

On June 13, 2020, BDO Remit Italia has completed its liquidation and made partial repatriation of funds to BDO Strategic Holdings, Inc. amounting to P7. Final capital return was made on July 1, 2021 amounting to P51.

31. TAXES

31.1 Current and Deferred Tax

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the BDO Unibank Group:

- Regular corporate income tax (RCIT) rate was reduced from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

The components of tax expense relating to profit or loss and other comprehensive income follows:

BDO Unibank Group					
	2022		2021		2020
<i>Reported in profit or loss:</i>					
Current tax expense:					
Regular corporate income tax (RCIT)					
at 25% in 2022 and 2021 and 30% in 2020	P 10,187	P	9,422	P	14,762
Final taxes at 20%, 15% and 10%	4,011		2,689		2,286
Adjustment to current income tax from prior year	(69)	(	13)		-
Minimum corporate income tax (MCIT)					
at 1% in 2022 and 2021 and 2% in 2020	7	(	5)		33
Adjustment in 2020 income taxes due to change in income tax rate	-	(	1,378)		-
	14,136		10,715		17,081
Deferred tax expense relating to origination and reversal of temporary differences	1,823		2,213		695
Effect of the change in income tax rate	-		1		-
Application of previously unrecognized MCIT	-	(	22)		-
	1,823		2,192		695
	P 15,959	P	12,907	P	17,776
<i>Reported in other comprehensive income:</i>					
Actuarial gains (losses)	(P 389)	(P	1,754)	P	321
Fair value of financial assets at FVOCI	(21)		4		-
Effect of the change in income tax rate	-		683		-
Revaluation increment	-	(	4)		-
	(P 410)	(P	1,071)	P	321
Parent Bank					
	2022		2021		2020
<i>Reported in profit or loss:</i>					
Current tax expense:					
RCIT at 25% and 30%	P 8,380	P	8,411	P	13,998
Final taxes at 20%, 15% and 10%	3,357		2,165		1,801
Adjustment in 2020 income taxes due to change in income tax rate	-	(	1,300)		-
Adjustment to current income tax from prior year	(68)	(	13)		-
	11,669		9,263		15,799
Deferred tax expense relating to origination and reversal of temporary differences	1,664		2,112		483
Effect of the change in income tax rate	-		3		-
	1,664		2,115		483
	P 13,333	P	11,378	P	16,282
<i>Reported in other comprehensive income:</i>					
Actuarial gains (losses)	(P 408)	(P	1,649)	P	314
Fair value of financial assets at FVOCI	(22)		12		-
Effect of the change in income tax rate	-		647		-
Revaluation increment	-	(	4)		-
	(P 430)	(P	994)	P	314

The reconciliation of the tax on pretax profit computed at the statutory tax rates to tax expense is shown below and in the succeeding page.

		BDO Unibank Group		
		2022	2021	2020
Tax on pretax profit at 25% and 30%	P	18,298	P 13,940	P 13,809
Adjustment for income subjected to lower income tax rates	(	1,007)	(561)	(879)
Adjustment in 2020 income taxes due to change in income tax rate		-	(1,377)	-
Tax effects of:				
Income exempt from tax	(	7,246)	(2,884)	(4,062)
Non-deductible expenses		6,644	4,245	9,736
Deductible temporary differences not recognized	(	914)	(312)	(903)
Net operating loss carryover (NOLCO) not recognized		94	4	91
Adjustment to current income tax from prior year	(	69)	(13)	-
Application of previously unrecognized MCIT	-	(29)	-	-
Utilization of previously unrecognized NOLCO	-	-	(1)	1)
Others		159	(106)	(15)
Tax expense reported in profit or loss	P	15,959	P 12,907	P 17,776
		Parent Bank		
		2022	2021	2020
Tax on pretax profit at 25% in 2022 and 2021 and 30% in 2020	P	17,581	P 13,515	P 13,467
Adjustment for income subjected to lower income tax rates	(	738)	(436)	(865)
Adjustment in 2020 income taxes due to change in income tax rate		-	(1,297)	-
Tax effects of:				
Income exempt from tax	(	9,004)	(4,120)	(4,969)
Non-deductible expenses		6,306	4,103	9,519
Deductible temporary differences not recognized	(	743)	(374)	(870)
Adjustment to current income tax from prior year	(	69)	(13)	-
Tax expense reported in profit or loss	P	13,333	P 11,378	P 16,282

Components of the net deferred tax assets (see Note 15) as of December 31 follow:

		Statements of Financial Position			
		BDO Unibank Group		Parent Bank	
		2022	2021	2022	2021
Deferred tax assets:					
Unamortized past service costs	P	3,521	P 2,577	P 3,190	P 2,280
Allowance for impairment		2,681	4,088	2,455	3,747
Retirement obligation (net of OCI)	(	344)	606	(344)	568
Recognition of right-of-use assets and lease liabilities		87	67	84	47
Lease income differential		7	-	-	-
Others		13	66	-	-
		5,965	7,404	5,385	6,642

Statements of Financial Position							
BDO Unibank Group				Parent Bank			
2022		2021		2022		2021	
Deferred tax liabilities:							
Revaluation increment	P 336	P 337		P 335	P 335		
Retirement asset (net of OCI)	54	-		-	-		
Capitalized interest	31	33		31	33		
Changes in fair values of financial assets at FVOCI	(7)	11		(9)	12		
Lease income differential	2	2		-	-		
Others	194	253		-	-		
	<u>610</u>	<u>636</u>		<u>357</u>	<u>380</u>		
Net deferred tax assets	<u>P 5,355</u>	<u>P 6,768</u>		<u>P 5,028</u>	<u>P 6,262</u>		

Movements in net deferred tax assets for the years ended December 31 follow:

BDO Unibank Group

Statements of Income							
2022		2021		2020			
Allowance for impairment	P 1,407	P 2,289	P 160				
Retirement obligation (asset)	1,392	(405)	1,059				
Unamortized past service costs	(944)	317	(591)				
Recognition of right-of-use assets and lease liabilities	(19)	(45)	47				
Lease income differential	(8)	-	-				
Capitalized interest	(2)	(9)	(3)				
Others	(3)	67	23				
Deferred tax expense	<u>P 1,823</u>	<u>P 2,214</u>	<u>P 695</u>				

Parent Bank

Statements of Income							
2022		2021		2020			
Retirement obligation (asset)	P 1,321	(P 412)	P 1,012				
Unamortized past service costs	(910)	451	(576)				
Allowance for impairment	1,292	2,111	-				
Recognition of right-of-use assets and lease liabilities	(37)	(26)	49				
Capitalized interest	(2)	(9)	(2)				
Deferred tax expense	<u>P 1,664</u>	<u>P 2,115</u>	<u>P 483</u>				

Statements of Comprehensive Income								
BDO Unibank Group			Parent Bank					
2022	2021	2020	2022	2021	2020			
Movements in actuarial losses	(P 389)	(P 1,004)	P 321	(P 408)	(P 934)	P 314		
Movements in fair value of financial assets at FVOCI	(21)	5	-	(22)	12	-		
Movements in revaluation increment	-	(72)	-	-	(72)	-		
Deferred tax expense (income)	<u>(P 410)</u>	<u>(P 1,071)</u>	<u>P 321</u>	<u>(P 430)</u>	<u>(P 994)</u>	<u>P 314</u>		

The BDO Unibank Group is subject to MCIT, which is computed at 1% of gross income, as defined under tax regulations or RCIT, whichever is higher.

The breakdown of NOLCO and MCIT with the corresponding validity periods are as follows for the BDO Unibank Group (nil for the Parent Bank):

<u>Year</u>	<u>NOLCO</u>	<u>MCIT</u>	<u>Valid Until</u>
2022	<u>P 359</u>	<u>P 6</u>	2025

The amounts of unrecognized deferred tax assets arising from NOLCO and other temporary differences as of December 31, 2022 and 2021 are as follows:

	BDO Unibank Group			
	2022		2021	
	<u>Tax Base</u>	<u>Tax Effect</u>	<u>Tax Base</u>	<u>Tax Effect</u>
Allowance for impairment	P 71,760	P 17,940	P 57,101	P 14,275
NOLCO	359	90	-	-
MCIT	6	6	2	2
Others	<u>834</u>	<u>208</u>	<u>1,037</u>	<u>259</u>
	<u>P 72,959</u>	<u>P 18,244</u>	<u>P 58,140</u>	<u>P 14,536</u>
	Parent Bank			
	2022		2021	
	<u>Tax Base</u>	<u>Tax Effect</u>	<u>Tax Base</u>	<u>Tax Effect</u>
Allowance for impairment	P 69,935	P 17,484	P 56,568	P 14,142
Others	<u>1,022</u>	<u>255</u>	<u>1,021</u>	<u>255</u>
	<u>P 70,957</u>	<u>P 17,739</u>	<u>P 57,589</u>	<u>P 14,397</u>

The BDO Unibank Group and the Parent Bank continue claiming itemized deduction for income tax purposes.

31.2 Gross Receipts Tax

Gross Receipts Tax (GRT), pursuant to Sections 121 and 122 of the Tax Code, is imposed on banks, non-banks financial intermediaries and finance companies (per RA 9238).

GRT is levied on the BDO Unibank Group's lending income, which includes interest, commission and discounts arising from instruments with maturity of five years or less and other income. The tax is computed at the prescribed rates of either 7%, 5% or 1% of the related income (per RA 9337).

31.3 Documentary Stamp Tax

Documentary stamp tax (DST) (at varying rates) is imposed on the following:

- (a) Bank checks, drafts, or certificate of deposit not bearing interest, and other instruments;
- (b) Bonds, loan agreements, promissory notes, bills of exchange, drafts, instruments and securities issued by the Government or any of its instrumentalities, deposit substitute debt instruments, certificates of deposits bearing interest and other notes payable at sight or on demand;

- (c) Acceptance of bills of exchange and letters of credit; and,
- (d) Bills of lading or receipt.

On December 19, 2017, RA No. 10963 known as Train Law was passed amending the rates of DST, the significant provisions of which are summarized as follows:

- (a) On every issue of debt instruments, there shall be collected a DST of one peso and fifty centavos on each two hundred pesos or fractional part thereof of the issue price of any such debt instrument. Provided, that for such debt instruments with terms of less than one year, the DST to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days. Provided further that only one DST shall be imposed on either loan agreement or promissory notes to secure such loan.
- (b) On all sales or transfer of shares or certificates of stock in any corporation, there shall be collected a DST of one peso and 50 centavos on each two hundred pesos, or fractional part thereof, of the par value of such stock.
- (c) On all bills of exchange or drafts, there shall be collected a DST of 60 centavos on each two hundred pesos, or fractional part thereof, of the face value of any such bill of exchange or draft.
- (d) The following instruments, documents and papers shall be exempt from DST:
 - Borrowings and lending of securities executed under the Securities Borrowing and Lending Program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority;
 - Loan agreements or promissory notes, the aggregate of which does not exceed P250 thousand or any such amount as may be determined by the Secretary of Finance, executed by an individual for his purchase on installment for his personal use;
 - Sale, barter or exchange of shares of stock listed and traded through the local stock exchange for a period of five years from the effectivity of RA No. 9243;
 - Fixed income and other securities traded in the secondary market or through an exchange;
 - Derivatives including repurchase agreements and reverse repurchase agreements;
 - Bank deposit accounts without a fixed term or maturity; and,
 - Interbank call loans with maturity of not more than seven days to cover deficiency in reserve against deposit liabilities.

31.4 Supplementary Information Required by the Bureau of Internal Revenue (BIR)

The BIR issued Revenue Regulations (RR) No. 15-2010 on November 25, 2010, which required certain tax information to be disclosed as part of the notes to the financial statements.

The supplementary information is, however, not a required part of the basic financial statements prepared in accordance with PFRS; it is neither a required disclosure under the Philippine SEC rules and regulations covering form and content of financial statements under the revised Securities Regulation Code Rule 68.

The Parent Bank presented this tax information required by the BIR as a supplementary schedule filed separately from the basic financial statements.

32. EARNINGS PER SHARE

Basic earnings per share attributable to shareholders of the BDO Unibank Group were computed as follows:

	<u>2022</u>	2021 (As Restated)	2020 (As Restated)
Net profit attributable to shareholders of the Parent Bank	P 57,054	P 42,791	P 28,246
Dividends on preferred shares	(339)	(340)	(339)
Net profit available to common shares	56,715	42,451	27,907
Divided by the weighted average number of outstanding common shares (in millions)	<u>5,264</u>	<u>5,262</u>	<u>5,261</u>
Basic earnings per share	<u>P 10.77</u>	<u>P 8.07</u>	<u>P 5.30</u>

Diluted earnings per share attributable to shareholders of the BDO Unibank Group were computed as follows:

	<u>2022</u>	2021 (As Restated)	2020 (As Restated)
Net profit attributable to shareholders of the Parent Bank	P 57,054	P 42,791	P 27,907*
Divided by the weighted average number of outstanding common shares (in millions):			
Outstanding common shares	5,264	5,262	5,261
Potential common shares from assumed conversion of preferred shares	58	51	*
Potential common shares from stock option plan	<u>**</u>	<u>**</u>	<u>**</u>
Total weighted average number of common shares after assumed conversion of convertible preferred shares	<u>5,322</u>	<u>5,313</u>	<u>5,261</u>
Diluted earnings per share	<u>P 10.72</u>	<u>P 8.05</u>	<u>P 5.30</u>

* Net profit attributable to shareholders of the Parent Bank is reduced by dividends on preferred share as these were not assumed to be converted.

** Potential common shares from assumed conversion of stock option plan made through primary issuance do not significantly affect the computation of diluted earnings per share.

The 2021 and 2020 earnings per share of BDO Unibank Group were restated to account for the stock dividends declared in 2022 (Note 2.26). As a result of this restatement, the 2021 and 2020 basic earnings per share decreased from P9.68 to P8.07 and from P6.37 to P5.30, respectively. On the other hand, the 2021 and 2020 diluted earnings per share decreased from P9.66 to P8.05 and from P6.37 to P5.30, respectively.

33. EVENTS AFTER THE REPORTING PERIOD

33.1 Dividend

On January 28, 2023, the Parent Bank's BOD approved the declaration of annual cash dividends on preferred shares "Series A" at the rate of 6.50% per annum of the par value for a total dividend of P407. The dividends will be paid within 60 days from dividend declaration date.

33.2 Liquidation of BDO Remit (Spain)

On February 7, 2023, BDO Remit (Spain) S.A. has completed its liquidation as confirmed by the Mercantile Registry of Barcelona.

34. COMMITMENTS AND CONTINGENCIES

34.1 Litigations

BDO Unibank Group has pending claims and/or is a defendant in various legal actions arising from the ordinary course of business operations. As of December 31, 2022, management believes that no such legal proceedings are expected to have material adverse effect on BDO Unibank Group's financial position.

34.1.1 Applicability of RR 4-2011

On March 15, 2011, the BIR issued Revenue Regulations No. 4-2011 (RR 4-2011) regarding the proper allocation of costs and expenses amongst income earnings of banks and other financial institutions for income tax reporting purposes. RR 4-2011 prescribed a special method of allocation of cost and expenses for banks such that when computing the amount allowable as deduction from regular banking unit operations, all costs and expenses should first be allocated between the regular banking unit and FCDU/expanded FCDU or offshore banking unit.

On April 6, 2015, Consortium of Banks (Petitioners) filed a Petition for Declaratory Relief with Application for Temporary Restraining Order and/or Writ of Preliminary Injunction, docketed as Civil Case No. 15-287 with the Regional Trial Court (RTC) of Makati. BDO Unibank Inc., and BDO Private Bank, Inc. are among the Petitioners in Civil Case No. 15-287 assailing the validity of RR 4-2011.

In the Petition, the Petitioners sought to annul RR No. 4-2011 as there is no provision in the National Internal Revenue Code which authorized the issuance of RR 4-2011 that a bank's cost and expenses be allocated to its different income streams.

The Petitioners also claimed that RR 4-2011 deprived them of their legal right under the Tax Code to claim ordinary and necessary expenses as tax deductions.

On April 8, 2015, the RTC of Makati issued a temporary restraining order, enjoining the BIR from enforcing RR 4-2011. Subsequently, the RTC of Makati issued a Writ of Preliminary Injunction also enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR 4-2011 against the Petitioners, including the issuance of preliminary assessment notice or final assessment notice, as the case may be, based on the revenue regulations, pending litigation, unless sooner dissolved.

On May 25, 2018, the RTC declared RR 4-2011 as null and void. The writs of preliminary injunction issued by the RTC on April 25, 2015 and February 28, 2018 were also made permanent, thereby enjoining Department of Finance (DOF) and BIR from implementing RR 4-2011 and prohibiting them from issuing a preliminary assessment notice or final assessment notice, or deciding any administrative matter pending before it, according to or in relation to said regulation.

On July 10, 2018, the DOF and BIR filed a Motion for Extension of Time to File a Petition for Review on Certiorari (“Motion for Extension”) before the Supreme Court. The Supreme Court granted the Motion for Extension.

On August 9, 2018, DOF and BIR filed a Petition for Review on Certiorari dated August 1, 2018 (“Petition”) assailing the RTC decision based on the following grounds: (i) the RTC has no jurisdiction over petitions assailing the constitutionality and validity of tax laws, rules and regulation, and other administrative issuance of the BIR; (ii) the Court of Tax Appeals has the exclusive jurisdiction to determine the constitutionality or validity of Tax Laws, Rules and Regulations issued by the Commissioner of Internal Revenue; and, (iii) RR 4-2011 is a valid regulation issued pursuant to the rule-making power of the DOF and the BIR.

In a Resolution dated March 27, 2019, the Supreme Court ordered Respondents to file their Comment on the Petition. On August 5, 2019, the Consortium of Banks filed their Comment on/Opposition to the Petition.

All other Respondents have filed their respective Comments and/or Oppositions to the Petition.

In a Decision dated December 1, 2021, the Supreme Court denied the Petition and declared that RR 4-2011 issued by the Secretary of the Department of Finance is void for having been issued ultra vires. The decision became final and executory on June 7, 2022, and was recorded in the Book of Entries of Judgement.

34.1.2 First e-Bank

In 2002, First e-Bank (“FeB”) experienced liquidity problems prompting PDIC to invite several banks to propose a solution for FeB’s bailout. PDIC entered into contract with BDO Unibank where in consideration of the assumption by BDO Unibank of FeB’s liabilities in the maximum amount of P10,000, PDIC will provide BDO Unibank P10,000 of Financial Assistance and PDIC will receive FeB’s assets to recover said financial assistance.

About P5,000 of the financial assistance was released to BDO Unibank and the remaining P5,000 was deposited in escrow with BDO - TIG in accordance with the escrow agreement dated October 23, 2002 entered into by BDO Unibank, PDIC, and BDO - TIG.

In August 2016, PDIC authorized the release of a total amount of P4,650 from escrow inclusive of proportional interest. However, as of August 26, 2016, the amount of P1,224 remains in escrow, which includes: (i) P602, which covers assets BDO Unibank still considers capable of delivery worth P214 and the remaining assets PDIC classified as undeliverable; and (ii) all interest earnings thereon. Unable to agree on the release of the remaining amount in escrow, on September 20, 2016, the PDIC filed a Complaint for Specific Performance and Damages against BDO Unibank, which case was raffled to RTC Makati City Branch 60.

On October 14, 2016, BDO Unibank filed its Answer to the Complaint affirming that it has assumed P10,000 in liabilities of FeB and is thus entitled to release of the remaining escrow of P1,224.

In a judgement dated May 31, 2018, RTC Makati dismissed the complaint, granted BDO Unibank's counterclaim and ordered BDO - TIG to immediately release the remaining escrow amount, plus interests, to BDO Unibank. PDIC filed Motion for Reconsideration but the same was denied by RTC Makati. PDIC filed Notice of Appeal. In the Decision dated June 15, 2020, the Court of Appeals (CA) dismissed PDIC's appeal. PDIC filed Motion for Reconsideration but the same was denied by the CA in a Resolution dated January 25, 2021. PDIC filed Petition for Review with the Supreme Court.

On June 18, 2018, the Parent Bank received an amount of P1,243 for the full termination of escrow. As of December 30, 2021, the difference between the amount received and the balance of the amount in escrow amounts to P572. This is presented as part of Others under Other Liabilities account and is not yet recognized as income due to the pending resolution of the Petition for Review filed by PDIC (see Note 21).

The case is still pending before the Supreme Court as of December 31, 2022.

34.1.3 Others

BDO Unibank Group is also a defendant in various cases pending in courts for alleged claims against BDO Unibank Group, the outcomes of which are not fully determinable at present. As of December 31, 2022, management believes that, liabilities or losses, if any, arising from these claims would not have a material effect on the financial position and results of operations of BDO Unibank Group and will be recognized if and when a final resolution by the courts is made on each claim.

34.2 Lease Commitments – as Lessor

The following are the significant lease commitments involving the BDO Unibank Group:

34.2.1 Finance Leases

BDO Unibank Group, as a lessor, enters into finance leases covering various equipment and vehicles with lease term ranging from one to more than four years. The BDO Unibank Group is subject to risk incidental to the operation of its leased properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from lessees due to bankruptcy or insolvency of lessees. Majority of the BDO Unibank Group's revenue from rental properties are derived from various equipment and vehicles. If the expected growth, particularly from the lessees, does not meet management's expectations, the BDO Unibank Group may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To manage its risks over these finance leases, the BDO Unibank Group retains its legal title over the underlying assets and uses these as securities over the finance lease receivables. Moreover, it requires lessees to pay security deposits, which are presented as Lease Deposits under Other Liabilities in the BDO Unibank Group's statements of financial position (see Note 21).

Future minimum lease payments receivable (MLPR) under these finance leases together with the present value of net minimum lease payments receivable (NMLPR) follow:

	2022		2021	
	Future MLPR	PV of NMLPR	Future MLPR	PV of NMLPR
Within one year	P 1,301	P 1,297	P 770	P 767
After one year but not more than two years	1,148	1,091	725	705
After two years but not more than three years	694	603	616	506
After three years but not more than five years	612	329	224	129
More than five years	-	-	3	2
Total MLPR	3,755	3,320	2,338	2,109
Unearned lease income	(435)	-	(229)	-
Present value of MLPR	P 3,320	P 3,320	P 2,109	P 2,109

The net investment relating to these finance leases, presented as Others under Loans and Other Receivables in the BDO Unibank Group's statements of financial position for the years ended December 31, 2022 and 2021, amounted to P3,320 and P2,109, respectively, for the BDO Unibank Group and nil in both years for the Parent Bank (see Note 11). The change in the carrying amount of the net investment in finance leases during the year pertains to new lease arrangements entered, amortization of interest income and paydowns.

Interest income recognized on the net investment in finance leases, presented under Others as part of Interest Income in the BDO Unibank Group's statements of income for the years ended December 31, 2022, 2021 and 2020, amounted to P185, P94 and P622, respectively, for the BDO Unibank Group and nil for the Parent Bank (see Note 23).

34.2.2 Operating Leases

The BDO Unibank Group and the Parent Bank entered into various operating leases covering land, offices and equipment with lease terms ranging from less than 1 year to 15 years. Operating lease income, presented under Rental account as part of Other Operating Income and Expenses in the BDO Unibank Group's statements of income for the years ended December 31, 2022, 2021 and 2020, amounted to P1,301, P1,269 and P1,430, respectively, for the BDO Unibank Group and P492, P482 and P514, respectively, for the Parent Bank (see Note 25).

Future minimum rental receivables as of December 31, 2022 under operating leases follow:

	BDO	
	<u>Unibank Group</u>	<u>Parent Bank</u>
Within one year	P 1,171	P 443
More than one year to two years	859	320
More than two years to three years	445	170
More than three years to four years	198	70
More than four years to five years	84	14
More than five years	<u>7</u>	<u>1</u>
	<u>P 2,764</u>	<u>P 1,018</u>

35. SUPPLEMENTARY INFORMATION REQUIRED BY THE BSP

Presented below and in the succeeding pages are the supplementary information required by the BSP under Section 174 (Appendix 55) of the BSP Manual of Regulations for Banks (MORB) to be disclosed as part of the notes to financial statements based on BSP Circular No. 1074, *Amendments to Regulations on Financial Audit of Banks*.

(a) Selected Financial Performance Indicators

The following are some indicators of the of BDO Unibank Group and Parent Bank's financial performance.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>BDO Unibank Group</u>			
Return on common equity*:			
$\frac{\text{Net profit}}{\text{Average common equity}}$	13.0%	10.5%	7.6%
Return on average equity*:			
$\frac{\text{Net profit}}{\text{Average total capital accounts}}$	12.9%	10.4%	7.5%
Return on average resources*:			
$\frac{\text{Net profit}}{\text{Average total resources}}$	1.5%	1.2%	0.9%
Net interest margin*:			
$\frac{\text{Net interest income}}{\text{Average interest earning resources}}$	4.1%	4.0%	4.4%
<u>Parent Bank</u>			
Return on common equity*:			
$\frac{\text{Net profit}}{\text{Average total common equity}}$	13.0%	10.5%	7.6%
Return on average equity*:			
$\frac{\text{Net profit}}{\text{Average total capital accounts}}$	12.9%	10.4%	7.6%
Return on average resources*:			
$\frac{\text{Net profit}}{\text{Average total resources}}$	1.5%	1.3%	0.9%
Net interest margin*:			
$\frac{\text{Net interest income}}{\text{Average interest earning resources}}$	4.1%	4.0%	4.4%

* In 2022, average asset, capital, and interest-earning assets are computed as the simple average of outstanding balance of assets, capital, and interest-earning assets at average of December 2021 and December 2022. (2 data points)

* In 2021 and 2020, averages are computed as the simple average of outstanding balance at average of December 2020, March 2021, June 2021, September 2021 and December 2021. (5 data points)

(b) *Capital Instruments Issued*

As of December 31, 2022 and 2021, the BDO Unibank Group has only two classes of capital stock, which are common and preferred shares.

(c) *Significant Credit Exposures for Loans*

The BDO Unibank Group and Parent Bank's concentration of credit as to industry for its receivables from customer's gross of allowance for ECL below (amounts in millions) are disclosed in Note 4.3.3.

<u>BDO Unibank Group</u>	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Financial and insurance activities	P 402,156	15.4%	P 397,823	16.6%
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	399,101	15.3%	356,129	14.8%
Real estate activities	324,074	12.4%	307,048	12.8%
Wholesale and retail trade	299,896	11.5%	282,446	11.8%
Electricity, gas, steam and air-conditioning supply	281,036	10.7%	282,036	11.8%
Manufacturing	232,488	8.9%	206,445	8.6%
Construction	90,712	3.5%	68,951	2.9%
Information and communication	90,342	3.5%	42,845	1.8%
Transportation and storage	87,256	3.3%	88,043	3.7%
Arts, entertainment and recreation	83,076	3.2%	77,010	3.2%
Education	71,731	2.7%	37,199	1.5%
Water supply, sewerage, waste management and remediation activities	38,760	1.5%	26,912	1.1%
Accommodation and food service activities	36,529	1.4%	39,937	1.7%
Human health and social service activities	31,875	1.2%	30,653	1.3%
Agriculture, forestry and fishing	15,642	0.6%	15,266	0.6%
Mining and quarrying	10,578	0.4%	10,175	0.4%
Professional, scientific, and technical activities	9,912	0.4%	9,642	0.4%
Administrative and support services	9,581	0.4%	7,592	0.3%
Public administrative and defense; compulsory social security	1,030	0.0%	693	0.0%
Other service activities	98,036	3.7%	113,348	4.7%
	<u>P 2,613,811</u>	<u>100%</u>	<u>P 2,400,193</u>	<u>100%</u>

	2022		2021	
	Amount	Percentage	Amount	Percentage
<u>Parent Bank</u>				
Financial and insurance activities	P 401,394	15.8%	P 397,733	16.9%
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	391,623	15.4%	347,713	14.8%
Real estate activities	325,088	12.8%	308,053	13.1%
Wholesale and retail trade	294,838	11.6%	278,173	11.8%
Electricity, gas, steam and air-conditioning supply	280,969	11.1%	281,990	12.0%
Manufacturing	231,327	9.1%	205,679	8.7%
Information and communication	90,123	3.6%	42,634	1.8%
Construction	89,326	3.5%	68,108	2.9%
Transportation and storage	87,613	3.5%	88,607	3.8%
Arts, entertainment and recreation	82,107	3.3%	76,004	3.3%
Water supply, sewerage, waste management and remediation activities	38,714	1.5%	26,870	1.2%
Accommodation and food service activities	36,329	1.4%	39,688	1.7%
Human health and social service activities	31,616	1.2%	30,392	1.3%
Agriculture, forestry and fishing	14,876	0.6%	14,600	0.6%
Mining and quarrying	10,483	0.4%	10,122	0.4%
Education	10,151	0.4%	4,373	0.2%
Professional, scientific, and technical activities	9,861	0.4%	9,601	0.4%
Administrative and support services	9,375	0.4%	7,430	0.3%
Public administrative and defense; compulsory social security	1,030	0.0%	693	0.0%
Other service activities	100,801	4.0%	113,088	4.8%
	<u>P 2,537,644</u>	<u>100%</u>	<u>P 2,351,551</u>	<u>100%</u>

The BSP considers that loan concentration exists when the total loan exposure to a particular industry exceeds 30% of the total loan portfolio plus the outstanding interbank loans receivable or 10% of Tier 1 capital.

As of December 31, 2022, 10% of Tier 1 capital of the BDO Unibank Group and the Parent Bank amounted to P40,110 million and P37,083 million, respectively. As of December 31, 2021, 10% of Tier 1 capital of the BDO Unibank Group and the Parent Bank amounted to P37,229 million and P34,744 million, respectively. The table below and in the succeeding pages show the industry groups exceeding this level (amounts in millions).

	BDO			BDO	
	<u>Unibank Group</u>			<u>Parent Bank</u>	
<u>December 31, 2022</u>					
Financial and insurance activities	P	402,156	P	401,394	
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use		399,101		391,623	
Real estate activities		324,074		325,088	
Wholesale and retail trade		299,896		294,838	
Electricity, gas, steam and air-conditioning supply		281,036		280,969	
Manufacturing		232,488		231,327	
Construction		90,712		89,326	
Information and communication		90,342		90,123	

	BDO			
	<u>Unibank Group</u>		<u>Parent Bank</u>	
<u>December 31, 2022</u>				
Transportation and storage	P	87,256	P	87,613
Arts, entertainment and recreation		83,076		82,107
Education		71,731		10,151
Water supply, sewerage, waste management and remediation activities		38,760		38,714
Other service activities		98,036		100,801

December 31, 2021

Financial and insurance activities	P	397,823	P	397,733
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use		356,129		347,713
Real estate activities		307,048		308,053
Wholesale and retail trade		282,446		278,173
Electricity, gas, steam and air-conditioning supply		282,036		281,990
Manufacturing		206,445		205,679
Transportation and storage		88,043		88,607
Arts, entertainment and recreation		77,010		76,004
Construction		68,951		68,108
Information and communication		42,845		42,634
Accommodation and food service activities		39,937		39,688
Other service activities		113,348		113,088

(d) Credit Status of Loans

The breakdown of receivable from customers as to status is shown below:

	<u>2022</u>		
	<u>Performing</u>	<u>Non- Performing</u>	<u>Total Loan Portfolio</u>
<u>BDO Unibank Group</u>			
Gross carrying amount:			
Corporate	P 2,005,115	P 19,823	P 2,024,938
Consumer	554,461	34,412	588,873
Allowance for ECL	(41,372)	(32,404)	(73,776)
Net carrying amount	<u>P 2,518,204</u>	<u>P 21,831</u>	<u>P 2,540,035</u>

	2022		
	<u>Performing</u>	<u>Non-Performing</u>	<u>Total Loan Portfolio</u>
<u>Parent Bank</u>			
Gross carrying amount:			
Corporate	P 1,998,357	P 19,821	P 2,018,178
Consumer	487,990	31,476	519,466
Allowance for ECL	(40,689)	(30,887)	(71,576)
Net carrying amount	<u>P 2,445,658</u>	<u>P 20,410</u>	<u>P 2,466,068</u>

	2021		
	<u>Performing</u>	<u>Non-Performing</u>	<u>Total Loan Portfolio</u>
<u>BDO Unibank Group</u>			
Gross carrying amount:			
Corporate	P 1,860,981	P 21,443	P 1,882,424
Consumer	468,097	49,672	517,769
Allowance for ECL	(31,001)	(34,258)	(65,259)
Net carrying amount	<u>P 2,298,077</u>	<u>P 36,857</u>	<u>P 2,334,934</u>

<u>Parent Bank</u>			
Gross carrying amount:			
Corporate	P 1,855,300	P 21,443	P 1,876,743
Consumer	428,553	46,255	474,808
Allowance for ECL	(30,535)	(32,739)	(63,274)
Net carrying amount	<u>P 2,253,318</u>	<u>P 34,959</u>	<u>P 2,288,277</u>

Non-performing loans (NPL) included in the total loan portfolio of the BDO Unibank Group and the Parent Bank as of December 31, 2022 and 2021 are presented below as net of specific allowance for impairment in compliance with BSP Circular No. 941, *Amendments to Regulations on Past Due and Non-Performing Loans*.

	<u>BDO Unibank Group</u>		<u>Parent Bank</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
NPL	P 53,314	P 69,821	P 50,543	P 66,601
Allowance for impairment	(31,766)	(33,498)	(30,395)	(32,149)
	<u>P 21,548</u>	<u>P 36,323</u>	<u>P 20,148</u>	<u>P 34,452</u>

Per MORB, loans shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after it has 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.

As at December 31, 2022 and 2021, the non-performing loans (NPLs) not fully covered by allowance for credit losses follow:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Gross NPLs	P 53,314	P 69,821	P 50,543	P 66,601
NPLs fully covered by allowance for impairment	(17,217)	(9,689)	(17,130)	(9,359)
	<u>P 36,097</u>	<u>P 60,132</u>	<u>P 33,413</u>	<u>P 57,242</u>

Restructured loans are generally considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Moreover, NPLs shall remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six months; or (b) written off.

Restructured loans amount to P102,416 and P143,337 for BDO Unibank Group and P101,110 and P142,062 for Parent Bank as of December 31, 2022 and 2021, respectively. The related allowance for credit loss of such loans amounted to P22,918 and P21,137 for BDO Unibank Group and P22,228 and P20,578 for Parent Bank as of December 31, 2022 and 2021, respectively.

As of December 31, 2022, gross and net NPL ratios of the BDO Unibank Group and the Parent Bank as reported to BSP were 1.95% and 0.79%, and 1.89% and 0.76%, respectively. As of December 31, 2021, gross and net NPL ratios of the BDO Unibank Group and the Parent Bank were 2.80% and 1.46%, and 2.72% and 1.41%, respectively. Most of the NPLs are secured by real estate or chattel mortgages.

(e) *Analysis of Loan Portfolio as to Type of Security*

The breakdown of total loans (receivable from customers, net of unearned interests or discounts) as to secured and unsecured follows:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Secured:				
Real estate mortgage	P 342,468	P 327,719	P 335,612	P 320,993
Chattel mortgage	90,508	94,875	87,153	92,748
Other securities	86,575	83,797	84,574	81,998
	519,551	506,391	507,339	495,739
Unsecured	2,094,260	1,893,802	2,030,305	1,855,812
	P 2,613,811	P 2,400,193	P 2,537,644	P 2,351,551

(f) *Information on Related Party Loans*

In the ordinary course of business, the Parent Bank has loan transactions with subsidiaries, affiliates, and certain DOSRI. Under existing policies of the Parent Bank, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

Under the current BSP regulations, the amount of individual loans to a DOSRI, 70% of which must be secured, should not exceed the amount of the encumbered deposit and book value of the investment in the Parent Bank and/or any of its lending and nonbank financial subsidiaries. In aggregate, loans to DOSRI generally should not exceed the total equity or 15% of the total loan portfolio of the BDO Unibank Group and the Parent Bank, whichever is lower. However, non-risk loans are excluded in both individual and aggregate ceiling computation.

The following table shows the information relating to the loans, other credit accommodations and guarantees granted to DOSRI as of December 31 in accordance with BSP reporting guidelines:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Total DOSRI loans	P 23,376	P 36,334	P 23,372	P 36,331
Unsecured DOSRI loans	2,123	1,919	2,123	1,919
Past due DOSRI loans	11	3	11	3
Non-performing DOSRI loans	16	12	16	12
% of DOSRI loans to total loan portfolio	0.89%	1.51%	0.92%	1.54%
% of unsecured DOSRI loans to total DOSRI loans	9.08%	5.28%	9.08%	5.28%
% of past due DOSRI loans to total DOSRI loans	0.05%	0.01%	0.05%	0.01%
% of non-performing DOSRI loans to total DOSRI loans	0.07%	0.03%	0.07%	0.03%

DOSRI loans of the BDO Unibank Group and the Parent Bank bear annual interest rates of 0.00% to 9.00% in 2022, 2021 and 2020 (except for credit card receivables which bear a monthly interest rate of 0.00% to 2.00% in 2022 and 0.00% to 3.64% for both in 2021 and 2020).

The following table shows the other information relating to the loans, other credit accommodations and guarantees granted to related parties (inclusive of DOSRI) as of December 31 as reported to the BSP:

	BDO Unibank Group		Parent Bank	
	2022	2021	2022	2021
Total Related Party loans	P 119,439	P 111,024	P 119,388	P 110,966
Unsecured Related Party	80,819	66,036	80,819	66,036
Past due Related Party	11	3	11	3
Non-performing Related Party	16	12	16	12
% of Related Party loans to total loan portfolio	4.57%	4.63%	4.70%	4.72%
% of unsecured Related Party loans to total Related Party loans	67.67%	59.48%	67.69%	59.51%
% of past due Related Party loans to total Related Party loans	0.01%	0.00%	0.01%	0.00%
% of non-performing Related Party loans to total Related Party loans	0.01%	0.01%	0.01%	0.01%

In accordance with existing BSP regulations, the reported DOSRI performing loans exclude loans extended to certain borrowers before these borrowers became DOSRI.

Under BSP regulations, total outstanding exposures to each of the Parent Bank's subsidiaries and affiliates shall not exceed 10.0% of the BDO Unibank Group's net worth, the unsecured portion of which shall not exceed 5.0% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.0% of the net worth of the Parent Bank.

As of December 31, 2022 and 2021, the BDO Unibank Group and Parent Bank is in compliance with these regulatory requirements.

(g) Secured Liabilities and Assets Pledged as Security

The aggregate amount of resources pledged as security and secured liabilities in 2022 totaled to P22,573 and P15,179 for the BDO Unibank Group and P16,191 and P12,679 for the Parent Bank, respectively. In 2021, the aggregate amount of resources pledged as security and secured liabilities totaled to P1,320 and P1,088 for the BDO Unibank Group and nil for the Parent Bank, respectively.

(b) *Contingencies and Commitments arising from Off-Balance Sheet Items*

In the normal course of BDO Unibank Group's operations, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, etc., which are not reflected in BDO Unibank Group's financial statements. BDO Unibank Group recognizes in its books any losses and liabilities incurred in the course of its operations as soon as these become determinable and quantifiable. Management believes that, as of December 31, 2022 and 2021, no additional material losses or liabilities are required to be recognized in the financial statements of BDO Unibank Group as a result of the above commitments and contingencies.

The summary of BDO Unibank Group's commitments and contingent accounts is shown below.

	Notes	BDO Unibank Group		Parent Bank	
		2022	2021	2022	2021
Trust department accounts	28	P 1,825,019	P 1,778,718	P 1,255,751	P 1,230,870
Committed credit lines	4.3.2	445,683	433,247	445,683	433,247
Forward exchange sold		194,235	190,055	161,324	164,674
Forward exchange bought		164,713	177,434	133,773	153,492
Unused commercial					
letters of credit	4.3.2	94,851	75,758	94,851	75,758
Bills for collection		14,889	8,673	14,889	8,673
Export letters of credit					
confirmed		14,757	4,644	14,757	4,644
Spot exchange sold		12,945	15,646	12,290	15,618
ROP warrants		8,475	8,475	8,475	8,475
Spot exchange bought		5,038	9,233	4,383	9,205
Interest rate swap receivable		4,660	6,993	4,110	4,493
Interest rate swap payable		4,660	6,993	4,110	4,493
Other contingent accounts		2,889	1,710	5,472	3,049
Outstanding guarantees issued		2,270	4,202	2,270	4,202
Late deposits/payments					
received		1,417	461	1,399	450

ANNEX B

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF

BDO UNIBANK, INC.

HELD VIRTUALLY* THROUGH CISCO WEBEX EVENTS ON APRIL 22, 2022, FRIDAY, AT 2:00 O'CLOCK IN THE AFTERNOON

Attendance - Number of shares held by stockholders:

Present Remotely, Voting <i>in Absentia</i> or		3,486,355,304
Represented by Proxy	-	
Number of Total Outstanding Shares		4,900,678,115
Preferred and Common	-	
Percentage of the Total Shares Present Remotely,		71.14%
Voting <i>in Absentia</i> or Represented by Proxy	-	

Incumbent Directors Present Remotely:

Ms. Teresita T. Sy	Chairperson
Mr. Jesus A. Jacinto, Jr.	Vice Chairman
Mr. Nestor V. Tan	President & Chief Executive Officer
Mr. Christopher A. Bell-Knight	Director
Mr. Jones M. Castro, Jr.	Director
Ms. Josefina N. Tan	Director
Mr. Dioscoro I. Ramos	Lead Independent Director
Mr. George T. Barcelon	Independent Director and Chairman of the Nominations Committee
Mr. Vipul Bhagat	Independent Director
Atty. Jose F. Buenaventura	Independent Director and Chairman of the Board Audit Committee
Mr. Vicente S. Pérez, Jr.	Independent Director

Incumbent Director/s Absent:

None

Also Present Remotely:

Ms. Corazon S. de la Paz – Bernardo	Advisor to the Board
Mr. Jose T. Sio	Advisor to the Board
Mr. Harley T. Sy	Advisor to the Board
Atty. Edmundo L. Tan	Corporate Secretary
Atty. Sabino E. Acut, Jr.	Assistant Corporate Secretary
Atty. Alvin C. Go	Assistant Corporate Secretary
Mr. Luis S. Reyes Jr.	Executive Vice President and Head of Investor Relations and Corporate Planning Group
Ms. Evelyn L. Villanueva	Executive Vice President and Chief Risk Officer
Atty. Federico P. Tancongo	Senior Vice President and Chief Compliance Officer
Mr. Leonardo D. Cuaresma	External Auditor, Punongbayan & Araullo, Grant Thornton
Mr. Romualdo V. Murcia III	External Auditor, Punongbayan & Araullo, Grant Thornton

* The Annual Stockholders' Meeting of BDO was conducted in virtual format, through remote or electronic means of communication, and livestreamed via Cisco Webex Events. Stockholders were given the opportunity to attend, participate and vote via remote communication or in absentia, pursuant to Sections 23 and 57 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6-2020. (ASM link: <https://bdounibankevents.webex.com/bdounibankevents/j.php?MTID=m051b1caa0c2ca5a365b0f305f3943efa>)

I. Introduction

Mr. Luis S. Reyes, Jr., Executive Vice President and Head of Investor Relations and Corporate Planning Group, acting as the host of the event and open forum moderator, introduced the members of Board of Directors who were all virtually participating in the 2022 Annual Stockholders' Meeting of BDO Unibank, Inc. (the "Bank" or BDO). He likewise acknowledged the participation of the Advisors to the Board and the Corporate Secretary of the Bank who are all joining the Meeting remotely, and subsequently turned over the floor to the Chairperson of the Board of Directors.

II. Call to Order

The Chairperson, Ms. Teresita T. Sy, called the meeting to order. She formally opened the meeting with her welcome remarks.

She stated that the Bank's performance in 2021 highlighted the resiliency and agility of BDO. The financial report has shown the strength and sustainability of its business. The Bank's net income in 2021 was 97% of the pre-pandemic net income level and the good momentum was carried heading into 2022.

The Chairperson said that as the country embraced the changes brought about by the health crisis, BDO created new ways to better serve its clients' changing banking needs. The Bank has enhanced its customer journey by digitizing and simplifying its services and processes, making them more efficient, fast and user-friendly. In 2022, the Bank will continue to strengthen its business franchise and sustain its digital innovations as it expands its reach especially in the underserved markets.

She extended her gratitude to the Management and employees of BDO for their combined leadership and commitment, and to BDO's clients and stockholders for their unwavering trust and loyalty.

Thereafter, the Chairperson requested the Bank's Vice Chairman, Mr. Jesus A. Jacinto Jr., to preside over the meeting.

III. Proof of Notice and Determination of Existence of Quorum

The Corporate Secretary, Atty. Edmundo L. Tan, certified that in compliance with the rules issued by the Securities and Exchange Commission (SEC), the notices for the Annual Stockholders' Meeting, the Definitive Information Statement, along with the Bank's "Guidelines for Registering, Participation via Remote Communication and Voting *in Absentia*" were uploaded on the PSE EDGE website on March 31, 2022 and also posted on the Bank's website also beginning March 31, 2022. The notice, which contains a QR code for the Definitive Information Statement, was also published in the business sections of *The Philippine Star* and *The Philippine Daily Inquirer*, in print and online formats, on March 29 and 30, 2022, on both publications.

Based on the record of remote registration, the stockholders who are participating in the meeting, virtually and by proxy, represent 3,486,355,304 common shares, constituting 71.14% of the outstanding voting capital stock of the Bank as of record date, March 2, 2022. The Corporate Secretary therefore certified that there was a quorum for the valid transaction of business. He recorded the minutes of the proceedings.

Furthermore, the Corporate Secretary announced that for purposes of the meeting, *Punongbayan & Araullo, Grant Thornton (P&A)* has been appointed to validate all votes in accordance with the voting procedures provided in the Bank's Definitive Information Statement.

IV. Approval of the Minutes of the Previous Annual Stockholders' Meeting held on April 23, 2021

The Chairman of the Meeting proceeded to the next item in the agenda which was the reading and approval of the Minutes of the Annual Stockholders' Meeting held on April 23, 2021.

The Corporate Secretary stated that a copy of the said minutes was posted on the Bank's website on April 30, 2021 or within five (5) banking days from date of the meeting. A copy of the minutes was also appended to the Bank's Definitive Information Statement posted on PSE EDGE and the Bank's website at <www.bdo.com.ph> and available to the Bank's stockholders for download.

The Minutes reflect the proceedings of the last meeting, including resolutions adopted and approved, with corresponding tabulation of votes.

Thereafter, the Minutes of the Annual Stockholders' Meeting held on April 23, 2021 were approved and the following resolution was passed and adopted:

Stockholders' Resolution No. 01-2022

“RESOLVED, That the Stockholders of BDO Unibank, Inc. approve, as they hereby approve, the Minutes of the Annual Stockholders' Meeting held on April 23, 2021.”

The Chairman of the Meeting instructed the Corporate Secretary to reflect in the minutes of the meeting a tabulation of total votes cast for all agenda items requiring stockholder approval. The Corporate Secretary acknowledged the instructions of the Chairman of the Meeting, adding that all unqualified votes cast for each agenda item at the meeting shall be counted in favor of the matter under consideration.

Based on P&A's tabulation, the votes cast and received relative to the approval of the Minutes of the Annual Stockholders' Meeting held on April 23, 2021 were as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
4,900,678,115	3,486,355,304	3,484,289,892	0	2,065,412

Accordingly, stockholders owning 3,484,289,892 voting shares or 99.94% of the total number of voting shares represented at the meeting approved the Minutes of the Annual Stockholders' Meeting held on April 23, 2021. None of the stockholder voted against, while stockholders owning 2,065,412 or 0.06% of the total votes cast abstained.

V. President's Report and Approval of the Audited Financial Statements for 2021

The Chairman of the Meeting then turned over the floor to the President and Chief Executive Officer of the Bank, Mr. Nestor V. Tan, to present his report, covering the 2021 Review, 2022 Outlook and Guidance, and 1Q Results.

2021 Review

President Tan reported to the stockholders that in terms of macro-economic backdrop, the Philippine economy grew by 5.7% in 2021, a reversal of the 9.6% contraction it suffered in 2020. The roll-out of the COVID-19 vaccination program and increasing mobility resulted in faster output growth and gradual recovery of economic activity. The industry and service sectors led the economic rebound with major contributions from construction (10% from -25.5%), manufacturing (8.8% from -9.8%), wholesale and retail trade, and services related to repairs of motor vehicles and motorcycles (4.2% from -6.1%). From a monetary perspective, headline inflation using the new 2018-based consumer price index rose to an average of 3.9% in 2021 from 2.4% in 2020, driven mainly by supply side pressures. The Bangko Sentral ng Pilipinas (BSP) kept its overnight policy rates unchanged at 2.0% for the year. Meanwhile, the Peso depreciated to ₱50.77 by yearend 2021, from ₱48.03 in 2020. Overall, it was still a relatively stable monetary environment.

BDO recorded a net income of ₱42.8 Billion in 2021. Net interest income (NII) remained relatively flat to slightly down at ₱131.3 Billion. Yields have gone down due to excess liquidity and slow loan demand. Additionally, the cap on credit card rates was in effect for the full year. Fees, service charges and insurance premiums recovered with the gradual re-opening of the economy. Trading gains, however, normalized to ₱3.8 Billion. Year 2020 included extraordinary gains that the Bank recognized in anticipation of the COVID-19 fall-out. Provisions also normalized to ₱17.1 Billion. Year 2020 included huge pre-emptive provisions to anticipate potential losses from the COVID-19 pandemic. Taxes, on the other hand, were 25% lower due to the incentives under the CREATE Law. As a result, the Bank was now close to pre-pandemic operating levels. Return on equity (ROE) was already in double digits at 10.5%.

In terms of the balance sheet, total resources modestly grew by 7% to ₱3.6 Trillion, driven by loan growth, and funded by deposits. Capital and book value per share increased by 8%. The Bank's balance sheet remained strong and showed its resiliency to withstand shocks.

President Tan highlighted some aspects of the 2021 performance. BDO posted a 6% loan growth in 2021, higher than the 5% growth for the industry. Top corporates and consumers remained resilient and were the primary drivers of the loan growth. CASA growth continued and remained higher at 13%, resulting in a record CASA to total deposit ratio of 85% and the lowest deposit cost of 0.26% or 26 basis points. The Bank's wide branch network, the opening of almost 100% of the Bank's branches since June 2020, the resumption of Saturday banking in mall branches and the availability of ATMs and digital channels drove the growth in deposits. Net interest margins (NIM) were lower, year-on-year, at 4.05%. Asset yields declined due to low interest rates and excess liquidity in the banking system, coupled with the implementation of the cap on credit card rates, which became effective in November 2020. However, lower asset yields were mitigated by lower time deposit levels and, generally, lower deposit rates.

As of end of 2021, NPL ratio was at 2.8% and NPL cover was at 111%, against the industry's 3.55% and 92.8%, respectively. The Bank's capital base was strong enough to withstand shocks. The Bank's consolidated capital adequacy ratio (CAR) at 14.6% and common equity tier I (CET 1) ratio at 13.6% were well above minimum regulatory levels.

In summary, President Tan remarked that the year 2021 was not an easy year and not quite what the Bank expected. However, the Bank managed to come out of it whole and went on with business as usual. The Bank continued to grow its balance sheet and net income has recovered. With higher profitability, the Bank's capital improved, asset quality did not deteriorate as badly and has since recovered, highlighting the strength of its balance sheet and sustainability of the Bank's businesses.

2022 Outlook and Guidance

The President reported that the Philippine economic growth is expected to improve. Gross domestic product (GDP) growth is forecasted to be around 6%. Expanding vaccination controlled the spread of the COVID-19 virus to manageable levels. Retail and workplace mobility were already back to pre-pandemic levels, while transit mobility is also improving as quarantine protocols are relaxed. However, inflation remains a worry, driven by supply chain disruptions and geo-political conflicts. Overall, President Tan said the outlook for 2022 is mixed.

In terms of near-term business outlook for 2022, loan growth is expected to rebound to a range of 8 % to 12%, with relatively stable margins. Asset quality appears to be under control and delinquencies are normalizing. Fee income momentum is expected to continue. Investments in the Bank's digital infrastructure are now largely completed. New digital capabilities are expected to be rolled out gradually, with more enhancements forthcoming.

For 2022, there is still, however, a lot of uncertainties. The country is unsure whether COVID-19 virus has been finally shaken. The election would clearly bring different expectations and different policies. Businesses have taken a pause before investing. In the geo-political front, the Russia-Ukraine conflict has taken a toll on energy prices, the global supply chain and inflation expectations. For the Bank, it expects improvement in operations to continue and anticipate a 5% to 10% improvement in profits.

First Quarter 2022 Results

President Tan reported that the momentum of 2021 was carried over to 2022. The 1st Quarter 2022 performance was 13% better than last year with a net income of ₱11.7 Billion. NII was up 6% on a 7% loan growth. Fee income continued its strong performance with a 16%- improvement year-on-year. January 2022 started with a heightened alert level, thus, the Bank found it prudent to maintain a conservative provisioning stance at ₱3.7 Billion. For the 1st Quarter 2022, net income was up 13% to ₱11.7 Billion, and ROE was at 11%.

In terms of balance sheet, the 8% growth in total resources was driven by the 7% growth in both loans and deposits. Book value per share improved by 7%, year-on-year. Overall, the Bank continued to grow its balance sheet and net income in the 1st Quarter 2022. All key indicators were trending positively. The First Quarter 2022 performance bodes well for the future with higher profitability, better asset quality, and stronger CAR.

In summary, President Tan informed the stockholders that the outlook for the rest of Year 2022 remains cautiously optimistic. Business performance was sustained with stronger loan demand, and

continued fee-income generation. Asset quality has improved. The macro-economic environment looks more positive. Moreover, he is of the belief that the country is now moving into a post-pandemic environment.

Open Forum

After the President's presentation, EVP Reyes opened the floor to stockholders to provide them the opportunity to ask questions or give comments. He reminded the stockholders that as stated in the Bank's ASM Notice, the stockholders were given the opportunity to send their questions and/or remarks prior to the meeting by sending an email to <irandcorplan@bdo.com.ph> not later than 2:00 o'clock p.m. of April 22, 2022. Stockholders were also provided the opportunity to send their questions or comments during the Meeting via the Q&A panel provided in the livestreaming platform.

A series of questions were received from *Stockholder Ismael Sam Canua*. He first inquired on the number of employees who have been given COVID-19 vaccines that BDO bought, including the number of vaccines per brand, and the number of vaccinated employees. President Tan replied that as of March 31, 2021, ninety-nine percent (99%) of BDO employees have already been vaccinated. The one percent (1%) were employees with health problems or difficulty with taking on the vaccines. As of March 31, 2022, approximately seventy-two percent (72%) of the total employees have already received booster shots. Counting only those employees that are entitled to the vaccines, the percentage is a lot higher than 72%. BDO's vaccination and booster shots were sourced from a combination of local government unit-provided vaccines as well as BDO's own provisions of vaccines for its employees. The vaccines are a combination of different brands.

Stockholder Canua next asked about the impact of the passage of the Retail Trade Liberalization Act, the Foreign Investment Act and the Public Service Act in the Bank's performance in the coming years. President Tan responded that these Acts, if crafted well in terms of implementing rules, would help spur economic activity. Generally, the increased economic activity helps the banking sector. Thus, the Bank expects that these Acts would benefit the clients and effectively benefit the Bank.

Finally, *Stockholder Canua* inquired about the Bank's recommendation for the next administration to improve the banking industry and make it more reliable and secure for customers. President Tan replied that the next administration might want to look at the combination of regulation and regulatory policy. First, there is a need to be tighter on cybercrimes to prevent or discourage the perpetrators from committing cybercrimes. The second consideration would be to look at the concept of moral hazard to the public. Right now, banks are extremely regulated because they pose a moral hazard to their depositors and their borrowers. However, there is proliferation of financial service providers that are outside of the regulatory ambit. For the health of the banking industry and for public policy, the next administration should look at how the financial service providers should be managed relative to banks. Third, a revisit of the banking industry in general should be considered because Philippine banks are relatively small compared to other ASEAN countries to be able to compete regionally.

The following question came from *Stockholder Resel May Flores*, asking about the Bank's expansion plans, i.e. if the Bank will continue its branch expansion or if it will start considering rationalization of its branch network given the rising digital usage. If branch expansion was to continue, would there be particular areas that the Bank would be looking at? In response, President Tan stated that the Bank will continue its branch expansion. The areas that it would be expanding on are the underserved areas. A higher proportion of new branch openings will come from BDO Network Bank, Inc. because the Bank will tap the less dense markets or the smaller markets. Going forward, the Bank's expansion plan will be a combination of physical and digital servicing.

Stockholder Ma. Jennifer Garcia asked about the Bank's new digital capabilities as well as new innovations that could be expected from BDO. President Tan replied that the Bank's digital initiatives come in two (2) fronts. The first category is in the improvement of operations, the implementation of a new next generation IT platform, which would be more modern, more resilient and will make the Bank more nimble. The Bank is also doing the automation of branch end-to-end processing. Second is on the product side. The Bank launched BDO Pay and ATMs where biometrics and QR codes are used.

Stockholder Rowena Lachenal next inquired about the Banks's priorities for 2022, such as plans or directions for the future. President Tan answered that the Bank will continue with its expansion towards the underserved. Just like what it has already done in the last 5-10 years, the Bank will continue its initiatives on the micro, small and medium enterprise (MSME) market, life insurance, as well as wealth management.

Lastly, *Stockholder Ma. Theresa Alvarez* expressed her thanks to BDO for the ₱1.00 special cash dividend declared and asked if the stockholders should expect more dividends in the future. President Tan replied that the Bank would certainly hope so. However, dividends are based on the Bank's growth outlook, capital position and earnings capacity. If things will continue as they are, he said the Bank might be able to continue with (special?) dividend declarations and may even revisit its regular dividends, but it is not something that may be anticipated at this time.

EVP Reyes thanked all the stockholders for their questions and comments. He informed the stockholders that those who sent questions which were not read and answered during the Meeting would be replied to by the Bank through the email address that was provided during the pre-registration process.

Subsequently, upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of the voting by stockholders on the President's Annual Report and the Bank's Audited Financial Statements for the period ending December 31, 2021, which were likewise appended to the Definitive Information Statement, and the following resolutions were passed and adopted:

Stockholders' Resolution No. 02-2022

"RESOLVED, That the President's Annual Report, covering BDO Unibank, Inc.'s Results of Operations for 2021, the 2022 Outlook and Guidance, and the 2022 First Quarter Results, be, as they are hereby, approved."

– and –

Stockholders' Resolution No. 02-A-2022

"RESOLVED, That the Audited Financial Statements of BDO Unibank, Inc. for the period ending December 31, 2021 be, as they are hereby, approved."

Based on P&A's tabulation, the votes cast and received on the approval of the President's Annual Report and the Bank's Audited Financial Statements for 2021 were as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
4,900,678,115	3,486,355,304	3,481,917,245	124,460	4,313,599

Accordingly, stockholders owning 3,481,917,245 voting shares or 99.87% of the total number of voting shares represented at the meeting noted and approved the President's Annual Report and the Bank's Audited Financial Statements for the period ending December 31, 2021, while stockholders owning 124,460 voting shares or 0.00% voted against, and stockholders owning 4,313,599 voting shares or 0.12% of the total number of votes cast abstained.

VI. Approval and Ratification of All Acts of the Board of Directors, Board Committees, and Management during their respective Terms of Office

The next item in the agenda was the ratification of all acts, transactions and contracts entered into, as well as resolutions made and adopted by the Board of Directors, its duly constituted Board Committees and of Management during their terms of office, including the criteria and processes for the Board of Directors' evaluation as published in the Bank's website and significant related parties' transaction, from the date of the Annual Stockholders' Meeting in 2021 up to the Bank's 2022 Annual Stockholders' Meeting, as described in the Definitive Information Statement. The collective efforts of the Board, its Committees and Management are the key success factors to the Bank's 2021 performance.

Thereafter, upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of the voting by the stockholders on all acts of the Board, its Committees and Management, and the following resolution was passed and adopted:

Stockholders' Resolution No. 03-2022

“RESOLVED, That all of the resolutions, acts and proceedings of the Board of Directors of BDO Unibank, Inc. (“BDO Unibank”), its Committees, and Management, heretofore adopted and taken up at the meetings of the Board of Directors, its Committees, and Management, since the Annual Stockholders’ Meeting of BDO Unibank in 2021 to the Bank’s 2022 Annual Stockholders’ Meeting, as described in the Definitive Information Statement provided to the stockholders, including all actions and proceedings, criteria and process for the Board of Directors’ evaluation as published on the Bank’s website, significant related party transactions, be, as they are hereby, approved, confirmed, and ratified.”

Based on P&A’s tabulation, the votes cast and received on the ratification of all acts of the Board of Directors, its Committees and Management during their respective terms of office were as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
4,900,678,115	3,486,355,304	3,446,049,445	2,748,260	37,577,599

Accordingly, stockholders owning 3,446,049,445 voting shares or 98.84% of the total number of voting shares represented at the meeting approved, confirmed and ratified all acts of the Board of Directors, its duly constituted Committees, and Management during their respective terms of office, while stockholders owning 2,748,260 voting shares or 0.08% voted against, and stockholders owning 37,577,599 voting shares or 1.08% of the total number of votes cast abstained.

VII. Election of the Board of Directors

The Chairman of the Meeting announced the election of members of the Board of Directors of the Bank for 2022-2023 as the next item in the agenda. In accordance with the Bank’s Amended By-Laws, the Nominations Committee has pre-screened and short-listed all candidates nominated to the Board of Directors. He called on Independent Director George T. Barcelon, Chairman of the Nominations Committee, to announce the nominees for the election of the Bank’s Board of Directors for the year 2022-2023.

Independent Director Barcelon stated that as of the close of the nomination period pursuant to the Bank’s Amended By-Laws, there were only eleven (11) persons nominated and qualified to fill the eleven (11) seats in the Board. He announced that the following have been nominated and are all qualified to be directors of the Bank for the year 2022-2023:

Regular Directors

Teresita T. Sy
Jesus A. Jacinto, Jr.
Nestor V. Tan
Jones M. Castro, Jr.
Christopher A. Bell-Knight
Josefina N. Tan
Walter C. Wassmer

Independent Directors

George T. Barcelon
Vipul Bhagat
Vicente S. Pérez, Jr.
Dioscoro I. Ramos

Considering that there were only eleven (11) persons nominated to, and qualified for, the eleven (11) seats in the Board of Directors of the Bank for the year 2022-2023, upon motion duly made and seconded, the following resolution was passed and adopted:

Stockholders' Resolution No. 04-2022

“RESOLVED, That the following persons are hereby elected directors of BDO Unibank, Inc. for a period of one (1) year and until their successors shall have been duly elected and qualified:

Teresita T. Sy
Jesus A. Jacinto, Jr.
Nestor V. Tan
Jones M. Castro, Jr.
Christopher A. Bell-Knight
Josefina N. Tan
Walter C. Wassmer

Independent Directors

George T. Barcelon
Vipul Bhagat
Vicente S. Pérez, Jr.
Dioscoro I. Ramos”

Upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of the voting of the stockholders on the election of each nominee. Based on the tally made by P&A, the votes cast and received by nominees were as follows:

Total Outstanding Shares	Total Votes Cast		
4,900,678,115	3,486,355,304		

Nominees	Votes in favor	Votes Against	Abstentions
Teresita T. Sy	3,426,440,581	6,046,532	53,868,191
Jesus A. Jacinto, Jr.	3,443,268,293	5,889,434	37,197,577
Nestor V. Tan	3,476,336,203	5,402,988	4,616,113
Christopher A. Bell-Knight	3,441,107,780	5,915,454	39,332,070
Jones M. Castro, Jr.	3,442,651,987	15,868,758	27,834,559
Josefina N. Tan	3,437,120,366	5,203,674	44,031,264
Walter C. Wassmer	3,437,468,331	5,889,434	42,997,539
George T. Barcelon	3,462,055,015	16,434,364	7,865,925
Vipul Bhagat	3,465,166,512	19,450,062	1,738,730
Vicente S. Pérez, Jr.	3,480,849,818	4,118,310	1,387,176
Dioscoro I. Ramos	3,484,041,935	926,193	1,387,176

VIII. Appointment of External Auditor

The Chairman of the Meeting then announced that the next item in the agenda was the appointment of the Bank's external auditor for the year 2022. He said that the Board Audit Committee has accepted nominations and pre-screened the nominees for external auditor. The current external auditor, Punongbayan & Araullo, Grant Thornton (P&A), has been recommended for re-appointment as the Bank's external auditor for the year 2022.

Subsequently, upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of the voting of the stockholders on the re-appointment of P&A as external auditor of the Bank for the year 2022, and the following resolution was passed and adopted:

Stockholders' Resolution No. 05-2022

“RESOLVED, That the Stockholders approve and ratify, as they hereby approve and ratify, the re-appointment of PUNONGBAYAN & ARAULLO, GRANT THORNTON as external auditor of BDO Unibank, Inc. for the year 2022 under such terms and conditions of engagement as may be approved by the Board of Directors.”

Based on P&A's tabulation, the votes cast and received on the re-appointment of external auditor for the year 2022 were as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
4,900,678,115	3,486,355,304	3,460,032,342	23,788,020	2,534,942

Accordingly, stockholders owning 3,460,032,342 voting shares or 99.24% of the total number of voting shares represented at the meeting approved the re-appointment of P&A as the Bank's external auditor for 2022, while stockholders owning 23,788,020 voting shares or 0.68% voted against, and stockholders owning 2,534,942 voting shares or 0.07% of the total number of votes cast abstained.

IX. Declaration of Twenty Percent (20%) Stock Dividends

The Chairman of the Meeting then announced that the next item in the agenda was the approval of the declaration of stock dividends.

The declaration of stock dividends equivalent to twenty percent (20%) of BDO's outstanding capital stock would be issued out of BDO's increase in authorized capital stock. The record and payment dates will be set after securing the necessary regulatory approvals.

Thereafter, upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of the voting for the declaration of stock dividends equivalent to twenty percent (20%) of BDO's outstanding capital stock, and the following resolution was passed and adopted:

Stockholders' Resolution No. 06-2022

"RESOLVED, That the Stockholders approve and ratify, as they hereby approve and ratify, Board Resolution No. 070-2022 adopted on March 26, 2022, which reads as follows:

"**RESOLVED**, that BDO Unibank, Inc. (BDO) be authorized to declare stock dividends consisting of twenty percent (20%) of the total issued and outstanding capital stock of BDO to be funded from BDO's unrestricted retained earnings as of December 31, 2021 and to be issued out of BDO's increase in authorized capital stock in favor of all its stockholders of record to be determined at a later date and paid after securing the necessary regulatory approval/s;

RESOLVED, FURTHER, that any one of BDO's President, Treasurer or Corporate Secretary be authorized and empowered to do all acts and execute any and all documents that may be required to give full force and effect to the foregoing resolution."

Based on P&A's tabulation, the votes cast and received on the declaration of twenty percent (20%) stock dividends were as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
4,900,678,115	3,486,355,304	3,485,146,394	28,400	1,180,510

Accordingly, stockholders owning 3,485,146,394 voting shares or 71.12% of the total number of outstanding shares approved the declaration of twenty percent (20%) stock dividend, while stockholders owning 28,400 voting shares or 0.00% voted against, and stockholders owning 1,180,510 voting shares or 0.02% of the total number of votes cast abstained.

X. Increase of Authorized Capital Stock and the Corresponding Amendment of the Seventh Article of the Articles of Incorporation

The Chairman of the Meeting proceeded to the next item in the agenda which was the consideration of the increase of BDO's Authorized Capital Stock and the corresponding Amendment of the Seventh Article of the Articles of Incorporation. The proposed increase of authorized capital stock and corresponding amendments of the Articles of Incorporation were discussed in the Definitive Information Statement.

For stockholder's approval is the increase in the authorized capital stock from 5.5 Billion common shares with a par value of Ten Pesos (₱10.00) per share to 8.5 Billion common shares with a par value of Ten Pesos (₱10.00) per share, and the amendment of the Articles of Incorporation to reflect the increase in the authorized capital stock.

The shares to be issued pursuant to the stock dividends declared earlier will be used as subscription to the increase in the authorized capital stock.

Thereafter, upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of the voting for the increase of BDO's Authorized Capital Stock and the corresponding Amendment of the Seventh Article of the Articles of Incorporation, and the following resolution was passed and adopted:

Stockholders' Resolution No. 07-2022

"RESOLVED, That the Stockholders approve and ratify, as they hereby approve and ratify, Board Resolution No. 071-2022 adopted on March 26, 2022, which reads as follows:

"RESOLVED, that BDO Unibank, Inc. (BDO) be authorized to increase its authorized capital stock FROM SIXTY FIVE BILLION PESOS (65,000,000,000.00), divided into FIVE BILLION FIVE HUNDRED MILLION (5,500,000,000) common stock with a par value of Ten Pesos (₱10.00) per share, and ONE BILLION (1,000,000,000) Series A Preferred Shares with a par value of Ten Pesos (₱10.00) per share TO NINETY-FIVE BILLION PESOS (95,000,000,000.00), divided into EIGHT BILLION FIVE HUNDRED MILLION (8,500,000,000) common stock with a par value of Ten Pesos (₱10.00) per share, and ONE BILLION (1,000,000,000) Series A Preferred Shares with a par value of Ten Pesos (₱10.00) per share;

RESOLVED, FURTHER, that BDO be authorized to amend the Seventh Article of its Articles of Incorporation to reflect the increase in authorized capital stock, as follows:

'SEVENTH - That the authorized capital stock of the Bank is **NINETY-FIVE BILLION PESOS (₱95,000,000,000.00)**, divided into **EIGHT BILLION FIVE HUNDRED MILLION (8,500,000,000)** common stock with a par value of TEN PESOS (₱10.00) per share, and ONE BILLION (1,000,000,000) Series A Preferred Shares with a par value of TEN PESOS (₱10.00) per share;

RESOLVED, FURTHERMORE, that the shares to be issued pursuant to the declaration of twenty percent (20%) stock dividends be used as subscription to the increase in BDO's authorized capital stock;

RESOLVED, FURTHERMORE, that BDO be authorized to apply with The Philippine Stock Exchange, Inc. (PSE) for additional listing of the shares to be issued pursuant to the foregoing resolutions;

RESOLVED, PENULTIMATELY, that the Chairman, President, Corporate Secretary and/or Directors of BDO, acting singly, are hereby authorized and empowered, for and on behalf of BDO, to sign, execute, deliver and cause the submission of the amended Articles of Incorporation of BDO, certified by the Chairman, majority of the directors and the Corporate Secretary or Assistant Corporate Secretary, and any and all documents necessary for any and all transactions related to the said amendment of the Articles of Incorporation of BDO, to the Bangko Sentral ng Pilipinas (**BSP**), Securities and Exchange Commission (**SEC**), PSE and other relevant governmental authorities, to sign, execute and deliver any and all documents, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect;

RESOLVED, FINALLY, that Serrano Law and/or any of its lawyers and paralegals are authorized to file and liaise with BSP, SEC, PSE, and other relevant government agencies in relation to the foregoing applications.”

Based on P&A’s tabulation, the votes cast and received on the Increase of Authorized Capital Stock and the corresponding Amendment of the Seventh Article of the Articles of Incorporation were as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
4,900,678,115	3,486,355,304	3,481,763,231	3,411,563	1,180,510

Accordingly, stockholders owning 3,481,763,231 voting shares or 71.05% of the total number of outstanding shares approved the Increase of Authorized Capital Stock and the corresponding Amendment of the Seventh Article of the Articles of Incorporation, while stockholders owning 3,411,563 voting shares or 0.07% voted against, and stockholders owning 1,180,510 voting shares or 0.02% of the total number of votes cast abstained.

XI. Declaration of a Special Cash Dividend

The Corporate Secretary called upon the Chairperson for the official announcement of the declaration of a special cash dividend.

Chairperson Sy officially informed the stockholders that at the Special Board Meeting of the Bank held just before the Annual Stockholders’ Meeting, the Board approved the declaration of a special cash dividend in the amount of ₱1.00 per common share to be paid on May 31, 2022 to all the stockholders of record as of May 6, 2022.

XII. Adjournment

There being no further business to transact, and upon motion duly made and seconded, the meeting was adjourned at 2:45 o’clock in the afternoon.

EDMUNDO L. TAN
Corporate Secretary

ATTESTED:

TERESITA T. SY
Chairperson