



BPI WEALTH

A TRUST CORPORATION

IGNITING MOMENTUM

Fueling Growth. Accelerating Transformation.

2022

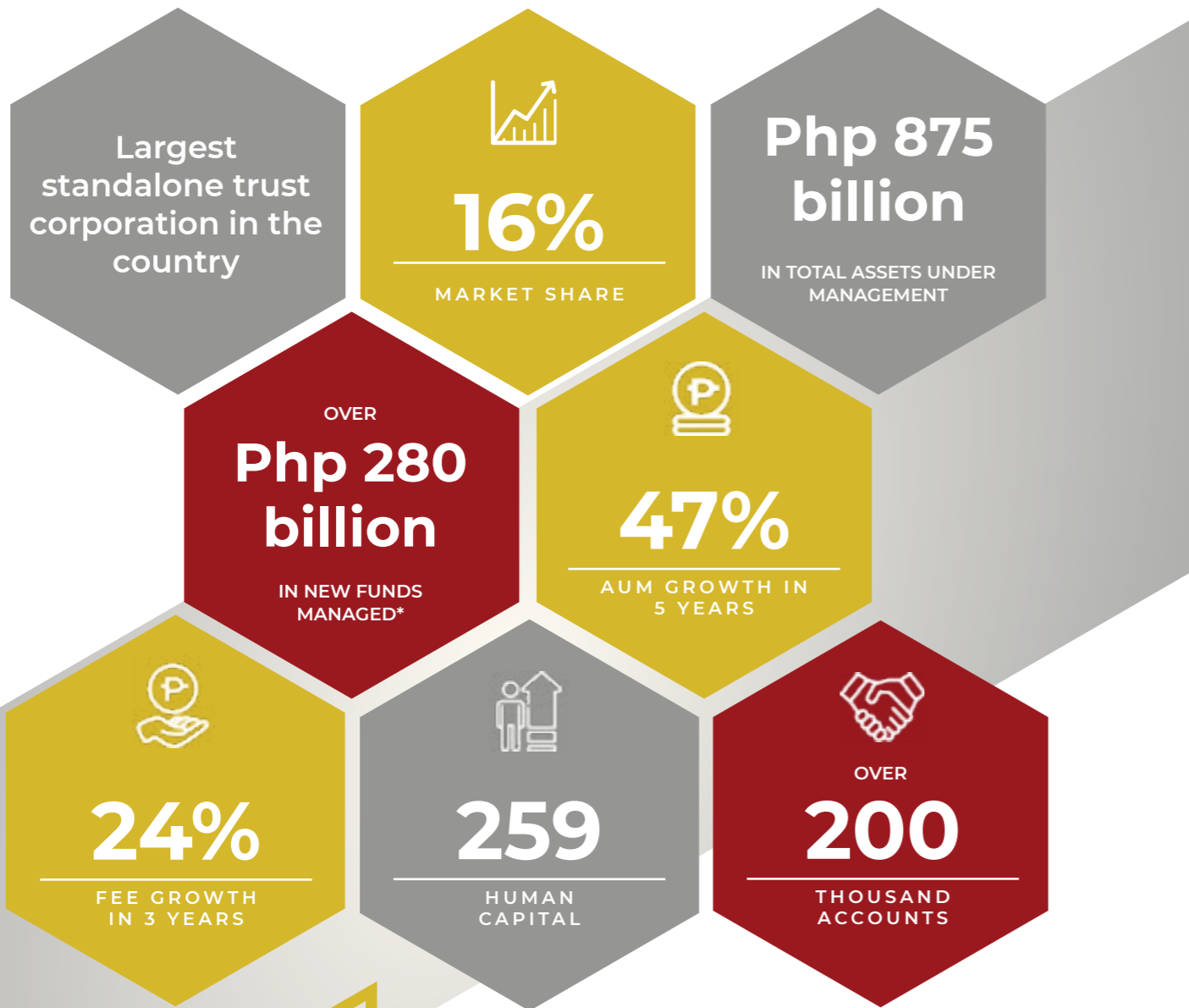
Annual Report





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*After commencement of standalone trust operations.

2022 Awards



**Best Asset Manager
Philippines**

International Finance Awards

**Best Managed Fund of the Year
for Dollar Equity category**
(BPI Invest Global Equity Fund-of-Funds)

Chartered Financial Analyst Society
Philippines



Best Overall Asset & Fund Manager

**Best Asset Manager
(Money Market Funds)**

**Best Asset Manager
(Equity & Fixed Income Funds)**

Alpha Southeast Asia 12th Annual Fund Management
Awards

COMPANY OVERVIEW

a. Who We Are

BPI Asset Management and Trust Corporation doing business under the trade name and style of BPI Wealth - A Trust Corporation (“**BPI Wealth**”, the “**Company**,” or “the **Corporation**”) is the largest stand-alone trust corporation in the Philippines. It traces its history in the trust business to the early 1960s, operating as a trust department of the Bank of the Philippine Islands (“**BPI**”).

In 2017, BPI Wealth became the first trust entity to be spun-off from its parent bank, BPI, establishing itself as a standalone trust corporation with a robust capital position and a reinforced independent trust management structure. BPI Wealth remains a wholly owned subsidiary of BPI, continuing to leverage on the expertise of the first bank in Southeast Asia.

BPI Wealth is under the supervision of the Bangko Sentral ng Pilipinas (“**BSP**”) and is authorized to engage in trust and other fiduciary services.

With thirty-three (33) Unit Investment Trust Funds, four (4) Personal Equity and Retirement Funds, and a wide range of investment solutions, we take pride in offering the country’s most innovative products in the investment space today. We lead the charge in digitalizing financial literacy and investor education, and we are at the forefront of proliferating financial inclusion in the country.



b. Pre-eminence as Our Vision and Investor Satisfaction as Our Mission

WE PROVIDE...



...best in class investment professionals and wealth advisers



...superior customer experience.



...a wide range of investment products and solutions.



...robust process & technology.

As a financial institution, we believe in our power to shape a better future for our nation through financial literacy and investor education. We believe that investors deserve to be guided with well-thought-out investment advice, delivered by capable wealth managers, account officers, and investment advisers.

We envision a society where people are not afraid to dream big, where they can step into the future with confidence, because they are financially secure, and their financial decisions are borne out of informed choices. We make investing simple, accessible, and attainable for every investor so that they can build their wealth and grow their finances earlier and easier. We are a steady partner who will guide investors through all the highs and lows.

We aim to consistently deliver above-par risk-adjusted returns over the long term. We take pride in superior and robust investment and risk management processes which result in sustainable performance even through changing market environments.

c. Our Investment Philosophy and Process

At the heart of every investment decision in our organization are three fundamental principles anchored in our commitment to deliver excellent products and services to our clients. We draw our strength from our ethos, and these principles form the core of our investment philosophy.



Long-Term Focus

We believe that superior and consistent returns can only be achieved by recognizing long-term trends in financial markets and understanding the structural shifts that affect these trends. This focus requires a profound understanding of the interplay between macroeconomic factors, both global and domestic, and among different asset classes.

Our investment approach relies heavily on quality research and information and the deep experience of our investment professionals who make investment decisions that best reflect our market views.

Value Orientation

Our choice of investments is backed by a thoughtful and thorough selection process that focuses on the intrinsic value and growth potential of each investment.



Risk Management

Recognizing that risk inherently drives returns, we limit downside risks through proper analysis, monitoring, and portfolio diversification. We also acknowledge that our fiduciary responsibility entails providing investment solutions that match the respective risk profiles of our clients, expressed in terms of their willingness and ability to take risks.

Our investment process originates from Management's consistent assessment and the Board of Directors' periodic review of developments in the macroeconomic landscape and financial markets. These are used to formulate investment strategies that reflect our long-term views and to craft model portfolios covering a whole spectrum of risk profiles.

With these model portfolios as guides, individual portfolios are constructed in accordance with clients' objectives, horizons and risk profiles, and the attendant internal, legal, and regulatory considerations. The allocation of fixed income and equity assets is executed to meet a portfolio's target duration and equity exposure. Moreover, portfolios are reviewed on a regular basis against corresponding benchmarks and rebalanced to realign investments with the original target allocation consistent with clients' goals and risk tolerance.

d. Our Products and Services

We believe that every investor is unique, and there is no one-size-fits-all approach when it comes to investing. This is why we put a premium in offering a personalized approach to investments that allows our individual clients to acquire wealth and grow them through solutions tailored to their unique investment requirements. Wherever they are on their journey as an investor, our promise is that we will be there.

We offer the most diversified investment fund portfolio in the industry, covering various asset classes, regions, sectors, and structures.

Our coverage speaks much about the creative value of our products and how these address varying investment needs. This product range allows our clients to easily maneuver their portfolios to suit specific requirements or as a response to changing market conditions.

BPI Wealth has built a strong reputation for innovation, allowing its institutional and individual clients to enjoy the widest selection of investment and trust products and services in the industry today.

As a full-suite trust entity, we offer a wide range of products and services and continue to employ bespoke trust and investment management solutions that are relevant to our clients' growing investment requirements within regulated parameters.

TRUSTS

- Unit Investment Trust Funds (UITF)
- Institutional Trust Accounts
 - Employee Benefit Plan (Pension and Provident Funds)
 - Pre-need Trust
 - Other Institutional Trust Accounts
- Individual Trust Accounts
 - Personal Management Trust
 - Other Individual Trust Accounts

AGENCY

- Institutional Agency Accounts
 - Employee Benefit Plan (Pension and Provident Funds)
 - Pre-need Accounts
 - Other Institutional Agency Accounts (Investment Management Account)
- Individual Agency Accounts
 - Other Individual Accounts (Investment Management Account)

OTHER FIDUCIARY SOLUTIONS

- Personal Equity and Retirement Account (PERA) Administration
- Corporate Fiduciary Accounts
 - Mortgage Trust Indenture
 - Facility/Loan Agency or Bond Trusteeship
 - Depository
- Escrow Agency
- Custody
- Safekeeping
- Court Trust
 - Executorship
 - Guardianship
- Legislated and Quasi-Judicial Trust
- Property Administratorship

INVESTMENT FUNDS

Money Market Funds

PHP

- BPI Invest Short Term Fund
- BPI Invest Money Market Fund

USD

- BPI Invest US Dollar Short Term Fund

Fixed Income Funds

PHP

- BPI Invest Premium Bond Fund
- Odyssey Peso Medium Term Bond Fund
- Odyssey Peso Bond Fund
- ABF Philippines Bond Index Fund
- BPI Fixed Income Portfolio Fund-of-Funds

USD

- BPI Invest Global Bond Fund-of-Funds
- BPI Invest Sustainable Global Bond Fund-of-Funds
- BPI Invest Philippine Dollar Bond Index Fund
- Odyssey Philippine Dollar Bond Fund

INVESTMENT FUNDS

Multi-Asset Funds

PHP

- BPI Invest Balanced Fund
- BPI Invest Bayanihan Balanced Fund
- Odyssey Diversified Balanced Fund
- Odyssey Diversified Capital Fund

USD

- BPI Invest Sustainable Global Balanced Fund-of-Funds
- BPI Invest US Dollar Income Feeder Fund

Equity Funds

PHP

- BPI Invest Philippine High Dividend Equity Fund
- BPI Invest Equity Value Fund
- BPI Invest Philippine Equity Index Fund
- BPI Invest Philippine Consumer Equity Index Fund
- BPI Invest Philippine Infrastructure Equity Index Fund
- Odyssey Philippine Equity Fund
- Odyssey Philippine High Conviction Equity Fund
- BPI Invest Catholic Values Global Equity Feeder Fund

USD

- BPI Invest US Equity Index Feeder Fund (available in USD and PHP classes)
- BPI Invest European Equity Feeder Fund
- Odyssey Asia Pacific High Dividend Equity Feeder Fund
- BPI Invest World Technology Feeder Fund
- BPI Invest Global Health Care Feeder Fund
- BPI Invest Global Equity Fund-of-Funds
- BPI Invest Sustainable Global Equity Fund-of-Funds

BPI PERA Funds

- BPI PERA Money Market Fund
- BPI PERA Government Bond Fund
- BPI PERA Corporate Income Fund
- BPI PERA Equity Fund

e. A Culture of Excellence

As a leading trustee and investment manager for many of the top institutions in the country, we have a proven track record of delivering above par risk-adjusted returns that outperform portfolio benchmarks over the long term, earning for us our clients' trust and recognition from industry watchers both in the Philippines and abroad. We manage our portfolios with a forward-looking assessment of the economy that enables our clients to ride the waves of a bull market and seize opportunities in a bear market.

Our clients highly regard our adherence to strong risk management standards which have time and again allowed us to stand strong and resilient even through the most trying economic and financial market environments.

We strive to be a reliable investment partner to our clients, allowing them to benefit from our fund management expertise, gained from BPI's 17 decades of investment management experience. Whether a client is just starting to invest or already has a deep understanding of investments, they can count on us to be with them every step of the way.

Our capabilities allow our clients the flexibility to do self-service investments using online, mobile, and other web-enabled applications and platforms, and whether to execute on their investment placements or avail themselves of our financial advisory and fund management guidance. We have also made our wide array of investment products more affordable so everyone can conveniently start their wealth-building goals anytime.

We continue to transform savings into wealth.

f. Making Headways in the UITF Industry

BPI Wealth is a trailblazer in the industry as the first to provide access to global investment opportunities through investment funds.

Pioneering Investor Funds

We help investors gain exposure to foreign markets by utilizing the investor fund structure. As a participant in an investor fund such as a feeder fund or fund-of-funds, an investor is afforded a share in a diversified portfolio of one or more collective investment schemes. This arrangement allows clients to access multiple foreign funds for a lower minimum investment amount.



BPI Invest Global Equity Fund-of-Funds and BPI Invest Global Bond Fund-of-Funds

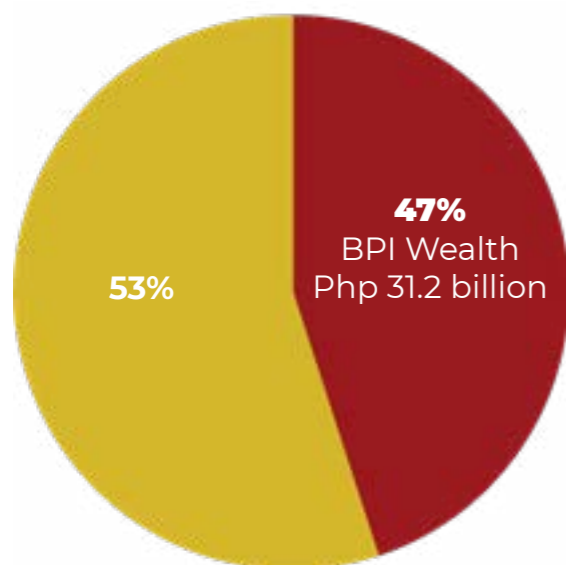
The country's first UITFs in the Fund-of-Funds structure helping investors gain access to foreign markets and to different offshore funds through a single UITF.

BPI Invest US Equity Index Feeder Fund

The country's first UITF that offers growth opportunities through access to the US markets. The fund can be availed in either US Dollar or Philippine Peso.

Bond Fund Leadership

BPI Wealth is in command of the UITF bond fund space with a 47% market share. Our bond fund roster cuts across investment horizons and issues, capturing investors of varying appetites to credit risk and changing rate environment, among other factors.



BPI Wealth's Flagship Bond Funds

- **ABF Philippines Bond Index Fund**
The largest long-term bond fund in the industry
- **BPI Invest Global Bond Fund-of-Funds**
The first bond fund-of-funds in the industry
- **BPI Invest Premium Bond Fund**
The largest intermediate bond fund in the industry

**Based on publicly available Key Information and Investment Disclosure Statements as of 2022.*

Best Managed Fund of the Year: BPI Invest Global Equity Fund-of-Funds

BPI Invest Global Equity Fund-of-Funds maintains a winning streak in the Chartered Financial Analyst (CFA) Society Philippines' 2022 Best Managed Funds Awards under the dollar equity category. The fund has been receiving this award for six consecutive years, winning the category for six out of seven editions of the search.

BPI Invest Global Equity Fund-of-Funds is the first global equity unit investment trust fund in the country, weathering various economic cycles for almost three decades. The fund is one of eight funds recognized by the CFA Society Philippines for delivering the highest risk-adjusted returns to its investors.

Recipient of CFA Society Philippines' Best Managed Fund of the Year for Dollar Equity Funds for 6 consecutive years (2017-2022)



g. Our Commitment to Nation Building

With almost sixty (60) years of active commitment to uplift the lives of Filipinos, BPI Wealth has been awarded mandates to manage various funds on behalf of government institutions. It has also championed the cause of financial inclusion by offering products in support of government initiatives to promote retirement investing and transformation of savings to wealth.

Among these are the Personal Equity and Retirement Account (PERA) fund offerings. Established through Republic Act 9505, PERA aims to promote capital market development and savings mobilization. It is a tool intended for use by any person to augment his retirement nest egg, while receiving benefits throughout his employment.

BPI Wealth was one of the pioneering PERA administrators and PERA product providers in the market since 2016. As PERA administrator, BPI Wealth is responsible for overseeing the client's PERA account, including duties and obligations that come with its management, reporting, and enforcement. As product provider, BPI Wealth currently offers the widest range of PERA products in the market, namely BPI PERA Money Market Fund (Money Market Fund), BPI PERA Government Bond Fund (Bond Fund), BPI PERA Corporate Income Fund (Balanced Fund) and BPI PERA Equity Fund (Equity Fund).

In 2018, BPI Wealth also launched the BPI Invest Bayanihan Balanced Fund. With the intent to help increase the risk-taking capacity of moderate investors and ultimately achieve long-term capital growth, the fund maintains its equity exposure within 5-20%. This allows clients to mobilize their funds for investment in higher-yielding instruments with managed risk levels. At ₱137 million, the fund continues to attract small investors such as micro-insurers, broadening availability of fund management services in previously untapped segments.

h. Advocating Sustainability

Environment, Social, and Governance ("ESG") investing is becoming a practice of interest globally. From implementing negative screens, incorporating ESG analysis in the daily investment process, to creating investment products with sustainability and other similar enabling themes, the financial sector and market participants have made progress in this arena. However, like most of our Asia Pacific peers, ESG investing in the Philippines is still at its early stages.

Following the footprints of our parent bank, BPI, who is a true champion of sustainability, BPI Wealth started taking active steps to sustainability aligned with BPI's unique formula- ESG+E₂- which emphasizes the need for ESG initiatives to result in Economic (E₂) gains to stakeholders in order to be truly sustainable.

There are studies that show a positive relationship between ESG and company financial performance. Investing in sustainability can potentially deliver higher growth and returns through innovation, higher operational efficiency and better risk management over the long term. We believe that a strong consideration for ESG in investments can provide better opportunities to support potential growth and provide long-term financial benefits to investors while seeking to reduce environmental pressures and to address social needs.

BPI Wealth first introduced responsible investing by accessing global funds with established ESG-related processes. Consistent with our thrust for financial inclusion, responsible investing was offered at scale through the UITF feeder fund structure as we launched the BPI Invest Catholic Values Global Equity Feeder Fund in 2017.

The BPI Invest Catholic Values Global Equity Feeder Fund employs what our offshore target fund manager calls Catholic Responsible Investing ("CRI"). CRI aims to integrate faith and finance by investing in competitive equity instruments in line with Catholic beliefs, focusing on the principles of human dignity, economic justice, and environmental stewardship.

As an introductory ESG instrument, all investments of the BPI Invest Catholic Values Global Equity Feeder Fund undergo screening based on the target fund manager's review and evaluation of the product's suitability to Catholic values, and are subjected by the target fund manager to engagement through their active ownership and long-term dialogue with the companies we invest in.

BPI Wealth sought to revitalize our approach to responsible investing by providing a wider range of sustainability considerations and expanding our product offering. In the first quarter of 2022, BPI Wealth launched the country's first global sustainable fund suite - the BPI Invest Sustainable Funds.

The BPI Invest Sustainable Funds is a family of UITFs that seeks to achieve long-term capital appreciation by investing in a diversified portfolio of global collective investment schemes following ESG criteria and other sustainability-related strategies.

The BPI Invest Sustainable Fund Suite intends to cover the full range of asset classes, allowing investors to select a specific fund suitable to their risk profile or to diversify across these investment options. The suite offers investments in global fixed income, global equities, and a multi-asset portfolio (a mix of both fixed income and equities) through the following funds:

- BPI Invest Sustainable Global Bond Fund-of-Funds
- BPI Invest Sustainable Global Balanced Fund-of-Funds
- BPI Invest Sustainable Global Equity Fund-of-Funds

Designed in a fund-of-funds structure, each fund in the BPI Invest Sustainable Fund Suite is invested in a portfolio of carefully selected global target funds that invest in the best-in-class companies that adhere to the highest ESG standards or are directly tied to sustainability projects and other enabling initiatives.

BPI Wealth is collaborating with some of the biggest names in the global asset management industry and sustainable investing such as Janus Henderson Investors, Schroder Investment Management, and PIMCO to name a few.

The funds are managed following a multi-theme approach (going beyond negative exclusions, values filters, and active ownership currently done for BPI Invest Catholic Values Global Equity Feeder Fund), cognizant of the integral role of sustainability in the investment process and the business decisions of various companies and the rapid developments in this arena.

Clients who are looking for opportunities to grow their wealth while contributing to creating a more sustainable world may invest in the BPI Invest Sustainable Funds.

i. Financial Inclusion

We believe that access to financial services is a fundamental right and a catalyst for social and economic development. We also recognize BPI Wealth's unique position to be the enablers of our customers, to empower them to take action to redefine their future and the future of generations to come.

Accessible Investment Opportunities

Our strength lies in our ability to innovate and serve new investment solutions that respond to our clients' changing needs and the ever-evolving environment.

With our Portfolio Management Account ("PMA"), our branded line of the Investment Management Account developed for investors who are new to the concept of consolidating various types of securities and investment products for management under a segregated portfolio, we were able to enhance the investment appetite of new clients and allowed them to experience basic portfolio management services and advice that are suited to their risk profile and wealth preferences.

BPI Wealth has deliberately designed this "entry-level" directional account in order to usher in clients who are ready for segregated portfolio mandates, but need to gain experience or familiarity with our portfolio services. In 2022, we lowered PMA's minimum to Php 500,000 to provide a more accessible entry point for clients and to allow them to comfortably ease in portfolio management services.

On the other hand, for clients who wish to benefit from professional fund management by investing in unit investment trust funds, BPI Wealth launched a digital UITF account opening process that allowed clients to conveniently open investment accounts.

True to our commitment to financial inclusion, BPI Wealth capitalized on technology to empower Filipinos to start their investment fund journey and open an investment account anytime, anywhere through the BPI Mobile app and the BPI website. This new process reduced barriers to entry, saving clients the time and effort and allowing them to take advantage of investment opportunities through BPI's full-service digital platforms.

Investor Education and Empowerment

At BPI Wealth, we make it our responsibility to be a catalyst for change by educating Filipinos on the value of investing not only in their finances, but also in their overall well-being.

In 2022, BPI Wealth launched its #InvestedInYou campaign, an overarching, 360-degree campaign that echoes our commitment to be invested in the lives and overall success of our customers. We sought to utilize our resources, skills, network, and capabilities to enrich the lives of our customers by creating campaigns, investment products, and solutions that promote sustainability not only for the environment but also for our clients' future.

As part of the #InvestedInYou campaign, BPI Wealth launched its first 9.9 BPI Investment Day on September 9, 2022. We believe that the topic of investing should have a space in the consciousness and conversations of our clients. Where digital platforms dominate online shopping behavior during double-digit days each month, BPI Wealth aims to shift the conversation from spending to investing, as it inspires and encourages more Filipinos to invest in their future. Through the 9.9 BPI Investment Day, we aim to shift conversations to empower Filipinos to take charge of their future by advocating sustainability in their financial and lifestyle choices.

Streamed on Facebook and YouTube Live, the 2022 9.9 BPI Investment Day is a virtual summit that centers on promoting meaningful and overarching conversations on investments, sustainability, and overall wellness to guide Filipinos in building healthy financial and lifestyle habits.

This virtual event featured eminent personalities in the Wealth Track to share their top tips on the basics of investing, future-proofing your investments, investing in sustainable companies, and the basics of estate planning. There were also learning sessions covering various topics on wellness as subject matter experts on yoga and mindfulness, veganism, sustainable travel, and personal development grace the occasion.



FINANCIAL SUMMARY AND RESULTS OF OPERATIONS

a. Financial Summary

Amounts in million Php	Current Year	Previous Year	Year-on-Year Change	
Trust, Other Fiduciary, and Investment Management Activities				
Asset Under Management	875,063	882,137	7,074	-1%
Profitability				
Total Income	2,923	2,875	47	2%
Total Expenses	1,555	1,568	-13	-1%
Income before Tax	1,368	1,308	60	5%
Net Income	1,023	1,014	9	1%
Select Balance Sheet Data				
Assets	3,284	3,465	-181	-5%
Liabilities	392	641	-250	-39%
Equity	2,892	2,824	68	2%
Select Ratios				
Return on average equity	35.79%	36.24%		
Return on average assets	30.31%	30.29%		
Percentage of trust fees to total AUM	0.31%	0.30%		

b. Review of Results of Operations

Asset Under Management

BPI Wealth ended with ₱875 billion in AUM, which is 1% lower than the previous year. The business volumes for UITF products decreased by 17% while segregated portfolio increased by 9%, compared to last year.

Revenues and Income

We were able to increase our revenue by 2% year-on-year to close the year with ₱2.92 billion. Our trust and management fees remained to be our primary source of revenues with ₱2.70 billion, comprising 92% of our total revenue. Our retail funds continued its strong growth trajectory while our segregated portfolio products continued to provide a stable revenue base.

Meanwhile, ₱224 million or 8% of our revenue was derived from commissions and interest income from our peripheral operating activities. After expenses and taxes, BPI Wealth generated ₱1.02 billion in net income, an increase of 1% or ₱9 million against the prior year, on the back of higher income, and managed operating expenses.

Expenses

Our total operating expenses ended at ₱1.56 billion, lower by 1% than last year mainly due to lower intercompany charges. Overall regulatory expenses increased aligned with charges fixed by regulators and manpower expenses increased as we are making the salaries and benefits of our employees competitive.

Meanwhile, directly controllable expenses remained well-managed.

Assets

We ended the year with ₱3.28 billion in total assets. We had maintained a significant portion of our assets in cash and a mix of low risk, highly liquid and long-term investments aligned with the security deposits required and investment holdings allowed by the BSP for trust corporations. Our cash position ended at ₱1.40 billion, 26% lower than the previous year. Meanwhile, the current portion of our Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) that contained our short-term investments in government securities ended at ₱700 million. These investments are held both to address regulatory requirements on basic security deposits for trust corporations and serve as the Company's short-term proprietary investments.

Meanwhile, our non-current assets increased against last year as we have shifted a portion of our short-term government security holdings to securities with tenors of more than one (1) year in order to take advantage of higher interest rates.

Liabilities

Our total liabilities ended at ₱392 million for the year, a decrease of 39%, as we have settled our outstanding obligations to BPI ("Parent") for shared and intercompany charges.

Equity

We ended the year with ₱2.89 billion in total equity. Our share capital and additional paid-in capital balances remain at ₱600 million and ₱902 million, respectively. Our surplus increased by 8% after recognizing the net impact of net income and payment of dividends for the year. On the other hand, a total of ₱400 million was appropriated as reserve for trust business in compliance with existing regulations.

c. Strategic Initiatives, Challenges and Major Activities

2022 proved to be a year filled with challenges, starting with unforeseen geopolitical events, and compounded by the profound disruptions caused by the residual effects of the COVID-19 pandemic. As the world slowly began to reopen, we witnessed signs of market recovery. However, unprecedented inflation rates in the local and global economies resulting to the persistent rise in interest rates, cast a pervasive shadow over the financial markets.

Despite these adversities, our unwavering determination and resilience prevailed. We did not only witness growth in our segregated portfolio business but also safeguarded our profitability from erosion. 2022 served as a solid foundation for our future growth, strengthening our resolve and propelling us forward with renewed determination.

Best in class investment professionals and wealth advisers

We take immense pride in our team-based approach, utilizing the collective wisdom and expertise of our highly trained investment professionals to offer unparalleled wealth advisory services. We have minimized the impact of the Great Resignation by implementing a competitive rewards structure that attracted and retained top talent, guaranteeing exceptional service for our clients.

Additionally, we embraced the evolving post-pandemic dynamics of the workforce by investing in remote work technologies and digital collaboration tools, enabling seamless collaboration across our offices. We also started exploring the integration of robotics to augment our workforce. Furthermore, we have consistently reorganized for growth, maximizing synergies, and optimizing expertise to drive our success.

Superior customer experience

We recognize and value the uniqueness of each client's financial journey. Our commitment to delivering exceptional customer experience is reflected in our streamlined onboarding process, disciplined investment advisory, and proactive client engagement. To make our services more accessible, we have encouraged a greater number of investors to take advantage of our portfolio management services, allowing them to consolidate various types of securities and investments into a single account by lowering the minimum investment amount from Php 1 million to Php 500,000.

To echo further our dedication to our customers' lives and overall success, we launched the #InvestedInYou campaign. The initiative promoted investments, sustainability, and overall wellness, shifting the focus from spending to investing and empowering Filipinos to take control of their future beyond traditional investments.

Wide range of investment products and solutions

We are committed in providing our clients a wide range of investment solutions across various asset classes, such as equities, bonds, loans, hybrids, private equity, real estate, alternatives, and structured products to fuel our clients' growth and contribute to their financial success. We uphold a sound investment process and a risk management framework befitting a trusted fiduciary. 2022 stands out as a transformative year, marked by the launch of our sustainability funds – BPI Invest Sustainable Global Bond Fund-of-Funds, BPI Invest Sustainable Balanced Fund-of-Funds, and BPI Invest Sustainable Global Equity Fund-of-Funds. We empower our clients to align their financial goals with their values by channeling capital towards companies that prioritize environmental, social, and governance considerations. Our dedication to sustainability is not driven solely by the pursuit of profitability, but by a deep-rooted belief in responsible stewardship.

Robust process & technology

We prioritize robust processes and cutting-edge technology to deliver exceptional service and value. Through continuous upgrades to our investment platforms and wealth management tools, we enhance our operations and maximize productivity. We kicked-off the upgrade of our pension fund management system and the improvement of our report writing capabilities. Additionally, we champion accessible investment opportunities by introducing digital investment fund account opening, allowing clients to open accounts anytime, anywhere through our mobile app or website, optimizing their customer journey and leveraging our digital offerings.

As we embark on this new era, BPI Wealth is poised to seize opportunities, deliver sustainable returns, and exceed the service expectations of our valued clients. We are ready to embrace the future and navigate the path to success.



3

2022 HIGHLIGHTS

a. Investments

Profiting by Managing Risk

by Smith L. Chua, Head of Investment Management

Restoring balance in the year 2022 to pre-Covid normal economic activity made an unexpected and dramatic turn into a fight against a global inflation crisis. The surprise invasion of Ukraine by Russia had evolved into a prolonged tragic war that triggered shortages of food and other raw materials.

To respond urgently to the steep rise in inflation, the US Federal Reserve led the world in aggressively raising its policy rate to 4.75% from 0.25%, the quickest tightening in its history. While inflation showed signs of reversal, returning to the central bank target of 2% will likely take more time and perhaps even higher rates.

For the Bangko Sentral ng Pilipinas (BSP), its policy rate ended the year at 5.75%, after hiking by 375 bps. With inflation still to peak, more rate hikes are to be expected. Unfazed, signs are pointing to a strong growth year in the range of 7% to 8%, supported by the surge in consumer spending.

As we head towards yearend, the combination of high rates and slowing growth are never good news for investors. Virtually, all asset classes globally gave negative returns. Cash was king in 2022.

For 2023, the poor market backdrop sets the stage for building a portfolio that could prove to be profitable for a long-term investor. As value starts to emerge in a declining market, prepare to gradually put your money to work. While it would be ideal to buy at the bottom, timing it will never be perfect. By maintaining the discipline of buying on weakness, your portfolio may not be totally immune from a volatile market, but it stands a better chance of withstanding and eventually earning you profits.

We know the world is becoming more complicated and that is why we are striving to make it simpler for you. We do this because we believe that you deserve to Live Your Best Lives!

b. Clients

Client Servicing and Experience

by Yvette Mari V. De Peralta, Head of Institutional Business

2022 presented new twists and turns in the world of investments. With geopolitical shocks that saw its onset at the start of the year, record-high inflation both in local and global economies and the increasing interest rates pervasively hounding the financial markets, both our clients' portfolios and our clients' sense of stability were under challenge. And this is where we count.

With our role clearly etched in our minds, we went to do the work.

On clients' investments, we have ushered them to more defensive assets and led them to rebalance their portfolios to focus more on preservation, as the uncertain times call for it. While growing their investment portfolios is at the heart of what we do, it is equally important that we cue them as to when to focus on other facets such as the steady income stream through accumulation of higher-yielding but quality assets. The conversations continued regardless of where the markets were.

We have embarked and laid out the groundwork for our strategic initiatives:

We took the time to reorganize ourselves to center on the different client segments that we serve. This is to respond to the changing needs of our customer base – Retail, Private and Institutional, and devote distinct attention to each.

We planted the seeds of our Sustainability initiatives. As the organization launched the first suite of 3 Sustainability-themed investment funds – BPI Invest Sustainable Global Bond Fund-of-Funds, BPI Invest Sustainable Global Balanced Fund-of-Funds, and BPI Invest Sustainable Global Equity Fund-of-Funds, we set out to tap clients' awareness to the meaningful investment opportunities that we provide. This, along with our financial literacy advocacy prevailed in our client engagement activities. We have, likewise, jumpstarted incorporating fibers of ESG into some of our clients' investment portfolios.

We mapped out our Digital journey, an ambitious and rich blueprint that will pave the way for an overall enhanced customer experience. It embeds our customer journey which entailed a closer and deeper look at their woes and at how we can serve them better.

We spotted rays of opportunities and hunted for business even as the markets were dim. We played multiple and key roles in landmark deals bagged by our parent bank, where we acted as Escrow agent, Security Trustee and Facility agent. This supported and enabled the bank to corner all the pockets of this big and first-in-the-market type of deal.

We forged strategic partnerships that bore and continues to produce new businesses for us. This included our engagement on the first Energy Transition Financing portfolio, which also provided investors a pathway to participate in a long-term, socially-relevant undertaking.

We hunted to continue to serve more. We kept our eye on big, important mandates. This relentless focus landed us two (2) important government-owned and controlled corporations (GOCCs) bids. Having passed the rigors of the bidding process for these investment mandates is a big stamp of confidence on how we are a Fund Manager of Choice.

While we marched on and explored avenues on how we can reach more clients, we put an equal importance to the very basic – the high art of serving our clients, and serving them well. Our Portfolio Relationship Managers are in a year-long program of continuing education in our quest to up our game and deliver our brand of service. And this promise continues.



c. Operations

Business Services and Operations

by Christmas G. Sevilla, Head of Business Services & Operations

2022 was a pivotal year for BPI Wealth as we laid the groundwork essential for continued operations and driving business growth.

Leveraging on Synergies

The integration of various support units in the newly created Business Services and Operations Division is a testament to BPI Wealth's commitment to customer obsession. Our division provides a comprehensive perspective and cohesive approach to addressing customer needs as we bring together Technology, Operations, Product Management, and Brand Management, among other units, under one team. The diverse expertise and effective cross-collaboration within the division allow for better frontline support and a well-rounded understanding and execution of strategic imperatives.

Continuous Innovation

To ensure that the organization thrives in this dynamic market environment, BPI Wealth has embraced technology and continuously sought process improvements through the following initiatives:

Geared to meet evolving customer needs, we developed agile technological roadmaps by mapping the entire customer lifecycle and identifying pain points. As a result of this process, some of the developments in the works include the upgrade of our pension fund management system to provide corporate clients and their employees with expanded investment options; and enhanced report writing capabilities to give clients wider access to financial statements, transaction advice, and specialized reports especially for managed accounts.

Through job rotation and updated work instruction documents, we successfully mitigated disruptions caused by the pandemic and operated efficiently despite industry-wide manning challenges. Adapting to changing workforce dynamics and health protocols, we invested in remote work technologies and digital collaboration tools, enabling seamless collaboration across office locations. Moreover, we explored robotic process automation to increase productivity and minimize errors.

Value Creation

Aware of our capability to advocate for meaningful change and to provide a means for our clients to achieve their life aspirations, BPI Wealth has implemented the following initiatives:

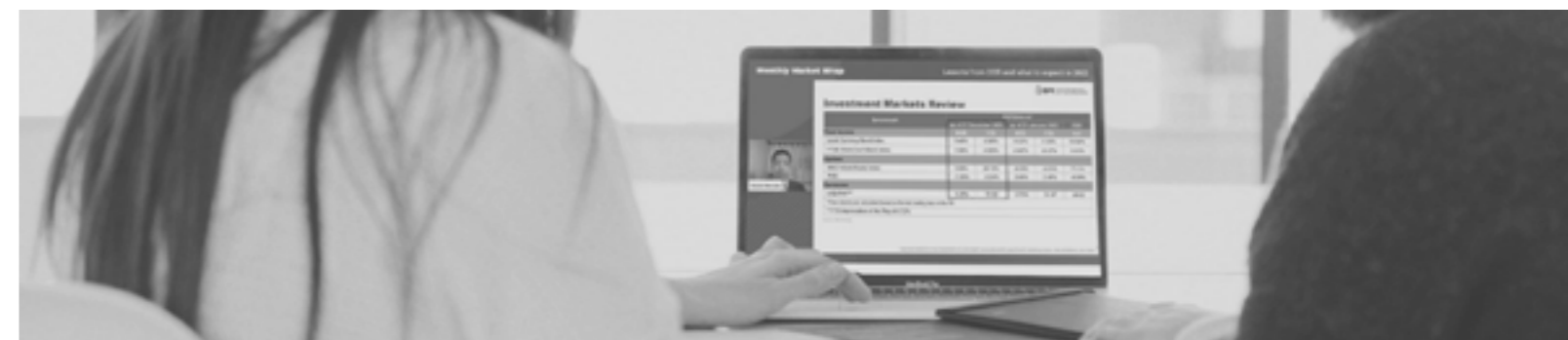
We launched the country's first BPI Invest Sustainable Fund Suite, a family of investment funds that seek to address environmental, social, and governance issues while seeking to deliver long-term financial returns. Through the suite's multi-theme and multi-asset approach, we aim to reach a wider range of investors who are looking for opportunities to grow their wealth while contributing to creating a more sustainable world.

In 2022, BPI Wealth also continued to champion accessible investment opportunities by reducing barriers to investing through digital investment fund account opening. This initiative enables clients to open an investment fund account anytime, anywhere through the BPI Mobile app or the BPI website, enhancing the customer journey and allowing clients to take full advantage of BPI's existing digital capabilities.

Further, our entry-level segregated portfolio account, the Portfolio Management Account, has encouraged more new investors to access portfolio management services and consolidate various types of securities and investment products under a single account as we lowered the minimum investment amount from Php 1 million to Php 500,000.

Finally, BPI Wealth has solidified our commitment to the lives and overall success of our customers through the #InvestedInYou campaign. This campaign includes activities that promote investments, sustainability, and overall wellness - shifting conversations from spending to investing, and empowering Filipinos to take charge of their future over and beyond investments.

As the above activities build up momentum for BPI Wealth, our charge towards exceptional customer experiences, digital transformation, and operational resilience continues in the coming years.



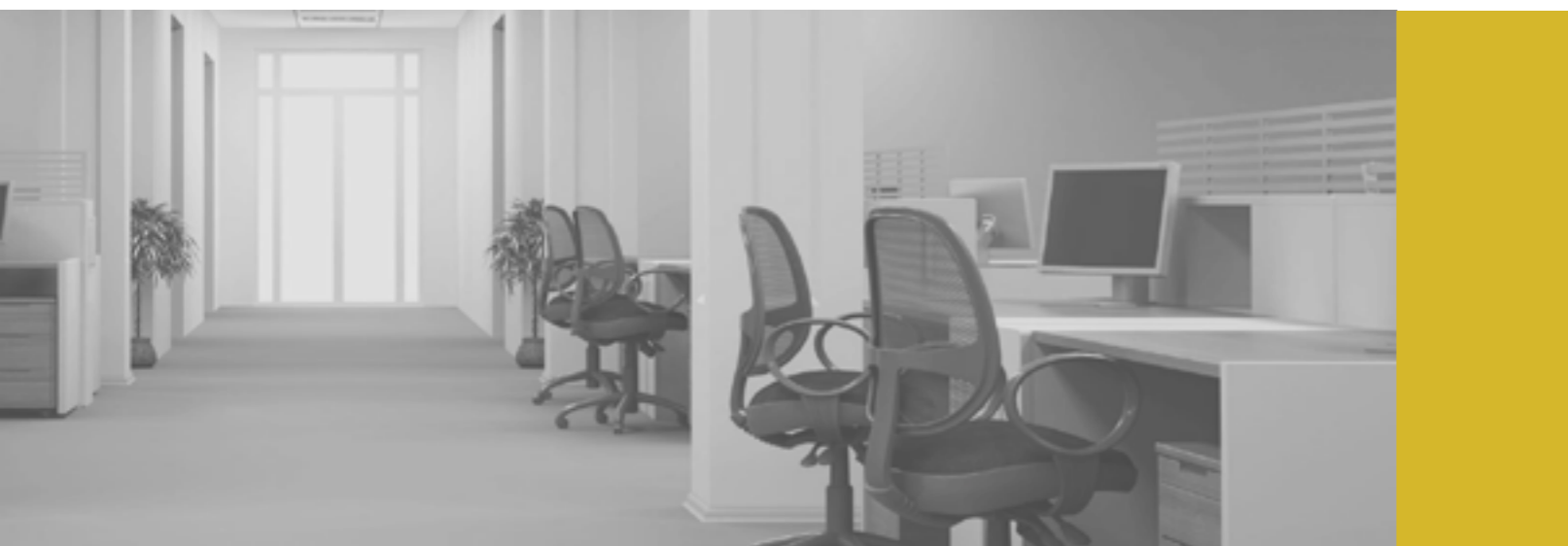
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RISK MANAGEMENT FRAMEWORK

BPI Wealth's risk management framework is strongly anchored on the cardinal principle of fidelity. It is designed to ensure that the Company's fiduciary activities are carried out with the highest standard of care and clients' assets are prudently managed.

The framework enables the Company to effectively identify, measure, control and monitor risks associated with its fiduciary and investment management activities, in accordance with the key elements and basic principles of a sound risk management system: active and appropriate oversight by the Board of Directors; adequate risk management processes, policies and procedures; appropriate risk measurement system, prudent risk limits, monitoring and management information system; and comprehensive and effective internal control system and, audit and compliance program.

BPI Wealth's risk management framework continuously evolves as the business grows, as the market structure and regulations change, as new financial products and instruments are introduced in the market and as global risk management standards and best practices are enhanced and developed.



a. Risk Management Governance Structure and Risk Strategy

Risk management in BPI Wealth is a top-down process which starts with the Board of Directors. The Board has the ultimate responsibility of providing oversight of the Company's risk management process which involves establishing strategic direction and providing risk tolerance standards for fiduciary and investment management activities. The Board fulfills its risk management function through the BPI Wealth Risk Management Committee ("RMC"), which oversees the development and implementation of the overall risk management program and nurtures a culture of risk management across the Company.

The RMC defines risk appetite statements for each functional risk area and oversees the development and implementation of the overall risk management program of the Company. It adopts the "three lines of defense" model in managing risks, which defines the risk management responsibilities of each unit owning and/ or managing the risk (1st line), overseeing the risk management function (2nd line) and providing independent assurance on the quality and effectiveness of risk management and controls (3rd line). The RMC is supported by Management, through several Management committees overseeing investment activities and operations, and the Risk Management Office.

The Risk Management Office reports directly to the RMC and carries out the day-to-day implementation of the Company's risk management program which includes the regular measurement, monitoring and reporting of key risk indicators and risk exposures against established limits and parameters.

BPI Wealth continuously promotes a culture of proactive and prudent risk management with the Risk Management Office regularly engaging the RMC, Management and business units, and communicating the risk awareness culture to the rest of the Company through various internal channels, facilitating learning programs on risk management and promoting best practices enterprise-wide.

BPI Wealth identifies the major risks attendant to its fiduciary and investment management activities as investment, and operational and information technology risks. Investment or portfolio risk, which consists of market, credit and liquidity risks, is inherent in the portfolios and assets that the Company manages for its clients and has a direct impact on clients' earnings and/or principal. Market risk arises from adverse movements in market risk factors (such as interest rates, foreign exchange rates and equity prices) while credit risk arises when clients' funds are transacted with market counterparties or placed in debt instruments. Liquidity risk may arise from the Company's inability to recognize or address changes in the clients' funding needs or from inadequate market liquidity.

Operational and information technology risk, on the other hand, arises from inadequate and failed processes, people, systems or external events which may adversely affect BPI Wealth's earnings and capital. Operational and information technology risk also includes legal and compliance risks. Reputation Risk may arise from negative perception on the part of the stakeholders exposing the Company to potential losses. The Company is also exposed to strategic risk, which relates to the formulation and implementation of business strategies and decisions and BPI Wealth's responsiveness to industry changes. These risks are interrelated and failure to manage the same poses risks of financial losses to BPI Wealth and its clients as well as damage to the Company's reputation.

As risk-taking is core to the fiduciary business, BPI Wealth recognizes the importance of a sound and effective risk management system in the Company's pursuit of achieving its goal of stable AUM and earnings growth. The Company exercises prudent risk management to protect its AUM and to prevent earnings instability and financial losses in the conduct of its operations. BPI Wealth has low tolerance for risks outside clients' investment mandate and portfolio risk-return objectives. It takes reasonable and calculated risks in the execution of its investment management duties through a clear structure of limits and control parameters and compliance with agreed investment mandates. Risks taken are always within clients' risk appetite and commensurate with their return objectives. The Company avoids unwarranted risks and aims to generate investment returns without exposing managed portfolios to undue risk of loss.

BPI Wealth aims to ensure the health and safety of its employees and has high moral and ethical standards. It has no tolerance for improper business practices, fraudulent activity and conflict of interest. It has low tolerance for process failures and high-risk audit issues. It aims to maintain compliance with regulatory requirements and address noted breaches on time. It also aims to have an effective business continuity plan that ensures critical processes are recovered within the defined turnaround time and with minimal impact on the Company, its employees and its clients. BPI Wealth does not tolerate failures from critical service providers of outsourced services.

Investment Risk Management

The Investment Risk Management Department assists the RMC in implementing the Company's investment risk management program by formulating policies and procedures, quantifying investment risk exposures through various metrics, establishing and monitoring compliance to limits, as well as reporting and tracking the resolution of limit breaches and investment-related issues.

Risk management is embedded in all phases of the investment process. Prior to the initiation of transactions, risks arising from new investment instruments or transactions are identified. Identified risks are then quantified using measurement tools and methodologies appropriate to the nature and complexity of transactions.

Factor sensitivity measures are utilized to measure the market risk exposure of actively managed portfolios while tracking error is used as the primary market risk measure for passively managed or index tracker funds. Overall portfolio risk is measured by volatility.

Risk-adjusted performance measures are also monitored to gauge the quality of returns and to facilitate proper evaluation and comparison of investment portfolios with varying levels of risk and return. Credit risk is measured at the issuer level and at the counterparty level. Issuer risk is gauged primarily using published credit ratings and internal ratings generated from BPI's credit risk rating system. Liquidity risk is likewise gauged on two levels – at the security/asset level and at the portfolio level. Security/asset liquidity risk measures are defined by asset class while portfolio liquidity risk measures look at actual fund inflows and outflows and funding concentration.

To mitigate market risk, the Company's investment management activities are subject to risk limits and controls that embody the risk tolerance standards of the Board and our clients. All managed funds and portfolios are subject to aggregate limits approved by the RMC and client-specified portfolio-level limits and parameters. Regulatory limits are also strictly adhered to. Loss triggers are also established to limit market losses. Credit risk is controlled through issuer and counterparty limits. Credit risk management is also heavily anchored on the credit approval process which covers credit evaluation and approval, as well as the periodic review of outstanding investments, debt issuers/borrowers and counterparties. Liquidity risk is mitigated by limiting portfolio investments to tradable/liquid instruments and setting liquid buffers based on an assessment of the client's future funding needs and desired level of portfolio liquidity. Liquidity assessment forms are a significant part of our investment accreditation process. In addition, a liquidity contingency plan is in place, which provides a framework for addressing liquidity crisis situations.

Operational Risk Management

BPI Wealth's Operational Risk Management Department monitors our operational risk exposures while Management oversight is provided by the Risk Management Committee.

We manage our operational risks by ensuring accurate and timely identification, assessment, monitoring, reporting and mitigation. Key risk indicators are in place to monitor risk profiles and trigger mitigating actions.

Loss events data collection provides information in identifying areas with control lapses and areas for improvement. An annual self-assessment is conducted to identify inherent and residual risks in processes and the effectiveness of controls in place.

The Company adopts an effective and sustainable business continuity management program aligned with the strategy of BPI. Our business continuity document includes the Company's plans to ensure that critical processes are recovered until operations normalize.

We continue to closely monitor established measurements and limits on risk indicators and implement mitigating measures in view of increasing cyber-related risks and risks related to the COVID-19. The Company and its parent bank's strategic initiatives on digitalization, improvements on IT infrastructure and cybersecurity technology, and availability of business recovery sites enabled the continued delivery of the Company's products and services to its customers. The Company remains operational as it implemented split operations, activated alternate work sites and mobility areas to improve accessibility of the Company's employees to office premises, and adjusted working hours and work-from-home arrangements. The Company continues the mobility program for employees and equipped them with adequate tools to allow work outside of Company premises.

b. Anti-Money Laundering Compliance

The prevention of financial crimes is a top priority of the Company, not only because they pose a significant threat to our reputation, but because they undermine the integrity of the global financial system. Hence, BPI Wealth's Compliance extends its ambit beyond the Company, its policies, and its employees to ensure that our clients also act within the law and do not use us or our structures for illegal activities.

Our Board of Directors and Management support firm-wide and BPI group-wide efforts towards establishing strong anti-money laundering and counter-terrorism and proliferation financing ("AML/CTPF") assurance mechanisms and globally consistent procedures, as well as establishing a management structure that promotes accountability and transparency and upholds checks and balances.

It is the ultimate responsibility of our Board of Directors to fully adhere with the applicable AML/CTPF rules & regulations, ensures that Money Laundering ("ML"), Terrorist Financing ("TF") and Proliferation Financing (PF) risks are effectively managed and that such forms part of the Company's enterprise risk management system.

Our Management oversees the day-to-day management of the Company, ensures effective implementation of AML/CTPF policies approved by the Board of Directors and alignment of activities with the strategic objectives, risk profile and corporate values set by the Board of Directors.

Our Anti-Money Laundering ("AML") Compliance Unit is responsible for the management of the implementation of the Money Laundering and Terrorist Financing Prevention Program ("MTPP") which we observe in compliance with the Anti-Money Laundering Law, its implementing rules and regulations, and BSP's AML/CTPF prescribed rules and regulations, as well as BPI's anti-money laundering program covering subsidiaries and affiliates.

Our MTPP aims to implement anti-money laundering practices and combat terrorist and proliferation financing and other financial crimes. It consists of conscientious customer due diligence and know-your-customer ("KYC") processes; technology and automated tools to identify and detect financial transactions of a suspicious nature; and monitoring, periodic review, and a timely reporting of AML/CTPF events to Management. This program also includes regular and effective AML/CTPF training and awareness programs for all personnel; maintenance of customer data and transaction documents within prescribed timelines; and timely updates of policies and procedures in accordance with the changes in regulations and AML/CTPF typologies.

To ensure compliance with the program, our AML Compliance Unit conducts periodic compliance checking which covers among others, evaluation of existing processes, policies and procedures including ongoing monitoring of performance by staff and officers involved in ML/TF/PF prevention, reporting channels, effectiveness of the electronic money laundering transaction monitoring system, and record retention system through sample testing and review of audit or examination reports.

With increasing global AML initiatives and numerous new regulations, we recognize that our AML processes and controls are changing from a standalone function to an increasingly complex and overarching function cutting across legal, risk, and operations. We constantly review our program to ensure adept compliance with the latest legislative and regulatory developments.

To foster awareness, knowledge and understanding of AML/CTPF concepts, principles and requirements, all employees are required to attend training programs conducted by our AML Compliance Unit or through web-based e-Learning courses available with the BPI in-house training academy.



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CORPORATE GOVERNANCE

The Board of Directors, Management, and employees of the Company, together with BPI as its principal shareholder, believe that sound and effective corporate governance is the cornerstone of BPI Wealth's strength and long-term existence. BPI Wealth subscribes to a philosophy of adhering to honesty, integrity, and professionalism in the conduct of its business, exercising prudence in arriving at decisions, enforcing internal discipline and a system of checks and balances in its operating processes, and providing transparency regarding basic management policies and practices, major business strategies and decisions, and its operating results.

BPI Wealth's practices are, thus, consistent with Sections 131-Q, 132-Q, 133-Q, 134-Q, 136-Q, 137-Q, 118-T and other applicable provisions in the Manual of Regulations for Non-Bank Financial Institutions ("**MORNBF**I") of the BSP, Securities and Exchange Commission ("**SEC**") Memorandum Circular No. 6 s2009 "Revised Code of Corporate Governance" as amended by SEC Memorandum Circular No. 9 s2014 and SEC Memorandum Circular No. 24 s2019, and other relevant references.

The Board of Directors and Management have adopted a framework of policies, rules, systems and processes for the Company that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, regulators, government and the community in which it operates. The Board of Directors and Management undertake every effort necessary to create the necessary awareness of these principles and practices within the organization in order to ensure proper internalization by every member of the organization.



a. Board of Directors

The Board of Directors bears the primary responsibility of creating and enhancing the long-term shareholder value of BPI Wealth and ensuring that this objective is achieved in all its business activities. It is responsible for making statutorily identified decisions and for conducting oversight of the business and affairs of BPI Wealth and its management.

It must ensure BPI Wealth's ability to satisfy the needs of its customers, sustain its leadership and competitiveness, and uphold its reputation in order to maintain BPI Wealth's long term success and viability as a business entity. Its mandate consists of setting the strategic business directions of BPI Wealth, appointing its senior executive officers, confirming its organizational structure, approving all major strategies and policies, overseeing all major risk-taking activities, monitoring the financial results, measuring and rewarding the performance of Management, and generating a reasonable investment return to shareholders. It shall also provide an independent check on Management.

It is the Board of Directors' responsibility to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

The Board of Directors formulate the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

The corporate powers of BPI Wealth shall be exercised, its business conducted, and all its resources controlled through its Board of Directors. The powers of the Board of Directors as conferred by law are original and cannot be revoked by the stockholders. The Directors hold their office charged with the duty to exercise sound and objective judgment for the best interest of BPI Wealth.

Please see Appendix A for the biographies of our Board of Directors.

b. Chairman

In adherence to Sections 131-Q, 132-Q and 118-T of MORNBF1, the Board of Directors of BPI Wealth is headed by a competent and qualified Chairman.

The Chairman is currently a Non-Executive Director. The Board does not encourage Chief Executive Officer ("CEO") duality. The Chairman, who has not served as CEO of BPI Wealth within the past three years, is separately appointed from the President and CEO (Sections 131-Q, 132-Q and 118-T of MORNBF1). The Chairman and the President and CEO positions are currently held by two individuals who are not related to each other and have defined roles and responsibilities that are separate and distinct, as set in the Amended By-Laws and Corporate Governance Manual of BPI Wealth.

Under the leadership of the Chairman, the Board of Directors creates the framework within which the senior management team of BPI Wealth, headed by our President, steers the business. As stated in the BPI Wealth Corporate Governance Manual, the Chairman guides the Board of Directors in its decision-making process and ensures that the Board of Directors operates effectively as a team. The Chairman also forges a very positive and constructive working relationship between the Board of Directors and Management. With the Chairman at the helm, the Board of Directors sets the Company's strategy and risk appetite and approves capital and operating plans presented by Management for sustainable achievement of strategic objectives.

c. President and Chief Executive Officer

The President reports directly to, and is accountable to, the Board of Directors for the performance of the Company. As defined in the Corporate Governance Manual, the President is in charge of the over-all management of the business and affairs of BPI Wealth governed by the strategic direction and risk appetite approved by the Board of Directors. The President is accountable to the Board of Directors in championing the desired conduct and behavior, implementing strategies, and in promoting the long-term interest of BPI Wealth.

d. Board Charter

The duties and responsibilities of the Board of Directors are specified in BPI Wealth's Corporate Governance Manual which articulates and sets forth with clarity the governance and oversight responsibilities exercised by the Directors and their roles and functions in BPI Wealth together with provisions on Board composition, Board committees and Board governance subject to the provisions of BPI Wealth's Articles of Incorporation, By-Laws and applicable laws. The charter is not intended to limit, enlarge or change in a way the responsibilities of the Board as determined by such Articles of Incorporation, By-Laws and applicable laws.



e. Composition and Qualifications

With the recent changes in the Board memberships, the Board of Directors was reinvigorated in 2022 with the appointment of Mr. Gerardo C. Ablaza Jr. as Non-Executive Director and Ms. Maria Theresa D. Marcial as Director of BPI Wealth. Ms. Marcial was then appointed as President and Chief Executive Officer of BPI Wealth. The members of the Board are all familiar with Philippine laws, rules and regulations, and best practices on trust business and uphold ethical and good governance standards. Members are all professionals with various expertise and experience in fields relevant to trust business, banking and finance, economics, and risk management.

The composition of the Board of nine (9) Directors is deemed appropriate given the complexity of the operations of the Company and the significant time demands placed on the Directors.

The Board of Directors is now composed of three (3) Independent Directors, five (5) Non-Executive Directors and one (1) Executive Director who is the President and Chief Executive Officer of the Company. Non-Executive Directors, which include Independent Directors, comprise 89% of the Board, more than the requirement of the BSP of at least majority of the Board. Independent Directors comprise 33% of the Board of Directors, in line with the requirement of the SEC and the BSP of at least 1/3 of the Board. This provides independent and objective judgment on significant corporate matters and ensures that key issues and strategies are objectively reviewed, constructively challenged, and thoroughly and rigorously examined. Independent Directors chair three (3) Board committees, namely the Risk Management Committee, Audit Committee, and Corporate Governance Committee.

Our Board of Directors enjoys the trust and respect of the local and international business community. They are established professionals who provide perspective, objectivity, practical wisdom, and sound judgment in their oversight, recommendations and evaluation of BPI Wealth's trust and other fiduciary business as well as its investment management activities. The annex to this annual report contains the comprehensive profiles of the Board of Directors which disclose, among other information, the age, qualifications, date of election, relevant experience and directorships both in the BPI Group as well as in other companies, listed or otherwise.

All directors of BPI Wealth comply with all fit and proper qualifications and requirements of the BSP and SEC and remain qualified throughout the one-year term. This includes required working knowledge, experience or expertise, and competence relevant to the industry.

Director's Name	Type of Director*	Date First Elected	Date Last Elected	No. of Years as Director
Jose Teodoro K. Limcaoco	NED	21 April 2021	15 June 2022	1.7
Maria Theresa D. Marcial	ED	20 April 2020	15 June 2021	0.7
Rene G. Bañez	NED	16 August 2021	15 June 2021	1.4
Cezar P. Consing	NED	16 November 2016	15 June 2021	6.1
Gerardo C. Ablaza, Jr.	NED	15 June 2022	15 June 2021	0.5
Mariana Beatriz E. Zobel de Ayala	NED	16 June 2021	15 June 2021	1.5
Ignacio R. Bunye	ID	16 November 2016	15 June 2021	6.1
Jesse O. Ang	ID	29 June 2018	15 June 2021	4.5
María Dolores B. Yuvienco	ID	29 July 2019	15 June 2021	3.4

*Type of Director: Executive ("ED"), Non-Executive ("NED"), Independent ("ID")

f. Independence

A material relationship with the Company is a relationship that is reasonably expected to interfere with the exercise of a Director's judgment and independence from the Management. The Company ensures that a majority of qualified non-executive members are elected, to promote the independence of the Board from the views of Management. Non-executive members of the Board of Directors refer to those who are not part of the day-to-day management of trust operations and perform duties on various key committees.

BPI Wealth likewise meets both the minimum BSP regulatory and the SEC Corporate Governance Code requirements for the number of Independent Directors in its Board, who must make up at least one-third and not less than two.

The Company also ensures compliance with the qualifications and requirements for Independent Directors as defined in the MORNBF. In this regard, the Company submits the required certifications of its Independent Directors annually to the BSP for confirmation of the election or appointment.

g. Diversity

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

h. Security Ownership of Directors and Officers

Public trust in a company largely depends on the existence of an accurate disclosure regime that provides transparency in the beneficial ownership and control structures of the company.

BPI Wealth understands that disclosure of such information is important in detecting and preventing tax evasion, corruption, money laundering, terrorist financing and other unlawful activities and guards against conflicts of interest in companies, which may have concentrated ownership and where there may be controlling beneficial owners with large voting blocks.

None of the members of BPI Wealth's Board of Directors and Management owns 2.0% or more of the outstanding capital stock of the Company.

As of December 31, 2022, the following are known to BPI Wealth to be directly the record and/or beneficial owners of BPI Wealth voting common shares:

Title of Class	Name of Beneficial Owner	Position	Dec. 2022		Nature of Ownership (D) Direct (I) Indirect	Citizenship
			No. of Shares	% of Holdings		
Common	Jose Teodoro K. Limcaoco	Chairman, NED	1	0.00%	D	Filipino
Common	Maria Theresa D. Marcial	President, ED	1	0.00%	D	Filipino
Common	Rene G. Bañez	NED	1	0.00%	D	Filipino
Common	Cezar P. Consing	NED	1	0.00%	D	Filipino
Common	Gerardo C. Ablaza, Jr.	NED	1	0.00%	D	Filipino
Common	Mariana Beatriz E. Zobel de Ayala	NED	1	0.00%	D	Filipino
Common	Ignacio R. Bunye	ID	1	0.00%	D	Filipino
Common	Jesse O. Ang	ID	1	0.00%	D	Filipino
Common	Maria Dolores B. Yuvienco	ID	1	0.00%	D	Filipino

i. Duties and Responsibilities

The Board of Directors is likewise responsible for overseeing reasonable and sustainable returns on shareholder capital by, among others, reviewing and approving the Company's mission, vision, strategies and objectives; appointing senior executives and confirming organizational structures; approving enterprise-wide policies and procedures; monitoring business and financial performance; overseeing risk management framework and risk appetite, and fostering regulatory compliance.

j. Selection

Following BPI Wealth's Amended By-Laws, Manual on Corporate Governance, Board and Committee Charters, rules provided by the SEC and BSP as well as the Corporation Code, all written nominations for Directors are submitted by the shareholders and for Management are submitted to BPI Personnel and Compensation Committee ("PerCom"), respectively.

To the extent applicable, the Directors are selected from a broad pool of qualified candidates. A sufficient number of qualified non-executive members are elected to promote the independence of the Board of Directors from the views of Management.

The election of Directors and the election or appointment of key officers (President/CEO, Head of Compliance, Risk Management and Internal Audit, Senior Vice President) of BPI Wealth, which includes the Chairman of the Board, must also be confirmed by the BSP. Directors and elected or appointed key officers must submit required certifications and other documentary proof of qualifications for the confirmation of their election or appointment.

The nomination and election processes and their effectiveness are reviewed annually by BPI Nomination Committee and BPI Personnel and Compensation Committee.

k. Term of Directors

Directors are to hold office for a term of one year immediately upon their election and until the next election when their successor/s shall have been elected and qualified in accordance with BPI Wealth's By-Laws at the next annual stockholders meeting.

I. Policy on Directorships

With a rigorous nomination process, close monitoring and reporting of Board and Committee meeting attendance, an annual performance evaluation which includes affirmative determination of time commitments and an annual review of Board Committee chairmanships and memberships, adequate safeguards against over boarding or over commitment are in place. Directors must notify the Board of their intention to accept a directorship in another company. BPI Wealth adopted the BPI Group Policy on Directors and Officers Interlocking Positions, which allows directors to hold up to approximately fifty (50) interlocking directorships, including the current regulatory limit of five (5) PLC directorships. However, this limit on interlocking directorships does not apply to the Chairman, Vice Chairman, Executive Director(s) and interlocking directorships of directors' spouses. The Company shall constantly evaluate said limit alongside the results of directors' periodic or annual performance evaluations. The Company shall be cautious in its evaluation, ensuring that directors are able to devote sufficient time to their fiduciary duties and responsibilities. For officers, a maximum of ten (10) interlocking positions may be held. The limit for directors and officers shall not be applied to interlocking directorships/trusteeships and officerships in non-profit/civic organizations and financial services industry/ management/corporate governance associations.

BPI Wealth Directors are bound by a Director's Code of Conduct to take into account their individual circumstances and the nature, scale and complexity of BPI Wealth's activities in showing full commitment to BPI Wealth – devoting the time, schedule and attention necessary to its business interests, to properly and effectively perform their duties and responsibilities and to avoid conflicts of interest – and affirm in writing annually.

A lower limit in the number of directorships would reduce the pool of interested and qualified director candidates and increase difficulty in finding and retaining the most effective Directors. BPI Wealth also benefits greatly from stewardship of experienced Directors who serve on other boards and provide guidance and independent perspective on multi-faceted issues, and complex, strategic concerns in asset management.

BPI Wealth also applies a limit of five (5) on directorships of Non-Executive Directors and Independent Directors in publicly listed companies (Section 132-Q of MORNBF). Application of the policy of directorships shall not impinge on or violate a shareholder's ownership rights and legal right to vote and be voted upon as Directors.

BPI Wealth also complies with the relevant provisions of the MORNBF on interlocking directorships. The Board of Directors regularly reviews interlocking board memberships to determine whether any of these create real or possible conflicts of interest or impair the ability of the involved Directors to exercise independent judgment.

m. Induction and Director Education

The Directors acquire appropriate skills upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses.

In 2022, all Directors attended and completed the course below as part of their continuing training:

- Ayala Integrated Corporate Governance Training, Risk Management and Sustainability Summit conducted by Institute of Corporate Directors on October 18, 2022

Directors are briefed on BPI Wealth's background, organizational structure, and in compliance with Section 132-Q of MORNBF, the general and specific duties and responsibilities of the Board of Directors. They also receive briefings on relevant policies and rules governing their roles as Directors. They are given an overview of the industry, regulatory environment, business of trust, strategic plans of the Company, its governance framework, i.e., Manual on Corporate Governance, Code of Business Conduct and Ethics, Board operations (schedules, procedures and processes), including support from the Corporate Secretary and Management.

Continuing education of Directors includes internal meetings with senior executives and operational or functional heads, dedicated briefings on specific areas of responsibility within the business and special presentations on current issues or regulatory initiatives as well as regulatory updates and developments during Board and Committee meetings with respect to Data Privacy, Cyber Risk and Cyber Security, the Anti-Money Laundering and Terrorist Financing Prevention Program, Foreign Account Tax Compliance Act, Securities Regulations Code, SEC memorandum circulars, and Bangko Sentral ng Pilipinas regulations, among others.

Other internal courses, also available to Management, include seminars and online courses on anti-money laundering, business continuity management, conflict of interest, risk management overview, and information security awareness. Directors also regularly attend governance fora, conferences, and summits.



n. Remuneration

The Company acknowledges that the BPI Group manages human capital as a group resource and likewise acknowledges the BPI Board's oversight function and authority in the implementation of a group-wide remuneration policy and requisite Human Resources policies and program.

The Company's remuneration policy for the Board and Management is aligned with the BPI group-wide remuneration policy and program. The remuneration policy is aligned with risk incentives and supports sustainable, long-term value creation. Apart from ensuring that Board and Management pay appropriately reflects market and industry conditions and drives business strategy and financial performance, the policy likewise applies performance-based remuneration that rewards employees for their commitment to Company's strategy. The oversight of the remuneration and incentives policy of officers and directors of BPI Wealth is done by the BPI PerCom.

Under the Company's amended By-Laws, the Board of Directors, as a whole, determines a level of remuneration and/or benefits for Directors that shall be sufficient for their services and compensate them for attendance at meetings of the Board and Board Committees, and performance of numerous responsibilities and undertaking certain risks as a director. The compensation, which may be in various forms, is fixed by way of a resolution of the Board of Directors.

Board members receive per diems for each occasion of attendance at meetings of the Board or of a Board Committee. All fixed or variable remuneration paid to Directors may be given as approved by the Board of Directors, upon recommendation of the BPI PerCom.

Other than the usual per diem arrangement for Board and Committee meetings and the aforementioned compensation of Directors, there is no other standard arrangement as regards compensation of Directors, directly or indirectly, for any other service provided by the Directors for the last completed fiscal year. Directors with executive responsibilities within the BPI group are compensated as full-time officers of the Company, not as Non-Executive Directors. No Director participates in discussions of the remuneration scheme for himself or herself.

In 2022, BPI Wealth's Board of Directors, as a whole, received a total of ₱5.508 million as fees and other compensation for the services they rendered.

The Board, through the BPI PerCom, annually approves the remuneration payable to the President and CEO, and Management, who have the authority and responsibility for the Company's overall direction and strategy execution. The BPI PerCom monitors and assesses how the remuneration is implemented each year and ensures that it corresponds to the remuneration policy. Remuneration for the CEO, President, and Management are set in the same way as all other employees where it is contractually fixed, based on the role, skills and experience to relevant market benchmarks. Remuneration for Management, as reflected in the ratio between fixed and variable components of their total compensation, changes according to performance, rank, and function.

Apart from the aforementioned key performance indicators, the Company ensures that Management remuneration and incentives reflect prudent risk-taking and effective control. Salary reviews (covering fixed and variable compensation) are done annually to ensure market competitiveness of the officer's total remuneration. Other remuneration policies include:

- All salary programs are subject to the approval of BPI PerCom and the Board.
- An annual merit increase may be granted upon Management discretion based on officer's performance.
- Upon Management's discretion, a performance bonus may be given in a year, based on the performance and contribution of the individual to the attainment of the overall Company goals. This is subject to the endorsement of BPI PerCom and approval of the Board.
- The Board, through BPI PerCom, has established long-term incentive programs, the Executive Stock Option Plan ("ESOP") and Executive Stock Purchase Plan ("ESPP"), which give officers the opportunity to buy shares of stock in BPI at a discounted price.



o. Meetings and Attendance

The Board of Directors conducts business through meetings of the Board and its Committees for the effective discharge of its obligations. Regular Board meetings are convened monthly, held every third Wednesday of the month. Special meetings may be called for as needed.

Items placed on the agenda of each meeting of the Board of Directors are those that have the most fundamental importance and broad policy implications for BPI Wealth. Directors are free to suggest items for inclusion in the agenda and are free to raise at any meeting of the Board of Directors subjects that are not on the agenda for that meeting. At the Chairman's discretion, any agenda items may also be referred for discussion in the respective Committees.

The Chairman presides over meetings of the Board. Board and Committee meetings are conducted consistent with BPI Wealth's By-Laws.

When exigencies prevent a Director from physically attending a Board or Board Committee meeting, facilities for telephone conferencing are made available. In instances when a Director is unable to attend meetings even through teleconferencing due to prior commitments or unavoidable events, the said Director provides input to the Chairman so that his views can be known and considered.

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

Discussions during meetings of the Board of Directors consider open and independent views. When necessary, the Board holds executive sessions to discuss highly sensitive matters.

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

The Board of Directors appreciates the high level of commitment required of a Director. As evident in the annual Board self-assessment, each of the Directors has sufficient time to devote to the conduct of his/her Board and Committee responsibilities and has contributed meaningfully to BPI Wealth.

Board Meetings in 2022 were held on the following dates:

Date of Meeting	Nature of Meeting
19 January 2022	Regular Board
16 February 2022	Regular Board
16 March 2022	Regular Board
20 April 2022	Regular Board
18 May 2022	Regular Board
15 June 2022	Organizational Board
	Regular Board
20 July 2022	Regular Board
17 August 2022	Regular Board
21 September 2022	Regular Board
19 October 2022	Regular Board
16 November 2022	Regular Board
14 December 2022	Regular Board
16 December 2022	Non-Executive Directors

The COVID-19 pandemic saw the Company's quick adoption of virtual meeting platforms and investment in the necessary equipment, video and web conferencing software, including provision of training for Directors and establishment of virtual meeting protocols for both the Board and Management.

These alternative means of communication for Board and Board Committee meetings followed BSP and SEC guidance on the conduct of meetings held remotely by electronic means. Likewise, rules and procedures relating to presence of a quorum, notices, agenda setting, voting, conflicts of interest, when meetings can be called and held, continued to follow rules and procedures for meetings held in person.

All Directors in attendance at the meetings held remotely by electronic means are able to hear, participate and communicate 'live' in the discussions and decisions made at the meetings.

The following table shows the attendance record of the directors of BPI Wealth for 2022:

No. of Meetings Attended in 2022		
Name of Director	Attended/Total	In Percentage
Board		
Jose Teodoro K. Limcaoco	12/13	92%
Maria Theresa D. Marcial ¹	8/8	100%
Rene G. Bañez	13/13	100%
Cezar P. Consing	12/13	92%
Gerardo C. Ablaza, Jr. ²	7/8	88%
Mariana Beatriz E. Zobel de Ayala	13/13	100%
Ignacio R. Bunye	13/13	100%
Jesse Ang	13/13	100%
Maria Dolores B. Yuvienco	13/13	100%
Sheila Marie U. Tan ³	4/4	100%
Fernando Zobel De Ayala ⁴	5/5	100%
Executive Committee		
Jose Teodoro K. Limcaoco ⁵	7/7	100%
Maria Theresa D. Marcial ¹	4/4	100%
Mariana Beatriz E. Zobel de Ayala	6/7	86%
Sheila Marie U. Tan ³	3/3	100%
Audit Committee		
Ignacio R. Bunye	6/6	100%
Jesse Ang	6/6	100%
Rene G. Bañez	6/6	100%

No. of Meetings Attended in 2022		
Name of Director	Attended/Total	In Percentage
Risk Management Committee		
Jesse Ang	6/6	100%
Maria Dolores B. Yuvienco	6/6	100%
Gerardo C. Ablaza, Jr. ²	3/3	100%
Jose Teodoro K. Limcaoco ⁵	3/3	100%
Corporate Governance Committee		
Maria Dolores B. Yuvienco	4/4	100%
Ignacio R. Bunye	4/4	100%
Jesse Ang	4/4	100%

¹ Board and Committee member effective 01 May 2022

² Board and Committee member effective 15 June 2022

³ Board and Committee member until 30 April 2022

⁴ Board member until 14 June 2022

⁵ Committee member until 14 June 2022

p. Quorum

As provided under BPI Wealth's By-Laws, a majority of the members of the Board of Directors shall constitute a quorum for the conduct of a meeting of the Board of Directors. Any meeting for the transaction of corporate business, and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act, unless otherwise provided in the By-Laws.

q. Access to Information

The Board has separate and independent access to the Corporate Secretary, who serves as adviser to the Directors on their responsibilities and obligations and oversees the adequate flow of information to the Board prior to meetings.

To provide Directors with all the information and assistance necessary to prepare for meetings or obtain clarification on any relevant matters, access to the Corporate Secretary is unhampered, unlimited and direct. Directors may simply request such information by phone, email, written communication or in person, from the Corporate Secretary who in turn will give them all information and assistance they will need to prepare for the meeting or clarification of any relevant matters.

Management also ensures an adequate flow of information to the Board of Directors. This information may include background or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and related documents, budgets, forecasts and monthly internal financial statements.

All Directors also have unrestricted access to company records and information in addition to receipt of regular detailed financial and operational reports from Management.

r. Role of the Corporate Secretary

The Corporate Secretary, who is a senior, strategic-level corporate officer is not a Director and a separate individual from the Chief Compliance Officer. She plays a leading role in the Company's corporate governance, and as such, attends corporate governance training annually. The Corporate Secretary's functions are as follows:

- Serves as an adviser to the Directors on their responsibilities and obligations;
- Keeps the minutes of meetings of stockholders, the Board, and all other committees in a book or books kept for that purpose, and shall furnish copies thereof to the Chairman, the President and other members of the Board as appropriate;
- Keeps in safe custody the seal of BPI Wealth and affixes it to any instrument requiring the same;
- Has charge of the stock certificate book and such other books and papers as the Board may direct;
- Attends to the giving and serving of notices of Board and shareholder meetings;
- Be fully informed and be part of the scheduling process of other activities of the Board;
- Prepares an annual schedule of Board meetings, including the regular agenda, and puts the Board on notice of such agenda at every meeting;

- Oversees the adequate flow of information to the Board prior to meetings. Materials for approval or information shall be given to the members of the Board in advance prior to the date of the meeting to give them a chance to study and ask questions, if necessary, even before the meeting itself; and
- Ensures the fulfilment of disclosure requirements to the SEC.

The Corporate Secretary is suitably trained and experienced in legal and company secretarial practices and is professionally qualified for these responsibilities. The present Corporate Secretary possesses the legal skills of a chief legal officer whose training is complemented by business, organizational, human relations and administrative work skills. Our Corporate Secretary is also the Corporate Secretary of the BPI and various BPI subsidiaries and affiliates.

See Appendix A for the full biography of our Corporate Secretary.

s. Performance Evaluation and Self-Assessment

Board of Directors

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

The Board of Directors, under the guidance of the Corporate Governance Committee, thoroughly reviews its performance, measured based on what it delivers and how it delivers, how it meets its responsibilities to its stakeholders, and how it addresses issues that impact the Board's ability to effectively fulfil its fiduciary duties.

Using a widely advocated standard evaluation method of self-assessment and feedback review, performance is assessed across four levels: the Board as a body, Board Committees, individual Directors, and President. Key evaluation criteria are built on the Board's terms of reference and Committee charters and framed around broad leadership fundamentals and best practices.

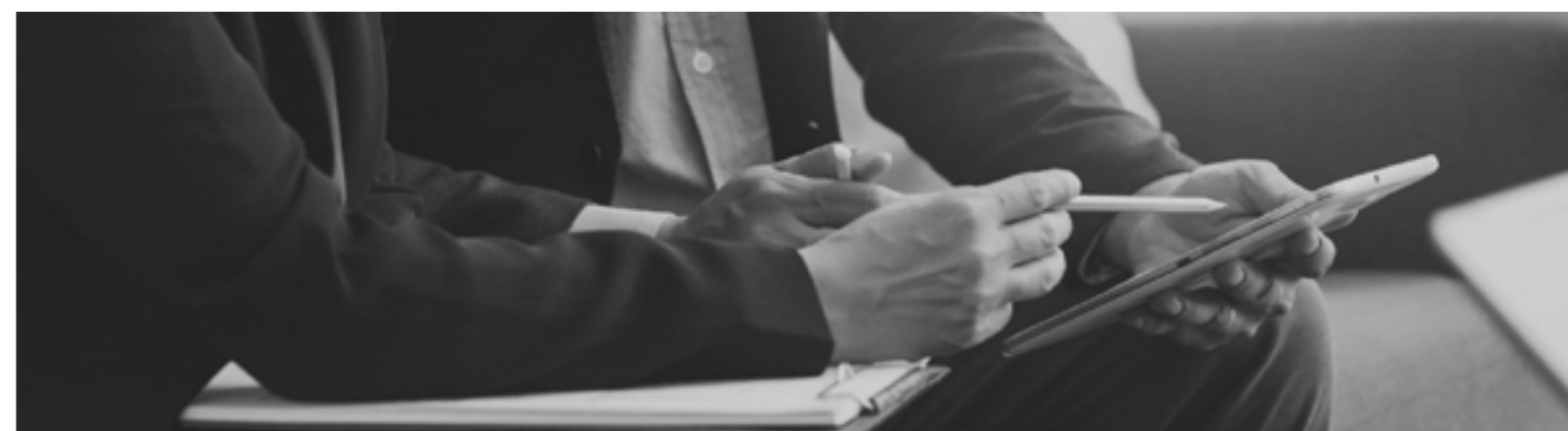
The BPI Wealth Compliance Department facilitated the Board of Directors self-assessment survey exercise which then processed and tabulated the results of the self-assessments and communicated them to the BPI Wealth Corporate Governance Committee and to the Board. Areas for improvement are discussed in the BPI Wealth Corporate Governance Meeting and to the Board, in order to agree on remedial actions.

The Corporate Governance Committee may also develop recommendations and action plans for the Board, whenever necessary and desirable.

The Board of Directors conducted its annual Board self-assessment survey exercise for the term 2022-2023 in December 2022. Directors assessed that the Board of Directors had performed its duties and responsibilities effectively for the past year and that there were no material issues with respect to its membership, governance and operations.

Process	Criteria
<p>Board of Directors Self-Assessment by all Directors</p> <p>1. The Board of Directors shall be given sufficient time to accomplish the self-assessments</p> <p>a. Each individual Director performs the four (4) levels of self-assessment using the prescribed forms, applying the rating scale and predetermined evaluation criteria for each level.</p> <p>b. For the Board and Committee-level assessments, while the Directors will be rating the Board's or Committee's performance as a body, the accomplishment of the assessment forms is meant to be done individually, on a per Director basis. This is to secure an honest, unbiased, independent and anonymous view from each Director rather than a collective assessment that may already be subject to filtering and pre-agreement.</p> <p>2. Each Director shall submit the completed forms on or before the deadline set by the Corporate Governance Committee or at such earlier or later date as the Board of Directors may agree upon.</p>	<p>1. Strategy and Effectiveness</p> <p>2. Structure and Committees</p> <p>3. Meeting and Procedures</p> <p>4. Board and Management Relations</p> <p>5. Induction and Continuing Education</p> <p>6. Performance Evaluation</p> <p>7. Value Creation</p> <p>General and specific leadership standards under the above criteria are considered in evaluating the Board as a body such as:</p> <p>Adequacy of the processes which monitor business performance; Board member interaction with Management; adequacy of Board knowledge; appropriateness of balance and mix of skills; size of Board; contribution of individual Board members; Board's effectiveness in use of time; if Board allows sufficient opportunity to adequately assess Management performance; Board's ability to keep abreast of developments in wider environment which may affect BPI; working relationship between Chairman and Chief Executive Officer; segregation of duties between Board and Management; ability of Directors to express views on each other and to Management in a constructive manner and other relevant criteria.</p>

Process	Criteria
<p>Board of Directors</p> <p>The Corporate Governance Committee processes the results of the assessment and communicates this to the Board through a Summary Report.</p>	
<p>Board Committees</p> <p>Each member is required to fill-up the Committee Self-Assessment Form annually.</p>	<p>General and Specific factors relating to Committee organization, meetings, processes and precedures and overall effectiveness.</p> <p>1. Committee Role</p> <p>2. Committee Membership</p> <p>3. Procedure and Practice</p> <p>4. Committee Structure</p> <p>5. Collaboration and Style</p> <p>6. Personal</p> <p>A sampling of factors under the above criteria include: Use of Committee time; adequacy of Committee papers and frequency of meetings; ability to access resources; ability to keep informed in relevant area; provision for continued development; working relationship between Committee Chairman and members; segregation of duties between Committee and Management; ability of Directors to express views on each other and to Management in a constructive manner and other relevant criteria.</p>



Process		Criteria
Individual Director	Each Director is required to fill-up a Self-Assessment Form annually.	<ol style="list-style-type: none"> 1. Leadership, Vision, Mission and Values 2. Effective Governance 3. Strategic Thinking and Decision Making 4. Teamwork 5. Fulfillment of the Company's Governance Attendance
President	Each Director fills up an evaluation form based on the relevant criteria. These are then submitted to the Chairman. The President's performance is also evaluated at least once a year by the Board of Directors.	<ol style="list-style-type: none"> 1. Leadership 2. Working with Board 3. Managing Execution 4. Communication/External Relations

Senior Management

BPI Wealth's Corporate Governance Committee oversees the performance evaluation process within BPI Wealth as performed by BPI PerCom which includes the annual review and approval of corporate goals, strategic objectives and standards to Management and key officers of the company. Performance is generally measured by the performance of the officer, a business unit, or the Company as a whole or using a combination of all as the officer's responsibilities may dictate.

The performance management framework considers goals or actual results of a given period's business objectives and core competencies. It also looks into the behavior, technical competencies and soft skills exhibited by the officer during the period under review, as well as fitness and propriety.

The framework also follows a performance management cycle: Goal Setting, Performance Monitoring, Performance Appraisal, Performance Reinforcement and Performance Improvement.

t. Succession Planning and Talent Management

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

Board Succession

The BPI Wealth Corporate Governance Committee facilitates the annual review and assessment of the structure, size and composition of the Board and Board-level Committees. The Committees take into consideration the current strategy and business of the Company, comparative benchmark and peer group analysis. They also determine if there is a reason to believe that one or more Director slots shall become vacant in the following term of the Board of Directors or within the next 12 months after the current year's Annual Stockholders' Meeting. In addition, the BPI Wealth Board considers the long-term strategic goals and directions as well as requirements of the Company moving forward.

BPI Wealth Corporate Governance Committee may also review the Board's forecasted membership requirements over the next three to five years, based on factors such as directorship limits for publicly listed companies, retirement policy for Directors, and term limits for independent Directors. The BPI Wealth Board, also considers candidate directors with respect to their skills, engagement and past or present work or board experience.

The BPI Wealth Corporate Governance Committee as may be requested by the BPI NomCom and PerCom, may make recommendations to the Board on matters relating to the review and evaluation of the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors taking into account the appropriate qualifications, expertise and characteristics required of the positions.

Senior Management Succession

BPI Wealth's Corporate Governance Committee acknowledges the BPI Board's oversight function and authority through BPI PerCom in the implementation of the BPI group-wide remuneration and requisite Human Resources policies and program. The BPI Wealth's Corporate Governance Committee oversees the succession planning done by the BPI PerCom which involves management of talent pipeline and assembly of required personnel capable of navigating such changes.

The BPI PerCom reviews BPI Wealth's talent development process for proper management. Management provides a report to this Committee on the results of its talent and performance review process for key management positions and other high-potential individuals. Aside from ensuring that there is a sufficient pool of qualified internal candidates to fill senior leadership positions, this review process identifies opportunities, performance gaps and proactive measures in the Company's executive succession planning.

The Committee may also review the Management's forecasted requirements over the next three to five years, based on factors such as retirement policy, required skills and experience. The Committee also considers candidates with respect to their qualifications, skills, engagement and past or present work or experience. As part of the same executive planning process, the Committee as a whole or a part thereof, in consultation with the Board of Directors and the President, evaluates and nominates potential successors to the President.

Retirement Policy

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

BPI Wealth believes that imposing uniform and fixed limits on Director tenure is counterproductive as it may force the arbitrary retirement of valuable Directors. Nevertheless, BPI Wealth has set a retirement age for Directors at 80 years old. In specific cases, the Board, in mutual agreement with the Director, may opt to postpone said Director's retirement depending on the following conditions:

- i. Consistent and robust application of more dynamic and constructive corporate governance practices such as the annual Board's performance evaluation, regular succession planning, an exhaustive nomination process, and annual Fit and Proper assessment for more Board refreshment.
- ii. The Board shall also evaluate all facts and circumstances when considering a Director's tenure in accordance with good governance practices, including (without limitation) to accommodate the transition of a new CEO or new Directors or to provide continuity to further strategic objectives or address external factors affecting BPI Wealth.

Term limits of Independent Directors are set at a maximum cumulative term of nine (9) years as prescribed in Section 131-Q of MORNBF1 and SEC Memorandum Circular No. 9 Series of 2011 and No. 4, Series of 2017.

Retirement of Management is done with the requisite succession planning and in accordance with BPI Wealth's policies and implementing guidelines of its retirement plan for all employees, BPI Wealth's By-Laws, Labor Code and the Revised Corporation Code of the Philippines. Currently, the retirement age for employees of BPI Wealth is set at 60 years of age.

u. Internal Audit and Control

The BPI Internal Audit Division is an independent body that supports the BPI Wealth Audit Committee in fulfilling its oversight responsibilities by providing an objective assessment on the adequacy and effectiveness of the Company's risk management, internal controls, and governance processes as designed and established by Management. Internal Audit also ensures that the Company's operating and business units adhere to internal processes and procedures and to regulatory and legal requirements. The assessment of controls, systems, and processes of the Company is covered by the annual audit work plan, which is developed using the audit risk assessment model reviewed and approved by the Board through the BPI Wealth Audit Committee.

Internal Audit reports directly to the Board through the BPI Wealth Audit Committee and collaborates with other assurance providers such as the risk management office, compliance office and external auditors. Through this system of comprehensive monitoring and review of risks and compliance in the institution, the Board ensures that the Company and all business units proactively manage the risk and compliance exposures impacting the business.

Internal Audit Charter

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Chief Audit Executive

The Internal Audit Division is headed by a Chief Audit Executive (“CAE”) who is appointed by the Board of Directors of BPI. The CAE reports functionally to the Board through the Audit Committee and is the designated auditor for BPI and its subsidiaries. The CAE has unrestricted access to all functions, records, property, and personnel. Additionally, the BPI Wealth Audit Committee ensures that the CAE has access to the Board, on a confidential basis, and that the Internal Audit Division is independent of company Management, both by intent and actual practice.

The CAE also meets with non-executive Board members on 16 December 2022, together with heads of compliance and risk management, and external auditor, other than in meetings of the audit, risk management, corporate governance, and related party transaction Committees, in the absence of Management.

Independent External Auditor

The BPI Wealth Audit Committee recommends to the Board of Directors the appointment of a BSP/SEC-accredited external auditor for the purpose of preparing or issuing an audit report or other related work. The appointment, reappointment, and removal of the Company’s external auditor are subject to the approval and endorsement of the BPI Wealth Audit Committee, for subsequent confirmation and approval of the Board and, finally, the stockholders. The selection and engagement of the external auditor is done pursuant to the General Requirements of BSP Circular No. 1040, Revised Framework on the Selection of External Auditors dated May 20, 2019.

The BPI Wealth Audit Committee assesses the external auditor’s effectiveness, independence, and objectivity, ensuring that key partners and quality control partners of the audit firm are rotated in accordance with the relevant provisions of the Code of Ethics for Professional Accountants in the Philippines as adopted by the Philippine Board of Accountancy. The Committee also reviews the external auditor’s annual plan, scope of work, and, in consultation with Management, approves the external auditor’s term of engagement and audit fees. The Committee also oversees the resolution of disagreements between Management and the external auditors in the event that these arise.

The BPI Wealth Audit Committee ensures that in the selection of external auditor:

- No external auditor can be engaged by the Company if he or any member of his immediate family has any direct or material indirect financial interest in the Company, or if his independence is considered impaired under circumstances specified in the Code of Professional Ethics for Certified Public Accountants. In the case of partnership, this limitation shall apply to the partners, associates, and the auditor-in-charge of the engagement. onstructive manner and other relevant criteria.

- The external auditor and the members of the audit team do not have/shall not have outstanding loans or any credit accommodation with BPI Wealth at the time of signing the engagement and during the engagement.
- The external auditor and the members of the audit team adhere to the highest standards of professional conduct, integrity, and objectivity.

The BPI Wealth Audit Committee reviews and discusses with Management and the external auditor, the financial statements and reports, including results of operations, before endorsing the same to the Board for approval.



v. Compliance

The Company views compliance to mean not only adherence to laws, regulations, and standards but, more importantly, the consistent conduct of the affairs of the Company within a culture of high integrity, conforming to ethical business practice, abiding by the principles of fair dealing, accountability, and transparency. This ensures that in all its areas of activity, the Company and its stakeholders are protected from business risks as comprehensively as possible. The Company values its reputation most and the fact that it is trusted by its shareholders, clients, employees, partners, and members of the communities it serves.

As the Company's second line of defense, the compliance function has also evolved in recent years to adapt to the shift towards more technology-heavy strategies, as it seeks to deliver the compliance risk management outcomes required in an era of digital transformation. While remaining a key advisory function, it has embraced a more forward-thinking, risk-based, and stress-tested approach to continuously monitor, evaluate, and improve its ability to ensure compliance in a trust business landscape that is subject to disruption and rapid change.

Oversight of the management of the Company's business risk and implementation of its compliance function is the responsibility of the Board, through the Corporate Governance Committee and Audit Committee. At the Management level, the compliance function is carried out by the Compliance Department, led by the Chief Compliance Officer ("CCO"). Designated by the Chairman of the Board, the CCO is not a member of the Board and has the rank of at least a Vice President. The CCO's qualifications are subject to the applicable provisions of the MORNBFI, particularly considering Fit and Proper criteria such as integrity or probity, competence, education, diligence, and experience and training. The CCO annually attends training on corporate governance.

The Compliance Department oversees the implementation of the Company's enterprise-wide compliance programs. These programs take into account the size and complexity of the Company, the relevant rules and regulations that affect its operations, and the business risks that may arise due to non-compliance.

By using regulatory and self-assessment compliance matrices, compliance measures are formulated to mitigate identified business risks and tested to ensure effectiveness.

The Compliance Department also helps achieve adherence to the Company's internal confidentiality regulations ("Chinese Walls"); provides regular training and education for employees on the applicable regulations, rules, and internal standards; and leads the Company in compliance risk assessment, rules-based testing and reporting.

The Compliance Department is currently organized to cover Regulatory Compliance, Investment Compliance, Corporate Governance, Anti-Money Laundering Compliance, FATCA Compliance and the Data Privacy Office. Considering the rapid developments in the regulatory sphere, as well as the growing complexity of the Company's products, services, and transactions, the Compliance Department evolves in its coverage of compliance practice areas to anticipate and meet future challenges. Enhancement of the compliance function's scope and domain is redefined for new and emerging sources of compliance risk.

The Compliance Department conducts independent compliance testing on various regulations. Results of compliance testing are reported regularly to the Risk and Compliance Council, Audit Committee and Board. Overall enforcement is through self-regulation within the business units, and independent testing and reviews conducted by the Compliance Office and Internal Audit.

Results of these reviews are elevated to the Board's Audit Committee and, with respect to governance issues, the Corporate Governance Committee.

The Compliance Department promotes adherence and awareness to laws, rules, and regulations by electronically posting information and documents in a compliance database that is accessible to all employees. Regular meetings are conducted by the Compliance Department with the business units to discuss the impact of new regulations, decide on the required compliance measures, and amend compliance matrices as necessary. Through continued liaison and dialogue with regulators, the Compliance Department ensures the prompt dissemination of new regulations and other developments affecting trust operations.

The Compliance Department covers adherence to all relevant and applicable Philippine trust laws and regulations. They are in charge of regulatory compliance management with respect to the BSP's institutional compliance rating system, which comprehensively evaluates the effectiveness of a company's compliance system in mitigating business risk.

This also covers the compliance aspect of the Company's corporate governance framework and requirements externally, with respect to the laws relevant and applicable to BPI Wealth as a trust corporation and the rules and regulations of the BSP, SEC, and internally, with respect to BPI Wealth's Articles of Incorporation, Amended By-Laws, Manual on Corporate Governance, Code of Business Conduct and Ethics, and all corporate governance-related policies such as those on conflict of interest standards, insider trading, whistleblower, related party transactions and anti-bribery and anti-corruption.

The Compliance Department, through the Investment Compliance team, is also involved in the comprehensive investment restriction monitoring and administration. The team conducts compliance checks across all the stages of trade activities related to the Company clients and trading partners and monitors positions against investment parameters and restrictions. In response to the increasingly complex regulations and client demands in terms of transparency and risk tolerance, the Compliance Department continues to work in order to implement best practices through the development and maintenance of investment compliance policies, guidelines and procedures.

Partnership-building with the regulators, external auditor, and industry organizations (Trust Officers Association of the Philippines, Association of Bank Compliance Officers and the Bankers Institute of the Philippines) is also essential in regulatory compliance management.

Republic Act No. 10173, known as the Data Privacy Act of 2012, requires government and private sector entities to apply the principles of Transparency, Legitimate Purpose, and Proportionality in its processing of personal data so that the data is (1) only used in relevant and specifically stated ways, (2) not stored for longer than necessary, (3) kept safe and secure, (4) used only within the confines of the law, and (5) stored following people's data protection rights. Cybersecurity and data privacy and protection have become corporate governance and risk management concerns. BPI Wealth has established a comprehensive Data Privacy Program utilizing a combination of policies, organizational structure, access controls, and technologies designed for risk reduction.

The Company has a Data Privacy Office, headed by a Board-appointed Data Protection Officer ("DPO"), a Management officer. The key focus of the DPO is to oversee data privacy compliance and manage data protection risks for the organization, consistent with the Data Privacy Act rules and regulations, issuances by the NPC, and other applicable laws. To promote transparency and to comply in part with the Data Privacy Act, BPI Wealth has published online the Data Privacy Statement that discloses how BPI Wealth collects, protects, uses, and shares personal data across its operations.

The Company's Data Privacy Statement may be read at www.bpi.com.ph/assetandwealth.



COMPANY POLICY AND STANDARDS

a. Code of Business Conduct and Ethics

BPI Wealth has a Code of Business Conduct and Ethics (“the Code”) which provides as guide to employees of the Company in meeting ethical duties and responsibilities in compliance with the implemented rules and regulations of the industry. The codes serve as guidance so that the right decisions are made in the performance of their respective roles and responsibilities across various functions in the Company.

The Code also includes guidance on care for the environment, labor rights, customer service and protection, commitment to human rights, the right to privacy, anti-bribery and anti-corruption. The Code is a declaration of principles and, more so, a vital part of BPI Wealth’s risk management strategy.

Through the Code, BPI Wealth desires to: (1) build a culture of integrity, accountability, and ethical behavior that encourages employees to abide by the Code and strive to protect the Company’s reputation; (2) establish a system for detection and reporting of known or suspected ethical wrongdoing or violations of the Code, and; (3) emphasize BPI Wealth’s commitment to compliance with regulatory guidelines, rules, and laws.

The Code is applicable to and mandatory for all employees at all levels of BPI Wealth. All employees are required to follow both the spirit and the letter of the Code, its policies, and procedures. Annually, all BPI Wealth employees are required to read, understand, acknowledge and comply with the Code, as well as the Manual of Corporate Governance. All others who work for, or on behalf of BPI Wealth, are also required to demonstrate the highest standards of professional business conduct. In general, this includes consultants, agents, contract or temporary workers, and business partners.

Among others, BPI Wealth’s codes of conduct and policies on conflict of interest, insider trading, whistleblower, related party transactions, and other guidelines are embodied in the Manual on Corporate Governance. BPI Wealth policies are also regularly announced via internal e-mail facility to ensure constant top-of-mind awareness of employees of the need to comply with these policies. Employees are provided copies of policies for annual affirmation and acknowledgement. Directors are also provided with hard copies as well as electronic copies of the Code for their annual affirmation.



OUR CLIENTS

Values at Work: Customer Service, Teamwork, Concern for People

- Building Client Relationships
- Safeguarding Privacy and Security of Client Information
- Promoting and Strengthening Consumer Protection
- Managing of Investment Processes and Disclosures



OUR EMPLOYEES

Values at Work: Integrity, Excellence, Teamwork, Loyalty

- Adhering to Company Rules and Workplace Policies
- Creating Dignity and Unity in the Workplace
- Contributing to Workplace Health & Safety
- Following Limits of Authority
- Avoiding Conflicts of Interest
- Protecting Assets, Facilities and Properties of BPI Wealth and Others
- Recognizing Privacy of Employee Information



OUR SHAREHOLDERS

Values at Work: Integrity, Excellence, Teamwork, Loyalty

- Upholding BPI Wealth’s Reputation, Service Quality and Trust
- Transparency, Liaison and Coordination with Regulators
- Maintaining Company Records and Reporting Requirements
- Supporting Investors and the Market
- Encouraging and Assisting Whistleblowing
- Handling Related Party Transactions



OUR COUNTRY

Values at Work: Integrity, Excellence, Teamwork, Concern for People

- Compliance with KYC, Anti-Money Laundering and FATCA Regulations
- Preventing Insider Trading
- Enforcing Anti-Corruption and Anti-Bribery
- Dealing with Suppliers and Business Partners
- Caring for Sustainability and Communities

b. Conflict of Interest

The personal interest of directors and employees of BPI Wealth should never prevail over the interest of the institution, its clients or business partners. They are required to be loyal to the organization so much so that they may not directly or indirectly derive any personal profit or advantage by reason of their position in the Company. BPI Wealth has in place standards on conflict of interest that elevate the interest of the Company above that of the personal interests of directors, officers, and employees. These standards prohibit directors and employees from using their position of authority or rank to directly or indirectly derive personal gain or advantage.

Our standards on conflict of interest expect all directors and employees to refrain from any conduct that could be viewed unfavorably by the Company's clients, co-employees, competitors, suppliers, investors, regulators, or the public. The standards also require full cooperation and provision of complete and accurate information from employees during government, regulatory or internal enquiries, investigations, and audits. Directors are required to disclose any conflicts of interests such as cross-board memberships, cross-shareholdings with suppliers and other stakeholders, and related party issues.

See Appendix A for Board biographies.

The standards also cover specific conflict-of-interest situations such as receipt of gifts from third parties, respect for trade secrets, use of non-public information, and use of company funds, assets, and information.

c. Anti-Bribery and Anti-Corruption

BPI Wealth has an Anti-Bribery and Anti-Corruption Policy that guides BPI Wealth, and its directors, officers and employees in realizing their responsibilities and understanding the consequences of bribery and corruption in workplace.

The Company puts the highest premium on sound, responsible, and effective corporate governance and has zero tolerance for bribery, corruption or improper acts of any kind in fulfilling its role as a trusted institution providing trust and other fiduciary investments and investment management services.

Aligned with BPI Wealth's commitment to act fairly and with integrity in all business dealings and relationships, the Anti-Bribery and Anti-Corruption Policy complements the Company's financial crime policies and programs such as the Money Laundering and Terrorist Financing Prevention Program (MTPP) and Whistleblower Policy.

d. Insider Trading

The Insider Trading Policy of BPI Wealth prohibits its covered persons or directors, employees and other parties from participating in any trade of a security while in possession of material non-public information regarding said security for the client/s and for their own personal accounts.

Covered persons are strictly prohibited from trading during periods of structured and non-structured disclosure (trading blackout). This prohibition includes passing on material and non-public information relating to BPI Wealth or its clients to anybody who may buy or sell securities. A trading blackout prohibits trading once the covered person receives material information before a structured or unstructured disclosure. Trading can only be done after said disclosure.

Office bulletins are regularly issued by the Compliance Office before, during, and after trading blackout periods to ensure compliance with the Insider Trading Policy.

The Company expects every director, officer, and employee, including related covered persons, to comply with the Policy, and to use honesty and good judgment at all times when trading in the company's securities.

Violation of the policy shall be subject to disciplinary action/s as stated in Parent Bank HR's Personnel Policies on Employee Relations and as may be determined by management or the board of directors of BPI Wealth which may include dismissal.

e. Whistleblowing

The Whistleblower Policy addresses the commitment of BPI Wealth to integrity and ethical behavior by helping to foster and maintain an environment where whistleblowers can act appropriately, without fear of retaliation.

The policy is applicable to any employee of BPI Wealth and covers any wrongful act that adversely impacts BPI Wealth, its customers, shareholders, officers, employees, investors, or the public at large. BPI Wealth ensures that there is a process by which the communication of legitimate concerns about illegal, unethical or questionable practices are verified, investigated and addressed without fear of retaliation or reprisal.

The whistleblower may approach the Chief Risk and Compliance Officer who is the designated contact for the Company and the primary reporting line. Under extraordinary circumstances, the whistleblower may also course the complaint through other reporting lines, like the President or Board of Directors.

Upon receipt of the whistleblowing report, the personnel or officer to whom the report was disclosed shall then immediately refer the matter and deliver all information and documents that may be transmitted to him/her to the designated officer, or the President, or Internal Audit, as applicable, who shall thereafter immediately initiate investigation.

The Whistleblower Policy emphasizes the Company's commitment to non-retaliation. It fosters and maintains an environment of utmost confidentiality where all whistleblowers may act appropriately without fear of reprisal, and be treated with utmost confidentiality. An individual who makes a protected disclosure shall not suffer harassment, retaliation, or adverse employment consequences. Any person who retaliates against any individual who makes a protected disclosure shall be subject to discipline, including termination.

In case the whistleblower believes he has been subjected to retaliation, he may seek redress or file a formal complaint to the three primary contacts for whistleblowing.

f. Related Party Transaction

In the normal course of business, BPI Wealth transacts with related parties which include its directors, officers, stockholders and related interest, the Company and its parent bank and affiliates (including those under the Ayala group of companies), as well as other related parties defined in the BPI Wealth's internal policy.

These transactions involve credit and non-credit exposures for which related parties are perceived to have significant influence. As part of BPI Wealth's efforts to ensure that transactions with related parties are normal trust activities and are done at arm's length (particularly, on terms and conditions comparable to those offered to non-related parties or to similar transactions in the market), vetting is done either by the BPI's Board-level Related

Party Transaction Committee ("**BPI RPTC**") or the BPI Wealth Management Vetting Committee ("**BPI Wealth MVC**"), depending on materiality, prior to implementation. Transactions with related parties whose individual and group exposures, existing or potential, amounting to equal or above the material threshold of Php50M are vetted by the BPI RPTC. Other transactions below the material threshold are vetted by the BPI Wealth MVC.

The BPI RPTC is composed of three directors, majority of whom are independent including its chairman, and two non-voting members from management of the BPI, the Chief Audit Executive and the Chief Compliance Officer, both of whom perform post-reviews to ensure proper implementation of related party transactions. On the other hand, the BPI Wealth MVC is composed of the BPI Wealth Division Heads.

BPI Wealth is committed to ensure strict compliance with laws, regulations and reporting requirements relating to related party transactions, by instituting rigorous vetting processes, establishing adequate controls and oversight mechanisms, and pursuing improvements such as its related party database to facilitate the timely and accurate related party classification of clients and counterparties.

g. Dividend Policy

BPI Wealth's dividend policy is to declare dividends to its common stockholders on a regular basis as may be determined by its Board of Directors, subject to retention of a portion of earnings to maintain or build up capital to provide for regulatory requirements, fund business growth and cover potential operational requirements.

In 2022, BPI Wealth declared and paid ₱930 million in cash dividends.

h. Creating Social Value for Communities

BPI Wealth undertakes initiatives that help improve the lives of the people in the communities where we are, by embedding corporate social responsibility in our business and encouraging employee volunteerism. We also carry out Corporate Social Responsibility initiatives through BPI Foundation, Parent Bank's social development arm, promoting not only financial empowerment, but also education and entrepreneurship.

i. Data Privacy

BPI Wealth has strong Data Privacy Statement in place, which describes to whom the policy applies to, what personal data BPI Wealth collects and how such data is collected, how BPI Wealth may use personal data for core business and marketing purposes, how BPI Wealth may disclose and share such personal data, how such personal data is stored and retained, and how such data can be accessed or corrected. This is supported by internal data privacy policies to ensure the rights of data subjects are respected and the personal information of clients and employees are protected.

The Data Privacy Statement complies with the requirements of the Data Privacy Act and the National Privacy Commission and is posted at www.bpiassetmanagement.com, the Company's website.

j. Customer Experience

BPI Wealth establishes a business environment that empowers financial consumers to make informed financial decisions, protect their interests and rights in all stages of their transactions with BPI Wealth, and provide them an avenue to express their grievances regarding BPI Wealth's products and services. BPI Wealth creates a culture of fair and responsible treatment of customers to generate and nurture fruitful and harmonious business relationships with potential and existing clients. BPI Wealth's consumer protection policies and procedures put in place to ensure consumer protection practices are embedded in the business operations.

BPI Wealth has Financial Consumer Assistance Program (“**CAP**”) that adheres to Republic Act No. 11765 or the “Financial Products and Services Consumer Protection Act” (“**FCPA**”). It establishes the roles of key personnel responsible in ensuring consumer protection practices are properly observed. It also ensures that consumer protection is a collective responsibility of various units and divisions of BPI Wealth.

BPI Wealth designated a Customer Assistance Officer that is responsible for implementing, coordinating and ensuring compliance with the various initiatives and activities under BPI Wealth’s consumer assistance program and for reviewing materials that are presented to the customers and/or available through BPI Wealth’s digital channels.

The Customer Assistance Officer also coordinates with BPI’s Client Experience Center (“**CXC**”), who institutionalizes guidelines that will help ensure that feedback from existing and potential clients are handled appropriately. The continuous information and education campaign on the Financial Consumer Protection Program is planned by the BPI’s CXC to help propagate awareness. As part of the program, a Customer Feedback Database was created and now used to strengthen the role of the frontliners in addressing and reporting customer issues. The complaints data gathered is a vital tool in identifying areas of concern and process improvement.

BPI Wealth also exercises consumer protection standards of conduct to guide employees in observing the internal policies related to consumer protection. BPI Wealth a) exercises full disclosure of key information and transparency by ensuring consumers have holistic understanding of the products and services; b) protects client information by keeping financial transactions confidential; c) treats financial consumers fairly, honestly and professionally; d) maintains effective recourse/complaints handling process; and e) performs financial education and awareness to consumers. There are also related policies in place such as the BPI Wealth Financial Consumer Protection Program and Complaints Management and Reporting to properly equip the company personnel in the handling of customer feedback.

As part of our CAP, different touch points or channels are in place where clients can file their feedback. These include available email and contact details of BPI Wealth, the Contact Center of BPI via phone, e-mail, and social media accounts, branches, and the business units. Our employees are guided by the internal BPI policies in handling complaints and CAP where client feedback, specifically complaints, are classified with corresponding turn-around-time which are responded accordingly.

BPI Wealth monitors customer feedback concerning its products and services, determines root cause of significant issues, and implement appropriate actions to address these issues, ensuring that the most pressing and important issues raised by clients are resolved within the committed turnaround times. The compliance rate for complaint resolution to our internal turn-around time was 98%, up from 96% in 2021. As of year-end 2022, from the complaints received, 100% have been resolved.

The status of complaints investigation and resolution is reported to the Risk and Compliance Council Meeting quarterly in order to provide regular insights on how the business manages the inquiries and complaints received by the business. Recurring complaints are also discussed to determine the root causes of such complaints and devise possible solutions.

BPI Wealth establishes and keeps updated the financial consumer protection governance structure that aims to establish a business environment that protects the interest of consumers and creates a culture of fair and responsible treatment of consumers through good governance exercised by the Board of Directors, and reinforced by the various functions that own, manage, oversee or provide independent assurance over consumer protection activities. The Board of Directors and Senior Management are responsible for the development of the consumer protection strategy and establishment of an effective oversight over consumer protection programs.



7

BOARD, COMMITTEES, AND SENIOR MANAGEMENT

a. Board of Directors

The Company's Board of Directors oversees the proper administration and management of the Company's trust and other fiduciary business and its investment management activities to ensure effective management of all risks inherent to the business.

See Appendix A for the full biography of the Directors.



Jose Teodoro K. Limcaoco
Chairman

Maria Theresa D. Marcial
President/Director

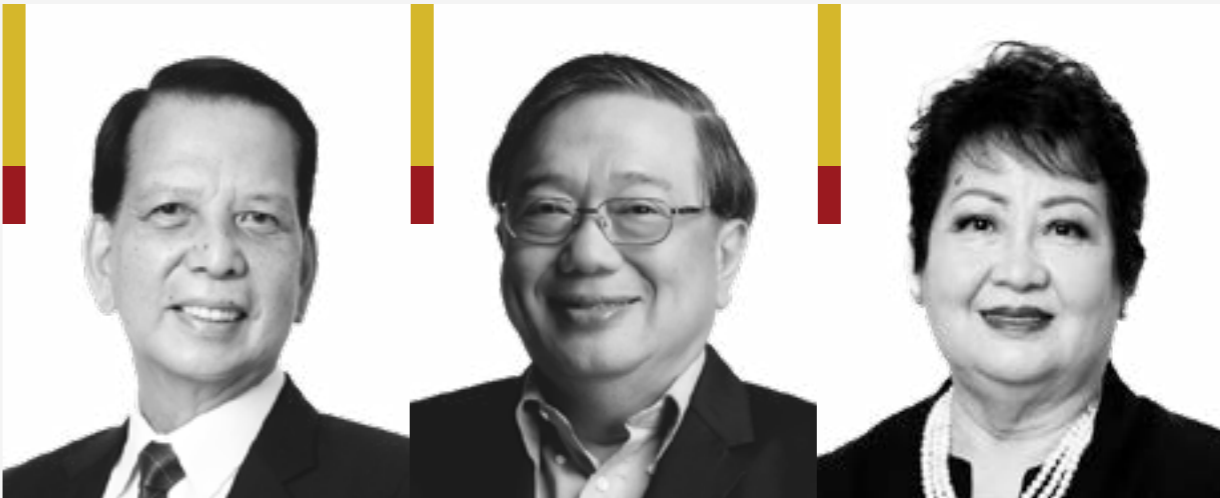
Rene G. Bañez
Director



Cezar P. Consing
Director

Gerardo C. Ablaza, Jr
Director

Mariana Beatriz E. Zobel de Ayala
Director



Ignacio R. Bunye
Independent Director

Jesse O. Ang
Independent Director

Maria Dolores B. Yuvienco
Independent Director

b. Executive Committee*

The Executive Committee shall provide guidance and supervision to the Management in formulating basic strategies for achieving business targets set by the Board of Directors, undertaking or participating in strategic projects, and implementing significant transformation initiatives. The Executive Committee stands as a delegate of the Board of Directors to function as such between meetings of the Board of Directors, and is authorized to act, and shall act, on all matters within the competence of the Board of Directors, except with respect to matters that are specifically reserved to the Board of Directors by law and regulation, and subject to certain general and specific limits stated in the Corporation's By-Laws or this Charter.

Composition:

Jose Teodoro K. Limcaoco, **Chairman**
Maria Theresa D. Marcial
Mariana Beatriz E. Zobel de Ayala

**The amended By-Laws to include the creation of the Executive Committee was approved by the Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC) on 29 April 2022 and on 6 September 2022, respectively.*

c. Audit Committee

The Audit Committee monitors and evaluates the adequacy and effectiveness of the internal control system, including financial reporting control and information technology security. The Committee provides oversight over the financial reporting, systems of internal controls, risk management and governance process of the BPI Wealth; internal auditors and external auditors; monitoring of compliance with applicable laws, rules and regulations; and review conducted by the BSP.

Composition:

Ignacio R. Bunye (Independent Director), **Chairman**
Jesse O. Ang (Independent Director)
René G. Bañez

d. Risk Management Committee

The Risk Management Committee oversees and manages the risk exposures arising from BPI Wealth's business activities, as well as monitors the level and management of BPI Wealth's capital versus regulatory requirements.

The Committee nurtures a culture of risk management and implements and oversees its overall risk management program to assist the Board in the management of risks. The committee oversees the risk management program for BPI Wealth, monitors the risk exposures of BPI Wealth and its clients, the level and management of BPI Wealth's capital and performs other functions as may be mandated by the Board relating to the management of BPI Wealth's capital, risks covering credit, market, liquidity, operational and IT, reputational, strategic and other risks arising from its trust, other fiduciary business and investment management activities.

Amidst the COVID-19 pandemic occurring for the most part of 2020, RMC likewise supported the Board by overseeing and managing the Company's exposures to financial and non-financial risks, assessed new and emerging risk issues, and regularly reviewed the Company's risk appetite and limits, policies, methodologies, structures, and metrics.

Composition:

Jesse O. Ang (Independent Director), **Chairman**
Maria Dolores B. Yuvienco (Independent Director)
Gerardo C. Ablaza, Jr.

e. Corporate Governance Committee

The Corporate Governance Committee ensures the Board's effectiveness and due observance of sound corporate governance principles and guidelines.

Composition:

Maria Dolores B. Yuvienco (Independent Director), **Chairman**
Ignacio R. Bunye (Independent Director)
Jesse O. Ang (Independent Director)



f. Senior Management Team



Maria Theresa D. Marcial
President and CEO



Angela Pilar B. Maramag
Head of Risk
and Compliance



Maria Paz A. Garcia
Head of Legal



Yvette Mari V. De Peralta
Head of Institutional
Business



Smith L. Chua
Head of Investment
Management



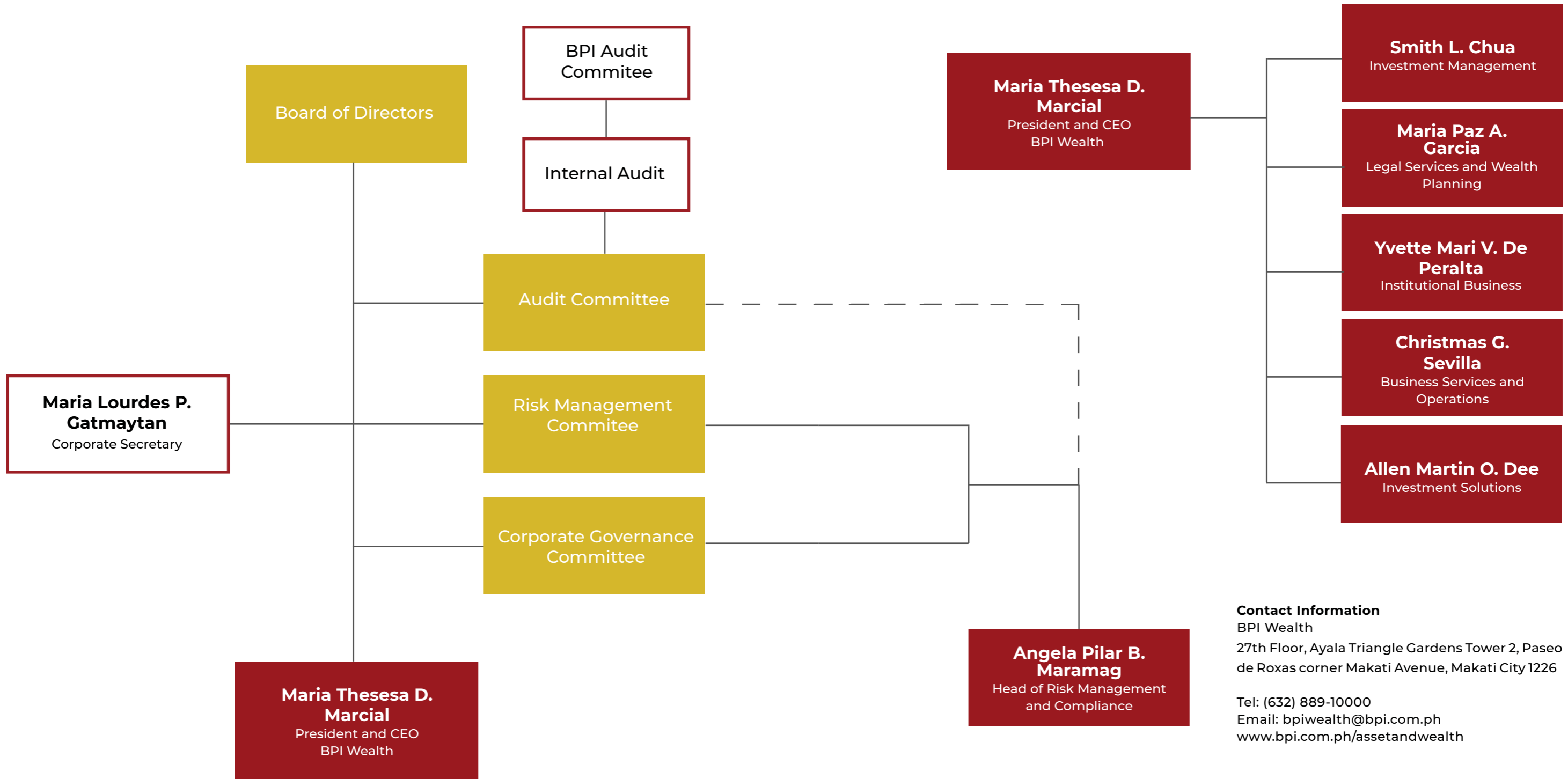
Allen Martin O. Dee
Head of Investment Solutions



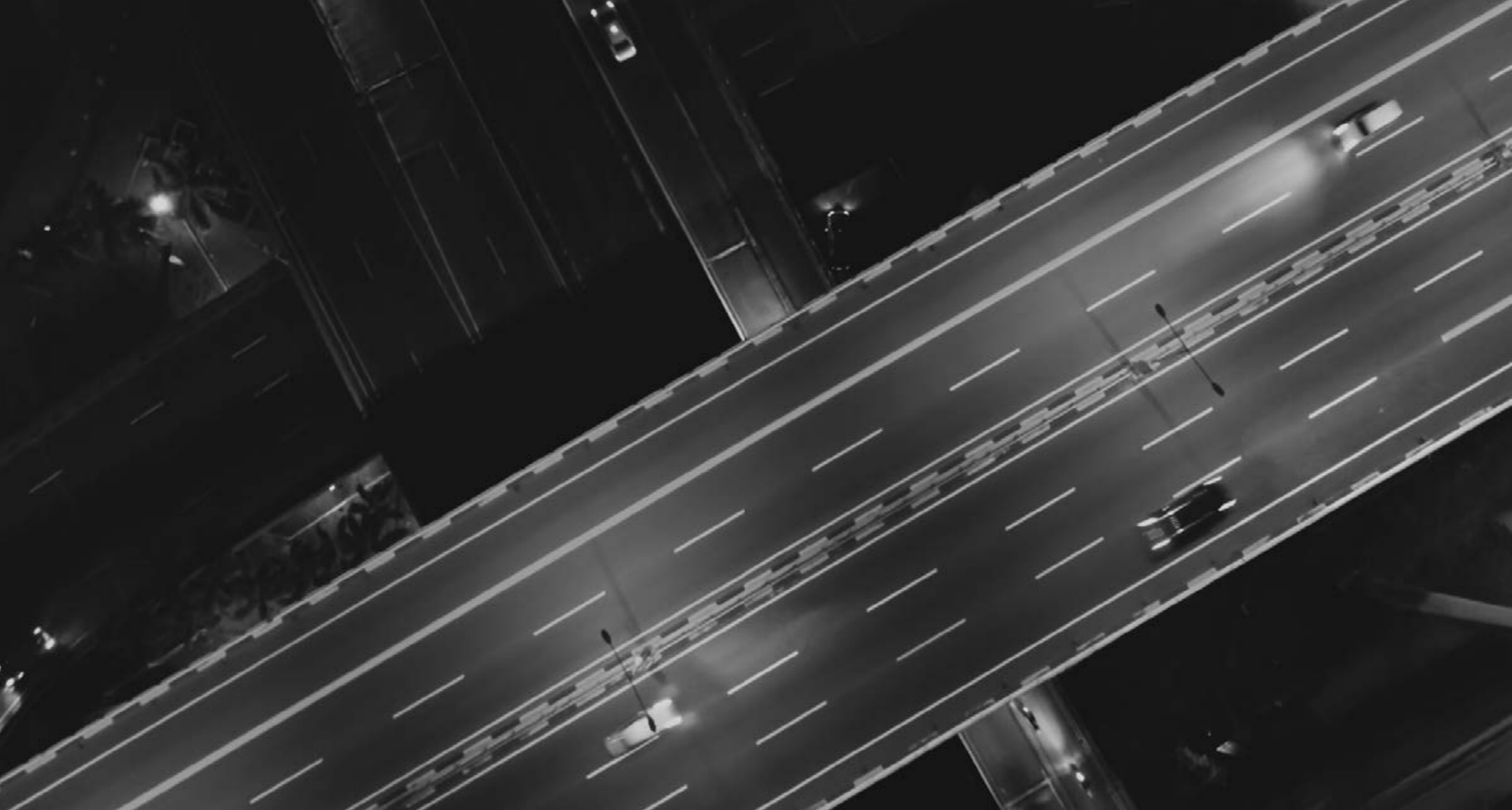
Christmas G. Sevilla
Head of Business Services
and Operations



CORPORATE INFORMATION



Contact Information
 BPI Wealth
 27th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226
 Tel: (632) 889-10000
 Email: bpiwealth@bpi.com.ph
www.bpi.com.ph/assetandwealth



9

TRANSPARENCY REPORTS



BPI Asset Management and Trust Corporation

Financial Statements

As at and for the years ended December 31, 2022 and 2021



Independent Auditor's Report

To the Board of Directors and Shareholder of
BPI Asset Management and Trust Corporation
7th Floor BPI Buendia Center, Sen. Gil J. Puyat Avenue,
Makati City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BPI Asset Management and Trust Corporation (the "Company") as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of total comprehensive income for the years ended December 31, 2022 and 2021;
- the statements of changes in equity for the years ended December 31, 2022 and 2021;
- the statements of cash flows for the years ended December 31, 2022 and 2021; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics.

Independent Auditor's Report

To the Board of Directors and Shareholder of
BPI Asset Management and Trust Corporation
Page 2

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

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Independent Auditor's Report
To the Board of Directors and Shareholder of
BPI Asset Management and Trust Corporation
Page 3

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Independent Auditor's Report
To the Board of Directors and Shareholder of
BPI Asset Management and Trust Corporation
Page 4

Report on the Supplementary Information Required by the Bangko Sentral ng Pilipinas (BSP) and the Bureau of Internal Revenue (BIR)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1075 in Note 21 and Revenue Regulations No. 15-2010 in Note 22 to the financial statements is presented for the purposes of filing with the BSP and the BIR, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of management of the Company. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Ruth F. Blasco
Partner
CPA Cert No. 112595
P.T.R. No. 0018519, issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors 112595-SEC, Category A; valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024 financial statements
TIN 235-725-236
BIR A.N. 08-000745-133-2020, issued on June 5, 2020; effective until June 4, 2023
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 15, 2023

BPI Asset Management and Trust Corporation

Statements of Financial Position
December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	1,395,557,635	1,895,615,886
Financial assets at fair value through other comprehensive income	3	700,242,086	899,113,420
Trust and other receivables, net	4	432,114,345	409,201,351
Other assets, net	5	82,034,821	60,147,680
Total current assets		2,609,948,887	3,264,078,337
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	3	573,108,633	103,173,933
Property and equipment, net	6	54,402,324	70,869,116
Deferred tax assets, net	8	46,184,523	26,847,896
Total non-current assets		673,695,480	200,890,945
Total assets		3,283,644,367	3,464,969,282
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Due to Parent Bank	17	69,326,651	302,568,826
Lease liabilities	16	29,646,249	26,521,629
Other liabilities	9	269,202,905	265,609,525
Total current liabilities		368,175,805	594,699,980
NON-CURRENT LIABILITIES			
Retirement benefit obligation	10	22,010,116	15,587,831
Lease liabilities	16	1,388,732	31,034,981
Total non-current liabilities		23,398,848	46,622,812
Total liabilities		391,574,653	641,322,792
EQUITY			
Share capital	11	600,000,000	600,000,000
Additional paid-in capital		902,066,145	902,066,145
Accumulated other comprehensive loss		(48,886,529)	(23,218,677)
Reserve for trust business	18.3	400,000,000	386,749,255
Other reserves		3,447,916	2,174,622
Surplus		1,035,442,182	955,875,145
Total equity		2,892,069,714	2,823,646,490
Total liabilities and equity		3,283,644,367	3,464,969,282

(The notes on pages 1 to 34 are an integral part of these financial statements.)

BPI Asset Management and Trust Corporation

Statements of Total Comprehensive Income
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
INCOME			
Trust income		2,698,651,771	2,686,975,321
Commission income		184,912,863	171,189,730
Interest income	2,3	38,935,547	17,127,668
		2,922,500,181	2,875,292,719
EXPENSES			
Salaries and other employee benefits	13	471,995,911	412,714,620
Commission expense		159,985,257	170,062,024
Intercompany expenses	17	166,476,944	232,665,001
Taxes, licenses and regulatory fees	14	322,348,742	301,404,077
Other operating expenses	15	434,041,139	450,807,656
		1,554,847,993	1,567,653,378
INCOME BEFORE INCOME TAX		1,367,652,188	1,307,639,341
INCOME TAX EXPENSE	12	344,834,406	293,783,814
NET INCOME FOR THE YEAR		1,022,817,782	1,013,855,527
OTHER COMPREHENSIVE (LOSS) INCOME			
Item that will not be subsequently reclassified to profit or loss	8		
Remeasurement (loss) gain on retirement benefit plans, net of tax		(4,796,928)	26,938,948
Item that may be subsequently reclassified to profit or loss			
Remeasurement loss on financial assets at fair value through other comprehensive income, net of tax		(20,870,924)	(360,719)
		(25,667,852)	26,578,229
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		997,149,930	1,040,433,756

(The notes on pages 1 to 34 are an integral part of these financial statements.)

BPI Asset Management and Trust Corporation

Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Share capital (Note 11)	Additional paid-in capital	Reserve for trust business (Note 18.3)
Balances at January 1, 2021	600,000,000	902,066,145	283,415,585
Other movements			
Dividends (Note 17)	-	-	-
Transfer from surplus to reserve	-	-	103,333,670
Set-up of other reserves	-	-	-
Total other movements	-	-	103,333,670
Comprehensive income			
Net income for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Balances at December 31, 2021	600,000,000	902,066,145	386,749,255
Other movements			
Dividends (Note 17)	-	-	-
Transfer from surplus to reserve	-	-	13,250,745
Appropriation for other reserves	-	-	-
Total other movements	-	-	13,250,745
Comprehensive income			
Net income for the year	-	-	-
Other comprehensive loss	-	-	-
Total comprehensive income (loss) for the year	-	-	-
Balances at December 31, 2022	600,000,000	902,066,145	400,000,000

(The notes on pages 1 to 34 are an integral part of these financial statements.)

BPI Asset Management and Trust Corporation

Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

Other reserves	Accumulated other comprehensive loss	Surplus	Total
-	(49,796,906)	1,035,353,288	2,771,038,112
-	-	(990,000,000)	(990,000,000)
-	-	(103,333,670)	-
2,174,622	-	-	2,174,622
2,174,622	-	(1,093,333,670)	(987,825,378)
-	-	1,013,855,527	1,013,855,527
-	26,578,229	-	26,578,229
-	26,578,229	1,013,855,527	1,040,433,756
2,174,622	(23,218,677)	955,875,145	2,823,646,490
-	-	(930,000,000)	(930,000,000)
-	-	(13,250,745)	-
1,273,294	-	-	1,273,294
1,273,294	-	(943,250,745)	(928,726,706)
-	-	1,022,817,782	1,022,817,782
-	(25,667,852)	-	(25,667,852)
-	(25,667,852)	1,022,817,782	997,149,930
3,447,916	(48,886,529)	1,035,442,182	2,892,069,714

(The notes on pages 1 to 34 are an integral part of these financial statements.)

BPI Asset Management and Trust Corporation

Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		1,367,652,188	1,307,639,341
Adjustment for:			
Depreciation and amortization	15	29,121,409	99,108,812
Retirement benefit expense	13	18,599,011	25,109,328
Provision for probable losses on other receivables and prepaid expenses	4,5	6,207,024	21,111,612
Provision for probable losses of property and equipment	6	-	10,720,439
Interest expense	16	3,383,667	5,193,998
Interest income	2,3	(38,935,547)	(17,127,668)
Operating income before working capital changes		1,386,027,752	1,451,755,862
Changes in working capital:			
(Increase) decrease in:			
Trust and other receivables		(32,095,019)	26,974,449
Other assets		(21,887,141)	(5,925,642)
(Decrease) increase in:			
Due to Parent Bank		(233,242,175)	216,985,881
Other liabilities		133,848,208	190,091,018
Cash generated from operations		1,232,651,625	1,879,881,568
Interest received		41,910,547	13,599,886
Payment of interest portion of lease liabilities	16	(3,383,667)	(5,193,998)
Income taxes paid		(484,594,615)	(459,470,190)
Retirement benefits paid		(18,572,629)	(29,800,273)
Net cash from operating activities		768,011,261	1,399,016,993
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments at fair value through other comprehensive income		(1,698,891,266)	(1,002,869,134)
Acquisition of property and equipment	6	(15,080,000)	(5,640,000)
Proceeds from redemption of investments	3	1,400,000,000	955,435,000
Proceeds from disposals of property and equipment	6	2,423,383	944,268
Net cash used in investing activities		(311,547,883)	(52,129,866)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	17	(930,000,000)	(990,000,000)
Payment of principal portion of lease liabilities	16	(26,521,629)	(22,859,962)
Net cash used in financing activities		(956,521,629)	(1,012,859,962)
NET (DECREASE) INCREASE IN CASH		(500,058,251)	334,027,165
CASH			
January 1		1,895,615,886	1,561,588,721
December 31	2	1,395,557,635	1,895,615,886

(The notes on pages 1 to 34 are an integral part of these financial statements.)

BPI Asset Management and Trust Corporation

Notes to the Financial Statements
As at and for the years ended December 31, 2022 and 2021
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

1 General information

The Monetary Board of the Bangko Sentral ng Pilipinas (BSP) on its Resolution No. 1349, dated July 28, 2016, approved the request of Bank of the Philippine Islands (“BPI” or “Parent Bank”) to spin-off its trust department, Asset Management and Trust Group (BPI-AMTG), into a trust corporation.

BPI Asset Management and Trust Corporation (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 6, 2016 primarily to carry and engage in the business of trust, other fiduciary business and investment management business which may legally be had or done by trust corporations organized under and in accordance with Republic Act No. 8791 (The General Banking Law of 2000) and its implementing regulations as it exists or may be amended and to do all other things incident thereto and necessary and proper in connection with said purposes within such territory, as may be determined by the Monetary Board of the BSP. The corresponding Certificate of Authority to Operate was issued by the BSP to the Company on December 29, 2016.

In February 2023, the Company announced the change in its trade name from BPI Asset Management and Trust Corporation to BPI Wealth - A Trust Corporation, or simply BPI Wealth.

As at December 31, 2022, the total assets managed by the Company amount to P875 billion (2021 - P882 billion).

The Company is a wholly owned subsidiary of BPI, a domestic commercial bank with an expanded banking license in the Philippines.

The Company’s registered office address, which also serves as its principal place of business, is at 7th Floor BPI Buendia Center, Sen. Gil J. Puyat Avenue, Makati City. The Company has 256 regular employees as at December 31, 2022 (2021 - 270).

Approval and authorization for issuance of financial statements

These financial statements have been approved and authorized for issuance by the Company’s Board of Directors (BOD) on March 15, 2023.

2 Cash and cash equivalents

The account at December 31, 2022 pertains to cash in banks amounting to P1,395,557,635 (2021 - P1,895,615,886) which earns interest at prevailing bank deposit rates.

Interest income earned from bank deposits for the year ended December 31, 2022 amounts to P1,400,643 (2021 - P2,651,955).

3 Financial assets at fair value through other comprehensive income (FVOCI)

The account at December 31 consists of:

	2022	2021
Philippine government treasury bonds	1,173,260,148	-
Philippine government treasury notes	100,090,571	103,173,933
Philippine government treasury bills	-	899,113,420
	1,273,350,719	1,002,287,353

The classification of the account at December 31 follows:

	2022	2021
Current	700,242,086	899,113,420
Non-current	573,108,633	103,173,933
	1,273,350,719	1,002,287,353

The Company's investments in government securities are held and classified at FVOCI to address regulatory requirements on basic security deposit for trust corporations and to address the Company's liquidity requirements. In addition, these investments are not meant for trading purposes.

For the year ended December 31, 2022, additions and disposals of financial assets at FVOCI amount to P1,697,543,861 (2021 - P996,519,709) and P1,400,000,000 (2021 - P955,435,000), respectively.

The related interest income of the securities held amounts to P37,534,904 for the year ended December 31, 2022 (2021 - P14,475,713).

4 Trust and other receivables, net

The account at December 31 consists of:

	2022	2021
Accrued trust income	429,568,179	400,065,841
Other receivables	25,168,787	25,551,107
	454,736,966	425,616,948
Allowance for probable losses on other receivables	(22,622,621)	(16,415,597)
	432,114,345	409,201,351

Other receivables include amounts due from government agencies and employee advances.

Movement in allowance for impairment of trade and other receivables for the years ended December 31 follows:

	2022	2021
January 1	16,415,597	6,026,896
Provision for probable losses on other receivables	6,207,024	10,388,701
December 31	22,622,621	16,415,597

(2)

5 Other assets, net

The account at December 31 consists of:

	2022	2021
Prepaid expenses, net	23,132,516	20,290,508
Security deposits	7,743,629	7,187,765
Miscellaneous assets	51,158,676	32,669,407
	82,034,821	60,147,680

In 2021, the Company recorded a provision for impairment on prepaid expenses amounting to P10,722,911. The corresponding allowance was written-off in 2022.

Miscellaneous assets include unused supplies and receivables from the Bureau of Internal Revenue.

6 Property and equipment, net

The account at December 31 consists of:

2022	Furniture and equipment	Transportation equipment	Office premises	Total
Cost				
At January 1, 2022	1,995,557	42,348,011	120,802,664	165,146,232
Additions	-	15,080,000	-	15,080,000
Disposals	-	(3,000,000)	-	(3,000,000)
At December 31, 2022	1,995,557	54,428,011	120,802,664	177,226,232
Accumulated depreciation and impairment				
At January 1, 2022	1,978,104	24,850,857	67,448,155	94,277,116
Depreciation	17,453	4,943,423	24,160,533	29,121,409
Disposals	-	(574,617)	-	(574,617)
At December 31, 2022	1,995,557	29,219,663	91,608,688	122,823,908
Net book value	-	25,208,348	29,193,976	54,402,324

2021	Furniture and equipment	Transportation equipment	Office premises	Total
Cost				
At January 1, 2021	1,995,557	39,573,261	120,802,664	162,371,482
Additions	-	5,640,000	-	5,640,000
Disposals	-	(2,865,250)	-	(2,865,250)
At December 31, 2021	1,995,557	42,348,011	120,802,664	165,146,232
Accumulated depreciation and impairment				
At January 1, 2021	1,747,709	11,090,710	43,287,622	56,126,041
Depreciation	230,395	4,941,833	24,160,533	29,332,761
Disposals	-	(1,902,125)	-	(1,902,125)
Impairment loss (Note 15)	-	10,720,439	-	10,720,439
At December 31, 2021	1,978,104	24,850,857	67,448,155	94,277,116
Net book value	17,453	17,497,154	53,354,509	70,869,116

In 2022, the Company disposed of transportation equipment for P2,423,383 (2021 - P944,268) resulting in a loss on disposal amounting to P2,000 (2021 - P18,857).

(3)

Office premises above pertain to right-of-use assets arising from the Company's lease contract (Note 16).

7 Intangible asset

In 2011, the trust and investment management of ING Bank NV Manila was acquired by the Parent Bank. A premium was paid by the Parent Bank in recognition of the value of the contractual customer relationships, which is classified as an intangible asset.

The Parent Bank valued the intangible asset using discounted cash flows earned from the retained client customers after the acquisition. After the acquisition, the intangible asset was estimated to have a useful life of 10 years and thus, was amortized for 10 years.

In 2016, the Parent Bank spun-off its asset management business into a stand-alone trust corporation. As part of this, the Parent Bank intended to transfer the intangible asset to the books of the Company. The intangible asset was only transferred in the books of the Company in 2018 in consideration of an additional paid-in capital for Parent Bank amounting to P902,066,145.

The amortization of the intangible asset did not reduce the amount of the additional paid-in capital of the Company but formed part of other operating expenses under the statement of total comprehensive income. Amortization expense for the year ended December 31, 2021 amounts to P69,776,051 and the intangible asset has already been fully amortized as at December 31, 2021.

8 Deferred income taxes

The account at December 31 consists of:

	2022	2021
Deferred income tax assets (liabilities) on:		
Remeasurement loss on defined benefit plan	5,502,528	3,900,320
Unamortized past service cost	6,358,506	6,026,340
Remeasurement loss (gain) of financial assets at FVOCI	6,788,326	(168,649)
Provision for losses	8,335,765	9,464,737
Provision for employee benefits	18,337,419	7,081,492
Remeasurement loss on defined contribution plan	-	-
Others	861,979	543,656
Deferred income tax assets, net	46,184,523	26,847,896

Others pertains to temporary differences due to stock options given to employees.

The movements in deferred income tax account at December 31 are summarized as follows:

	2022	2021
Beginning balance	26,847,896	29,292,411
Amounts credited to profit or loss (Note 12)	10,780,676	11,672,828
Amounts credited (charged) to other comprehensive income	8,555,951	(14,117,343)
Ending balance	46,184,523	26,847,896

For the year ended December 31, 2022, the remeasurement loss on retirement benefit plans and remeasurement loss on financial assets at FVOCI, net of tax amount to P4,796,928 and P20,870,924, respectively (2021 - gain of P26,938,948 and loss of P360,719, respectively).

The deferred income tax credited to other comprehensive income on remeasurement of retirement benefit plans and financial assets at FVOCI amount to P1,598,976 and P6,956,975, respectively (2021 - P16,950,120 charged and P2,832,777 credited, respectively).

(4)

9 Other liabilities

The account at December 31 consists of:

	2022	2021
Accounts payable and accrued expenses	96,667,941	125,500,875
Taxes payable	122,417,226	115,238,441
Miscellaneous liabilities	50,117,738	24,870,209
Total	269,202,905	265,609,525

Miscellaneous liabilities consist of withholding tax on benefit payments and fiduciary transactions pertaining to accrued benefit payments due to the beneficiary of the Company's clients and related amounts for remittance on behalf of the individual trust funds and managed funds.

10 Retirement benefit

The Company's employees participate in a non-contributory retirement benefit plans covering all qualified officers and employees. The description of the plans applicable to the Company follows:

Defined benefit retirement plan

BPI has a unified plan which covers all subsidiaries except insurance entities. Under this plan, the normal retirement age is 60 years. Those who elect to retire prior to the normal retirement age will require approval of the Company, subject to meeting the eligibility conditions on age and years of credited service. Normal retirement benefit consists of a lump sum benefit equivalent to 200% of the basic monthly salary of the employee at the time of his retirement for each year of service, if he has rendered at least 10 years of service, or to 150% of his basic monthly salary, if he has rendered less than 10 years of service. For voluntary retirement, the benefit is equivalent to 112.50% of the employee's basic monthly salary for a minimum of 10 years of service with the rate factor progressing to a maximum of 200% of basic monthly salary for service years of 25 or more. Death or disability benefit, on the other hand, shall be the highest amount among the: (1) same basis as in voluntary retirement; (2) 100% of basic monthly salary of the employee at the time of his retirement for each year of service, and; (3) minimum amount required by the Labor Code.

Defined contribution retirement plan

In 2016, the BPI Group implemented a defined contribution plan which is accounted for as a defined benefit plan with minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of Republic Act (RA) No. 7641, The Philippine Retirement Pay Law. All non-unionized employees hired on or after January 1, 2016, the effective date, are automatically under the defined contribution plan. Employees hired prior to the effective date shall have the option to elect to become members of the defined contribution plan.

The net defined benefit cost and contributions to be paid by the Company are determined by an independent actuary.

Plan assets are held in trusts, governed by local regulations and practice in the Philippines.

(5)

Following are the amounts recognized relating to the Company's retirement plans based on the recent actuarial valuation reports:

Defined benefit retirement plan

(a) Pension liability as at December 31 recognized in the statement of financial position consists of:

	2022	2021
Present value of defined benefit obligation	179,363,353	168,218,893
Less: Fair value of plan assets	157,353,237	152,631,062
	22,010,116	15,587,831

The movements in plan assets are summarized as follows:

	2022	2021
At January 1	152,631,062	135,638,769
Contributions	12,140,645	11,943,818
Interest income	7,494,883	5,375,482
Benefit payments	(988,132)	-
Remeasurement loss	(13,925,221)	(327,007)
At December 31	157,353,237	152,631,062

The carrying value of plan assets as at December 31, 2022 is equivalent to its fair value of P157,353,237 (2021 - P152,631,062).

The plan assets at December 31 are comprised of the following:

	2022		2021	
	Amount	%	Amount	%
Debt securities	82,594,714	52	77,841,842	51
Equity securities	26,529,756	17	41,210,387	27
Others	48,228,767	31	33,578,833	22
	157,353,237	100	152,631,062	100

The plan assets of the unified retirement plan of the BPI Group include investment in BPI's common shares with aggregate fair value of P489 million as at December 31, 2022 (2021 - P485 million). An officer of the Parent Bank exercises the voting rights over the plan's investment in BPI's common shares.

The movements in the present value of defined benefit obligation are summarized as follows:

	2022	2021
At January 1	168,218,893	188,745,056
Current service cost	8,880,219	10,052,615
Past service cost	2,049,672	-
Interest expense	8,293,191	7,266,685
Benefit payments	(988,132)	-
Remeasurement (gain) loss - changes in financial assumptions	(17,736,997)	(17,143,672)
Remeasurement loss (gain) - experience adjustments	10,646,507	(18,066,256)
Remeasurement loss (gain) - demographic assumptions	-	(2,635,535)
At December 31	179,363,353	168,218,893

The Company has no other transactions with the plan other than the contributions made for the years ended December 31, 2022 and 2021.

(6)

(b) Expense recognized in the statement of total comprehensive income for the years ended December 31 consists of:

	2022	2021
Current service cost	8,880,219	10,052,615
Past service cost	2,049,672	-
Interest expense	8,293,191	7,266,685
Interest income	(7,494,883)	(5,375,482)
At December 31	11,728,199	11,943,818

The principal assumptions used for the actuarial valuation of the defined benefit plan are as follows:

	2022	2021
Discount rate	7.15%	4.93%
Salary increase rate	6.00%	5.00%

Discount rate

The discount rate is determined by reference to yields on long-term Philippine Treasury Bonds and adjusted to reflect the term similar to the estimated term of the benefit obligation as determined by the actuary as at the end of the reporting period as there is no deep market in high quality corporate bonds in the Philippines.

Future salary rate increases

This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increases comprise of the general inflationary increases plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

Demographic assumptions

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

The defined benefit plan typically exposes the Company to a number of risks such as investment risk, interest rate risk and salary risk. The most significant of which relate to investment and interest rate risk. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. A decrease in government bond yields will increase the defined benefit obligation although this will also be partially offset by an increase in the value of the plan's fixed income holdings. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the Company. However, the Company believes that due to the long-term nature of the pension liability and the strength of the Company itself, the mix of debt and equity securities holdings of the plan is an appropriate element of the long-term strategy to manage the plan efficiently.

The Company ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan. The Company's main objective is to match assets to the defined benefit obligation by investing primarily in long-term debt securities with maturities that match the benefit payments as they fall due. The asset-liability matching is being monitored on a regular basis and potential change in investment mix is being discussed with the trustee, as necessary to better ensure the appropriate asset-liability matching.

(7)

The Company contributes to the plan depending on the suggested funding contribution as calculated by an independent actuary. The expected contributions to the plan for the year ending December 31, 2023 amount to P10,727,062.

The weighted average duration of the defined benefit obligation as at December 31, 2022 is 7.93 years (2021 - 8.78 years).

The projected maturity analysis of retirement benefit payments as at December 31 follows:

	2022	2021
Less than a year	9,039,749	9,570,303
Between 1 to 5 years	42,877,528	53,558,607
Between 5 to 10 years	117,466,087	99,909,198
Between 10 to 15 years	126,605,924	102,828,485
Between 15 to 20 years	81,868,410	93,745,381
Over 20 years	337,552,929	138,644,983

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions follows:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
December 31, 2022			
Discount rate	1.0%	Decrease by 7.4%	Increase by 8.4%
Salary increase rate	1.0%	Increase by 8.4%	Decrease by 7.5%
December 31, 2021			
Discount rate	1.0%	Decrease by 8.2%	Increase by 9.4%
Salary increase rate	1.0%	Increase by 9.3%	Decrease by 8.2%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized within the statement of financial position.

Defined contribution retirement plan subject to the requirements of RA No. 7641

	2022	2021
Present value of defined benefit obligation under RA No. 7641	38,997,227	35,200,625
Less: Fair value of plan assets	74,192,682	75,915,644
Surplus	35,195,455	40,715,019
Effect of asset ceiling	(35,195,455)	(40,715,019)
	-	-

(8)

The movements in the present value of the defined benefit obligation are as follows:

	2022	2021
At January 1	35,200,625	63,713,412
Current service cost	4,918,098	9,748,164
Past service cost	2,061,830	-
Benefit payments	(4,257,235)	(4,505,661)
Interest expense	1,731,871	2,516,680
Remeasurement gain - changes in financial assumptions	(7,306,604)	(5,943,957)
Remeasurement loss (gain) - experience adjustments	6,648,642	(20,156,587)
Remeasurement gain - changes in demographics	-	(10,171,426)
At December 31	38,997,227	35,200,625

The movements in the fair value of plan assets are as follows:

	2022	2021
At January 1	75,915,644	58,843,719
Interest income	3,844,166	2,509,537
Benefit payments	(4,257,235)	(4,505,661)
Contributions	6,431,985	10,884,385
Remeasurement gain (loss) - return on plan assets	(7,741,878)	8,183,664
At December 31	74,192,682	75,915,644

Expense recognized in the statement of total comprehensive income for the years ended December 31 consists of:

	2022	2021
Current service cost	4,918,098	9,748,164
Past service cost	2,061,830	-
Interest expense	1,731,871	2,516,680
Interest income	(3,844,166)	(2,509,537)
Interest on the effect of asset ceiling	2,003,179	-
At December 31	6,870,812	9,755,307

The principal assumptions used for the actuarial valuation of the defined contribution plan of the Company are as follows:

	2022	2021
Discount rate	7.38%	4.92%
Salary increase rate	6.00%	5.00%

The major categories of plan assets as a percentage of the fair value of total plan assets follow:

	2022		2021	
	Amount	%	Amount	%
Debt securities	20,952,013	28	31,884,570	42
Equity securities	29,387,721	40	22,774,693	30
Others	23,852,948	32	21,256,381	28
	74,192,682	100	75,915,644	100

The asset allocation of the pension plan is set and reviewed from time to time by the plan trustees taking into account the membership profile, the liquidity requirements of the plan and risk appetite of the plan sponsor.

(9)

Contributions are determined on the plan provisions. The expected contributions of the Company for the year ending December 31, 2023 amount to P11,541,564.

The weighted average duration pertaining to the defined contribution plan as at December 31, 2022 is 13.55 years (2021 - 15.80 years).

11 Share capital

Details of share capital as at December 31, 2022 and 2021 are as follows:

	No. of Shares	Amount
Authorized, P10 par value	200,000,000	2,000,000,000
Issued and outstanding	60,000,000	600,000,000

Subscribed and issued share capital was fully paid at the inception of the Company.

In 2022, the Company declared and paid dividends to the Parent Company amounting to P930,000,000 (2021 - P990,000,000) (Note 17).

12 Income taxes

Income tax expense for the years ended December 31 consists of:

	2022	2021
Current	355,615,082	305,456,642
Deferred	(10,780,676)	(11,672,828)
	344,834,406	293,783,814

Current tax for the year ended December 31, 2022 includes final tax of P7,787,053 (2021 - P3,425,528).

The Company has recognized deferred income tax asset, net amounting P46,184,523 (2021 - P26,847,896) from deductible temporary differences (Note 8).

The reconciliation between the income tax expense computed at the statutory income tax rate to the actual income tax expense shown in the statement of total comprehensive income for the years ended December 31 follows:

	2022		2021	
	Amount	Rate (%)	Amount	Rate (%)
Income before income tax	1,367,652,188		1,307,639,341	
Statutory income tax	341,913,047	25.00	326,909,835	25.00
Adjustments to income tax resulting from tax effects of:				
Changes in income tax rates	-	-	(24,031,207)	(1.84)
Interest income already subjected to final tax	(1,946,861)	(0.14)	(856,383)	(0.06)
Non-deductible expenses	7,226,881	0.52	4,109,880	0.31
Others	(2,358,661)	(0.17)	(12,348,311)	(0.94)
	344,834,406	25.21	293,783,814	22.47

Due to the signing of the Corporate Recovery and Tax Incentives for Enterprise (CREATE) Act on March 26, 2021, tax rates changed from 30% to 25% with retroactive effect on July 1, 2020. The Company recognized an adjustment in 2021 pertaining to the December 31, 2020 balances which resulted in a decrease of P28.91 million in current income tax expense and an increase of P4.88 million in deferred income tax expense.

(10)

13 Salaries and other employee benefits

Details of compensation and fringe benefits expense for the years ended December 31 follow:

	2022	2021
Salaries and wages	443,710,570	379,088,729
Retirement expense	18,599,011	25,109,328
Other employee benefit expenses	9,686,330	8,516,563
	471,995,911	412,714,620

14 Taxes, licenses and regulatory fees

Details of taxes, licenses and regulatory fees for the years ended December 31 follow:

	2022	2021
Examination fees	172,716,949	151,448,606
Gross receipts tax	146,125,689	143,764,781
Fringe benefits	2,485,012	2,002,220
Other taxes and fees	1,021,092	4,188,470
	322,348,742	301,404,077

Other taxes and fees consist of local and municipal taxes, business permits and licenses and annual registration fees.

15 Other operating expenses

Details of other operating expenses for the years ended December 31 follow:

	Notes	2022	2021
Utilities expenses		307,208,832	117,470,758
Depreciation and amortization expenses	6,7	29,121,409	99,108,812
Repairs and maintenance expenses		22,189,312	150,472,357
Legal and professional fees		16,373,129	6,776,308
Provision for impairment	4,5	6,207,024	21,111,612
Membership fees		5,736,008	6,188,835
Interest expense on lease liabilities	16	3,383,667	5,193,998
Stationery and supplies		3,673,991	3,680,766
Rent, transportation and travel		4,791,700	2,533,770
Information technology charges		1,271,960	10,946,517
Promotional and other selling expenses		572,143	904,759
Provision for impairment of transportation equipment	6	-	10,720,439
Miscellaneous expenses		33,511,964	15,698,725
		434,041,139	450,807,656

Miscellaneous expenses consist mainly of regular donation, insurance on furniture and fixtures, bank charges and expenses incurred during staff meetings.

(11)

16 Leases

The Company leases office space with the Parent Bank. Rental contract is made for a fixed period of five (5) years commencing on March 16, 2019 but subject to extension upon mutual agreement of both parties.

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreement does not impose any covenants, but leased asset cannot be used as security for borrowing purposes.

The statement of financial position shows the following amounts relating to leases as at December 31:

	Note	2022	2021
<i>Right-of-use assets</i>			
Property and equipment - Office premises	6	29,193,976	53,354,509
		29,193,976	53,354,509
<i>Lease liabilities</i>			
Current		29,646,249	26,521,629
Non-current		1,388,732	31,034,981
		31,034,981	57,556,610

The weighted average incremental borrowing rate applied to the lease liabilities in 2022 and 2021 is 7.40%.

Movement in lease liabilities is shown below:

	2022	2021
Balance as at January 1	57,556,610	80,416,572
Principal and interest payments	(29,905,296)	(28,053,960)
Non-cash changes		
Interest expense	3,383,667	5,193,998
Balance as at December 31	31,034,981	57,556,610

The statement of total comprehensive income for the years ended December 31 shows the following amounts relating to leases:

	Note	2022	2021
<i>Depreciation expense</i>			
Property and equipment - Office premises	6	24,160,533	24,160,533
Interest expense		3,383,667	5,193,998
Expense relating to short-term leases (included in Operating expenses)		4,032,175	2,488,700
		31,576,375	31,843,231

The total cash outflow for leases subject to requirements of PFRS 16 as at December 31, 2022 is P29,905,296 (2021 - P28,053,960).

17 Related party transactions

In the normal course of business, the Company transacts with its Parent Bank and other related parties. These transactions such as deposit arrangements and advances for operating expenses are made in the normal operating activities and have terms and conditions that are generally comparable to those offered to non-related parties and to similar transactions in the market.

Significant related party transactions and outstanding balances as at December 31 are summarized below:

As at and for the year ended December 31, 2022	Transactions for the year	Outstanding balances Receivable/(Payable)	Terms and conditions
Parent Bank			
Dividend payments	930,000,000	-	Refer to Note (a) below. - Unsecured - Non-interest bearing - Payable in cash at gross amount on demand
Advances made for Company's expenses	(476,992,334)	(69,326,651)	
Reimbursements	243,750,159	-	
Deposits, net	(501,423,978)	1,395,556,940	- Refer to Note (b) below for reimbursements. - These are demand deposits bearing an average annual interest of 0.25%.
Interest income on deposit	1,400,061	-	
Refundable security deposit	555,864	7,743,629	- Refundable at the end of the lease term - Unsecured
Retirement fund			
Contributions	18,572,630	-	See Note 10.
Trust funds and managed funds			
Trust income	344,977,944	153,692,894	Based on the following fee structure: (a) Previous day NAV (b) Average daily NAV (c) 0% Pooled Fund (d) Unit-based fund (NAV) (e) Fixed annual fee The above varies per fund in accordance with the individual agreement.
Other subsidiaries of Parent Bank			
Other expenses	51,524,678	-	Broker's fees based on transaction value or P500, whichever is higher.
Other related parties			
Director's remuneration	2,800,000	-	P50,000 per diem for Board meeting and P25,000 per diem for Committee meeting.
Purchase of transportation equipment	15,080,000	-	Amount varies on subsidy limit per officer's rank.

As at and for the year ended December 31, 2021	Transactions for the year	Outstanding balances Receivable/(Payable)	Terms and conditions
Parent Bank			
Dividend payments	990,000,000	-	Refer to Note (a) below. - Unsecured - Non-interest bearing - Payable in cash at gross amount on demand - Refer to Note (b) below for reimbursements. - These are demand deposits bearing an average annual interest rate of 0.25% - Refundable at the end of the lease term - Unsecured
Advances made for Company's expenses	(15,679,120)	(302,568,826)	
Reimbursements	232,665,001	-	
Deposits, net	331,373,005	1,895,580,857	
Interest income on deposit	2,652,065	-	
Refundable security deposit	337,322	7,187,765	
Retirement fund			
Contributions	22,828,203	-	See Note 10.
Trust funds and managed funds			
Trust income	509,385,976	124,549,097	Based on the following fee structure: (a) Previous day NAV (b) Average daily NAV (c) 0% Pooled Fund (d) Unit based fund (NAV) (e) Fixed annual fee The above varies per fund in accordance with the individual agreement.
Other subsidiaries of Parent Bank			
Other expenses	57,163,312	-	Broker's fees based on transaction value or P500, whichever is higher.
Other related parties			
Director's remuneration	2,375,000	-	P50,000 per diem for Board meeting and P25,000 per diem for Committee meeting.
Purchase of transportation equipment	5,640,000	-	Amount varies on subsidy limit per officer's rank.

(a) On December 14, 2022, the BOD approved the declaration of cash dividends of P15.00 per share equivalent to P930,000,000 from the unrestricted retained earnings of the Company to its shareholder as at December 31, 2021. The cash dividends were paid on December 27, 2022.

On September 15, 2021, the BOD approved the declaration of cash dividends of P16.50 per share equivalent to P990,000,000 from the unrestricted retained earnings of the Company to its shareholder as at December 31, 2020. The cash dividends were paid on September 29, 2021.

(b) Reimbursements pertain to expenses paid by the Parent Bank on behalf of the Company. This is comprised of the following:

	2022	2021
Intercompany expenses	166,476,944	232,665,001
Staff benefits	3,855,268	-
Other expenses	73,417,947	-
	243,750,159	232,665,001

(14)

Staff benefits and other expenses are presented as part of salaries and other employee benefits and other operating expenses, respectively, in the statement of total comprehensive income.

18 Financial risk management

The Company's activities expose it to a variety of financial risks, primarily credit risk and liquidity risk. As risk taking is core to the business, an effective risk management process is critical in ensuring that a proper balance between risk and return is achieved.

The risk management policies and procedures of the Company are designed to properly identify, measure, control, monitor and report the various risks arising from the conduct of its operations, proprietary investing activities, and fiduciary and investment management duties. These policies and procedures are expected to evolve as the Company's business grows, as the market structure and regulations change, as new financial products are introduced in the market and as management practices are modified.

Board oversight

The Company recognizes that effective risk management is a top-down process that starts with the BOD. The BOD has the ultimate responsibility of providing oversight of the Company's risk management process, which involves establishing strategic direction and providing risk tolerance standards for its operations and proprietary investing activities. It is responsible for ensuring that an effective risk management process and systems are in place at all times and that risks taken are always within the defined parameters. The BOD, through the Risk Management Committee, shall also approve and regularly review risk management policies, procedures and limits to ensure that these remain consistent with the Company's business and risk management objectives.

Risk management process

The risk management process of the Company has four elements, namely: (a) risk identification, (b) risk measurement, (c) risk management/control and (d) risk monitoring and reporting.

Risk identification involves recognizing and understanding the risks faced by the Company in the conduct of its operations, proprietary investing activities, and fiduciary and investment management duties. It also involves determining the appetite and tolerance of the institution (as defined by the BOD through the Risk Management Committee) for such risks.

Risk measurement involves applying measurement techniques or models to quantify identified risks. After risks are identified and measured, risk control processes and limits in line with the risk tolerance standards of the Company are established. Actual risk exposures are then monitored and compared against these limits and results are communicated to the BOD and the Risk Management Committee through the generation of reports.

Market risk

Considering the components of the financial assets and liabilities as at December 31, 2022 and 2021, the Company is not significantly exposed to market risk.

In accordance with BSP regulations, the Company shall not engage in any proprietary trading and speculative investing activities. Proprietary assets owned by the Company shall be for the purpose of engaging in the trust business and investment management activities and for maintaining the minimum capital requirement and basic security deposit requirement.

(15)

18.1 Credit risk

Credit risk arises from cash and cash equivalents, financial assets at FVOCI, trust and other receivables, as well as credit exposure from refundable security deposit. The Company's exposure arises from default of the counterparty, with a maximum exposure equal to the fair value of these financial assets.

To minimize credit risk, the Company transacts only with counterparties with good credit standing.

Cash and cash equivalents

The Company's cash and cash equivalents at December 31, 2022 amounting to P1,395,557,635 (2021 - P1,895,615,886) are deposited with top universal banks in the Philippines and are assessed to be performing (Stage 1) (Note 2). Accordingly, management deemed that credit risk is minimal.

Financial assets at FVOCI

The Company's financial assets at FVOCI pertain to Philippine government treasury bills and notes and are considered fully performing (Stage 1) (Note 3). These securities are rated "BBB+" with a "stable" outlook by Standard & Poor's as at December 31, 2022 and 2021. Based on this credit rating, management has assessed that the expected credit loss (ECL) provision is insignificant for financial reporting purposes.

Trust and other receivables

The Company applies the simplified approach, as permitted by PFRS 9, in measuring expected credit losses which uses a lifetime expected loss allowance for trust and other receivables.

To measure the expected credit losses, trust and other receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of receivables over a period of 24 months before December 31, 2022 and 2021, respectively, and corresponding historical credit losses experienced within this period. The forward-looking information on macroeconomic factors are considered insignificant in calculating impairment of trust and other receivables.

As at December 31, 2022, all of the trust and other receivables amounting to P432,114,345 (2021 - P409,201,351) are considered current or fully performing. Likewise, there was no history of default or missed payment or write-offs during the observation period used for ECL measurement purposes.

Refundable deposits

As at December 31, 2022, deposits amounting to P7,743,629 (2021 - P7,187,765) in connection with the lease of the Company's office space are refundable at the end of the lease term (Note 16).

None of the financial assets, that are considered fully performing as at December 31, 2022 and 2021, has been renegotiated.

(16)

18.2 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Working capital requirements are reviewed on a monthly basis through projection of cash flows from the Company's operating, investing, and financing activities.

The Company manages liquidity through reporting of liquidity risk exposures, monitoring compliance with liquidity risk policy and review of liquidity risk policy for pertinence and changing environment.

The table below presents the maturity profile of financial instruments based on undiscounted cash flows, including future interest, which the Company uses to manage inherent risk. The analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date the financial asset will be realized or the financial liability will be settled.

	Up to 1 year	Over 1 up to 3 years	Total
As at December 31, 2022			
Financial assets			
Cash and other cash items	1,395,557,635	-	1,395,557,635
Financial assets at FVOCI	732,533,589	690,419,178	1,422,952,767
Trust and other receivables	432,114,345	-	432,114,345
Refundable deposits	-	7,743,629	7,743,629
Total financial assets	2,560,205,569	698,162,807	3,258,368,376
Financial liabilities			
Due to Parent Bank	69,326,651	-	69,326,651
Lease liabilities	30,927,756	1,404,170	32,331,926
Other liabilities	146,785,679	-	146,785,679
Total financial liabilities	247,040,086	1,404,170	248,444,256
Total maturity gap	2,313,165,483	696,758,637	3,009,924,120
As at December 31, 2021			
Financial assets			
Cash and other cash items	1,895,615,886	-	1,895,615,886
Financial assets at FVOCI	905,500,000	101,009,589	1,006,509,589
Trust and other receivables	409,201,351	-	409,201,351
Refundable deposits	-	7,187,765	7,187,765
Total financial assets	3,210,317,237	108,197,354	3,318,514,591
Financial liabilities			
Due to Parent Bank	302,568,826	-	302,568,826
Lease liabilities	29,905,296	32,331,926	62,237,222
Other liabilities	150,371,084	-	150,371,084
Total financial liabilities	482,845,206	32,331,926	515,177,132
Total maturity gap	2,727,472,031	75,865,428	2,803,337,459

18.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

(17)

The Company complies with the minimum paid-in capital required by Section 5 of Circular No. 710, Series of 2011 of the BSP upon approval to establish the trust corporation.

As at December 31, 2022 and 2021, the total paid-in capital of the Company is P1,502,066,145.

Total capital being managed by the Company is its total equity as shown in the statement of financial position.

As at December 31, 2022, the Company's equity amounts to P2,892,069,714 (2021 - P2,823,646,490).

The Company, being authorized to engage in trust and other fiduciary business, is also required under Section 4413Q of the Memorandum of Regulations for Non-Bank Financial Institutions of BSP to appropriate before the declaration of dividends, at least 10% of its net profits realized out of its trust, investment management and other fiduciary business since the last preceding dividend declaration until the retained earnings shall amount to 20% of the authorized capital of the Company and no part of such retained earnings shall at any time be paid out in dividends but losses accruing in the course of its business may be charged against surplus. Accordingly, the Company appropriated an amount of P13,250,745 for the year ended December 31, 2022 (2021 - P103,333,670) thereby bringing the total reserves for trust business to P400,000,000 (2021 - P386,749,255) which is already equivalent to 20% of its authorized capital as at December 31, 2022.

18.4 Fair value estimation of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company ranks its financial instruments based on the hierarchy of valuation techniques required by PFRS 13, which is determined based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs lead to the following fair value hierarchy:

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The Company's financial instruments are principally either short-term in nature or have interest rates that periodically reset at market rates. Accordingly, the estimated fair value does not significantly differ from carrying value for each major category of the Company's recorded financial assets and liabilities.

The fair values of Philippine government treasury bonds under financial assets at FVOCI are classified under Level 1 as at December 31, 2022, while the treasury bills and notes under financial assets at FVOCI are classified under Level 2 as at December 31, 2022 and 2021.

(18)

19 Critical accounting estimates, assumptions and judgments

The Company makes estimates, assumptions and judgments that affect the reported amounts of assets and liabilities. Estimates and judgments 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. It is reasonably possible that the outcomes within the next financial year could differ from assumptions made at the end of the reporting period and could result in adjustment to the carrying amount of affected assets or liabilities.

19.1 Critical accounting judgments

Recognition of deferred income tax assets (Note 8)

The recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary difference can be applied. The Company reviews at the end of each reporting period the carrying amounts of deferred tax assets. The carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax losses will be applied. The Company believes that sufficient taxable profit will be generated to allow all of the deferred income tax assets to be utilized.

Classification of investment securities (Note 3)

The Company follows the guidance of PFRS 9 in classifying financial assets at initial recognition whether it will be subsequently measured at FVOCI, at amortized cost, or at fair value through profit or loss. The Company determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets. The Company determines whether the contractual cash flows associated with the financial assets are solely payments of principal and interest on the principal amount outstanding.

Determining the lease term (Note 16)

Extension and termination options are included in the lease of the Company. This is used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable only by the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

19.2 Critical accounting estimates

Impairment of trust and other receivables (Note 4)

Under PFRS 9, the measurement of the ECL allowance for financial assets measured at amortized cost and at FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

(19)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Company measures ECL using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any ECL. Management consider the probability of default for trust receivables to be close to zero as the counterparties have a strong capacity to meet their contractual obligation in the near term. As a result, no loss allowance for trust receivables has been recognized based on 12-month ECL as any such impairment would be insignificant to the Company as at December 31, 2022.

As at December 31, 2022, ECL amounting to P22,622,621 (2021 - P16,415,597) has been recognized. The net balance of trust and other receivables amounting to P432,114,345 (2021 - P409,201,351) is deemed fully recoverable.

Determining the incremental borrowing rate (Note 16)

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; or
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held which do not have recent third-party financing; and
- makes adjustments specific to the lease (e.g. term, currency and security).

20 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

20.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

These financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at FVOCI.

The preparation of financial statements in conformity with PFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 19.

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Changes in accounting policies and disclosures

(a) Amendments to existing standards adopted by the Company

The following amendments to existing standards have been adopted by the Company effective January 1, 2022:

- Amendments to PAS 16, '*Property, Plant and Equipment*'

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling the items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

- Amendments to PAS 37, '*Provisions, Contingent Liabilities and Contingent Assets*'

The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

- Annual improvements to PFRSs 2018-2020

The following improvements were finalized in May 2020:

- *PFRS 9, 'Financial Instruments'*, clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- *PFRS 16, 'Leases'*, amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The adoption of the above amendments did not have a material impact on the financial statements of the Company.

Other new standards, amendments to existing standards and interpretations which are effective for the financial year beginning on January 1, 2022 are considered not relevant or material to the Company's financial statements.

(b) Amendments to existing standards not yet effective and not yet adopted by the Company

- Amendments to PAS 1, '*Presentation of Financial Statements*'

The amendments clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the Company or events after the reporting date. These could affect the classification of liabilities, particularly for companies previously considering management's intention to determine classification and for some liabilities that can be converted into equity.

- Amendment to PAS 8, '*Accounting Policies, Changes in Accounting Estimates and Errors*'

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

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- Amendments to PAS 12, 'Income Taxes'

The amendments require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with (a) right-of-use assets and lease liabilities, and (b) decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Company.

There are no other new standards, amendments to existing standards or interpretations that are effective subsequent to December 31, 2022 that are considered relevant or would be expected to have a material impact on the Company's financial statements.

20.2 Cash and cash equivalents

Cash includes deposits held at call with a bank. These are carried in the statement of financial position at face amount or at nominal amount. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value.

20.3 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company 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, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

20.3.1 Classification and subsequent measurement of financial assets

The Company classifies its financial assets in the following measurement categories: at fair value through profit or loss (FVTPL), at FVOCI and at amortized cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on the Company's business model for managing the asset and the cash flow characteristics of the asset.

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Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- *Amortized cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any ECL allowance recognized and measured. Interest income from these financial assets is included in "Interest income" using the effective interest rate method. Amortized cost financial assets include cash and cash equivalents, trust and other receivables, and refundable deposits.

- *FVOCI*

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, if any, on the instrument's amortized cost which are recognized in the statement of total comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

The Company's debt instruments amounting to P1,273,350,719 as at December 31, 2022 (2021 - P1,002,287,353) are classified as financial assets at FVOCI.

- *FVTPL*

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of total comprehensive income within Trading gain on securities in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case these are presented separately.

The Company does not hold debt instruments at FVTPL as at December 31, 2022 and 2021.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

(23)

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, even on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payments is established. Gains and losses on equity investments at FVTPL are included in other income in the statement of total comprehensive income.

The Company does not hold any equity instruments as at December 31, 2022 and 2021.

20.3.2 Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at fair value through other comprehensive income and amortized cost. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Credit impaired financial assets

Financial assets are assessed for credit impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the debtor is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the debtor or economic conditions that correlate with defaults. An asset that is in Stage 3 will move back to Stage 2 when, as at reporting date, it is no longer considered to be credit-impaired. The asset will transfer back to Stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly from initial recognition, and when there is sufficient evidence to support full collection of principal and interest due. Prior to the transfer to Stage 1, the asset should have exhibited both the quantitative and qualitative indicators of probable collection.

When a financial asset has been identified as credit-impaired, ECL is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate.

(24)

When a financial asset is credit impaired, interest ceases to be recognized on the regular accrual basis, which accrues income based on gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortized cost of the asset, which is the gross carrying amount less related allowance for impairment. Following impairment, interest income is recognized on the unwinding of the discount from the initial recognition of impairment.

20.3.3 Derecognition

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have ceased, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control. Related gains and losses realized at the time of derecognition are recognized within Net gains (losses) on financial assets in the statement of total comprehensive income.

20.4 Financial liabilities

20.4.1 Classification and recognition

The Company classifies its financial liabilities in the following categories: (a) at FVTPL and (b) financial liabilities at amortized cost. As at December 31, 2022 and 2021, the Company has only financial liabilities at amortized cost.

Financial liabilities at amortized cost pertain to issued financial instruments that are not classified or designated at fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. Financial liabilities at amortized cost include due to Parent Bank, lease liabilities and other liabilities (excluding taxes payable) in the statement financial position.

20.4.2 Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest rate method.

20.4.3 Derecognition

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished (i.e. when the obligation is discharged or is cancelled or expires).

20.4.4 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount 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 legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

As at December 31, 2022 and 2021, no financial assets and liabilities have been offset.

20.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of an asset which comprises its purchase price, import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

(25)

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate cost or residual values over the estimated useful lives of the assets as follows:

Furniture and equipment	3 to 5 years
Transportation equipment	5 years

Major renovations are depreciated over the remaining useful life of the related asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use.

An item of property and equipment 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 period the item is derecognized.

20.6 Intangible asset

Intangible asset from the acquisition of contractual customer relationships is capitalized on the basis of the carrying amount in the books of the Parent Bank as at date of transfer and is accounted for under the cost model. The measurement basis as at transfer date was in accordance with the applicable accounting standard for transfer of non-cash asset between parties under common interest. The cost of the asset is amortized on a straight-line basis over the remaining useful life as at date of transfer of 3.25 years. In addition, the intangible asset is subject to impairment testing, as the need arises. The intangible asset was fully amortized as at December 31, 2021.

20.7 Prepaid expenses and other non-financial assets

Prepaid expenses are recognized in the event that payment has been made in advance of when the service is actually rendered. Prepaid expenses are initially measured at nominal amounts which are equal to the amount of cash paid. Prepayments are derecognized through amortization over a period of time.

Other non-financial assets consist of excess input value-added tax and creditable withholding tax payments which are recognized as assets to the extent that it is probable that the benefits will flow to the Company. These are derecognized when there is a legally enforceable right to apply the recognized amounts against the related income tax due as prescribed by applicable laws.

20.8 Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established.

Accrued expenses and other liabilities are derecognized upon settlement, or when discharged, cancelled or expired.

(26)

20.9 Impairment of non-financial assets

Assets that have definite useful lives are subject to depreciation or amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is calculated at the higher of the asset's fair value less cost to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

20.10 Provisions and contingencies

Provisions are recognized when: (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is more likely than not that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognized as interest expense.

Provisions are derecognized when the obligation is settled, cancelled or has expired.

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

20.11 Equity

Share capital

Common shares are classified as share capital under equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

Additional paid-in capital

Proceeds or consideration in excess of par value of shares, if any, are credited to additional paid-in capital.

Reserve for trust business

Reserve for trust business represents the appropriation made by the Company in compliance with the BSP regulation. An institution authorized to engage in trust and other fiduciary business shall, before the declaration of dividends, carry to retained earnings appropriated for trust business at least ten percent (10%) of its net income realized out of its trust, investment management and other fiduciary business since the last preceding dividend declaration until the retained earnings appropriated shall amount to twenty percent (20%) of its authorized capital stock.

(27)

Other reserves

Other reserves pertain to the employee stock option plan.

The Company implements an equity-settled share-based payment scheme in respect of services received from certain employees. The fair value of the services received is measured by reference to the fair value of the shares of the Parent Bank on the date of the grant. The cost of employee services received in respect of the shares granted is recognized in profit or loss (with a corresponding increase in Other reserves in Equity) over the period that the services are received, which is the vesting period.

The fair value of the options granted is determined using option pricing models which take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors.

20.12 Revenue recognition

The Company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service to a customer (i.e. an asset). An asset is transferred when (or as) the customer obtains control of that asset.

The recognition of revenue can be either over time or at a point in time depending on when the performance obligation is satisfied.

When control of a good or service is transferred over time, that is, when the customer simultaneously receives and consumes the benefits, the Company satisfies the performance obligation and recognizes revenue over time. Otherwise, revenue is recognized at the point in time of transfer of control of the good or service to the customer.

Variable consideration is measured using either the expected value method or the most likely amount method depending on which method the Company expects to better predict the amount of consideration to which it will be entitled. This is the estimated amount of variable consideration, or the portion, if any, of that amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Where there is a single performance obligation, the transaction price is allocated in its entirety to that performance obligation. Where there are multiple performance obligations, the transaction price is allocated to the performance obligation to which it relates based on stand-alone selling prices.

The Company recognizes revenue based on the rate/price specified in the service agreement and is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

There are no warranties and other similar obligation and refunds agreed with customers.

Trust income and commission income is recognized in the statement of total comprehensive income based on agreed terms and conditions.

Interest income is recognized on a time proportion basis using the effective interest rate method, gross of applicable taxes.

20.13 Expenses

Expenses are recognized when incurred.

(28)

20.14 Leases - Company as lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the lease term of five (5) years on a straight-line basis.

i. Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii. Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the lease term of five (5) years on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(29)

iii. Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

iv. Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Low-value assets comprise of IT and computer equipment.

20.15 Income taxes

Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Company re-assesses at the end of each reporting period the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized in full for all taxable temporary differences in full for all taxable temporary differences.

(30)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

20.16 Employee benefits

(a) Short-term benefits

The Company recognizes a liability net of amount already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses, and non-monetary benefits.

Short-term employee benefit obligations are measured on an undiscounted basis and recognized as expense when the related service is provided.

(b) Defined benefit retirement plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The amount recognized in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. If the resulting difference is a pension asset, the asset ceiling is being observed. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(c) Defined contribution retirement plan

The Company also maintains a defined contribution plan that covers certain full-time employees. Under its defined contribution plan, the Company pays fixed contributions based on the employees' monthly salaries. The Company, however, is covered under RA No. 7641, otherwise known as 'The Philippine Retirement Pay Law', which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641. Accordingly, the Company accounts for its retirement obligation under the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

(31)

For the defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Company determines the net interest income (expense) on the net defined benefit asset (liability) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset (liability) then, taking into account any changes in the net defined benefit asset (liability) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in the statement of total comprehensive income.

The defined contribution liability is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Actuarial gains and losses arising from the remeasurements of the net defined contribution liability are recognized immediately in other comprehensive income.

(d) Bonus plans

The Company recognizes a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholder after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

20.17 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Philippine Peso, which is the functional currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such 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. Non-monetary items measured at historical cost and denominated in a foreign currency are translated at exchange rate as at the date of initial recognition.

20.18 Related party relationship and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

20.19 Events after the reporting date

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

21 Supplementary information required by the BSP

Below is the additional information required by Section 13, Subsection 4190T.4 of the Manual of Regulations for Non-Bank Financial Institutions. The supplementary information is presented for BSP reporting purposes and is not required in the basic financial statements.

(i) Basic quantitative indicators of financial performance

	2022	2021
Return on average equity	35.79	36.24
Return on average assets	30.31	30.29
Percentage of trust fees to total assets under management	0.31	0.30

The calculation above is based on the prescribed formulas under Annex C of Subsection 4190T.4.

(ii) Total outstanding investment, loans and other credit accommodations to Directors, Officers, all Stockholders and their Related Interests (DOSRI)

Details of DOSRI balances:

	2022	2021
BPI		
Deposits in banks	1,395,556,940	1,895,580,857
Refundable security deposit	7,743,629	7,187,765
	1,403,300,569	1,902,768,622

All balances with DOSRI are unsecured and are fully performing.

(iii) Large exposures

	2022	2021
BPI		
Cash and cash equivalents	1,395,556,940	1,895,580,857
Refundable security deposit	7,743,629	7,187,765
	1,403,300,569	1,902,768,622
Philippine Government		
Treasury bonds	1,173,260,148	-
Treasury notes	100,090,571	103,173,933
Treasury bills	-	899,113,420

Large exposures refer to exposures to counterparty or a group of related counterparties equal or greater than five percent (5%) of the Company's combined capital account. Combined capital accounts shall mean the total capital stock, retained earnings, and profit and loss summary, net of (a) unbooked allowance for probable losses (which includes allowance for credit losses and impairment losses) on the allowable proprietary assets and (b) such other capital adjustments as may be required by the BSP.

(iv) *Nature and amount of contingencies*

There are no contingencies and commitments arising from off-balance sheet items as at December 31, 2022 and 2021.

(v) *Aggregate amount of secured liabilities and assets pledged as security*

The Company does not have assets pledged as security for secured liabilities as at December 31, 2022 and 2021.

22 Supplementary information required by the Bureau of Internal Revenue (BIR)

Below is the additional information required by Revenue Regulations (RR) No. 15-2010. This information is presented for the purposes of filing with the BIR and is not a required part of the basic financial statements.

(i) *Documentary stamp tax*

There were no documentary stamp taxes paid for the year 2022.

(ii) *Withholding taxes*

Withholding taxes paid/accrued and/or withheld for the year ended December 31, 2022 consist of:

	Paid	Accrued	Amount
Tax on compensation and benefits	76,573,629	9,906,157	86,479,786
Expanded withholding taxes	43,955,198	3,973,526	47,928,724
Final withholding taxes	11,762,753	2,041,989	13,804,742
Fringe benefits tax	2,496,148	499,153	2,995,301
Business taxes	5,763,647	4,663,028	10,426,675
	140,551,375	21,083,853	161,635,228

(iii) *All other local and national taxes*

All other local and national taxes paid for the year ended December 31, 2022 consist of:

	Paid	Accrued	Amount
Gross receipts tax	147,478,217	35,592,334	183,070,551
City license	376,635	-	376,635
Barangay clearance	2,000	-	2,000
Mayor's permit	5,000	-	5,000
Municipal fees	19,040	-	19,040
Total	147,880,892	35,592,334	183,473,226

These local and national taxes are lodged under Taxes, licenses and regulatory fees in the statement of total comprehensive income.

(iv) *Tax assessments*

The Company does not have any deficiency tax assessments as at December 31, 2022.

(v) *Tax cases*

The Company is not a party on any tax cases as at December 31, 2022.

(34)

Appendix A: Board of Directors

JOSE TEODORO K. LIMCAOCO

Filipino, 61 years old, became a member of BPI Wealth Board in April 2021. He is currently the Chairman of BPI Wealth Board of Directors and Executive Committee. Mr. Limcaoco is the current President and Chief Executive Officer of the Bank of the Philippine Islands (BPI). He also serves as chairman of BPI Capital Corporation, BPI/MS Insurance Corporation, BPI AIA Life Assurance Corporation and BPI Europe PLC; president and vice chairman of The Bank of the Philippine Islands Foundation, Inc., vice chairman of BPI Century Tokyo Lease & Finance Corporation and BPI Century Tokyo Rental Corporation, director and treasurer of Bankers Association of the Philippines, BAP Data Exchange, Inc., and director of Philippine Dealing System Holdings Corporation and Philippine Payments Management, Inc. Previously, he served as president of BPI Family Savings Bank from 2010-2015 and president of BPI Capital Corporation from 2007-2010. He was also director/treasurer of Ayala Life Assurance, Inc. in 2009, director/chairman of Ayala Plans, Inc. in 2010-2015, and director of Globe Fintech Innovations, Inc. in 2017-2022 and AC Energy International Inc. in 2019-2022. He also worked at BPI from 1989 to 1992 and at BPI Capital from 1995 to 1997.

From 2015 to 2021, he was a Senior Managing Director and the Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer and Finance Group Head of Ayala Corporation. He served as a director of publicly listed companies, namely: Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and as a director of SSI Group, Inc. He also served as a director of a number of Ayala group companies including those involved in healthcare, infrastructure, education, energy, and industrial technologies. Mr. Limcaoco joined Ayala Corporation as a managing director in 1998. His responsibilities prior to his secondment to BPI in 2007 included assistant treasurer of Ayala Corporation, trustee and treasurer of Ayala Foundation, Inc., president of myAyala.com, and director/treasurer of Azalea Technology Investments, Inc. from 2001-2006.

He served as the president of the Chamber of Thrift Banks from 2013-2015. He was named as the ING-Finex CFO of the Year in 2018. He has held prior positions with JP Morgan & Co. and with BZW Asia.

He is a director and treasurer of Just For Kids, Inc., a family-owned company. He graduated from Stanford University with a BS Mathematical Sciences (Honors Program) in 1984 and from the Wharton School of the University of Pennsylvania with an MBA (Finance and Investment Management) in 1988.

Directorship in PSE-Listed Company:

Bank of the Philippine Islands – President/CEO & Executive Director

MARIA THERESA D. MARCIAL

Filipino, 53 years old, is the President & CEO of BPI Wealth - A Trust Corporation. She oversees a comprehensive suite of investment, trust, and wealth management solutions catering to a diverse range of clients, including corporate, institutional, high net worth, mass affluent, and retail segments. She is a seasoned banker with diverse experience spanning 28 years across various disciplines such as investment management, trust, private banking, corporate banking, debt and equity capital markets, corporate strategy and finance. Her leadership roles in BPI include a five-year stint as Chief Finance Officer where she played a pivotal role in driving the bank's strategic imperatives, capital structure, and sustainability agenda. She actively engaged with business partners, investors, and capital markets while providing oversight for the capital structure, and financial and regulatory reporting for BPI group of companies.

She is presently a board director of BPI AIA Life Assurance Corporation, BPI International Finance Ltd Hong Kong, and BPI Europe Plc, independent director of Alternenergy Holdings Corporation, and a fellow of Foundation for Economic Freedom. In the past, she held key management and governance roles including - chairman of BPI Finance Committee and BPI Sustainability Council, member of BPI Asset and Liability Committee and BPI Credit Committee, treasurer of BPI Foundation, board director and treasurer of BPI MS Insurance Corporation, board director of AF Payments, BPI Global Payments Asia Pacific Philippines, BPI Investment Management, and ALFM Mutual Funds. She previously served as president of the Fund Managers Association of the Philippines, president of the Trust Officers Association of the Philippines, vice-chairman of Capital Markets Development Committee of FINEX, and alternate governor of the Market Governance Board of Philippine Dealing and Exchange Corporation. Prior to her banking career, she worked for the Philippine government - the Agricultural Policy Credit Council and the National Economic and Development Authority.

Ms. Marcial is an advocate of marine conservation and renewable energy development. She is a trustee and treasurer of WWF Philippines, member of WWF Asia Pacific Council, and board director of Philippines Inter-Island Sailing Federation. She previously served as member of the National Advisory Council of WWF Philippines. She is an outdoor enthusiast, with interests in offshore sailing and yacht racing, open water scuba diving, wreck diving and underwater photography. She obtained the Royal Yachting Association Skipper Certification in Sydney, Australia in 2015. She participated in the 2018 Rolex Middle Sea Race, a 606-nautical mile Category 2 offshore yacht race around Sicily organized by the Royal Malta Yacht Club. She has logged over 6,000 nautical miles sailing in offshore and coastal waters of the Philippines, New South Wales Australia, South China Sea, and Mediterranean Sea.

She has a master's degree in Economics from the University of the Philippines Diliman and bachelor's degree in Economics, cum laude, from the University of the Philippines Los Baños. She completed the Advanced Management Program at Harvard Business School in 2010 and the CFA Institute Investment Management Workshop also at Harvard Business School in 2006. She was recognized as one of Top 25 Most Influential Women in Asset Management in Asia by Asian Investor in 2014, CEM Centennial Outstanding Alumni of the University of the Philippines Los Baños in 2019, and Most Outstanding Alumnus of the University of the Philippines Los Baños in 2022.

Ms. Marcial is not a director in any publicly listed company.*

**Ms. Marcial is a director of Alterenergy which became a publicly listed company in Q1 2023.*



RENÉ G. BAÑEZ

Filipino, 67 years old, joined BPI Wealth's Board of Directors in August 2021. He is also a member of BPI Wealth's Audit Committee. Mr. Bañez also currently serves as Director of Bank of the Philippine Islands (BPI) and BPI Capital Corporation. Mr. Bañez served as the Commissioner of the Bureau of Internal Revenue (BIR) from February 2001 to August 2002 and as Deputy Commissioner from June 1993 to November 1995.

In the private sector, he held several senior-level positions in PLDT until his retirement in 2016. He was senior vice president and head of the Supply Chain, Asset Protection and Management Group, from 2008 to 2016; senior vice president and chief governance officer from 2004 to 2007; corporate governance advisor from 2003 to 2004; senior vice president, Support Services and Tax Management from 2000 to 2001; and first vice president, Support Services and Tax Management from 1998 to 2000. Prior to joining PLDT, he was Group Tax Director of Metro Pacific Investment Corporation until 1998.

Before his appointment to the BIR in 1993, he spent more than 11 years at accounting firm Isla Lipana & Co./PwC (formerly Joaquin Cunanan & Co.), starting as a tax consultant in 1982 until he became tax principal (Partner) from 1990 to 1993.

He is affiliated with the Equestrian Order of the Holy Sepulchre, and is a member of the Finance Board of the Archdiocese of Manila and Diocese of Pasig, a board member/trustee of Radio Veritas Corporation, Pope Pius Foundation, Catholic Travel Inc., Mirador Jesuit Villa & Retreat House Corporation, Loyola School of Theology Corporation, Solidaritas Fund and Unitas Asia Corp. (a subsidiary of Radio Veritas Asia).

Mr. Bañez earned his Bachelor of Laws degree in 1981 and his Bachelor of Arts degree in 1976 both from Ateneo de Manila University.

Directorship in PSE-Listed Company:

Bank of the Philippine Islands – Director



CEZAR P. CONSING

Filipino, 63 years old, became a member of BPI Wealth Board of Directors in November 2016. He served as President and Chief Executive Officer of BPI from 2013 to 2021. He also serves as member of the Board of Directors of BPI, BPI Capital Corporation, and BPI Direct Banko, Inc., A Savings Bank.

Mr. Consing is currently the President & CEO of Ayala Corporation and Vice Chairman of Globe Telecom and AC Energy. He is Chairman of the Philippine Dealing System and College of St. Benilde. Mr. Consing is a member of the Trilateral Commission. He is a member of the boards of trustees of the Philippine-American Educational Foundation and the Manila Golf Club Foundation.

Mr. Consing was a Partner & Co-Head for Asia of the Rohatyn Group from 2004 – 2013. He was an investment banker with J.P. Morgan & Co. from 1985 – 2014. For 7 years, Mr. Consing was the Head or Co-Head of Investment Banking of Asia Pacific and President of J.P. Morgan Securities Asia. Mr. Consing has previously served as Chairman and President of the Bankers Association of the Philippines, President of Bancnet, and Chairman of the National Reinsurance Corporation.

Mr. Consing has previously served as an independent director of Jollibee Foods Corporation, CIMB Group Holdings Berhad and First Gen Corporation. He has also served as a board director of SQREEM Technologies and FILGIFTS.com. Mr. Consing has previously served as a board director of the Asian Youth Orchestra, the US-Philippines Society, La Salle Greenhills, Endeavor Philippines, and International Care Ministries. Mr. Consing worked for BPI from 1981- 1987, as a management trainee and eventually as assistant vice president.

Mr. Consing received an A.B. Economics degree (Accelerated Program), Magna Cum Laude, and the gold medal for Economics, from De La Salle University, Manila, in 1979. He obtained an M.A. in Applied Economics from the University of Michigan, Ann Arbor, in 1980.

Directorships in PSE-Listed Companies:

AC Energy Corporation – Director
Ayala Corporation – President & Director
Bank of the Philippine Islands – Director
Globe Telecom, Inc. - Director

GERARDO C. ABLAZA, JR.

Filipino, 70 years old, joined BPI Wealth's Board of Director in June 2022. He also serves as member of the Board of Directors of A.C.S.T. Business Holdings, Inc., AC Energy and Infrastructure Corporation (Formerly AC Energy, Inc.), AC Infrastructure Holdings Corporation (formerly Liveit Solutions, Inc.), Advanced Info Services, PCL (Thailand), Asiacom Philippines, Inc., Ayala Healthcare Holdings, Inc., Ayala Retirement Fund Holdings, Inc., BPI Direct Banko, Inc., A Savings Bank, IPeople, Inc., Liveit Investments Limited, Purefoods International, Limited, trustee of Ayala Foundation, Inc., Gawad Kalinga Foundation, and The Bank of the Philippine Islands Foundation, Inc.

From 2010 to 2017, Mr. Ablaza served as the President and CEO of Manila Water Company, Inc. He held various leadership positions in other companies, including Chairman of the Board of Directors for Manila Water Philippine Ventures, Inc., Boracay Island Water Company, Inc., Clark Water Corporation, Manila Water Total Solutions Corp., Manila Water Asia Pacific Pte. Ltd., Manila Water South Asia Holdings Pte. Ltd., Thu Duc Water Holdings Pte. Ltd., Kenh Dong Water Holdings Pte. Ltd., and Manila Water International Solutions, Inc. Additionally, he was the President of Manila Water Consortium, Inc., and Manila Water International Solutions, Inc., Vice-Chairman of Laguna AAWater Corporation, and Chairman of the Board of Trustees of Manila Water Foundation, Inc.

Prior to his tenure at Manila Water, Mr. Ablaza was the Chief Operating Officer of Globe Telecom, Inc. in 1997 and became President and CEO from 1998 to April 2009. During this time, he also served as Chairman of the Board of Directors for Innove Communications, Inc. In April 2009, he was tasked to handle AC Capital as Deputy CEO and became CEO the following year.

Before joining the Ayala Group, Mr. Ablaza held several positions in Citibank, including Vice-President and Country Business Manager for the Philippines and Guam of Citibank, N.A. for its Global Consumer Banking Business (1994-1997), Vice-President for Consumer Banking of Citibank, N.A. Singapore (1994 – 1995), Vice President for Consumer Account Management Group-Citibank Manila in 1986, and later became the bank's representative to the board of directors of City Trust Banking Corporation and its various subsidiaries from 1987 to 1994.

In 2004, he was recognized by CNBC as the Asia Business Leader of the Year, making him the first Filipino CEO to win the award. In the same year, Telecom Asia awarded him as the Best Asian Telecom CEO. In 2013, he was recognized for his consistent leadership and innovation across the banking, investment, telecommunications, and utility service industries through the Citi Distinguished Alumni Award for Leadership and Ingenuity. Mr. Ablaza was the first Filipino to receive this honor.

Aside from his professional accomplishments, Mr. Ablaza is also an active member of the Board of Trustees of various De La Salle Schools in the country, including De La Salle University-Manila, De La Salle University-Dasmariñas, and De La Salle Health Sciences Institute, where he served for six years until December 2019.

Mr. Ablaza graduated summa cum laude from De La Salle University in 1974, where he earned his Liberal Arts Degree, Major in Mathematics (Honors Program).

Directorship in PSE-Listed Company:

IPeople,Inc. - Director



MARIANA BEATRIZ E. ZOBEL DE AYALA

Filipino, 34 years old, became a member of BPI Wealth's Board of Directors in June 2021. She is also a member of the Company's Executive Committee.

Ms. Zobel de Ayala is also a Senior Vice President at BPI, responsible for BPI's retail and consumer segments marketing. She also serves as Director of AREIT Inc., AKL Properties, ALI Eton Property Development Corporation, Alabang Commercial Corporation, Ayala Healthcare Holdings, Inc. (AC Health), and Ayala Land, Inc.

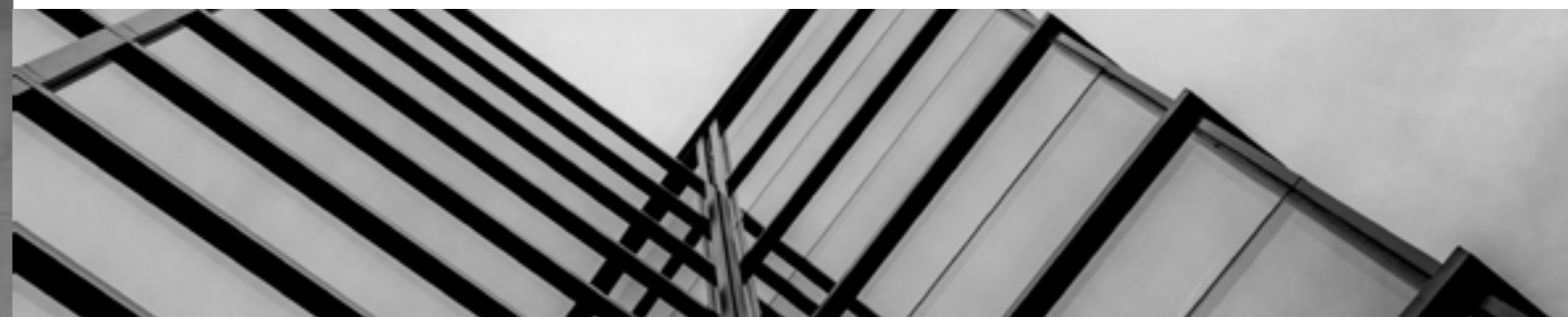
Prior to her appointment in BPI, she was Deputy Head of Ayala Malls, a unit of Ayala Land Inc. responsible for the commercial management and operation of leasable retail space around the country. In addition to directly overseeing Leasing Strategy & Development across the malls, Ms. Zobel de Ayala was responsible for the build-out of Ayala Malls Labs/Digital & Data, a new unit of Ayala Land focused on commercializing synergistic opportunities leveraging on technology and data. She also worked as a Project Development Head for Alveo Land and further in Corporate Strategy and Business Development with Ayala Corporation. With the latter, she supported portfolio review across the conglomerate and business development interests in the healthcare sector.

Ms. Zobel de Ayala started her career at J.P. Morgan in New York City as Analyst/Business Manager for two (2) years. She graduated from Harvard College in 2011 with a Bachelor of Arts in Social Studies (Philosophy, Politics, and Economics), and an MBA from INSEAD, France in 2020.

Directorships in PSE-Listed Companies:

AREIT,Inc. - Director

Ayala Land,Inc. - Director



IGNACIO R. BUNYE

Filipino, 78 years old, Independent Director, became a member of BPI Wealth Board in November 2016. He is also the Chairman of Company's Audit Committee and member of the Corporate Governance Committee. He serves as an Independent Director of Bank of the Philippine Islands (BPI, a PSE-Listed Company), BPI Direct Banko, Inc., A Savings Bank, and BPI Capital Corporation.

Mr. Bunye was a member of the Monetary Board of the Bangko Sentral ng Pilipinas from 2008 to 2014. He previously held the positions of Presidential Political Adviser in 2008, Presidential Spokesperson in 2003, and Press Secretary in 2002. He also worked in BPI's Treasury and Corporate Finance departments from 1983 to 1986 before he began his government service in the City of Muntinlupa (then a municipality) as officer-in-charge and later as Mayor between 1986 and 1998.

During his twelve-year stewardship in Muntinlupa, Mr. Bunye founded the Muntinlupa Polytechnic College (now Pamantasan ng Lungsod ng Muntinlupa) and laid the foundation for the establishment of the Ospital ng Muntinlupa. In a concurrent capacity, he also served as Chairman of the Metropolitan Manila Authority (now Metropolitan Manila Development Authority) between 1991 and 1992, and was a member of the House of Representatives representing Muntinlupa between 1998 and 2001. A former print and broadcast journalist, he now writes a regular weekly column for Manila Bulletin, Tempo, People's Tonight, Sun Star, BusinessWeek Mindanao, Panay News and Filipino Reporter (in New York).

Significant awards and recognition received by Mr. Bunye include the Asian Institute of Management Honor and Prestige Award, the Bangko Sentral Service Excellence Medal, the Gran Oden de Isabela Catolica, and the Order of Lakandula (rank of Bayani).

Mr. Bunye is a member of the Integrated Bar of the Philippines. He obtained his Bachelor of Arts degree and Bachelor of Laws degree from the Ateneo de Manila University in 1964 and 1969, respectively. He passed the Philippine Bar Examination in 1969. He also attained his degree in Masters in Management from the Asian Institute of Management in 1976.

Directorship in PSE-Listed Company:

Bank of the Philippine Islands - Independent Director

JESSE O. ANG

Filipino, 63 years old, Independent Director, became a member of the Board of Directors of BPI Wealth in June 2018. He is a member of the Audit Committee and Corporate Governance Committee and Chair of the Risk Management Committee. He serves as Independent Director of BPI Capital Corporation, BPI MS Insurance Corporation, BPI AIA (formerly BPI Philam), BPI Securities and BPI International Finance Limited (IFL) based in Hong Kong.

Mr. Ang spent 18 years with the International Finance Corporation (IFC). He entered IFC in 2000 as Senior Investment Officer and he became the Resident Representative for its office in the Philippines in 2007. He was the first Filipino to head the IFC Philippine Office.

Mr. Ang received a B.S. Industrial Engineering degree, summa cum laude, from the University of the Philippines in 1981. He also earned his Master's degree in Business Administration from the Wharton Graduate School of Business in 1985.

Mr. Ang is not a director in any publicly listed company.



MARIA DOLORES B. YUVIENCO

Filipino, 75 years old, Independent Director, became a member of the Board of Directors of BPI Wealth in July 2019. She is a member of the Risk Management Committee and Chair of the Corporate Governance Committee. She is also a member of BPI Board of Directors.

She serves as Independent Director of First Consolidated Bank (Thrift Bank), and chairman of the Nomination and Governance Committee.

Ms. Yuvienco worked for 41 years with the Bangko Sentral ng Pilipinas (formerly known as Central Bank of the Philippines) under various capacities until her compulsory retirement in March 2013. She held the post of Assistant Governor in the Supervision and Examination Sector when she retired. Her exposure at the BSP was largely in bank supervision where her responsibilities ranged from the crafting of policies/regulations on banking supervision to supervising on-site examination and off-site monitoring of BSP-supervised entities. As a ranking official in the BSP, she had opportunities to meet and share ideas with her counterparts in other central banks in the region. Owing to her experience, she was tapped as a resource speaker in various training programs of the Southeast Asian Center for Banking in Kuala Lumpur. Ms. Yuvienco attended the Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit (The Board's Agenda: Mindset Shifts for a Sustainable and Equitable Future) held by Institute of Corporate Directors (ICD) on 18 October 2022 to comply with the requirement of Bangko Sentral ng Pilipinas (BSP).

Ms. Yuvienco graduated from St. Theresa's College, Quezon City in 1967, with a degree of Bachelor of Science in Commerce, major in Accounting. She took up post graduate studies at the University of the Philippines Diliman. She is a Certified Public Accountant and a Career Executive Service Professional.

Directorship in PSE-Listed Company:

Bank of the Philippine Islands - Independent Director

MARIA LOURDES P. GATMAYTAN CORPORATE SECRETARY

Atty. Gatmaytan, Filipino, 54 years old, is concurrently the Co-Head of Legal/ Head of Corporate Legal Affairs and Corporate Secretary of BPI. She also serves as Corporate Secretary of BPI Asset Management and Trust Corporation, BPI Investment Management, Inc., BPI Direct Banko, Inc., A Savings Bank and BPI/MS Insurance Corporation.

Atty. Gatmaytan earned her Juris Doctor degree from the Ateneo de Manila School of Law, graduating with honors in 1993. She received her Bachelor of Science degree in Legal Management from the Ateneo de Manila University in 1989.







27th Floor, Ayala Triangle Gardens Tower 2, Paseo
de Roxas corner Makati Avenue, Makati City 1226
(632) 889-10000
www.bpi.com.ph/assetandwealth