NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be informed that the Annual Stockholders' Meeting ("ASM") of **BDO UNIBANK, INC.** ("BDO" or the "Bank") will be held virtually on **April 23, 2021,** Friday, at **two o'clock in the afternoon,** with the proceedings livestreamed and voting conducted *in absentia* through BDO's secure online voting facility.

The agenda of the virtual meeting is as follows:

I. Call to order

II. Proof of notice and determination of existence of quorum

III. Approval of the minutes of the previous Annual Stockholders' Meeting held on June 16, 2020

IV. Report of the President and approval of the Audited Financial Statements of BDO as of December 31, 2020

V. Open Forum

VI. Approval and Ratification of all Acts of the Board of Directors, Board Committees and Management during their terms of office

VII. Election of Directors

VIII. Approval of the Amendments to Sections 10 and 16 of BDO's Amended By-Laws following the recommendations of the Bangko Sentral ng Pilipinas

IX. Appointment of External Auditor

X. Other business that may properly be brought before the meeting

XI. Adjournment

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

The Bank's Board of Directors has fixed March 2, 2021 as the record date for the determination of stockholders entitled to notice of, participation via proxy and remote communication, and voting *in absentia* at such meeting and any adjournment thereof.

Stockholders who wish to participate in the meeting via remote communication and to exercise their vote *in absentia* must notify the Corporate Secretary by registering at

BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue
Makati City 0726
Philippines
Swift Code BNORPHMM
Tel +632 8840-7000

bdo.com.ph

<www.bdo.com.ph/asmregister> and uploading supporting documents listed therein on or before **April 15, 2021**. All documents submitted will be subject to verification and validation by the Corporate Secretary.

Stockholders of record who wish to appoint a proxy shall submit their duly accomplished and signed proxies no later than **April 8, 2021** to the Office of the Corporate Secretary at the 21st Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City via courier delivery **or** by email to <corporate_secretary@bdo.com.ph>. Validation of proxies is set on **April 14, 2021,** at **10:00 o'clock a.m.**, at the Office of the Corporate Secretary. Stockholders of record may download and print the proxy form from BDO's website <www.bdo.com.ph/2021proxyform>.

Successfully registered stockholders can then cast their votes in *absentia* through the Bank's secure online voting facility and will be provided access to the livestreaming of the ASM. For the detailed registration and voting procedures, please refer to the ***"Guidelines for Registering, Participating via Remote Communication and Voting in Absentia"*** appended to the DIS posted on the Bank's website <www.bdo.com.ph/2021ASM> and PSE EDGE.

The procedure for nomination and election of directors is detailed in the DIS posted on the Bank's website <www.bdo.com.ph/2021DIS> and PSE EDGE.

For complete information on the Bank's 2021 ASM, please visit **<www.bdo.com.ph/2021ASM>** or scan this QR code.

EDMUNDO L. TAN
Corporate Secretary

ANNEX "A"

BRIEF DESCRIPTION OF AGENDA ITEMS

I. **Call to order.** The Chairperson, Ms. Teresita T. Sy, will formally open the 2021 Annual Stockholders' Meeting (ASM) of BDO Unibank, Inc. ("BDO").

II. **Proof of notice and determination of existence of quorum.** The Corporate Secretary, Atty. Edmundo L. Tan, will certify that notice requirements for the 2021 ASM have been complied with in accordance with BDO's By-Laws, Revised Corporation Code of the Philippines, and the Securities and Exchange Commission (SEC), and will attest whether a quorum is present for the valid transaction of the ASM and all matters included in the Agenda.

III. **Approval of the Minutes of the Annual Stockholders' Meeting held on June 16, 2020.** Copies of the Minutes are available for examination during office hours at the Office of the Corporate Secretary and at BDO's website <www.bdo.com.ph/2020ASMminutes>. Stockholders will be asked to approve the Minutes. Below is the text of the proposed resolution:

> "RESOLVED, That the Stockholders of BDO Unibank, Inc. approve, as they hereby approve, the Minutes of the Annual Stockholders' Meeting held on June 16, 2020."

IV. **President's Report and approval of BDO's Audited Financial Statements (AFS) as of December 31, 2020.** The Report presents the highlights of the performance and achievements of BDO in 2020. It includes the summary of the AFS which is incorporated in the Definitive Information Statement (DIS) posted in BDO's website <www.bdo.com.ph/2021DIS>. Copies of the AFS are also submitted to the SEC and Bureau of Internal Revenue.

V. **Open Forum.** Every stockholder may raise any relevant question or express any appropriate comment. Stockholders are given the opportunity to send their questions and/or remarks prior to the meeting by sending an email to <irandcorplan@bdo.com.ph> not later than 2:00 p.m. of April 23, 2021. Questions which cannot be read and answered during the meeting will be replied to by BDO through the stockholders' email addresses.

VI. **Approval and Ratification of all Acts of the Board of Directors, Board Committees and Management during their terms of office.** All actions and proceedings, criteria and process for the Board of Directors' evaluation as published in BDO's website, including approvals of significant related parties' transactions, of the Board of Directors, the Board Committees, and the Management of BDO from the last Annual Stockholders' Meeting of BDO held on June 16, 2020 will be presented to the stockholders for their approval and ratification. These collective actions are the main keys to the impressive performance of BDO in 2020.

VII. **Election of Directors.** The Chairman of the Nominations Committee will present to the stockholders the nominees for election as members of the Board of Directors of BDO, including the independent directors. The profiles of the nominees to the Board of Directors are provided in the DIS posted in BDO's website <www.bdo.com.ph/2021DIS> for reference of the stockholders.

VIII. **Approval of the Amendments to Sections 10 and 16 of BDO's Amended By-Laws following the recommendations of the Bangko Sentral ng Pilipinas (BSP).** Approval and ratification by the stockholders representing at least two-thirds of the outstanding capital stock will be sought to amend the By-Laws of BDO in order to address the comments and recommendations of the BSP on Sections 10 (Place of Meeting of Stockholders) and 16 (Notice of Annual Meeting or Special Meeting of Stockholders) as approved by the Board of Directors at its meeting held on December 5, 2020, further details of which are provided in the DIS posted in BDO's website <www.bdo.com.ph/2021DIS>.

IX. **Appointment of External Auditor.** The Board Audit Committee of BDO would accept and screen the nominees for external auditor of BDO. It will make the appropriate recommendation on the appointment of one auditing firm as external auditor of BDO. The recommended external auditor will be presented to the stockholders for their approval.

X. **Other business that may properly be brought before the meeting.** All other matters that arise after the Notice of Meeting and Agenda have been sent out or raised throughout the course of the meeting may be presented to the stockholders for consideration. Stockholders may raise such matters as may be relevant or appropriate to the occasion.

XI. **Adjournment.** After consideration of all business, the Chairperson shall declare the meeting adjourned. This formally ends the 2021 Annual Stockholders' Meeting of BDO.

BDO DIVIDEND POLICY STATEMENT

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

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

BDO UNIBANK, INC.
2021 ANNUAL STOCKHOLDERS' MEETING
April 23, 2021 at 2:00 p.m.

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

The 2021 Annual Stockholders' Meeting (**ASM**) of BDO Unibank, Inc. (**BDO**) is scheduled on **April 23, 2021, Friday,** at **2:00 p.m.,** with the end of trading hours of the Philippine Stock Exchange on **March 2, 2021 as the record date** set by BDO's Board of Directors for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

In light of the ongoing community quarantine imposed in several areas of the country and in consideration of the health and safety concerns of everyone involved, BDO shall allow registration, attendance, participation and voting by stockholders via remote communication or *in absentia* pursuant to Sections 23 and 57 of the Revised Corporation Code of the Philippines.

Registration

Stockholders must notify the Corporate Secretary of their intention to participate in the ASM via remote communication and to exercise their right to vote *in absentia* no later than **April 15, 2021**, by registering at <**www.bdo.com.ph/asmregister**> and by uploading the following supporting documents/information, subject to verification and validation:

- ***For Certificated Individual Stockholders***
  1. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
  2. Stock certificate number/s
  3. A valid and active e-mail address and contact number of stockholder
  4. If appointing a proxy, duly accomplished and signed proxy. Proxy form can be downloaded from BDO's website <www.bdo.com.ph/2021proxyform>.

- ***For Certificated Multiple Stockholders or Joint owners***
  1. A clear copy of the ALL stockholders' valid government-issued IDs (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
  2. Stock certificate number/s
  3. A valid and active email-address and contact number of authorized representative
  4. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need *not* be notarized)
  5. If appointing a proxy, duly accomplished and signed proxy. Proxy form can be downloaded from BDO's website <www.bdo.com.ph/2021proxyform>.

- ***For Certificated Corporate/Partnership Stockholders***
  1. Secretary's Certification of Board resolution attesting to the authority of representative to participate by remote communication for, and on behalf of the Corporation/Partnership
  2. Stock certificate number/s
  3. A clear copy of the valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) of stockholder's authorized representative showing photo, signature and personal details, preferably with residential address
  4. A valid and active email-address and contact number of authorized representative
  5. If appointing a proxy, duly accomplished and signed proxy. Proxy form can be downloaded from BDO's website <www.bdo.com.ph/2021proxyform>.

- ***For Stockholders with Shares under PCD Participant/Broker Account***
  1. Certification from broker as to the number of shares owned by stockholder
  2. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
  3. A valid and active email-address and contact number of stockholder or proxy
  4. If appointing a proxy, duly accomplished and signed proxy. Proxy form can be downloaded from BDO's website <www.bdo.com.ph/2021proxyform>.

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

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

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

Voting in Absentia

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

1. Access the voting portal by clicking the link, and log in using the unique credentials sent by email to the email-address of the stockholder provided to BDO.

2. Upon accessing the voting portal, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval is appended as Annex "A" to the Notice of Meeting.

   2.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.

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

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

3. Once the stockholder has finalized his/her vote, he/she can proceed to submit the vote by clicking the "*Submit*" button.

4. The stockholder can still change and re-submit votes, provided, such new votes are submitted using the same log-in credentials. Previous votes will be automatically overwritten and replaced by the system with the new votes cast.

Participation Through Remote Communication

The ASM will be livestreamed and stockholders who have successfully registered can participate via remote communication. Details of the meeting will be sent to stockholders in the emails provided to BDO. Instructions on how to access the livestream will also be posted at <www.bdo.com.ph/2021ASM>.

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

Open Forum

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

Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2021 Open Forum" to <irandcorplan@bdo.com.ph> not later than 2:00 p.m. of April 23, 2021. A section for stockholder comments/questions or a "chatbox" shall also be provided in the livestreaming platform.

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

For complete information on the ASM, please visit <www.bdo.com.ph/2021ASM>.

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

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

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [✔] Definitive Information Statement

2. Name of Registrant as specified in its charter: **BDO Unibank, Inc.**

3. Country of Incorporation: **Philippines**

4. SEC Identification Number: **34001**

5. BIR Tax Identification Code: **000-708-174-000**

6. Address of principal office: **BDO Corporate Center, 7899 Makati Avenue, Makati City**

7. Registrant's telephone number, including area code: **(632) 8840-7000/ (632) 8631-8000/ (632) 8702-6000**

8. Date, time and place of the meeting of security holders: **April 23, 2021**, **2:00 o'clock p.m.**
   The meeting will be conducted virtually and participation will be via remote communication. The Chairman of the meeting shall call and preside the meeting at the principal office of the Corporation.

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **March 25, 2021**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares
Common Shares, ₱10.00 par value	4,384,474,515
Preferred Shares, ₱10.00 par value	515,000,000

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

    Yes ___✔___ No _____ Philippine Stock Exchange, Common Shares

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

A. GENERAL INFORMATION

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

(a)	Date	:	**April 23, 2021, Friday**
	Time	:	**2:00 o'clock p.m.**
	Place	:	**The meeting will be conducted virtually and participation will be via remote communication. The Chairman of the meeting shall call and preside the meeting at the principal office of the Corporation.**
	Mailing Address	:	**BDO UNIBANK, INC.** **Office of the Corporate Secretary** **21st Floor, BDO Towers Valero** **8741 Paseo de Roxas, Salcedo Village, Makati City** **Philippines**

(b) Approximate date on which the Information Statement is first to be sent or given to security holders: **March 25, 2021**

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

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

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

(1) In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
(3) In case of merger or consolidation; and
(4) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

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

(1) A stockholder shall have dissented to such corporate action;

(2) Within thirty (30) days after the date on which the vote was taken, the dissenting stockholder shall make a written demand on BDO for payment of the fair value of his shares.

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

(3) Within ten (10) days after demanding payment for his shares, the dissenting stockholder shall submit to BDO the certificate(s) of stock representing his shares for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of BDO, terminate his appraisal rights.

(4) No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless BDO consents thereto.

(5) If the corporate action is implemented or effected, BDO shall pay to such dissenting stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of a merger if such be the corporate action involved.

(6) If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the dissenting stockholder and BDO cannot agree on the fair value of the shares, it shall be appraised and determined by three (3) disinterested persons, one of whom shall be named by the stockholder, another by BDO, and the third by the two (2) thus chosen.

(7) The findings of a majority of the appraisers shall be final, and their award shall be paid by BDO within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless BDO has unrestricted retained earnings in its books to cover such payment.

(8) Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his shares to BDO.

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

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

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

(b) No director of BDO has informed BDO in writing that he intends to oppose any action to be taken by BDO at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders

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

Title of Each Class	Number of Shares	Number of Votes Outstanding
Common Shares	4,384,474,515	One (1) vote per share, except in the election of directors where one share is entitled to as many votes as there are directors to be elected.
Series A Preferred Shares	515,000,000	
Total	**4,899,474,515**	

(b) Record date

Only stockholders of record in the books of BDO as of the close of business on March 2, 2021 are entitled to notice of, and to vote at, the annual meeting.

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

Each shareholder holding Common Shares and Series A Preferred Shares (each, a "**Voting Share/s**") as of March 2, 2021 is entitled to as many votes as there are directors to be elected. Thus, if there are eleven (11) directors to be elected, each Voting Share is entitled to eleven (11) votes. Such shareholder may cumulate and cast all his votes in favor of one candidate or distribute them among as many candidates as he shall see fit, provided that the total number of votes cast by him does not exceed the number of shares owned by him multiplied by the number of directors to be elected.

In light of the continuing health concerns associated with the COVID-19 pandemic and to ensure the safety and welfare of stockholders and everyone involved, this year's Annual Stockholders' Meeting will be conducted virtually on a livestreaming platform accessible to registered stockholders, the details of which can be found in <www.bdo.com.ph/2021ASM>. BDO will record the video of the proceedings and maintain a copy with the Office of the Corporate Secretary. After the meeting, stockholders may access the recorded webcast of the ASM by sending an email request addressed to <corporate_secretary@bdo.com.ph>.

For this year's Annual Stockholders' Meeting, BDO will be allowing stockholders to participate in the meeting via remote communication and to vote *in absentia*.

The shareholder holding Voting Shares may nominate directors and vote by remote communication, *in absentia*, or by proxy. Stockholders of record must inform the Corporate Secretary of their intention to participate in the meeting via remote communication and to vote *in absentia* by registering at <www.bdo.com.ph/asmregister> on or before April 15, 2021, subject to the verification and validation by the Corporate Secretary. Stockholders who will participate through remote communication or *in absentia* shall be deemed present for purposes of quorum for the meeting. Voting will be made through a secure online voting facility accessible only to verified stockholders to protect the integrity and secrecy of votes cast.

Stockholders of record may submit their duly executed and signed proxies (which need not be notarized) on or before April 8, 2021 via courier delivery or by mail to the Corporate Secretary at the 21st Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City, or by email to <corporate_secretary@bdo.com.ph>. Stockholders of record opting to vote by proxy may download and print the proxy form from BDO's website <www.bdo.com.ph/2021proxyform>.

A forum for the validation of proxies chaired by the Corporate Secretary or Assistant Corporate Secretary and attended by BDO's stock and transfer agent shall be convened on April 14, 2021, 10:00 o'clock a.m., at the Office of the Corporate Secretary located at the 21st Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding on the shareholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the meeting.

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

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

1. Security ownership of certain record/beneficial owners

As of March 2, 2021, the following are known to BDO to be directly or indirectly the record and/or beneficial owners of more than 5% of BDO's voting securities:

Title of Class	Name, address of record owner and relationship with BDO	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	SM Investments Corp. 10th Floor One E-Com Center, Harbour Drive, Mall of Asia Complex, CBP-I-A, Pasay City/ Parent Company	Sy Family (Substantial Stockholders)	Filipino	1,787,180,649 *	40.76%
Common	PCD Nominee Corp. (Non-Filipino) 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City/Various stockholders	Various stockholders	Foreign	1,100,266,663	25.09%
Common	PCD Nominee Corp. (Filipino) 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City/ Various stockholders	Various stockholders	Filipino	756,808,925 **	17.26%
Common	Multi-Realty Development Corporation 10th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City/ Stockholder	SM Investments Corp. (Subsidiary)	Filipino	291,513,036 *	6.65%
Common	Sybase Equity Investments Corporation 10th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City/ Stockholder	Various corporate stockholders	Filipino	240,010,292 *	5.47%
TOTAL (COMMON)				**4,175,779,565**	**95.23%**

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

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

Preferred	Sybase Equity Investments Corporation 10th Floor L.V. Locsin Building, 6752 Ayala Ave., Makati City/ Stockholder	Various corporate stockholders	Filipino	391,400,000	76.00%
Preferred	SM Investments Corp. 10th Floor One E-Com Center, Harbour Drive, Mall of Asia Complex, CBP-I-A, Pasay City/ Parent Company	Sy Family (Substantial Stockholders)	Filipino	123,600,000	24.00%
TOTAL (PREFERRED)				**515,000,000**	**100.00%**

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

As of February 28, 2021, the following are known to BDO as the PCD participants holding 5% or more of BDO's voting securities:

Member	Name and Address	No. of Shares	Percent of Shareholdings
DEUB Clients' Account	Deutsche Bank Manila - Clients' Account 26th Floor, Ayala Tower 1, Ayala Triangle, Makati City	413,083,843	9.42%
	TOTAL	**413,083,843**	**9.42%**

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

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

(2) Security ownership of management

As of March 2, 2021, the total number of shares owned by the directors and management of the registrant as a group unnamed is 29,876,256 common shares, which is equivalent to 0.6814% of the total outstanding common capital stock of the registrant. The Bank's directors and officers own the following common shares of the Bank:

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares (beginning balance as of May 15, 2020)	No. of Shares (as of March 2, 2021)	Percent of Class (Shares as of March 2, 2021)
Common	Teresita T. Sy	Chairperson	Filipino	394,947	506,421	0.0116%
Common	Jesus A. Jacinto, Jr.	Vice Chairman	Filipino	802	802	0.0000%
Common	George T. Barcelon	Independent Director	Filipino	1,001	201,001	0.0046%
Common	Christopher A. Bell-Knight	Director	Canadian	623	10,623	0.0002%
Common	Jose F. Buenaventura	Independent Director	Filipino	1	72,401	0.0017%
Common	Jones M. Castro, Jr.	Lead Independent Director	Filipino & American	1	12,001	0.0003%
Common	Vicente S. Pérez, Jr.	Independent Director	Filipino	5,000	30,000	0.0007%
Common	Dioscoro I. Ramos	Independent Director	Filipino	203,800	203,800	0.0046%
Common	Josefina N. Tan	Director	Filipino	710,608	710,608	0.0162%
Common	Nestor V. Tan	President, CEO & Director	Filipino	14,348,629	15,448,629	0.3523%
Common	Gilberto C. Teodoro, Jr.	Independent Director	Filipino	1	1	0.0000%
Common	Joseph Albert L. Gotuaco	SEVP	Filipino	0	400,000	0.0091%
Common	Rolando C. Tanchanco	SEVP	Filipino	566,783	316,783	0.0072%
Common	Walter C. Wassmer	SEVP	Filipino	430,339	498,339	0.0114%
Common	Jaime C. Yu	SEVP	Filipino	316,134	440,284	0.0100%
Common	Stella L. Cabalatungan	EVP	Filipino	251,100	263,100	0.0060%
Common	Julie Y. Chua	EVP	Filipino	557,561	576,961	0.0132%
Common	Gerard Lee B. Co	EVP	Filipino	399,482	399,482	0.0091%
Common	Lucy C. Dy	EVP & Comptroller	Filipino	614,989	614,989	0.0140%
Common	Eduardo V. Francisco	EVP	Filipino	749,379	768,779	0.0175%
Common	Jesus Antonio S. Itchon	EVP	Filipino	0	6,000	0.0001%
Common	Jeanette S. Javellana	EVP	Filipino	311,156	311,156	0.0071%
Common	Ma. Corazon A. Mallillin	EVP	Filipino	89,232	116,232	0.0027%

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares (beginning balance as of May 15, 2020)	No. of Shares (as of March 2, 2021)	Percent of Class (Shares as of March 2, 2021)
Common	Dalmacio D. Martin	EVP & Treasurer	Filipino	104,595	159,595	0.0036%
Common	Ricardo V. Martin	EVP	Filipino	232,869	257,869	0.0059%
Common	Edwin Romualdo G. Reyes	EVP	Filipino	0	20,000	0.0005%
Common	Luis S. Reyes, Jr.	EVP	Filipino	689,930	747,930	0.0171%
Common	Cecilia Luz L. Tan	EVP	Filipino	0	0	0.0000%
Common	Evelyn L. Villanueva	EVP & Chief Risk Officer	Filipino	679,677	689,677	0.0157%
Common	Albert S. Yeo	EVP	Filipino	1,000	1,000	0.0000%
Common	Noel L. Andrada	SVP	Filipino	127,300	138,100	0.0031%
Common	Maria Carina S. Antonio	SVP	Filipino	84,810	108,220	0.0025%
Common	Rafael G. Ayuste, Jr.	SVP & Trust Officer	Filipino	10,800	20,000	0.0005%
Common	Ferdinand C. Bacungan	SVP	Filipino	31,300	31,300	0.0007%
Common	Melanie S. Belen	SVP	Filipino	187,604	241,604	0.0055%
Common	Maria Carla Josefa G. Campos	SVP	Filipino	0	0	0.0000%
Common	Edmund S. Chan	SVP	Filipino	29,500	29,500	0.0007%
Common	Romeo Ramon M. Co, Jr.	SVP	Filipino	4,785	4,785	0.0001%
Common	Jonathan T. Cua	SVP	Filipino	10,800	0	0.0000%
Common	Ramon S. David	SVP	Filipino	41,591	41,591	0.0009%
Common	Montiel H. Delos Santos	SVP	Filipino	103,800	103,800	0.0024%
Common	Geronimo D. Diaz	SVP	Filipino	31,574	31,574	0.0007%
Common	Noel D. Dizon	SVP	Filipino	210,037	233,837	0.0053%
Common	Gwyneth M. Entao	SVP	Filipino	47,877	47,877	0.0011%
Common	Belinda C. Fernandez	SVP	Filipino	88,564	88,564	0.0020%
Common	Andre M. Flores	SVP	Filipino	0	4,000	0.0001%

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares (beginning balance as of May 15, 2020)	No. of Shares (as of March 2, 2021)	Percent of Class (Shares as of March 2, 2021)
Common	Gina Marie C. Galita	SVP	Filipino	0	0	0.0000%
Common	Geneva T. Gloria	SVP	Filipino	103,969	103,969	0.0024%
Common	Alvin C. Go	SVP & Assistant Corporate Secretary	Filipino	10,800	200,800	0.0046%
Common	Jonathan Cua Bian T. Go II	SVP	Filipino	324,345	5	0.0000%
Common	Marilyn K. Go	SVP & Deputy Treasurer	Filipino	60,800	60,800	0.0014%
Common	Sonia Maribel D. Go	SVP	Filipino	160,687	160,687	0.0037%
Common	Frederic Mark S. Gomez	SVP	Filipino	0	15,000	0.0003%
Common	Richard Emil R. Grau	SVP	Filipino	0	0	0.0000%
Common	Lazaro Jerome C. Guevarra	SVP	Filipino	11,718	22,518	0.0005%
Common	Enrico R. Hernandez	SVP	Filipino	230,348	250,348	0.0057%
Common	Geraldine C. Liggayu	SVP	Filipino	43,303	83,503	0.0019%
Common	Gabriel U. Lim	SVP	Filipino	202,169	202,169	0.0046%
Common	Donald Benjamin G. Limcaco	SVP	Filipino	0	0	0.0000%
Common	Juan Sabino P. Lizares	SVP	Filipino	227,480	230,480	0.0053%
Common	Joseph Rhoderick B. Lledo	SVP	Filipino	103,619	103,619	0.0024%
Common	Manuel Z. Locsin, Jr.	SVP	Filipino	64,863	64,863	0.0015%
Common	Rhodora M. Lugay	SVP	Filipino	0	700	0.0000%
Common	Jose Paolo Enrique A. Magpale	SVP	Filipino	2,500	10,100	0.0002%
Common	Roy Allan V. Magturo	SVP	Filipino	125,172	125,172	0.0029%
Common	Manuel Patricio	SVP	Filipino	0	0	0.0000%

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares (beginning balance as of May 15, 2020)	No. of Shares (as of March 2, 2021)	Percent of Class (Shares as of March 2, 2021)
	C. Malabanan					
Common	Angelita C. Manulat	SVP	Filipino	88,611	111,411	0.0025%
Common	Edgardo R. Marcelo, Jr.	SVP	Filipino	81,103	81,103	0.0018%
Common	Jose Noel M. Mendoza	SVP	Filipino	269,890	269,890	0.0062%
Common	Tomas Victor A. Mendoza	SVP	Filipino	19,660	28,560	0.0007%
Common	Ramon T. Militar	SVP	Filipino	164,800	140,000	0.0032%
Common	Aurea Imelda S. Montejo	SVP	Filipino	251,889	262,689	0.0060%
Common	Jaime M. Nasol	SVP	Filipino	86,800	86,800	0.0020%
Common	Carlo B. Nazareno	SVP	Filipino	0	0	0.0000%
Common	Cristina G. Ngo	SVP	Filipino	171,396	178,996	0.0041%
Common	Frederico Rafael D. Ocampo	SVP	Filipino	0	0	0.0000%
Common	Estrellita V. Ong	SVP & Chief Internal Auditor	Filipino	0	0	0.0000%
Common	Maria Rhoda B. Orsolino	SVP	Filipino	45,807	56,807	0.0013%
Common	Jose Alfredo G. Pascual	SVP	Filipino	116,155	123,755	0.0028%
Common	Antonio O. Peña	SVP	Filipino	307,233	318,033	0.0073%
Common	Rogel A. Raya	SVP	Filipino	158,234	158,234	0.0036%
Common	Maria Nannette R. Regala	SVP	Filipino	294,447	359,247	0.0082%
Common	Susan Audrey P. Rivera	SVP	Filipino	43,355	43,355	0.0010%
Common	Evelyn C. Salagubang	SVP	Filipino	72,454	72,454	0.0017%
Common	Cerwina Elenore A. Santos	SVP	Filipino	42,510	51,110	0.0012%
Common	Roberto Ramon L. Santos	SVP	Filipino	0	0	0.0000%
Common	Ma. Theresa S. Simbul	SVP	Filipino	44,556	2,556	0.0001%
Common	Paul John Siy	SVP	Filipino	0	0	0.0000%

Title of Class	Name of Beneficial Owner	Position	Citizenship	No. of Shares (beginning balance as of May 15, 2020)	No. of Shares (as of March 2, 2021)	Percent of Class (Shares as of March 2, 2021)
Common	Howard Lincoln D. Son	SVP	Filipino	0	0	0.0000%
Common	Noel B. Sugay	SVP	Filipino	73,928	68,928	0.0016%
Common	Robert W. Sy	SVP	Filipino	79,241	89,241	0.0020%
Common	Edwin R. Tajanlangit	SVP	Filipino	4	804	0.0000%
Common	Christopher Raymund P. Tan	SVP	Filipino	0	0	0.0000%
Common	Maria Theresa L. Tan	SVP	Filipino	94,195	94,195	0.0021%
Common	Federico P. Tancongco	SVP & Chief Compliance Officer	Filipino	0	0	0.0000%
Common	Reynaldo A. Tanjangco, Jr.	SVP	Filipino	104,802	104,802	0.0024%
Common	Edna R. Tarroza	SVP	Filipino	59,152	55,152	0.0013%
Common	Dante R. Tinga, Jr.	SVP	Filipino	0	0	0.0000%
Common	Agnes C. Tuason	SVP	Filipino	33,174	47,774	0.0011%
Common	Myla R. Untalan	SVP	Filipino	7,900	9,000	0.0002%
Common	Antonio N. Cotoco	Senior Credit Executive	Filipino	155,380	155,380	0.0035%
Common	Guia C. Lim	Senior Credit Executive	Filipino	17,200	17,200	0.0004%
Common	Nilo L. Pacheco, Jr.	Senior Credit Executive	Filipino	0	0	0.0000%
Common	Mario B. Palou	Senior Credit Executive	Filipino	0	0	0.0000%
Common	Edmundo S. Soriano	Senior Credit Executive	Filipino	214,220	223,520	0.0051%
Common	Edmundo L. Tan	Corporate Secretary	Filipino	1,312	101,312	0.0023%
Common	Sabino E. Acut, Jr.	Asst. Corporate Secretary	Filipino	0	20,000	0.0005%
	Total			**27,449,650**	**29,876,256**	**0.6814%**

Directors and officers are required to report to BDO any acquisition or disposition of BDO's shares within three (3) business days from the date of the transaction. As prescribed under Philippine Stock Exchange (PSE) Disclosure Rules, BDO shall disclose to the PSE any acquisition or disposition of BDO's shares by its directors and officers within five (5) trading days from the transaction. Moreover, beneficial ownership of BDO shares by the directors and officers is also required to be reported within

ten (10) calendar days from the date of acquisition or within ten (10) calendar days after the close of each calendar month, if there has been any change in such ownership during the month, to the Securities and Exchange Commission and to the PSE.

Item 5. Directors and Executive Officers

(a) Directors and Corporate Officers

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

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

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

Directors' Profile

Teresita T. Sy
Chairperson
Non-Executive Director
Filipino, 70 years old

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

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

Jesus A. Jacinto, Jr.
Vice Chairman
Executive Director
Filipino, 73 years old

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

in Business Administration from Fordham University in New York City and an MBA in International Business from Columbia University, New York City.

Nestor V. Tan
President & Chief Executive Officer
Executive Director
Filipino, 63 years old

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

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

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

Jones M. Castro, Jr.
Lead Independent Director
Filipino and American, 72 years old

Jones M. Castro, Jr. was elected to the Board of Directors of BDO Unibank, Inc. on April 20, 2012. Mr. Castro has 48 years of banking expertise, with 39 years of international banking experience. From 2009 to 2011, Mr. Castro was the Area Head for South and Southeast Asia of Wells Fargo Bank, San Francisco. As Area Head, Mr. Castro had responsibility for 12 countries and managed 11 overseas offices with a total of 102 team members, and US$3 billion in loans. From 2006 to 2009, Mr. Castro was Regional Head for Latin America 1, including the Caribbean, of the Wachovia Bank, Miami, and likewise had responsibility for 25 countries, 3 overseas offices, 30 team members, and a US$1.8-billion loan portfolio. From 2005 to 2006, he was Executive Vice President and International Banking Group Head of the Union Bank of California, San Francisco. From 1990 to 1994, he was Senior Vice President – Controller of Bank of California, San Francisco, and from 1994 to 1997, he was its Senior Vice President of Strategic Planning in Office of the President. Mr. Castro is currently Trustee of PhilDev USA and PhilDev S & T Foundations, Advisor of Wave Computing, Inc., and is a Fellow at the Institute of Corporate Directors. Mr. Castro obtained his bachelor's degree in Applied Mathematics in Economics and graduated *cum laude* from Harvard University. He received his master's degree in Business Administration, Accounting & Finance from Stanford University.

George T. Barcelon
Independent Director
Filipino, 72 years old

George T. Barcelon was elected Independent Director of BDO Unibank, Inc. on April 22, 2019. He is currently the Chairman of the Philippine Chamber of Commerce and Industry (PCCI). He is the visionary behind Integrated Computer Systems, Inc. (ICS), one of the Top 1000 companies based in the Philippines, dedicated to providing effectual IT Solutions for small to large-scale businesses and institutions. For 40 years, ICS has provided its customers with technological expertise and quality services. As the president of a company with 400 employees whose success depends on uncompromising leadership, imagination, and careful quality control, Mr. Barcelon seeks to promote the values of Integrity, Commitment, and Service Quality, the cornerstones upon which ICS was built. He is also a member of the Rotary Club of Makati, Philippines; and a board member of the Cardinal Medical Charities Foundation, Inc. in San Juan City, Philippines. Mr. Barcelon graduated c*um laude* from De La Salle University, Manila and received a bachelor's degree in Chemical Engineering.

Christopher A. Bell-Knight
Non-Executive Director
Canadian, 76 years old

Christopher A. Bell-Knight was elected to the Board of Directors of BDO Unibank, Inc. on July 27, 2013. Until his election as Director, he had been acting as Advisor to the Board of BDO Unibank for more than two years. He had also previously served as Director of BDO Unibank from May 2005 until September 2010. He was an Independent Director of Dumaguete City Development Bank of the Philippines from March 2007 to March 2013, and currently serves as an Advisor to the Board. He was formerly a Director of Solidbank Corporation and Vice President and Country Head of The Bank of Nova Scotia. Mr. Bell-Knight has had over 40 years of banking experience in England, Canada, and Asia, 35 of which were spent in credit and marketing. He is an Associate of the Chartered Institute of Bankers – British; an Associate of the Institute of Canadian Bankers; and a Fellow of the Institute of Corporate Directors. He studied at Frome Grammar School in Somerset, England, and attended universities both in England and Canada for his Associate qualifications in Banking.

Jose F. Buenaventura
Independent Director
Filipino, 86 years old

Jose F. Buenaventura was elected to the Board of Directors of BDO Unibank, Inc. on April 19, 2013. Since 1976, he has been a Senior Partner at Romulo Mabanta Buenaventura Sayoc & de los Angeles Law Offices. He is President and Director of Consolidated Coconut Corporation, Gladtobehome Inc., Glimpse of Negros Holdings, Inc., and Kahigayonan Corp. He sits on the Boards of Directors of the following companies: BDO Securities Corporation (Independent Director), BDO Finance Corporation (Independent Director), Eximious Holdings, Inc., Cebu Air, Inc., GROW, Inc., GROW Holdings, Inc., Hicap Properties Corporation, Himap Properties Corporation, La Concha Land Investment Corporation, Peter Paul Philippines Corporation, Philippine First Insurance Co., Inc., Philplans First, Inc., Techzone Philippines, Inc., Total Consolidated Asset Management, Inc., Turner Entertainment Manila, Inc., Phosephene Holdings, Inc., and Clinquant Holdings, Inc. Atty. Buenaventura holds Bachelor of Arts and Bachelor of Laws degrees from Ateneo de Manila University, and a Master of Laws Degree from Georgetown University Law Center in Washington, D.C.

Vicente S. Pérez, Jr.
Independent Director
Filipino, 62 years old

Vicente S. Pérez, Jr. was elected Independent Director of BDO Unibank, Inc. on April 22, 2019. He is currently an Independent Director of BDO Leasing and Finance, Inc. (BDOLF), BDO Finance Corporation, and DoubleDragon Properties Corp. He is also a Non-Executive Director of Singapore Technologies Telemedia Pte. Ltd. Mr. Pérez is currently the Chairman of Alternergy Group, Philippine renewable power companies in wind, hydro and solar. He was Philippine Energy Secretary from 2001 to 2005. Mr. Pérez briefly served in early 2001 as Undersecretary at the Department of Trade and Industry and as Managing Head of the Board of Investments. Prior to his government service, Mr. Pérez had 17 years banking experience, first in Latin American debt restructuring at Mellon Bank in Pittsburgh, and later in debt capital markets in emerging countries at Lazard in London, New York and Singapore. At 35, he became General Partner at New York Investment Bank Lazard Frères as head of its Emerging Markets Group. He was Managing Director of Lazard Asia in Singapore from 1995 until 1997, when he co-founded Next Century Partners, a private equity firm based in Singapore. In 2005, he was briefly a government appointed director of Philippine National Bank until is privatization. Mr. Pérez obtained his master's degree in Business Administration from the Wharton Business School of the University of Pennsylvania in 1983 and a bachelor's degree in Business Economics from the University of the Philippines in 1979. He was a 2005 World Fellow at Yale University where he lectured an MBA class at the Yale School of Management.

Dioscoro I. Ramos
Independent Director
Filipino, 62 years old

Dioscoro I. Ramos was elected to the Board of Directors of BDO Unibank, Inc. on January 9, 2016. Since 2011, Mr. Ramos has been the Chief Investment Officer of RY&S Investments Ltd., Hong Kong. He was Head of Asia Financials Investment Research of Goldman Sachs Asia, LLC, Hong Kong from 1994 to 2011, and appointed Managing Director in 1998 and Partner in 2006. Prior to that, he was with Mellon Bank, N.A. with postings in Pittsburgh, Philadelphia, New York, and Hong Kong. Mr. Ramos is a Certified Public Accountant. He holds a Bachelor of Science degree in Business Administration and Accountancy, *cum laude*, from the University of the Philippines; and a master's degree in Business from Wharton School, University of Pennsylvania.

Josefina N. Tan
Non-Executive Director
Filipino, 75 years old

Josefina N. Tan was Director of Banco de Oro Universal Bank (now BDO Unibank, Inc.) from February 3, 2001 to August 2005. She then became a Director of Equitable PCI Bank, Inc. from September 2005 until its merger with BDO Unibank in May 2007. Ms. Tan was re-elected to the Board of Directors of BDO Unibank (then Banco de Oro – EPCI, Inc.) on July 27, 2007. Concurrently, she is Board Advisor of BDO Private Bank, Inc. She is also Chairman of the Board of Miriam College and a Trustee of the Development Center for Finance and the Laura Vicuña Foundation. She is also Treasurer of the Equestrian Order of the Holy Sepulchre of Jerusalem. Ms. Tan served as President and Director of BDO Private Bank, Inc. from August 29, 2003 to April 17, 2017. She was also Executive Vice President of the former Far East Bank & Trust Co.; Director and President of FEB Leasing & Finance Corporation; Executive Director and Trustee of FEB Foundation, Inc.; and Executive Vice President of FEB Investments, Inc. until 2000. Ms. Tan holds a Bachelor of Arts degree with a major in Communication Arts from Maryknoll College, and a master's degree in Business Administration from Ateneo Graduate School of Business.

Gilberto C. Teodoro, Jr.
Independent Director
Filipino, 56 years old

Gilberto C. Teodoro, Jr. was elected to the Board of Directors of BDO Unibank, Inc. on April 25, 2014. He is the Chairman of Sagittarius Mines, Inc. and Indophil Resources Philippines, Inc. He was formerly Chairman of Suricon Resources Corporation and PNP Foundation, Inc. He is also a member of the Board of Directors of Philippine Geothermal Production Company, Inc., Alphaland Corporation, and Canlubang Sugar Estate. He served as Secretary of National Defense from 2007 to 2009 and was a member of the Philippine House of Representatives from 1998 to 2007. He continues to advise the public sector agencies and is currently the Chairman of the Philippine Air Force Multi-Sectoral Governance Council and sits in a similar one of the Philippine Navy. He is a recipient of the Philippine Legion of Honor with the rank of Grand Commander. He trained under former Solicitor General Estelito P. Mendoza, Esq., and was involved in a wide range of issues — constitutional, corporate, criminal, civil, and administrative — and in pro-bono work to assist various indigent litigants from 1990 to 1997. Mr. Teodoro holds a Bachelor of Science degree in Commerce, Major in Management of Financial Institutions, from De La Salle University; a Bachelor of Laws degree (LLB) from the University of the Philippines; and a Master of Laws degree (LLM) from Harvard Law School. He placed first in the Philippine Bar Examinations of 1989 and was admitted to the State Bar of New York.

Edmundo L. Tan
Corporate Secretary
Filipino, 75 years old

Edmundo L. Tan serves as Corporate Secretary of BDO Unibank, Inc. from July 27, 2007, up to the present and of BDO Private Bank, Inc. from February 2012 up to the present. He was formerly Director of BDO Leasing and Finance, Inc. and now serves as Advisor to the Board. Atty. Tan is a Director of APC Group, Inc. from 2000 up to the present and as Corporate Secretary from 2000 until 2016. He serves as Director of Philippine Global Communications, Inc. from 2000 up to the present and as Corporate Secretary from 2000 until 2010. He is a Director of Aragorn Power and Energy Corporation from 2005 up to the present and as Corporate Secretary from 2005 to 2012. He is currently a Director of PRC MAGMA Resources, Inc. (2010 up to the present). He is a Director of Ortigas Land Corporation (formerly OHI) from July 2012 up to the present. He was elected as Director of Sagittarius Mines, Inc. in March 2016. On December 12, 2019, he was elected Director of Concrete Aggregates Corporation.

He was a co-founder and was elected President of Philippine Dispute Resolution Center, Inc. (PDRCI) in July 2017.

Atty. Tan is the Managing Partner of Tan Acut Lopez & Pison Law Offices (1993 up to present). He was formerly Senior Partner in Ponce Enrile Cayetano Reyes & Manalastas Law Offices, a Partner in Angara Abello Concepcion, Regala & Cruz Law Offices, and an Associate in Cruz Villarin Ongkiko Academia & Durian Law Offices. Atty. Tan holds a Bachelor of Arts degree from De La Salle College, Bacolod and Bachelor's degree in Law from the University of the Philippines.

Sabino E. Acut, Jr.
Assistant Corporate Secretary
Filipino, 70 years old

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

Alvin C. Go
Assistant Corporate Secretary
Filipino, 59 years old

Alvin C. Go is a Senior Vice President for the Legal Services Group of BDO Unibank, Inc. He was also appointed as Assistant Corporate Secretary and Alternate Corporate Information Officer on October 1, 2015. Prior to joining BDO, he was the Chief Legal Counsel of Philippine National Bank from 2003 to 2012. He was an Associate Attorney of Salonga, Ordonez, Yap, Corpuz Padlan & Associates Law Offices from 1985 to 1989. He served as Prosecution Attorney from 1989 to 1990 and State Prosecutor of the Department of Justice from 1990 to 1993. He was a Senior Partner at Go, Cojuangco, Mendoza, Ligon and Castro Law Offices from 1994 to 1999, and Senior Partner at Go and Castro Law Offices from 1999 to 2003. He obtained his Bachelor of Arts, Major in Political Science, from the Immaculate Concepcion College, Ozamiz City and his Bachelor of Laws from Misamis University.

The independent directors of the Bank are **George T. Barcelon, Jose F. Buenaventura, Jones M. Castro, Jr., Vicente S. Pérez, Jr., Dioscoro I. Ramos, and Gilberto C. Teodoro, Jr.**

Directorships in other reporting companies:

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

Name of Director	Name of Reporting Company	Position Held
Teresita T. Sy	SM Investments Corporation	Vice Chairperson
	BDO Leasing and Finance, Inc.	Chairperson
Nestor V. Tan	BDO Leasing and Finance, Inc.	Director
Jose F. Buenaventura	Cebu Air, Inc.	Director
Vicente S. Pérez, Jr.	DoubleDragon Properties Corp.	Independent Director

Name of Director	Name of Reporting Company	Position Held
	BDO Leasing and Finance, Inc.	Independent Director

Attendance in Board Meetings

Below is the attendance of the Directors for the meetings held as of December 2020:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Teresita T. Sy	16	16	100%
Jesus A. Jacinto, Jr.	16	16	100%
George T. Barcelon	16	16	100%
Jose F. Buenaventura	16	16	100%
Christopher A. Bell-Knight	16	16	100%
Jones M. Castro, Jr.	15	16	93.75%
Vicente S. Pérez, Jr.	16	16	100%
Dioscoro I. Ramos	16	16	100%
Josefina N. Tan	16	16	100%
Nestor V. Tan	16	16	100%
Gilberto C. Teodoro, Jr.	16	16	100%

Nomination of Directors

The nomination period ran from March 2 to 12, 2021. The list of nominees will be indicated in the Definitive Information Statement after the Nominations Committee has pre-screened and determined the qualifications of those nominated. One (1) independent director whose cumulative term reached the maximum of nine (9) years this year was nominated to extend another term as independent director, subject to BSP approval.

The procedure for nomination of directors shall be as follows:

- All nominations for directors shall be submitted in writing to the Corporate Secretary of BDO from March 2 to 12, 2021. Nominations that are not submitted within such nomination period shall not be valid. Only a stockholder of record, including a minority stockholder, entitled to notice of and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected a director of BDO. (par. 2 Section 17, By-Laws)

- All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. (SRC Rule 38)

- The nominations received from March 2 to 12, 2021 shall be submitted to BDO's Nominations Committee, which shall determine the qualifications of the nominees for Directors and Independent Directors.

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

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

- The Nominations Committee shall pre-screen the nominees based on their qualifications as provided in BDO's Manual of Good Corporate Governance and (SRC Rule 38). The Nominations Committee will hold its meeting after the end of the nomination period.

- The decision of the Nominations Committee concurred in by a vote of a majority of its members shall be final and binding on the stockholders and may no longer be raised during the annual meeting. (par. 2 Section 17, By-Laws)

- The Nominations Committee is composed of the following members, all of whom are independent directors:

1. Vicente S. Pérez, Jr. - Chairman (Independent Director)
2. Jose F. Buenaventura - Member (Independent Director)
3. Gilberto C. Teodoro, Jr. - Member (Independent Director)

Below is the attendance of the members for the Committee meetings held as of December 2020:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Vicente S. Pérez, Jr.	6	6	100%
Jose F. Buenaventura	6	6	100%
Gilberto C. Teodoro, Jr.	6	6	100%

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

All directors are also encouraged to participate in continuing education programs at BDO's expense to maintain a current and effective Board. In 2020, Board members of BDO and its subsidiaries attended the Bank-sponsored Annual Corporate Governance Seminar on: a) powerful technology trends that are driving a new wave of digital disruption trends and challenges ahead of the ensuing technological innovation conducted by Boston Consulting Group; b) essential anti-money laundering trends conducted by the Association of Certified Anti-Money Laundering Specialists; and c) Association of Bank Compliance Officers, Inc. - sponsored seminars on Best Practices to Manage ML/TF Risks Arising from Online Sexual Exploitation of Children Coursed Thru Banks/MSBs and BSP Supervisory Assessment Framework to Replace the CAMELS and ROCA Rating Systems for BSP-Supervised Financial Institutions. The Board also held strategic meetings and received regular economic briefings and briefings on new regulatory issuances.

(b) Senior executive officers

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

Joseph Albert Lim Gotuaco, 54, Filipino, is Senior Executive Vice President and Head of the Bank's Central Operations Group. He joined BDO Unibank, Inc. on February 1, 2019. Mr. Gotuaco started his banking career in New York in 1986, as a trader and risk manager for various fixed income products of Chemical Bank. In 1994, he was based in Hong Kong for J.P. Morgan, and was responsible for servicing corporate, financial institution, and sovereign clients in the Philippines and in Southeast Asia. In 2002, he joined Credit Suisse in its Fixed Income Division. In 2005, he joined Merrill Lynch as a Managing Director in its Fixed Income, Currencies and Commodities ("FICC") Division, and served on the firm's Asia-Pacific Operating Committee. In 2009, Mr. Gotuaco was based in Singapore as Partner and Managing Director in a Singapore-based investment vehicle of the Brunei government, where he helped manage investments in general aviation (Piper Aircraft) and related in-house financing programs (Piper Capital). Mr. Gotuaco joined Bank of the Philippine Islands ("BPI") in 2013. Until 2016, he served as BPI's Executive Vice President & Chief Financial Officer; from 2016 to 2018, he was Head of Retail Banking. Mr. Gotuaco obtained his B.S. Economics degree, *summa cum laude*, major in finance and marketing in 1986, from the Wharton School at the University of Pennsylvania. He obtained his MBA from Harvard Business School in 1994.

Rolando C. Tanchanco, 58, Filipino, is Senior Executive Vice President for Consumer Banking Group. He holds a Bachelor's degree in Business Economics from the University of the Philippines. He obtained his MBM at the Asian Institute of Management. Mr. Tanchanco joined BDO to head the BDO's Consumer Lending which has since been renamed Consumer Banking to include Digital Banking and Payment Channels. Prior to his joining BDO, Mr. Tanchanco was President of Philam Savings Bank and Head of AIG Credit Card. He is currently a Director of BDO Insurance Brokers, Inc., BDO Network Bank, Inc., and Trans Union Phils. He was formerly a Director of BDO Elite Savings Bank, Inc. and MMPC Auto Financial Services Corporation.

Walter C. Wassmer, 62, Filipino, is Senior Executive Vice President and Head of the Institutional Banking Group of BDO Unibank, Inc. He is also a Director of BDO Leasing and Finance, Inc., BDO Finance Corporation, and BDO Capital & Investment Corporation. Previously, Mr. Wassmer was the Chairman and Officer-In-Charge of BDO Elite Savings Bank, Inc., formerly GE Money Bank, Inc. (A Savings Bank), and held directorships in MMPC Auto Financial Services Corporation, MDB Land, Inc., Mabuhay Vinyl Corporation, and Banco De Oro Savings Bank, Inc. (formerly Citibank Savings, Inc.). He holds a Bachelor of Science degree in Commerce from De La Salle University.

Jaime C. Yu, 62, Filipino, is Senior Executive Vice President. He holds a Bachelor of Arts degree in Economics from De La Salle University and is a MBA graduate from the Ateneo de Manila University. He has extensive experience in commercial, corporate, and investment banking from the International Corporate Bank and Union Bank of the Philippines, where he held various positions up to his appointment as First Vice President and Region Head for the Manila-Pasay area. He joined BDO in December 1997 and is currently the Group Head of Branch Banking where he manages the entire branch network.

Stella L. Cabalatungan, 56, Filipino, is Executive Vice President. She holds a Bachelor of Science degree in Marketing Management from De La Salle University. Prior to joining BDO, she was Vice President of Banco Santander Philippines, Inc., and Head of the Personal Investment Banking Group from 2000 to 2003. She was also Vice President of Citibank, N.A. from 1998 to 2000 where she spent fifteen (15) years in retail and priority banking in Singapore and the Philippines, her last assignment being the Citigold

Priority Banking Head. She is presently seconded to BDO Private Bank, Inc. as Executive Vice President–Wealth Management Head.

Julie Y. Chua, 68, Filipino, is Executive Vice President since 2008. She holds a Bachelor's degree in Commerce, major in Banking and Finance, *Cum Laude,* from the University of Santo Tomas. She has more than twenty-five (25) years of experience in branch banking and lending business. Previous to her assignment, she was connected with BPI, Far East Bank & Trust Company and Producers Bank. She was appointed as Co-Deputy Head of Institutional Banking Group effective July 1, 2018.

Gerard Lee B. Co, 61, Filipino, is Executive Vice President and Deputy Group Head for Institutional Banking. He is a Director of Markham One Development Corp. He served as Director of PCI Leasing and Finance, Inc. and PCI Capital Corporation from 2002-2005 and of BDO Leasing and Finance, Inc. from 2010-2012. He graduated from the University of San Carlos with a Degree in Bachelor of Science in Commerce Major in Banking and Finance. He attended the Advanced Management Program for International Bankers at the Wharton School of the University of Pennsylvania, U.S.A. He likewise completed the Program for Executive Development at IMD in Laussane, Switzerland. He joined the Bank in October 1993 as Vice President for Visayas Division.

Lucy Co Dy, 65, is Executive Vice President and Comptroller. She is also a Director of BDO Remit Limited, BDO Remit (Italia), S.p.A., BDO Life Assurance Company, Inc., and BDORO Europe, Ltd.; Director and Treasurer of BDO Strategic Holdings, Inc.; Trustee and Treasurer of BDO Foundation, Inc. She was formerly a Director of PCIB Securities, Inc., BDO Elite Savings Bank, Inc. (formerly GE Money Bank, Inc.), Banco de Oro Savings Bank, Inc. (formerly Citibank Savings, Inc.), Express Padala Frankfurt GmbH, BDO Life Assurance Holdings Corporation, and Express Padala Hong Kong Limited; and formerly Chairperson and President of the The Executive Banclounge, Inc. She holds a Bachelor's degree in Accounting from the University of Santo Tomas.

Eduardo V. Francisco, 59, Filipino, is Executive Vice President. He is President/Director of BDO Capital & Investment Corporation, the investment banking arm of BDO Unibank, Inc. and Chairman of Averon Holdings Corp. He sits on several boards such as the Development Center for Finance, CIBI Foundation, Shareholders Association of the Philippines (SharePhil), International School of Manila, UP College of Business Alumni Association, Makati Sports Club, Inc. and Valle Verde Country Club, Inc. He is also a member of Makati Business Club (MBC), and the POLO Triathlon Team. He is on the Capital Markets committees of the Bankers Association of the Philippines and Philippine Stock Exchange. He is also in the Listings committee of the Philippine Dealing and Exchange Corporation. He is the former Chairman of BDO Nomura Securities, Inc. and Chairman for the International Association of Financial Executives Institutes (IAFEI). He was the Co-Chairman of the Capital Market Development Council (CMDC) of the Philippines, Vice Chairman of the Integrity Initiative, and has been the President of the Management Association of the Philippines (MAP), Financial Executives Institute of the Philippines Institute (FINEX), Wharton-Penn Club, Federation of Valle Verde Associations, First Valle Verde Association Inc. and BDO Securities Corporation. Mr. Francisco has worked with other financial institutions in New York and Hong Kong such as Bank of America and Barclays Bank. He holds a MBA from the Wharton School of the University of Pennsylvania and Bachelor's degree in Business Administration from the University of the Philippines. He is a recipient of Financial Management Excellence from the University of the Philippines and the Distinguished Alumnus Award from the U.P. College of Business Administration. He was honored by BizNewsAsia as one of the Nation Builders and was an Asia Leaders Award's Mentor of the Year finalist.

Jesus Antonio S. Itchon, 59, Filipino, is Executive Vice President of BDO Unibank, Inc. since September 15, 2017. He is seconded to BDO Network Bank, Inc. (BDONB) and serves as President and Vice Chairman of BDONB. He has over thirty (30) years of experience in the financial services industry. Prior to joining the Bank, he was Executive Vice President of Property Company of Friends, Inc. and Williamton Financing Corporation since 2016, and Independent Director of Paymaya Phils. Inc. since 2015. Mr. Itchon also worked with Citibank N.A. Philippines as Managing Director where he held

various senior leadership positions from 1986 to 2015 including Citi Country Compliance Officer, President of Citibank Savings and Country Head of Global Transaction Banking. He graduated from the De La Salle University with a degree in Bachelor of Arts in Economics and from Johnson Graduate School of Management, Cornell University with a Master's Degree in Business Administration.

Jeanette S. Javellana, 61, Filipino, is Executive Vice President and Head for Commercial Banking Metro Manila. She joined the Bank in October 2001.

Ma. Corazon A. Mallillin, 58, Filipino, is Executive Vice President of BDO Unibank, Inc. She is currently the Deputy Group Head of Branch Banking Group and has been with BDO Unibank for more than fifteen (15) years. She joined BDO Unibank in March 2005 as Region Head of Branch Banking. Prior to that, she was Senior Vice President for Branch Banking of Maybank, Phils. She was formerly Senior Vice President of Asiatrust Bank from 1998 to 2002 and Assistant Vice President of PCIBank from 1982 to 1998. Atty. Mallillin holds a Bachelor of Laws degree and a Bachelor of Arts degree in Economics from the University of the Philippines.

Dalmacio D. Martin, 57, Filipino, is Executive Vice President of BDO Unibank, Inc. He has been with the Bank for more than ten (10) years. He is currently the Bank's Treasurer of the Bank's Treasury Group. He holds a Bachelor's Degree in B.A Political Science from the U.C Berkeley University and a Masters in Management from the Arthur D. Little MEI.

Ricardo V. Martin, 63, Filipino, is Executive Vice President of BDO Unibank, Inc. He is also a Director of BDO Remit (Italia), S.p.A., BDO Remit (USA), Inc., Averon Holdings Corporation and Nashville Holdings, Inc. He was formerly the Chief of Staff for the Office of the President and the Group Head for the Corporate Compliance and Legal Services Group, administratively overseeing the Corporate Secretary's Office, Anti-Money Laundering Unit, Legal Services, Compliance, Corporate Governance Office, and Internal Audit. Prior to this, he was Executive Vice President and Head of the Information Technology Group. He previously served as Chief Finance Officer & Executive Vice President for Equitable PCI Bank, Inc. Earlier, he was the Chief Finance Officer of Solidbank Corporation. He is a graduate of the Management Engineering Program of the Ateneo de Manila University.

Edwin Romualdo G. Reyes, 62, Filipino, is Executive Vice President of BDO Unibank, Inc. and Group Head for the Transaction Banking Group. Mr. Reyes has more than thirty (30) years of experience in the banking industry. He was previously Managing Director and Global Head of Depositary Receipts (DR) at Deutsche Bank Trust Company Americas, New York, USA (Deutsche Bank) from 2006 to 2014. Mr. Reyes also served as Director and Global Head of DR Strategies Initiatives and Channel partners from 2001 to 2006 and Director & Global Head of Intermediaries, Corporate Trust & Agency Services from 1999 to 2001. Prior to that, he was Vice President, Capital Markets Trust Services at IBJ Whitehall Financial Services, New York, USA from 1998 to 1999. Mr. Reyes also serves on the board of BDO Network Bank, Inc., as non-Executive Director. He holds a Master's Degree in Business Administration, major in Finance/Money and Financial Markets from Columbia University, Graduate School of Business in New York, USA. Mr. Reyes graduated *Cum Laude* from the University of the Philippines, with a degree of Bachelor of Science in Industrial Engineering and Operations Research.

Luis S. Reyes, Jr., 62, Filipino, is Executive Vice President for Investor Relations and Corporate Planning. He is concurrently a Director of BDO Strategic Holdings, Inc. and BDO Nomura Securities, Inc., and Chairman of Nashville Holdings, Inc. He is also a Director and Treasurer of BDO Leasing and Finance, Inc. and BDO Rental, Inc., and Treasurer of BDO Finance Corporation. He holds a Bachelor of Science degree in Business Economics from the University of the Philippines. He was First Vice President of Far East Bank & Trust Company, Trust Banking Group before joining BDO.

Cecilia Luz L. Tan, 60, Filipino, currently holds the position of Executive Vice President and Deputy Head of Institutional Banking Group. Prior to joining BDO, she was Director and President of BPI

Capital Corp. and Director – Chairman of BPI Securities Corp. She has over 39 years experience covering the fields of corporate, investment and private banking. She holds a degree in Bachelor of Science in Business Management from Ateneo de Manila University and post graduate in Advanced Management Program in Harvard Business School.

Evelyn L. Villanueva, 62, Filipino, is Executive Vice President of BDO's Risk Management Group, and is BDO's Chief Risk Officer. She holds a Bachelor degree in Statistics from the University of the Philippines. She obtained her Master in Business Management ("MBM") degree from the Asian Institute of Management. She has over thirty-five (35) years of banking experience in corporate banking and enterprise-wide risk management covering credit, market, liquidity, interest rate and operational risk management. She started out as a management trainee in Citytrust Banking Corporation and was connected with HSBC as Senior Vice President for Credit Risk Management before joining BDO.

Albert S. Yeo, 61, Filipino, is an Executive Vice President at BDO Unibank, Inc. since January 3, 2017. Mr. Yeo, prior to joining the Bank, had been with Merrill Lynch & Co. for 17 years, last as a Senior Financial Advisor at their Manhattan Beach Office in Los Angeles, California. He was also connected with UBS Securities and Prudential Securities, Inc. (now Wells Fargo Advisors) in various capacities in the financial services industry. Prior to that, he was connected with IBJ Schroder Bank and Trust (now Mizuho Bank) in their Capital Markets Group in New York City for 5 years. Before his MBA, he spent 2 years at Rizal Commercial Banking Corporation as a Corporate Banking officer at their Binondo area headquarters. Mr. Yeo earned his MBA in Finance from the Wharton School at the University of Pennsylvania. He finished his undergraduate degree at the Ateneo de Manila University, BS Management Engineering with *Magna Cum Laude* distinction and was the Departmental Awardee of his class.

Rafael G. Ayuste, Jr., 57, Filipino, is Senior Vice President of BDO Unibank, Inc. He has been with BDO Unibank for more than seven (7) years. He is currently the Trust Officer and Head of BDO Trust and Investments Group and was the Trust Officer and Head of Wealth Advisory and Trust Group of BDO Private Bank, Inc. He has more than thirty five (35) years banking experience, with twenty-seven (27) years in trust banking. He holds a Bachelor's Degree in Business Administration from University of Sto. Tomas, a Master's Degree in Business Administration (Nominee) from De La Salle University and an Executive Master's Degree (Nominee) in Business Economics from University of Asia and the Pacific.

Frederic Mark S. Gomez, 58, Filipino, is Senior Vice President of BDO Unibank, Inc. He joined the Bank on November 15, 2017 and was appointed as Head of Information Technology Group and Member of the IT Steering Committee, effective March 1, 2018. Prior to joining the Bank, Mr. Gomez was Vice President and Chief Information/Technology Officer for Information Technology, Asia Pacific of S&P Global, Inc. (Singapore & Tokyo, Japan) from January 2011 to January 2017. He held various global head positions at Standard & Poor's (New York, USA) since 1996 before becoming its Vice President and Global IT Head for Sales and Marketing Systems in February 2008 up to January 2011. He graduated from the University of Santo Tomas with a degree in Bachelor of Science in Business Administration.

Lazaro Jerome C. Guevarra, 54, is Senior Vice President. He is currently the Chief of Staff for the Office of the President and concurrently the Group Head for the Corporate Compliance and Legal Services Group, administratively overseeing the Corporate Secretary's Office, Anti-Money Laundering Unit, Legal Services, Compliance, Corporate Governance Office, and Internal Audit. Prior to this, he was the Head of Advisory and Mergers & Acquisitions Team of BDO Capital & Investment Corporation and was the President of BDO Securiies Corporation. He is currently a Director of BDO Strategic Holdings, BDO Remit (Canada) Ltd., BDO Remit (Japan) Ltd., BDORO Europe Ltd. Inc., Averon Holdings Corp., SM Keppel Land, Inc., and NorthPine Land Inc. He is also a Trustee and Corporate Secretary of BDO Foundation, Inc. Mr. Guevarra is a graduate of the University of the Philippines – School of Economics and has had more than 30 years of experience in banking, financial analysis, and mergers & acquisition.

Estrellita V. Ong, 65, Filipino, joined BDO in 2012 as Senior Vice President for the Internal Audit Division heading Branches Audit. In April 2013, the Board approved and confirmed her designation as the Unibank Group's Chief Internal Auditor (CIA). She was formerly connected with Security Bank Corporation retiring as its CIA. Prior to being a CIA, she had held position in Security Bank as Assistant Controller and Executive Assistant to the Chairman handling the Centro Escolar University Finance portfolio. She was also formerly a Director of the 6776 Ayala Condo Corp. and Corporate Secretary of the Eastman Enterprises Corp. Prior to joining the bank mainstream, she had held Controllership position in Evergreen Shipping Corp.'s General Agent's office and Pioneer Intercontinental Insurance. She had varied experience also in manufacturing being General Manager and Treasurer of several Import/Export businesses subcontracting for branded US luggage and apparels. She is a Certified Public Accountant graduating from the University of the East – Recto with a Bachelor of Science degree in Business Administration.

Evelyn C. Salagubang, 56, Filipino, is Senior Vice President. She assumed the position of Group Head for Human Resources (HR) of the Bank in July 2011. She was formerly the Head of Human Resources of American Express Savings Bank, with oversight HR role over the American Express International, Inc., and American Express Bank Philippines. Prior to joining BDO, she was the HR Manager for Kraft Foods Philippines, Inc. She holds a degree in Psychology from Assumption College and completed a Diploma Program in Human Resource Management from the same institution.

Maria Theresa L. Tan, 52, Filipino, is Senior Vice President. She is General Manager of BDO Insurance Brokers, Inc. (BDOI). She has had more than two (2) decades of experience in sales, marketing/product management, and general management in the consumer, services, and insurance industries. She graduated from the Ateneo de Manila University with a degree in Business Management, Minor in Marketing. Prior to joining BDO, she was the General Manager of International SOS, Philippines, Inc. She joined the Bank in July 2009.

Federico P. Tancongco, 58, Filipino, is Senior Vice President. He joined BDO Unibank in October 2005 and was then seconded to BDO Private Bank, Inc. as Head of the Compliance and Legal Department. His secondment was recalled and since July 1, 2017 serves as Chief Compliance Officer of BDO Unibank. Prior to this, he served as trial lawyer and solicitor with the Office of the Solicitor General for six (6) years before joining the Rizal Commercial Banking Corporation where he was Trust Legal Counsel for the Trust and Investments Division for twelve (12) years. He also serves as trustee in religious non-profit corporations, namely: WorldTeach Ministries Philippines, Inc. and Far East Broadcasting Corporation. He holds a Bachelor's Degree in Philosophy and Letters from De La Salle University (DLSU) and a Law degree from the University of the Philippines College of Law.

Roberto E. Lapid, 64, Filipino, was appointed President and Vice Chairman of BDO Finance Corporation on January 31, 2020. He is concurrently President and Vice Chairman of the Board of Directors of BDO Rental, Inc., a wholly owned subsidiary of BDO Finance Corporation. He is concurrently Vice Chairman and President of BDO Leasing and Finance, Inc. and is a member of the Board of Trustees of the Foundation for Carmelite Scholastics. He was formerly the President of Equitable Exchange, Inc. and the Vice Chairman/Director of EBC Investments, Inc. Mr. Lapid holds a Bachelor's degree in Business Administration from the University of the Philippines.

Renato A. Vergel de Dios, 66, Filipino, is the President & CEO of BDO Life Assurance Company, Inc. (BDO Life) and a Director of BDO Life Board since October 2009. He also serves as a member of the Board of Trustees of the Insurance Institute for Asia and the Pacific. Mr. Vergel de Dios has been in life insurance business for over forty-five (45) years. Prior to joining BDO Life, he served as CEO for Manulife Philippines Inc. and Executive Vice President, Sales and Operations, for the Philippine American Life Insurance Company, Inc. He holds a Bachelor's Degree in Mathematics from Ateneo de Manila University and an MS Management (Sloan) degree from Stanford Graduate School of Business.

Senior Credit Executives

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

Antonio N. Cotoco, 72, Filipino, is Senior Credit Executive and is a member of the Executive Committee. He currently serves as Director of BDO Remit (Macau), Ltd., BDO Remit (USA), Inc., BDO Remit Limited, Express Padala (Hong Kong), Limited, and Chairman of BDO Rental, Inc. He has been involved in Investment Banking, Corporate Finance, Treasury, Consumer Banking, Credit, Business and Development, and Account Management over the past forty-four (44) years. He currently also serves as a Director of OAC Realty & Development Corporation.

Guia C. Lim, 72, Filipino, is Senior Credit Executive for Executive Committee/Management Credit Committee. She is a Certified Public Accountant with more than forty (40) years of banking experience. She was Executive Vice President of Union Bank from 1993 to 2013 responsible for corporate banking, risk management, asset recovery and disposal of foreclosed assets. She was appointed as Interim President for the International Corporate Bank (Interbank) to manage the transition of the merged bank. Prior to that, she was Executive Vice President of the Land Bank of the Philippines overseeing the commercial bank sector, and handling the supporting units of the entire commercial bank organization. Ms. Lim graduated from St. Theresa's College.

Nilo L. Pacheco, Jr., 65, Filipino, is a Senior Credit Executive of BDO Unibank, Inc. He was appointed on February 3, 2020. He has had 45 years of work experience in the area of finance that included 28 years in the banking industry. Prior to joining BDO Unibank, Mr. Pacheco was with Sterling Bank of Asia since 2010 where he was a member of the Board of Directors, and Chairman of its Trust, Corporate Governance, and Risk Management Committees, and previously member also of its Executive, Bids and Awards, and Information Technology Committees. He was also concurrently with the De La Salle group from 2011-2019 as Vice President for Finance of both De La Salle College of St. Benilde and De La Salle University and held senior positions in De La Salle Philippines, La Salle Antipolo, Catholic Educational Association of the Philippines, and a member of the Board of Directors of First Metro Asset Management Company and Maybank ATR Kim Eng Securities Inc. Prior to 2011, he held senior positions in Union Bank of the Philippines, United Coconut Planters Bank, International Exchange Bank, and Export and Industry Bank. Mr. Pacheco obtained his Bachelor of Arts degree in Mathematics, *magna cum laude,* from De La Salle University, took Masters units in Business Administration in the University of the Philippines, and finished the Advanced Management Program of Harvard Business School.

Mario B. Palou, 67, Filipino, is Senior Credit Executive of BDO Unibank, Inc. since March 1, 2018. He has more than thirty-five (35) years experience in the financial industry. He was Executive Vice President and Head of Middle Market Group of the Development Bank of the Philippines since February 2014. He also worked with Bank of the Philippine Islands as Senior Vice President (SVP) and Co-Division Head of Corporate Banking Group (CBG) for Top Corporate Companies from 2000 to 2003 and as SVP and Head of CBG from 2006 to 2013. He was an SVP and Department Head of Commercial Loans of BPI Family Savings Bank from 2003-2006. Prior to that, he was with Far East Bank and Trust Company, and FEB Investments, Inc. Mr. Palou graduated from San Beda College with a degree in Bachelor of Arts in Economics.

Edmundo S. Soriano, 65, Filipino, is Senior Credit Executive and is a Member of BDO Unibank's Executive Committee and Management Credit Committee. For the period of July 2017 to December 2018, he was EVP and Deputy Head, Institutional Banking Group at BDO Unibank, with direct responsibility for International Desks, Financial Institutions and Global Operations as well as a member of BDO's Management Credit Committee. Previous to this, he was Executive Vice President and Group Head for Corporate Banking from July 2004 to June 2017. Before joining BDO, Mr. Soriano

was a Vice President at JP Morgan Chase where he was a member of the Senior Management Teams of Hong Kong and China Branches. His last assignment in Hong Kong exposed him to Asia-Pacific regional responsibilities doing Corporate Investment Banking. Prior to this, he was an Assistant Vice President at First Chicago Leasing and Equipment Credit Corp., an affiliate of First National Bank of Chicago. He holds a Bachelor's degree in Economics (Honors) from Ateneo de Manila University and an MBA (with Distinction) from Adelphi University, New York, U.S.A. where he was a Rotary Foundation International Fellow. He attended continuing education programs at INSEAD, University of California at Berkeley and American Institute of Banking. In 2014, Mr. Soriano was President of the Financial Executives Institute of the Philippines (FINEX). For 2015, he was Chairman of FINEX Research and Development Foundation, Inc.

Below is the attendance of the members for the Executive Committee meetings held as of December 2020:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Teresita T. Sy	45	45	100%
Antonio N. Cotoco	43	45	95.56%
Jesus A. Jacinto, Jr.	45	45	100%
Guia C. Lim	43	45	95.56%
Edmundo S. Soriano	42	45	93.33%
Josefina N. Tan	44	45	97.78%
Nestor V. Tan	45	45	100%

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

(1) Significant Employees

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

(2) Family Relationships

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

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

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

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

(a) bankruptcy petition by or against any business of which such director was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;

(b) a conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign;
(c) to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
(d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading, market or self-regulatory organization, to have violated the securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

(4) Certain Relationships and Related Transactions

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

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

The Related Party Transactions Committee is chaired by Atty. Gilberto C. Teodoro, Jr. (Independent Director). Its members are Mr. Jones M. Castro, Jr. (Lead Independent Director) and Mr. Jose F. Buenaventura (Independent Director).

Below is the attendance of the members for the Committee meetings held as of December 2020:

	No. of Meetings Attended	Total No. of Meetings	Percentage
George T. Barcelon **	2	2	100%
Gilberto C. Teodoro, Jr. **	10	10	100%
Jones M. Castro, Jr.	11	12	91.67%
Jose F. Buenaventura	12	12	100%
*** Change in RPTC membership composition was approved by the Board on February 1, 2020. Mr. George T. Barcelon was replaced by Atty. Gilberto C. Teodoro, Jr. as Chairman of RPTC.*			

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

The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of the deposit and book value of their investment in BDO. In the aggregate, loans to DOSRI generally should not exceed the total capital funds or 15% of the total loan portfolio of BDO, whichever is lower.

For the period ended December 31, 2020, there were no material self-dealings or related party transactions by any director which require disclosure.

Please refer to Notes 2.17 and 26 of the Notes to Financial Statements. Said Financial Statement is attached to this Information Statement as **Annex "A"**.

(5) Disagreement with a Director

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

Item 6. Executive Compensation

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

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

in million pesos	Year	Annual Compensation	Other Annual Compensation
President and four (4) most highly compensated executive officers	2021 (estimate)	202.20	none
	2020	196.31	none
	2019	196.43	none
Year	**Name**		**Position/Title**
2020	Nestor V. Tan		President and CEO
	Walter C. Wassmer		SEVP
	Jaime C. Yu		SEVP
	Rolando C. Tanchanco		SEVP
	Joseph A. Gotuaco		SEVP
2019	Nestor V. Tan		President and CEO
	Walter C. Wassmer		SEVP
	Jaime C. Yu		SEVP
	Rolando C. Tanchanco		SEVP
	Joseph A. Gotuaco		SEVP

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

(2) Compensation of directors and officers as a group

in million pesos	Year	Salary Bonuses	Other Annual Compensation
Aggregate Officers (from senior vice presidents) & Directors	2021 (estimate)	962.60	none
	2020	943.73	none
	2019	1,057.22	none

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

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

Each member of the Board of Directors received the following as Directors for the year 2020:

Name of Directors	Amount
Barcelon, George T.	₱ 5,305,555.53
Bell-Knight, Christopher A.	5,544,444.44
Buenaventura, Jose F.	5,533,333.33
Castro, Jones M. Jr.	5,633,333.32
Jacinto, Jesus A. Jr	2,660,000.00
Perez, Vicente S. Jr.	5,483,333.31
Ramos, Dioscoro I.	5,444,444.43
Sy, Teresita T.	10,160,000.00
Tan, Josefina N.	2,660,000.00
Tan, Nestor V.	2,660,000.00
Teodoro, Gilberto C. Jr.	5,472,222.20
Total	**₱ 56,556,666.56**

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

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

1. Gilberto C. Teodoro, Jr. - Chairman (Independent Director)
2. Dioscoro I. Ramos - Member
3. Teresita T. Sy - Member

Below is the attendance of the members for the Committee meetings held as of December 2020:

	Meetings Attended	Total No. of Meetings	Percentage
Gilberto C. Teodoro, Jr.	1	1	100%
Dioscoro I. Ramos *	1	1	100%
Teresita T. Sy	1	1	100%
Jesus A. Jacinto, Jr. *	N/A	No meeting held during term	
Josefina N. Tan *	N/A	No meeting held during term	

* *Mr. Dioscoro I. Ramos was appointed as regular member of the Compensation Committee on June 16, 2020 during the Organizational Board Meeting. The term of Mr. Jesus A. Jacinto, Jr. and Ms. Josefina N. Tan as members of the Compensation Committee ended on the same day.*

(3) Compensation and Benefits

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

(a) Post-Employment Benefits

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

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

(b) Post-Employment Defined Contribution Plan

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

(c) Termination Benefits

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

(f) Employee Stock Option Plan

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

Please refer to Notes 2.23 and 25 of the Notes to Financial Statements attached to Information Statement as **Annex "A"** for further reference.

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

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

Item 7. Independent Public Accountants

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

Punongbayan & Araullo, Grant Thornton was first appointed external auditor of BDO in 2000 and has not resigned, been dismissed, or its services ceased since its appointment. BDO has had no material disagreement with Punongbayan & Araullo, Grant Thornton on any matter of accounting principle or practices or disclosures in BDO's financial statements. To comply with the requirement of SRC Rule 68 (3)(b)(ix) on the five (5) year Rotation of External Auditors Signing Partner, Mr. Romualdo V. Murcia III has been the Signing Partner of the financial audit since 2020. Mr. Leonardo D. Cuaresma, Jr., Partner of Punongbayan & Araullo, Grant Thornton, handled the financial audit from years 2017-2019.

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

Audit and Audit-Related Fees

The aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by the external auditor amounted to ₱14,059,783.54 for the year 2020, ₱18,085,815.89 for the year 2019, and ₱12,126,753.15 for the year 2018. These fees cover services rendered by the external auditor for audit of

the financial statements of BDO and other services in connection with statutory and regulatory filings for fiscal years 2020, 2019, and 2018.

Tax Fees and Other Fees

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

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

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

1. Jose F. Buenaventura - Chairman (Independent Director)
2. Jones M. Castro, Jr. - Member (Lead Independent Director)
3. Vicente S. Pérez, Jr. - Member (Independent Director)
4. Corazon S. de la Paz – Bernardo - Advisor
5. Christopher A. Bell-Knight - Advisor
6. Jesus A. Jacinto, Jr. - Advisor

Below is the attendance of the members for the Committee meetings held as of December 2020:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Jose F. Buenaventura	11	11	100%
Jones M. Castro, Jr.	11	11	100%
Vicente S. Pérez, Jr.	11	11	100%

Item 8. Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

Item 10. Modification or Exchange of Securities

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

Item 11. Financial and Other Information

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

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

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action will be presented for shareholders' approval at this year's annual meeting in respect of (1) the merger or consolidation of BDO into or with any other person, or of any other person into or with BDO, (2) acquisition by BDO or any of its shareholders of securities of another person, (3) acquisition by BDO of any other going business or of the assets thereof, (4) the sale or transfer or all or any substantial part of the assets of BDO, or (5) liquidation or dissolution of BDO.

Item 13. Acquisition or Disposition of Property

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

Item 14. Restatement of Accounts

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

D. OTHER MATTERS

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

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

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

1) Minutes of the annual meeting of stockholders held on June 16, 2020, appended to this Information Statement as **Annex "B"**. These minutes fully reflect the proceedings during the meeting, including:

    a) a description of the voting and vote tabulation procedures used in the previous meeting, including the engagement and presence of external auditor Punongbayan & Araullo, Grant Thornton, which was especially engaged as third-party validator for the meeting;
    b) a description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given; and,
    c) the list of directors and officers and a description of stockholders who participated in the meeting, certified duly certified to by the Corporate Secretary, verified by the Company's Stock Transfer Agent, Stock Transfer Service, Inc., and validated by Punongbayan & Araullo, Grant Thornton.

These minutes were posted in the Company's website within twenty-four (24) hours from adjournment of the meeting. The office of the Corporate Secretary has in its custody the full list and names of stockholders who participated in meeting.

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

Date of Disclosure	Subject
May 21, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retiree/s, totaling 40,900 common shares
May 22, 2020	Amended General Information Sheet of BDO for the Year 2019 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of BDO
May 26, 2020	Definitive Information Statement for the Annual Stockholders' Meeting of BDO on June 16, 2020 at 2:00 in the afternoon, to be conducted virtually and participation will be via remote communication
May 29, 2020	BDO Statement of Condition as of March 31, 2020
May 30, 2020	Results of Regular Board Meeting held on May 30, 2020 - Approval of the declaration of regular cash dividends on common shares of BDO in the amount of Php0.30 per share for the 2nd Quarter of 2020 payable on June 29, 2020 to all stockholders of record as of June 17, 2020 - Notation of the retirement of Mr. Edward Garcia Wenceslao, Senior Vice President and Head of Institutional Banking Group – International Desks 2, effective June 1, 2020, subject to clearance
June 1, 2020	Press Release re: *BDO Books Pre-emptive Provisioning After Loan Review – Prudent Action Taken in Challenging Environment*
June 1, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 151,312 common shares
June 2, 2020	Amended General Information Sheet of BDO for the Year 2019 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of BDO
June 15, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 151,350 common shares
June 15, 2020	Amended General Information Sheet of BDO for the Year 2019 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of BDO
June 16, 2020	Results of 2020 Annual Stockholders' Meeting - Approval of the election of the members of the Board of Directors for 2020–2021 - Approval of the amendments to BDO's Articles of Incorporation and By-

	Laws to conform to the Revised Corporation Code of the Philippines and BDO Unibank's current operations and structure as well as to enhance corporate governance - Re-appointment of Punongbayan and Araullo, Grant Thornton as external auditor of BDO Unibank for the year 2020 - Approval of the Minutes of the Annual Shareholders' Meeting held on April 22, 2019 - Approval of BDO's Audited Financial Statement as of December 2019 - Approval and ratification of all acts of the Board of Directors, Board Committees and Management during their terms of office
June 16, 2020	Result of the 2020 Organizational Meeting of the Board of Directors - Approval of the election/appointment of the following persons to the various positions set forth below: 1. Chairperson, Vice Chairman and Lead Independent Director; 2. Advisors to the Board; 3. Board Committee Members; and, 4. Corporate Officers
June 16, 2020	Press Release re: *BDO earns ₱44.2 Bn in 2019, ₱8.8 Bn in 1Q 2020 - Cites additional provisions and measures vs. COVID-19*
June 19, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 262,588 common shares
June 22, 2020	Clarification on the news article entitled "Wirecard's $2.1 Billion Hole Deepens After Forgery Claim"
June 22, 2020	Amended General Information Sheet of BDO for the Year 2019 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of BDO
June 23, 2020	Press Release re: *BDO to Buy Out Nomura Stake in JV*
June 27, 2020	Results of Regular Board Meeting held on June 27, 2020 - Approval of the appointment of Mr. Carlo Bass Nazareno as Senior Vice President for Transaction Banking Group, effective July 16, 2020, subject to BSP confirmation - Notation of the retirement of Mr. Ador Algallar Abrogena, Executive Vice President and Head of Investment Products Group, effective July 1, 2020, subject to clearance
June 30, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 87,124 common shares
July 1, 2020	SEC Form 17-A (Annual Report) as of December 31, 2019
July 3, 2020	Press Release re: *BDO Issues Php36.0 Bn in Fixed Rate Peso Bonds*
July 6, 2020	US$ Fixed Rate Notes (Issuance – Initial Price Guidance)
July 6, 2020	Amended General Information Sheet of BDO for the Year 2019 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of BDO
July 7, 2020	Press Release re: *BDO Issues USD 600 Million Senior Notes*

July 9, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 120,250 common shares
July 13, 2020	General Information Sheet of BDO for the Year 2020
July 14, 2020	List of top 100 stockholders for BDO with PCD Participants for the period ending June 30, 2020
July 20, 2020	Public Ownership Report as of June 30, 2020
July 20, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 291,616 common shares
July 22, 2020	Amended General Information Sheet of BDO for the Year 2019 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of BDO
July 25, 2020	Results of Regular Board Meeting held on July 25, 2020 - Approval of the Financial statements of the Bank for the Second Quarter of 2020 - Acceptance of the resignation of Ms. Maria Cecilia Guison Fonacier, Senior Vice President and Group Head of Marketing Communications Group, effective July 1, 2020, subject to clearance - Approval of the change on appointment date of Mr. Carlo Bass Nazareno as Senior Vice President for Transaction Banking Group from July 16, 2020 to August 3, 2020
July 25, 2020	Press release re: *BDO posts Php4.3 Million in Net Income due to Php22.5 Billion in Upfront Provisions*
July 27, 2020	SEC 17-Q (Quarterly Report) as of June 30, 2020
August 3, 2020	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated list of officers of BDO
August 5, 2020	Integrated Annual Corporate Governance Report of BDO for the year ended 2019
August 6, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 18,000 common shares
August 10, 2020	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of BDO
August 20, 2020	BDO Statement of Condition as of June 30, 2020
August 24, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 20,570 common shares
August 24, 2020	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of BDO
August 28, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 5,000 common shares
August 28, 2020	Amended General Information Sheet of BDO for the Year 2020 reflecting the

	updated Capital Structure, Stockholders' Information, and Additional Issued Shares of BDO
August 29, 2020	Result of Regular Board Meeting held on August 29, 2020 - Declaration of regular cash dividends on common shares of BDO in the amount of Php0.30 per share for the 3rd Quarter of 2020 payable on September 28, 2020 to all stockholders of record as of September 15, 2020
September 29, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 111,592 common shares
October 5, 2020	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, List of Officers, Stockholders' Information, and Additional Issued Shares of BDO
October 5, 2020	Summary of Self-Assessment of the Board Audit Committee
October 7, 2020	Manual on Corporate Governance of BDO
October 8, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 32,100 common shares
October 9, 2020	Notice of Analysts' Virtual Briefing to be held on October 26, 2020 (Monday), 02:00 PM PHT, via Cisco Webex
October 12, 2020	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of BDO
October 13, 2020	List of Top 100 stockholders for BDO with PCD Participants for the period ending September 30, 2020
October 16, 2020	Public Ownership Report as of September 30, 2020
October 20, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 16,000 common shares
October 20, 2020	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of BDO
October 24, 2020	Result of Regular Board Meeting held on October 24, 2020 - Acceptance of the resignation of Mr. Gregorio Cruz Severino, Senior Vice President and Head of Central Operations Group - Transaction Processing, effective November 1, 2020, subject to clearance
October 24, 2020	Press Release re: *BDO Regains Momentum in 3Q 2020*
October 26, 2020	SEC 17-Q (Quarterly Report) as of September 30, 2020
November 3, 2020	Press Release re: *BDO Trust Group Attains a Milestone Amid the Pandemic*
November 9, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 33,600 common shares
November 9, 2020	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, List of Officers, Stockholders' Information, and Additional Issued Shares of BDO
November 11, 2020	Amendment in the Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible

	senior officer/s and/or retiree/s, totaling 33,600 common shares
November 17, 2020	BDO Statement of Condition as of September 30, 2020
November 23, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 54,000 common shares
November 26, 2020	Press Release re: *BDO Takes Full Ownership of BDO Nomura*
November 27, 2020	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of BDO
December 2, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 45,500 common shares
December 2, 2020	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Stockholders' Information, Additional Issued Shares and List of Subsidiaries/Affiliates of BDO
December 5, 2020	Results of Regular Board Meeting held on December 5, 2020 - Approval of the amendments to the Bank's By-Laws to address the comments and recommendation of the Bangko Sentral ng Pilipinas (BSP) - Notation of the retirement of Mr. Anthony Quin Chua, Executive Vice President under the Office of the President, effective on December 31, 2020, subject to clearance - Approval of the declaration of regular cash dividends on common shares of BDO in the amount of Php0.30 per share for the 4th Quarter of 2020 payable on December 29, 2020 to all stockholders of record as of December 22, 2020
December 16, 2020	Resignation of Mr. Arthur Lao Tan, Senior Vice President of BDO Unibank, Inc.'s Information Technology Group, effective December 23, 2020
December 16, 2020	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 30,000 common shares
December 22, 2020	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of BDO
January 4, 2021	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retiree/s, totaling 27,000 common shares
January 6, 2021	2020 Meeting attendance of BDO Board of Directors
January 6, 2021	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of BDO
January 9, 2021	Result of Regular Board Meeting held on January 9, 2021 - Acceptance of the resignation of Mr. Arthur Lao Tan, Senior Vice President and Head of Information Technology Group/Infrastructure and Operations/IT Operations of BDO, effective December 23, 2020, subject to clearance
January 11, 2021	Press Release re: *Sustainalytics Accredits BDO's Sustainable Finance Framework*

January 13, 2021	List of Top 100 stockholders for BDO with PCD Participants for the period ending December 31, 2020
January 15, 2021	Public Ownership Report as of December 31, 2020
January 21, 2021	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 55,500 common shares
January 21, 2021	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Stockholders' Information, Additional Issued Shares and List of Subsidiaries/Affiliates of BDO
January 28, 2021	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to senior officer/s and/or retiree/s, totaling 41,300 common shares
January 30, 2021	Results of Regular Board Meeting held on January 30, 2021 - Approval of the declaration of cash dividends on Preferred Shares Series "A" at the rate of 6.5% per annum of the par value, for a total dividend amount of ₱340,329,166.67, payable within sixty (60) banking days from dividend declaration date - Approval of the setting of the Annual Stockholders' Meeting of the Bank on April 23, 2021, at 2:00 in the afternoon, to be held virtually; and setting of the record date for stockholders entitled to vote and be voted, and participate at such meeting on March 2, 2021 - Acceptance of the resignation of Mr. Donald Benjamin Gomez Limcaco, Senior Vice President and Systems Project Manager of Central Operations Group of BDO Unibank - Approval of the recall of the secondment of Mr. Lazaro Jerome C. Guevarra, SVP, to BDO Capital and Investment Corporation, effective March 1, 2021 - Approval of the appointment of Mr. Guevarra as SVP/Chief of Staff in the Office of the President and concurrently, as SVP/Group Head, Corporate Governance Group (Legal, Corsec and Compliance Group), effective March 1, 2021, subject to regulatory approval/s, if required
February 2, 2021	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of BDO
February 3, 2021	BDO Statement of Condition as of December 31, 2020
February 10, 2021	Notice and Agenda of the Annual Stockholders' Meeting of BDO on April 23, 2021, at 2:00 in the afternoon, to be held virtually
February 10, 2021	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 118,200 common shares
February 11, 2021	Notice of Analysts' Virtual Briefing on February 26, 2021 (Friday), 01:00 PM PHT, via Cisco Webex
February 11, 2021	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Corporate Information, Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of BDO
February 18, 2021	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 4,000 common shares

February 23, 2021	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Stockholders' Information, and Additional Issued Shares of BDO
February 24, 2021	Results of Regular Board Meeting held on February 24, 2021 - Approval of the 2020 Audited Financial Statements of BDO - Notation of the retirement of Ms. Annie Ho Ngo, Senior Vice President and Region Head of Branch Banking Group/Region 3-Metro Manila West, effective March 1, 2021 - Approval of the declaration of regular cash dividends on common shares of BDO in the amount of Php0.30 per share for the 1st Quarter of 2021 payable on March 25, 2021 to all stockholders of record as of March 15, 2021
February 24, 2021	Press statement entitled "*BDO Posts ₱28.2 Billion Net Income in 2020*
March 4, 2021	Change in Number of Issued and Outstanding Shares pursuant to BDO's employee stock option/grant program granted to eligible senior officer/s and/or retiree/s, totaling 27,600 common shares
March 9, 2021	Amended General Information Sheet of BDO for the Year 2020 reflecting the updated Capital Structure, Officers, Stockholders' Information, and Additional Issued Shares of BDO
	Related Party Transactions (Please refer to Notes 2.17 and 26 of the Notes to Financial Statements attached to Information Statement as **Annex "A"**)

There are no other matters that would require approval of the stockholders.

There is likewise no material information on the current stockholders and their voting rights requiring disclosure.

All stockholders as of Record Date are entitled to vote *in absentia* for this meeting by registering and voting through the Company's secure online voting facility. For the detailed discussion of stockholders' voting rights and voting procedures, please refer to Item 19 (Voting Procedures) and the "***Guidelines for Participation via Remote Communication and Voting in Absentia***" appended to this Information Statement.

Item 16. Matters Not Required to be Submitted

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

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

Shareholders have the right to approve or disapprove any proposed amendments to the Articles of Incorporation and By-laws of BDO.

To be presented for shareholders' approval at this year's annual meeting are the amendments to Sections 10 and 16 of BDO's Amended By-Laws following the recommendations of the Bangko Sentral ng Pilipinas (BSP).

Approval and ratification by the shareholders will be sought to further amend the By-Laws of BDO in order to address the comments and recommendations of the BSP on Sections 10 and 16. The Board approved and endorsed to the stockholders for their approval and ratification the proposed amendments at its meeting on December 5, 2020 through the adoption of Board Resolution No. 235-2020 and likewise incorporated therein the recommend revision based on the opinion of the BSP's legal counsel, as follows:

"ARTICLE IV
MEETING OF THE STOCKHOLDERS

SECTION 10. Place. All meetings shall be held in any of the offices of the Bank ***located in the city where the principal office of the Bank is located***, or, if not practicable, at any venue in Metro Manila.

x x x x x

SECTION 16. Notice of Meeting. Notice of annual meeting or special meeting of stockholders shall be sent either by:

(a) Mail, facsimile transmission**,** electronic mail, or other modes as may be allowed under applicable law, rules and regulations, to each stockholder no less than ***twenty-one (21)*** days prior to the date set for each meeting, which notice shall state the day, hour and place of the meeting; or

(b) Publication in newspapers of general circulation published in Metro Manila not less than ***twenty-one*** (***21***) days prior to the date set for the meeting, which notice shall state the day, hour and place of the meeting;

In special meetings, the notice shall be sent not less than ten (10) days prior to the date set for such meeting and shall also state the purpose or purposes for which it is called. The requisite of notice of meeting, whether annual or special, may however be waived by the stockholders: Provided, that attendance by a stockholder at a meeting shall constitute his/her waiver of notice of such meeting.

The Board of Directors may prescribe other periods for the giving of notices of stockholders' meetings, without need of amendment of these By-laws.

Failure of or defect in the notice shall not, however, invalidate any annual meeting of the stockholders or any of the proceedings had thereat, if the business transacted is within the powers of the Bank and all stockholders were present or represented at the meeting nor shall any defect in the notice or failure to state the purpose or purposes for which a special meeting is called invalidate the same, except when so provided by law."

Required vote: Vote of shareholders representing at least two-thirds of outstanding capital stock.

Proposed changes shall not have any effect on the current rights enjoyed by shareholders but will enable BDO to update its processes and structure, enhance corporate governance, conform to the requirements under the Revised Corporation Code, and address the additional recommendations of the BSP.

Item 18. Other Proposed Action

Other than the matters indicated in the Notice and Agenda included in this Information Statement, there are no other actions proposed to be taken at the annual meeting.

Item 19. Voting Procedures

At the 2021 Stockholders' Meeting, holders of a majority of BDO's issued and outstanding voting shares who are present via remote communication or represented by proxy shall constitute a quorum for the transaction of business. A majority of votes shall decide any matter submitted to the shareholders at the meeting, except in those cases where the law requires a greater number.

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

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

Stockholders as of March 2, 2021 who have successfully registered their intention to participate in the annual meeting via remote communication, and to vote *in absentia*, duly verified and validated by the BDO, shall be provided with log-in credentials to securely access the voting portal.

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

Shareholders holding BDO common shares and Series "A" preferred shares as of March 2, 2021 are entitled to vote on the following matters which are also indicated in the Notice and Agenda included in this Information Statement:

1. **Approval of the minutes of the previous annual meeting held on June 16, 2020**

   The minutes of BDO's annual meeting held on June 16, 2020 is attached to this Information Statement as **Annex "B"** for review of the shareholders. Shareholders' approval of the minutes will be sought at this year's annual meeting.

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

2. **Audited Financial Statements as of December 31, 2020**

   BDO's Audited Financial Statements as of December 31, 2020, together with the Supplementary Schedules, are attached as **Annex "A"** to this Information Statement for review of the shareholders. This will enable the shareholders to assess the financial performance of BDO for the period covered by said financial statements. Shareholders' approval of the financial statements will be sought at this year's annual meeting.

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

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

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

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

4. Election of Directors

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

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

5. Approval of the Amendments to Sections 10 and 16 of BDO's Amended By-Laws following the recommendations of the Bangko Sentral ng Pilipinas

At the annual meeting, approval and ratification by the stockholders will be sought to amend the By-Laws of BDO to adopt the additional recommendations of the BSP. The Board approved and endorsed to the stockholders for their approval and ratification the proposed amendments at its meeting on December 5, 2020 through the adoption of Board Resolution No. 235-2020.

Please refer to **Item 17** on the details of the proposed amendments to Sections 10 and 16 of BDO's Amended By-Laws.

Required vote: Vote of shareholders representing at least two-thirds of outstanding capital stock.

6. Appointment of External Auditor

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

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

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

SIGNATURE

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

This report is signed in the City of Makati on March 24, 2021.

Issuer: **BDO Unibank, Inc.**

Edmundo L. Tan
Corporate Secretary

BDO UNIBANK, INC.

MANAGEMENT REPORT

I. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The consolidated financial statements of BDO Unibank, Inc. (**BDO** or the "**Bank**") for the year ended 31 December 2020 are incorporated herein by reference.

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

The financial statements of the Bank for the year ending 31 December 2019 and 31 December 2020 have been audited by Punongbayan and Araullo, Grant Thornton in accordance with generally accepted accounting principles. The Bank has not had any disagreements with any of its former or present accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which led to a change in external auditors and if not resolved to the satisfaction of any of these accountants, would have caused the latter to make reference to the subject matter of the disagreement in connection with its report.

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

(1) Management's Discussion and Analysis

Balance Sheet – 2020 vs. 2019

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

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

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

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

Contingent Accounts – 2020 vs. 2019

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

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

Income Statement – For the years Ended December 31, 2019 vs. 2018

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

Net Interest Income increased 12% to P133.7 billion owing to an expansion in margins as well as growth in interest-earning assets. Other income went down 8% to P55.2 due to the pandemic and the resulting slowdown in business activity. Service Charges, FX Gain and Miscellaneous Income dropped 22%, 54% and 13%, respectively. However, Trading Gain, Trust Fees and Insurance Premiums increased 310%, 8%, and 2%, respectively.

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

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

- Security, Clerical and Janitorial expenses as well as Other Operating Expenses dropped 8% and 11%, respectively, from scaled down business operations during the middle of the year.

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

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

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

Key Performance Indicators – 2020 vs. 2019

	2020	2019	Inc/(Dec)
Return on Average Common Equity	7.6%	12.8%	-5.2%
Return on Average Equity	7.5%	12.6%	-5.1%
Return on Average Assets	0.9%	1.4%	-0.5%
Net Interest Margin	4.4%	4.2%	0.2%
Capital to Risk Assets	14.4%	14.2%	0.2%
Basic Earnings Per Share	6.37	10.02	-3.65
Liquidity Ratio	30.8%	27.8%	3.0%
Solvency Ratio (Debt-to-Equity)	758.7%	760.5%	-1.8%
Asset-to-Equity Ratio	858.7%	860.5%	-1.8%
Interest Rate Coverage Ratio	297.3%	245.5%	51.8%
Profit Margin	13.3%	20.0%	-6.7%

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

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

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

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

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

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

Profit Margin dropped to 13.3% on lower bottomline profits.

Balance Sheet – 2019 vs. 2018

Total Resources grew 6% to P3.2 trillion as both Investment Securities and Gross Loans climbed 13% and 9% to P435.9 billion and P2.2 trillion, respectively. Cash and Other Cash Items went up 19% to P64.1 billion from deposit expansion. Due from BSP went down 13% to P309.0 billion owing to the reduction in reserve requirement implemented during the year. Due from Banks slid 30% to P39.0 billion on lower placements and working balances with correspondent banks.

Bank Premises and Net Finance Lease inflated 38% to P46.6 billion due to the newly implemented lease accounting standard as well as reclassifications from Investment Properties. Consequently, Investment Properties dropped 15% to P16.9 billion. Deferred Tax Assets rose 7% to P8.9 billion resulting from the Bank's retirement obligation. Other Resources went up 7% to P37.8 billion primarily owing to higher levels of outstanding credit card transactions.

Deposit Liabilities grew 3% to P2.5 trillion as Demand and Savings deposits expanded 29% and 6%, respectively. Meantime, Time deposits declined 10%, year-on-year as the Bank reduced its reliance on more expensive funding sources. Bills Payable hiked 17% to P167.5 billion from the issuance of the P35.0 billion fixed rate bonds. Insurance Contract Liabilities soared 49% to P42.5 billion on higher BDO Life business volumes. Other Liabilities climbed 23% to P113.0 billion due to the recognition of finance lease payment payable from the newly implemented lease accounting standard as well as increases in accounts payable and other accrued expenses, outstanding checks as of the cut-off date.

Total Equity increased 13% to P370.6 billion from the Bank's continued profitability.

Contingent Accounts – 2019 vs. 2018

Total Contingent Accounts grew 14% to P2.2 trillion due to material movements from the following accounts:

- Trust Department Accounts hiked 15% to P1.3 trillion from a larger portfolio of funds managed.
- Unused L/Cs, Outstanding Guarantees Issued and Export L/Cs Confirmed surged 10%, 72% and 27% to P53.7 billion, P2.9 billion and P7.9 billion, respectively, owing to higher volume of trade transactions.
- Late Deposits and Payments Received went up 19% to P3.2 billion as more transactions were received from clients after clearing cut-off time.
- Increased treasury trading activities yielded growth in Spot and Forward Exchange Bought and Sold. Meantime, Interest Rate Swap Receivable and Payable declined year-on-year.
- Other Contingent Accounts climbed 15% to P415.6 billion from expansion in Committed Credit Lines.

Income Statement – For the years Ended December 31, 2019 vs. 2018

The Bank recorded a Net Income attributable to Equity holders of the Parent Company of P44.2 billion in 2019, 35% higher than previous year's P32.7 billion. Net Interest Income climbed 22% to P119.9 billion owing to an expansion in margins as well as growth in interest-earning assets. The Bank prudently set aside P6.2 billion in provisions for loans, securities, ROPA and other assets.

Other income also hiked 19% to P60.1 billion as Service Charges, Trust Fees, and Insurance Premiums increased 16%, 7%, and 25%, respectively, showing strong growth across the Bank's

main business lines. The Bank likewise recorded a Trading Gain of P1.4 billion vis-à-vis a Trading Loss of P864 million the previous year.

Operating Expenses went up 16% to P114.6 billion owing to the following:

- Employee Benefits rose 16% from salary increases and an increasing manpower count coming from business expansion.
- Taxes and Licenses jumped 21% attributed to Gross Receipts Tax (GRT) on higher income.
- Insurance expenses increased 9% following continued deposit expansion.
- Policy Reserves soared 41% reflecting higher business volumes of BDO Life.
- Security, Clerical and Janitorial expenses as well as Other Operating Expenses went up 7% and 20%, respectively, owing to an expanded distribution network as well as increased business volumes.

Tax Expense jumped 36% to P15.0 billion following a higher pre-tax income.

Comprehensive Income – For the years Ended December 31, 2019 vs. 2018

From a Consolidated Net Income of P44.2 billion, Total Comprehensive Income for 2019 stood at P44.7 billion. This included an increase in net gains on FVOCI Securities of P7.8 billion, a negative P1 million translation adjustment related to foreign operations, an actuarial loss on retirement benefit asset amounting to P2.4 billion, a remeasurement of life insurance reserves of negative P5.0 billion, a P79 million rise in unrealized gains on equity investments at FVOCI and a P14 million share in Other Comprehensive Income of affiliates. The Total Comprehensive Income registered a 60% improvement from P27.9 billion in 2018.

Key Performance Indicators – 2019 vs. 2018

	2019	2018	Inc/(Dec)
Return on Average Common Equity	12.8%	10.7%	2.1%
Return on Average Equity	12.6%	10.6%	2.0%
Return on Average Assets	1.4%	1.1%	0.3%
Net Interest Margin	4.15%	3.64%	0.51%
Capital to Risk Assets	14.2%	13.8%	0.4%
Basic Earnings Per Share	10.02	7.40	2.62
Liquidity Ratio	27.8%	30.4%	-2.6%
Solvency Ratio (Debt-to-Equity)	760.5%	821.0%	-60.5%
Asset-to-Equity Ratio	860.5%	921.0%	-60.5%
Interest Rate Coverage Ratio	245.5%	241.9%	3.6%
Profit Margin	20.0%	18.2%	1.8%

Return on Average Common Equity, Return on Average Equity, Return on Average Assets and Basic Earnings Per Share climbed to 12.8%, 12.6%, 1.4% and 10.02, respectively, owing to higher Net Income.

Net Interest Margin improved to 4.15% given higher asset yields in 2019 and growth in earning assets.

Capital to Risk Assets hiked to 14.2% as capital went up at a faster pace than risk weighted assets.

Liquidity Ratio declined to 27.8% on sustained loan expansion.

Solvency Ratio and Asset-to-Equity Ratio dropped to 760.5% and 860.5%, respectively, as capital went up at a faster rate than both liabilities and total assets.

Interest Rate Coverage Ratio moved up to 245.5% following high revenue growth.

Profit Margin improved to 20.0% as revenue increase outpaced cost growth.

Balance Sheet – 2018 vs. 2017

Total Resources expanded 13% reaching P3.0 trillion as Gross Loans jumped 15% year-on-year funded mainly by a 14% increase in deposits. Cash and Other Cash Items rose 19% to P53.7 billion following deposit growth. Due from Other Banks increased 7% to P55.3 billion from higher placements and working balances with correspondent banks. Investment Securities expanded 16% to P385.2 billion coming from a 38% and 24% increase in Financial Assets at Fair Value Through Profit and Loss (FVTPL) and Held-to-Collect (HTC) Securities, respectively. Net Loans and Other Receivables climbed 16% to P2.1 trillion propelled by the growth in Customer Loans as well as a 31%, 21% and 6% increase in Interbank Loans, Securities Purchased Under Reverse Repurchase Agreements (SPURRA) and Other Receivables, respectively.

Bank Premises went up 15% to P33.7 billion from branch expansion and improvements in the Bank's distribution network. Investment Properties rose 10% to P19.8 billion on additional foreclosures and dacion payments. Deferred Tax Assets grew 12% to P8.3 billion resulting from the Bank's retirement obligation.

Deposit Liabilities climbed 14% year-on-year to P2.4 trillion fueled by a 33%, 7% and 27% expansion in Demand, Savings and Time deposits. Bills Payable rose 10% to P143.6 billion primarily owing to the $150 million green bond in February 2018. Insurance Contract Liabilities went up 10% to P28.5 billion attributable to higher BDO Life business volumes. Other Liabilities grew 12% to P92.0 billion primarily due to higher levels of accounts payable, accrued expenses, bills purchased contra-account and retirement benefit obligation.

Total Equity hiked 10% to P328.1 billion from continued profitable operations.

Contingent Accounts – 2018 vs. 2017

Total Contingent Accounts went up 8% to P1.9 trillion owing to the following:

- Trust Department Accounts expanded 11% to P1.2 trillion on account of higher levels of managed funds.
- Export L/Cs Confirmed grew 163% to P6.2 billion with increased volume of trade transactions .
- Bills for Collection as well as Late Deposits and Payments Received rose 109% and 86% to P10.7 billion and P2.7 billion, respectively, owing to higher volume of outstanding transactions as of year-end 2018.
- Other Contingent Accounts climbed 13% to P361.2 billion on higher committed credit lines.
- Increased treasury trading activities resulted in growth in Spot Exchange Bought, Forward Exchange Sold and Interest Rate Swap Receivables and Payables. Meantime, Spot Exchange Sold, Forward Exchange Bought as well as Interest Rate Futures Sold dropped year-on-year.
- Outstanding Guarantees Issued went down 92% to P1.7 billion as of the cut-off date.

Income Statement – For the years Ended December 31, 2018 vs. 2017

The Bank registered a Net Income attributable to Equity holders of the Parent Company of P32.7 billion in 2018, a 17% improvement from the P28.1 billion the previous year. Net Interest Income jumped 20% to P98.3 billion resulting from an expansion in margins and growth in interest-earning assets. The Bank maintained its conservative impairment provisioning allocating P6.3 billion for loans, securities, ROPA and other assets.

Other income was up 5% to P49.7 billion as Service Charges, Trust Fees, FX Gain, Insurance Premiums and Miscellaneous Income improved 7%, 2%, 11%, 20% and 11%, respectively, reflecting business growth across the Bank's varied business lines. On the other hand, the Bank recorded a Trading Loss of P1.6 billion mainly from unrealized losses on BDO Life's portfolio.

Operating Expenses rose 16% to P98.0 attributable to the following:

- Employee Benefits rose 11% owing to salary increases and an increasing manpower count from business expansion.
- Occupancy Costs grew 13% due to an enhanced distribution network.
- Taxes and Licenses hiked 41% resulting from GRT on higher income as well as higher DST costs on a larger Time Deposit volume, due to the effectivity of the Tax Reform for Acceleration and Inclusion (TRAIN) Law.
- Insurance expenses increased 16% following continued deposit expansion.
- Advertising Expenses climbed 25% on increased spending on marketing, promotional and advertising activities.
- Litigation/Assets Acquired expenses grew 15% on costs relating to litigation and maintenance of acquired assets.
- Policy Reserves dropped 10% owing to the effect of unfavorable market conditions on BDO Life's asset portfolio.
- Insurance Benefits and Claims went up 39% following higher BDO Life business volumes.
- Security, Clerical and Janitorial expenses as well as Other Operating Expenses rose 14% and 16%, respectively, due to an expanded distribution network as well as increased business volumes.

Tax Expense grew 16% to P11.0 billion on a higher taxable income base.

Comprehensive Income – For the years Ended December 31, 2018 vs. 2017

From a Net Income of P32.6 billion, the Bank recorded a Total Comprehensive Income of P27.9 billion for 2018. This is inclusive of a P5.1 billion drop in net gains on FVOCI Securities partially offset by a re-measurement on life insurance reserves of P3.7 billion, translation adjustment related to foreign operations of P34 million, an actuarial loss on retirement benefit asset of P2.1 billion, a P1.2 billion decline in unrealized gains on equity investments at FVOCI, as well as a negative P9 million share in Other Comprehensive Income (OCI) of affiliates. The Total Comprehensive Income represents a 6% improvement from the P26.2 billion in 2017.

Key Performance Indicators – 2018 vs. 2017

	2018	2017	Inc/(Dec)
Return on Average Common Equity	10.7%	10.2%	0.5%
Return on Average Equity	10.6%	10.2%	0.4%
Return on Average Assets	1.1%	1.1%	0.0%
Net Interest Margin	3.64%	3.48%	0.16%

Capital to Risk Assets	13.8%	14.5%	-0.8%
Basic Earnings Per Share	7.40	6.42	0.98
Liquidity Ratio	30.4%	31.6%	-1.2%
Solvency Ratio (Debt-to-Equity)	821.0%	794.3%	26.7%
Asset-to-Equity Ratio	921.0%	894.3%	26.7%
Interest Rate Coverage Ratio	241.9%	308.2%	-66.3%
Profit Margin	18.3%	19.1%	-0.8%

Return on Average Common Equity, Return on Average Equity and Basic Earnings Per Share went up to 10.7%, 10.6% and 7.40, respectively, owing to higher Net Income.

Return on Average Assets was steady at 1.1%

Net Interest Margin improved to 3.64% following the increase in market rates and growth in higher-yielding earning assets.

Capital to Risk Assets went down to 13.8% due to the increase in risk weighted assets.

Liquidity Ratio went down to 30.4% as the Bank continued its focus on loan expansion.

Solvency Ratio and Asset-to-Equity Ratio rose to 821.0% and 921.0%, respectively, as the Bank leveraged capital with its deposit expansion.

Interest Rate Coverage Ratio declined to 241.9% owing to an increasing interest rate environment.

Profit Margin went down to 18.3% as cost growth outpaced revenue growth.

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

BDO Unibank, Inc. posted a net income of P28.2 billion in 2020 from P44.2 billion in 2019, due mainly to pre-emptive provisions of P30.2 billion set aside against potential delinquencies from the pandemic. The Bank relied on its strong and resilient business franchise and balance sheet to support core business operations, despite significant challenges from the pandemic and the ensuing economic lockdown.

Net interest income grew by 12% to P133.7 billion. Loans grew by a modest 3% to P2.3 trillion driven by consumer and corporate accounts, but still compared favorably to the 0.7% contraction for the system. The Bank continued to assist its borrowing clients, ensuring their uninterrupted access to credit facilities, in addition to granting loan moratoria under Bayanihan I and II.

CASA deposits continued to climb, growing 17% to P2.1 trillion, as clients were able to continuously access BDO products and services through its branches, ATMs and digital channels even during quarantine restrictions.

Non-interest income declined 8% and settled at P55.2 billion, supported by fee-based income, trading gains and insurance premiums. Business volumes were initially impacted by mobility restrictions, but have since recovered gradually. Wealth management, on the other hand, remained resilient with trust volumes and fees exhibiting healthy growth. Trading gains increased as the Bank capitalized on favorable market conditions to cash in on a portion of its

securities portfolio, while insurance premiums grew modestly despite the initial impact of the lockdowns.

Operating expenses decreased 2% to P112.6 billion due to a reduction in marketing and volume-related expenses.

The Bank's provisions of P30.2 billion were in line with prudent credit and provisioning policies, meant to further strengthen its balance sheet. The NPL ratio stood at 2.65% with NPL coverage at 109.5%. As of year-end, the Bank's total Loan Loss Reserves were equivalent to 3% of Gross Customer Loans, and are considered more than sufficient to cover for potential losses.

The Bank's capital base expanded to P393 billion with its Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) at 14.4% and 13.2%, respectively, comfortably above minimum regulatory levels. The Bank's capital increased by 6% despite the pre-emptive provisions and the business impact of COVID-19. Book value per share likewise increased 6% to P88.11 from P83.04 in 2019.

BDO remains cautiously optimistic on a gradual recovery in 2021. With its extensive market reach and devoted workforce, the Bank remains committed to providing banking products and services attuned to its customers' needs. These include digital upgrades that allow easier and safer access to services, such as QR code-based ATM and merchant transactions. These are part of the benefits expected from its ongoing Next Generation IT upgrade.

Prospects for the Future/Plans of Operation

The country is expected to benefit from a much improved global outlook in 2021 with the rollout of COVID-19 vaccines underway in several countries. Amid this positive backdrop, the country's recovery will be led by government infrastructure spending and Build Build Build projects on the back of a larger budget allocation. The downstream benefits from the government's infrastructure spending however, is contingent on the timely implementation of development projects ahead of the national elections in 2022.

Increased consumption and business activities, along with better employment prospects, reinforce the country's gradual upturn. This hinges on the further loosening of mobility restrictions with the targeted rollout of the government's vaccination program covering 50-70 million Filipinos. The first batch of inoculations is expected to commence in the 2Q 2021.

Downside risks that may hamper the country's economic recovery include potential delays in vaccine procurement and immunization timetable, the emergence of new variants/strains of the virus that may trigger tighter containment policy or fresh mobility restrictions, and the possible build-up in inflationary pressures driven by rising food and oil prices.

(3) Material Changes

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

None.

(b) Internal and External Sources of Liquidity

The internal and external sources of liquidity are herein discussed under item III (2) above.

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

None.

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

Trends, events or uncertainties, which can have a material impact on sales, are explained under item III (2) above.

(e) Causes for any Material Changes from Period to Period of Financial Statements

The causes for any material changes from 2019-2020 are explained in item III (1) above.

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

None.

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

(1) Business Development

Form and Year of Organization

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

BDO is now the market leader in most of its core business lines following its merger with Equitable PCI Bank (EPCI) in May 2007. The Bank offers a complete array of products and services, i.e. Retail Banking, Lending (Corporate, Commercial, Consumer, and SME), Treasury, Trust, Credit Cards, Corporate Cash Management and Remittances. Through its subsidiaries, the Bank offers Leasing and Financing, Investment Banking, Private Banking, Bancassurance, Insurance Brokerage and Stock Brokerage services. It has one of the largest branch networks, with 1,470 operating domestic branches (including 288 BDO Network Bank, Inc. (BDO Network) (formerly One Network Bank, Inc.) branches) and two full-service branches in Hong Kong and Singapore. As at 31 December 2020, its network includes 18 overseas remittance and representative offices across Asia, North America, Europe and the Middle East, and 4,439 automated teller machines (ATMs) (including 275 BDO Network ATMs), 599 cash deposit machines and five self-service teller machines.

Over the past several years, the Bank has experienced significant growth. This resulted from organic growth arising from a wider array of products and services, as well as through mergers and acquisitions of banks. Sustaining earlier gains, the Bank is currently the largest bank in the Philippines in terms of total assets, loans, deposits and trust assets as of 31 December 2020.

BDO's diverse subsidiaries and investments in allied undertakings provide an extensive range of banking and other financial services. The Bank's subsidiaries and associates as of 31 December 2020 are as follows:

Philippine Subsidiaries	**% Interest Held**
Averon Holdings Corp.	100%
BDO Insurance Brokers, Inc.	100%
BDO Private Bank, Inc.	100%
BDO Rental, Inc.	100%
BDO Securities Corporation	99.99%
BDO Strategic Holdings, Inc.	100%
BDO Capital & Investment Corporation	99.88%
BDO Life Assurance Company, Inc.	97%
BDO Leasing and Finance, Inc.	87.43%
BDO Network Bank, Inc.	84.87%
Armstrong Securities, Inc.	80%
Equimark – NFC Development Corp.	60%
Foreign Subsidiaries	**% Interest Held**
BDO Remit (Canada), Ltd.	100%
BDO Remit (Italia) S.p.A.	100%
BDO Remit (Japan), Ltd.	100%
BDO Remit (Macau), Ltd.	100%
BDO Remit (USA), Inc.	100%
BDO Remit Limited	100%
BDORO Europe Ltd.	100%
BDO Remit International Holdings B.V.	96.32%
Associates	**% Interest Held**
SM Keppel Land, Inc.	50%
Taal Land, Inc.	33.33%
Northpine Land Incorporated	20%
NLEX Corporation (formerly Manila North Tollways Corporation)	11.70%

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

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

(i) Principal Products and Services

Deposits

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

Remittance

BDO's strength in providing top remittance services lies in its extensive international reach spanning Asia, Europe, North America, and the Middle East. On the distribution side, a strong domestic coverage consisting of the Bank's wide branch network and remittance partners that include, among others, ShoeMart (SM), thrift banks, pawnshops, as well as other financial service partners, complements the Bank's international presence. BDO also has tie-ups with SM and its partner establishments, as well as food outlets (like Jollibee and Max's) that provide clients with unique value-added services such as gift and food remittance delivery.

Trust Services

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

Treasury

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

Transaction Banking

BDO's transaction-based services provide high value-added cash management government entities, and small- and medium-enterprises (SMEs). The Bank's electronic banking services, which include the Bank's over 4,439 ATMs nationwide (including 275 ATMs under BDO Network), 599 cash deposit machines and five self-service tller machines, as well as browser-based, mobile app, and landline banking facilities, allow customers to access their accounts and perform an extensive range of banking transactions at their convenience anytime and anywhere. Meanwhile, the Bank's debit

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

Credit Cards

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

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

Investment Banking

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

Insurance

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

Trade Services

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

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

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

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

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

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

International Desks

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

Leasing

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

(ii) Distribution Methods of Products or Services

The Bank's products and services are available mainly through the branches, but select services are also accessible through other channels such as call centers, mobile and landline telephones, internet, and point-of-sale terminals. The Bank's extensive distribution network provides it good market coverage that is superior to many of its competitors. Aside from a branch in Hong Kong and Singapore, and a consolidated domestic network of 1,470 operating domestic branches (including of 288 branches of BDO Network Bank, Inc.), the Bank has 4,439 ATMs (including of 275 ATMs under BDO Network Bank), 599 Cash Deposit Machines and five self-service teller machines as of 31 December 2020.

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

(iii) Status of Publicly Announced New Products or Service

None

(iv) Competition

The Philippine universal and commercial banking sector consists of 21 universal and 25 commercial banks. Of the 21 universal banks, 12 are private universal domestic banks, six are branches of foreign universal banks and three are government-controlled universal banks. Of the 25 commercial banks, five are private commercial domestic banks, 18 are branches of foreign banks and two are subsidiaries of foreign banks.

Based on consolidated published statements of condition, the total assets of the universal/commercial banking system as of 31 December 2020 reached P18.5 trillion.

As of 31 December 2020, the liabilities and capiltal liabilities of the universal/commercial banking system amounted to P15.83 trillion, while total deposits was at P13.82 trillion. The total capital accounts of the iuniversal/commercial banking system amounted to P2.22 trillion as of December 2020.

Note: All the data used in the discussion above are based on consolidated published statements of condition of all commercial banks.

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

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

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

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

	Trademarks	Duration
1	Banco De Oro	May 12, 2011 to May 12, 2021
2	BDO Kabayan Auto Loan	September 13, 2013 to September 13, 2023
3	BDO Kabayan Home Loan	September 13, 2013 to September 13, 2023
4	BDO Kabayan Loans	September 13, 2013 to September 13, 2023
5	BDO Remit Cash Cards	September 13, 2013 to September 13, 2023
6	BDO Remit & Device	September 13, 2013 to September 13, 2023
7	BDO Kabayan Personal Loan	September 13, 2013 to September 13, 2023
8	BDO Cash Management	September 13, 2013 to September 13, 2023
9	BDO Asenso Kabayan and Logo	September 13, 2013 to September 13, 2023

10	BDO Kabayan Savings	September 13, 2013 to September 13, 2023
11	BDO Asenso Kabayan & Device	September 13, 2013 to September 13, 2023
12	BDO Kabayan Bills Bayad	September 13, 2013 to September 13, 2023
13	BDO Remit	September 13, 2013 to September 13, 2023
14	BDO Banco De Oro Kabayan Home Loan & Device	September 13, 2013 to September 13, 2023
15	BDO (Stylized and In Color)	September 13, 2013 to September 13, 2023
16	BDO On Site & Device	September 13, 2013 to September 13, 2023
17	BDO Banco De Oro Kabayan Loan & Device	September 13, 2013 to September 13, 2023
18	BDO Banco De Oro Personal Loan & Device	September 13, 2013 to September 13, 2023
19	BDO Banco De Oro Auto Loan & Device	September 13, 2013 to September 13, 2023
20	BDO Remit & Device	September 13, 2013 to September 13, 2023
21	BDO Banco De Oro in class 36	September 13, 2013 to September 13, 2023
22	BDO Unibank (wordmark)	September 13, 2013 to September 13, 2023
23	BDO Unibank (Stylized and in Color)	September 13, 2013 to September 13, 2023
24	BDO Unibank (Stylized and in Color) in class 16	September 13, 2013 to September 13, 2023
25	BDO (Stylized and in Color) in class 16	May 9, 2014 to May 9, 2024
26	BDO Banco De Oro device in class 16	May 4, 2014 to May 4, 2024
27	BDO Securities Corporation	April 29, 2014 to April 29, 2024
28	BDO Capital & Investment Corporation	May 4, 2014 to May 4, 2024
29	BDO Foundation, Inc.	May 2, 2014 to May 2, 2024
30	BDO Private Bank in class 16 & 36	May 4, 2014 to May 4, 2024
31	BDO Leasing	May 4, 2014 to May 4, 2024
32	BDO Insurance Brokers, Inc.	May 4, 2014 to May 4, 2024
33	bdo.com.ph	May 4, 2014 to May 4, 2024
34	BDORO Europe Ltd. (blue) in class 16 & 36	April 3, 2014 to April 3, 2024
35	BDORO Europe Ltd. (blue & yellow) in class 16 & 36	April 3, 2014 to April 3, 2024
36	BDORO (color) in class 16 & 36	May 8, 2014 to May 8, 2024
37	BDORO (monochrome) in class 16 & 36	May 8, 2014 to May 8, 2024
38	Kabayan College Secure	June 30, 2008 to June 30, 2018
39	Kabayan College Secure & Device	June 30, 2008 to June 30, 2018

40	Kabayan Home Loan	June 23, 2008 to June 23, 2018
41	Kabayan Auto Loan	June 23, 2008 to June 23, 2018
42	Kabayan Personal Loan	June 30, 2008 to June 30, 2018
43	We find ways	November 20, 2014 to November 20, 2024
44	BDO Banco De Oro (Stylized) in class 36	May 7, 2015 to May 7, 2025
45	#bdobancodeoro	July 23, 2015 to July 23, 2025
46	#bdounibank	July 23, 2015 to July 23, 2025
47	BDO Padala & Device	February 11, 2016 to February 11, 2026
48	#bdowefindways	December 17, 2015 to December 17, 2025
49	#wefindways	April 7, 2016 to April 7, 2026
50	#bdoremit	December 17, 2015 to December 17, 2025
51	#bdo	December 17, 2015 to December 17, 2025
52	One Network A Rural Bank of BDO (horizontal)	June 2, 2016 to June 2, 2026
53	One Network A Rural Bank of BDO (vertical)	June 2, 2016 to June 2, 2026
54	One Network A Savings Bank of BDO (horizontal)	June 2, 2016 to June 2, 2026
55	One Network A Savings Bank of BDO (vertical)	June 2, 2016 to June 2, 2026
56	One Network A Rural Bank of BDO Unibank (horizontal)	June 23, 2016 to June 23, 2026
57	One Network A Rural Bank of BDO Unibank (vertical)	June 2, 2016 to June 2, 2026
58	One Network A Savings Bank of BDO Unibank (horizontal)	June 23, 2016 to June 23, 2026
59	One Network A Savings Bank of BDO Unibank (vertical)	June 2, 2016 to June 2, 2016
60	One Network A Rural Bank of BDO (in series horizontal)	June 2, 2016 to June 2, 2026
61	One Network A Rural Bank of BDO (in series vertical)	June 2, 2016 to June 2, 2026
62	One Network A Savings Bank of BDO (in series horizontal)	June 2, 2016 to June 2, 2016
63	One Network A Savings Bank of BDO (in series vertical)	July 14, 2016 to July 14, 2026
64	One Network A Rural Bank of BDO Unibank (in series horizontal)	July 14, 2016 to July 14, 2026
65	One Network A Rural Bank of BDO	July 14, 2016 to July 14, 2026

	Unibank (in series vertical)	
66	One Network A Savings Bank of BDO Unibank (in series horizontal)	July 7, 2016 to July 7, 2026
67	One Network A Savings Bank of BDO Unibank (in series vertical)	July 7, 2016 to July 7, 2026
68	ONB	July 7, 2016 to July 7, 2026
69	One Network	July 28, 2016 to July 28, 2026
70	BDO Life (wordmark)	August 4, 2016 to August 4, 2026
71	BDO Life (monochrome black)	September 8, 2016 to September 8, 2026
72	BDO Life (monochrome blue)	September 8, 2016 to September 8, 2026
73	BDO Life (reverse black)	October 6, 2016 to October 6, 2026
74	BDO Life (reverse blue)	October 6, 2016 to October 6, 2026
75	We Protect (monochrome black)	September 1, 2016 to September 1, 2026
76	We Protect (in color)	September 1, 2016 to September 2, 2026
77	We Protect (reverse)	September 8, 2016 to September 8, 2026
78	We Protect (word)	September 8, 2016 to September 8, 2026
79	BDO Life (in color)	September 8, 2016 to September 8, 2026
80	BDO Life (reverse in color)	September 8, 2016 to September 8, 2026
81	BDO Invest Online	December 8, 2016 to December 8, 2026
82	Master the Art of Trading	December 8, 2016 to December 8, 2026
83	Diamond Rewards	November 5, 2015 to November 5, 2025
84	Sapphire Rewards	20 February 2015 to 20 February 2025
85	BDO Rewards (vertical)	November 10, 2014 to November 10, 2024
86	BDO Rewards (horizontal)	November 10, 2014 to November 10, 2024
87	Emerald Rewards	November 10, 2014 to November 10, 2024
88	Cash Agad (device)	August 4, 2016 to August 4, 2026
89	Cash Agad in Partnership with BDO	October 27, 2016 to October 27 2026
90	www.e-onb.com.ph	March 29, 2012 to March 29, 2022
91	www.onenetworkbank.com.ph	March 29, 2012 to March 29, 2022
92	my life my bdo vertical	April 27,2017 to April 27, 2027
93	my life my bdo horizontal	April 27,2017 to April 27, 2027
94	just debit with bdo horizontal	May 11,2017 to May 11,2027
95	just debit with bdo vertical	May 11,2017 to May 11,2027
96	My Life, My BDO Debit	December 28, 2017 to December 28, 2027
97	My Life, My BDO Debit	May 11, 2018 to May 11, 2028
98	BDO Kabayan	March 1, 2018 to March 1, 2028

99	BDO Kabayan	December 21, 2017 to December 21, 2027
100	BDO Kabayan	December 21, 2017 to December 21, 2027
101	BDO Kabayan	December 21, 2017 to December 21, 2027
102	BDO Kabayan	December 21, 2017 to December 21, 2027
103	BDO Kabayan	November 23, 2017 to November 23, 2027
104	BDO Unibank	May 31, 2018 to May 31, 2028
105	BDO Unibank (Device)	May 31, 2018 to May 31, 2028
106	BDO Banco De Oro (Device)	May 31, 2018 to May 31, 2028
107	BDO Remit (Device)	May 31, 2018 to May 31, 2028
108	BDO We Find Ways (Dreamline)	February 3, 2018 to February 3, 2028
109	BDO We Find Ways (Dreamline)	February 3, 2018 to February 3, 2028
110	BDO We Find Ways (Dreamline)	February 3, 2018 to February 3, 2028
111	BDO We Find Ways (Dreamline)	February 3, 2018 to February 3, 2028
112	myPERA	April 5, 2018 to April 5, 2028
113	myBDOPERA	April 5, 2018 to April 5, 2028
114	MyPERA	April 5, 2018 to April 5, 2028
115	MyBDOPERA	April 5, 2018 to April 5, 2028
116	BDOPERA	April 12, 2018 to April 12, 2028
117	BDO Easy Retirement Plan	October 14, 2018 to October 14, 2028
118	ERP	June 21, 2018 to June 21, 2028
119	BDO ERP	April 12, 2018 to April 12, 2028
120	BDO NETWORK BANK	August 29, 2019 to August 29, 2029
121	BDO NETWORK BANK, A RURAL BANK	August 29, 2019 to August 29, 2029
122	BDO NETWORK, A RURAL BANK	August 29, 2019 to August 29, 2029
123	BDO NETWORK BANK, INC.	August 29, 2019 to August 29, 2029
124	WE FIND WAYS	July 28, 2019 to July 28, 2029
125	Insure me, insurance made easy (white background	December 9, 2018 to December 9, 2028
126	Insure me, insurance made easy (blue background)	December 9, 2018 to December 9, 2028
127	Insure me, insurance made easy @SM (white background)	December 9, 2018 to December 9, 2028
128	Insure me, insurance made easy @SM (blue background)	December 9, 2018 to December 9, 2028

129	Insure me (white background)	September 9, 2018 to September 9, 2028
130	Insure me (blue background)	September 9, 2018 to September 9, 2028
131	WWW.INSUREME.NET.PH	December 30, 2018 to December 30, 2028
132	WWW.INSUREME.ORG.PH	December 30, 2018 to December 30, 2028
133	BDO WE FIND WAYS Application Number: 42019503945	November 7, 2019 to November 7, 2029
134	BDO We find ways (in black) Application Number: 42019503948	November 7, 2019 to November 7, 2029
135	BDO We find ways (in blue) Application Number: 42019503950	November 7, 2019 to November 7, 2029
136	BDO We find ways (in blue & yellow) Application Number: 42019503952	December 5, 2019 to December 5, 2029
137	WE FIND WAYS (wordmark) Application Number: 42019503996	January 19, 2020 to January 19, 2030
138	WE FIND WAYS Application Number: 42019503997	January 19, 2020 to January 19, 2030
139	BDO (wordmark) Application Number: 42019503940	November 7, 2019 to November 7, 2029
140	We find ways (in blue) Application Number: 42019503941	November 7, 2019 to November 7, 2029
141	We find ways (in yellow) Application Number: 42019503942	November 7, 2019 to November 7, 2029
142	WWW.BDOINSURE.COM.PH	June 16, 2019 to June 16, 2029
143	BDO Network Bank Device Registration Number: 42018021523	August 8, 2019 to August 8, 2029
144	BDO Network Bank Device (in blue bg) Registration Number: 42018021524	February 15, 2020 to February 15, 2030
145	BDO Network Bank Device (in blue font) Registration Number: 42018021525	February 15, 2020 to February 15, 2030
146	BDO Network Bank Device (in yellow bg) Registration Number: 42018021526	February 15, 2020 to February 15, 2030
147	BDO Network Bank Device (in black font) Registration Number: 42018021527	December 1, 2019 to December 1, 2029
148	BDO Network Bank Device (in black bg) Registration Number: 42018021528	December 1, 2019 to December 1, 2029
149	BDO Network Bank Device (vertical) Registration Number: 42018021529	December 1, 2019 to December 1, 2029
150	BDO Network Bank Device (vertical in blue bg)	January 2, 2020 to January 2, 2030

	Registration Number: 42018021530	
151	BDO Network Bank Device (vertical in blue font) Registration Number: 42018021531	December 1, 2019 to December 1, 2029
152	BDO Network Bank Device (vertical in black bg) Registration Number: 42018021532	December 1, 2019 to December 1, 2029
153	BDO Network Bank Device (vertical in black font) Registration Number: 42018021533	August 8, 2019 to August 8, 2029
154	BDO Network Bank Device (vertical in yellow bg) Registration Number: 42018021534	August 8, 2019 to August 8, 2029
155	BDO Network Bank Device (horizontal 1-liner) Registration Number: 42018021535	August 8, 2019 to August 8, 2029
156	BDO Network Bank Device (horizontal 1-liner blue bg) Registration Number: 42018021536	August 8, 2019 to August 8, 2029
157	BDO Network Bank Device (horizontal 1-liner blue font) Registration Number: 42018021537	August 8, 2019 to August 8, 2029
158	BDO Network Bank Device (horizontal 1-liner black font) Registration Number: 42018021538	August 8, 2019 to August 8, 2029
159	BDO Network Bank Device (horizontal 1-liner black bg) Registration Number: 42018021539	January 12, 2020 to January 12, 2030
160	BDO Network Bank Device (horizontal 1-liner yellow bg) Registration Number: 42018021540	January 12, 2020 to January 12, 2030
161	WE FIND WAYS wordmark Registration Number: 42019501752	July 28, 2019 to July 28, 2029
162	BDO Network Bank Device (horizontal 2-liner yellow bg) Registration Number: 42019012899	April 4, 2020 to April 4, 2030
163	BDO Network Bank Device (vertical 2-liner yellow bg) Registration Number: 42019012898	April 4, 2020 to April 4, 2030
164	FIND YOUR WAY wordmark Registration Number: 42019505926	June 28, 2020 to June 28, 2030
165	BDO FINANCE wordmark Registration Number: 42020502665	November 20, 2020 to November 20, 2030
166	BDO FINANCE CORP. wordmark Registration Number: 42020502658	November 20, 2020 to November 20, 2030
167	BDO Finance Device Vertical	December 6, 2020 to December 6, 2030

	Registration Number: 42020502662	
168	BDO Finance Device Horizontal Registration Number: 42020502661	December 6, 2020 to December 6, 2030
169	BDO Prime Device horizontal Registration Number: 42020504860	December 18, 2020 to December 18, 2030
170	BDO Prime Device horizontal Registration Number: 42020504857	December 18, 2020 to December 18, 2030
171	BDO Prime Device horizontal (in black bg Registration Number: 42020504857	December 18, 2020 to December 18, 2030
172	BDO Prime Device A Service of BDO Securities Corporation horizontal (in black bg Registration Number: 42020504858	January 15, 2021 to January 15, 2031
173	**WWW.BDO-INSURE.COM.PH** Registration Number: 42018503123	June 16, 2019 to June 16, 2029
174	**WWW.BDO-INSUREME.COM.PH** Registration Number: 42018503124	June 16, 2019 to June 16, 2029
175	**WWW.BDOINSUREME.COM.PH** Registration Number: 42018503126	June 16, 2019 to June 16, 2029
176	BDO Insure Device (horizontal logo blue bg) Registration Number: 42018504220	July 11, 2019 to July 11, 2029
177	BDO Insure Device (horizontal) Registration Number: 42018504221	July 11, 2019 to July 11, 2029
178	BDO Insure Device (vertical logo blue bg) Registration Number: 42018504222	July 11, 2019 to July 11, 2029
179	BDO Insure Device (vertical logo) Registration Number: 42018504223	July 11, 2019 to July 11, 2029
180	BDO INSURE wordmark Registration Number: 42018504224	July 11, 2019 to July 11, 2029

(vii) Governmental Approval of Principal Products or Services

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

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

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

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

This is not applicable to the Bank.

(x) Total Number of Employees

The Bank has a total of 38,756 employees as of 31 December 2020 broken down as follows:

	Non-Officers	Officers	TOTAL
Total for Parent Company	17,990	14,583	**32,573**
Head Office	762	8,254	**11,016**
Branches	15,228	6,329	**21,557**
Total for Subsidiaries	1,922	4,261	**6,183**
TOTAL EMPLOYEES	**19,912**	**18,844**	**38,756**

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

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

The Bank anticipated having approximately 39,000 total employees (in all levels; including those not included in the CBA) by 31 December 2019.

(xi) Risk Management

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

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

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

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

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

The Risk Management Committee is a Board-Level Committee composed of four (4) members of the Board of Directors, with Jones M. Castro, Jr. (Independent Director) as Chairman, and Nestor V. Tan and Dioscoro I. Ramos as members, with Christopher A. Bell-Knight as Adviser.

Below is the attendance of the members for the Committee meetings held as of December 2020:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Jones M. Castro, Jr.	10	10	100%
Dioscoro I. Ramos	10	10	100%
Nestor V. Tan	10	10	100%

Description of Property

(1) Principal Properties Owned

A. Presented below is a list of the Bank's principal properties as of 31 December 2020 owned by the Bank and utilized as Head Offices:

No.	NAME	ADDRESS
1	BDO Corporate Center – Makati North & South Tower	BDO Corporate Tower, 7899 Makati Avenue cor. H.V. Dela Costa St., Makati City
2	BDO Corporate Center – Ortigas	12 ADB Avenue Ortigas Center Mandaluyong City
3	Radio Marine - MTech	BDO Bldg., Sen. Gil Puyat Avenue corner Paseo de Roxas, Brgy. Bel-Air, Makati City

B. Presented below is a list of the Bank's principal properties as of 31 December 2020 owned by the Bank which are utilized as Head Offices and partly tenanted:

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

C. Presented below is a list of the Bank's real properties as of 31 December 2020 owned by the Bank and utilized as BDO branches:

(a) Metro Manila Branches

No.	BRANCH	ADDRESS
1	A. Santos - St. James	8406 A. Santos Avenue, Sucat, Parañaque City 1700
2	ADB Avenue Ortigas	Robinson's PCIBank Tower, ADB Avenue, Ortigas Center, 1600 Pasig City
3	Airport Road	Airport Road corner Quirino Avenue, Baclaran, Parañaque City
4	Alfaro - Salcedo Village	GF PCCI Bldg., 118 Leviste Street (Formerly Alfaro St.) , Salcedo Village, Makati City
5	Arranque - T. Alonzo	733 T. Alonzo St., Manila
6	Asia Tower - Paseo	G/F Asia Tower corner Paseo De Roxas & Benavides St.,1229 Makati City
7	Aurora Blvd - Notre Dame	0137 Aurora Blvd. corner Notre Dame St. Cubao, 1110 Quezon City
8	Aurora Blvd - Yale	Aurora Blvd. corner Yale St. Cubao, Quezon City
9	Baclaran - Redemptorist Road	Redemptorist Road, Baclaran, Parañaque, MM
10	Bagtikan - Chino Roces Avenue	Unit 102 G/F Pryce Center Condominium, 1179 Chino Roces Avenue corner Bagtikan St., San Antonio Village, Makati City
11	BDO Corporate Center	BDO Corporate Center, 7899 Makati Avenue, Makati City
12	Bel Air - Gil Puyat	Country Space 1 Condominium Bldg., Sen. Gil Puyat Avenue, Bel-Air Village, 1209 Makati City
13	Bicutan – Doña Soledad Ave. Ext.	Lot 3 Block 1, Doña Soledad Avenue Extension, Better Living Subd., Brgy. Don Bosco, Parañaque City
14	Binondo	411 Quintin Paredes St., Binondo, Manila

No.	BRANCH	ADDRESS
15	Blumentritt	2325 Rizal Avenue corner Antipolo St. Sta. Cruz Manila
16	Blumentritt – Laong Laan	Laong Laan St corner Blumentritt St., Brgy 516, Zone 051, Sampaloc, Manila
17	Blumentritt - San Juan	Lot 11-B, Blk. 127 Blumentritt corner Sto. Toribio St., San Juan, Metro Manila
18	Boni - Maysilo	74 Maysilo Circle corner Boni Avenue, Mandaluyong City
19	C. Palanca - Quiapo	132 Carlos Palanca St., Quiapo, Manila
20	C. M. Recto	CM Recto Avenue corner Nicanor Reyes St. Manila
21	C. M. Recto - San Sebastian	2070 C.M. Recto St.,1008 Sampaloc, Manila
22	Caloocan - Sangandaan	No. 628 A. Mabini St., 1408 Sangandaan, Caloocan City
23	Corinthian Gardens	BDO Leasing Center, Ortigas Avenue, Quezon City
24	Dasmariñas St. - Binondo	BDO Bldg., Dasmariñas St., Binondo, 1006 Manila
25	Dian - Gil Puyat	G/F EPCIB Bldg., Sen. Gil Puyat Avenue corner Dian St., Makati City
26	E. Rodriguez	1162 E. Rodriguez Sr. Avenue, New Manila, Quezon City
27	Edsa - Reliance St.	G/F Paragon Plaza, corner Reliance St., Mandaluyong City
28	Fairview	Don Mariano Marcos Avenue Fairview, Quezon City
29	Grace Park - 8th Avenue	259 Rizal Avenue Extension, Grace Park, Caloocan City
30	Grace Park - 9th Avenue	414 Rizal Avenue Extension, Grace Park, 1400 Caloocan City
31	Grace Park - 10th Avenue	359 Rizal Avenue Extension, Brgy. 62, Grace Park, Caloocan City
32	Greenhills - Roosevelt	EBC Bldg. Ortigas Avenue corner Roosevelt Avenue, Greenhills, San Juan, MM
33	Greenhills North	Unit 102-103 Sunrise Condominium, Ortigas Avenue, 1500 San Juan, MM
34	Ilaya - M. De Santos	632 M. de Santos St., Manila
35	Kalentong	MRDC Bldg. Shaw Blvd. corner Gen. Kalentong St. Mandaluyong City
36	Las Piñas - Pamplona	Alabang-Zapote Road Pamplona Las Piñas
37	Las Piñas - Philamlife Avenue	Alabang-Zapote Road, Pamplona Tres, 1740 Las Pinas, MM
38	Leveriza - Libertad	212 Libertad St., Pasay City, Metro Manila
39	Luneta - T.M. Kalaw	707 T.M. Kalaw St. corner Churruca St. Ermita, Manila
40	Makati - Pasay Road	845 One Corporate Plaza Condominium, A. Arnaiz Avenue, San Lorenzo, Makati City
41	Makati – Rockwell Center B	2/F Lot 3 Block 7 Rockwell Drive, Rockwell Center, Poblacion, Makati City
42	Makati Avenue - Ayala	L.V. Locsin Bldg. Ayala Avenue corner Makati Avenue, 1228 Makati City

No.	BRANCH	ADDRESS
43	Makati Cinema Square	Makati Cinema Square, Pasong Tamo, 1229 Makati City
44	Malabon	725 Rizal Avenue, San Agustin, Malabon City
45	Malabon - Rizal Avenue	694 Rizal Avenue, 1470 Malabon, Metro Manila
46	Marikina - Bayanbayanan	No. 48 Bayanbayanan Avenue, Brgy. Concepcion Uno, Marikina City
47	Marikina - Concepcion	17 Bayan-bayanan Avenue Concepcion Marikina City
48	Marikina - Sumulong Highway	Corner E. Dela Paz St. Amang Rodriguez Avenue, Sto. Nino, Marikina City
49	Marulas – MacArthur Highway	Lot 16 & 17 McArthur Highway Valenzuela, Metro Manila
50	Medical Plaza - Legaspi Village	Unit 101, G/F Medical Plaza Makati, Amorsolo St. corner Dela Rosa St. Legaspi Village, Makati City
51	Greenhills - Missouri	12 Missouri St., Northeast Greenhills, Brgy. Greenhills, San Juan City
52	Muntinlupa - National Highway	No. 8 National Highway cor. Aguila St., Brgy. Putatan, Muntinlupa
53	N. Domingo - Araneta Avenue	No. 71 N. Domingo St. corner Katubusan St., Brgy. Rivera, San Juan City
54	Novaliches - Forest Hills	Lot 2 D 1 Quirino Avenue, Novaliches, Quezon City
55	Ortigas Avenue	209 Ortigas Avenue Greenhills, San Juan, MM
56	Ortigas - Exchange Road	G/F, PSE Center, Exchange Road, Ortigas Commercial Complex, Pasig City
57	Paco - A. Linao	1635-1641 A. Linao St., Paco, Manila
58	Padre Faura - A. Mabini	A .Mabini corner Padre Faura St., 1000 Ermita, Manila
59	Pasay	Libertad corner Colayco St., Pasay City
60	Paseo - Gil Puyat	BDO Building, 381 Sen. Gil Puyat Avenue corner Paseo de Roxas, Brgy. Bel-Air, Makati City
61	Paseo Tower - Makati	Equitable Bank Tower, 8751 Paseo de Roxas, Makati City
62	Pasig - Danny Floro	125 Shaw Blvd. corner Danny Floro St. Pasig City
63	Pasig - Danny Floro B	2F No. 125 Shaw Blvd. Corner Danny Floro St., Barangay Oranbo, Pasig City
64	Pasig - Manggahan	Amang Rodriguez Avenue, Manggahan, Pasig City
65	Pasig – Market Avenue	No. 8 Market Avenue, Brgy. Palatiw, Pasig City
66	Pasig - Sixto Antonio Ave. Pilapil	Lot 2 B, Sixto Antonio Ave., Brgy. Kapasigan, Pasig City
67	Perea – Paseo	G/F Universal Re Bldg. 106 Paseo de Roxas 1228 Makati City
68	Perea – Paseo B	G/F Universal Re Bldg., 106 Paseo de Roxas, Legaspi Village, Brgy. San Lorenzo, Makati City
69	Pioneer Highlands - Madison	Unit 01 (facing Madison St.) LG/F Globe Telecom Plaza 1 Bldg., Pioneer St. Corner Madison St., Mandaluyong City
70	Pitimini - Roosevelt	EBC Bldg. Roosevelt Avenue corner Pitimini St., SFDM,

No.	BRANCH	ADDRESS
		Quezon City
71	Plaza Sta. Cruz - Dasmariñas St.	377 Plaza Sta. Cruz, Sta. Cruz, Manila 1003
72	President's Avenue - BF Parañaque	President's Avenue corner J. Elizalde St., BF Homes Parañaque, Metro Manila
73	Quezon Avenue - Heroes Hill	1052 Quezon Avenue, 1103 Quezon City
74	Quezon Avenue - West Triangle	Lot 3-B, Quezon Ave. Extension, Brgy. West Triangle, Quezon City
75	Quiapo - Quinta Market	Quezon Blvd. corner C. Palanca St., Quiapo, Manila
76	Reposo - Makati	EBC Bldg., JP Rizal corner N. Garcia (Formerly Reposo), Makati City
77	Rizal Avenue	2502-2504 Rizal Avenue corner Cavite St. Sta. Cruz, Manila
78	Rockwell Center - Makati	Lot 3 Block 7, Rockwell Drive, Rockwell Center, Poblacion, Makati City
79	Shaw Blvd. - Stanford	EBC Bldg., Shaw Blvd. corner Stanford St., Mandaluyong City
80	St. Ignatius - Katipunan	BDO Bldg., 137 Katipunan Avenue, St. Ignatius, Quezon City
81	Strata 100 - Ortigas	G/F Strata 100 Bldg., Don Francisco Ortigas Jr., Pasig City
82	Taft - Vito Cruz	Bankard Bldg. 2422 Taft Avenue, 1004 Malate, Manila
83	Timog – South Triangle	G/F President Tower, 81 Timog Ave. corner Scout Ybardolaza St., Brgy. South Triangle, Diliman, Quezon City
84	Tomas Morato - Kamuning	Corner Kamuning & Tomas Morato, Quezon City
85	Tutuban	DS 17-18 Tutuban Primeblock, Tutuban Center, CM Recto, Manila
86	U.N. Avenue - J. Bocobo	EBC Bldg., UN Avenue corner J. Bocobo St., Ermita, Manila
87	V.A. Rufino – Valero	G/F Chattam House, Herrrera St. corner Valero & San Agustin St., Salcedo Village, Makati City
88	Valenzuela – Malanday MacArthur Highway	#656 MacArthur Highway, Brgy. Malanday, Valenzuela City 1444
89	West Trade Center - West Avenue	Unit #1, G/F West Trade Center, West Avenue, Quezon City
90	Yakal - Chino Roces Avenue	Units 2 & 3, G/F Tower 2 Bldg. Avida Towers Makati West Condominium cor. Yakal, Lumbayao and Malugay Sts., San Antonio Village, Makati City

(b) Provincial Branches

No.	BRANCH	ADDRESS

No.	BRANCH	ADDRESS
1	Angeles – Balibago	BDO Building along Ramon Tang Avenue, Diamond Subd., Balibago, Angeles City, Pampanga
2	Angeles - MacArthur Highway	Lot 1, MacArthur Highway corner Magalang Avenue, Brgy. Salapungan, Angeles City, Pampanga
3	Angeles - Miranda	BDO Bldg., Miranda St., Sto. Rosario, Angeles City, Pampanga
4	Antique	Corner Gov. Villavert St. & Gov. Gella St., San Jose, Antique 5700
5	Bacolod - Capitol Shopping	Benigno Aquino Drive, Capitol Shopping 6100 Bacolod City, Negros Occidental
6	Bacolod - Gatuslao	26 & 28 Gov. V. Gatuslao St., Bacolod City, Negros Occidental
7	Bacolod - Lacson	Lacson corner Galo St., 6100 Bacolod City, Negros Occidental
8	Bacolod - Plaza	Araneta corner Gonzaga St., 6100 Bacolod City, Negros Occidental
9	Bacolod - Rosario Lacson	Lot 296-B-7, Lacson St. corner Rosario St., Bacolod City, Negros Occidental
10	Balanga - A. Banzon	A. Banzon St., City of Balanga, 2100 Bataan
11	Baliwag – JP Rizal	J.P. Rizal St., San Jose, Baliwag, Bulacan
12	Batangas - Nasugbu	JP Laurel St., Barangay Poblacion, Nasugbu, Batangas
13	Batangas - Sto. Tomas	Maharlika Highway, San Antonio, Sto. Tomas, Batangas
14	Batangas City - Rizal Avenue	Rizal Avenue corner P. Burgos St., 4200 Batangas, Batangas City
15	Biñan	A. Bonifacio St. Barrio Canlalay, Biñan, Laguna
16	Bukidnon - Valencia	M.L. Quezon St. corner G. Laviña Avenue, Valencia City, Bukidnon 8709
17	Cabanatuan - Maharlika Road	Maharlika Road, near corner Sanciangco St., Cabanatuan City
18	Cabanatuan - Maharlika South	BDO Building, Maharlika Highway, Barangay Dicarma, Cabanatuan City, Nueva Ecija
19	Cagayan - Aparri	Rizal St. corner R.F Balisi St., Aparri, Cagayan
20	Cagayan de Oro - Lapasan	C.M. Recto Highway, Lapasan, 9000 Cagayan de Oro City, Misamis Oriental
21	Cagayan de Oro - Velez	Velez Road corner Abejuela St., Cagayan de Oro
22	Calamba Crossing - North	Calamba Crossing National Highway, 4027 Calamba, Laguna
23	Cavite - Dasmariñas Techno Park	Governor's Drive, Barangay Paliparan I, Dasmariñas, Cavite
24	Cavite - General Trias Gateway	Gateway Business Park, C. Delos Reyes Avenue, 4107 Gen. Trias, Cavite
25	Cavite – GMA Congressional Road	Lot 4 Block C-5-CL, Congressional Road, Brgy. Poblacion 1, Gen. Mariano Alvarez (GMA) Cavite

No.	BRANCH	ADDRESS
26	Cavite - Imus Anabu	Gen. Aguinaldo corner Ambrosia Road Anabu I, Imus, Cavite
27	Cavite City - P. Burgos	Corner P. Burgos & P. Julio St., Caridad, 4100 Cavite City
28	Cebu - Borromeo	Borromeo corner Magallanes St., Cebu City
29	Cebu - F. Gonzales	F. Gonzales corner Magallanes St., Cebu City
30	Cebu - Fuente Circle	Fuente Osmeña Rotonda, Cebu City
31	Cebu - Gorordo	Gorordo Avenue, Lahug 6000 Cebu City, Cebu
32	Cebu - Magallanes Plaridel	Magallanes corner Plaridel St., 6000 Cebu City
33	Cebu - North Reclamation	Blk. 20-A corner Port Centre Avenue & Juan Luna Avenue, North Reclamation Area, Cebu City
34	Cebu Mandaue – M.C. Briones	M.C. Briones St., National Highway Brgy. Bakilid, Mandaue City, Cebu
35	Cotabato - Kidapawan	Quezon Blvd., 9400 Kidapawan, North Cotabato
36	Cotabato - Makakua	Makakua St., 9600 Cotabato City, Maguindanao
37	Dagupan - Fernandez	A.B. Fernandez Avenue, 2400 Dagupan City, Pangasinan
38	Davao JP Laurel	Landco-PDCP Corporate Center, JP Laurel Avenue, Bajada, Davao City
39	Davao - Claveria	BDO Building No. 30 C.M. Recto Ave., Poblacion, Davao City
40	Davao - C.M. Recto	383 Claro M. Recto St., Davao City
41	Davao - Digos	Rizal Avenue, Zone II, Digos, Davao Del Sur
42	Davao - Mati	Rizal corner Mabini St., 8200 Mati, Davao Oriental
43	Davao - Tagum	577 Rizal St., 8100 Tagum, Davao Del Norte
44	Davao - Toril	Agton St., Toril, Davao City
45	Dipolog – Quezon Ave.	Quezon Avenue, 7100 Dipolog City, Zamboanga Del Norte
46	Dumaguete – Colon	Colon St. fronting Bldg. V of City Public Market, Poblacion 003, Dumaguete City
47	General Santos – Makar	Hadano Avenue (Makar Wharf), Purok Bagong Silang, Brgy. Labangal, General Santos City, South Cotabato 9500
48	General Santos - Pioneer	Pioneer Avenue, General Santos City, 9500
49	General Santos – Quezon Avenue	Lot 4670. Ts-217, Quezon Avenue, Brgy. Dadiangas West, General Santos City, South Cotabato
50	General Santos - Santiago St.	Ireneo Santiago Blvd., 9500 General Santos St., South Cotabato
51	Iligan - Del Pilar	BC Labao corner Del Pilar St., Iligan City
52	Iloilo - Iznart	Iznart St., 5000 Iloilo City, Iloilo
53	Iloilo - Valeria	Valeria St., Iloilo City
54	Isabela - Roxas	#23 Osmeña Road., Bantug, Mallig Plain, 3320 Roxas, Isabela

No.	BRANCH	ADDRESS
55	Isabela - Santiago Centro	BDO Bldg. City Rd. cor. Guzman St., Calao West, Santiago City, Isabela
56	Isabela Santiago - Maharlika Highway	BDO Bldg., No. 57 Maharlika Highway cor. Quezon Ave. St., Santiago City, Isabela
57	Koronadal - Gensan Drive	NE of Gensan Drive, Zone 1, Koronadal City, South Cotabato
58	Koronadal – R. Alunan Avenue	R. Alunan Avenue corner Osmeña St., 9506 Koronadal, South Cotabato
59	La Union San Fernando – Quezon Avenue	Quezon Avenue, 2500 San Fernando, La Union
60	Laoag - Balintawak	Corner Rizal & Balintawak St., 2900 Laoag City, Ilocos Norte
61	Leyte - Maasin	Juan Luna St. cor. Enage St., Brgy. Tunga-tunga, Maasin, Southern Leyte
62	Leyte - Ormoc	Corner Burgos & Rizal St., 6541 Ormoc City, Leyte
63	Lipa – CM Recto	131 C. M. Recto St., 4217 Lipa City, Batangas
64	Lucena – Merchan	Lot 2903 Merchan St. cor. C.M. Recto St. cor. Cabana St., Brgy. IV, Lucena City
65	Malolos - Congreso	Paseo Del Congreso, San Agustin 3000 Malolos, Bulacan
66	Meycauayan - Zamora	Zamora St., Barrio Calvario, Meycauayan, Bulacan
67	Naga - Plaza Rizal	Gen. Luna St., 4400 Naga City, Camarines Sur
68	Negros Occ - Cadiz	Cabahug St., 6121 Cadiz, Negros Occidental
69	Negros Occ - Escalante	National Highway, Escalante City, 6124 Negros Occidental
70	Negros Occ - Kabankalan	Guanzon St., Kabankalan, 6111 Negros Occidental
71	Negros Occ – Silay	Figueroa corner Rizal St., Silay City, 6116 Negros Occidental
72	Nueva Ecija - Gapan	Tinio St., 3105 Gapan, Nueva Ecija
73	Nueva Ecija - Guimba	Afan Salvador St., 3115 Guimba, Nueva Ecija
74	Nueva Ecija - Muñoz	T. delos Santos St., Science City of Munoz, Nueva Ecija
75	Ozamiz – Gallardo	Cebedo St. corner Gallardo St. 50th District (Pob), Ozamiz City, Misamis Occidental
76	Pagadian	F.S. Pajares Avenue, Pagadian City, 7016 Zambonga Del Sur
77	Pampanga – Apalit	MacArthur Highway, Brgy. San Vicente, Apalit, Pampanga
78	Pampanga - Guagua	Lot 4876 Plaza Burgos St., Guagua, Pampanga
79	Puerto Princesa – Rizal	261 Rizal Avenue, 5300 Puerto Princesa City, Palawan
80	Quezon - Candelaria	Rizal corner Valle St., Candelaria, Quezon 4323
81	Roxas - Roxas Avenue	Roxas Avenue, Roxas City, Capiz
82	San Pablo - Rizal St	2F Equitable PCI Bldg., Rizal St. corner P. Alcantara, San Pablo City, Laguna

No.	BRANCH	ADDRESS
83	Sta. Rosa - South Expressway	National Road Pulong Sta. Cruz, 4026 Sta Rosa, Laguna
84	Sultan Kudarat - Isulan	#075 National Highway, Kalawag 2, Isulan, Sultan Kudarat
85	Sultan Kudarat - Tacurong	Alunan Highway, 9800 Tacurong, Sultan Kudarat
86	Tarlac – F. Tañedo	27 F. Tañedo St., Brgy. Poblacion, Tarlac City 2300
87	Tarlac - J. Luna	J. Luna St. near corner MacArthur Highway, Brgy. Sto. Cristo, Tarlac City
88	Tarlac - Luisita	MacArthur Highway, Barangay San Miguel, Tarlac City
89	Tuguegarao - Bonifacio St.	Bonifacio St., Tuguegarao, Cagayan
90	Urdaneta - Alexander	Alexander St., Urdaneta City, Pangasinan
91	Vigan - Quezon Avenue	Corner Bonifacio St. & Quezon Avenue, 2900 Vigan, Ilocos Sur
92	Zamboanga - Rizal St.	Rizal St., Zamboanga City, 7000 Zamboanga Del Sur

D. Presented below is a list of the Bank's real properties as of 31 December 2020 owned by the Bank and utilized as Warehouses and Staffhouses:

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

E. Presented below is a list of the Bank's real properties (vacant lots and/or buildings) as of 31 December 2020 owned by the Bank reserved for Lease or for future Bank use:

No.	NAME	ADDRESS
1	Cebu – J. Mall	National Highway, 6014 Mandaue City, Cebu
2	Gercon Plaza	Lot 5 & 6 Gercon Plaza along Makati Ave., Brgy. Bel Air, Makati City
3	Juan Luna Binondo	J. Luna/Quintin Paredes & Hormiga Sts., Binondo, Manila
4	Malabon General Luna	Gen. Luna St., Barangay San Agustin, Malabon City
5	Malungon Gensan	Brgy. Upper Balulang, Cagayan de Oro City
6	Nuvali Sta. Rosa	Lot 6 Block 9, Nuvali, Sta. Rosa, Laguna
7	Property Leasing Dept. (Potrero)	110 MacArthur Highway corner Riverside St. Potrero Malabon

No.	NAME	ADDRESS
8	Premises Management Division (Lipa - Rotonda)	CM Recto Avenue, Lipa City
9	PSE Tower	One Bonifacio High Street, 28th Street corner 5th Avenue, Bonifacio Global City, Taguig
10	RBSJ Tarlac Building (Monarch)	Lot 3-H & 3-I-2 Sto. Cristo, J.P. Rizal Extension, Tarlac City
11	Shell House	156 Valero St. Salcedo Village Makati City

F. Presented below is a list of the Bank's principal property as of 31 December 2020 owned by the Bank which is utilized as Head Offices and partly vacant:

No.	NAME	ADDRESS
1	Citibank Tower	Valero corner Villar St., Salcedo Village, Makati City, Metro Manila

(2) Leased Properties

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

Lease liabilities, reported in the statements of financial position as part of Other Liabilities, amounted to ₱11,701 and ₱12,043 in 2020 and 2019, respectively, in BDO Unibank Group's financial statements, and ₱11,551 and ₱11,961, in 2020 and 2019, respectively, in the Parent Bank's financial statements..

A list of these leased properties is as follows:

(a) Utilized as Head Offices as of 31 December 2020:

No.	NAME	ADDRESS
1	Customer Contact Center	4th floor, Asian Star Building, Asean Drive, Filinvest Corporate City, Alabang, Muntinlupa City

(b) Utilized as Representative Offices located abroad as of 31 December 2020:

No.	NAME	ADDRESS
1	China Representative Office	Level 24, China World Office 1, Beijing, China
2	Korea Representative Office	23rd Floor Seoul Finance Center, 136 Sejongdaero Jung-gu, Seoul 100-768 Korea
3	Taipei Representative Office	Hung Kuo Building 7F-A-167 Tun Hua North Road, Song Shan District, Taipei, Taiwan

(c) Utilized leased lot as ATM offsite location as of 31 December 2020:

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

(d) Utilized as Regional Offices as of 31 December 2020:

No.	NAME	ADDRESS
1	Cash Hub - Baguio	4th Floor, National Life Bldg., Session Road Baguio City
2	Cash Hub – FCIE	Governor's Drive, Brgy. Langkaan, Dasmariñas, Cavite
3	CBG Office – Batangas P. Burgos	PBC Building, Brgy. 13 P. Burgos St. Batangas City
4	CBG Office - Dagupan	3F & 4F Rudel Building, Perez Blvd. Cor. Guilig St, Dagupan City
5	CBG Office - Tuguegarao	2F Sychangco Bldg. Bonifacio Street, Tuguegarao City Cagayan
6	CBG Office - Legaspi Albay	2/F City Enterprise Building Landco Business Park F. Imperial St., Bgy. Capantawan, Legazpi City, Albay
7	CBG Office – Waltermart Calamba	2nd Floor Waltermart Makiling, Brgy. Makiling National Highway Calamba Laguna
8	CBG Office – SM City Iloilo	LG/F SM City Iloilo, Benigno Aquino Avenue, Barangay Boliao, Mandurriao, Iloilo City
9	CBG Office – Laoag Ilocos	G/F Insular Life Bldg, Balintawak St. Laoag City Ilocos Norte
10	CBG Office – Crosstown Mall Sta. Rosa	Crosstown Mall, Purok 4, Sta. Rosa Tagaytay Road, Pulong Sta. Cruz City, Sta. Rosa, Laguna
11	CBG Office – Cebu Ayala Business Park	9th floor, Unit 905 FLB Corporate Center, Bohol Avenue and Archbishop Reyes Avenue, Cebu Business Park, Barangay Luz Cebu City
12	CBG Office – SM Olongapo	410B-410D, 4F, SM City Olongapo Magsaysay Drive cor. Gordon Ave. Brgy Pag-Asa, Olongapo City

(e) Metro Manila Branches

1. Lot leased

No.	BRANCH	ADDRESS
1	Better Living	Doña Soledad Avenue corner France St., Better Living, Parañaque City
2	BF Homes Aguirre – P. Corpuz	L1 B5 A. Aguirre Ave. corner Pio V. Corpuz St., Brgy. BF Homes, Parañaque City
3	Commonwealth Ave. - Holy	Lot 27 Commomwealth Avenue, Brgy. Holy Spirit,

No.	BRANCH	ADDRESS
	Spirit	Quezon City
4	Congressional - Mindanao Avenue	Congressional Avenue Extension corner Mindanao Avenue, Quezon City
5	Isidora Hills	BDO Bldg., Pook Ligaya Riding Ground, Interneighborhood Road, Isidora Hills Subdivision, Barangay Holy Spirit, Quezon City
6	JAS – Recto	1174 J. Abad Santos Avenue Tondo, Manila
7	Las Piñas - BF Resort	BDO Bldg., Blk 4 Lot 9 BF Resort Drive Phase 4, BF Resort Village, Las Piñas
8	Makati - J.P. Rizal	872 JP Rizal St. Barangay Poblacion, Makati City
9	Makati - P. Ocampo Sr.Ext.	243 P. Ocampo Sr. corner Flor de Lis St., Brgy La Paz, Makati City
10	Marikina - Tañong	223 A. Bonifacio Avenue, Brgy. Tañong, Marikina City
11	Mayon	No 166 Mayon St., Brgy. Maharlika, Sta. Mesa Heights, Quezon City
12	Mayon – Simoun	116 Mayon St., Sta. Mesa Heights, Brgy. Lourdes, Quezon City
13	Monumento	MacArthur Highway corner Calle Uno, Caloocan City
14	Novaliches	1016 Quirino Highway Town Proper, Barangay Monica, Novaliches, Quezon City
15	Novaliches - Lagro	Lot 2-B-6 (LRC) PSD-341349, Quirino Highway, Lagro, Novaliches, Quezon City
16	Paso De Blas - North Expressway	Lot 921-B-1-B, Paso De Blas Road, Brgy. Paso De Blas, Valenzuela City
17	Project 8 - Shorthorn	BDO Bldg., No. 41 Shorthorn St., Barangay Toro, Project 8, Quezon City
18	Quezon City – Kalayaan Avenue	#108 Kalayaan Avenue, Brgy. Central, Central, Quezon City
19	Visayas Avenue - Project 6	57 Visayas Avenue (Near Sanville Subdivision), Quezon City

2. Building leased

No.	BRANCH	ADDRESS
1	6780 Ayala Avenue	G/F 6780 Ayala Avenue Bldg., 6780 Ayala Avenue, Brgy. San Lorenzo, Makati City
2	A Place - Coral Way	G/F A Place, Coral Way Drive, MOA Complex, Central Business Park 1, Island A, Pasay City
3	A. Arnaiz - Paseo	G/F Joni's Bldg., 832 Arnaiz Ave. cor. Edades St., Brgy. San Lorenzo, Makati City
4	A. Arnaiz - San Lorenzo Village	L & R Bldg., 1018 A. Arnaiz Avenue, Makati City

No.	BRANCH	ADDRESS
5	A. Bonifacio Ave. - Cloverleaf	2/F, Ayala Malls Cloverleaf, A. Bonifacio Avenue, Brgy. Balingasa, Quezon City
6	A. Mabini – Gen. Malvar	Unit R1 G/F, Hollywood Garden Square Bldg., 1709 A. Mabini St. corner Gen. Malvar St. Brgy. 699, Zone 076, Malate, Manila
7	ABS CBN - Mother Ignacia St.	Stall No. 22, East Wing, G/F ELJCC Bldg., Sgt. E.A. Esguerra Avenue corner Mother Ignacia St., Brgy. South Triangle, Quezon City
8	Acropolis - E. Rodriguez Jr.	G/F The SPA Bldg., E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
9	Adriatico – Sta. Monica	1347 Adriatico near cor. Sta. Monica across Robinson's Place Manila, Brgy. 669, Ermita, Manila
10	Alabang Hills	Unit G02 UGF Madison Galleries, No. 398 Don Jesus Blvd., Brgy. Cupang, Alabang Hills, Muntinlupa City
11	Alabang - Madrigal Avenue	Molito 2 Bldg., Units 1, 2 & 3, Alabang-Zapote Road corner Madrigal Avenue, Alabang, Muntinlupa City
12	Anonas - Kamias	Anonas St. corner K-6 St., East Kamias, 1102 Quezon City
13	Araneta Center – Ali Mall II	Level 2, #s A202019-202020R, Ali Mall II, P. Tuazon Avenue, Araneta Center, Brgy. Socorro, Cubao, Quezon City
14	Araneta Center – Gateway Mall	00016 Gateway Mall, Gen. Malvar Avenue, Brgy. Socorro, Cubao, Quezon City
15	Arranque	1359-1361 Soler St., Sta. Cruz, Manila
16	Arranque - Severino Reyes	1451-1457 C.M. Recto corner Severino Reyes St., Sta. Cruz, Manila
17	Aseana – Monarch Parksuites	Space 118 Monarch Parksuites, Bradco Avenue, Aseana Business Park, Brgy. Baclaran, Parañaque City
18	Aurora Blvd. - Anonas	Manahan Bldg., Aurora Blvd. corner Anonas Avenue, Quezon City
19	Aurora Blvd. - Hemady	708 Aurora Blvd. corner Hemady St., New Manila, 1110 Quezon City
20	Aurora Blvd. - New Manila	669 Aurora Blvd. Broadway Heights Bldg., Brgy. Mariana, New Manila, Quezon City
21	Aurora Blvd. - Princeton Residences	SMDC Princeton Residences (LC 102a-103d), Aurora Blvd., Brgy. Valencia, Quezon City
22	Ayala Alabang	G/F Condominium C Unioil Center Bldg. Acacia Avenue corner Commerce Avenue, Ayala Alabang, Muntinlupa
23	Ayala Alabang - Richville Center	Richville Center, 1314 Commerce Avenue Extension, Madrigal Business Park, Ayala Alabang, Muntinlipa
24	Ayala Avenue	6805 Multinational Bancorporation Bldg., Ayala, Makati City
25	Ayala Avenue - People	G/F People Support Center Amorsolo St. corner Ayala

No.	BRANCH	ADDRESS
	Support	Avenue, Makati City
26	Ayala Avenue - SGV 1 Bldg.	G/F SGV 1 Building, 6760 Ayala Avenue, Makati City
27	Ayala Avenue Extension – Alphaland Makati Place	Unit G10-G11, The Shops at Alphaland Makati Place, 7232 Ayala Avenue Ext. cor., Malugay St., Brgy. Bel-Air, Makati City
28	Ayala Triangle 1	GM-B G/F Tower 1, Ayala Triangle, Ayala Avenue, Makati City
29	Ayala - Rufino	G/F Rufino Bldg., Ayala Avenue corner Herrera St., 1226 Makati City
30	Baclaran	2987 Taft Avenue Extension Pasay City
31	Balubaran – MacArthur Highway	G/F Bldg. 1, Arca Strip Commercial Center, 32 MacArthur Highway, Brgy. Dalandanan, Valenzuela City 1443
32	Banawe - Agno	202-204 Banawe corner Agno St., 1103 Quezon City
33	Banawe - Amoranto	650 N. S. Amoranto Avenue corner Banawe St., Quezon City
34	Banawe - Kitanlad	23-25 Banawe corner Kitanlad, Quezon City
35	Banawe - N. Roxas	71 Nicanor Roxas St. corner Banawe St., Quezon City
36	BDO Corporate Center Ortigas	G/F The Podium, ADB Avenue, Brgy. Wack-Wack, Mandaluyong City
37	Bel-Air – SM Cyberzone 1	G/F SM Makati Cyberzone 1, along Sen. Gil Puyat Avenue, Makati City
38	Better Living - Bicutan	43 Doña Soledad Avenue, Better Living Subdivision, Don Bosco, Parañaque, MM
39	BF Homes - Aguirre	RGM Bldg., 326 Aguirre Avenue, BF Homes, Parañaque
40	BF Homes - Puregold Southpark	Units 4 & 5, G/F Puregold Avelino, President's Avenue, BF Homes, Parañaque City
41	BF Homes – Teoville	G/F Aurora Comm Bldg., President's Ave., Teoville Subd., Brgy. BF Homes, Paranaque City
42	BGC – Crescent Park West	Arthaland & Century Pacific Tower, 30th St. corner 4th Avenue, Crescent Park West, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig
43	BGC – Net Park	Net Park, 4th Avenue, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
44	BGC – One Park Drive	G/F Retail Unit Nos. 1 & 2, One Park Drive, 9th Avenue cor 11th Drive, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
45	Bicutan – East Service Road	Prime Corporate Center, Km. 15 East Service Road corner Marian Road 2, Brgy. San Martin de Porres, Parañaque City
46	Bicutan – Sun Valley	RA024-RA026, Aria A Amaia Steps Bicutan, Sun Valley Drive, Brgy. Sun Valley, Parañaque City

No.	BRANCH	ADDRESS
47	Bicutan - West Service Road	HRDC Bldg., KM. 16 South Super Highway cor. Acsie Road, Severina Industrial Estate, Brgy. Marcelo Green, Parañaque
48	Binondo – Rosario	483 – 485 G/F Quintin Paredes St., Binondo, Manila
49	Binondo – San Fernando	Units 1-6, G/F, 500 San Fernando St., San Nicolas, 026, Brgy.282, Manila
50	Bocobo - Pedro Gil	G/F, Altra Center, 1663 Bocobo St., Brgy 698, Malate, Manila
51	Boni – Dansalan	G/F Exbonytz, Inc. Bldg. Boni Avenue corner M. Vicenter St., (formerly Dansalan St), Mandaluyong City
52	Boni - Ligaya	654 Boni Avenue, 1550 Mandaluyong City
53	BGC - 9th Avenue	Active Fun Bldg., 9th Avenue corner 28th St., Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
54	BGC - Burgos Circle	Unit 1-F & 1-E G/F, Crescent Park Residences, 2nd Avenue corner Burgos Circle, Bonifacio Global City, Taguig City
55	BGC - Ecotower	G/F Ecotower, 32nd St., corner 9th Avenue, Bonifacio Global City, Taguig City
56	BGC - Fort Legends	G/F Fort Legends Tower corner 31st St. & 3rd Avenue, Bonifacio Global City, Taguig City
57	BGC - Grand Hamptons Tower	Grand Hamptons Tower, 1st Avenue corner 31st St., Bonifacio Global City, Taguig City
58	BGC - Inoza Tower	G/F, Inoza Tower, 39th Street, Bonifacio North Triangle, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
59	BGC - J.Y. Campos Center	G/F J.Y. Campos Center, 30th St. corner 9th Avenue, Bonifacio Global City, Taguig City
60	BGC - Market Market	Space No. 101, Market Market, Bonifacio Global City, Fort Bonifacio, Taguig, MM
61	BGC - MC Home Depot	G/F MC Home Depot, 32nd St. corner Bonifacio Avenue, Bonifacio Global City, Taguig
62	BGC - One Mckinley Place	G/F One McKinley Place, 4th Avenue corner 25th St., Bonifacio Global City, Taguig
63	BGC - Phil. Stock Exchange	5/F One Bonifacio High Street Bldg., 28th St. corner 5th Avenue, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
64	BGC - Picadilly Star	G/F Picadilly Star Corporate Center, 4th Avenue corner 27th St., Bonifacio Global City, Taguig
65	BGC – Shangri-La The Fort	Unit GF 22, G/F Shangri-La at the Fort Manila, 30th St. cor. 5th Ave., Brgy. Fort Bonifacio, Bonifacio Global City, Taguig
66	BGC - St. Luke's	St. Luke's Medical Center, Rizal Drive corner 5th Avenue & 32nd St., Fort Bonifacio Global City, Taguig

No.	BRANCH	ADDRESS
67	BGC - The Infinity Tower	Unit 103 The Infinity Tower, 26th St., Brgy. Fort Bonifacio, Bonifacio Global City, Taguig
68	BGC - University Parkway	G/F Avecshares Center, 1132 University Parkway, Bonifacio North Triangle, Bonifacio Global City, Taguig
69	BGC - World Plaza	G/F, Unit 6, World Plaza, 4th Avenue, Brgy. Fort Bonifacio, Bonifacio Global City, Taguig City
70	Bonny Serrano Avenue	Unit 11 & 12, Aguinaldo Corporate Centre 125 Col. Bonny S. Serrano Avenue Brgy. Socorro, Quezon City
71	Buendia - Taft	No. 401 Sen. Gil Puyat Ave. cor. Dominga St., Brgy. 48, Pasay City
72	C. M. Recto - Reina Regente	1059 CM Recto Avenue corner Reina Regente St., Binondo, Manila
73	Cainta – Sumulong Highway	Along Sumulong Highway, Brgy. Balanti, Cainta, Rizal
74	Calle Industria – Circulo Verde	G/F Unit I-102, Industria, Circulo Verde, No. 70 Calle Industria, Brgy. Bagumbayan, Quezon City
75	Caloocan	Rizal Avenue Extension near corner 11th Avenue, Grace Park, Caloocan City
76	Caloocan - A. Mabini	G/F Corazon Bldg., 432 A. Mabini St., Poblacion, Caloocan City
77	Caloocan – Maypajo	G/F , Units 1-3, 237 A. Mabini St., Brgy. 26, Zone 3, District II, Caloocan City
78	Caloocan – Primark Deparo	Primark Town Center Gilmar's Place Subd, BF Homes, Brgy. 168, Deparo, Caloocan City
79	Caloocan 7th Ave.	Rizal Avenue Extension corner 7th Avenue, Caloocan City
80	Carmen Planas	Nos. 822, 824 & 826 Carmen Planas St., Brgy. 269, Zone 25, District 3, Manila
81	Carmen Planas - P. Rada	1033-1035 C. Planas St., 1012 Tondo, Manila
82	Carmen Planas - Zaragosa	921 Carmen Planas St. corner Zaragosa St., Tondo, Manila
83	Cash & Carry	G/F Unit No. G01A, Cash & Carry Mall, South Super Highway & Filmore St., Makati City
84	Central Market - V. Fugoso	1724 V. Fugoso St., Brgy. 311 Zone 31, District 3 Sta. Cruz, Manila
85	Chino Roces Avenue	Units 3 & 4 La Fuerza Plaza, Chino Roces, Makati City
86	Chino Roces Avenue – V.A. Rufino	G/F Pacifica One Center, 2178 Don Chino Roces Avenue, Brgy. Pio Del Pilar (North Arnaiz), Makati City
87	Chino Roces Extension – Lumbang	G/F Dacon Bldg., 2281 Chino Roces Ave., Ext., Brgy. Magallanes, Makati City
88	City of Dreams Manila	2nd Level, City of Dreams Manila, Aseana cor. Roxas Blvd., Brgy. Tambo, Parañaque City

No.	BRANCH	ADDRESS
89	Commonwealth	G/F Teresita Bldg., Holy Spirit Drive, Don Antonio Heights, Quezon City
90	Commonwealth - Don Antonio	Don Antonio Sports Center, Don Antonio (former Holy Spirit Drive), Don Antonio Heights Subdivision, Quezon City
91	Commonwealth – Ever Gotesco	Ever-Gotesco Commonwealth Center, Don Mariano Avenue corner Don Antonio Road, Brgy. Batasan Hills, Quezon City
92	Commonwealth – Shopwise	Units A3 and A4, G/F, Shopwise Commonwealth, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City
93	Congressional Ave. Ext. – T.M. Kalaw	Blk. 3 Lot 6 Mira Nila Homes, Congressional Ave. Ext.,Brgy. Pasong Tamo, Quezon City
94	Congressional Avenue	The Excelland System I Congressional Avenue, Quezon City
95	Congressional Avenue – Project 8	149 Congressional Ave., Brgy. Bahay Toro, Project 8, Quezon City
96	Cubao - P. Tuazon	MEC Tower, P. Tuazon Ave. cor. 21st St., Cubao, Quezon City
97	Dapitan St. - A. H. Lacson Ave.	Dioresa Plaza, Dapitan St. corner A.H. Lacson Avenue, Sampaloc, Manila
98	Del Monte Avenue	63 Del Monte Avenue, Barangay Manresa, Quezon City
99	Del Monte - Araneta Avenue	641 Del Monte Avenue, San Francisco Del Monte, Quezon City
100	Del Monte - Sienna	409 Del Monte Avenue, Quezon City 1105
101	Dela Rosa - Gallardo	G/F Unit 15 Tropical Palms Condominium, 103 Dela Rosa St. cor. Gallardo St. cor. Perea St., Brgy. San Lorenzo, Legaspi Village, Makati City
102	Dela Rosa - Rada	Ace Bldg., corner Dela Rosa & Rada St., Legaspi Village, 1229 Makati City
103	Diliman - Capitol Hills	16 Capitol Hills Drive, Old Balara, Diliman, Quezon City
104	Diliman - Matalino	G/F Suntrust Capitol Plaza, Matalino St. cor. City Hall Drive cor. Makatarungan St., Brgy. Central, Diliman, Quezon City
105	Divisoria – Juan Luna	744 - 746 Ilaya St., San Nicolas 025, Brgy. 268, Tondo, Manila
106	Divisoria - Sta. Elena	668 Sta. Elena St., Binondo, Manila
107	Dr. A. Santos Ave.	LT Bldg. Dr. A. Santos Avenue, Paranaque City
108	Dr. A. Santos Avenue – Amaia Steps	Units R108-R112, Amaia Steps Sucat, Dr. A. Santos Ave., Brgy. San Antonio, Parañaque City
109	Dr. A. Santos Avenue –	Commercial Units No. 8-10, Puregold San Dionisio, Dr.

No.	BRANCH	ADDRESS
	Puregold Evacom	A. Santos Avenue, Brgy. San Dionisio, Parañaque City
110	Dr. A. Santos Avenue – UPS 5	GF Omniworx Business Center, 0060 Dr. A. Santos Avenue, Brgy. San Isidro, Parañaque City
111	E. Rodriguez - Welcome Rotonda	G/F AEK Bldg., 40 E. Rodriguez Sr. Avenue, Don Manuel, Quezon City
112	E. Rodriguez Jr. Ave. - Bridgetowne	Shop 2-6 Tera Tower at Bridgetowne, E. Rodriguez Jr. Ave., Libis, Quezon City
113	E. Rodriguez Sr. - Hillcrest	G/F Rhodium Square Bldg., 1659 E. Rodriguez Sr. Avenue, Brgy. Pinagkaisahan, Quezon City
114	Eastwood City - E. Rodriguez Jr. Avenue	Magnitude Commercial Arcade E. Rodriguez Jr. Avenue Bagumbayan, Quezon City
115	Eastwood City - IBM Plaza	G/F IBM Plaza, Eastwood City, E. Rodriguez Jr., Avenue, Bagumbayan, Quezon City
116	Eastwood City - Olympic Heights	G/F Olympic Heights, Eastwood City Cyberpark, Bagumbayan, Quezon City
117	Echague	No. 116-120 C. Palanca St. Quiapo, Manila
118	EDSA – Boni Avenue	LG/F, Phinma Properties Center, No. 29 EDSA Brgy. Barangka Ilaya, Mandaluyong City 1500
119	EDSA Cubao	596 Simeon Medalla Bldg., corner Gen. McArthur Avenue, EDSA, Quezon City
120	EDSA East - Caloocan	L & E Bldg. EDSA corner Gen. Concepcion St, Caloocan City
121	EDSA POEA	POEA Bldg., EDSA corner Ortigas Avenue, Mandaluyong City
122	EDSA - A. De Jesus	474 EDSA corner B. Serrano & A. De Jesus St, 1403 Caloocan City
123	EDSA - Balintawak	G/F, 1310 Edsa, Brgy Apolonio Samson, Balintawak, Quezon City
124	EDSA - Bangkal	No. 3 EDSA, Barangay Bangkal, Makati City
125	EDSA - East Avenue	G/F Macdouton Building, 768 Edsa near cor. East Avenue, Brgy. Pinyahan, Cubao, Quezon City
126	EDSA - Eton Centris	Retail B, Cyberpod Centris Three, Eton Centris, EDSA corner Quezon Ave., Brgy. Pinyahan, Quezon City
127	EDSA – Kalayaan Avenue	G/F Palmyra Bldg., Kalayaan Avenue corner EDSA, Brgy. Pinagkaisahan, Makati City
128	EDSA - New Farmers Plaza	Unit 1-B, G/F New Farmers Plaza, General Roxas Avenue, Araneta Center, Cubao, Quezon City
129	EDSA – New York	EDSA corner New York St., Cubao 1111 Quezon City
130	EDSA – Ortigas	Maranaw Plaza, 187 Edsa, Brgy. Wack-Wack, Greenhills East, Mandaluyong City
131	EDSA – Panorama	G-02 Panorama Technocenter, 1029 EDSA, Brgy

No.	BRANCH	ADDRESS
	Technocenter	Veterans Village I, Muñoz, Quezon City
132	EDSA - Pasay	507 EDSA corner B. Garcia St., 1300 Pasay City
133	EDSA – Skysuites Towers	927 The Skysuites Towers, Quezon Ave., cor. EDSA, Brgy West Triangle, District 1, Quezon City
134	Elcano	SHC Tower 619 Elcano St. San Nicolas, Manila
135	Emerald Avenue	G/F Unit 101 Taipan Place, Don Francisco Ortigas Jr. Road, Pasig
136	Escolta	303 Escolta St., Brgy. 291, Binondo, Manila
137	España	Carmen Bldg. Espana corner G. Tolentino St. Sampaloc, Manila
138	España – Basilio	España St. corner Basilio St. corner Intruccion St., Brgy 512, Manila
139	España – Blumentritt	2101-2103 España Avenue corner Blumentritt St. 1008 Sampaloc, Manila
140	España – Grand Residences 2	C1-C2, Grand Residences España Tower 2, 958 A.H. Lacson St., Brgy. 479, Zone 47, Sampaloc, Manila
141	España - M. Dela Fuente	Esperanza Place, España Blvd. corner M. Dela Fuente St., Sampaloc, Manila
142	Evangelista - Makati	1695 Evangelista St corner Gen. Lacuna St. Bangkal, Makati City 1233
143	F. Ortigas Jr. Road	G/F Ortigas Center Association, Inc. Bldg., F. Ortigas Jr. Road, Brgy. Oranbo, Ortigas Center, Pasig City
144	Fairview – Ayala Terraces	UG/F Space No. U066, Ayala Fairview Terraces, Quirino Highway corner Maligaya Drive, Brgy. Pasong Putik, Novaliches, Quezon City
145	Fairview - Brittany Square	GF IL 103, Brittany Square, Belfast St. corner Mindanao Avenue Extension, Brgy. Pasong Putik, Fairview, Quezon City
146	Fairview – Doña Carmen	Shopking Doña Carmen Commercial Center, Commonwealth Avenue, Brgy. North Fairview, Quezon City
147	Fairview – Fairmont	Regalado Avenue, Brgy. North Fairview, Novaliches, Quezon City
148	Fairview – Peacock Plaza	Peacock Plaza, Lot 1 Bkl 2, Commonwealth Ave. cor. Peacock St., Brgy. Faiview Park, Quezon City
149	Fairview – Regalado	G/F Regalado Hive, Regalado Ave., Brgy Fairview, Quezon City
150	Filinvest Avenue	G/F BC Group Bldg., Filinvest Ave. corner Commerce Ave., Brgy. Ayala Alabang, Filinvest Corporate City, Alabang, Muntinlupa
151	Filinvest - Alabang	G/F Tower 1, Insular Life Corporate Center, Insular Life Drive, Filinvest Corporate City, Alabang, Muntinlupa City

No.	BRANCH	ADDRESS
152	Filinvest – Civic Drive	Units 7 & 8, AA Corporate Plaza, Civic Drive, Filinvest Corporate City, Brgy. Alabang, Muntinlupa City
153	Filinvest – Northgate Aeon Center	Space 2, Aeon Center, Alabang Zapote Road corner North Bridgeway, Filinvest Corporate City, Brgy. Alabang, Muntinlupa City
154	Filinvest – Spectrum Midway	Space 3 & 4, Polaris Bldg., Spectrum Midway St., Filinvest Corporate City, Brgy. Alabang, Muntinlupa City
155	FiveE-comCenter	G/F FiveE-com Center, Pacific Drive cor. Bayshore Ave., Brgy. 76, Zone 10, Mall of Asia Complex, Pasay City
156	Fort Bonifacio - Bayani Road	Bayani Road corner M. Roxas St., Fort Bonifacio, Taguig
157	Fort Bonifacio - Mckinley Hill	G/F Three World Square, McKinley Hill, Fort Bonifacio, Taguig
158	Fort Bonifacio – McKinley West	LG/F Shops 3-5, Cyber Sigma, Lawton Avenue, McKinley West, Brgy. Fort Bonifacio, Taguig City
159	G. Araneta - Brixton Hill	G/F ILO Bldg., 195 G. Araneta Avenue, Quezon City
160	Gandara	811-813 Sabino Padilla St. (formerly Gandara St.) Sta. Cruz , Manila
161	Gandara - Soler	1268 Soler St. corner S. Padilla St., 1006 Binondo, Manila
162	GC Corporate Plaza - Legaspi St.	150 GC Corporate Plaza, Legaspi St., Legaspi Village, Makati City
163	General Luis	297 Gen. Luis St. Barrio Kaybiga, Caloocan City
164	Gil Puyat - Filmore	1320 Filmore St., Brgy. Palanan, Makati City
165	Gil Puyat - Harrison	Unit IC, ID & IE, No. 53 Gil Puyat Avenue, Brgy. San Rafael, Pasay City
166	Gil Puyat - Metro House	Metro House Building, 345 Sen. Gil J. Puyat Avenue, Brgy. Bel-Air, Makati City
167	Gil Puyat - Taft	336-338 Gil Puyat Avenue, Brgy. 49, Pasay City
168	Gil Puyat – TechZone	G/F TechZone Philippines Bldg., 213 Sen. Gil Puyat Ave., Brgy. San Antonio , Makati City
169	Grace Park	G/F A & R Bldg., 213 Rizal Avenue Extension Grace Park, Caloocan City
170	Grace Park - 11th Avenue	1619 Rizal Avenue, Extension corner 11th Avenue, 1400 Caloocan City
171	Grass Residences	Unit 101-102B, The Strip at Grass Residences, Misamis St. corner Nueva Ecija and Nueva Vizcaya Sts., Sto. Cristo 3, Quezon City
172	Greenbelt – Legazpi St.	G/F 108 Legapi St. corner Paseo de Roxas, Pioneer House Bldg., Legazpi Village, Makati City
173	Greenhills Shopping Center	G/F Jeweller Center, Greenhills Shopping Center, Ortigas Avenue, San Juan, Metro Manila

No.	BRANCH	ADDRESS
174	Greenhills - Annapolis	Unit 101, G/F Vasquez-Madrigal Plaza Annapolis, Greenhills, San Juan
175	Greenhills - Connecticut	G/F Belomed Bldg., No. 49 Connecticut St., Brgy. Greenhills, San Juan City
176	Greenhills - O Square	G/F Unit OS-105, O Square Greenhills Shopping Center, Ortigas Avenue, Brgy. Greenhills, San Juan City
177	Greenhills - West	101 Limketkai Bldg., Ortigas Avenue, San Juan, MM
178	Greenhills - Wilson	227 Wilson St., corner Don Miguel St., San Juan, MM
179	H.V. Dela Costa	120 Westgate Plaza Condominium, Salcedo Village, Makati City
180	Harrison Plaza	Unit R-5 URDI Bldg., Harrison Plaza Shopping Complex F. B. Harrison Malate, Manila
181	Ilaya	1049-1051 Ilaya St., Divisoria, Manila
182	Ilaya - Padre Herrera	1089 Ilaya St., Brgy.3, Zone 01, Tondo, Manila
183	Intramuros	G/F Chamber of Commerce Bldg., #3 Magallanes Drive, Intramuros, Manila
184	J. Abad Santos	G/F Ching Leong Temple, J. Abad Santos Avenue, Tondo, Manila
185	JAS – Antipolo	G/F Intercast Corporate Tower 2230 J. Abad Santos Avenue, Tondo, Manila
186	Juan Luna	262 Juan Luna Street, Binondo, Manila
187	Julia Vargas – IBP Tower	G/F IBP Tower, Doña Julia Vargas Avenue and Jade Drive, Ortigas Center, Brgy. San Antonio, Pasig City
188	Julia Vargas – Ortigas Technopoint One	Unit Nos. G04-07, OTP Bldg. 1, No. 01, Julia Vargas Avenue, Ugong, Pasig City
189	Julia Vargas – Valle Verde	Units L1-01 & L1-02, Silver City, Frontera Verde, Brgy Ugong, Pasig City
190	Jupiter - Reposo	G/F CEI Headquarters, 158 Jupiter St. corner N. Garcia St., Bel-Air Village, Makati City
191	Kamagong	2567 P. Ocampo (Vito Cruz Extension) corner Madre Perla St. Manila
192	Kamias Road	Trinidad Bldg., Kamias Road corner K- J St., Quezon City
193	Karrivin Plaza - Chino Roces Avenue Ext.	G/F Building A, Karrivin Plaza, 2316 Chino Roces Avenue Extension, Makati City
194	Karuhatan - MacArthur Highway	KM. 13 MacArthur Highway, 1441 Karuhatan, Valenzuela, Metro Manila
195	Katipunan	Regis Center, No. 327 Katipunan Avenue corner F. dela Rosa St., Loyola Heights, Quezon City
196	Katipunan – Blue Ridge	G/F, Place One Building, 205 Katipunan Avenue, Brgy. Milagrosa, Quezon City

No.	BRANCH	ADDRESS
197	Katipunan – Loyola Heights	De Borja Commercial Bldg., 299 Katipunan Avenue, Brgy Loyola Heights, Quezon City
198	Katipunan – Xavierville	G/F Xavierville Square Condominium, 38 Xavierville Avenue, Loyola Heights, Quezon City
199	Katipunan Avenue – Blue Residences	Strip at Blue, Blue Residences (LC 104-107A), Katipunan Ave. corner Aurora Blvd., Brgy. Loyola Heights, Quezon City
200	Katipunan Avenue – U.P. Town Center	Second Level, Phase 2, Space No. 278a, Ayala Malls U.P. Town Center, Katipunan Avenue, Brgy. U.P. Campus, Quezon City
201	Las Piñas - Almanza	Alabang-Zapote Road, Almanza Uno, Las Piñas, Metro Manila
202	Las Piñas - Evia Daang Hari	Evia Lifestyle Center, Daang Hari Road, Tindig na Mangga, Brgy. Almanza Dos, Las Piñas City
203	Las Piñas - J. Aguilar Avenue Casimiro	Blk. 1 Lot 9 J. Aguilar Avenue, Casimiro Village 3, Brgy BF International, Las Piñas City
204	Las Piñas - Marcos Alvarez Avenue	B-2 L-19 Kimberkay Bldg., Marcos Alvarez Ave., Brgy. Talon Cinco, Las Piñas City
205	Las Piñas - Naga Road	Near corner Naga Road and Main Access Road, E.T. Homes 2, Pulanglupa 2, Las Piñas City
206	Las Piñas - Pamplona Tres	Unit 101-104, G/F, Lot G & H, Torre Sur, Alabang Zapote, Brgy. Pamplona Tres, Las Piñas City
207	Las Piñas - Talon	G/F Motiontrade Bldg, Alabang-Zapote Road, Talon, Las Piñas City
208	Lavezares	321-325 Garden City Condominium corner Lavezares & Camba St. San Nicolas,Manila
209	Legaspi Village - C. Palanca	G/F Colonade Residences, No. 132 Legaspi Village, Makati City
210	Legaspi Village - Gamboa	KL Tower 117 Gamboa Street, Legaspi Village, Brgy. San Lorenzo, Makati City
211	Legaspi Village - Salcedo St.	Maxicare Tower, 203 Salcedo St., Legaspi Village, Makati City
212	Leon Guinto – Gen. Malvar	Wynn Plaza Commercial Unit 2, 1674 Leon Guinto cor. Gen. Malvar & Agoncillo Sts., Brgy. 694, Zone 075, Malate, Manila
213	Leon Guinto – San Andres	G/F Unit A Queen Rose Bldg, 911 San Andres St. cor. Leon Guinto St., Brgy 723, Malate, Manila
214	Loyola Heights - Berkeley Residences	G/F Berkeley Residences, Katipunan Ave. corner Escaler St., Loyola Heights, Quezon City
215	Macapagal Blvd. - Aseana 3	G/F, Shop 3, Aseana 3, Pres. Diosdado Macapagal Blvd. Corner Asean Avenue, Aseana City, Brgy. Tambo, Parañaque City
216	Macapagal Blvd. - Bay Area	Space Number 2013, Ayala Malls Manila Bay, Diosdado Macapagal Blvd. Corner Asean Avenue, Brgy. Tambo,

No.	BRANCH	ADDRESS
		Parañaque City
217	Macapagal Blvd. - Meridian Park	G/F, Double Dragon Plaza, DD Meridian Park, Macapagal Ave. cor. EDSA Ext., Bay Area, Brgy. 76, Zone 10, Pasay City
218	Macapagal Blvd. - Pearl Drive	Unit Nos. 105 & 106, Scape Bldg., Diosdado Macapagal Avenue corner Pearl Drive, Brgy. 76, San Rafael, Mall of Asia Complex, Pasay City
219	Macapagal Blvd. - W Mall	G/F W-Mall, Diosdado Macapagal Avenue corner Coral Way, Brgy. 76, Zone 10, Pasay City
220	Magallanes Village	Unit 104 The Gate Way Center, Paseo de Magallanes, Magallanes Village, Makati City
221	Makati Avenue - Zuellig	G/F Zuellig Building, Paseo de Roxas corner Makati Avenue, Makati City
222	Makati Medical Center	G/F Makati Medical Center Bldg., Salcedo St. corner Dela Rosa St., Legaspi Village, Makati City
223	Makati Shangrila Hotel	Unit 191 Shangrila Hotel Manila, Ayala Center, Makati City
224	Makati – Circuit Mall	Level 2, L2 049-L2 050, Ayala Malls Circuit, Circuit Makati, Hippodromo St., Brgy. Carmona, Makati City
225	Makati – Evangelista Macabulos	G/F QS Bldg., Evangelista St. corner General Macabulos St., Brgy. Bangkal, Makati City
226	Makati - Esteban	G/F A & V Crystal Tower, 105 Esteban St., Legaspi Village, Makati
227	Makati – Gramercy Residences	G/F Gramercy Residences, The Century City, Salamanca St., Brgy. Poblacion, Makati
228	Makati – Jazz Residences	G/F Jazz Residences, Jupiter St. corner N. Garcia St., Brgy. Bel-Air, Makati City
229	Makati – Metropolitan Avenue	G/F Metropolitan Terraces, Metropolitan Avenue corner Sacred Heart St., (formerly Dao St), Makati City
230	Malabon – Concepcion	G/F Teresita Bldg., No. 4 Gov. Pascual Avenue, Brgy. Baritan, Malabon City 1470
231	Malabon - Fisher Mall	Unit 1F, G/F Malabon – Fisher Mall, Circumferential Road 4 Dagat-Dagatan Avenue, Brgy Longos, Malabon City 1472
232	Malabon - Gov. Pascual	G/F MGC Veranda Bldg., 31 Gov. Pascual Avenue, Tenejeros, Malabon City
233	Malanday - McArthur Highway	G/F & 2/F, 584 MacArthur Highway, Brgy. Malanday, 1405 Valenzuela City
234	Malate - Adriatico	Adriatico Executive Center, Adriatico St., Ermita, Manila
235	Mall of Asia – S Maison	G/F S Maison, Marina Way, Mall of Asia Complex, Brgy. 76, Zone 10, Pasay City
236	Mall of Asia – Sea	Location Code 119-121, G/F Sea Residences, Pearl Drive

No.	BRANCH	ADDRESS
	Residences	corner Sunrise Drive, SM Mall of Asia Complex, Brgy. 76, Zone 10, Pasay City
237	Mall of Asia – Shell Residences	SMDC Shell Residences (LC 123), EDSA corner Road 11, Brgy. 76, SM Mall of Asia Complex, Pasay City
238	Mall of Asia – Shore Residences	Location 120-121, G/F, Shore 1 Commercial, Shore Residences, Seaside Blvd. Corner Sunrise Drive, SM Mall of Asia Complex, Brgy. 76, Zone 10, Pasay City
239	Mandaluyong - Calbayog	DMG Center, Libertad St. corner M. Cruz, Mandaluyong City
240	Mandaluyong - Libertad	Sierra Madre St. corner Libertad St. Mandaluyong City
241	Mandaluyong - Light Mall	G/F Light Mall, Light Residences, Edsa corner Madison St., Brgy. Barangka Ilaya, Mandaluyong City
242	Mandaluyong – Reliance	G/F, Units 3 & 4 Launch Pad Bldg., Reliance corner Sheridan Sts., Brgy. Highway Hills, Mandaluyong City
243	Mandaluyong – Rockwell Sheridan	Retail 10, G/F The Rockwell Business Center – Sheridan, Sheridan St. corner United St., Brgy. Highway Hills, Mandaluyong City
244	Manila - Otis	1763 Paz Mendoza Guanzon St., Paco, Manila
245	Marikina Heights	G/F Commercial Unit No. 108-110, Puregold & Ayala Malls Marikina, Liwasang Kalayaan, Brgy. Marikina Heights, Marikina City
246	Marikina - Calumpang	Florida 1 Bldg., J.P. Rizal corner M. A. Roxas St., Calumpang, Marikina City
247	Marikina - Gil Fernando Ave.	Gil Fernando Avenue corner Dragon St., Marikina City
248	Marikina - JP Rizal	265 Jose Rizal St., Sta. Elena 1800, Marikina City
249	Marikina - Katipunan	G/F 107 Guerdon Commercial Center, Katipunan Avenue cor. Rainbow St., Brgy. Concepcion Dos, Marikina City
250	Marikina - Lamuan	J. P. Rizal St. near corner Malaya St., Barangay Lamuan, Marikina City
251	Marikina - Nangka	Unit 1A G/F Bldg 2 Citi Centre Nangka, J.P.Rizal Avenue corner Puerto Rico Avenue, Nangka, Marikina City
252	Marikina - Parang	No. 105 Gen. B. G. Molina St., Brgy. Parang, Marikina City
253	Marikina – Xeland Gil Fernando Ave.	LS1-04 Xeland, Mayor Gil Fernando Avenue, Brgy. Sto. Niño, Marikina City
254	Masangkay	Lun Hong Townmates Association Bldg., 1226 Masangkay Sta. Cruz, Manila
255	Masangkay - CM Recto	1029-1031 JP. Bldg., Masangkay corner Tronqued St., Sta. Cruz, Manila
256	Masangkay - Luzon St.	907 Luzon St. corner Masangkay St., Tondo, Manila

No.	BRANCH	ADDRESS
257	Mascardo - Chino Roces Avenue	1101 Chino Roces corner Mascardo St., Brgy Sta. Cruz, Makati City
258	Mayon - N. Roxas	No. 241 Mayon Avenue corner Nicanor Roxas St., 1161 Quezon City
259	Maysilo Circle – F. Martinez Avenue	No. 315 Maysilo Circle, Brgy. Plainview, Mandaluyong Cty
260	Meralco - Ortigas	Meralco Compound, Ortigas Avenue, 1604 Pasig City
261	Meralco Avenue – Millenium Place	Unit 102 Millennium Place, Meralco Ave., Brgy. San Antonio, Pasig City
262	Mezza Residences	G/F Mezza Residences, Aurora Blvd. corner Araneta Avenue, Guirayan St., Barangay Doña Imelda, Quezon City
263	Mindanao Ave. Ext. - Brittany	EC Center Bldg., Mindanao Ave. Extension cor. Commonwealth Ave., Brgy. Pasong Tamo Putik, Quezon City
264	Mindanao Avenue – Bagong Pag-asa	Golden Sun Realty Bldg. II, No. 29 Mindanao Avenue, Brgy. Bagong Pag-asa, Quezon City
265	Mindanao Avenue - St. Charbel	G/F, Lot 2 Block 1, Mindanao Avenue, Brgy. Tandang Sora, Quezon City
266	Mindanao Avenue – Tandang Sora	G/F & 2/F, No.18 Mindanao Avenue, Brgy. Tandang Sora, Quezon City
267	Mother Ignacia – M Place	SMDC M Place Sotuh Triangle (LC 106-107), Mother Ignacia corner Panay Avenue, Brgy. South Triangle, Quezon City
268	Muñoz - Roosevelt	328 Mesa Holding Bldg., San Francisco Del Monte, Quezon City
269	Muntinlupa – East Bay Residences	Ground Floor, East Bay Residences, KM21, East Service Road, Brgy. Sucat, Muntinlupa City
270	Muntinlupa - Poblacion	G/F Elizabeth Center Bldg., National Road, Poblacion, Muntinlupa
271	N. Domingo – Gilmore Avenue	G/F Gilmore Tower, No. 2 Gilmore Ave. corner N. Domingo St., Brgy. Mariana, Brgy. Valencia, New Manila, Quezon City
272	N. Domingo - M. Paterno	G/F Maxsteel Bldg., No. 266 N. Domingo St., Brgy. Pasadena, San Juan City
273	NAIA 1	Arrival Area, Ninoy Aquino International Airport, Ninoy Aquino Avenue, 1705 NAIA, Parañaque City
274	NAIA 3	Stall No.13, Arrival Lobby of Terminal 3, Ninoy Aquino International Airport, Andrews Avenue, Brgy. Villamor, Pasay City
275	Navotas	514 Northbay Blvd. Corner Lacson St., brgy. Bangkulasi, Navotas City 1485
276	Neptune - Makati Avenue	101 Neptune St. corner Makati Avenue 1209 Makati City

No.	BRANCH	ADDRESS
277	New Manila - E. Rodriguez Sr.	Unit 1G & 2E, 284 Dona Anita Bldg., E. Rodriguez Sr. Avenue, Quezon City
278	Newport City	G/F Newport Office Building 1, Newport City, Pasay City
279	Newport City – Plaza 66	Unit Retail 13a, Plaza 66, Newport City, Manlunas St., Brgy. 183, Villamor Airbase, Pasay City
280	Northbay - Virgo Drive	Melandrea V Bldg., Honorio Lopez Blvd. near corner Virgo, North Bay, Navotas City
281	Novaliches - Quirino Highway Bagbag	612 Quirino Highway, Brgy. Bagbag, Novaliches, Quezon City
282	Novaliches - Regalado Avenue	G/F, Lot 11 Block 114 Regalado Avenue, Brgy. Greater Lagro, Novaliches, Quezon City
283	Novaliches – S&R Commonwealth Ave.	G/F, Unit 1, S&R Commonwealth, Commonwealth Avenue corner Quirino Highway, Brgy. Kaligayahan, Novaliches, Quezon City
284	Novaliches - Trees Residences	The Strip at Trees Residences, Quirino Highway, Brgy. Pasong Putik, Novaliches, Quezon City
285	Novaliches - Zabarte	G/F C.I. Plaza, 1151 Quirino Highway corner Zabarte Road, Barangay Kaligayahan, Novaliches, Quezon City
286	Okada Manila Pearl Wing	Hotel Pearl Wing, Okada Manila, Atlantic Drive, Asiaworld City, Boulevard 2000, Brgy. Tambo, Parañaque City
287	Old Sta. Mesa - Albina	Newton Plaza, Old Sta. Mesa corner Albina St., Sampaloc, Manila
288	OneE-comCenter	G/F One E-com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City
289	Ongpin	Unit ABC Imperial Sky Garden Ongpin St. corner T. Pinpin St. Binondo, Manila
290	Ongpin - T. Alonzo	G/F Anchor Skysuites, No. 827 Ongpin St., Brgy.300, Zone 29, Sta. Cruz, Manila
291	Ongpin-Tomas Mapua	1004-1006 Ongpin St. Sta. Cruz, Manila
292	Ortigas Avenue – E. Rodriguez, Jr.	Units A-D, G/F L & Y Plaza Bldg., 120 E. Rodriguez Jr. Avenue corner Ortigas Avenue, Brgy. Ugong, Pasig City
293	Ortigas Avenue Ext. - Pace Bldg	Pace Bldg., 98 Granada St., Ortigas Avenue Extension, Barangay Valencia, Quezon City
294	Ortigas Avenue Ext. - Pasig	Along Ortigas Avenue Extension, Rosario, Pasig City
295	Ortigas Avenue Ext. - St. Joseph	15 A, Ortigas Avenue Extension corner Monaco St., Pasig City
296	Ortigas – Garnet Road	Unit 1 G/F Cyberscape Alpha Bldg., Garnet & Sapphire Rds., Ortigas Central Business District, San Antonio, Pasig City
297	Ortigas - Octagon Centre	G/F Octagon Centre, San Miguel Avenue, Ortigas Center, Pasig City

No.	BRANCH	ADDRESS
298	Pablo Ocampo Sr. St. - Arellano Avenue	Barko Bldg., P. Ocampo Sr. St. corner Arellano Avenue & Enrique St., Malate, Manila
299	Pacific Star - Makati	G/F Pacific Star Bldg., Sen. Gil Puyat Avenue corner Makati Avenue, Makati City
300	Paco	1054-1060 Pedro Gil St., Paco, Manila
301	Padre Rada	Gosiupo Bldg. 480-482 Padre Rada Corner Elcano St. Tondo, Manila
302	Parañaque - La Huerta	0422 Quirino Avenue corner J. Ferrer St., La Huerta, Parañaque City
303	Parañaque - Moonwalk	G/F Seal I Bldg., Armstrong Avenue corner Yosemite St., Moonwalk Subdivision, Parañaque City
304	Parañaque - Moonwalk E. Rodriguez Ave.	15413 A&M Bldg., E. Rodriguez Ave. cor. Daang Batang St., Brgy. Moonwalk, Parañaque City
305	Parañaque - NAIA Road	G/F Park N' Fly Carpark Bldg. 2, NAIA (MIA) Road cor. Mayuga St., Brgy. Tambo, Parañaque City
306	Parañaque - Pascor Drive	Sky Freight Bldg., Ninoy Aquino Avenue near corner Pascor Drive, St. Niño, Parañaque City
307	Parañaque - San Antonio Valley 1	San Antonio Plaza, Blk 6 Lot 20 & 21, San Antonio Ave., Brgy. San Antonio Valley 1, Sucat, Parañaque
308	Parañaque - Sto. Niño	Units U & V, Columbia Airfreight Complex, No. 707 Ninoy Aquino Avenue, Brgy. Sto. Niño, Parañaque City
309	Pasay - Domestic Road	Caltex Compound (PDSC/Park 'N Fly Bldg.), NAIA corner Domestic Road, 1300, Pasay City
310	Pasay - Two Shopping Center	2nd Level. Retail Shops Area, Two Shopping Center, Taft Avenue, Pasay City
311	Paseo de Roxas 2	G/F BDO Plaza, 8737 Paseo de Roxas St. Makati City
312	Pasig - 106 Shaw Boulevard	106 Shaw Blvd., Brgy. Kapitolyo, Pasig City
313	Pasig - A. Sandoval Ave.	G/F Isagabanna Bldg., A. Sandoval Ave. corner Col. R. Fernandez St., Villa Alegre Subd., Brgy. Pinagbuhatan, Pasig City
314	Pasig - C. Raymundo Ave.	JEMCO Bldg., Raymundo Ave. cor. Bernal St., Rosario, Pasig City
315	Pasig – Amang Rodriguez Caruncho Road	Retail 1, Acacia Escalades, Amang Rodriguez corner Caruncho Road, Brgy. Manggahan, Pasig City
316	Pasig - Capitol Commons Estancia	Estancia Mall, Capitol Commons, Pasig City
317	Pasig Blvd. - E. Rodriguez Jr.	G/F P & J Bldg., Pasig Blvd corner E. Rodriguez Jr. Ave., Brgy Ilog, Pasig City
318	Pasig – Felix Ave. Karangalan	G/F, Hanlu Bldg., Felix Avenue, Karangalan Village, Brgy. Manggahan, Pasig City
319	Pasig - Kapasigan	Mariposa Arcade, A. Mabini corner Dr. Pilapil St. Pasig City
320	Pasig - Maybunga	G/F Armal Bldg. 3, Blk 1 Lot 1-3, C. Raymundo Avenue,

No.	BRANCH	ADDRESS
		Maybunga, Pasig City
321	Pasig – San Antonio Meralco Ave.	Iriz One Corporate Center, No. 35 Meralco Ave. cor. Gen. Segundo St., Brgy. San Antonio, Ortigas Center, Pasig
322	Pasig - Meralco Avenue	G/F One Corporate Centre, Julia Vargas Avenue corner Meralco Avenue, Pasig City
323	Pasig - Mercedes Avenue	No. 628 MK Building, Mercedes Avenue, Brgy. San Miguel, Pasig City
324	Pasig - Oranbo Drive	G/F A.B. Sandoval Bldg., Shaw Blvd. corner Oranbo Drive, Pasig City
325	Pasig - Pioneer	Pioneer Centre, Pioneer St. corner United & Brixton St., Kapitolyo, Pasig City
326	Pasig - Pioneer Shaw Blvd.	CVFC Corporate Center, Pioneer St. corner San Rafael St., Brgy. Kapitolto, Pasig City
327	Pasig - Puregold San Joaquin	G/F Puregold, 165 M. Concepcion St., Brgy. Buting, Pasig City
328	Pasig - Sixto Antonio Ave. Bedaña	Sixto Antonio Avenue corner R. Bedaña St., Pasig City
329	Pasig - Sixto Antonio Ave. - Stella Maris	478 G/F CLM Bldg., Dr. Sixto Antonio Avenue, Brgy. Maybunga, Pasig City
330	Pasig – The 30th Meralco Avenue	LG/F, Space No. L0060-61, Ayala Malls The 30th, Meralco Avenue, Brgy. Ugong, Pasig City 1604
331	Pasig - The Grove Rockwell	G/F The Grove by Rockwell, 117 E. Rodriguez Jr. Avenue, Brgy. Ugong, Pasig City
332	Pasig – E. Rodriguez Jr. Lanuza Ave.	G/F Reliance Center, 99 E. Rodriguez Jr. Avenue, Barrio Ugong, Pasig City
333	Pasig - Valle Verde Country Club	Valle Verde Country Club, Capt. Henry P. Javier St. corner St. Martin St., Brgy. Oranbo, Pasig City
334	Pasong Tamo Ext.	G/F Allegro Center, Pasong Tamo Extension, Makati City
335	Pateros - Poblacion	No. 77 M. Almeda St., Brgy. San Roque, Pateros
336	Pedro Gil - Adriatico	Adriatico St., near corner Pedro Gil St., Malate, Manila
337	Pedro Gil - A. Mabini	1567-1571 Salud Bldg. Pedro Gil corner A. Mabini St. Ermita, Manila
338	Philam Tower – Valero	G/F Philamlife Tower, 8767 Paseo de Roxas, Brgy. Bel-Air, Makati City
339	Plaza Calderon - Pedro Gil	G/F Unit C, Harmonic Seven Bldg., 2332- 2334 Pedro Gil corner Vesta St., Sta. Ana, Manila
340	Port Area - South Harbor	G/F Velco Center, R.S. Oca Corner A. C. Delgado St., Port Area, Manila
341	Potrero	G/F Panco Square, 67 MacArthur Highway, Malabon City 1475

No.	BRANCH	ADDRESS
342	Q. I. - E. Rodriguez Sr.	G/F Ablaza Bldg., 117 E. Rodriguez Avenue, Quezon City
343	Quezon Avenue - Araneta	G/F CSP Bldg., 815 Quezon Avenue, Quezon City
344	Quezon Avenue - Cordillera	No. 37 Quezon Avenue corner Cordillera St., Quezon City
345	Quezon Avenue – D. Tuazon	Unit 101 & 103, Bernmann Centre, No. 28 Quezon Ave., Brgy. Doña Josefa, Quezon City
346	Quezon Avenue – Examiner	G/F Maxmor Bldg., Examiner St. corner Quezon Ave. Brgy. West Triangle, Quezon City
347	Quezon Avenue – Fisher Mall	UB-Bank 1, Fisher Mall, Quezon Ave. corner Roosevelt Ave., Brgy Sta. Cruz, Quezon City
348	Quezon Avenue – Prima Residences	G/F Prima Residences, 243 Quezon Avenue, Brgy. Tatalon, Quezon City
349	Quezon Avenue – South Triangle	Unit LG02-03, SKC Service Center Bldg., 1320 Quezon Avenue, Brgy. South Triangle, Quezon City
350	Quiapo - Quezon Blvd.	Quezon Blvd., 1001, Quiapo, Manila
351	Quintin Paredes	524 Enterprise Bldg., Quintin Paredes St. corner Carvajal St., Binondo, Manila
352	Quirino Paco	CRS Tower Corner, Perdigon St. Pres. Quirino Avenue, Paco, Manila
353	Rada – Legaspi Village	G/F One Legaspi Park, Rada St. Legaspi Village, Makati City
354	Resorts World Manila	Newport Blvd., Newport City, Pasay City
355	Rizal Avenue - Bambang	1607 Alvarez St. corner Rizal Avenue, Sta. Cruz, 1003 Manila
356	Rizal Avenue - Batangas St.	2200 Rizal Avenue corner Batangas St., Sta. Cruz, Manila
357	Robinsons - Metro East	Level 1 (L1 160 & 162), Robinsons Metro East Mall, Brgy. Dela Paz Marcos Highway, Pasig City 1611
358	Robinsons – Magnolia	Level 1, Unit 107B, Robinsons Magnolia, Aurora Boulevard corner Dona Hemady St., and N. Domingo St., Brgy. Kaunlaran, New Manila, Quezon City 1112
359	Robinsons Galleria - Ortigas	LG/F Basement Westwing, Robinsons Galleria Mall, Brgy. Ugong Norte Ortigas Avenue, 1602 Quezon City
360	Robinsons Place - Manila	G/F Robinsons Mall corner Pedro Gil, Maria Orosa Sts., Ermita, 072 Brgy. 669, Manila
361	Roces Avenue	No. 57 (Don A.) Roces Avenue, Brgy. Laging Handa, Quezon City
362	Rockwell - Ortigas	Level 1, Tower 3 (South), The Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City
363	Rockwell – Power Plant	G/F Power Plant Mall, Rockwell Center , Amapola corner Estrella St., Makati City
364	Roxas Blvd. - Admiral	G/F Admiral Baysuites, 2138 Aldecoa St. corner M.H.

No.	BRANCH	ADDRESS
	Baysuites	Del Pilar St., Brgy. 701, Malate, Manila
365	Roxas Blvd. - Breeze Residences	Unit 101-102, G/F SMDC Breeze Residences, Roxas Blvd., Brgy. 5, Zone 2, Pasay City
366	Roxas Blvd. - Crowne Bay Tower	Unit 101 Crowne Bay Tower, along Roxas Blvd., Brgy. Baclaran, Parañaque City
367	Roxas Blvd. - R. Salas	S & L Bldg., Roxas Blvd. St. corner Romero Salas St., Ermita, Manila
368	Roxas Blvd. - Radiance Manila Bay	Retail No. 3, Radiance Manila Bay, Roxas Blvd., Brgy 001, Pasay City
369	Salcedo - Dela Rosa	Golden Rock Bldg. 168 Salcedo St. Legaspi Village, Makati City
370	Salcedo - Gamboa	Optima Building along Salcedo St. near corner Gamboa St., Legaspi Village, Makati City
371	Sales St. - Raon	545 Sales St. corner G. Puyat St. (Raon) 1016 Sta. Cruz, Manila
372	Sampaloc – A.H. Lacson	G/F JHL Centre Bldg., #519 A.H. Lacson St., Brgy 434, Zone 44, Sampaloc, Manila
373	Sampaloc – Legarda	G/F Legarda Place Bldg., 2327 Legarda St., Sampaloc 042, Brgy. 416, Manila
374	Sampaloc – Pureza	TP Building, No. 0414 Pureza Extension, Brgy. 425, Zone 043, Sampaloc, Manila
375	Samson Road	G/F Ma. Cristina Bldg. Samson Road corner UE Tech. Caloocan City
376	San Andres	San Andres corner A. Linao St., Malate, Manila
377	San Juna – P. Guevarra	G/F No. 299 P. Guevarra St., Brgy. Little Baguio, San Juan City
378	San Juan – Pinaglabanan	G/F, Benson Apartelle, No. 627 & 629 Pinaglabanan St., Brgy. Corazon de Jesus, San Juan City 1500
379	San Juan – Santolan Town Plaza	G/F Santolan Town Plaza, 276 Santolan Road, brgy. Little Baguio, San Juan City
380	Savemore Novaliches	Savemore Novaliches, General Luis St., Novaliches, Quezon City
381	Savemore - Amang Rodriguez	G/F Savemore Amang Rodriguez, GBU Bldg. Amang Rodriguez Avenue corner Evangelista St., Barangay Santolan, Pasig City
382	Savemore - Marulas	NF-5 & NF-6, G/F Savemore Marulas Valenzuela, 40 Pio Valenzuela St., Brgy. Marulas, Valenzuela City 1440
383	Savemore - Nagtahan	G/F Savemore Nagtahan, Magsaysay Blvd. corner Nagtahan Road, Brgy. 634 Sampaloc, Manila
384	Savemore - Project 8	Savemore Project 8, Benefit St. corner Redemption and Grant St., Brgy. Sangandaan, Project 8, Quezon City
385	Scout Albano - Quezon Avenue	1488 Quezon Avenue, 1103 South Triangle, Quezon City

No.	BRANCH	ADDRESS
386	Scout Limbaga - T. Morato	102 & 103 The Forum, Tomas Morato Avenue corner Scout Limbaga St., 1103, Quezon City
387	Shangri-La Plaza Mall - EDSA	Unit 516-517, Level 5 Shangri-La Plaza Mall, EDSA cor. Shaw Blvd., Brgy Wack-wack, Mandaluyong City
388	Shaw - Pasig Blvd.	145 Shaw Boulevard, Pasig City
389	Shaw Blvd. - Beacon Plaza	UG 105-UG 106 Beacon Plaza, Shaw Blvd. corner Ideal St., Mandaluyong City
390	Shaw Blvd.- High Pointe Center	G/F Units 125 -128 High Pointe Center, Shaw Boulevard corner M. Yulo St., Brgy. Bagong Silang, Mandaluyong City
391	Shaw Blvd. - Mandala Park	G/F Units 1 & 2, Bldg. B, Shaw Blvd, Mandala Park, Brgy. Pleasant Hills, Mandaluyong City
392	Shaw Blvd.-Wack-Wack	Unit A, BCC Showroom, 545 Shaw Blvd., Brgy Wack-Wack, Mandaluyong City
393	Silver City - Pasig	G/F Silver City Building 3, Frontera Verde, Ortigas Center, Pasig City
394	SM Aura Premier	LG/F SM Aura Premier, Bonifacio Global City, Brgy Fort Bonifacio, Taguig City
395	SM Center Las Piñas	LGF SM Center Las Piñas, Alabang-Zapote Road, Barangay Pamplona Dos, Las Piñas City
396	SM Center Muntinlupa	UG/F SM Center Muntinlupa, Brgy. Tunasan, National Road, Muntinlupa City
397	SM Center Sangandaan	G/F SM Center Sangandaan, Marcelo H. Del Pilar St. corner Samson Road, Brgy. 003, 1408 Caloocan City
398	SM Cherry Congressional	LC 004-006 & 111-113, SM Cherry Congressional, Congressional Ave., Brgy. Bahay Toro, Quezon City
399	SM Cherry Shaw	SM Cherry Foodarama Shaw Blvd. (LC CS 1-09), Shaw Blvd. corner Old Wack-Wack Rd., Brgy. Pleasant Hills, Mandaluyong City
400	SM City BF Parañaque	G/F SM City BF Parañaque, Dr. A. Santos Avenue, Brgy. BF Homes, Sucat, Parañaque City
401	SM City Bicutan	LG/F, UGF and MF SM City Bicutan, Dona Soledad Avenue corner West Service Road, Paranaque City
402	SM City East Ortigas	SM City East Ortigas (LC180-183) , Ortigas Avenue Extension, Brgy. Sta. Lucia, Pasig City
403	SM City Fairview A	Location Code AX3 175-179, LG/F SM City Fairview, Quirino Highway corner Regalado St., Brgy. Greater Lagro, Fairview, Quezon City
404	SM City Fairview B	SM City Fairview, Quirino Highway corner Regalado Avenue, Fairview, Quezon City
405	SM City Fairview C	LGF, Annex 2, SM City Fairview, Quirino Highway corner Regalado Avenue, Fairview, Quezon City
406	SM City Manila	LG/F SM City Manila Concepcion corner Arroceros and San Marcelino St. Manila

No.	BRANCH	ADDRESS
407	SM City Marikina	G/F SM City Marikina, Barangay Calumpang, Marikina City
408	SM City North EDSA A	G/F The Block SM City North EDSA corner North Avenue, Quezon City
409	SM City North EDSA B	SM City North EDSA Annex I Bldg., North Avenue corner EDSA, Quezon City
410	SM City North EDSA C	SM Center Complex North EDSA, 1105 Quezon City
411	SM City North EDSA D	G/F BPO Tower 3, SM City North EDSA Complex, EDSA corner North Avenue, Brgy. Bagong Pag-asa, Quezon City
412	SM City Novaliches	G/F SM City Novaliches, Quirino Highway, Novaliches, Quezon City
413	SM City San Lazaro	Felix Huertas corner A.H. Lacson St. Sta. Cruz, Manila
414	SM City Sta. Mesa	SM City Sta. Mesa Annex Bldg. Aurora Blvd. Quezon City
415	SM City Sucat A	G/F SM Supercenter Sucat, Paranque City
416	SM City Sucat B	G/F Annex Bldg. B SM City Sucat, Dr. A Santos Avenue, Parañaque City
417	SM City Valenzuela	Unit 126 G/F SM City Valenzuela, McArthur Highway, Brgy. Karuhatan Valenzuela City 1441
418	SM Corporate Offices	Bldg. D. 104 J.W. Diokno Blvd., Mall of Asia Complex, Pasay City
419	SM Cubao	G/F SM Cubao, Cubao, Quezon City
420	SM Hypermarket Adriatico	G/F SM Hypermarket Adriatico, M. Adriatico St., Manila
421	SM Hypermarket Cubao	EDSA corner Main Street, Cubao, Quezon City
422	SM Hypermarket FTI Taguig	G/F SM Hypermarket FTI Taguig, Lot 85 A & B, DBP Avenue, FTI Complex, Brgy. Western Bicutan, Taguig City
423	SM Hypermarket Makati	SM Hypermarket Makati, 5560 Osmeña Highway corner Finlandia St, San Isidro, Makati City
424	SM Hypermarket Novaliches	G/F SM Hypermarket Novaliches, No. 402 Quirino Highway, Brgy. Talipapa, Novaliches, Quezon City
425	SM Hypermarket Pasig	G/F SM Supercenter Pasig, Frontera Verde, Ortigas Center, Pasig City
426	SM Hypermarket Sucat – Lopez	SM Hypermarket Sucat-Lopez (LC102-103), Dr. A. Santos Ave., Brgy. San Isidro, Sucat, Paranaque City
427	SM Makati	G/F (GF05) Shoemart Bldg., Ayala Center, Brgy. San Lorenzo, Makati City
428	SM Mall of Asia A	LC 3133-3135 MM, 3/F Main Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Brgy. 76, Zone 10, Pasay City

No.	BRANCH	ADDRESS
429	SM Mall of Asia B	G/F Entertainment Mall, SM Mall of Asia, J.W. Diokno Blvd., Mall of Asia Complex, Brgy. 76, Pasay City
430	SM Megamall A	UG/F SM Megamall Bldg. A (LC121a-1 & 121a-2), Brgy. Wack-Wack, Greenhills West, Ortigas Center, Mandaluyong City
431	SM Megamall B	Upper & Lower Ground Floors, SM Megamall Bldg. B Julia Vargas corner EDSA Ortigas Center, Mandaluyong City
432	SM Megamall C	UG/F SM Megamall Bldg. A (LC 115A), Brgy. Wack-Wack, Greenhills West, Ortigas Center, Mandaluyong City
433	SM Southmall A	UG/F SM Southmall, Alabang - Zapote Road Las Piñas City
434	SM Southmall B	UG/F SM Southmall, Alabang - Zapote Road, Las Piñas City
435	Solaire - Manila Resort	Solaire Manila, Bagong Nayong Pilipino Entertainment City, Parañaque City
436	Solaire - The Shoppes	Solaire Resorts and Casino Manila, Ang Bagong Nayong Pilipino Entertainment City, Brgy. Tambo, Parañaque City
437	Soler	U-1118 & 1120 Gracetown Bldg. corner Soler & Alvarado St. Binondo, Manila
438	Soler - Reina Regente	1087 Soler St., Binondo, Manila
439	Southgate Mall - EDSA	G/F Southgate Mall, EDSA corner Pasong Tamo Ext., Makati City
440	Sta. Ana – Xentro Mall	Space No. LS-02, Xentro Mall Sta. Ana City Market, Pedro Gil St.,Brgy 876, Zone 96, Sta. Ana, Manila
441	Sta. Mesa – V. Mapa	G/F & MF, Units H,I,J, LJS Logistics Center, No. 3331, V. Mapa St. cor. Second St., Brgy. 601, Sta. Mesa, Manila
442	Sta. Mesa – Silk Residences	G/F Retail 5, The Silk Residences, Ramon Magsaysay Boulevard corner Santol St., Zone 057, Brgy. 586, Sta. Mesa, Manila
443	Sta. Mesa Heights – D. Tuazon	G/F, Unit ABC, TCC Center, 190 D. Tuazon St., Brgy. Maharlika, Sta. Mesa Heights, Quezon City
444	Starmall - Alabang	Unit G33 Manuela Metropolis, South Superhighway, Alabang Interchange, Muntinlupa City
445	Sto. Cristo	475-477 Kim Siu Ching Foundation Bldg., Sto. Cristo St., Binondo, Manila
446	Sto. Cristo - Commercio	No. 686 Sto Cristo St., Binondo, Manila
447	Sto. Domingo	6 Sto. Domingo Avenue, Quezon City
448	Sto. Niño St. - Roosevelt	284 Roosevelt Avenue, San Francisco Del Monte, 1105 San Antonio, Quezon City
449	Sucat - Villa Mendoza	Dr. A. Santos Avenue corner Villa Mendoza Subdivision

No.	BRANCH	ADDRESS
		Sucat Road, Parañaque City 1700
450	Sun Residences	G/F Sun Residences, España Blvd. corner Mayon St., Brgy. Sta. Teresita, Quezon City
451	Tabora	859-861 L & J Bldg. Tabora St. Divisoria, Manila
452	Taft - Libertad	2250 MCF Bldg., Taft Avenue corner College Road, Pasay City
453	Taft - Pedro Gil	1430 Taft Avenue, Manila
454	Taft Avenue - J. Nakpil	1747 Taft Avenue Corner J. Nakpil St. Manila
455	Taft Avenue - Pres. Quirino	G/F FFW Bldg., 1943 Taft Avenue, Malate, Manila
456	Taguig – Grace Residences	Grace Residences (Location Code 131-132), Levi B. Mariano Avenue, Brgy. Ususan, Taguig City
457	Taguig - Levi Mariano Avenue	No. 160 Levi Mariano Avenue, Brgy Ususan, Taguig City
458	Taguig – Vista Mall	GF-108A Vista Mall Taguig, Camella Road, Brgy. Tuktukan (formerly Brgy. Sta. Ana), Taguig City
459	Tandang Sora - Commonwealth	Tierra Commercial Center Bldg., Commonwealth Ave. corner Tandang Sora Ave., Quezon City
460	Tandang Sora – Culiat	Royal Midway Plaza, No. 419 Tandang Sora Avenue, Brgy. Culiat, Quezon City
461	Tandang Sora – San Vicente de Paul	ERN Commercial Complex, Tandang Sora Avenue, Brgy. Tandang Sora, Quezon City
462	Tandang Sora - Tagumpay	M & J Bldg., 578 Tandang Sora Avenue corner Tagumpay St., Barangay New Era, Quezon City
463	Tayuman	G/F Delton Bldg., 1808 Rizal Avenue Sta. Cruz, Manila
464	Teacher's Village	No. 115 Maginhawa St., Brgy Teacher's Village, Quezon City
465	ThreeE-comCenter	Location Code 107, G/F, Three E-com Center, Block 21 Harbor Drive corner Bay Shore, Mall of Asia Complex, Brgy. 76 Zone 10, Pasay City
466	Tierra Nueva - Alabang	Sycamore Arcade, Alabang-Zapote National Road, 1702 Alabang, Muntinlupa City
467	Timog	26 Cedar Executive Building, Timog Avenue corner Scout Tobias St., Quezon City
468	Timog - EDSA	G/F GEMPC Bldg., 132 Timog Avenue, Brgy. Sacred Heart, 1103 Quezon City
469	Timog - Rotonda	G/F Imperial Palace Suites, Tomas Morato corner Timog Avenue, South Triangle, Quezon City
470	Timog - Scout Torillo	Unit 11& 12, Timog Arcade, Timog Avenue corner Scout Torillo, Brgy. South Triangle, Quezon City
471	Timog - Victoria Towers	Unit F-2 & F-3 Victoria Towers, Timog Avenue corner Panay Avenue, Quezon City
472	Tomas Morato – Metrofocus	G/F, Units 101 & 102, Metrofocus Commercial Bldg.,

No.	BRANCH	ADDRESS
	Commercial	Tomas Morato Avenue, Brgy. Kristong Hari, Quezon City
473	Tondo - Gagalangin	2459 Juan Luna St. corner Paez St., Gagalangin, Tondo, Manila
474	Tondo - Pritil	1815 N. Zamora St., 1012 Tondo, Manila
475	Tordesillas - Gallardo	G/F Cambridge Centre, 108 Tordesillas corner Gallardo St. Salcedo Village, Makati City
476	Tordesillas - The Orient Mansion	G/F The Orient Mansion Condominium, 118 Tordesillas St. near corner H.V. dela Costa, Brgy. Bel-Air, Salcedo Village, Makati City
477	Trident - Gil Puyat	G/F Trident Tower Bldg., 312 Sen. Gil. Puyat Avenue, Makati City
478	UN Avenue	Puso ng Maynila Bldg. UN Avenue corner A. Mabini St., Ermita, Manila
479	UN Avenue – Times Plaza	Units 16 & 17 G/F, Units SC-3A & SC-8B 2F, Times Plaza Bldg., U.N. Avenue corner Taft Ave., Brgy. 666, Ermita, Manila
480	V. Luna - Kalayaan Avenue	Unit 101 Kalayaan Center Bldg., 65-67 V. Luna Road corner Kalayaan Avenue corner Maginoo St., Brgy. Pinyahan, Quezon City
481	V - Mall	G/F New V- Mall, Greenhills Shopping Center, San Juan, MM
482	V.A. Rufino - Dela Rosa	GF Unit 103 Plaza 100 Building, Rufino St. cor. Dela Rosa St. Brgy. San Lorenzo, Makati City
483	V. A. Rufino - Sotto	115 YL Building V.A. Rufino cor. Sotto St. Legaspi Village Brgy. San Lorenzo, Makati City
484	V.A. Rufino - Tuscan	G/F Tuscan Condominium, 114 V. A Rufino St., Legaspi Village, Makati City
485	Valenzuela	Km. 15 MacArthur Highway, Dalandanan Valenzuela
486	Valenzuela - Gateway Complex	Valenzuela Gateway Complex, #318 GS Paso De Blas St., Brgy. Paso De Blas, Valenzuela City
487	Valenzuela - Gen. T. De Leon	Gen. T. De Leon St., Valenzuela City
488	Valenzuela – Happy Go Shopping Mall	Shop 2, Happy Go Shopping Mall, Ibaba St., Brgy. Bignay, Valenzuela City
489	Valero - Salcedo Village	G/F Pearlbank Center 146 Valero St. Salcedo Village, Makati City
490	Villar - Salcedo Village	Eurovilla III Condominium 154 Villar St. corner L.P. Leviste St., Salcedo Village, Makati City
491	Visayas Avenue	No. 30 Visayas Ave. near corner Congressional Ave., Brgy. Bahay Toro, Quezon City
492	Walter Mart - North EDSA	G/F Walter Mart Center - North EDSA, Dangay St., Veterans Village, Quezon City

No.	BRANCH	ADDRESS
493	Waltermart - Bicutan	G/F Waltermart Bicutan, Km 16 East Service Road corner Mañalac Avenue, Brgy San Martin de Porres, Bicutan, Parañaque
494	Waltermart - Sucat	G/F Waltermart Sucat, Dr. A Santos Ave, Paranaque City
495	Washington - Gil Puyat	G/F Keystone Bldg., 220 Gil Puyat Avenue, Makati City
496	West Avenue - Baler	G/F 118 Jafer Bldg. 118 West Avenue, Quezon City
497	West Avenue - Del Monte	No. 40 West Avenue, 1104 West Triangle, Quezon City
498	West Avenue-East Maya	160 Ground floor Columbian Bldg. Near corner EDSA, West Avenue corner East Maya Drive, Philam, Quezon City
499	Zabarte – Kaligayahan	Lot 16 Block 5, Zabarte Road, Brgy. Kaligayahan, Quezon City
500	Zurbaran	Rizal Avenue corner Fugoso St., Sta. Cruz, Manila

(e) Provincial Branches:

1. Lot leased

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

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

2. Building leased

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

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

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

No.	BRANCH	ADDRESS
49	Batangas - Lemery Xentro Mall	G/F Xentro Mall Lemery, Brgy. Malinis, Lemery, Batangas
50	Batangas - Lima Technology Center	Units R08-S02, Block E, The Outlets at Lima Technolody Center, Brgy. Bugtong na Pulo, Lipa City, Batangas 4217
51	Batangas - P. Burgos	P. Burgos St. corner Evangelista St., Barangay Poblacion, Batangas City
52	Batangas - San Juan	Marasigan corner Kalayaan St., San Juan, Batangas
53	Benguet - La Trinidad	G/F VC Arcadain Bldg., Km. 5, La Trinidad, Benguet
54	Biñan Central Mall	G/F Biñan Central Mall, Units 8 & 9, Malvar St. corner Old National Highway, Biñan, Laguna
55	Biñan - A. Mabini	Rey Bldg., A. Mabini St. Poblacion, 4024 Binan, Laguna
56	Biñan – San Antonio	Alalmeda 2 Arcade, Tulay Bato Old National Highway, Brgy. San Antonio, Biñan City, Laguna
57	Bohol - Panglao	G/F Units 1-5, Hennan Resort Commercial Bldg., Panglao Circumferential Road, Brgy. Tawala, Panglao Island, Bohol
58	Bohol - Tagbilaran	CP Garcia Avenue., 6300 Tagbilaran City, Bohol
59	Bohol – Tubigon	Holy Cross Academy, National Highway, Brgy. Centro, Tubigon, Bohol
60	Bulacan - Balagtas	McArthur Highway, Barangay San Juan, 3016 Balagtas, Bulacan
61	Bulacan - Bocaue	MacArthur Highway, Barangay Biñang 1st, Bocaue, Bulacan
62	Bulacan - Bustos	LRM Complex, Hilario St., Brgy. Poblacion, Bustos, Bulacan
63	Bulacan - Hagonoy	Provincial Road, Brgy. Sto. Niño, Hagonoy, Bulacan
64	Bulacan - Norzagaray	G/F Price Ken Bldg. II Circle, Gen. Alejo G. Santos Highway, Brgy. Partida, Poblacion, Norzagaray, Bulacan
65	Bulacan - Primark Plaridel	Primark Plaridel, Cagayan Valley Road, Brgy. Banga 1st, Plaridel Bulacan
66	Bulacan - Pulilan	Doña Remedios Trinidad Highway, Sto. Cristo, Pulilan, Bulacan
67	Bulacan - Puregold Baliwag	G/F Puregold Baliwag, Benigno S. Aquino Ave., Brgy. Bagong Nayon, Baliwag, Bulacan
68	Bulacan - Puregold Bulakan	G/F Commercial Unit 1, Puregold Bulakan, Brgy. Bagumbayan, Bulakan, Bulacan
69	Bulacan - San Jose Del Monte	National Highway, Tungkong Mangga, San Jose Del Monte City, Bulacan
70	Bulacan - San Miguel	Maharlika Highway, Brgy. Camias, San Miguel, Bulacan
71	Bulacan - San Rafael	Km. 59.5, Cagayan Valley Road, Brgy.Maguinao, San

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

No.	BRANCH	ADDRESS
94	Calamba - Paseo Uno	G/F Paseo Uno de Calamba, National Highway, Barangay Paciano, Calamba City, Laguna
95	Calapan City – Puregold	Puregold Calapan Mindoro, J.P. Rizal St., Brgy Camilmil, Calapan City, Oriental Mindoro
96	Camarines Norte - Daet	J. Lukban St. corner Moreno St., Poblacion, Daet, Camarines Norte
97	Camarines Sur - Calabanga	Galleria de Calabanga, Lot 2, Provincial Road, Brgy. San Francisco, Calabanga, Camarines Sur
98	Camarines Sur - Nabua	Lot 374 CZA Bldg., National Rd. near cor. Maganda St., Brgy. San Antonio, Poblacion, Nabua, Camarines Sur
99	Camarines Sur - Pili	Santiago, Pili, Camarines Sur
100	Canlubang iMall	Don Bosco Ave. corner Silangan Industrial Park Road, Brgy. Canlubang, Calamba City, Laguna
101	Catanduanes - Virac	San Juan corner Rizal St., 4800 Virac, Catanduanes
102	Cavite - Dasmariñas Central Mall	Central Mall Dasmariñas, Emilio Aguinaldo Highway cor. Salitran St., Dasmariñas, Cavite
103	Cavite - Dasmariñas Salawag	EVY Commercial Bldg., Molino-Paliparan Rd., Brgy. Salawag, Dasmariñas, Cavite
104	Cavite - General Trias Manggahan	New Hall Commercial Center, Governor's Drive corner Crisanto delos Santos Ave., Brgy, Manggahan, General Trias, Cavite
105	Cavite - Gen. Trias San Francisco	Lot 1, along Arnaldo Highway, Brookside Lane, Brgy. San Francisco, Gen. Trias, Cavite
106	Cavite - Imus Aguinaldo Highway	G/F DCR Bldg. Aguinaldo Highway, 4103 Imus, Cavite
107	Cavite - Imus Nueno Avenue	358 Exodus Bldg., Nueno Avenue, Imus, Cavite
108	Cavite - Puregold Buhay na Tubig	G/F Commercial Unit Nos. 4, 5 and 3A, Puregold Buhay na Tubig, Buhay na Tubig, Imus, Cavite
109	Cavite – Puregold GMA	Ground Floor and Second Floor, Puregold Building, Brgy. San Gabriel, Governor's Drive, GMA, Cavite
110	Cavite - Puregold Noveleta	Puregold Noveleta Cavite, National Road, Brgy. Magdiwang, Noveleta, Cavite
111	Cavite - Puregold Tanza	G/F Puregold Tanza, Provincial Road, Tanza, Cavite
112	Cavite - Silang Aguinaldo Highway	LS 42-43: CS-03 Premier Plaza, Emilio Aguinaldo Highway, Brgy. Lucsuhin, Silang Cavite
113	Cavite - Trece Martires	L Paseo Arcade, near corner Indang-Trece Road, Trece Martires City, Cavite
114	Cavite Imus – The District	Ground Floor Unit 109 Ayala Malls The District Imus, Aguinaldo Highway corner Daang Hari Road, Brgy. Anabu II-D, Imus City, Cavite
115	Cebu IT Park – TGU Tower	G/F TGU Tower, Salinas Drive corner J. M. Del Mar St., Asiatown IT Park, Apas, Cebu City

No.	BRANCH	ADDRESS
116	Cebu - Ayala Business Park	Cebu Towers, Mindanao corner Bohol Avenue, Cebu Business Park, Cebu City
117	Cebu - Ayala Mall	Stall R106 Ground Level, ACC Corporate Center, Ayala Center Cebu, Cebu Business Park, Cebu City
118	Cebu - Banilad	Gov. M. Cuenco Avenue, Banilad, Cebu City
119	Cebu - Bogo	P. Rodriguez corner San Vicente St., 6010 Bogo, Cebu City
120	Cebu - Capitol	Osmeña Blvd. corner Ma. Cristina St., 6000 Cebu City, Cebu
121	Cebu - CityMall Danao	T 10-12 CityMall Danao, Olivar Sr. Extension corner F. Ralota St., Brgy. Poblacion, Danao City, Cebu
122	Cebu - Colon	279 Colon St., Brgy. Kalubihan, Cebu City
123	Cebu - Consolacion	G/F Annex Bldg. Fooda Saversmart, Consolacion, Cebu
124	Cebu - Elizabeth Mall	G/F Elizabeth Mall, Leon Kilat corner South Expressway Cebu City
125	Cebu - Escario	Cebu Escario St. Cebu City
126	Cebu - F. Cabahug	Unit 10 Northwood Square, F. Cabahug St., Brgy. Kasambagan, Panagdait, Cebu City
127	Cebu - F. Ramos	134 Borromeo Bldg., F. Ramos corner Arlington Pond, Cebu City 6000
128	Cebu - Gaisano Minglanilla	UG/F Gaisano Grand Mall Minglanilla, Poblacion, Minglanilla, Cebu City
129	Cebu - Guadalupe	R. Duterte corner V. Rama St., Guadalupe, Cebu City
130	Cebu - Insular Life Business Centre	G/F Insular Life Cebu Business Centre, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City
131	Cebu - J. Mall	Unit 1 & 2 LGF, J Centre Mall, A.S. Fortuna St., Bakilid, Mandaue City 6014
132	Cebu - Legaspi	Legaspi corner Zamora St. Cebu City
133	Cebu - Magallanes	Plaridel St. corner Magallanes St. Cebu City
134	Cebu - Mambaling	Grand Orchard Commercial Bldg., C. Padilla St., Mambaling, Cebu City
135	Cebu - Osmeña	JR Martinez Bldg., Osmena Blvd., Sta. Cruz, Cebu City
136	Cebu - Parkmall	Unit 29 - 31 Parkmall, No. 168 Ouano Avenue, Mandaue Reclamation Road, Mandaue City, Cebu
137	Cebu - Philam Life Center	Units 6 & 7, Philam Life Center, Cardinal Rosales Avenue corner Samar Loop, Cebu Business Park, Brgy. Luz, Cebu City
138	Cebu - Plaridel	21 Dy Bldg., Plaridel St., Cebu City
139	Cebu - Tabo-an	T. Abella St., San Nicolas Central 6000 Cebu City
140	Cebu IT Park – HM Tower	Units G01 and G02 HM Tower, Abad corner Geonzon

No.	BRANCH	ADDRESS
		St., Cebu IT Park, Brgy. Apas, Cebu City
141	Cebu Mandaue – A. C. Cortes	Units 1-4 Ibabao Square, A. Cortes Avenue, Brgy. Ibabao, Mandaue City, Cebu
142	Cebu Mandaue - A. S. Fortuna	RKD Bldg., 867 A.S. Fortuna St., Brgy. Banilad, Mandaue City, Cebu
143	Cebu Mandaue - North Road	G/F North Road Plaza, National Highway, Labogon, Mandaue City, Cebu
144	Cebu Mandaue - Subangdaku	La Fuerza Compound, Subangdaku, Mandaue City, Cebu
145	Cebu Mandaue - U.N. Avenue	The North Park, U.N. Avenue, Brgy, Alang-Alang, Mandaue City, Cebu
146	Cebu Tabunok	PBS Bldg. 2668 National Highway Tabunok Talisay, Cebu City
147	Clark – Philexcel Business Park	Philexcel Business Park, Manuel A. Roxas Highway, Clark Freeport Zone, Pampanga
148	Clark SEZ - Centennial	Facility No. N5315 along Centennial Road, Clark Special Economic Zone, Clarkfield, Pampanga
149	Cotabato - CityMall	Unit 157 CityMall Cotabato, Gov. Guituerrez Avenue, Brgy. Rosary Heights 7, Cotabato City
150	Cotabato - Midsayap	Jaycee St., 9410 Midsayap, North Cotabato
151	Cotabato – S. K. Pendatun	G/F Insular Life Bldg., Salipada K. Pendatun Ave., Brgy. Poblacion 5, Cotabato City, Maguindanao
152	Dagupan - Mayombo	G/F BHF Family Plaza, MacArthur Highway, Brgy. Mayombo, Dagupan City, Pangasinan
153	Dagupan - Perez	386 Perez Blvd., Dagupan City
154	Dagupan - Tapuac	Unit 8,9,10 Mother Goose Play School Bldg., MacArthur Highway, Tapuac District, Dagupan City, Pangasinan
155	Davao Magsaysay	Ramon Magsaysay Avenue, Davao City
156	Davao - Agdao	Lapu- Lapu St., 8000 Agdao, Davao City
157	Davao - Bangoy	R. Magsaysay Avenue corner C. Bangoy St., 8000 Davao City
158	Davao - Buhangin	KSS Bldg., Buhangin Road cor. Olive St., Brgy. Buhangin, Davao City
159	Davao – Gaisano Grand Citygate Mall	G/F Gaisano Grand Citygate Mall, Cabantian corner Tigatto Roads, Barangay Buhangin, Davao City 8000, Davao Del Sur
160	Davao - Calinan	WTKC Realty Bldg., Davao-Bukidnon National Highway, Brgy. Calinan, Davao City
161	Davao - Felcris Centrale	Felcris Centrale, Quimpo Boulevard, Brgy. Bucana, Davao City
162	Davao - Lanang Insular Village	SJRDC Bldg., Insular Village 1 Commercial Area, Lanang, Davao City

No.	BRANCH	ADDRESS
163	Davao - Lizada	Ramon Magsaysay Avenue corner Lizada St., 8000 Davao City, Davao del Sur
164	Davao – Monteverde Gov. Sales	G/F Felcris Supermarket, Inc. Building, Gov. Sales Street, Barangay 27 – C. Davao City, Davao Del Sur
165	Davao - Narra	Tomas Monteverde Avenue corner Narra St., Davao City
166	Davao - Panabo	National Highway, Brgy. Sto. Niño, Panabo City, Davao del Norte
167	Davao - Quirino Avenue	Nicolas 1 Bldg., Quirino Avenue, 8000 Davao City
168	Davao - Rizal	# 365 Farmar Building, Rizal St., Brgy. 3-A Poblacion, Davao City
169	Davao - Sta. Ana	Monteverde corner F. Bangoy St., 8000 Davao City, Davao del Sur
170	Davao - Sta. Ana Gempesaw	Sta. Ana Avenue corner Gempesaw St., Brgy. 015, Davao City
171	Davao - Toril Gaisano Grand Mall	GFS 01-02, Gaisano Grand Toril, National Highway corner Saavedra St., Brgy. Lizada, Toril, Davao City
172	Davao - Wood Lane Diversion Road	Unit 1B G/F Bldg. 2, The Shoppes at Wood Lane, Diversion Road (Carlos P. Garcia Highway), Brgy. Ma-a, Davao City, Davao del Sur
173	Davao Digos - San Jose	G/F Ladera Bldg., Rizal Avenue, Brgy. Zone III, Digos City, Davao Del Sur
174	Davao Tagum - National Highway	BIBU Square, Liwayway Commercial Area, National Highway, Brgy. Magugpo East, Tagum City, Davao del Norte
175	Dipolog – Rizal Avenue	Rizal Avenue near corner Gonzales St., Brgy. Central, Dipolog City
176	Dumaguete – CityMall	Unit 03 CityMall Dumaguete, North National Highway, Barangay Daro, Dumaguete City
177	Gaisano Grand Mall - Cotabato Kidapawan	G/F Gaisano Grand Mall Kidapawan, Quezon Blvd., Purok 1, Brgy. Lanao, Kidapawan City, North Cotabato
178	General Santos	Santiago Blvd. corner J.P. Laurel St., General Santos City
179	General Santos - National Highway	Tandem Center, Pasiliao Subdivision, National Highway, Brgy. City Heights, General Santos City, South Cotabato
180	General Santos – Robinsons Place	Level 1, Robinsons Place General Santos, J. Catolico Sr. Avenue, Purok 4 Barangay Lagao, General Santos City
181	Iligan – Andres Bonifacio Avenue	Unit 101, Solana District, Andres Bonifacio Avenue, Brgy. San Miguel, Iligan City, Lanao Del Norte
182	Iligan - Quezon Avenue	Quezon Avenue, 9200 Iligan City, Lanao Del Norte
183	Ilocos Norte - Batac	Aoigan Bldg., Washington St. Batac 2906, Ilocos Norte
184	Ilocos Sur - Cabugao	MacArthur Highway, Brgy. Baclig, Cabugao, Ilocos Sur

No.	BRANCH	ADDRESS
185	Ilocos Sur - Candon	National Highway corner Abaya St., 2710 Candon, Ilocos Sur
186	Ilocos Sur – Narvacan	National Road, Brgy. Sta Lucia, Narvacan, Ilocos Sur
187	Iloilo - Arevalo	Calle M.L. Quezon corner Gen. Yulo Drive, Brgy. Quezon, Arevalo, Iloilo City
188	Iloilo - CityMall Pavia	G/F, Units 01 & 02, Citymall Pavia, Iloilo R3 Road corner C1 Road, Brgy. Ungka, Pavia, Iloilo
189	Iloilo - General Luna	48 LPHTP Bldg. General Luna St., Iloilo City, 5000
190	Iloilo - Jaro	NB Bldg. Lopez Jaena St. Jaro, Iloilo City
191	Iloilo - La Paz	G/F INJAP Bldg. corner Luna St. & Huervana St., La Paz, Iloilo City
192	Iloilo - Ledesma	G/F Esther Bldg., Ledesma St. Iloilo City
193	Iloilo - Passi	G/F Fronthub Ventures Bldg., Simeon Aguilar St. (National Road) corner Commonwealth Drive, Brgy Ilawod, Passi City, Iloilo
194	Iloilo - Quezon St.	Lots 3 & 5 Quezon St., Iloiilo City
195	Iloilo - Tabuc Suba	Roger's Bldg., McArthur Highway, Tabuc Suba, Iloilo City
196	Iloilo Jaro - CityMall Tagbak	UO2 CityMall Tagbak Jaro Iloilo, MacArthur Highway, Brgy. Tagbak, Jaro, Iloilo City
197	Iriga City	Iriga Plaza Hotel Msgr. Lanuza St., San Francisco, Iriga City, Camarines Sur
198	Iriga City – Puregold	G/F Commercial Unit 1, Puregold Iriga City, Highway 1, San Roque, Iriga City 4431
199	Isabela - Ilagan	Along Maharlika Highway, Calamagui 2nd, Ilagan, Isabela
200	Isabela - Primark Cauayan	Primark Town Center, Maharlika Highway corner Cortes St., Brgy. San Fermin, Cauayan City, Isabela
201	Isabela - Primark Cordon	G04, G/F, Primark Cordon Isabela, Pan Philippine Highway, Brgy. Roxas, Cordon, Isabela
202	Isabela - Tumauini	National Highway, Brgy. San Pedro, Tumauini, Isabela
203	Isabela Cabagan - Xentro Mall	G/F Xentro Mall, Brgy. Ugad, Cabagan, Isabela
204	Isabela Santiago - Xentro Mall	G/F Xentro Mall corner National Highway & 4 Lanes Rd., Brgy. Villasis, Santiago City, Isabela
205	Kawit – Centennial Road	Unit 102, V Central Mall, Centennial Road, Brgy. Magdalo Putol, Kawit, Cavite
206	La Union - Agoo	Along National Highway, Barangay San Nicolas, Agoo, La Union
207	La Union San Fernando - Manna Mall	G/F Manna Mall, National Highway corner Diversion Road, Brgy. Pagdaraoan, San Fernando City, La Union

No.	BRANCH	ADDRESS
208	La Union San Fernando - Rizal Avenue	Rizal Avenue corner Ortega St., San Fernando, La Union
209	Laguna - Alaminos	KCD Commercial Complex, National Highway, Barangay ll Poblacion, Alaminos, Laguna
210	Laguna - Cabuyao	G/F Lim-Bell Business Center, J.P. Rizal St., Cabuyao, Laguna
211	Laguna - Carmelray I	Administration Bldg., Carmelray Industrial Park I, Carmeltown, Canlubang, Calamba, Laguna
212	Laguna - Carmelray II	Administration Bldg., Carmelray Industrial Park II, Km. 54 National Highway, Brgy. Milagrosa, Calamba City
213	Laguna - Pagsanjan	JP Rizal St. corner F. De San Juan St., Barangay Dos, Poblacion, Pagsanjan, Laguna
214	Laguna - Sta. Cruz	Along Regidor St., Sta. Cruz, Laguna
215	Laguna - Sta. Cruz National Highway	G/F E Home Town Center, National Highway, Brgy. Pagsawitan, Sta. Cruz, Laguna
216	Laguna - Technopark	G/F Laguna Technopark, Admin. Bldg. 1, North Main Avenue, Laguna Technopark Biñan, Laguna
217	Laoag - Castro	Pichay Bldg., J.P. Rizal corner A. Castro St., Laoag City
218	Legazpi City - Albay District	G/F & Mezzanine Floor, ZPC Bldg., Rizal St., Brgy. Baño, Old Albay, Legazpi City, Albay
219	Legazpi City - Rizal St.	Rizal corner Gov. Imperial St., Legaspi City
220	Legazpi City - Rotonda	Rizal St., 4500 Legaspi City, Albay
221	Legazpi City - Tahao	AGR Building, Alternate Road, Tahao, Legazpi City
222	Leyte - Ormoc Gaisano	G/F Gaisano Capital Ormoc Riverside, Brgy. Alegria, Ormoc City, Leyte
223	Lipa - Ayala Highway	Casa Esparanza Bldg. Pres. JP Laurel Highway, Barangay Mataas na lupa, Lipa City
224	Lipa – High 5 Square	High 5 Square, Ayala Highway, Mataas na Lupa, Lipa City, Batangas
225	Lipa – J. P. Laurel	J.P. Laurel St., Brgy Tambo, Lipa City, Batangas
226	Lipa – Puregold	G/F Puregold Lipa, Gen. Luna St., cor. D.P.Laygo St. & H.La Torre St., Brgy. 10, Lipa City, Batangas
227	Los Baños	Olivarez Plaza Cinema & Supermarket Complex, along National Highway, Barangay Batong Malake, Los Baños
228	Lucena - Enriquez	Enriquez corner Evangelista St., Lucena City
229	Lucena - Gulang-Gulang	505 Quezon Avenue Extension, Barangay Gulang-gulang, Lucena City
230	Lucena - Iyam	Space 4-6, Kester Bldg., Maharlika Highway corner Love St., RosarioVillage Subd., Brgy. Ilayang Iyam, Lucena City
231	Lucena - Quezon Avenue	Quezon Avenue corner Profugo St., Lucena City, Quezon

No.	BRANCH	ADDRESS
232	Lucena - Tagarao	M.L. Tagarao St., Brgy. 5, Lucena City
233	Mactan - EPZA 2	Unit 204 NGA Bldg. 2, Pueblo Verde MEZ II, Basak, Lapu Lapu City
234	Mactan – Lapu-lapu GMC	Unit 9, The Arcade, ML Quezon Highway, Pajo, Lapu-lapu City
235	Mactan – Pajo National Highway	Hofuna Cresente Building, 2783 ML Quezon National Highway, Sangi, Pajo, Lapu-lapu City
236	Malolos - Crossing	G/F Margen Bldg., MacArthur Highway, Sumapang Matanda, Malolos City, Bulacan
237	Marcos - Sumulong Highway	Kingsville Commercial Arcade, Marcos Highway, 1870 Antipolo, Rizal
238	Marcos Highway	Town & Country Commercial Arcade, Marcos Highway corner Narra St., Cainta, Rizal
239	Marcos Highway – Feliz Mall	G/F Space No. 171, Ayala Malls Feliz, Marcos Highway, Brgy. Dela Paz, Pasig City
240	Marcos Highway - Vermont Park	Park Place Building, Marcos Highway corner Vermont Park, Brgy Mayamot, Antipolo City
241	Marilao - MacArthur Highway	Unit 1-3 Cecilia Commercial Complex, Abangan Norte, MacArthur Highway, 3019 Marilao, Bulacan
242	Meycauayan - Malhacan	Supima Square Commercial Complex, Lukytex Compound, Malhacan Road, Meycauayan, Bulacan
243	Mindoro – Calapan	J.P. Rizal St., 5200 Calapan, Oriental Mindoro
244	Mindoro – CityMall Calapan	T-3, T-4 & T-5 CityMall – Calapan, A. Bonifacio corner Roxas Drive, Brgy. Ilaya, Calapan City, Oriental Mindoro
245	Misamis Occ. - Oroquieta	Mayor A. Enerio St., Oroquieta City, 7207 Misamis Occidental
246	Misamis Oriental - Gingoog	National Highway, Gingoog City, Misamis Oriental
247	Montalban – Puregold	G/F Units 3-5, Rodriguez Highway, Brgy. Rosario, Montalban, Rizal
248	Naga - Concepcion Grande	G/F Commercial Bldg., Maharlika Highway, Brgy.Concepcion Grande, Naga City
249	Naga - Diversion Road	Building 5, Stalls A and B, M Plaza Roxas Avenue, Diversion Road, Concepcion Pequeña, Naga City
250	Naga - Elias Angeles	Chua O. Co Bldg., Elias Angeles St., Brgy. San Francisco, Naga City, Camarines Sur
251	Naga - General Luna	Nos. 80-82 General Luna St. Dinaga, Naga City
252	Naga - Magsaysay Avenue	One Magsaysay Bldg., Magsaysay Avenue corner Reno St., Brgy. Concepcion Pequeña, Naga City
253	Naga - Panganiban Drive	G/F DECA Corporate Center, Panganiban Drive, Brgy Tinago, Naga City, Camarines Sur
254	Naga - San Francisco	Barangay San Francisco Peñafrancia Avenue, Naga City

No.	BRANCH	ADDRESS
255	Negros Occ - Bago	Araneta Avenue cor. Gen. Luna St. Bago City, Negros Occidental 6101
256	Negros Occ - Binalbagan	Biscom Compound, Binalbagan, Negros Occidental
257	Negros Occ – CityMall Kabankalan	Unit 07 & 08, CityMall – Kabankalan, Justice Perez Highway corner Noceco Road, Brgy. Talubangi, Kabankalan City, Negros Occidental
258	Negros Occ - Hinigaran	Aguinaldo corner Rizal St., Hinigaran, 6106 Negros Occidental
259	Negros Occ - La Carlota	Yunque St. corner Gurrea St., Brgy. 1, La Carlota City, Negros Occidental
260	Negros Occ - San Carlos	S. Carmona St. corner Rizal St., San Carlos City, Negros Occidental
261	Negros Occ - Talisay	Paseo Mabini St., Brgy. Poblacion, Zone 9, Talisay City, Negros Occidental
262	Negros Occ - Victorias	Osmeña Avenue, Victorias City, Negros Occidental, 6119
263	Negros Oriental - Bayawan	G/F NVF Bldg. 441 National Highway, Brgy. Poblacion, Negros Oriental
264	Nueva Ecija - Gapan Maharlika Highway	Units 3-7, Maharlika Highway corner Sampaguita St., Brgy. Bayanihan,Gapan, Nueva Ecija
265	Nueva Ecija – Primark Gapan	Primark Gapan, Maharlika Highway corner Abad Santos Avenue, Brgy. San Vicente, Gapan City, Nueva Ecija
266	Nueva Ecija - San Jose	Maharlika Road, 3121 San Jose City, Nueva Ecija
267	Nueva Ecija - Sta. Rosa	Along Maharlika Highway, Sta. Rosa, Nueva Ecija
268	Nueva Ecija - Talavera	G/F RDL Square 1 Bldg., Maharlika Highway, Brgy. Marcos District, Poblacion, Talavera, Nueva Ecija
269	Nueva Ecija – CityMall Sta. Rosa	T-23 & 24, CityMall-Sta. Rosa, Maharlika Highway, Brgy. Rizal, Sta. Rosa City, Nueva Ecija
270	Nueva Ecija – Primark Cabiao	G/F PRIMARK Cabiao, Jose Abad Santos Avenue, Brgy. San Roque, Cabiao, Nueva Ecija
271	Nueva Ecija – Zaragoza	Along Tarlac-Sta. Rosa Road, Brgy. Del Pilar East, Zaragoza, Nueva Ecija
272	Nueva Vizcaya - Solano	National Highway, Solano, Nueva Vizcaya
273	Pampanga – Guagua Town Center	GTC Building, Lot 2, Olongapo-Gapan & Provincial Road, Brgy. San Matias, Guagua, Pampanga
274	Pampanga - Lubao	Olongapo-Gapan Road, Sta. Cruz, Lubao, Pampanga
275	Pampanga - Magalang	Pablo Luciano Avenue, Brgy. San Pedro 1, Poblacion, Magalang, Pampanga
276	Pampanga – Puregold Dau	G/F & 2/F Puregold Dau, Mac Arthur Highway, Brgy. Dau, Mabalacat, Pampanga
277	Pampanga San Fernando -	MacArthur Highway, Dolores 2000 City of San

No.	BRANCH	ADDRESS
	Dolores	Fernando (Pampanga)
278	Pampanga San Fernando - MacArthur Highway	G/F Doña Isa Fel Bldg. II, MacArthur Highway, Dolores, San Fernando City, Pampanga
279	Pampanga San Fernando - Sindalan	Palm Bldg., MacArthur Highway, Sindalan, San Fernando City, Pampanga
280	Pampanga San Fernando – San Isidro	Kingspire Business Center, Mac Arthur Highway, Brgy. San Isidro, City of San Fernando, Pampanga
281	Pangasinan - Alaminos	Marcos Avenue, Palamis 2404 Alaminos, Pangasinan
282	Pangasinan - Calasiao	GF Señor Tesoro Academy Bldg., San Miguel, Calasiao, Pangasinan
283	Pangasinan - Carmen	McArthur Highway, Carmen East 2441 Rosales, Pangasinan
284	Pangasinan - Mangaldan	Along Rizal Avenue, Poblacion, Mangaldan, Pangasinan
285	Pangasinan - San Carlos	Palaris St., 2420 San Carlos City, Pangasinan
286	Pangasinan - Tayug	Along Quezon Blvd., Poblacion Tayug, Pangasinan
287	Pangasinan – Bayambang	206 Rizal Avenue, Brgy. Poblacion, Bayambang, Pangasinan
288	Pangasinan – Malasiqui	ARLU Bldg., Magsaysay St., Brgy Poblacion, Malasiqui, Pangasinan
289	Pangasinan San Carlos – Magic Mall	G/F, Magic Mall, Roxas Blvd. Corner Zamora St., Brgy. Roxas Blvd., San Carlos City, Pangasinan 2420
290	Puerto Princesa – San Pedro	G/F Palawan Uno Hotel, National Highway, Brgy. San Pedro, Puerto Princesa City, Palawan
291	Quezon – CityMall Tiaong	Units T 3-5 CityMall- Tiaong, Maharlika Highway, Brgy. Lalig, Tiaong, Quezon
292	Quezon – Gumaca	JT Bldg., Maharlika Highway, Brgy. Peñafrancia, Gumaca, Quezon
293	Rizal - Montalban	G/F Montalban Town Center, Rodriguez Highway corner Lardizabal St., Barangay San Jose, Rodriguez, Rizal
294	Rizal – Primark Cainta	G05-G06, Primark Cainta Rizal, Ortigas Avenue Extension cor. Don Celso Tuazon Ave., Brgy. San Juan, Cainta, Rizal
295	Rizal – Primark Teresa	G03, Primark Teresa Rizal, R. Magsaysay Ave., Brgy. San Gabriel, Teresa, Rizal
296	Rizal - Tanay	Tanay Town Center, Sampaloc Road corner F.T. Catapusan St., Plaza Aldea, Tanay, Rizal
297	Rizal – Binangonan	Lexar Building, Manila East Road, Brgy. Calumpang, Binangonan, Rizal
298	Rizal – Morong	G/F & 2/F Morong Centerpoint, No. 58 T. Claudio St., Brgy. San Juan, Morong Rizal

No.	BRANCH	ADDRESS
299	Rizal – San Mateo	G/F & Mezzanine Flr., Doña Isabel Bldg., No. 29 Gen. Luna St., Brgy. Guitnang Bayan 1, San Mateo, Rizal
300	Robinsons – Dumaguete	Robinsons Dumaguete, Dumaguete Business South Road, Calingdagan, Dumaguete City
301	Robinsons Place - Lipa	Level 1, Space L1- 177, Robinsons Place-Lipa, Lipa Highway, Brgy. Mataas na Lupa, Lipa City, Batangas
302	Robinsons Place - San Nicolas	Unit 1-00144, Robinsons Place Ilocos, Brgy. 1 San Francisco, San Nicolas, Ilocos Norte
303	Robinsons Place – General Trias	Level 1 130-133, Robinsons Place General Trias, Antero Soriano Highway, EPZA, Bacao Diversion Road, Brgy. Tejero, General Trias, Cavite
304	Robinsons Place – Tuguegarao	Level 1 Tenant 1085-1086, Robinsons Place Tuguegarao, Maharlika Highway, Brgy. Tanza, Tuguegarao City, Cagayan
305	Robinsons Townville – Cabanatuan	G/F Unit RA1, Robinsons Townville, Brgy. H. Concepsion, Km. 111, Maharlika Highway, Cabanatuan City
306	Roxas – CityMall	CityMall-Roxas, Arnaldo Boulevard, Brgy. Baybay, Roxas City, Capiz
307	Roxas – Pueblo De Panay	G/F Hotel Veronica Bldg., Immaculate Heart of Mary Ave., Pueblo de Panay, Brgy. Lawa-an, Roxas City
308	Samar – Calbayog	Magsaysay Blvd. Corner Burgos St., Brgy. East Awang, Calbayog City, Samar
309	Samar - Catbalogan	Del Rosario St. corner Allen Avenue, 6700 Catbalogan, Samar
310	Samar – Catarman	E.B. Moore St. corner Anunciacion St., Brgy Lapu-Lapu, Catarman, Northern Samar
311	San Pablo - Maharlika Highway	G/F BienPaz Arcade, Maharlika Highway Junction, San Rafael, San Pablo City
312	San Pablo - Paulino	M. Paulino St., San Pablo City
313	San Pedro	National Highway Junction & Mabini St., Brgy. Nueva, San Pedro, Laguna
314	San Pedro – Robinsons Galleria South	Level 2 Robinsons Galleria South, National Highway, Barangay Nueva, San Pedro City
315	San Pedro - Pacita	GF M. Allen Bldg., Km 31, Old National, National Highway, San Pedro, Laguna
316	Savemore Market – EPZA	G/F Savemore Market EPZA General Trias, Diversion Road, EPZA, Brgy. Bacao Dos, General Trias, Cavite
317	SM CDO Downtown Premier	Location Code 112-114, G/F, SM CDO Downtown Premier, C.M. Recto corner Osmeña Sts., Brgy. Lapasan, Cagayan de Oro City
318	SM Center Angono	UG/F SM Center Angono, Manila East Road, Brgy. San Isidro, Angono, Rizal
319	SM Center Dagupan	Location Code 115, G/F, SM Center Dagupan, Herrero

No.	BRANCH	ADDRESS
		St., Brgy. Herrero- Perez, Dagupan City, Pangasinan
320	SM Center Imus	G/F, SM Center Imus (LC 163-164a, 173-174a), NIA and Alapan Road, Brgy, Bucandala, Imus, Cavite
321	SM Center Lemery	Location Code 127-130, G/F SM Center Lemery, Illustre Avenue corner Calle P. Gomez St., Brgy. District IV, Lemery, Batangas
322	SM Center Ormoc	G/F SM Center Ormoc (Location Code 123-125), Real St., Brgy. District 14, Ormoc City, Leyte
323	SM Center Pulilan	Location Code 140-142, G/F SM Center Pulilan, Plaridel-Pulilan Diversion Road, Brgy. Sto. Cristo, Pulilan, Bulacan
324	SM Center Tuguegarao Downtown	Location Code 117-119, G/F & 246B-247B & 247A, 2/F, SM Center Tuguegarao Downtown, Luna corner Mabini Sts., Brgy. Ugac, Tuguegarao City
325	SM Cherry Antipolo	UGF 122, 123 & 124, SM Cherry Foodarama Antipolo, Marcos Highway, Brgy. Mayamot, Antipolo City
326	SM City Bacolod	GF South Wing Bldg. SM City Bacolod, Poblacion Reclamation Area, Bacolod City
327	SM City Bacolod North	G/F SM City Bacolod North Wing Bldg., Brgy. 12, Poblacion, Reclamation Area, Bacolod City
328	SM City Bacoor	UG/F SM City Bacoor Gen. Aguinaldo Highway corner Tirona Highway Bacoor, Cavite
329	SM City Baguio	Location Code 176-179, Upper Ground Floor, SM City Baguio, Luneta Hill, Upper Session Road, Session Road-Governor Pack Road Barangay, Baguio City 2600
330	SM City Baliwag	G/F SM City Baliwag (LC EX 101-102,105a-107a), DRT Highway, Brgy. Pagala, Baliwag, Bulacan
331	SM City Batangas	GF SM City Batangas, Barangay Pallocan West, Batangas City
332	SM City Butuan	Location Code 178-181 A, Ground Floor, SM City Butuan, Jose C. Aquino Avenue corner Jose Rosales Avenue, Brgy. Lapu Lapu, Butuan City
333	SM City Cabanatuan	UG/F SM City Cabanatuan, Maharlika Highway, Brgy. Hermogenes C. Concepcion Sr., Cabanatuan City, Nueva Ecija
334	SM City Cagayan De Oro	G/F SM City Cagayan de Oro, Pueblo de Oro Business Park, Upper Canituan, Cagayan de Oro, Misamis Oriental
335	SM City Calamba	G/F SM City Calamba, National Highway, Barangay Real, Calamba City, Laguna
336	SM City Cauayan	G/F & 2/F SM City Cauayan, Maharlika Highway, Brgy. San Fermin, Cauayan, Isabela
337	SM City Cebu	SM City Cebu North Reclamation Area, Cebu City
338	SM City Cebu B	UG/F The Northwing - SM City Cebu, North

No.	BRANCH	ADDRESS
		Reclamation Area, San Jose dela Montaña corner M.J. Cuenco Avenue, Cebu City
339	SM City Clark A	G/F SM City Clark, Clark Field, Pampanga
340	SM City Clark B	G/F SM City Clark BPO Tower 1&2 (LC B1-101-107), Brgy. Malabanias, Pampanga
341	SM City Consolacion Cebu	G/F SM City Consolacion Cebu, Cebu North Road, Brgy. Lamac, Consolacion, Cebu
342	SM City Dasmariñas A	Upper Ground Floor, SM City Dasmarinas , Barrio Pala-Pala, Dasmarinas, Cavite
343	SM City Dasmariñas B	LGF SM City Dasmarinas, Governor's Drive, Brgy. Pala-Pala, Dasmariñas, Cavite
344	SM City Davao	UG/F SM City Davao Barangay Matina, Davao City
345	SM City Davao Annex	GF/MF Annex Bldg., SM City Davao, Brgy. Matina, Davao City
346	SM City General Santos	G/F SM City General Santos, Santiago Boulevard corner San Miguel St., General Santos City
347	SM City Iloilo	UG/F SM City Iloilo, Benigno Aquino Avenue, Mandurriao, Iloilo City
348	SM City Iloilo B	UGF SM City Iloilo Expansion Bldg. (LC1053A-1053F), Benigno Aquino Avenue, Brgy. Bolilao, Mandurriao, Iloilo City 5000
349	SM City Legazpi	G/F SM City Legazpi (Location Code 1045-1047), Imelda Roces Avenue, Zone 9, Brgy. 37 Bitano, legazpi City, Albay
350	SM City Lipa	G/F SM City Lipa, Ayala Highway, Lipa City, Batangas
351	SM City Lucena	G/F SM City Lucena (LC - 177- 178) Pagbilao National Road, Lucena City
352	SM City Marilao	G/F SM City Marilao, MacArthur Highway, Marilao, Bulacan
353	SM City Masinag	G/F SM City Masinag, Marcos Highway, Mayamot, Antipolo City
354	SM City Mindpro	Ground Floor, SM City Mindpro, La Purisima Street, Barangay Zone III, Zamboanga City
355	SM City Molino	G/F SM City Molino, Brgy. Molino 4, Bacoor, Cavite
356	SM City Naga	G/F SM City Naga, Brgy. Triangulo, Central Business District II, Naga City
357	SM City Olongapo	G/F SM City Olongapo (Location Code EXP 105-106), Magsaysay Drive corner Gordon Ave., Pag-asa, Olongapo City, Zambales
358	SM City Olongapo Central	Location Code 125-129, G/F, SM City Olongapo Central, Rizal Avenue, Brgy. East Tapinac, Olongapo City
359	SM City Pampanga A	G/F SM City Pampanga, San Fernando, Pampanga

No.	BRANCH	ADDRESS
360	SM City Pampanga B	G/F SM City Pampanga Annex Bldg. 4, San Fernando, Pampanga
361	SM City Puerto Princesa	LG/F SM City Puerto Princesa, Malvar corner Lacao Sts., Brgy. San Miguel, Puerto Princesa City, Palawan
362	SM City Rosales	SM City Rosales, Carmen East, Rosales, Pangasinan
363	SM City Rosario	G/F SM City Rosario, General Trias Drive, Brgy. Tejero, Rosario, Cavite
364	SM City San Fernando	G/F SM City San Fernando, V. Tiomico St., Brgy. Poblacion, San Fernando, Pampanga
365	SM City San Jose Del Monte	SM City San Jose Del Monte, Quirino Highway, Brgy. Tungkong Mangga, San Jose Del Monte City, Bulacan
366	SM City San Mateo	SM City San Mateo, General Luna, Brgy. Ampid 1, San Mateo, Rizal
367	SM City San Pablo	G/F SM City San Pablo, National Highway, Barangay San Rafael, San Pablo City, Laguna
368	SM City Sta. Rosa	G/F SM City Sta. Rosa, Barrio Tagapo, Sta. Rosa, Laguna
369	SM City Tarlac	UG & LGF, SM City Tarlac, MacArthur Highway, San Roque, Tarlac City
370	SM City Taytay	G/F Bldg. A, SM City Taytay, Manila East Road, Barangay Dolores, Taytay, Rizal
371	SM City Telabastagan	184-185, Ground Floor, SM City Telabastagan, MacArthur Highway, Brgy. Telabastagan, 2000 City of San Fernando, Pampanga
372	SM City Trece Martires	UG/F SM City Trece Martires (LC 33A-135A), Brgy. San Agustin, Trece Martires, Cavite
373	SM City Urdaneta Central	LC 155-157, G/F SM City Urdaneta Central, MacArthur Highway, Brgy. Nancayasan, Urdaneta City, Pangasinan
374	SM Delgado	G/F SM Delgado Bldg. Valeria St. Iloilo City
375	SM Hypermarket Cainta	SM Hypermarket Cainta, Felix Huerta Ave., Cainta, Rizal
376	SM Hypermarket Daet	G/F SM Hypermarket Daet, Vinzons Avenue, Barangay IV, Daet, Camarines Norte
377	SM Hypermarket Mabalacat	G/F SM Hypermarket Pampanga, MacArthur Highway, Brgy. Camachiles, Dau, Mabalacat, Pampanga
378	SM Lanang Premier	UGF SM Lanang Premier, J.P. Laurel Avenue, Brgy. San Antonio Bajada, Lanang, Davao City
379	SM Market Mall Dasmariñas	G/F Dasmariñas Bagong Bayan Resettlement Project Area B (DBB-B), Congressional Road, Kadiwa, Dasmarinas, Cavite
380	SM Megacenter Cabanatuan	UG/F SM Megacenter Cabanatuan, Gen. Tinio & Melencio Sts., San Roque Norte, Cabanatuan City

No.	BRANCH	ADDRESS
381	SM Savemore Davao Bangkal	G/F SM Savemore Market Bangkal, Davao Km. 7 MacArthur Highway, Brgy. Bangkal, Davao City
382	SM Savemore Tacloban	G/F SM Savemore Tacloban, Justice Romualdez St., Brgy. 13, Tacloban City
383	SM Seaside City Cebu A	LG/F SM Seaside City Cebu, Brgy. Mambaling, South Road Reclamation Area, Cebu City
384	SM Seaside City Cebu B	2/F SM Seaside City Cebu, Brgy. Mambaling, South Road Reclamation Area, Cebu City
385	Sorsogon – Primark J.P. Rizal	Primark Sorsogon 3, J.P. Rizal St. corner De Vera St., Brgy. Talisay, Sorsogon City
386	Sorsogon City	Son Bldg., R. Magsaysay Avenue, Sorsogon City
387	Sta. Lucia East - Cainta	Sta. Lucia East Grand Mall, Marcos Hi-Way corner Felix Avenue, 1900 Cainta, Rizal
388	Sta. Lucia East – Felix Avenue	G/F Phase 1, Sta. Lucia Grand Mall, Marcos Highway corner Felix Avenue, Cainta
389	Sta. Rosa – Arcadia	Unit Anchor 2, Arcadia Bldg., Greenfield City, Tagaytay- Balibago Road, Brgy. Don Jose, Sta. Rosa City, Laguna
390	Sta. Rosa - Don Jose	PCC Bldg., Sta. Rosa Tagaytay Road, Barangay Don Jose, Sta. Rosa, Laguna
391	Sta. Rosa - Puregold Tagapo	Puregold Sta. Rosa - Tagapo, Rizal Blvd., Brgy Tagapo, Sta. Rosa, Laguna
392	Subic - Rizal Highway	Subicworx Building, 1056 Rizal Highway, Subic Bay Freeport Zone, Olongapo City, Zambales
393	Subic - Times Square	420 Rizal Highway Subic Bay Freeport Zone, 2200 Olongapo City, Zambales
394	Sultan Kudarat – Primark Tacurong	G10, G/F, Primark Town Center, Magsaysay Avenue corner Bonifacio St., Purok 1, Brgy. Poblacion, Tacurong City Sultan Kudarat
395	Surigao	Magallanes corner San Nicolas St., 8400 Surigao City
396	Tacloban - Justice Romualdez	Philamlife Bldg., Justice Romualdez St. corner P. Paterno St., Tacloban City
397	Tacloban - Rizal Avenue	Rizal Avenue, Brgy. 41, Tacloban City
398	Tacloban - Zamora	Carlos Chan Bldg. P.Zamora St. Tacloban City
399	Tagaytay - Mendez Junction	E. Aguinaldo Hi-way, Mendez Crossing, Tagaytay City
400	Tagaytay - Rotonda	Frablyn Tower (Tolentino Bldg.), Emilio Aguinaldo Highway, Tagaytay (near Tagaytay Rotonda)
401	Tagaytay - Wind Residences	G/F Tower 2, SM Wind Residences, Aguinaldo Highway, Brgy. Maharlika West, Tagaytay City
402	Tanauan - A. Mabini	A. Mabini St., Tanauan 4232 Batangas
403	Tanauan - JP Laurel Highway	Pres. J. P. Laurel Highway corner Sixto Castillo St., Poblacion, Tanauan, Batangas

No.	BRANCH	ADDRESS
404	Tarlac - Camiling	Romulo St., Barangay Poblacion, A. Camiling, Tarlac
405	Tarlac - Capas	San Trope Bldg., 57 McArthur Highway, Brgy. Sto. Domingo 1st, Capas Tarlac
406	Tarlac - Concepcion	L. Jaena cor. L. Cortes St., San Nicolas, 2316 Concepcion, Tarlac
407	Tarlac – MacArthur Highway	Block 7, MacArthur Highway, Brgy. San Nicolas, Tarlac City
408	Tarlac - San Roque	1567 Zamora St., Brgy. San Roque, Tarlac City, Tarlac
409	Tarlac – CityMall	T-01, CityMall-Tarlac, MacArthur Highway, Brgy. San Rafael, Tarlac City
410	Tarlac – Gerona	Nick Hotel Commercial Complex, MacArthur Highway, Brgy. Abagon, Gerona, Tarlac
411	Taytay - National Highway	Korte Rosario Restaurant, Taytay National Highway, Ilog Pugad, Barangay San Juan, Taytay Rizal
412	Tuguegarao – Buntun	Luna St., Brgy. Buntun, Tuguegarao City, Cagayan
413	Urdaneta - MacArthur Highway	182 LIS Bldg., MacArthur Highway, San Vicente, Urdaneta
414	Urdaneta – Nancayasan	58 7 MacArthur Highway, Phinma Upang College Building, Brgy. Nancayasan, Urdaneta City, Pangasinan
415	Vigan - Plaza Maestro	G/F Plaza Maestro Commercial Complex, Burgos & Florentino St., Vigan City, Ilocos Sur
416	Vigan – Puregold	Puregold Vigan, Jose Singson St., Brgy VIII, Sta. Elena, Vigan City, Ilocos Sur
417	Virac Town Center	G/F Virac Town Center, Rizal Avenue, Brgy. Gogon Sirangan, Virac, Catanduanes
418	Waltermart – Balanga	Location Code WBLN 040, G/F, Waltermart Balanga, Roman Superhighway, Brgy. Tenejero, Balanga City, Bataan
419	Waltermart – Batangas City	G/F, Waltermart Batangas, P. Burgos St., Brgy. Calicanto, Batangas City, Batangas
420	Waltermart - Bel-Air Sta. Rosa	G/F Waltermart Bel-Air Sta. Rosa, Tagaytay National Highway, Brgy. Pulong , Sta. Cruz, Sta. Rosa, Laguna
421	Waltermart – Candelaria	Ground Floor, Waltermart Candelaria, Sambat, Maharlika Highway, Barangay Malabanban Norte, Candelaria Quezon
422	Waltermart – Capas Tarlac	G/F Waltermart Capas, MacArthur Highway, Brgy. Sto. Domingo 1, Capas, Tarlac 2315
423	Waltermart - Guiguinto	Waltermart Guiguinto Bulacan, MacArthur Highway, Brgy. Ilang-ilang, Guiguinto, Bulacan
424	Waltermart – Malolos	G/F, Waltermart Malolos, Km 44, MacArthur Highway, Brgy. Longos, Malolos City Bulacan
425	Waltermart - Pampanga	G/F Waltermart Pampanga, MacArthur Highway, San Agustin, San Fernando, Pampanga

No.	BRANCH	ADDRESS
426	Waltermart - Sta. Maria	G/F Waltermart Sta. Maria, Provincial Road corner By Pass Road, Brgy.Sta.Clara, Sta. Maria, Bulacan
427	Waltermart - Sta. Rosa	San Lorenzo Drive corner Balibago Road, Barangay Balibago, 4026 Sta. Rosa, Laguna
428	Waltermart – Balayan	G/F Waltermart Balayan, Balibago-Balayan Highway corner Paz St., Brgy. Caloocan, Balayan, Batangas
429	Waltermart – Cabanatuan	G/F Waltermart Cabanatuan, Brgy. Dicarma, Cabanatuan City, Nueva Ecija
430	Waltermart – Carmona	G/F Waltermart Carmona, Macaria Business Center, National Highway, Brgy. Mabuhay, Carmona, Cavite
431	Waltermart – Concepcion Tarlac	G/F Waltermart Concepcion (LC WCON 033), L. Cortez St., Brgy. Alfonso, 2316 Concepcion, Tarlac
432	Waltermart – Dasmariñas	G/F Waltermart Dasmariñas, National Highway, Brgy. Barrio Burol, Dasmariñas, Cavite
433	Waltermart – Nasugbu	Location Code WNAS 017, G/F Waltermart Nasugbu, J.P. Laurel Highway, Brgy. Lumbangan, Nasugbu, Batangas
434	Waltermart – Paniqui	G/F, Waltermart Paniqui, MacArthur Highway, Brgy. Estacion, Paniqui, Tarlac 2307
435	Waltermart – San Jose	G/F, Waltermart San Jose, Pan Philippine Highway, Brgy. Malasin, San Jose, Nueva Ecija
436	Waltermart – Subic	G/F Waltermart Subic, Subic National Highway, Brgy. Mangan Vaca, Subic, Zambales
437	Waltermart – Talavera	Unit WMT G-32, G/F Waltermart Talavera, Maharlika Highway, Brgy. La Torre, Talavera, Nueva Ecija 3114
438	Waltermart – Tanauan	G/F Waltermart Tanauan, Pres. J.P. Laurel Highway, Brgy. Darasa, Tanauan City, Batangas
439	Waltermart – Taytay	LG/F Waltermart Taytay, Ortigas Avenue Extension, Brgy. San Isidro, Taytay, Rizal
440	Waltermart Center - Makiling	G/F Waltermart Center Makiling, National Highway, Brgy. Makiling, Calamba, Laguna
441	Waltermart Center – Cabuyao	G/F Waltermart Center Cabuyao, Km 47 National Highway, Brgy. Banlic, Cabuyao, Laguna
442	Zambales - Castillejos	G/F RM Mall, National Highway, Brgy San Nicolas, Castillejos, Zambales
443	Zambales - Iba	Zambales - Pangasinan Provincial Road, Brgy. Sagapan, Iba, Zambales
444	Zamboanga - Ipil	National Highway, Ipil, 7001 Zamboanga Del Sur
445	Zamboanga – Canelar	Mayor Jaldon Avenue, Barangay Canelar, Zamboanga City
446	Zamboanga – City Mall Tetuan	U33 CityMall Tetuan Zamboanga, Gov. Alvarez Extension, Tetuan, Zamboanga City
447	Zamboanga – La Purisima	La Purisima St., Brgy. Zone II, Zamboanga City

No.	BRANCH	ADDRESS
448	Zamboanga – Veterans Avenue	G/F Wee Agro Commercial Bldg., Veterans Avenue, Brgy Camino Nuevo, Zamboanga City

(3) Limitations on Property

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

(4) Properties to be acquired

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

V. DIRECTORS AND EXECUTIVE OFFICERS OF THE BANK

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

VI. MARKET PRICE, SHAREHOLDER AND DIVIDEND INFORMATION

(1) Market Information

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

	High	Low
First Quarter 2019	142.70	121.50
Second Quarter 2019	143.40	126.10
Third Quarter 2019	154.00	137.40
Fourth Quarter 2019	161.80	137.00
First Quarter 2020	157.50	75.00
Second Quarter 2020	114.00	85.60
Third Quarter 2020	102.30	85.00
Fourth Quarter 2020	115.40	86.55

Source: www.edge.pse.com.ph

As of March 24, 2021, the closing price of the Bank's common shares is ₱105.00.

(2) Holders of Securities

The number of common shareholders of record as of March 2, 2021 was 12,439. Common shares outstanding as of March 2, 2021 stood at 4,384,474,515. The top twenty (20) common shareholders are as follows:

Rank	Name of Stockholder	Nationality	No. of Shares Owned	% of Ownership
1	SM Investments Corp.	Filipino	1,787,180,649 *	40.76%
2	PCD Nominee Corp. (Non-Filipino)	Non-Filipino	1,100,266,663	25.09%
3	PCD Nominee Corp. (Filipino)	Filipino	753,270,076**	17.18%
4	Multi-Realty Development Corporation	Filipino	291,513,036 *	6.65%
5	Sybase Equity Investments Corporation	Filipino	240,010,292 *	5.47%
6	Shoemart, Inc. (now SM Prime Holdings, Inc.)	Filipino	90,024,395	2.05%
7	DFC Holdings, Inc.	Filipino	30,430,341	0.69%
8	Dacon Corporation	Filipino	25,377,549	0.58%
9	Sysmart Corporation	Filipino	10,095,661 *	0.23%
10	Executive Optical Inc.	Filipino	2,724,575 *	0.06%
11	Edilberto Narciso	Filipino	2,615,452	0.06%
12	DHS Investment	Filipino	2,337,769	0.05%
13	Lucky Securities, Inc.	Filipino	2,393,828	0.05%
14	La Filipina Uy Gongco Corp.	Filipino	2,150,000	0.05%
15	Felicidad T. Sy	Filipino	1,133,837	0.03%
16	Cedar Commodities, Inc.	Filipino	1,050,146 *	0.02%
17	Ernest Lee Go	Filipino	1,042,124	0.02%
18	Hong Eng Tan	Filipino	863,500	0.02%
19	Jonathan Dee Co	Filipino	800,000	0.02%
20	Tristan Matthew T. Sze	Filipino	618,000	0.01%
Total			**4,345,897,893**	**99.09%**

* Inclusive of PCD-lodged shares

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

(3) Dividends

The Bank's Board of Directors is authorized to declare dividends annually. Stock Dividend declarations require further approval of stockholders representing not less than two-thirds (2/3) of all stocks outstanding and entitled to vote. Such stockholders' approval may be given at a general or special meeting duly called for the purpose. Dividends may be declared only from

surplus profits after making proper provisions for necessary reserves in accordance with applicable laws and the regulations of the BSP.

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

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

On January 26, 2019, the Board of Directors of BDO approved the declaration of annual cash dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P339 million. The dividends were paid on March 8, 2019.

The Board of Directors approved the declaration of quarterly cash dividends in the amount of P0.30 per common share for the first, second, third and fourth quarters of 2019 on February 23, 2019, May 25, 2019, August 31, 2019 and December 7, 2019, respectively. The dividends were paid on March 25, 2019, June 24, 2019, September 30, 2019 and December 27, 2019, respectively.

On January 27, 2018, the Board of Directors of BDO approved the declaration of annual cash dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P339 million. The dividends were paid on March 2, 2018.

The Board of Directors approved the declaration of quarterly cash dividends in the amount of P0.30 per common share for the first, second, third and fourth quarters of 2018 on February 24, 2018, May 26, 2018, August 31, 2018 and December 8, 2018, respectively. The dividends were paid on March 28, 2018, June 29, 2018, September 28, 2018 and December 28, 2018, respectively.

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

On February 3, 2020, the Bank issued P40.1 billion fixed rate bonds to diversify funding sources and support its lending activities.

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

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

On February 11, 2019, the Bank issued P35.0 billion of fixed rate bonds to diversify funding sources and support business expansion.

On April 12, 2019, the Bank issued P7.32 billion worth of Long-Term Negotiable Certificates of Deposit (LTNCD) to lengthen the maturity of its funding sources and support business expansion plans.

On September 27, 2019, the Bank issued P6.5 billion worth of LTNCD to diversify the maturity of its funding sources and support business expansion plans.

On February 20, 2018, the Bank drew on its green bond transaction with the International Finance Corporation (IFC), raising $150 million to expand financing for private sector investments that help to address climate change.

VII. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

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

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

BDO complies, where appropriate, with the SEC Code of Corporate Governance for Publicly-Listed Companies and with the Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions. It follows relevant international best practices of corporate governance issued by globally recognized standards-setting bodies such as the Organization for Economic Cooperation and Development (OECD) and the ASEAN Corporate Governance Scorecard (ACGS) which serve as essential points of reference.

This report describes the highlights of our corporate governance practices throughout the financial year ended December 31, 2020.

1. Composition of the Board - The Board is composed of 11 members and aided by 3 advisors. The members of the Board are all professionals with expertise in fields relevant to BDO's business and strategic plans such as banking, accounting and finance, law, merchandise marketing, strategy formulation, bank regulations, information technology, sustainability, and risk management. It is led by a Non-Executive Chairperson with 6 Independent Directors, 2 Non-Executive Directors and 2 Executive Directors who are the Vice Chairman and the President. Independent Directors comprise the majority (54.50%) members of the Board, thus exceeding the requirement of the Securities and Exchange Commission (SEC) and the Bangko Sentral ng Pilipinas (BSP) as well as meeting global best practice. Non-Executive Directors, which include Independent Directors, comprise 82% of the Board, more than the requirement of the BSP of at least majority 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, thoroughly discussed and rigorously examined. The Board Advisors are considered as integral part of the Board whose influence are akin to a Director. Their opinions and recommendations are taken into consideration by the Board members. The presence of a female Board advisor provides an independent view of the Bank and complements the two (2) female non-executive directors.

2. Composition of the Committees – Independent directors chair eight (8) of nine (9) board committees, namely Risk Management, Audit, Corporate Governance, Related Party Transactions, IT Steering, Nominations, Compensation, and Trust. This provides independent judgment on significant corporate matters and ensures that key issues and strategies are objectively reviewed and constructively challenged;

3. Audited financial statements for calendar year 2019 were disclosed to the public on February 27, 2020 within 60 days from year end, following the best practice recommendation of the ASEAN Corporate Governance Scorecard, for the past six (6) years;

4. Executive Sessions of Independent/Non-Executive Directors - The Independent and Non-Executive Directors, chaired by Lead Independent Director Jones M. Castro, Jr., conducted 3 sessions with the External Auditor, Chief Risk Officer, Chief Compliance Officer and Chief Internal Auditor without the presence of management or any bank executive to discuss various matters or issues separate from regular committee meetings of the Audit and Risk Management Committees in order to facilitate the free and frank exchange of views and ideas. The results of these sessions were discussed with the Bank's Executive Directors; and,

5. Annual performance self-assessment - In 2020, the Bank extended the commission of Isla Lipana & Co./PricewaterhouseCoopers Philippines (PwC) for the facilitation of an independent third party assessment of the Board Effectiveness Evaluation in compliance with the SEC Code of Corporate Governance in order to further align its governance framework with the principles of the said Code and global best practices. Part of the engagement of PwC is to facilitate a self and peer evaluation process on the Board, Board Committees, and individual directors. The results thereof are validated through focused interviews with individual directors.

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

Rights and Equitable Treatment of Stakeholders

Shareholders

The Bank respects the inherent rights and recognizes the roles of various stakeholders in accordance with law. To this end, it has put in place various governance practices, policies and programs for the protection of shareholders' rights and the promotion for exercising those rights in accordance with OECD principles, such as the right to buy, sell or transfer securities held, the right to receive dividend, the right to vote for the appointment of the external auditor, the right to participate in decision-making for corporate matters, the right to propose agenda item in the shareholders' meeting and the right to attend the shareholders' meeting. As a matter of policy, all stockholders (retail and institutional) on record are encouraged to attend, personally, by proxy, or by remote communication, the annual stockholders' meeting to ensure their participation and active involvement in the affairs of the Bank. Shareholders will be given equal opportunities to raise questions, make suggestions and recommendations pertaining to the operations of the Bank. They can vote by remote communication or in absentia, or assign proxies to vote on their behalves if shareholders cannot attend the stockholders' meeting.

For the convenience of shareholders to exercise their right to attend the stockholders' meeting, the venue, date, time and agenda of the annual meeting, explanation of each agenda item requiring shareholders' approval, method of voting results will be announced in advance. In 2020, the Notice of Annual Stockholders' Meeting, which contains details and rationale for each agenda item, was released on May 19, 2020, or 28 days prior to the date of the Meeting.

The Annual Stockholders' Meeting was held on June 16, 2020 and was attended by the Board Chairperson, President & Chief Executive Officer, and all Directors. The shareholders were allowed to cast their votes on each nominee director and on each agenda item presented to them for approval. They were also given the opportunity to ask questions, express opinions and make suggestions on various issues. Please see the minutes of the 2020 Annual Stockholders' Meeting for detailed Questions and Answers, the voting results showing the Approving, Dissenting and Abstaining Votes cast by the shareholders on each agenda item in www.bdo.com.ph/company-disclosures/stockholders-meetings.

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

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

Investors

BDO adopts a pro-active relationship with its stockholders through its Investor Relations' (IR) comprehensive engagement program. IR articulates the Bank's strategic direction as well as financial and operating results by joining conferences and roadshows in key global financial markets and conducting various one-on-one meetings, conference calls and briefings with institutional investors, analysts, and credit rating agencies. IR also reaches out to retail investors by participating in retail conferences and roadshows organized by local brokers. The Bank has in the past likewise joined virtual investor conferences catering to American Depositary Receipts (ADR) investors in the United States. From time to time, IR is joined by other members of the Senior Management team in meetings and corporate access activities in order to impart more insights on BDO's operations.

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

Investor Relations accomplished the following in 2020 amid the COVID-19 pandemic:

1. Investor Engagement

   Amidst travel and mobility restrictions, IR engaged with more than 500 investors in 2020 vs. close to 500 in 2019, through participation in virtual conferences, roadshows and investor calls, as well as one-on-one conference calls.

   IR apprised investors of the following developments in the Bank during the COVID-19 pandemic:

   - Financial impact particularly the government-initiated loan moratorium, asset quality trends and indicators, and provisions for potential loan losses;

   - Operational changes, i.e., Business Continuity Plan, branch operations, health and safety protocols vs. COVID-19; and
   - Ongoing strategic initiatives covering financial inclusion/MSMEs (micro, small and medium enterprises), wealth management, life insurance, and IT/digital infrastructure.

2. Analyst briefings

   IR held an analyst briefing (physical event) on February 28, 2020 during which the Bank's senior management presented and answered queries on the Bank's full-year 2019 financial results, operations and recent developments.

   The Bank likewise held a virtual briefing for analysts on October 26, 2020 covering 9M20 results, in consideration of health and safety protocols and quarantine restrictions.

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

3. Coordination with third party Environmental, Social and Governance (ESG) ratings agencies

   IR coordinated and interacted with the Bank's ESG Team (composed of representatives from Sustainability/Compliance, Sustainable Finance Desk, Risk Management, Human Resources (HR), Corporate Secretary's Office, Central Operations, Marketing Communications, among others) as well as third party ESG ratings agencies (e.g., Sustainalytics, S&P Global, MSCI, FTSE, Vigeo, among others) in the assessment and measurement of the Bank's ESG performance.

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

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

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

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

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

   Shareholders can request relevant information from the Corporate Secretary or Investor Relations Unit through the contact details provided in the Bank's official website. The minutes of the 2020 Annual Stockholders' Meeting is available in our corporate website at www.bdo.com.ph./company-disclosures/ stockholders-meetings.

Customers

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

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

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

We scrupulously comply with the regulations on financial consumer protection in the Philippines, the Bank has monitored and profiled the client inquiries/requests/complaints together with resolutions/actions taken. The Bank has been proactive in resolving complaints. The Bank has established a Consumer Assistance Management System to address customer concerns. Effective recourse is one of the five (5) areas of BSP's Consumer Protection Framework, and BDO has been seriously devoting resources to ensure that customer issues are resolved in a timely manner. It has also implemented the Framework and Policy on Social Media Risk Management.

The Bank has in place a Data Privacy Management Program (DPMP), which serves as the framework for protecting the data privacy rights of the Bank's data subjects, to ensure compliance with the Philippine Data Privacy Act (PDPA). The Bank appointed a Data Protection Officer (DPO) who is registered with the National Privacy Commission (NPC). Compliance Officers for Privacy (COPs) in each business and support units (BSUs) were appointed to ensure proper coordination in the implementation of any initiatives related to the DPMP. The required data processing systems were also registered with the NPC. The Data Privacy Policy, Privacy Statement, and Breach Reporting Procedures were established, including the templates for Consent, Data Sharing Agreement, and Outsourcing Agreement. Furthermore, Privacy Impact Assessments (PIAs) by critical units were completed to assess privacy risks in order to ensure that the necessary security measures are in place to mitigate risks to personal data and uphold data privacy rights of individuals. Privacy risk monitoring was also enhanced using the existing risk management tools of the Bank. Currently, the Bank is completing the PIAs for the rest of the units and the implementation of necessary security measures is being monitored. To ensure continuous education within the Bank, the Data Privacy Training and Awareness Program has been rolled out, consisting of regular conduct of classroom and e-learning courses as well as breach reporting exercises/drills.

The Bank has also intensified data privacy awareness with the in-depth training for COPs and complaints management training for Customer Contact Center personnel. The Risk Management Committee (RMC) is regularly updated on the progress of the Bank's compliance with the PDPA. In view of its commitment to comply with data privacy requirements, and as part of its continuing assessment and development efforts, the Bank actively participates in data privacy forums of the NPC and liaises with other DPOs of the Bankers Association of the Philippines (BAP).

In living the "We Find Ways" service credo, BDO is committed to meet the clients' needs by providing them with high quality customer service and relevant products and services. It continues to invest heavily in technology to improve products and processes. Our clients can look forward to a more convenient banking experience as the Bank exerts efforts to leverage the use of digital technology in making available its products and services across various channels.

As of December 31, 2020, BDO Unibank Group had 1,472 branches (including two foreign branches), 4,439 automated teller machines (ATMs) and 599 cash accept machines (CAMs). This is a milestone affirming the Bank's commitment to make banking reachable to Filipinos and our way of creating opportunities for more people to experience the rewards of having a bank that takes care of their financial needs.

Creditors, Counterparties and Suppliers

The Bank is committed to meet its contractual obligations with all creditors and counterparties based on the covenants agreed with them. On 3 February 2020 and 3 July 2020, the Bank issued Senior Fixed Rate Bonds amounting to ₱40.1 Bn and ₱36.0 Bn, respectively. On 13 July 2020, the Bank issued USD600 Mn of Fixed Rate Senior Notes under the Bank's Medium Term Note (MTN) Program. The issuances are part of the Bank's efforts to diversify the maturity of funding sources and support business expansion plans.

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

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

Employees

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

a. Code of Conduct and Business Ethics

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

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

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

b. Training and Development

BDO continues to provide training opportunities aligned with business requirements and employees' potentials and capabilities. Training programs include orientation for new hires, job specific technical training, management and leadership training programs which aim to develop and enhance the knowledge, skills, managerial and leadership capabilities, attitude and mindset of employees. The Bank allocates a yearly training budget for these developmental programs. In 2020 the staff, managerial and senior

officers went through an average of 17.78, 32.59 and 18.86 training hours, respectively. In terms of actual number of employees trained, staff was at 19,902, managers at 17,137 and senior officers at 1,686. Improvements in the design and delivery of eCourses and targeted training programs continue to ensure more effective retention of the knowledge learned. Culture and values, service excellence, regulatory requirements, job knowledge as well as leadership development continue to be the focus in 2021 to sustain availability of ready talents that support business growth.

The continuing education program for Directors is an ongoing process to ensure the enhancement of their skills and knowledge. Every year, all Directors and key officers are given updates and briefings, and are required to attend a corporate governance seminar on appropriate topics to ensure that they are continuously informed of the developments in the business and regulatory environments, including emerging opportunities and risks in the banking industry. All directors of BDO Unibank complied with the annual corporate governance training requirement of four (4) hours for 2020. They, together with the Bank's key executives and also the directors and key officers of BDO Unibank's subsidiaries attended the in-house corporate governance seminar last 06 March 2020 in Makati City. The seminar concentrated on: a) powerful technology trends that are driving a new wave of digital disruption trends and challenges ahead of the ensuing technological innovation; and b) essential anti-money laundering trends.

c. Employee Welfare

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

d. Health and Safety

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

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

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

In 2020, the Bank conducted the following initiatives to improve the safety of Bank employees and customers inside the premises:

1. We launched the Occupational Safety and Health e-course in 2020.
2. In response to the Covid19 pandemic, the following programs and protocols were implemented:

    - Covid Care Hotline provided to all employees (teleconsult);
    - Client-facing employees were subjected to health screening twice a month, while others are scheduled monthly;
    - Personnel exhibiting Covid-like symptoms, upon medical assessment, are referred for reverse-transcriptase polymerase chain reaction (RT-PCR) testing;
    - Provision of masks and vitamins to employees;
    - Provision of alcohol and soap at the branches and buildings;
    - Installation of acrylic barriers and signage for physical distancing;
    - Installation of temperature scanners at the entrance of Corporate Centers and provision of portable temperature scanners in other offices;
    - Body temperature of employees are measured thrice daily;
    - Provision of oximeters to monitor the oxygen saturation level of employees;
    - Paperless contact tracing at the branches;
    - Regular disinfection of bank premises; and,
    - Weekly inspection on the compliance with Covid-19 control at the branches and buildings, among others.

3. A Health and Safety Committee meets on a regular basis to review the progress on the implementation of its programs. The Committee is composed of a mix of officers in the Bank headed by the Central Operations Group Head.

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

1. Corporate Center Makati
2. Corporate Center Ortigas
3. Ortigas Avenue, Greenhills
4. Roosevelt Avenue, Greenhills
5. Binondo, Dasmariñas
6. Davao City
7. Karrivin Plaza, Makati
8. BDO Paseo Tower
9. Asian Star, Alabang

Society, Community and the Environment

Corporate Social Responsibility

Through the BDO Foundation, its corporate social responsibility arm, BDO Unibank undertakes initiatives to address the needs of the underprivileged and marginalized members of society. In 2020, the foundation fulfilled its disaster response, financial inclusion, rehabilitation and rebuilding advocacies. It also developed interventions in response to the novel coronavirus pandemic for the benefit of Filipinos most affected by the health crisis.

COVID-19 response programs

BDO Foundation implemented programs designed to help contain COVID-19, support frontliners and help communities severely affected by the pandemic.

The foundation launched the Peso for Peso Donation Drive, inviting BDO personnel, partners, clients and the public to send donations, which the foundation matched peso for peso. The fundraising campaign raised P9.3 million, which helped fund the distribution of food packs to underserved families and the donation of test kits to hospitals in communities with high incidence of COVID-19.

BDO Foundation contributed to the government's RapidPass System, donating 300 smartphones with prepaid loads and 550 power banks. The donation enabled authorities to safely scan QR codes at checkpoints and efficiently facilitate the passage of vehicles of more than 500,000 frontliners in compliance with the enhanced community quarantine.

The foundation also supported ReliefAgad, a web application that automated and accelerated the distribution of financial assistance to beneficiaries of the government's Social Amelioration Program. It helped facilitate one-time passwords to users of the app and ensured that millions of underserved Filipinos received subsidies in a timely and secure manner.

As part of efforts to support underserved communities affected by the pandemic, BDO Foundation donated 10,000 reverse transcription-polymerase chain reaction (RT-PCR) test kits to 10 hospitals located in Bulacan, Cagayan de Oro, Cavite, Iloilo and Metro Manila. The hospitals agreed to use the kits for frontliners and for patients who could not afford the high costs of testing.

The foundation also distributed 8,000 relief packs containing food, rice and drinking water to underprivileged families in barangays still on lockdown in Bacoor, Cavite; Caloocan City; San Jose del Monte, Bulacan; and Santa Rosa, Laguna.

Supported by BDO Foundation, BDO Remit donated 1,900 hygiene kits to overseas Filipino workers (OFWs) stranded at the Ninoy Aquino International Airport and passengers at the Parañaque Integrated Terminal Exchange. The hygiene kits, which were procured through the foundation, contained essential items to help beneficiaries cope with their extended stay in transport terminals.

BDO Foundation funded the pilot implementation of pooled testing in Makati City, Cebu City and Mandaluyong City. Implementation was made possible by Go Negosyo, local government units, the Cebu Chamber of Commerce, Office of the Presidential Assistant for the Visayas, Philippine Children's Medical Center, Philippine Society of Pathologists, University of Cebu Medical Center and Vicente Sotto Memorial Medical Center. The initiative targeted 18,000 market vendors, public utility vehicle drivers and medical frontliners in the aforementioned cities. Considered a game changer in efforts to contain COVID-19, pooled testing combines swab

samples from groups of five, 10 or 20 people and examines them together using a single RT-PCR test kit. The initial results of the pilot tests helped the Department of Health formulate guidelines on the use of pooled testing as an official COVID-19 testing methodology.

As the year came to a close and vaccines started to become available, BDO Foundation partnered with pharmaceutical firm AstraZeneca, the National Task Force Against COVID-19, Go Negosyo and other companies. Through the foundation, BDO Unibank funded the donation of 200,000 doses of vaccines, which the government will make available to frontliners.

Rehabilitation of rural health units

Despite the limitations caused by the pandemic, BDO Foundation reached a major milestone last year. It completed the rehabilitation of 100 rural health units across the country. This project was launched in 2012 and benefits a total of 5.7 million Filipinos. In 2020 alone, the foundation renovated 17 structures with 874,344 people as the ultimate beneficiaries. Supported by the DOH and local government units, this milestone was made possible by officers of BDO and BDO Network Bank branches, who helped identify rural health units that needed assistance and handled local coordination.

The rehabilitation program is in line with the foundation's efforts to help improve the healthcare delivery system, one of the goals under the Philippine health agenda. It is also the foundation's contribution to the achievement of the United Nations Sustainable Development Goal no. 3 to ensure healthy lives and promote the well-being of people of all ages.

BDO Foundation selected rural health units particularly in economically disadvantaged and disaster-affected areas. It significantly improved the health centers' exteriors, reception and waiting areas, offices and clinics, consultation rooms, treatment rooms, pharmacies, furniture and fixtures. Further, the foundation built breastfeeding stations for nursing mothers, play areas for children and waiting lounges for senior citizens.

As a result of these improvements, rural health units received high assessment scores from the DOH and accreditation from PhilHealth. Doctors, nurses and midwives became better equipped to provide primary and maternal health services to their constituents.

Financial education programs

In partnership with the Bangko Sentral ng Pilipinas (BSP) and in support of BSP's National Strategy for Financial Inclusion, BDO Foundation continued to promote financial inclusion programs in partnership with the Department of Education (DepEd), Overseas Workers Welfare Administration (OWWA), Civil Service Commission (CSC) and Armed Forces of the Philippines (AFP). Programs with new partners including the Bureau of Fire Protection (BFP), Bureau of Fisheries and Aquatic Resources (BFAR), and Philippine National Police (PNP) also started.

BDO Foundation and its partners shared financial literacy lessons with public school students, teachers and non-teaching personnel; OFWs and recipients of remittances; civil servants; and uniformed and civilian personnel of the armed forces. Beneficiaries learned lessons on saving, budgeting and financial planning, investments, debt management, the responsible use of credit, entrepreneurship, avoiding scams and retirement planning, among other topics.

In line with the implementation of the programs, the foundation embarked on several key initiatives.

As part of the financial education program for public schools, BDO Foundation helped organize a series of workshops for more than 20 personnel of the DepEd. The workshops, which were

facilitated by consultants from the Asian Development Bank, enabled participants to develop tools to measure the impact of the program on beneficiaries.

The foundation awarded the outstanding financial literacy videos developed by public school students as part of Sineliksik, the video-making competition of DepEd's annual National Festival of Talents. It sponsored the contest, which resulted in the development of 64 learner-generated and learner-appropriate videos that DepEd will use as part of its learning resources.

BDO Foundation helped organize training sessions for trainers tasked to teach financial literacy lessons to target audiences across the country. The training of trainers helped improved the teaching skills of subject matter experts from the aforementioned government agencies. The foundation also developed a training manual for OWWA's Pre-Departure Orientation Seminars. To further support the training initiatives, BDO Foundation produced 10 new financial education videos. A total of 26 financial education videos developed by the foundation can now be used in the training initiatives of its partners.

Relief operations

BDO Foundation continued to mount relief operations all over the country, providing aid in provinces placed under a state of calamity. In 2020, the foundation organized relief efforts in response to earthquakes, the Taal Volcano eruption and Typhoons Ursula, Pepito, Quinta, Rolly and Ulysses for the benefit of 101,400 Filipinos. These were made possible by officers and staff of BDO and BDO Network Bank branches, who made monetary contributions, identified communities that needed assistance, gathered beneficiary information and coordinated relief operations.

Prior to the pandemic, BDO Foundation mobilized employee-volunteers from branches and satellite offices. BDO volunteers visited evacuation sites in cities and towns hit hardest by the disasters to distribute hygiene kits and relief packs containing food, rice and drinking water. As the quarantines were imposed all over the country, the foundation leveraged the support of partner non-governmental organizations, churches, police personnel, the military and local government units for aid distribution.

Other corporate citizenship initiatives

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

In partnership with Mitsubishi Corporation and National University, the foundation provided capacity enhancement training to the Kooperatibang Likas ng Nueva Ecija. The initiative helped improve the financial literacy, productivity and income-generating capability of more than 100 rice farmers in the province.

BDO Foundation repaired seven school buildings it has previously constructed in typhoon-stricken Leyte, Iloilo and Samar. It distributed 12,050 mother- and child-friendly products donated by Beiersdorf, the global skincare company behind the Nivea brand, to beneficiaries all over the country. In partnership with the bank's Branch Banking Group, the foundation distributed food packs to 18,900 underserved families nationwide as part of BDO Unibank's Christmas gift-giving program dubbed Handog sa 'Yo ng BDO.

BDO Foundation will continue to conduct relief operations, rehabilitate rural health units and implement financial education programs, among other corporate citizenship initiatives. It will also continue to implement programs in response to the pandemic. Supported by the BDO Unibank community, the foundation will find ways to give back to underserved sectors of society.

Environmental Initiatives

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

BDO's green financing has been practiced since 2010 and is considered one of the pioneers to have catalyzed sustainable finance in Philippine's banking industry. Through its cooperation with IFC until 2018, the Bank has led financing in green energy investments in Renewable Energy, Energy Efficiency and Green Building projects. In February 2018, BDO was the first to have issued $150 million green bond in the country and East Asia Pacific with IFC as its sole investor. In addition, BDO had a partnership with Japan Bank for International Cooperation to relend its $50 million green facility to environment-related projects focusing on renewable energy in the Philippines in August 2016. Thus, providing our clients with additional financial product that can support their prospective green projects.

Please refer to the Corporate Social Responsibility Section of the 2020 Annual Report and the 2020 Sustainability Report for more details on the Bank's socio-civic programs and initiatives published in our corporate website at (www.bdo.com.ph).

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

BDO Corporate Center Ortigas (BDO CCO) has earned a certification on Leadership in Energy and Environmental Design (LEED), two years after the 47-storey office structure was formally unveiled. It is the first high-rise office-commercial building in the Philippines to achieve a LEED Gold "New Construction Category" Certification. Various sustainable methods were implemented in the construction of the building that steered its LEED accreditation. These include the installation of automated monitoring and control systems as CO2 sensors, occupancy sensors, daylight dimming and timer switches.

- With the help of the CO2 sensors, indoor pollutants are mitigated and help the building steer away from catching the sick building syndrome.
- By deciding to go automated, energy is saved from mechanically turning off or dimming the lights when it does not sense any human activity and when sufficient natural light enters the room.
- Sustainable effort was done by employing dual piping in the plumbing system. Grey water, harvested rainwater and condensate water are recycled and re-used for flushing. The combination of efficient water fixtures and grey water flushing were keys in reducing the total building potable water use by approximately 5,700,000 liters annually.

Since the Bank has started the program in 2010, the Bank has financed 50 renewable energy projects with total installed capacity of 2.2GW including various types of technology such as biomass, geothermal, wind, solar and hydro. This has provided electricity for 1,968, 067 families while reducing greenhouse gas emissions by 4,170,744 tonnes per annum, equivalent to 842,223 passenger vehicles off the road for a year and growing 65,592,410 tree seedlings over a 10-year period.

Through almost a decade, BDO's practice in green financing brings forth solid outcome and basis for establishing Sustainable Finance Framework which provides guidelines and parameters for green and social impact financing. Currently, BDO's green financing accounts for more than 18% of its total loan portfolio inclusive of all industries. With continued innovation in green financing, the Bank has positioned to lead Sustainable Finance across various industries.

Sustainability, climate change and wildlife protection

Equally important to the Bank is our commitment to enhance the sustainability of the environment thru information, education and advocacies. It is a Corporate Partner of the World Wide Fund for Nature (WWF) Philippines, a member of the World Wide Fund for Nature, the world's largest conservation organization. This has allowed BDO to support the organization's various programs since 2010 such as the Bancas for the Philippines, Earth Hour, environmental education, sustainable fisheries in Ilocos and Palawan, marine conservation and research in the Tubbataha Reefs, agroforestry in the Sierra Madre, whale shark ecotourism in Donsol, sustainable tourism in the fabled Ticao Pass in Masbate, and the Tamaraw Conservation Program in Mindoro, forests for water campaign, Calaguas development, and anti-plastic project.

Business Competitors

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

Government and Regulators

The Bank supports the compliance with the spirit, not just the letter, of the laws and regulations of the jurisdictions it operates. All business deals and transactions shall adhere to regulatory requirements and applicable laws particularly on confidentiality of deposits, data privacy and protection, anti-money laundering and other financial crimes, anti-corruption and bribery, insider trading and consumer protection. In 2020, the Bank continued to be active in giving comments on various proposed legislations and regulations.

Transparency and Disclosures

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

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

Required disclosures relating to:

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

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

In particular, BDO released the 2020 audited financial statements on February 27, 2020 or just 58 days after close of the financial year to promote transparency and full disclosure of the results of the operations of the Bank.

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

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

Evaluation System

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

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

On financial reporting, the committee reviews the integrity of the reporting process to ensure the accuracy and reliability of financial statements and compliance with financial reporting standards and disclosure requirements set for listed companies.

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

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

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

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

Board Audit Committee

On financial reporting, the Board Audit Committee (BAC) reviewed and recommended for approval to the Board the quarterly unaudited and annual audited financial statements ensuring compliance with accounting standards and tax regulations. On February 26, 2020, it endorsed for approval of the Board the audited financial statements as of December 31, 2019 including the Notes to the Financial Statements. This was approved by the Board and disclosed to the public on February 27, 2020, 58 days from the financial year-end following the best practice requirement of the ASEAN Corporate Governance Scorecard (ACGS). It believes that the financial statements are fairly presented in conformity with the relevant financial reporting standards in all material aspects. The related internal controls on financial reporting process, compliance with accounting standards, more specifically the changes brought about by the adoption of the Philippine Financial Reporting Standards 9 and 16, were likewise reviewed.

In overseeing the internal audit function, it reviewed and approved the Internal Audit Charter and risk-based audit plan after a thorough review of its scope, audit methodology, risk assessment and rating processes, financial budget, manpower resources, as well as changes to the plan during the year. It reviewed audit reports focusing on high and moderate risk findings relating to operational, financial and compliance controls including risk assessment systems with impact to financial, reputation and information security. It regularly tracked the timely resolution of findings and asked for Management's action plans on items that needed to be addressed. It ensured the Internal Audit's independence and unfettered access to all records, properties and information to be able to fully carry out its function. It also assessed the performance of the Chief Internal Auditor and the internal audit function. The Committee is satisfied that the internal audit function has adequate resources to perform its function effectively.

On external audit, it ensured the independence, qualification, and objectivity of the appointed external auditor, which is accredited by the BSP. It reviewed and discussed the content of the engagement letter, audit plan, scope of work, focus areas, composition of engagement team among others, prior to the commencement of audit work. It comprehensively discussed the external audit reports, focusing on internal controls, risk management, governance and matters with financial impact particularly on the changes in accounting and reporting standards. It reviewed Management's Letter as well as Management's response and action taken on the external auditor's findings and recommendations.

On regulatory compliance, it approved the revised and expanded Table of Organization of Compliance Group to further complement the group to handle the increasing regulatory requirements for the Bank and its subsidiaries. It reviewed and approved the

annual plans and independent compliance testing roadmaps of the Compliance and Anti-Money Laundering Departments. It endorsed for approval of the Board of Directors the revised Regulatory Compliance and Management Manual, Money Laundering/Terrorist Financing Prevention Program Manual, Online Gaming Policy of the Bank and the 1st Anti-Money Laundering/Counter Terrorist Financing (AML/CTF) Institutional Risk Assessment, which incorporates new and amended regulations as well as directives by the BSP in its examinations. It monitored the progress and reviewed the results of the independent compliance and AML testing, timely submission of regulatory and prudential reports, compliance to mandatory ratios, as well as continuous improvement of the compliance and AML systems. It discussed in detail the BSP Reports of Examination including the results of regulatory examinations of the Bank's foreign subsidiaries and reviewed Management's replies, thereby ensuring implementation of corrective actions. It also reviewed legislation and regulatory compliance reports to ensure that the Bank complies with the relevant regulatory requirements. In 2020, the Committee reviewed the performance of the automated system being used by the Compliance Office for its AML function and related party database. It also discussed and assessed the Bank's guidelines on regulatory and AML emerging risks such as online gaming business and investment scams.

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

As part of its commitment to excellent corporate governance, the Committee conducted a self-assessment for its 2019 performance based on its Terms of Reference. The BAC, likewise evaluated the performance of Internal Audit, Compliance and AML departments, and External Audit to ensure their effectiveness and achievement of objectives.

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

The Board Audit Committee is chaired by Atty. Jose F. Buenaventura (Independent Director). Its other members are Mr. Jones M. Castro, Jr., (Lead Independent Director) and Vicente S. Perez, Jr. (Independent Director).

The Board Audit Committee held 11 meetings in 2020 with all members attending all meetings.

Corporate Governance Committee

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

During the year, the Corporate Governance Committee facilitated the compliance of the directors of the Bank and its subsidiaries with the regulatory requirement for an annual corporate governance seminar for Directors as part of their continuing education. The seminar focused on: a) technology trends that are driving a new wave of digital disruption trends and challenges ahead of the ensuing technological innovation; and b) essential anti-money laundering trends. The Committee continued to focus on the Bank's compliance with local and international corporate governance standards. It reviewed and endorsed for Board approval the Bank's 2019 Integrated Annual Corporate Governance Report to the Securities and Exchange Commission (SEC), which documents Bank's compliance with the SEC Code of Corporate Governance. The Committee also reviewed the independent validation by domestic and regional assessors on the Bank's compliance with the ASEAN Corporate Governance Scorecard and provided guidance to Management to improve compliance. It also spearheaded the independent annual Board evaluation survey facilitated by Isla Lipana & Co./PwC Philippines(PwC) covering the performance in 2019 and 2020 of the Board of Directors, Board Committees, Senior Management, each Director, and Board Advisors, as required in the SEC Code of Corporate Governance.

The Independent and Non-Executive Directors, chaired by Lead Independent Director Jones M. Castro, Jr. conducted three (3) executive sessions with the External Auditor, Chief Risk Officer, Chief Compliance Officer and Chief Internal Auditor without the presence of management or any bank executive to discuss various matters or issues outside the Audit Committee and Risk Management Committee meetings. The results of these sessions were discussed with the Bank's Executive Directors.

The Corporate Governance Committee is chaired by Atty. Gilberto C. Teodoro, Jr. (Independent Director). Its members are Mr. Jones M. Castro, Jr. (Lead Independent Director) and Mr. Vicente S. Perez, Jr. (Independent Director).

Below is the attendance of the members for the Committee meetings held as of December 2020:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Gilberto C. Teodoro, Jr.	7	7	100%
Jones M. Castro, Jr.	7	7	100%
Vicente S. Pérez, Jr.	7	7	100%

Measures on leading practices of good corporate governance

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

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

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

Any Deviation from the Manual

None

Improvement on Corporate Governance

The Bank is now in the era of digital transformation and we continue to look at ways to optimize the use of the new technologies to strengthen our corporate governance practices while remaining vigilant on the risk of digitization to our business operations. In ensuring that the Bank stays as the market leader in the Philippine financial services industry, we are focused on maximizing the effectiveness of our corporate governance practices as a business enabler and driver of our performance in the proper context of risks and rewards, opportunities and prospects for the Bank. This is essential going forward as we continue to compete and remain relevant to our various stakeholders. Globally, there is also an increasing call for companies to support the UN Sustainable Development Goals as part of sustainable business performance with emphasis on strategies that promote economic growth, environmental protection, efforts that address a range of social needs and a governance model that considers sustainability issues. BDO continues to be mindful of contributing positive impact on sustainability as it continues to report annually on its sustainability performance and contribution to the UN Sustainable Development Goals.

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

THE BANK WILL PROVIDE WITHOUT CHARGE A COPY OF THE BANK'S ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2020 (SEC FORM 17-A) TO ITS STOCKHOLDERS UPON RECEIPT OF A WRITTEN REQUEST ADDRESSED TO THE CORPORATE SECRETARY, 21ST FLOOR, BDO TOWERS VALERO, 8741 PASEO DE ROXAS, SALCEDO VILLAGE, MAKATI CITY, PHILIPPINES.

ANNEX A

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **BDO Unibank, Inc. and Subsidiaries (the BDO Unibank Group)** and of **BDO Unibank, Inc. (the Parent Bank)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the BDO Unibank Group and the Parent Bank's financial reporting process.

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

Punongbayan & Araullo, the independent auditor appointed by the stockholders, has audited the financial statements of the BDO Unibank Group and the Parent Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Teresita T. Sy
Chairperson of the Board

Nestor V. Tan
President & Chief Executive Officer

Dalmacio D. Martin
Treasurer

Signed this 24th day of February 2021

BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue
Makati City 0726, Philippines
Swift Code BNORPHMM
Tel +63(2) 840 7000

www.bdo.com.ph

SUBSCRIBED and SWORN to before me this 24th day of February, 2021 affiants exhibiting to me their Competent Evidence of Identity (CEI), as follows:

Name	CEI Number	Date & Place Issued
1. Teresita T. Sy	Passport No. – P3927961A SSS No. – 03-2832705-4	08.24.2017/DFA NCR East
2. Nestor V. Tan	Passport No. – P5830111B CTC No. – 26663673	11.23.2020/ DFA NCR East 01.06.2021/Makati
3. Dalmacio D. Martin	Driver's License No. – N11-89-041108 CTC No. – 26674486	02.13.2018/DLRC-Alabang 02.03.2021/Makati

WITNESS BY HAND AND SEAL on the day first above-mentioned at Makati City.

Doc. No. 376
Page No. 77
Book No. 7
Series of 2021

Atty. ATHENA M. ZOSA
Appointment No. M-566
Notary Public until 31 December 2020
14/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
Roll No. 57025
IBP Lifetime Member No. 014576, RSM
PTR No. 8117308, 02 January 2020, Makati City
MCLE Compliance No. VI-0012110, 11 September 2018

*Extended until 30 June 2021 per Supreme Court Resolution dated 01 December 2020 (U.M. No. 3795)

P&A Grant Thornton

An instinct for growth™

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Report of Independent Auditors

The Board of Directors and Stockholders
BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BDO Unibank, Inc. and subsidiaries (collectively referred to as the BDO Unibank Group) and of BDO Unibank, Inc. (the Parent Bank), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BDO Unibank Group and of the Parent Bank as at December 31, 2020 and 2019, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 34 to the financial statements, which describes management's assessment of the continuing impact on the BDO Unibank Group's and the Parent Bank's financial statements of the business disruption brought by the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

(a) Proper Valuation of Loans and Other Receivables

Description of the Matter

The BDO Unibank Group and the Parent Bank are required to recognize allowance for impairment on their loans and other receivables using the expected credit loss (ECL) model in accordance with PFRS 9, *Financial Instruments*. As of December 31, 2020, the BDO Unibank Group and the Parent Bank had loans and other receivables amounting to P2,301,981 million and P2,259,686 million, respectively, net of allowance for impairment of P58,851 million and P56,274 million, respectively. Loans and other receivables are the most significant resources of the BDO Unibank Group and the Parent Bank which account for 68% and 70% of the BDO Unibank Group's and the Parent Bank's total resources, respectively.

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

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

The significant judgments applied and the subjectivity of estimates used by management have further heightened due to the unprecedented impact of COVID-19 pandemic to the BDO Unibank Group and the Parent Bank's loans and receivables. In 2020, the management performed comprehensive review of loan accounts to assess vulnerable loan accounts which resulted in the transfer of the classification of some loans from Stage 1 to either Stage 2 or 3. Further, BDO Unibank Group and the Parent Bank consider the current and forecasted macroeconomic variables in determining the appropriate overlay. Accordingly, the BDO Unibank Group and the Parent Bank have recognized in 2020 impairment losses on loans and other receivables amounting to P30,240 and P29,596, respectively, to provide, among others, for potential pandemic-related delinquencies.

The disclosures of the BDO Unibank Group and the Parent Bank on the allowance for impairment of loans and other receivables, and the related credit risk are included in Notes 4 and 10 to the financial statements.

How the Matter was Addressed in the Audit

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

- testing the design and operating effectiveness of key controls across the processes, as assisted by our own Information Technology specialists, over the loan classification into stages, and the calculation and recognition of the allowance for impairment;
- evaluating appropriateness of the BDO Unibank Group and the Parent Bank's credit policy and loan impairment process as approved by the Board of Directors;
- verifying that the loans are classified to the appropriate stage, and challenging the criteria used to categorize the loan to Stage 1, 2 or 3 in accordance with PFRS 9;
- on a sample basis, evaluating the appropriateness of the credit risk ratings of performing Stage 1 loans to assess appropriateness of credit risk monitoring;
- assessing the appropriateness of the BDO Unibank Group and the Parent Bank's design of the ECL impairment model;
- evaluating the inputs and assumptions, as well as the formulas used in the development of the ECL models for each of the loan portfolio. This includes assessing the appropriateness of the formula and inputs used in determining the probability of default, loss given default and exposure at default;
- for forward-looking information used, evaluating whether the forecasted macro-economic factors, which generally include but not limited to Gross Domestic Product growth, unemployment rate, foreign exchange, stock market index, oil prices and interest rates, were appropriate. In addition, assessing the level of significance of correlation of selected macro-economic factors to the default rates as well as the impact of these variables to the ECL;
- assessing the borrowers' repayment abilities by examining payment history for selected loan accounts;
- on selected non-performing loan accounts, evaluating the management's forecast of recoverable cash flows based on agreed restructuring agreement, actual payment pattern after the restructuring, valuation of collaterals and estimates of recovery from other sources of collection;
- evaluating the appropriateness of the comprehensive review performed by the management in recognizing the pre-emptive allowance for impairment on loans and other receivables to provide for potential pandemic-related delinquencies;
- assessing the impact of the non-recognition of loan modification gain or loss on the underlying loan modification database by agreeing a representative sample of modified loans to the related documentation made and agreed with customers or other supporting information and determining the potential amount of modification gain or loss; and,

- assessing the compliance with *Bayanihan to Heal as One Act* and to *Recover as One Act* in granting loan moratoria to qualified customers under the said Laws.

(b) Valuation of Financial Instruments

Description of the Matter

The fair valuation of financial instruments of the BDO Unibank Group and the Parent Bank is considered a key area of focus in our audit due to the use of inputs from external sources in computing the market value of these financial instruments. For some financial instruments such as derivatives, the determination of fair value includes the use of estimates by the management. The fair value of derivative financial instruments is usually determined using the discounted cash flow approach. To the extent practicable, models use observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

As of December 31, 2020, the derivative financial assets and derivatives with negative fair values of the BDO Unibank Group that are carried at fair value amounted to P4,468 million and P4,129 million, respectively, while that of the Parent Bank amounted to P1,769 million and P2,001 million, respectively.

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

How the Matter was Addressed in the Audit

Our audit procedures, included among others, the following:

- testing of controls over the valuation process of the BDO Unibank Group and the Parent Bank on financial instruments, particularly the measurement of derivative valuation adjustments;

- evaluating whether fair value prices used were appropriate by testing the inputs against reliable market sources such as Philippine Interbank Reference Rate and London Inter-Bank Offered Rate;

- recomputing the fair values based on the inputs and compared with the market values used by the BDO Unibank Group and the Parent Bank; and,

- reviewing the formulas used in fair market valuation.

(c) Carrying Value of Goodwill and Other Intangible Assets with Indefinite Useful Lives

Description of the Matter

BDO Unibank Group has goodwill of P4,535 million, with allowance for impairment of P1,460 million, as of December 31, 2020, and the significant portion of which relates to the acquisition of BDO Network Bank, Inc. (BDO Network). Furthermore, the BDO Unibank Group and the Parent Bank have other intangible assets amounting to P5,707 million and P5,541 million, respectively.

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

The BDO Unibank Group's disclosures about goodwill and other intangible assets are included in Notes 2, 3 and 14 to the financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to impairment of goodwill and other intangible assets included, among others, evaluating the appropriateness of assumptions and methodologies used by the management, in particular, those relating to the forecasted statement of financial position and statement of income as well as the discount rate used. We have involved our Firm valuation specialist to assist in evaluating the appropriateness of assumptions used in estimating the recoverable amount of CGUs. In addition, our audit of the financial statements of BDO Network as of and for the year ended December 31, 2020 did not identify events or conditions that may cast significant doubt on BDO Network's ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises the information included in the BDO Unibank Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A, and Annual Report for the year ended December 31, 2020, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

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

Those charged with governance are responsible for overseeing the BDO Unibank Group's and the Parent Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BDO Unibank Group's and the Parent Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BDO Unibank Group's and the Parent Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the BDO Unibank Group and the Parent Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the BDO Unibank Group and the Parent Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 30 to the financial statements, the Parent Bank presented the supplementary information required by the Bureau of Internal Revenue under Revenue Regulations (RR) No. 15-2010 in a supplementary schedule filed separately from the basic financial statements. RR No. 15-2010 requires the supplementary information to be presented in the notes to the financial statements. The supplementary information for the year ended December 31, 2020 and 2019 required by the BSP as disclosed in Note 35 to the financial statements is presented for purposes of additional analysis. Such supplementary information required by BIR and BSP is the responsibility of management. The supplementary information is not a required part of the basic financial statements prepared in accordance with PFRS; it is not also a required disclosure under the Revised Securities Regulation Code Rule 68 of the SEC.

The engagement partner on the audits resulting in this independent auditors' report is Romualdo V. Murcia III.

PUNONGBAYAN & ARAULLO

By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 8533234, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-4 (until Sept. 4, 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-022-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

February 24, 2021

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Millions of Philippine Pesos)

	Notes	BDO Unibank Group		Parent Bank	
		2020	2019	**2020**	2019
RESOURCES					
CASH AND OTHER CASH ITEMS	7	**P 74,851**	P 64,140	**P 72,301**	P 62,726
DUE FROM BANGKO SENTRAL NG PILIPINAS	7	**308,636**	309,040	**305,079**	306,938
DUE FROM OTHER BANKS	8	**65,289**	38,956	**63,281**	35,820
TRADING AND INVESTMENT SECURITIES	9	**508,810**	435,905	**399,456**	345,278
LOANS AND OTHER RECEIVABLES - Net	10	**2,301,981**	2,225,777	**2,259,686**	2,175,655
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	11, 12	**44,330**	46,551	**40,832**	42,494
INVESTMENT PROPERTIES - Net	13	**15,851**	16,911	**11,835**	12,595
OTHER RESOURCES - Net	14	**55,152**	51,578	**82,913**	81,594
TOTAL RESOURCES		**P 3,374,900**	P 3,188,858	**P 3,235,383**	P 3,063,100
LIABILITIES AND EQUITY					
DEPOSIT LIABILITIES	16	**P 2,610,151**	P 2,485,228	**P 2,548,291**	P 2,438,737
BILLS PAYABLE	17	**209,744**	167,524	**202,867**	147,321
SUBORDINATED NOTES PAYABLE	18	**-**	10,030	**-**	10,030
INSURANCE CONTRACT LIABILITIES	19	**58,410**	42,473	**-**	-
OTHER LIABILITIES	20	**103,574**	113,016	**92,171**	97,802
Total Liabilities		**2,981,879**	2,818,271	**2,843,329**	2,693,890
EQUITY	21				
Attributable to:					
Shareholders of the Parent Bank		**391,423**	368,932	**392,054**	369,210
Non-controlling Interests		**1,598**	1,655	**-**	-
		393,021	370,587	**392,054**	369,210
TOTAL LIABILITIES AND EQUITY		**P 3,374,900**	P 3,188,858	**P 3,235,383**	P 3,063,100

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Millions of Philippine Pesos Except Per Share Data)

	Notes	BDO Unibank Group			Parent Bank		
		2020	2019	2018	**2020**	2019	2018
INTEREST INCOME	22	**P 157,031**	P 160,572	P 129,040	**P 149,697**	P 153,081	P 122,615
INTEREST EXPENSE	23	**23,331**	40,681	30,748	**22,400**	38,581	28,720
NET INTEREST INCOME		**133,700**	119,891	98,292	**127,297**	114,500	93,895
IMPAIRMENT LOSSES - Net	9, 10, 14, 15	**30,240**	6,166	6,286	**29,596**	5,699	5,700
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**103,460**	113,725	92,006	**97,701**	108,801	88,195
OTHER OPERATING INCOME	24	**55,210**	60,111	50,429	**37,254**	43,145	35,823
OTHER OPERATING EXPENSES	24	**112,640**	114,649	98,789	**90,067**	94,337	81,794
PROFIT BEFORE TAX		**46,030**	59,187	43,646	**44,888**	57,609	42,224
TAX EXPENSE	30	**17,776**	15,019	11,007	**16,282**	13,376	9,512
NET PROFIT		**P 28,254**	P 44,168	P 32,639	**P 28,606**	P 44,233	P 32,712
Attributable to:							
Shareholders of the Parent Bank		**P 28,246**	P 44,194	P 32,708			
Non-controlling Interests		**8**	(26)	(69)			
		P 28,254	P 44,168	P 32,639			
Earnings Per Share:	31						
Basic		**P 6.37**	P 10.02	P 7.40			
Diluted		**P 6.37**	P 10.02	P 7.40			

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Millions of Philippine Pesos)

	Notes	BDO Unibank Group			Parent Bank		
		2020	2019	2018	**2020**	2019	2018
NET PROFIT		**P 28,254**	P 44,168	P 32,639	**P 28,606**	P 44,233	P 32,712
OTHER COMPREHENSIVE INCOME (LOSS)							
Items that are or will be reclassified subsequently to profit or loss:							
Net unrealized gains (losses) on debt investments at fair value through other comprehensive income (FVOCI), net of tax	9	**4,069**	7,583	(4,984)	**2,381**	3,659	(2,475)
Transfer of realized losses (gains) on disposed debt investments at FVOCI to statements of income, net of tax		**(50)**	228	(143)	**(147)**	(7)	(11)
Impairment losses on debt investments at FVOCI	9	**37**	13	18	**36**	5	5
Net gains (losses) on FVOCI securities, net of tax		**4,056**	7,824	(5,109)	**2,270**	3,657	(2,481)
Translation adjustment related to foreign operations		**(44)**	(1)	34	**(8)**	(5)	1
		4,012	7,823	(5,075)	**2,262**	3,652	(2,480)
Items that will not be reclassified to profit or loss:							
Remeasurement on life insurance reserves		**(6,070)**	(5,046)	3,655	**-**	-	-
Actuarial gain (losses) on remeasurement of retirement benefit obligation, net of tax	25	**764**	(2,355)	(2,088)	**732**	(2,240)	(2,052)
Unrealized gains (losses) on equity investments at FVOCI, net of tax	9	**579**	79	(1,210)	**869**	(181)	54
		(4,727)	(7,322)	357	**1,601**	(2,421)	(1,998)
Share in other comprehensive income (loss) of subsidiaries and associates accounted for under equity method		**(10)**	14	(9)	**(4,610)**	34	(220)
Other Comprehensive Income (Loss), net of tax		**(725)**	515	(4,727)	**(747)**	1,265	(4,698)
TOTAL COMPREHENSIVE INCOME		**P 27,529**	P 44,683	P 27,912	**P 27,859**	P 45,498	P 28,014
Attributable to:							
Shareholders of the Parent Bank		**P 27,505**	P 44,675	P 28,025			
Non-controlling Interests		**24**	8	(113)			
		P 27,529	P 44,683	P 27,912			

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Millions of Philippine Pesos)

		BDO Unibank Group															
	Notes	Common Stock	Preferred Stock	Additional Paid-in Capital	Surplus Reserves	Other Reserves	Surplus Free	Net Unrealized Fair Value Gains (Losses) on FVOCI	Accumulated Actuarial Losses	Revaluation Increment	Remeasurement on Life Insurance Reserves	Accumulated Translation Adjustment	Accumulated Share in Other Comprehensive Income (Loss) of Associates	Total Attributable to Shareholders of the Parent Bank	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020		P 43,814	P 5,150	P 124,049	P 18,362	P 12	P 192,333	(P 1,741)	(P 11,224)	P 955	(P 2,789)	P 11	P -	P 368,932	P 1,655	P 370,587
Transactions with owners	21															
Issuance of shares during the year		28	-	278	-	-	-	-	-	-	-	-	-	306	-	306
Options transferred during the year		-	-	-	(54)	-	-	-	-	-	-	-	-	(54)	-	(54)
Options expensed during the year		-	-	-	316	-	-	-	-	-	-	-	-	316	-	316
Cash dividends		-	-	-	-	-	(5,600)	-	-	-	-	-	-	(5,600)	-	(5,600)
		28	-	278	262	-	(5,600)	-	-	-	-	-	-	(5,032)	-	(5,032)
Total comprehensive income (loss)		-	-	-	-	-	28,246	4,634	765	-	(6,070)	(60)	(10)	27,505	24	27,529
Transfer from Surplus Free																
Trust reserve	21, 27	-	-	-	272	-	(272)	-	-	-	-	-	-	-	-	-
Reversal of appropriation		-	-	-	(209)	-	209	-	-	-	-	-	-	-	-	-
Reversal of appropriation of excess GLLP over ECL		-	-	-	(830)	-	830	-	-	-	-	-	-	-	-	-
Other reserves	21	-	-	-	107	-	(107)	-	-	-	-	-	-	-	-	-
		-	-	-	(660)	-	660	-	-	-	-	-	-	-	-	-
Disposals of equity securities classified as fair value through other comprehensive income (FVOCI)		-	-	-	-	-	(1,109)	1,115	-	-	-	-	-	6	-	6
Other adjustments																
Change in ownership interest in subsidiaries	29	-	-	-	-	17	(5)	-	-	-	-	-	-	12	(81)	(69)
		-	-	-	-	17	(5)	-	-	-	-	-	-	12	(81)	(69)
BALANCE AT DECEMBER 31, 2020		**P 43,842**	**P 5,150**	**P 124,327**	**P 17,964**	**P 29**	**P 214,525**	**P 4,008**	**(P 10,459)**	**P 955**	**(P 8,859)**	**(P 49)**	**(P 10)**	**P 391,423**	**P 1,598**	**P 393,021**
BALANCE AT JANUARY 1, 2019																
As previously stated		P 43,740	P 5,150	P 123,377	P 14,788	P 9	P 156,327	(P 10,390)	(P 8,893)	P 1,008	P 2,257	P 13	(P 14)	P 327,372	P 777	P 328,149
Effect of adoption of PFRS 16	2	-	-	-	-	-	(847)	-	-	-	-	-	-	(847)	-	(847)
As restated		43,740	5,150	123,377	14,788	9	155,480	(10,390)	(8,893)	1,008	2,257	13	(14)	326,525	777	327,302
Transactions with owners	21															
Issuance of shares during the year		74	-	672	-	-	-	-	-	-	-	-	-	746	-	746
Options transferred during the year		-	-	-	860	-	-	-	-	-	-	-	-	860	-	860
Options expensed during the year		-	-	-	890	-	-	-	-	-	-	-	-	890	-	890
Cash dividends		-	-	-	-	-	(5,593)	-	-	-	-	-	-	(5,593)	-	(5,593)
		74	-	672	1,750	-	(5,593)	-	-	-	-	-	-	(3,097)	-	(3,097)
Total comprehensive income (loss)		-	-	-	-	-	44,194	7,862	(2,347)	-	(5,046)	(2)	14	44,675	8	44,683
Transfer from Surplus Free																
Trust reserve	21, 27	-	-	-	272	-	(272)	-	-	-	-	-	-	-	-	-
Other reserves	21	-	-	-	1,552	-	(1,552)	-	-	-	-	-	-	-	-	-
		-	-	-	1,824	-	(1,824)	-	-	-	-	-	-	-	-	-
Disposals of equity securities classified as FVOCI		-	-	-	-	-	(689)	729	-	-	-	-	-	40	-	40
Other adjustments																
Change in ownership interest in subsidiaries	29	-	-	-	-	3	689	58	16	-	-	-	-	766	870	1,636
Disposal of properties	21	-	-	-	-	-	76	-	-	(53)	-	-	-	23	-	23
		-	-	-	-	3	765	58	16	(53)	-	-	-	789	870	1,659
BALANCE AT DECEMBER 31, 2019		P 43,814	P 5,150	P 124,049	P 18,362	P 12	P 192,333	(P 1,741)	(P 11,224)	P 955	(P 2,789)	P 11	P -	P 368,932	P 1,655	P 370,587
BALANCE AT JANUARY 1, 2018		P 43,690	P 5,150	P 122,966	P 12,874	P 11	P 131,519	(P 4,520)	(P 6,805)	P 1,008	(P 1,398)	(P 21)	(P 5)	P 304,469	P 869	P 305,338
Transactions with owners	21															
Issuance of shares during the year		50	-	411	-	-	-	-	-	-	-	-	-	461	-	461
Cash dividends		-	-	-	-	-	(5,585)	-	-	-	-	-	-	(5,585)	(27)	(5,612)
		50	-	411	-	-	(5,585)	-	-	-	-	-	-	(5,124)	(27)	(5,151)
Total comprehensive income (loss)		-	-	-	-	-	32,708	(6,275)	(2,088)	-	3,655	34	(9)	28,025	(113)	27,912
Transfer from Surplus Free																
Trust reserve	21, 27	-	-	-	251	-	(251)	-	-	-	-	-	-	-	-	-
Reversal of appropriations during the year	21	-	-	-	(207)	-	207	-	-	-	-	-	-	-	-	-
Other reserves	21	-	-	-	1,870	-	(1,870)	-	-	-	-	-	-	-	-	-
		-	-	-	1,914	-	(1,914)	-	-	-	-	-	-	-	-	-
Disposals of equity securities classified as FVOCI		-	-	-	-	-	(401)	405	-	-	-	-	-	4	-	4
Other adjustments	29															
Additional capital contribution to a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	49	49
Change in ownership interest in subsidiaries		-	-	-	-	(2)	-	-	-	-	-	-	-	(2)	(1)	(3)
		-	-	-	-	(2)	-	-	-	-	-	-	-	(2)	48	46
BALANCE AT DECEMBER 31, 2018		P 43,740	P 5,150	P 123,377	P 14,788	P 9	P 156,327	(P 10,390)	(P 8,893)	P 1,008	P 2,257	P 13	(P 14)	P 327,372	P 777	P 328,149

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Millions of Philippine Pesos)

		Parent Bank											
	Notes	Common Stock	Preferred Stock	Additional Paid-in Capital	Surplus Reserves	Surplus Free	Net Unrealized Fair Value Gains (Losses) on FVOCI	Accumulated Actuarial Losses	Revaluation Increment	Accumulated Translation Adjustment	Accumulated Share in Other Comprehensive Income (Loss) of Subsidiaries and Associates	Total Equity
BALANCE AT JANUARY 1, 2020		P 43,814	P 5,150	P 124,030	P 17,387	P 191,735	(P 828)	(P 10,744)	P 952	(P 6)	(P 2,280)	P 369,210
Transactions with owners	21											
Issuance of shares during the year		28	-	278	-	-	-	-	-	-	-	306
Options transferred during the year		-	-	-	(54)	-	-	-	-	-	-	(54)
Options expensed during the year		-	-	-	316	-	-	-	-	-	-	316
Cash dividends		-	-	-	-	(5,600)	-	-	-	-	-	(5,600)
		28	-	278	262	(5,600)	-	-	-	-	-	(5,032)
Total comprehensive income (loss)		-	-	-	-	28,606	3,139	732	-	(8)	(4,610)	27,859
Transfer from Surplus Free												
Trust reserve	21, 27	-	-	-	223	(223)	-	-	-	-	-	-
Reversal of appropriation of excess GLLP over ECL		-	-	-	(827)	827	-	-	-	-	-	-
Other reserves	21	-	-	-	40	(40)	-	-	-	-	-	-
		-	-	-	(564)	564	-	-	-	-	-	-
Disposals of equity securities classified as fair value through other comprehensive income (FVOCI)		-	-	-	-	(1,109)	148	-	-	-	967	6
Other adjustment												
Change in ownership interest in subsidiaries	14, 29	-	-	-	-	11	-	-	-	-	-	11
		-	-	-	-	11	-	-	-	-	-	11
BALANCE AT DECEMBER 31, 2020		**P 43,842**	**P 5,150**	**P 124,308**	**P 17,085**	**P 214,207**	**P 2,459**	**(P 10,012)**	**P 952**	**(P 14)**	**(P 5,923)**	**P 392,054**
BALANCE AT JANUARY 1, 2019												
As previously stated		P 43,740	P 5,150	P 123,358	P 13,885	P 155,583	(P 4,281)	(P 8,504)	P 1,005	(P 1)	(P 2,314)	P 327,621
Effect of adoption of PFRS 16	2	-	-	-	-	(856)	-	-	-	-	-	(856)
As restated		43,740	5,150	123,358	13,885	154,727	(4,281)	(8,504)	1,005	(1)	(2,314)	326,765
Transactions with owners	21											
Issuance of shares during the year		74	-	672	-	-	-	-	-	-	-	746
Options transferred during the year		-	-	-	860	-	-	-	-	-	-	860
Options expensed during the year		-	-	-	890	-	-	-	-	-	-	890
Cash dividends		-	-	-	-	(5,593)	-	-	-	-	-	(5,593)
		74	-	672	1,750	(5,593)	-	-	-	-	-	(3,097)
Total comprehensive income (loss)		-	-	-	-	44,233	3,476	(2,240)	-	(5)	34	45,498
Transfer from Surplus Free												
Trust reserve	21, 27	-	-	-	189	(189)	-	-	-	-	-	-
Other reserves	21	-	-	-	1,563	(1,563)	-	-	-	-	-	-
		-	-	-	1,752	(1,752)	-	-	-	-	-	-
Disposals of equity securities classified as FVOCI		-	-	-	-	(689)	(23)	-	-	-	-	(712)
Other adjustment												
Change in ownership interest in subsidiaries	14, 29	-	-	-	-	733	-	-	-	-	-	733
Disposal of properties	21	-	-	-	-	76	-	-	(53)	-	-	23
		-	-	-	-	809	-	-	(53)	-	-	756
BALANCE AT DECEMBER 31, 2019		P 43,814	P 5,150	P 124,030	P 17,387	P 191,735	(P 828)	(P 10,744)	P 952	(P 6)	(P 2,280)	P 369,210
BALANCE AT JANUARY 1, 2018		P 43,690	P 5,150	P 122,947	P 11,880	P 130,779	(P 1,856)	(P 6,452)	P 1,005	(P 2)	(P 2,497)	P 304,644
Transactions with owners	21											
Issuance of shares during the year		50	-	411	-	-	-	-	-	-	-	461
Cash dividends		-	-	-	-	(5,585)	-	-	-	-	-	(5,585)
		50	-	411	-	(5,585)	-	-	-	-	-	(5,124)
Total comprehensive income (loss)		-	-	-	-	32,712	(2,427)	(2,052)	-	1	220	28,014
Transfer from Surplus Free												
Trust reserve	21, 27	-	-	-	181	(181)	-	-	-	-	-	-
Other reserves	21	-	-	-	1,824	(1,824)	-	-	-	-	-	-
		-	-	-	2,005	(2,005)	-	-	-	-	-	-
Disposals of equity securities classified as FVOCI		-	-	-	-	(401)	2	-	-	-	403	4
Other adjustment												
Change in ownership interest in subsidiaries	14, 29	-	-	-	-	83	-	-	-	-	-	83
BALANCE AT DECEMBER 31, 2018		P 43,740	P 5,150	P 123,358	P 13,885	P 155,583	(P 4,281)	(P 8,504)	P 1,005	(P 1)	(P 2,314)	P 327,621

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Millions of Philippine Pesos)

	Notes	BDO Unibank Group			Parent Bank		
		2020	2019	2018	**2020**	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		**P 46,030**	P 59,187	P 43,646	**P 44,888**	P 57,609	P 42,224
Adjustments for:							
Interest income	22	**(157,031)**	(160,572)	(129,040)	**(149,697)**	(153,081)	(122,615)
Interest received		**153,406**	159,329	125,410	**148,136**	151,900	119,115
Interest paid		**(30,425)**	(44,705)	(23,833)	**(29,834)**	(43,136)	(21,948)
Interest expense	23	**23,331**	40,681	30,748	**22,400**	38,581	28,720
Depreciation and amortization	11, 13, 14	**9,190**	8,850	5,776	**7,935**	7,564	4,555
Impairment losses	9, 10, 14, 15	**30,240**	6,166	6,286	**29,596**	5,699	5,700
Share in net profit of subsidiaries and associates	14	**(470)**	(696)	(631)	**(3,839)**	(6,046)	(2,740)
Fair value losses (gains)		**(68)**	597	672	**67**	1,093	(476)
Operating profit before changes in operating resources and liabilities		**74,203**	68,837	59,034	**69,652**	60,183	52,535
Decrease (increase) in financial assets at fair value through profit or loss		**(9,976)**	(7,374)	1,048	**(1,222)**	(1,040)	487
Increase in loans and other receivables		**(59,366)**	(192,119)	(265,648)	**(70,019)**	(194,417)	(266,500)
Increase in investment properties		**(194)**	(1,058)	(2,113)	**(392)**	(1,014)	(2,107)
Increase in other resources		**(16,212)**	(16,129)	(13,823)	**(14,039)**	(13,265)	(8,121)
Increase in deposit liabilities		**126,307**	66,043	297,683	**110,989**	77,148	315,718
Increase in insurance contract liabilities		**9,867**	8,921	6,175	**-**	-	-
Increase in other liabilities		**5,479**	22,660	18,587	**9,201**	22,703	13,935
Cash generated from (used in) operations		**130,108**	(50,219)	100,943	**104,170**	(49,702)	105,947
Cash paid for income tax		**(15,857)**	(13,555)	(10,631)	**(14,872)**	(11,861)	(9,087)
Net Cash From (Used in) Operating Activities		**114,251**	(63,774)	90,312	**89,298**	(61,563)	96,860
CASH FLOWS FROM INVESTING ACTIVITIES							
Acquisitions of investment securities at amortized cost	9	**(116,777)**	(79,199)	(87,158)	**(111,208)**	(78,983)	(60,406)
Acquisitions of securities at fair value through other comprehensive income (FVOCI)	9	**(197,175)**	(58,665)	(40,130)	**(162,827)**	(39,656)	(17,629)
Maturities of investment securities at amortized cost		**92,978**	51,579	54,036	**90,040**	48,746	26,154
Proceeds from disposals of securities at FVOCI		**162,288**	41,889	24,417	**132,444**	25,820	8,387
Acquisitions of premises, furniture, fixtures and equipment	11	**(3,089)**	(4,397)	(8,135)	**(2,570)**	(3,446)	(6,920)
Proceeds from disposals of premises, furniture, fixtures and equipment		**131**	310	230	**22**	165	125
Net Cash Used in Investing Activities		**(61,644)**	(48,483)	(56,740)	**(54,099)**	(47,354)	(50,289)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from bills payable	17	**375,207**	510,151	297,475	**181,674**	132,467	116,744
Payments of bills payable	17	**(327,299)**	(482,251)	(289,925)	**(120,527)**	(99,044)	(110,166)
Dividends paid	21	**(5,600)**	(5,593)	(5,612)	**(5,600)**	(5,593)	(5,585)
Payments of lease liabilities	12	**(2,940)**	(3,122)	-	**(2,828)**	(3,076)	-
Proceeds from issuance of common stock	21	**306**	746	461	**306**	746	461
Redemption of subordinated notes payable	18	**(10,000)**	-	-	**(10,000)**	-	-
Net Cash From Financing Activities		**29,674**	19,931	2,399	**43,025**	25,500	1,454
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS *(Carried Forward)*		**P 82,281**	(P 92,326)	P 35,971	**P 78,224**	(P 83,417)	P 48,025

	Notes	BDO Unibank Group			Parent Bank		
		2020	2019	2018	**2020**	2019	2018
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS *(Brought Forward)*		**P 82,281**	(P 92,326)	P 35,971	**P 78,224**	(P 83,417)	P 48,025
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR							
Cash and other cash items	7	**64,140**	53,749	45,006	**62,726**	52,492	43,882
Due from Bangko Sentral ng Pilipinas (BSP)	7	**309,040**	354,132	353,308	**306,938**	349,017	340,596
Due from other banks	8	**38,956**	55,292	51,479	**35,820**	48,780	41,088
Investment securities at amortized cost	9	**308**	9,168	2,097	**308**	6,490	2,097
Securities purchased under reverse repurchase agreement (SPURRA)	10	**-**	22,009	18,260	**-**	22,009	14,872
Interbank loans receivables	10	**31,277**	42,214	31,576	**31,277**	42,214	31,576
Foreign currency notes and coins (FCNC)	14	**5,345**	4,828	3,695	**5,344**	4,828	3,694
		449,066	541,392	505,421	**442,413**	525,830	477,805
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and other cash items	7	**74,851**	64,140	53,749	**72,301**	62,726	52,492
Due from BSP	7	**308,636**	309,040	354,132	**305,079**	306,938	349,017
Due from other banks	8	**65,289**	38,956	55,292	**63,281**	35,820	48,780
Investment securities at amortized cost	9	**164**	308	9,168	**164**	308	6,490
SPURRA	10	**16,729**	-	22,009	**14,135**	-	22,009
Interbank loans receivables	10	**57,100**	31,277	42,214	**57,100**	31,277	42,214
FCNC	14	**8,578**	5,345	4,828	**8,577**	5,344	4,828
		P 531,347	P 449,066	P 541,392	**P 520,637**	P 442,413	P 525,830

Supplemental Information on Noncash Financing and Investing Activities

The following are the significant noncash transactions:

a. The BDO Unibank Group and the Parent Bank foreclosed real and other properties totalling to P13,757 and P13,743, respectively, in 2020 , P14,009 and P13,780, respectively, in 2019 and P13,032 and P12,834, respectively, in 2018 in settlement of certain loan accounts (see Note 13).

b. The BDO Unibank Group and the Parent Bank recognized additional right-of-use assets amounting to P1,775 and P1,628, respectively, in 2020 and P2,801 and P2,693, respectively, in 2019 which are presented as part of Premises, Furnitures, Fixtures and Equipment (see Notes 11 and 12).

Other Information

Certain investment securities at amortized cost, SPURRA, interbank loans receivables, and FCNC are included as part of cash and cash equivalents for cash flow purposes but are presented as part of Trading and Investment Securities, Loans and Other Receivables, and Other Resources, respectively, in the statements of financial position (see Note 2.5).

See Notes to Financial Statements.

BDO UNIBANK, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Millions of Philippine Pesos, Except Per Share Data or As Indicated)

1. CORPORATE MATTERS

1.1 Incorporation and Operations

BDO Unibank, Inc. (BDO Unibank, BDO or the Parent Bank) was incorporated in the Philippines on December 20, 1967 to engage in the business of banking. It was authorized to engage in trust operations on January 5, 1988 and in foreign currency deposit operations on November 23, 1990. The Bangko Sentral ng Pilipinas (BSP) granted approval to the Parent Bank to operate as an expanded commercial bank on August 5, 1996. The Parent Bank commenced operations as such in September of the same year. The Parent Bank and its subsidiaries (collectively referred to as BDO Unibank Group) offer a wide range of banking services such as commercial banking, investment banking, private banking, insurance and other banking services. These services include traditional loan and deposit products, as well as treasury, asset management, realty management, leasing and finance, remittance, trade services, retail cash cards, life insurance and insurance brokerage, credit card services, stock brokerage, trust and others.

As a banking institution, BDO Unibank Group's operations are regulated and supervised by the BSP. In this regard, BDO Unibank Group is required to comply with the rules and regulations of the BSP such as those relating to maintenance of reserve requirements on deposit liabilities and deposit substitutes and those relating to the adoption and use of safe and sound banking practices, among others, as promulgated by the BSP. BDO Unibank Group is subject to the provisions of the General Banking Law of 2000 or Republic Act (RA) No. 8791.

The Parent Bank's common shares are listed in the Philippine Stock Exchange (PSE). As of December 31, 2020, BDO Unibank Group had 1,472 branches (including two foreign branches), 2,539 on-site and 1,898 off-site automated teller machines (ATMs), 599 cash accept machines (CAMs), 5 self-service teller machines (STMs) and 2 mobile automated teller machines. As of December 31, 2020, the Parent Bank had 1,184 branches (including two foreign branches), 2,307 on-site and 1,855 off-site ATMs, 599 CAMs, 5 STMs and 2 mobile ATMs. The Parent Bank's registered address is at BDO Corporate Center, 7899 Makati Avenue, Makati City.

BDO Unibank Group operates mainly within the Philippines with banking branches in Hong Kong and Singapore, a real estate and holding company in Europe, and various remittance subsidiaries operating in Asia, Europe, Canada and the United States. These foreign operations accounted for 1.0%, 1.1% and 1.3% of BDO Unibank Group's total revenues in 2020, 2019 and 2018, respectively, and 1.9% and 1.8% of BDO Unibank Group's total resources as of December 31, 2020 and 2019, respectively. BDO Unibank Group's subsidiaries and associates are shown in Notes 2.3 and 14.2.

1.2 Approval of Financial Statements

The financial statements of the BDO Unibank Group and the Parent Bank as of and for the year ended December 31, 2020 (including the comparative financial statements as of December 31, 2019 and for the years ended December 31, 2019 and 2018) were authorized for issue by the Parent Bank's Board of Directors (BOD) on February 24, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Financial Reporting Standards in the Philippines

The consolidated financial statements of BDO Unibank Group and the separate financial statements of the Parent Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC), from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of resources, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The BDO Unibank Group and the Parent Bank present a statement of comprehensive income separate from the statement of income.

The BDO Unibank Group and the Parent Bank present a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

In 2019, the BDO Unibank Group and the Parent Bank adopted PFRS 16, *Leases,* which was applied using the transitional relief allowed by the standard. This allows the BDO Unibank Group and the Parent Bank not to restate its prior periods' financial statements. The impact of the adoption of PFRS 16 resulted in the decrease of balances as of January 1, 2019 of Surplus Free amounting to P847 and P856 for the BDO Unibank Group and Parent Bank, respectively.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the BDO Unibank Group and the Parent Bank's functional and presentation currency, and all values are presented in millions, except for per share data or when otherwise indicated (see also Note 2.22).

Items included in the financial statements of the BDO Unibank Group and the Parent Bank are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the BDO Unibank Group and the Parent Bank operate.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2020 that are Relevant to the BDO Unibank Group and the Parent Bank

The BDO Unibank Group and the Parent Bank adopted for the first time the following amendments to PAS or PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2020:

Conceptual Framework	:	Revised Conceptual Framework for Financial Reporting
PAS 1 and PAS 8 (Amendments)	:	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
PFRS 3 (Amendments)	:	Business Combinations – Definition of a Business
PFRS 7 and PFRS 9 (Amendments)	:	Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform
PFRS 16 (Amendments)	:	Leases – Coronavirus Disease 2019 (COVID-19)-Related Rent Concessions

Discussed below and in the succeeding pages are the relevant information about these amendments to existing standards.

(i) *Revised Conceptual Framework for Financial Reporting.* The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the BDO Unibank Group and the Parent Bank's financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements,* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.* The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the BDO Unibank Group and the Parent Bank's financial statements.

(iii) PFRS 3 (Amendments), *Business Combinations – Definition of a Business.* The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The application of these amendments had no significant impact on the BDO Unibank Group and the Parent Bank's financial statements.

(iv) PFRS 7 (Amendments), *Financial Instruments: Disclosures,* and PFRS 9 (Amendments), *Financial Instruments – Interest Rate Benchmark Reform*. The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the BDO Unibank Group and the Parent Bank's financial statements.

(v) The BDO Unibank Group and the Parent Bank elected to adopt early PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions*, which is effective for annual reporting periods beginning on or after June 30, 2020. The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The BDO Unibank Group and Parent Bank applied this practical expedient to all its leases where it received rent concessions to leases involving its land and bank premises. As a result, both the BDO Unibank Group and Parent Bank recognized P445 to reflect changes in lease payments that arose from rent concessions, which is presented as part of Occupancy under Other Operating Expenses in the statements of income for the year ended December 31, 2020 (see Note 24).

(b) Effective Subsequent to 2020 but not Adopted Early

There are new PFRS and amendments to existing standards effective for annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the BDO Unibank Group and the Parent Bank's financial statements.

(i) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022). The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract* (effective January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the BDO Unibank Group:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*. The improvements clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The improvement merely removes from the example the illustration of the reimbursement of leasehold improvements by lessor in order to resolve any potential confusion regarding the treatment of lease incentives.

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(vi) PFRS 10 (Amendments), *Consolidated Financial Statements,* and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(vii) PFRS 17, *Insurance Contracts* (effective January 1, 2023). The new standard will eventually replace PFRS 4, *Insurance Contracts.* The Insurance Commission (IC), through its Circular Letter 2018-69, has deferred the implementation of PFRS 17 for life insurance and non-life insurance industry. PFRS 17 will set out the principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope.

This new standard requires a current measurement model where estimates are remeasured in each reporting period. Moreover, contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment; and,
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognized as revenue over the coverage period.

PFRS 17 further allows a choice between recognizing changes in discount rates either in the statement of income or directly in other comprehensive income. The choice is likely to reflect how insurers account for financial assets under PFRS 9.

In addition, the standard provides an optional, simplified premium allocation approach for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

A modification of the general measurement model called the variable fee approach is also introduced by PFRS 17 for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

2.3 Basis of Consolidation

The BDO Unibank Group's consolidated financial statements comprise the accounts of the Parent Bank, and its subsidiaries as enumerated in Notes 2.3(c) and 14.2, after the elimination of material intercompany transactions. All intercompany resources and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the BDO Unibank Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Bank, using consistent accounting principles.

The Parent Bank accounts for its investments in subsidiaries, associates and transactions with non-controlling interests as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the Parent Bank has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Bank controls another entity. The Parent Bank obtains and exercises control when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and, (iii) it has the ability to affect those returns through its power over the entity, usually through voting rights. Subsidiaries are consolidated from the date the Parent Bank obtains control.

The Parent Bank reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries [see Note 2.3(d)]. Acquisition method requires recognizing and measuring the identifiable resources acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the BDO Unibank Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the BDO Unibank Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of BDO Unibank Group's share of the identifiable net assets acquired, is recognized as goodwill. If the acquisition consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly as a gain in the statement of income [see Note 2.3(d)].

On the other hand, business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls BDO Unibank Group are accounted for under the pooling-of-interest method and reflected in the financial statements as if the business combination had occurred at the beginning of the earliest comparative period presented, or if later, at the date that common control was established; for this purpose, comparative periods presented are restated. The resources and liabilities acquired are recognized in BDO Unibank Group's financial statements at their carrying amounts. The components of equity of the acquired entities are added to the same components within BDO Unibank Group's equity.

Investments in subsidiaries are initially recognized at cost and subsequently accounted for using the equity method in the Parent Bank's financial statements (see Note 2.11).

(b) Investment in Associates

Associates are those entities over which the BDO Unibank Group and the Parent Bank are able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the BDO Unibank Group and the Parent Bank's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the BDO Unibank Group and the Parent Bank's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the BDO Unibank Group and the Parent Bank's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity in net profit (loss) of associates as part of Miscellaneous - net and Share in net income of subsidiaries and associates under Other Operating Income account in the statement of income for BDO Unibank Group and Parent Bank, respectively.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Notes 2.21 and 14.2).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the BDO Unibank Group and the Parent Bank, as applicable. However, when the BDO Unibank Group and the Parent Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the BDO Unibank Group and the Parent Bank do not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

(c) Transactions with Non-controlling Interests

BDO Unibank Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of BDO Unibank Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the subsidiary's net assets is recognized in equity. Disposals of equity investments to non-controlling interests, which result in gains or losses for BDO Unibank Group, are also recognized in equity.

When BDO Unibank Group ceases to have control, any interest retained in the subsidiary is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The initial carrying amount for the purposes of subsequently accounting for the interest retained as an associate, joint venture or financial asset is the fair value. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if BDO Unibank Group had directly disposed of the related resources or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

In BDO Unibank Group's financial statements, the non-controlling interest component is shown in its statement of changes in equity, and in its statement of income and statement of comprehensive income for the share of profit or loss and movement of other comprehensive income, respectively, during the year.

The BDO Unibank Group holds interests in the following subsidiaries:

Subsidiaries	Percentage of Ownership		
	2020	2019	2018
Rural Bank			
BDO Network Bank, Inc. (BDO Network) (A Rural Bank of BDO)	**84.87%**	84.87%	99.86%
Investment House			
BDO Capital & Investment Corporation (BDO Capital)	**99.88%**	99.88%	99.88%
Private Banking			
BDO Private Bank, Inc. (BDO Private)	**100%**	100%	100%
Leasing and Finance			
BDO Leasing and Finance, Inc. (BDO Leasing)	**88.54%**	88.54%	88.54%
Averon Holdings Corporation (Averon)	**99.88%**	99.88%	99.88%
BDO Rental, Inc. (BDO Rental)	**100%**	88.54%	88.54%
BDO Finance Corporation (BDO Finance)	**100%**	100%	-
Securities Companies			
BDO Securities Corporation (BDO Securities)	**99.88%**	99.88%	99.88%
BDO Nomura Securities, Inc. (BDO Nomura)	**-**	51%	51%
Armstrong Securities, Inc. (ASI)	**80%**	80%	80%
Real Estate Companies			
BDO Strategic Holdings, Inc. (BDOSHI)	**100%**	100%	100%
BDORO Europe Ltd. (BDORO)	**100%**	100%	100%
Equimark-NFC Development Corporation (Equimark)	**60%**	60%	60%
Insurance Companies			
BDO Life Assurance Company Inc., (BDO Life)	**100%**	100%	100%
BDO Insurance Brokers, Inc. (BDOI)	**100%**	100%	100%
Remittance Companies			
BDO Remit (USA), Inc.	**100%**	100%	100%
BDO Remit (Italia) S.p.A	**100%**	100%	100%
BDO Remit (Japan) Ltd.	**100%**	100%	100%
BDO Remit (Canada) Ltd.	**100%**	100%	100%
BDO Remit Limited	**100%**	100%	100%
BDO Remit (Macau) Ltd.	**100%**	100%	100%
BDO Remit International Holdings B.V. (BDO RIH)	**96.32%**	96.32%	96.32%
Express Padala (Hongkong), Ltd.	**-**	-	100%
Others			
PCI Realty Corporation	**-**	100%	100%

Non-controlling interests represent the interests not held by BDO Unibank Group in BDO Network, BDO Capital, BDO Leasing, Averon, BDO Rental, BDO Securities, BDO Nomura, ASI, Equimark and BDO RIH in 2019. For 2020, BDO Unibank Group's non-controlling interest is the same as 2019 except for BDO Rental and BDO Nomura, which was merged with BDO Securities.

On September 4, 2017, a downstream merger occurred between BDO Life and BDO Life Holdings resulting in the dissolution of the latter (see Note 29.3).

In 2018, PCIB Europe S.p.A. had been dissolved after the liquidation proceeding was completed.

In 2019, 2018 and 2017, the Parent Bank subscribed to additional shares of BDO Network (see Note 29.6).

On May 16, 2019, the Parent Bank completed the sale of its 15% ownership interest in BDO Network (see Note 29.6).

On July 26, 2019, the BOD of BDOSHI approved and authorized BDOSHI to incorporate a new finance company with an initial paid-in capital of P1,000, subject to applicable regulatory approvals. On December 9, 2019, the Securities and Exchange Commission (SEC) approved the incorporation of BDO Finance (see Note 29.10).

On September 4, 2019, Express Padala (Hongkong), Ltd. had been dissolved and its remaining cash had been repatriated to the Parent Bank (see Note 14.2).

On December 1, 2020, the merger of BDO Nomura and BDO Securities was completed, with BDO Securities as the surviving entity (see Note 29.9).

On December 5, 2020, the BOD of the Parent Bank approved the write-off of the investment in PCI Realty Corporation (see Note 14.2).

(d) Business Combination

Business acquisitions are accounted for using the acquisition method of accounting [see Note 2.3(a)].

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of a business combination over BDO Unibank Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired (see Note 2.21). Impairment losses on goodwill are not reversed.

Negative goodwill, if any, which is the excess of BDO Unibank Group's interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over cost of investment is recognized directly in the statement of income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segments.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by BDO Unibank Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting or pooling-of-interest method [see Note 2.3(a)].

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to BDO Unibank Group's chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows BDO Unibank Group's products and services as disclosed in Note 5, which represent the main products and services provided by BDO Unibank Group.

Each of these operating segments is managed separately as each of these services requires different technologies and resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies of BDO Unibank Group used for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements.

In addition, corporate assets, which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment information.

2.5 Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Regular purchases and sales of financial assets are recognized on their settlement date (i.e., the date that the BDO Unibank Group commits to purchase or sell the asset).

At initial recognition, the BDO Unibank Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are incremental or directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described below and in the succeeding pages.

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within BDO Unibank Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("held to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Except for other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any expected credit loss (ECL).

Where the business model is to hold assets to collect contractual cash flows, the BDO Unibank Group assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the BDO Unibank Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement [see Note 3.1(d)]. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The BDO Unibank Group's financial assets at amortized cost are presented as Cash and Other Cash Items, Due from Other Banks, Loans and Other Receivables, Investment securities at amortized cost and certain accounts under Other Resources account in the statements of financial position.

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from BSP and other banks, foreign currency notes and coins (FCNC), securities purchased under reverse repurchase agreement (SPURRA), certain interbank bank loans receivables and investment securities at amortized cost with original maturities of three months or less from placement date.

(ii) Financial Assets at Fair Value Through Other Comprehensive Income

BDO Unibank Group accounts for financial assets at fair value through other comprehensive income (FVOCI) if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, BDO Unibank Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the BDO Unibank Group for trading or as mandatorily required to be classified as FVTPL. The BDO Unibank Group has designated equity instruments as at FVOCI.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of net unrealized gain or loss (NUGL) on FVOCI account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the NUGL account is not reclassified to profit or loss but is reclassified directly to Surplus Free account except for those debt securities classified as FVOCI wherein fair value changes are reclassified to profit or loss.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Miscellaneous - net under Other Operating Income account, when the BDO Unibank Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the BDO Unibank Group, and, the amount of dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(iii) Financial Assets at Fair Value Through Profit or Loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the BDO Unibank Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The BDO Unibank Group's financial assets at FVTPL include equity securities which are held for trading purposes.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Trading gain under Other Operating Income in the statement of income. Related transaction costs are recognized directly as expense in profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using valuation technique when no active market exists.

Interest earned on these investments is recorded under Interest Income while dividend income is reported as part of Dividends under Other Operating Income account in the statement of income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

BDO Unibank Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, BDO Unibank Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the BDO Unibank Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Effective Interest Rate Method and Interest Income

Interest income is recognized using the effective interest rate (EIR) method for all financial instrument measured at amortized cost and financial instrument designated at FVTPL. Interest income on interest bearing financial assets measured at FVOCI are also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of EIR. The BDO Unibank Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive (negative) adjustment to the carrying amount of the asset in the statement of financial position with an increase (reduction) in interest income. The adjustment is subsequently amortized through interest and similar income in the statement of income.

The BDO Unibank Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition [see Note 2.5(c)], interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

(c) Impairment of Financial Assets

At the end of the reporting period, the BDO Unibank Group assesses its ECL on a forward-looking basis associated with its financial assets which consist of debt instruments carried at amortized cost and FVOCI, and other contingent accounts such as committed credit lines and unused commercial letter of credits. No impairment loss is recognized on equity investments. The BDO Unibank Group considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The BDO Unibank Group measures loss allowances at an amount equal to lifetime ECL, except for the following financial instruments for which they are measured as 12-month ECL:

- debt securities that are identified to have 'low credit risk' at the reporting date; and,

- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

For these financial instruments, the allowance for impairment is based on 12-month ECL associated with the probability of default of a financial instrument in the next 12 months (referred to as 'Stage 1' financial instruments). When there has been a significant increase in credit risk subsequent to the initial recognition of the financial asset, a lifetime ECL (which are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial asset) will be recognized (referred to as 'Stage 2' financial instruments). 'Stage 2' financial instruments also include those loan accounts and facilities where the credit risk has improved and have been reclassified from 'Stage 3'. A lifetime ECL shall also be recognized for 'Stage 3' financial instruments, which include financial instruments that are subsequently credit-impaired, as well as purchased or originated credit impaired (POCI) assets.

The BDO Unibank Group's definition of credit risk and information on how credit risk is mitigated by the BDO Unibank Group are disclosed in Note 4.3.

(d) Measurement of ECL

The key elements used in the calculation of ECL are as follows:

- *Probability of Default (PD)* – it is an estimate of likelihood of a borrower defaulting on its financial obligation over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

- *Loss Given Default (LGD)* – it is an estimate of loss arising in case where a default occurs at a given time (either over the next 12 months or 12-month LGD), or over the remaining lifetime or lifetime LGD). It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those BDO Unibank Group would expect to receive, including the realization of any collateral. It is presented as a percentage loss per unit of exposure at the time of default.

- *Exposure at Default (EAD)* – it represents the gross carrying amount of the financial instruments subject to impairment calculation; hence, this is the amount that the BDO Unibank Group expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD). In case of a loan commitment, the BDO Unibank Group shall include the undrawn balance (up to the current contractual limit) at the time of default should it occur, unless the drawdown after default will be mitigated by the normal credit risk management actions and policies of the BDO Unibank Group.

The measurement of the ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and, (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The BDO Unibank Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in NUGL account, and does not reduce the carrying amount of the financial asset in the statement of financial position, and other contingent accounts, for which the loss allowance is recognizes in the other liability account.

The BDO Unibank Group's detailed ECL measurement as determined by the management is disclosed in Note 4.3.5.

(e) Derecognition of Financial Assets

(i) Modification of Loans

When the BDO Unibank Group renegotiates or otherwise modifies the contractual cash flows of loans to customers, the BDO Unibank Group assesses whether or not the new terms are substantially different to the original terms. The BDO Unibank Group considers, among others:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced that will affect the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and/or,
- Insertion of collateral, other security or credit enhancements that will significantly affect the credit risk associated with the loan.

If the terms are substantially different, the BDO Unibank Group derecognizes the financial asset and recognizes a "new" asset at fair value, and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the BDO Unibank Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are recognized as gain or loss on derecognition of financial assets in profit or loss. As to the impact on ECL measurement, the expected fair value of the "new" asset is treated as the final cash flow from the existing financial asset at the date of derecognition. Such amount is included in the calculation of cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the BDO Unibank Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows of the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). As to the impact on ECL measurement, the derecognition of the existing financial asset will result in the expected cash flows arising from the modified financial asset to be included in the calculation of cash shortfalls from the existing financial asset.

(ii) Derecognition of Financial Assets Other than Through Modification

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the BDO Unibank Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the BDO Unibank Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the BDO Unibank Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the BDO Unibank Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(f) Classification and Measurement of Financial Liabilities

Financial liabilities include deposit liabilities, bills payable, subordinated notes payable, insurance contract liabilities and other liabilities (including derivatives with negative fair values, except taxes payable, unearned income and capitalized interest and other charges).

- *Deposit liabilities and other liabilities* are recognized initially at fair value and subsequently measured at amortized cost less settlement payments.

- *Bills payable and subordinated notes payable* are recognized initially at fair value, equivalent to the issue proceeds (fair value of consideration received), net of direct issue costs. Bills payable and subordinated notes payable are subsequently measured at amortized cost. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

- *Derivatives with negative fair values* are recognized initially and subsequently measured at fair value with changes in fair value recognized in profit or loss (see Note 2.6).

- *Lease deposits from operating and finance leases* (presented as Lease deposits under Other Liabilities account in the statement of financial position) are initially recognized at fair value. The excess of the principal amount of the deposits over its fair or present value is immediately recognized as day-one gain and is included as part of Miscellaneous - net under Other Operating Income account in the statement of income. Meanwhile, interest expense on the subsequent amortization of the lease deposits is accrued using the effective interest method and is included as part of Interest Expense account in the statement of income.

- *Dividend distributions to shareholders* are recognized as financial liabilities when the dividends are declared by BDO Unibank Group and subject to the requirements of BSP Circular 888.

(g) Derecognition of Financial Liabilities

Financial liabilities are derecognized in the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(h) Financial Guarantees and Undrawn Loan Commitments

The BDO Unibank Group issues financial guarantees and loan commitments. Financial guarantees are those issued by the BDO Unibank Group to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing as guarantor in the contract or agreement. Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the BDO Unibank Group is required to provide a loan with pre-specified terms to the customer.
The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not reflected in the statement of financial position. These contracts are in the scope of the ECL requirements where the BDO Unibank Group estimates the expected portion of the irrevocable undrawn loan commitments that will be drawn over their expected life based on the BDO Unibank Group's historical observations of actual drawdowns and forward-looking forecasts. The ECL related to financial guarantees and loan commitments without outstanding drawn amounts is recognized under Other Liabilities account in the statement of financial position.

2.6 Derivative Financial Instruments

BDO Unibank Group is a party to various foreign currency forwards, cross-currency swaps and interest rate swaps. These contracts are entered into as a service to customers and as a means of reducing or managing BDO Unibank Group's foreign exchange and interest rate exposures, as well as for trading purposes.

Derivatives are initially recognized at fair value on the date on which derivative contract is entered into and are subsequently measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, BDO Unibank Group recognizes profit or loss at initial recognition.

For more complex instruments, BDO Unibank Group uses valuation models, which usually use the discounted cash flow approach. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions. When entering into a transaction, the financial instrument is recognized initially at the transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price. This initial difference in fair value indicated by valuation techniques is recognized as profit or loss depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation technique, in some instances, is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value in the statement of financial position.

Certain derivatives, if any, may be designated as either: *(i)* hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge); or, *(ii)* hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Changes in the fair value of derivatives are recognized in profit or loss. The method of recognizing the resulting fair value gain or loss on derivatives that qualify as hedging instrument, if any, depends on the hedging relationship designated by BDO Unibank Group.

2.7 Premises, Furniture, Fixtures and Equipment

Land is stated at cost less impairment losses, if any. As no finite useful life for land can be determined, related carrying amounts are not depreciated. All other premises, furniture, fixtures and equipment are carried at cost less accumulated depreciation, amortization and any impairment in value. Property items of the former Equitable PCI Bank (EPCIB), entity merged with BDO Unibank in 2008, stated at appraised values were included in BDO Unibank Group balances at their deemed costs at the date of transition to PFRS in 2005. The revaluation increment is credited to Revaluation Increment account in the equity section of the statement of changes in equity, net of applicable deferred tax (see Note 2.16).

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the depreciable assets as follows:

Furniture, fixtures and equipment	3 to 15 years
Buildings	10 to 50 years
Leasehold rights and improvements	5 to 10 years

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Fully depreciated assets are retained in accounts until they are no longer in use and no further change for depreciation is made in respect of those assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.21).

The residual values, estimated useful lives and method of depreciation and amortization of premises, furniture, fixtures and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period.

An item of premises, furniture, fixtures and equipment, including the related accumulated depreciation, amortization and any impairment loss, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.8 Investment Properties

Investment properties are stated at cost. The cost of an investment property comprises its purchase price and directly attributable costs incurred. This also includes land and building acquired by BDO Unibank Group from defaulting borrowers not held for sale in the next 12 months. For these properties, the cost is recognized initially at fair value. Investment properties, except land, are depreciated on a straight-line basis over a period of 10 to 25 years.

BDO Unibank Group adopted the cost model in measuring its investment properties; hence, these are carried at cost less accumulated depreciation and any impairment in value. Depreciation and impairment loss are recognized in the same manner as in premises, furniture, fixtures and equipment (see Notes 2.7 and 2.21).

Direct operating expenses related to investment properties, such as repairs and maintenance, and real estate taxes are normally charged against current operations in the period in which these costs are incurred.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss and is presented as part of Income from assets sold or exchanged under Other Operating Income account in the year of retirement or disposal (see Note 24).

Transfers from other accounts (such as premises, furniture, fixtures and equipment) are made to investment properties when and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party or holding the property for capital appreciation, while transfers from investment properties are made when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

2.9 Real Properties for Development and Sale

Real properties for development and sale (included as part of Other Resources account) consist of subdivision land for sale and development, and land acquired for home building, home development, and other types of real estate development. These are carried at the lower of aggregate cost and net realizable value (NRV). Costs, which are determined through specific identification, include acquisition costs and costs incurred for development, improvement and construction of subdivision land.

Real properties for development and sale are derecognized upon disposal or no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of these properties is recognized in profit or loss and is presented as part of Income from assets sold or exchanged under Other Operating Income account in the year of retirement or disposal (see Note 24).

2.10 Non-current Assets Held for Sale

Non-current assets held for sale include other properties (chattels) acquired through repossession or foreclosure that BDO Unibank Group intends to sell within one year from the date of classification as held for sale.

BDO Unibank Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond BDO Unibank Group's control and there is sufficient evidence that BDO Unibank Group remains committed to sell the asset.

Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as assets held for sale and their fair value less costs to sell. The BDO Unibank Group shall recognize an impairment loss for any initial and subsequent write-down of the asset to fair value less cost to sell. Gain for any subsequent increase in fair value less cost to sell of an asset is recognized to the extent of the cumulative impairment loss previously recognized. Assets classified as held for sale are not subject to depreciation or amortization.

If BDO Unibank Group has classified an asset as held for sale, but the criteria for it to be recognized as held for sale are no longer satisfied, the BDO Unibank Group shall cease to classify the asset as held for sale and will reclassify it as investment properties for land and building, or other properties for chattel and other assets. For building under investment properties or other properties, this would be subject to depreciation.

The profit or loss arising from the sale of assets held for sale is included as part of Income from assets sold or exchanged under Other Operating Income account in the statement of income (see Note 24).

2.11 Equity Investments

In the Parent Bank's financial statements, investments in subsidiaries and associates (presented as Equity investments under Other Resources account in the statement of financial position) are accounted for under the equity method of accounting and are initially recognized at cost less allowance for impairment, if any (see Note 2.21). Associates are all entities over which the BDO Unibank Group has significant influence but which are neither subsidiaries nor interest in a joint venture.

Investments in subsidiaries and associates are initially recognized at cost and subsequently accounted for using the equity method (see Note 2.3).

Changes resulting from other comprehensive income of the subsidiary and associate or items recognized directly in the subsidiary's and associate's equity are recognized in other comprehensive income or equity of the Parent Bank, as applicable. However, when the Parent Bank's share of losses of subsidiary or associate equals or exceeds its interest in the subsidiary or associate, including any other unsecured receivables, the Parent Bank would not recognize further losses, unless it has incurred obligations or made payments on behalf of the subsidiary or associate. If the subsidiary or associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Impairment loss is provided when there is objective evidence that the investment in a subsidiary and an associate will not be recovered (see Note 2.21).

Distributions received from the subsidiaries and associates are accounted for as a reduction of the carrying value of the investment.

2.12 Other Resources

Other resources, which include non-current assets held for sale (see Note 2.10), pertain to other assets that are controlled by BDO Unibank Group as a result of past events. These are recognized in the financial statements when it is probable that the future economic benefits will flow to BDO Unibank Group and the asset has a cost or value that can be measured reliably. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.21).

2.13 Intangible Assets

Intangible assets include goodwill, trading rights, branch licenses, customer lists, trademark and computer software licenses.

Goodwill represents the excess of the cost of acquisition over the fair value of the net assets acquired at the date of acquisition [see Note 2.3(d)]. Goodwill is classified as intangible asset with indefinite useful life and, thus, not subject to amortization but to an annual test for impairment (see Note 2.21). Goodwill is subsequently carried at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.

Trading rights represent the rights given to securities subsidiaries of BDO Unibank Group engage in stock brokerage to preserve access to the trading facilities and to transact business on PSE. Trading right is assessed as having an indefinite useful life. It is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares) less allowance for impairment loss, if any. BDO Unibank Group has no intention to sell its trading right in the future as it intends to continue to operate its stock brokerage business. The trading right is tested annually for any impairment in realizable value (see Note 2.21).

Branch licenses, on the other hand, represent the rights given to BDO Unibank Group to establish certain number of branches as an incentive in acquiring distressed banks or as provided by the BSP in addition to the current branches of the acquired banks. Branch licenses are assessed as having an indefinite useful life and are tested annually for any impairment (see Note 2.21).

Customer lists consist of information about customers such as their name, contact information, and managed accounts under BDO Unibank Group's trust business. The customer list is classified as intangible asset with indefinite useful life, hence, would be reviewed for impairment by assessing at each reporting date whether there is any indication that the trust business brought about by the customer lists may be impaired (see Note 2.21).

Trademark pertains to the license granted to the Parent Bank for the exclusive right to use the trademark, service mark, name or logo of Diners Club International, Ltd. (Diners) in connection with the Parent Bank's operation of Diners Club card business in the Philippines. The trademark is covered by a trademark license agreement with a term of five years, renewable every five years, subject to certain conditions set by trademark owner. This intangible asset is recognized at an amount equal to the excess of purchase price for the acquisition of Diners credit card portfolio over the acquisition-date fair value of the net assets acquired. It is amortized on a straight-line basis over a finite useful life of five years based on the term of the trademark license agreement, which is deemed to have a finite useful life since renewal is not guaranteed.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. These costs are amortized on straight-line basis over the expected useful life of five years. Costs associated with maintaining computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.14 Insurance Contract Liabilities

(a) Legal Policy Reserves

Life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts is calculated on the basis of a prospective actuarial valuation method and assumptions subject to the provisions of the Insurance Code and guidelines set by the IC.

The BDO Unibank Group uses gross premium valuation (GPV) as the basis for valuation of the reserves for traditional life insurance policies. GPV is calculated as the sum of the present value of future benefits and expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate risk-free discount rate provided by the IC. For this purpose, the expected future cash flows shall be determined using the best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation (MfAD) from the expected experience. The methods and assumptions shall be in accordance with the internationally accepted actuarial standards and consider the generally accepted actuarial principles concerning financial reporting framework promulgated by the Actuarial Society of the Philippines, which now considers other assumptions such as morbidity, lapse and/or persistency, non-guaranteed benefits and MfAD.

The changes in legal policy reserves for traditional life insurance policies are recognized as follows:

(i) The increase or decrease in legal policy reserves in the current year due to other assumptions excluding change in discount rate will be recognized to profit or loss; and,

(ii) Remeasurement on life insurance reserves due to changes in discount rates will be recognized in other comprehensive income (see Note 2.16).

(b) Insurance Contracts with Fixed and Guaranteed Terms

Liabilities are determined as the sum of the present value of future benefits and expenses less the present value of future gross premiums discounted at rates prescribed by the IC. Future cash flows are determined using best estimate assumptions with regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

BDO Unibank Group has different assumptions for different products. However, the reserves are computed to comply with the statutory requirements, wherein discount rates are based on risk-free discount rates provided by IC and other assumptions such as mortality, disability, lapse, and expenses taking into account BDO Unibank Group's experience.

(c) Variable Unit-linked Insurance Contracts

BDO Unibank Group, through BDO Life, issues unit-linked insurance contracts. In addition to providing insurance coverage, a unit-linked contract links payments to units of an internal investment fund set up by BDO Unibank Group with the consideration received from the policyholders. Premiums received from the issuance of unit-linked insurance contracts are recognized as premiums revenue. As allowed by PFRS 4, BDO Unibank Group chose not to unbundle the investment portion of its unit-linked products.

The reserve for unit-linked liability is increased by additional deposits and changes in unit prices and is decreased by policy administration fees, mortality and surrender charges and any withdrawals. At each reporting date, this reserve is computed on the basis of the number of units allocated to the policyholders multiplied by the unit price of the underlying investment funds. The assets and liabilities underlying the internal investment funds have been consolidated with the general accounts of BDO Unibank Group.

(d) Liability Adequacy Test

Liability adequacy tests are performed annually to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any deficiency is immediately charged against profit or loss initially by establishing a provision for losses arising from the liability adequacy tests.

Insurance premiums and insurance benefits and claims on insurance contracts are recognized as follows:

(a) Insurance Premiums

(i) Net insurance premium – recognized as gross premium on insurance contracts less reinsurers' share of gross premiums.

(ii) Gross premiums on insurance contracts. Premiums arising from insurance contracts are initially recognized as income on the effective date of the insurance policies. Subsequent to initial recognition, gross earned premiums on life insurance contracts are recognized as revenue at the date when payments are due.

(iii) Reinsurers' share of gross premiums. Gross reinsurance premiums on traditional and variable contracts are recognized as an expense when the policy becomes effective.

(b) Insurance Benefits and Claims

(i) Net insurance benefits and claims – BDO Unibank Group's net insurance benefits and claims consist of gross benefits and claims, reinsurers' share on benefits and claims, gross change in legal policy reserves and reinsurers' share on gross change in legal policy reserves.

(ii) Gross benefits and claims. Gross benefits and claims of the policyholders include the cost of all claims arising during the year. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

(iii) Reinsurers' share on benefits and claims. Reinsurers' share on benefits and claims pertain to the amount recoverable from reinsurers for recognized claims during the year. These are accounted for when the corresponding claims are recognized.

(iv) Gross change in legal policy reserves. Gross change in legal policy reserves represents the change in the valuation of legal policy reserves recognized as part of Insurance Contract Liabilities account in the statement of financial position.

(v) *Reinsurers' share on gross change in legal policy reserves* – Reinsurers' share on gross change in legal policy reserves pertain to the reinsurers' share in the change of legal policy reserves. These are accounted for in the same period as the corresponding change in insurance contract liabilities.

2.15 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.16 Equity

Equity consists of the following:

a. Capital stock represents the nominal value of shares that have been issued.

b. Additional paid-in capital includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

c. Surplus reserves consist of (i) reserve for trust business - represents the accumulated amount set aside by BDO Unibank Group under existing regulations requiring the BDO Unibank Group to carry to surplus 10% of its net profits accruing from its trust business until the surplus shall amount to 20% of the regulatory capital and, to the appropriation for general loan loss provision as prescribed by BSP; (ii) reserve for insurance fund and additional working capital for underwriting and equity trading securities and reserve fund requirement for subsidiaries engaged in the security brokerage business (see Note 21); and (iii) share options outstanding (SOO) - represents the accumulated total of employee share options' amortizations over the vesting period as the share-based employee remuneration are recognized and reported in the statement of income. SOO will be deducted for any exercise or forfeiture of share options already vested.

d. Other reserves pertain to amount recognized from increase in percentage of ownership to any of the subsidiaries of BDO Unibank Group.

e. Surplus free includes all current and prior period results as disclosed in the statement of income and which are available and not restricted for use by BDO Unibank Group, reduced by the amounts of dividends declared, if any.

f. NUGL on FVOCI compose of cumulative mark-to-market valuation of outstanding securities and accumulated impairment on debt securities classified as FVOCI.

g. Accumulated actuarial gains (losses) from the remeasurements of post-employment defined benefit plan.

h. Revaluation increment pertains to gains from the revaluation of land under premises, furniture, fixtures and equipment, which is now treated as part of the deemed cost of the assets (see Note 2.7).

i. Remeasurement on life insurance reserves arises from the increase or decrease of the reserves brought about by changes in discount rates (see Note 2.14).

j. Accumulated translation adjustment pertains to foreign exchange differences arising on translation of the resources and liabilities of foreign branch and subsidiaries that are taken up in other comprehensive income (see Note 2.22).

k. Accumulated share in other comprehensive income (loss) of subsidiaries and associates pertains to changes resulting from the BDO Unibank Group and the Parent Bank's share in other comprehensive income (loss) of subsidiaries and associates or items recognized directly in the subsidiaries and associates' equity.

l. Non-controlling interests represent the portion of the net resources and profit or loss not attributable to BDO Unibank Group, which are presented separately in BDO Unibank Group's statement of income, statement of comprehensive income and within the equity in BDO Unibank Group's statement of financial position and changes in equity.

2.17 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between BDO Unibank Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with BDO Unibank Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of BDO Unibank Group that gives them significant influence over BDO Unibank Group and close members of the family of any such individual; and, (d) BDO Unibank Group's funded retirement plan (see Note 25.2).

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. The BDO Unibank Group established policies and procedures on related party transactions in accordance with the regulations of the BSP and the SEC. All material related party transactions, which exceed the established materiality thresholds, must undergo prior review from the board-level Related Party Transactions Committee before endorsing the same to the BOD for approval.

Related party transactions, whose value exceeds 10% of the BDO Unibank Group's total resources, either single or aggregated within a 12-month period, require review of an external independent party and approval of two-thirds vote of the BOD, with at least a majority of the independent directors voting affirmatively. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within 12-month period that breaches the materiality threshold of 10% of BDO Unibank Group's total resources based on the latest audited consolidated financial statements, the same approval of the BOD would be required for the transaction that meets and exceeds the materiality threshold covering the same related party.

2.18 Other Income and Expense Recognition

Revenue is recognized only when (or as) the BDO Unibank Group satisfies a performance obligation by transferring control of the promised services to the customer. A contract with a customer that results in a recognized financial instrument in the BDO Unibank Group's financial statements may be partially within the scope of PFRS 9 and partially within the scope of PFRS 15. In such case, the BDO Unibank Group first applies PFRS 9 to separate and measure the part of the contract that is in-scope of PFRS 9, and then applies PFRS 15 to the residual part of the contract. Expenses and costs, if any, are recognized in profit or loss upon utilization of the assets or services or at the date these are incurred. All finance costs are reported in profit or loss on accrual basis, except to the extent that they are capitalized.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

The BDO Unibank Group also earns service fees and commissions in various banking services, and gains on sale of properties, which are supported by contracts approved by the parties involved. These revenues are accounted for by the BDO Unibank Group in accordance with PFRS 15.

For revenues arising from these various banking services which are to be accounted for under PFRS 15, the following provides information about the nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

(a) *Service charges, fees and commissions* – Service charges, fees and commissions are generally recognized over time as the service is being provided and is based on the various criteria of recognition for each specific income source. These include the following accounts:

(i) *Commission and fees* arising from loans, deposits, and other banking transactions are taken up as income based on agreed terms and conditions.

(ii) *Loan syndication fees* are recognized as revenue when the syndication has been completed and that BDO Unibank Group retained no part of the loan package for itself or retained a part at the same effective interest rate for the other participants.

(iii) *Arranger fees* arising from negotiating or participating in the negotiation of a transaction for a third party such as arrangement of the acquisition of shares or other securities or the purchase or sale of businesses are recognized at the completion of the underlying assumptions.

(iv) *Portfolio and other management advisory and service fees* are recognized based on the applicable service contracts, usually on a time-proportionate basis.

(b) *Asset Management Services* – The BDO Unibank Group recognizes trust fees related to asset management services, which include trust and fiduciary services. Trust fees related to investment funds are recognized ratably over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

For other income outside the scope of PFRS 15, the following provides information about the nature and the related revenue recognition policies:

(a) *Trading and Securities Gains (Losses)* – These are recognized when the ownership of the securities is transferred to the buyer and is computed as the difference between the selling price and the carrying amount of the securities disposed of. These also include trading gains and losses as a result of the mark-to-market valuation of investment securities classified as FVPL.

(b) *Gain or loss from assets sold or exchange* – Income or loss from assets sold or exchanged is recognized when the title to the properties is transferred to the buyer or when the collectability of the entire sales price is reasonably assured. This is included in statement of income as part of Other Operating Income account.

(c) *Recovery on charged-off assets* – Income arising from collections on accounts or recoveries from impairment of items previously written off are recognized in the year of recovery. This is included in statement of income as part of Other Operating Income account.

The BDO Unibank Group recognizes an expense and liability relative to the fair value of the reward points earned by clients and customers [see Note 3.2(j)] since such points are redeemable primarily from the goods or services provided by a third party participating in the program, for example, SM Group (a related party) and rewards partners of the Parent Bank.

2.19 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and these can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events (e.g., legal disputes or onerous contracts).

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that BDO Unibank Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

The BDO Unibank Group offers monetized rewards to active account holders in relation to its credit card and marketing rewards program. Provisions for rewards are recognized at a certain rate of the account holders' availments, determined by management based on redeemable amounts.

2.20 Leases

BDO Unibank Group accounts for its leases as follows:

(a) BDO Unibank Group as Lessor

Leases, wherein BDO Unibank Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item, are classified as finance leases and are presented as receivable at an amount equal to BDO Unibank Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on BDO Unibank Group's net investment outstanding in respect of the finance lease.

Leases, which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease collections are recognized as income in profit or loss as part of Rental under Other Operating Income account in the statement of income on a straight-line basis over the lease term.

(b) BDO Unibank Group as Lessee

For any new contracts entered into, BDO Unibank Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, BDO Unibank Group assesses whether the contract meets three key evaluations which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to BDO Unibank Group;

- BDO Unibank Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- BDO Unibank Group has the right to direct the use of the identified asset throughout the period of use. BDO Unibank Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the BDO Unibank Group recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by BDO Unibank Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, BDO Unibank Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The BDO Unibank Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.21).

On the other hand, BDO Unibank Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or BDO Unibank Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

BDO Unibank Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense as incurred.

On the statement of financial position, right-of-use assets and lease liabilities have been presented as part of Premises, Furniture, Fixtures and Equipment and Other Liabilities, respectively.

2.21 Impairment of Non-financial Assets

BDO Unibank Group's equity investments, goodwill, branch licenses, trading rights, trademark and customer lists recorded as part of Other Resources, Premises, Furniture, Fixtures and Equipment, Investment Properties and other non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life, such as goodwill, branch licenses, customer lists and trading rights are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Except for goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.22 Foreign Currency Transactions and Translations

(a) Foreign Currency Transactions

The financial statements of the Foreign Currency Deposit Unit (FCDU) of BDO Unibank Group are translated at the prevailing current exchange rates (for statement of financial position accounts) and average exchange rate during the period (for statement of income accounts) for consolidation purposes.

Foreign exchange gains and losses resulting from the settlement of foreign currency denominated transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as FVOCI securities are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

(b) Foreign Currency Translation

The accounting records of BDO Unibank Group are maintained in Philippine pesos except for foreign branches and subsidiaries, which are maintained in U.S. dollars (USD), Canadian Dollar (CAD), European Union Euro (Euro), Great Britain Pound (GBP), Japanese Yen (JPY), Hong Kong Dollars (HKD) or Singapore Dollar (SGD).

The operating results and financial position of foreign branches and subsidiaries which are measured using the USD, CAD, Euro, GBP, JPY, HKD or SGD, respectively, are translated to Philippine pesos (BDO Unibank Group's functional currency) as follows:

(i) Resources and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) Income and expenses for each statement of income are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,

(iii) All resulting exchange differences are recognized as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation due from foreign branch and net investment in foreign subsidiaries are recognized in other comprehensive income as part of Accumulated Translation Adjustment (see Note 2.16). When a foreign operation is sold, the cumulative amount of exchange differences is recognized in profit or loss.

The translation of the financial statements into Philippine peso should not be construed as a representation that the USD, CAD, Euro, GBP, JPY, HKD or SGD amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

2.23 Compensation and Benefits Expense

BDO Unibank Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plan, and other employee benefits, which are recognized as follows (see Note 25):

(a) Post-employment Defined Benefit

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with BDO Unibank Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund. BDO Unibank Group's defined benefit post-employment plan covers all regular full-time employees. The post-employment plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for defined benefit post-employment plans is the present value of the defined benefit obligation (DBO) less the fair value of plan assets at the end of reporting period, together with adjustments for asset ceiling. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using a discount rate derived from the interpolated yields of government bonds as calculated by Bloomberg which used Bloomberg Valuation Service (BVAL) Evaluated Pricing Service to calculate the PHP BVAL Reference Rates which are published by Philippine Dealing & Exchange Corp. (PDEx). These yields are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. If there is a plan amendment, curtailment or settlement during the period, the BDO Unibank Group remeasures its net defined benefit liability or asset using updated actuarial assumptions to determine the current service cost and net interest for the remaining of the annual reporting period after the change to the plan. Net interest is reported as part of Interest expense on bills payable and other borrowings under Interest Expense account in the statement of income (see Note 23).

Past-service costs are recognized immediately in profit or loss in the period of plan amendment and curtailment.

(b) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which BDO Unibank Group pays fixed contributions into an independent entity, such as the Social Security System. BDO Unibank Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred.

(c) Short-term Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before 12 months after the end of the reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Other Liabilities account in the statement of financial position.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by BDO Unibank Group for authorized cause before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. BDO Unibank Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognized costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of reporting period are discounted to present value.

(e) Bonus Plans

BDO Unibank Group recognizes a liability and an expense for bonuses based on the BDO Unibank Group's bonus policy. A provision is recognized by BDO Unibank Group where it is contractually obliged to pay the benefits or where there is a past practice that has created a constructive obligation.

(f) Employee Stock Option Plan

BDO Unibank Group has an employee stock option plan (ESOP) for its senior officers (from vice-president up) for their contribution to BDO Unibank Group's performance and attainment of team goals. None of the BDO Unibank Group's plan are cash settled.

All services received in exchange for the grant of the stock options are measured at their fair values using the Black-Scholes option model. Where employees are rewarded using stock options, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. The amount of stock options allocated to the qualified officers is based on the performance of the senior officers as determined by management and it requires a vesting period of five years. These are adjusted accordingly for any resignation or disqualification. The vested options may be exercised within three years from vesting date. The cost of ESOP is amortized over five years (vesting period) starting from the approval of the BOD. The annual amortization of stock options is included in Compensation and benefits under Other Operating Expenses account in the statement of income with corresponding recognition of SOO (included as part of Surplus Reserves under the Equity section of the statement of financial position).

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to capital stock to the nominal (or par) value of the shares issued with any excess being recorded as additional paid-in-capital. In case of forfeiture, the previously recognized share options outstanding will be transferred to additional paid-in-capital.

(g) Unavailed Leaves

Unavailed leaves (excluding those qualified under the retirement benefit plan), included in Other Liabilities account, are recognized as expense at the amount BDO Unibank Group expects to pay at the end of reporting period. Unavailed leaves of employees qualified under the retirement plan are valued and funded as part of the present value of DBO in Note 2.23(a).

2.24 Income Taxes

Tax expense recognized in statement of income comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates and tax laws have been enacted or substantively enacted at the end of each reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which BDO Unibank Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if BDO Unibank Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority (see Note 30.1).

2.25 Earnings Per Share

Basic earnings per share is determined by dividing consolidated net profit by the weighted average number of common shares issued and outstanding during the period, after retroactive adjustment for any stock dividend declared in the current period.

The diluted earnings per share is also computed by dividing consolidated net profit by the weighted average number of common shares issued and outstanding during the period. However, consolidated net profit attributable to common shares and the weighted average number of common shares outstanding are adjusted to reflect the effects of potentially dilutive convertible preferred shares and stock option plan granted by BDO Unibank Group to the qualified officers (to the extent that shares under the stock option plan shall be issued from the unissued authorized capital stock and not purchased from the market or stock exchange).

Convertible preferred shares are deemed to have been converted to common shares at the issuance of preferred shares. The stock option plan is deemed to have been converted into common stock in the year the stock option is granted.

2.26 Trust Activities

BDO Unibank Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. Resources and income arising thereon are excluded from these financial statements, as these are neither resources nor income of BDO Unibank Group.

2.27 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about BDO Unibank Group's financial position at the end of reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

BDO Unibank Group and the Parent Bank's financial statements, prepared in accordance with PFRS, require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates and the differences could be significant.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying BDO Unibank Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Application of ECL to Financial Assets at Amortized Cost and Financial Assets at FVOCI

BDO Unibank Group uses the general approach to calculate ECL for all debt instruments carried at amortized cost and FVOCI, together with loan commitments and financial guarantee contracts. The allowance for impairment is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized. This is where significant judgement is required.

BDO Unibank Group has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument (see Note 4.3.5).

(b) Evaluation of Business Model Applied in Managing Financial Instruments

BDO Unibank Group manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows, largely its core deposit funding arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for trading activities consistent with its risk appetite.

BDO Unibank Group developed business models which reflect how it manages its portfolio of financial instruments. BDO Unibank Group's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by BDO Unibank Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, BDO Unibank Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by BDO Unibank Group (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to BDO Unibank Group's investment, trading and lending strategies.

(c) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets, BDO Unibank Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, BDO Unibank Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, BDO Unibank Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

If more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

In making this judgment, BDO Unibank Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if BDO Unibank Group can explain the reasons for those sales and why those sales do not reflect a change in BDO Unibank Group's objective for the business model.

In 2020, the BDO Unibank Group and the Parent Bank disposed of certain debt securities from its amortized cost portfolio in accordance with its investment policy. Such disposals have qualified under the permitted sale events set forth in BDO Unibank Group's and Parent Bank's business model in managing financial assets manual and the requirements of PFRS 9 (see Note 9.3).

(d) Distinction Between Investment Properties and Owner-occupied Properties

BDO Unibank Group determines whether a property qualifies as investment property. In making its judgment, BDO Unibank Group considers whether the property generates cash flows largely independent of the other assets held by BDO Unibank Group. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other resources used in the supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If the portions can be sold separately (or leased out separately under finance lease), BDO Unibank Group accounts for those portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. BDO Unibank Group considers each property separately in making its judgment.

(e) Distinction Between Operating and Finance Leases for Contracts where BDO Unibank Group is the Lessor

BDO Unibank Group has entered into various lease agreements as a lessor. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of resources.

(f) Determination of Lease Term

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of land and office spaces, the factors that are normally the most relevant are (i) if there are significant penalties should BDO Unibank Group pre-terminate the contract, and (ii) if any leasehold improvements are expected to have a significant remaining value, BDO Unibank Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, BDO Unibank Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

BDO Unibank Group did not include the renewal period as part of the lease term of the land and office spaces because the terms of most of the contracts are renewable upon the mutual agreement of the parties.

The lease term is reassessed if an option is actually exercised or not or BDO Unibank Group becomes obliged to exercise or not. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the BDO Unibank Group.

(g) Classification and Fair Value Determination of Acquired Properties

BDO Unibank Group classifies its acquired properties as Premises, Furniture, Fixtures and Equipment if used in operations, chattels as Non-current assets held for sale (presented under Other Resources account) if expected to be recovered through sale rather than use, real properties as Investment Properties if intended to be held for capital appreciation or lease, as financial assets if qualified as such in accordance with PFRS 9 or as Other properties (presented under Other Resources account) if held for sale but the depreciable properties (other than building) are not yet disposed within three years. At initial recognition, BDO Unibank Group determines the fair value of the acquired properties through internally or externally generated appraisal. The appraised value is determined based on the current economic and market conditions as well as the physical condition of the properties. The BDO Unibank Group's methodology in determining the fair value of acquired properties are further discussed in Note 6.5.

(h) Assessment of Significant Influence on Entities in which BDO Unibank Group Holds Less than 20% Ownership

The management considers that the BDO Unibank Group and the Parent Bank have significant influence on NLEX Corporation (previously Manila North Tollways Corporation) even though it holds less than 20% of the ordinary shares in the latter. In making this judgment, management considered the BDO Unibank Group and the Parent Bank's voting rights, which is based from its acquired right to nominate a director in NLEX Corporation as granted in the Amended and Restated Shareholders' Agreement (ARSA).

ARSA provides that investors shall be entitled to nominate one director for as long as it owns at least 10% of the equity of NLEX Corporation, or shall be entitled to nominate two directors for as long as it owns at least 16.5% of the equity of NLEX Corporation.

Failure to make the right judgment will result in either overstatement or understatement of resources, liabilities, income and expenses.

(i) Determination of Timing of Satisfaction of Performance Obligations

BDO Unibank Group determines that its revenues from services for account management, loan administration and fees from annual credit card membership shall be recognized over time. In making its judgment, BDO Unibank Group considers the timing of receipt and consumption of benefits provided by BDO Unibank Group to the customers. As the work is performed, BDO Unibank Group becomes entitled to payments. This demonstrates that the customers simultaneously receive and consume the benefits of the BDO Unibank Group's rendering of these retail and corporate banking services as it performs.

In determining the best method of measuring the progress of the BDO Unibank Group's rendering of aforementioned services, the management considers the output method, which uses direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised as basis in recognizing revenues. Such measurements include results of performance completed to date and time elapsed.

(j) Determination of Branch Licenses Having Indefinite Useful Lives

The BDO Unibank Group's licenses were regarded as having an indefinite useful lives considering there is no foreseeable limit to the period over which such assets are expected to generate net cash inflows for the BDO Unibank Group. The assessment of having indefinite useful lives is reviewed periodically and is updated whether events and circumstances such as the period of control over these assets and legal or similar limits on the use of these assets continue to support such assessment.

(k) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.19 and relevant disclosures are presented in Note 33.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of resources and liabilities within the next reporting period.

(a) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost and debt instruments measured at FVOCI is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.3.

The carrying value of financial assets at FVOCI, Investment securities at amortized cost and Loans and Other Receivables, and the analysis of the allowance for impairment on such financial assets, are shown in Notes 9.2, 9.3, 10, and 15 respectively.

(b) Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. Valuation techniques are used to determine fair values which are validated and periodically reviewed. To the extent practicable, models use observable data, however, areas such as counterparty credit risk, volatilities and correlations require management to make estimates. Changes in assumptions could affect the reported fair value of financial instruments. The BDO Unibank Group use judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The carrying values of the BDO Unibank Group's financial assets at FVTPL and financial assets at FVOCI and the amounts of fair value changes recognized during the years on those assets are disclosed in Notes 9.1 and 9.2, respectively.

(c) Determination of Fair Value of Derivatives

The fair value of derivative financial instruments that are not quoted in an active market is determined through valuation techniques normally using the discounted cash flow model.

Valuation techniques are used to determine fair values, which are validated and periodically reviewed. To the extent practicable, models use observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions and correlations could affect reported fair value of financial instruments.

BDO Unibank Group and the Parent Bank use judgment to select a variety of methods and make assumptions that are mainly based on conditions existing at the end of each reporting period.

(d) Estimation of Useful Lives of Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources

BDO Unibank Group estimates the useful lives of premises, furniture, fixtures and equipment, investment properties and other properties, including trademark, based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The BDO Unibank's goodwill and branch licenses were regarded as having indefinite useful lives considering there is no foreseeable limit to the period over which such assets are expected to generate net cash inflows for the BDO Unibank Group. The assessment of having indefinite useful lives is reviewed periodically and is updated whether events and circumstances such as the period of control over these assets and legal or similar limits on the use of these assets continue to support such assessment.

Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

The carrying amounts of premises, furniture, fixtures and equipment are analyzed in Note 11 while investment properties and other resources, including trademark, goodwill and branch licenses, are analyzed in Notes 13 and 14, respectively.

(e) Determination of Appropriate Discount Rate in Measuring Lease Liabilities (2020 and 2019)

BDO Unibank Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the BDO Unibank Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(f) Determination of Assumptions for Management's Estimation of Fair Value of Investment Properties

Investment properties are measured using the cost model. The fair value disclosed in Note 13 to the financial statements is determined by BDO Unibank Group using the discounted cash flows valuation technique which are mainly based on existing market conditions and actual transactions at each reporting period such as selling price under installment sales, expected timing of sale and appropriate discount rates. The expected selling price is determined by either an independent or internal appraiser on the basis of current appraised values of the properties or similar properties in the same location and condition (see Note 6.5).

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties. A significant change in key inputs and sources of information used in the determination of the fair value disclosed for those assets may result in adjustment in the carrying amount of the assets reported in the financial statements if their fair value will indicate evidence of impairment.

(g) Determination of Realizable Amount of Deferred Tax Assets

BDO Unibank Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is applied by the management to determine the amount of deferred tax assets that can be recognized based on the likely timing and level of BDO Unibank Group's future taxable income. The BDO Unibank Group assessed its projected performance in determining the sufficiency of the future taxable income to support the recognition of deferred tax assets.

The carrying value of deferred tax assets, which management assessed to be utilized within the next two to three years, as of December 31, 2020 and 2019 is disclosed in Note 30.1.

(h) Impairment of Non-financial Assets

Except for goodwill and other intangible assets with indefinite useful lives, PFRS requires that an impairment review be performed when certain impairment indicators are present. BDO Unibank Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.21. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment losses recognized in profit or loss are disclosed in Note 15.

(i) Valuation of Post-employment Defined Benefit

The determination of BDO Unibank Group's obligation and cost of post-employment and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 25.2 and include, among others, discount rates, expected rate of return on plan asset and salary increase rates. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation, as well as the significant assumptions in estimating such obligation are presented in Note 25.2.

(j) Recognition of Reward Points

BDO Unibank Group provides rewards points to its banking clients and customers each time they avail of the pre-identified products and services of the Parent Bank and the companies which the Parent Bank has identified as partners in the rewards program. Reward points are redeemable in a wide selection of reward categories, including travel, merchandise of third parties, reward credits and gift certificates. Certain loyalty points for credit card have no expiration date unless the credit card is cancelled but for other rewards program, unredeemed points may expire at some future date.

BDO Unibank Group sets up a liability to cover the cost of future reward redemptions for points earned to date. The estimated liability is based upon points earned by the clients and the current cost per point of redemption. The estimated points to be redeemed are measured and adjusted based on many factors including but not limited to past redemption behavior of the clients, product type on which the points are earned and their ultimate redemption rate on the points earned to date but not yet redeemed.

BDO Unibank Group continually evaluates its estimates for rewards based on developments in redemption patterns, cost per point redeemed and other factors. The estimated liability for unredeemed points is impacted over time by enrollment levels, amount of points earned and redeemed, weighted-average cost per point, redemption choices made by the clients and other membership rewards program changes. The calculation is most sensitive to changes in the estimated ultimate redemption rate. This rate is based on the expectation that a large majority of all points earned will eventually be redeemed and the rewards will be redeemed through goods or services supplied by a third party or affiliated retail partners based on BDO Unibank Group's past experience.

The carrying value of the rewards points accrued by BDO Unibank Group are presented as part of Accrued expenses under Other Liabilities account in the statement of financial position as disclosed in Note 20.

(k) Valuation of Legal Policy Reserves

Legal policy reserves represent estimates of present value of future benefits and expenses in excess of present value of future gross premiums. These estimates are based on interest rates, mortality/morbidity tables, and valuation method subject to the provisions of the Insurance Code and guidelines set by IC.

The liability for life insurance contracts uses the discount rate as provided by the IC with other assumptions based on best estimate with regard to significant recent experience and appropriate margin for adverse deviation from the expected experience. At each reporting date, these estimates are reassessed for adequacy and changes will be reflected in adjustments to the liability. The main assumptions used relate to mortality, morbidity, lapse, and discount rate.

For life insurance contracts, estimates are made as to the expected number of deaths and lapses for each of the years in which the BDO Unibank Group is exposed to risk. The BDO Unibank Group uses mortality tables and lapse rates subject to the guidelines set by the IC as the basis of these estimates. The estimated number of lapses, deaths, illness or injury determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future premiums.

4. RISK MANAGEMENT

With its culture of managing risk prudently within its capacity and capabilities, the BDO Unibank Group will pursue its strategy and business plans to provide consistent quality service to its customers, to achieve its desired long-term target returns to its shareholders and satisfy or abide by the needs of its other stakeholders, including its depositors and regulators.

The BDO Unibank Group believes that, as there are opportunities, there are associated risks and the objective is not to totally avoid risks, but to adequately and consistently evaluate, manage, control, and monitor the risks and ensure that the BDO Unibank Group is adequately compensated for all the risks taken. Good risk management involves making informed and rational decisions about the level of risks the institution wants to take, in the pursuit of its objectives, but with consideration to return commensurate with the risk-taking activity.

The BDO Unibank Group's goal is to remain a strong bank that is resilient to possible adverse events. Hence, the BDO Unibank Group ensures:

- strong financial position by maintaining adequate capital ratios;
- sound management of liquidity; and,
- ability to generate sustainable earnings commensurate with the risks taken.

For credit risk, market risk, and liquidity risk, the BDO Unibank Group ensures that these are within Board-approved operating limits. For operational risk (which includes legal, regulatory, compliance risks), and reputational risks, these are invariably managed by the development of both a strong "control culture" and an effective internal control system that constantly monitors and updates operational policies and procedures with respect to the BDO Unibank Group's activities and transactions.

Risk management at BDO Unibank Group begins at the highest level of the organization. At the helm of the risk management infrastructure is the BOD who is responsible for establishing and maintaining a sound risk management system. The BOD assumes oversight over the entire risk management process and has the ultimate responsibility for all risks taken. It regularly reviews and approves the institution's tolerance for risks, as well as, its business strategy and risk philosophy.

The BOD has constituted the Risk Management Committee (RMC) as the Board-Level Committee responsible for the oversight of the risk management program. Considering the importance of appropriately addressing credit risk, the BOD has also constituted the Executive Committee. The Executive Committee is responsible for approving credit-specific transactions, while the RMC is responsible for approving risk appetite levels, policies, and risk tolerance limits related to credit portfolio risk, market risk, liquidity risk, interest rate risk, operational risk (including business continuity, IT risk and information security risk), social media risk, and consumer protection risk management, to ensure that current and emerging risk exposures are consistent with BDO Unibank Group's strategic direction and overall risk appetite.

Within BDO Unibank Group's overall risk management system is the Assets and Liabilities Committee (ALCO), which is responsible for managing the BDO Unibank Group's statement of financial position, including the BDO Unibank Group's liquidity, interest rate and foreign exchange related risks. In addition, ALCO formulates investment and financial policies by determining the asset allocation and funding mix strategies that are likely to yield the targeted financial results.

BDO Unibank Group operates an enterprise-wide risk management system to address the risks it faces in its banking activities. The Risk Management Group (RMG) is mandated to adequately and consistently evaluate, manage, control, and monitor the overall risk profile of the BDO Unibank Group's activities across the different risk areas, i.e., credit, market, liquidity, interest rate, and operational risks, including IT risk and information security risk, to optimize the risk-reward balance and maximize return on capital. RMG also has the responsibility for recommending to the appropriate body, risk policies across the full range of risks to which the BDO Unibank Group is exposed. RMG functionally reports to the RMC.

The evaluation, analysis, and control performed by the Risk Function, in conjunction with the Risk Takers, constitute the risk management process. The risk management process is applied at three levels: the transaction level, the business unit level, and the portfolio level. This framework ensures that risks are properly identified, quantified and analyzed, in the light of its potential effect on the BDO Unibank Group's business. The goal of the risk management process is to ensure rigorous adherence to the BDO Unibank Group's standards for precision in risk measurement and reporting and to make possible, in-depth analysis of the deployment of capital and the returns that are delivered to the shareholders.

There is no significant change on the policies and process for managing the risk and the methods used to measure the risk of the BDO Unibank Group and the Parent Bank, except for the performance of the comprehensive review of the financial instruments, particularly for loan accounts, to assess vulnerability to the significant increase in credit risk in response to the unprecedented impact of COVID-19 pandemic.

4.1 Liquidity Risk

Liquidity risk is the risk that there could be insufficient funds available to repay depositors, to fulfill commitments to lend, or to meet any other liquidity commitments. BDO Unibank Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to meet funding requirements, manage and control liquidity gaps through Maximum Cumulative Outflow (MCO) limits, regular liquidity stress testing to ensure positive cashflow across all identified stress scenarios, and establishment of a Liquidity Contingency Plan, to ensure adequate liquidity under both business-as-usual and stress conditions.

The analysis of the maturity groupings of resources, liabilities and off-book items as of December 31, 2020 and 2019 in accordance with account classification of the BSP is presented below and in the succeeding pages. The amounts disclosed in the maturity analysis are the contractual cash flows using the primary contractual maturities or behavioral assumptions on core levels (e.g., core deposit liabilities and core deposit substitutes with maturities within one year have been classified in the more than three years category), if the latter is more relevant for purposes of profiling the liquidity gap.

BDO Unibank Group

	2020				
	One to Three Months	More Than Three Months to One Year	More Than One Year to Three Years	More Than Three Years	Total
Resources:					
Cash and other cash items	P 74,851	P -	P -	P -	P 74,851
Due from BSP and other banks	177,536	625	3,147	192,617	373,925
Trading and investment securities	78,817	20,246	102,007	307,740	508,810
Loans and other receivables - net	446,216	249,633	345,380	1,260,752	2,301,981
Other resources - net*	-	108	40	115,185	115,333
Total Resources	777,420	270,612	450,574	1,876,294	3,374,900
Liabilities and Equity:					
Deposit liabilities	589,956	22,147	30,071	1,967,977	2,610,151
Bills and subordinated notes payable	34,050	33,142	112,819	29,733	209,744
Insurance contract liabilities**	409	443	(460)	58,018	58,410
Other liabilities	36,785	1,596	1,623	63,570	103,574
Total Liabilities	661,200	57,328	144,053	2,119,298	2,981,879
Equity	-	-	-	393,021	393,021
Total Liabilities and Equity	661,200	57,328	144,053	2,512,319	3,374,900
On-book gap	116,220	213,284	306,521	(636,025)	-
Cumulative on-book gap	116,220	329,504	636,025	-	-
Contingent assets	225,816	56,673	26,387	16,559	325,435
Contingent liabilities	279,492	58,342	26,171	16,462	380,467
Off-book gap	(53,676)	(1,669)	216	97	(55,032)
Net Periodic Gap	62,544	211,615	306,737	(635,928)	55,032
Cumulative Total Gap	P 62,544	P 274,159	P 580,896	(P 55,032)	P -

** Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.*

*** Insurance Contract Liabilities with maturity of more than one year to three years have negative aging because the renewal premiums (inflow) are greater than the expected insurance benefit liability.*

BDO Unibank Group

	2019				
	One to Three Months	More Than Three Months to One Year	More Than One Year to Three Years	More Than Three Years	Total
Resources:					
Cash and other cash items	P 64,140	P -	P -	P -	P 64,140
Due from BSP and other banks	134,653	2,264	48	211,031	347,996
Trading and investment securities	38,997	25,911	102,380	268,617	435,905
Loans and other receivables - net	453,118	281,272	328,369	1,163,018	2,225,777
Other resources - net*	-	88	38	114,914	115,040
Total Resources	690,908	309,535	430,835	1,757,580	3,188,858
Liabilities and Equity:					
Deposit liabilities	615,396	27,747	13,383	1,828,702	2,485,228
Bills and subordinated notes payable	48,675	43,331	42,761	42,787	177,554
Insurance contract liabilities**	61	(1,164)	342	43,234	42,473
Other liabilities	28,683	2,157	4,075	78,101	113,016
Total Liabilities	692,815	72,071	60,561	1,992,824	2,818,271
Equity	-	-	-	370,587	370,587
Total Liabilities and Equity	692,815	72,071	60,561	2,363,411	3,188,858
On-book gap	(1,907)	237,464	370,274	(605,831)	-
Cumulative on-book gap	(1,907)	235,557	605,831	-	-
Contingent assets	222,024	34,619	20,294	5,481	282,418
Contingent liabilities	255,066	35,598	19,993	5,467	316,124
Off-book gap	(33,042)	(979)	301	14	(33,706)
Net Periodic Gap	(34,949)	236,485	370,575	(605,817)	33,706
Cumulative Total Gap	(P 34,949)	P 201,536	P 572,111	(P 33,706)	P -

** Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.*
*** Insurance Contract Liabilities with maturity of more than three months to three years have negative aging because the renewal premiums (inflow) are greater than the expected insurance benefit liability.*

Parent Bank

	2020				
	One to Three Months	**More Than Three Months to One Year**	**More Than One Year to Three Years**	**More Than Three Years**	**Total**
Resources:					
Cash and other cash items	**P 72,301**	**P -**	**P -**	**P -**	**P 72,301**
Due from BSP and other banks	**173,187**	**602**	**3,137**	**191,434**	**368,360**
Trading and investment securities	**63,707**	**14,954**	**87,606**	**233,189**	**399,456**
Loans and other receivables - net	**436,324**	**238,203**	**325,923**	**1,259,236**	**2,259,686**
Other resources - net*	**-**	**-**	**-**	**135,580**	**135,580**
Total Resources *(Balance carried forward)*	**P 745,519**	**P 253,759**	**P 416,666**	**P 1,819,439**	**P 3,235,383**

** Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.*

Parent Bank

	2020				
	One to Three Months	**More Than Three Months to One Year**	**More Than One Year to Three Years**	**More Than Three Years**	**Total**
Total Resources (*Balance brought forward)*	**P 745,519**	**P 253,759**	**P 416,666**	**P 1,819,439**	**P 3,235,383**
Liabilities and Equity:					
Deposit liabilities	**569,949**	**19,984**	**29,793**	**1,928,565**	**2,548,291**
Bills and subordinated notes payable	**25,974**	**32,629**	**110,932**	**33,332**	**202,867**
Other liabilities	**33,307**	**242**	**-**	**58,622**	**92,171**
Total Liabilities	**629,230**	**52,855**	**140,725**	**2,020,519**	**2,843,329**
Equity	**-**	**-**	**-**	**392,054**	**392,054**
Total Liabilities and Equity	**629,230**	**52,855**	**140,725**	**2,412,573**	**3,235,383**
On-book gap	**116,289**	**200,904**	**275,941**	**(593,134)**	**-**
Cumulative on-book gap	**116,289**	**317,193**	**593,134**	**-**	**-**
Contingent assets	**216,952**	**54,412**	**3,278**	**1,579**	**276,221**
Contingent liabilities	**270,656**	**56,271**	**3,322**	**1,605**	**331,854**
Off-book gap	**(53,704)**	**(1,859)**	**(44)**	**(26)**	**(55,633)**
Net Periodic Gap	**62,585**	**199,045**	**275,897**	**(593,160)**	**55,633**
Cumulative Total Gap	**P 62,585**	**P 261,630**	**P 537,527**	**(P 55,633)**	**P -**

	2019				
	One to Three Months	More Than Three Months to One Year	More Than One Year to Three Years	More Than Three Years	Total
Resources:					
Cash and other cash items	P 62,726	P -	P -	P -	P 62,726
Due from BSP and other banks	131,182	2,255	48	209,273	342,758
Trading and investment securities	34,690	20,757	91,548	198,283	345,278
Loans and other receivables - net	446,261	268,912	304,999	1,155,483	2,175,655
Other resources - net*	-	-	-	136,683	136,683
Total Resources	674,859	291,924	396,595	1,699,722	3,063,100
Liabilities and Equity:					
Deposit liabilities	604,273	26,672	13,155	1,794,637	2,438,737
Bills and subordinated notes payable	36,334	40,519	37,971	42,527	157,351
Other liabilities	24,837	-	-	72,965	97,802
Total Liabilities	665,444	67,191	51,126	1,910,129	2,693,890
Equity	-	-	-	369,210	369,210
Total Liabilities and Equity *(Balance carried forward)*	P 665,444	P 67,191	P 51,126	P 2,279,339	P 3,063,100

* *Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.*

Parent Bank

	2019				
	One to Three Months	More Than Three Months to One Year	More Than One Year to Three Years	More Than Three Years	Total
Total Liabilities and Equity *(Balance brought forward)*	P 665,444	P 67,191	P 51,126	P 2,279,339	P 3,063,100
On-book gap	9,415	224,733	345,469	(579,617)	-
Cumulative on-book gap	9,415	234,148	579,617	-	-
Contingent assets	215,963	25,772	1,941	1,059	244,735
Contingent liabilities	249,084	26,941	1,957	1,095	279,077
Off-book gap	(33,121)	(1,169)	(16)	(36)	(34,342)
Net Periodic Gap	(23,706)	223,564	345,453	(579,653)	34,342
Cumulative Total Gap	(P 23,706)	P 199,858	P 545,311	(P 34,342)	P -

The negative liquidity gap in the MCO is due to the timing difference in the contractual maturities of resources and liabilities. The MCO measures the maximum funding requirement the BDO Unibank Group may need to support its maturing obligations. To ensure that the BDO Unibank Group maintains a prudent and manageable level of cumulative negative gap, the BDO Unibank Group maintains a pool of highly liquid assets in the form of tradable investment securities. Moreover, the BOD has approved the MCO Limits which reflect the BDO Unibank Group's overall appetite for liquidity risk exposure. This limit is reviewed every year. Compliance to MCO Limits is monitored and reported to the BOD and senior management.

In case of breach in the MCO Limit, the RMG elevates the concern to the BOD through the RMC for corrective action by senior management. Additional measures to mitigate liquidity risks include reporting of funding concentration, short-term liquidity reporting, available funding sources, and liquid assets analysis. More frequent analysis of projected funding source and requirements as well as pricing strategies is discussed thoroughly during the weekly ALCO meetings.

Pursuant to applicable BSP regulations, the BDO Unibank Group is required to maintain reserves against deposit liabilities which are based on certain percentages of deposits. The required reserves against deposit liabilities shall be kept in the form of deposits placed in the Bank's demand deposit accounts with the BSP. The BSP also requires the BDO Unibank Group to maintain asset cover of 100% for foreign currency-denominated liabilities of its FCDU.

4.1.1 Liquidity Risk Stress

To augment the effectiveness of the Group's gap analysis, the Group regularly assesses liquidity risk based on behavioral and hypothetical assumptions under stress conditions. Survivability and resilience of the BDO Unibank Group are assessed for a minimum stress period of 30 days for all crisis scenarios enumerated in BSP Circular 981: *Guidelines on Liquidity Risk Management*. The results of these liquidity stress simulations are reported monthly to RMC.

4.2 Market Risk

BDO Unibank Group's exposure to market risk, the risk of future loss from changes in the price of a financial instrument, relates primarily to its holdings in foreign exchange instruments, debt securities, equity securities and derivatives. BDO Unibank Group manages its risk by identifying, analyzing and measuring relevant or likely market risks. Market Risk Management recommends market risk limits based on relevant activity indicators for approval by BDO Unibank Group's RMC and the BOD.

4.2.1 Foreign Exchange Risk

BDO Unibank Group manages its exposure to effects of fluctuations in the foreign currency exchange rates by maintaining foreign currency exposure within the existing regulatory guidelines and at a level that it believes to be relatively conservative for a financial institution engaged in that type of business.

BDO Unibank Group's net foreign exchange exposure is computed as its foreign currency resources less foreign currency liabilities. BSP regulations impose a cap of 20% of unimpaired capital or US$50 million, whichever is lower, on the BDO Unibank Group excess foreign exchange holding of banks in the Philippines. BDO Unibank Group's foreign exchange exposure is primarily limited to the day-to-day, over-the-counter buying and selling of foreign exchange in BDO Unibank Group's branches as well as foreign exchange trading with corporate accounts and other financial institutions. BDO Unibank Group, being a major market participant in the Philippine Dealing System, may engage in proprietary trading to take advantage of foreign exchange fluctuations.

BDO Unibank Group's foreign exchange exposure at end-of-day is guided by the limits set forth in BDO Unibank Group's Risk Management Manual. These limits are within the prescribed ceilings mandated by the BSP. At the end of each day, BDO Unibank Group reports to the BSP on its compliance with the mandated foreign currency exposure limits. In addition, it also reports to the BSP on the respective foreign currency positions of its subsidiaries.

The breakdown of the financial assets and financial liabilities as to foreign and peso-denominated balances as of December 31, 2020 and 2019 follows:

BDO Unibank Group

	2020			2019		
	Foreign Currencies	**Philippine Pesos**	**Total**	Foreign Currencies	Philippine Pesos	Total
Resources:						
Cash and other cash items and due from BSP	**P 118**	**P 383,369**	**P 383,487**	P 143	P 373,037	P 373,180
Due from other banks	**64,877**	**412**	**65,289**	36,842	2,114	38,956
Trading and investment securities:						
At FVTPL	**5,701**	**31,409**	**37,110**	5,671	21,410	27,081
At FVOCI	**88,748**	**96,133**	**184,881**	82,468	62,771	145,239
At amortized cost	**153,492**	**133,327**	**286,819**	134,678	128,907	263,585
Loans and other receivables	**292,865**	**2,009,116**	**2,301,981**	266,216	1,959,561	2,225,777
Other resources	**8,824**	**438**	**9,262**	5,658	333	5,991
	P 614,625	**P 2,654,204**	**P 3,268,829**	P 531,676	P 2,548,133	P 3,079,809

BDO Unibank Group

	2020			2019		
	Foreign Currencies	**Philippine Pesos**	**Total**	Foreign Currencies	Philippine Pesos	Total
Liabilities:						
Deposit liabilities	**P 418,262**	**P 2,191,889**	**P 2,610,151**	P 373,229	P 2,111,999	P 2,485,228
Bills payable	**126,894**	**82,850**	**209,744**	112,719	54,805	167,524
Subordinated notes payable	**-**	**-**	**-**	-	10,030	10,030
Insurance contract liabilities	**8,376**	**50,034**	**58,410**	7,965	34,508	42,473
Other liabilities	**6,850**	**86,890**	**93,740**	5,677	96,155	101,832
	P 560,382	**P 2,411,663**	**P 2,972,045**	P 499,590	P 2,307,497	P 2,807,087

Parent Bank

	2020			2019		
	Foreign Currencies	**Philippine Pesos**	**Total**	Foreign Currencies	Philippine Pesos	Total
Resources:						
Cash and other cash items and due from BSP	**P 41**	**P 377,339**	**P 377,380**	P 48	P 369,616	P 369,664
Due from other banks	**63,015**	**266**	**63,281**	35,768	52	35,820
Trading and investment securities:						
At FVTPL	**3,037**	**1,825**	**4,862**	2,487	1,683	4,170
At FVOCI	**71,907**	**55,015**	**126,922**	64,337	29,463	93,800
At amortized cost	**146,757**	**120,915**	**267,672**	130,533	116,775	247,308
Loans and other receivables	**291,879**	**1,967,807**	**2,259,686**	267,520	1,908,135	2,175,655
Other resources	**8,756**	**78**	**8,834**	5,542	-	5,542
	P 585,392	**P 2,523,245**	**P 3,108,637**	P 506,235	P 2,425,724	P 2,931,959
Liabilities:						
Deposit liabilities	**P 401,030**	**P 2,147,261**	**P 2,548,291**	P 356,773	P 2,081,964	P 2,438,737
Bills payable	**126,711**	**76,156**	**202,867**	112,180	35,141	147,321
Subordinated notes payable	**-**	**-**	**-**	-	10,030	10,030
Other liabilities	**6,188**	**77,727**	**83,915**	5,075	83,163	88,238
	P 533,929	**P 2,301,144**	**P 2,835,073**	P 474,028	P 2,210,298	P 2,684,326

4.2.2 Interest Rate Risk

BDO Unibank Group prepares an interest rate gap analysis in the Banking Book to measure the sensitivity of its resources, liabilities and off-book items to interest rate fluctuations. The Banking Book is a term for resources on a bank's statement of financial position that are expected to be held to maturity, usually consisting of customer loans to and deposits from retail and corporate customers. The Banking Book can also include those derivatives that are used to hedge exposures arising from the Banking Book activity, including interest rate risk. The focus of analysis is the impact of changes in interest rates on accrual or reported earnings. This analysis would give management a glimpse of the re-pricing profile of its interest sensitive resources and liabilities in the Banking Book. An interest rate gap report is prepared by classifying all resources and liabilities into various time buckets according to contracted maturities if fixed or anticipated repricing dates if floating, or based on behavioral assumptions if more applicable. In the interest rate gap presented, loans and investments are profiled based on next repricing if floating or contracted maturity if fixed rate while non-maturity deposit liabilities are considered non-rate sensitive. The difference in the amount of resources and liabilities maturing or being repriced in any time period category would then give BDO Unibank Group an indication of the extent to which it is exposed to the risk of potential changes in net interest income. Interest rate financial instruments (e.g., interest rate derivatives) may be used to hedge the interest rate exposures in the Banking Book. There are however, no outstanding interest rate derivatives used as hedges in the Banking Book.

The analyses of the groupings of resources, liabilities and off-book items as of December 31, 2020 and 2019 based on the expected interest realization or recognition are shown below and in the succeeding pages.

BDO Unibank Group

	2020					
	One to Three Months	More Than Three Months to One Year	More Than One Year to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and other cash items	P -	P -	P -	P -	P 74,851	P 74,851
Due from BSP and other banks	76,419	-	-	-	297,506	373,925
Trading and investment securities	66,844	19,653	243,498	141,705	37,110	508,810
Loans and other receivables - net	1,033,420	267,692	821,195	179,674	-	2,301,981
Other resources - net*	-	-	-	-	115,333	115,333
Total Resources	1,176,683	287,345	1,064,693	321,379	524,800	3,374,900
Liabilities and Equity:						
Deposit liabilities	379,153	45,248	59,749	13,294	2,112,707	2,610,151
Bills and subordinated notes payable	38,852	30,744	117,622	22,526	-	209,744
Insurance contract liabilities**	(180)	21	605	39,976	17,988	58,410
Other liabilities	-	17	112	3	103,442	103,574
Total Liabilities	417,825	76,030	178,088	75,799	2,234,137	2,981,879
Equity	-	-	-	-	393,021	393,021
Total Liabilities and Equity *(Balance carrried forward)*	P 417,825	P 76,030	P 178,088	P 75,799	P 2,627,158	P 3,374,900

** Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.*
*** Insurance Contract Liabilities with maturity of one to three months have negative aging because the renewal premiums (inflow) are greater than the expected insurance benefit liability.*

BDO Unibank Group

	2020					
	One to Three Months	More Than Three Months to One Year	More Than One Year to Five Years	More Than Five Years	Non-rate Sensitive	Total
Total Liabilities and Equity *(Balance brought forward)*	**P 417,825**	**P 76,030**	**178,088**	**75,799**	**2,627,158**	**3,374,900**
On-book gap	**758,858**	**211,315**	**886,605**	**245,580**	**(2,102,358)**	**-**
Cumulative on-book gap	**758,858**	**970,173**	**1,856,778**	**2,102,358**	**-**	**-**
Contingent assets	**3,434**	**1,637**	**-**	**-**	**-**	**5,071**
Contingent liabilities	**9,605**	**3,362**	**-**	**-**	**-**	**12,967**
Off-book gap	**(6,171)**	**(1,725)**	**-**	**-**	**-**	**(7,896)**
Net Periodic Gap	**752,687**	**209,590**	**886,605**	**245,580**	**(2,102,358)**	**7,896**
Cumulative Total Gap	**P 752,687**	**P 962,277**	**P 1,848,882**	**P 2,094,462**	**(P 7,896)**	**P -**

	2019					
	One to Three Months	More Than Three Months to One Year	More Than One Year to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and other cash items	P -	P -	P -	P -	P 64,140	P 64,140
Due from BSP and other banks	25,325	-	-	-	322,671	347,996
Trading and investment securities	33,244	25,339	208,865	141,376	27,081	435,905
Loans and other receivables - net	1,063,144	272,907	748,014	141,712	-	2,225,777
Other resources - net*	-	-	-	-	115,040	115,040
Total Resources	1,121,713	298,246	956,879	283,088	528,932	3,188,858
Liabilities and Equity:						
Deposit liabilities	543,613	43,157	60,979	20,508	1,816,971	2,485,228
Bills and subordinated notes payable	58,529	43,336	68,912	6,777	-	177,554
Insurance contract liabilities**	(376)	(1,487)	349	29,948	14,039	42,473
Other liabilities	-	585	3,437	211	108,783	113,016
Total Liabilities	601,766	85,591	133,677	57,444	1,939,793	2,818,271
Equity	-	-	-	-	370,587	370,587
Total Liabilities and Equity *(Balance carried forward)*	P 601,766	P 85,591	P 133,677	P 57,444	P 2,310,380	P 3,188,858

** Other resources includes Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.*
*** Insurance Contract Liabilities with maturity of one to three months have negative aging because the renewal premiums (inflow) are greater than the expected insurance benefit liability.*

BDO Unibank Group

	2019					
	One to Three Months	More Than Three Months to One Year	More Than One Year to Five Years	More Than Five Years	Non-rate Sensitive	Total
Total Liabilities and Equity *(Balance brought forward)*	601,766	85,591	133,677	57,444	2,310,380	3,188,858
On-book gap	519,947	212,655	823,202	225,644	(1,781,448)	-
Cumulative on-book gap	519,947	732,602	1,555,804	1,781,448	-	-
Contingent assets	17,575	1,797	-	-	-	19,372
Contingent liabilities	4,373	1,772	-	-	-	6,145
Off-book gap	13,202	25	-	-	-	13,227
Net Periodic Gap	533,149	212,680	823,202	225,644	(1,781,448)	(13,227)
Cumulative Total Gap	P 533,149	P 745,829	P 1,569,031	P 1,794,675	P 13,227	P -

Parent Bank

	2020					
	One to Three Months	**More Than Three Months to One Year**	**More Than One Year to Five Years**	**More Than Five Years**	**Non-rate Sensitive**	**Total**
Resources:						
Cash and other cash items	**P -**	**P -**	**P -**	**P -**	**P 72,301**	**P 72,301**
Due from BSP and other banks	**76,050**	**-**	**-**	**-**	**292,310**	**368,360**
Trading and investment securities	**60,618**	**14,954**	**213,307**	**105,715**	**4,862**	**399,456**
Loans and other receivables - net	**1,025,361**	**261,052**	**792,783**	**180,490**	**-**	**2,259,686**
Other resources - net*	**-**	**-**	**-**	**-**	**135,580**	**135,580**
Total Resources	**1,162,029**	**276,006**	**1,006,090**	**286,205**	**505,053**	**3,235,383**
Liabilities and Equity:						
Deposit liabilities	**363,719**	**40,255**	**59,014**	**17,297**	**2,068,006**	**2,548,291**
Bills and subordinated notes payable	**30,776**	**30,232**	**115,735**	**26,124**	**-**	**202,867**
Other liabilities	**-**	**-**	**-**	**-**	**92,171**	**92,171**
Total Liabilities	**394,495**	**70,487**	**174,749**	**43,421**	**2,160,177**	**2,843,329**
Equity	**-**	**-**	**-**	**-**	**392,054**	**392,054**
Total Liabilities and Equity	**394,495**	**70,487**	**174,749**	**43,421**	**2,552,231**	**3,235,383**
On-book gap	**767,534**	**205,519**	**831,341**	**242,784**	**(2,047,178)**	**-**
Cumulative on-book gap	**767,534**	**973,053**	**1,804,394**	**2,047,178**	**-**	**-**
Contingent assets	**1**	**1,146**	**-**	**-**	**-**	**1,147**
Contingent liabilities	**6,244**	**2,881**	**-**	**-**	**-**	**9,125**
Off-book gap	**(6,243)**	**(1,735)**	**-**	**-**	**-**	**(7,978)**
Net Periodic Gap	**761,291**	**203,784**	**831,341**	**242,784**	**(2,047,178)**	**7,978**
Cumulative Total Gap	**P 761,291**	**P 965,075**	**P 1,796,416**	**P 2,039,200**	**(P 7,978)**	**P -**

** Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.*

Parent Bank

	2019					
	One to Three Months	More Than Three Months to One Year	More Than One Year to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and other cash items	P -	P -	P -	P -	P 62,726	P 62,726
Due from BSP and other banks	23,000	-	-	-	319,758	342,758
Trading and investment securities	32,079	20,757	182,122	106,150	4,170	345,278
Loans and other receivables - net	1,055,732	258,924	722,990	138,009	-	2,175,655
Other resources - net*	-	-	-	-	136,683	136,683
Total Resources	1,110,811	279,681	905,112	244,159	523,337	3,063,100
Liabilities and Equity:						
Deposit liabilities	527,032	40,769	60,451	26,085	1,784,400	2,438,737
Bills and subordinated notes payable	41,397	40,525	67,097	8,332	-	157,351
Other liabilities	-	-	-	-	97,802	97,802
Total Liabilities	568,429	81,294	127,548	34,417	1,882,202	2,693,890
Equity	-	-	-	-	369,210	369,210
Total Liabilities and Equity	568,429	81,294	127,548	34,417	2,251,412	3,063,100
On-book gap	542,382	198,387	777,564	209,742	(1,728,075)	-
Cumulative on-book gap	542,382	740,769	1,518,333	1,728,075	-	-
Contingent assets	14,574	-	-	-	-	14,574
Contingent liabilities	1,409	-	-	-	-	1,409
Off-book gap	13,165	-	-	-	-	13,165
Net Periodic Gap	555,547	198,387	777,564	209,742	(1,728,075)	(13,165)
Cumulative Total Gap	P 555,547	P 753,934	P 1,531,498	P 1,741,240	P 13,165	P -

** Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties and Other Resources.*

The BDO Unibank Group and the Parent Bank's market risk management limits are generally categorized as limits on:

- Value-at-risk (VaR) – The RMG computes the VaR benchmarked at a level, which is a percentage of projected earnings. The BDO Unibank Group and the Parent Bank use the VaR model to estimate the daily potential loss that the BDO Unibank Group and the Parent Bank can incur from its trading book, based on a number of assumptions with a confidence level of 99%. The measurement is designed such that exceptions over limits should only arise in very exceptional circumstances.

- Stop loss – The RMG sets the amount of each risk-bearing activity at a percentage of the budgeted annual income for such activity.

- Nominal position – The RMG sets the nominal amount to prevent over-trading, excessive concentration, and to limit financial loss supplementing other established limits.

- Trading volume – The RMG sets the volume of transactions that any employee may execute at various levels based on the rank of the personnel making the risk-bearing decision.

- Earnings-at-risk (EAR) – The RMG computes the EAR based on the repricing profile of the Banking Book and benchmarks against projected annual net interest income and capital.

VaR is one of the key measures in BDO Unibank Group and Parent Bank's management of market risk. VaR is defined as a statistical estimate of the maximum possible loss on a given position during a time horizon within a given confidence interval. The BDO Unibank Group and the Parent Bank use a 99% confidence level and a 260-day observation period in VaR calculation. The BDO Unibank Group and the Parent Bank's VaR limit is established as a percentage of projected earnings and is used to alert senior management whenever the potential losses in the BDO Unibank Group and the Parent Bank's portfolios exceed tolerable levels. Because the VaR measure is tied to market volatility, it therefore allows management to react quickly and adjust its portfolio strategies in different market conditions in accordance with its risk philosophy and appetite. The VaR model is validated through back-testing.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A one-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period;

- A 99% confidence level does not reflect losses that may occur beyond this level. Even within the model used, there is a one percent probability that losses could exceed the VaR;

- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;

- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature; and,

- The VaR measure is dependent upon the BDO Unibank Group and the Parent Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice-versa.

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio. In addition, the BDO Unibank Group and the Parent Bank use a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the BDO Unibank Group and the Parent Bank's overall position. Stress VaR is also performed on all portfolios as a complementary measure of risk. While VaR deals with risk during times of normality, stress testing is used to measure the potential effect of a crisis or low probability event.

A summary of the VaR position of the trading portfolios at December 31 follows:

BDO Unibank Group

	2020		2019	
	VaR	**Stress VaR**	VaR	Stress VaR
Foreign currency risk	**(P 30)**	**(P 480)**	(P 25)	(P 280)
Interest rate risk – Peso	**(85)**	**(1,083)**	(62)	(1,137)
Interest rate risk – USD	**(46)**	**(581)**	(9)	(470)
	(P 161)	**(P 2,144)**	(P 96)	(P 1,887)

Parent Bank

Foreign currency risk	**(P 30)**	**(P 471)**	(P 25)	(P 276)
Interest rate risk – Peso	**(33)**	**(311)**	(20)	(276)
Interest rate risk – USD	**(27)**	**(373)**	(5)	(205)
	(P 90)	**(P 1,155)**	(P 50)	(P 757)

For the BDO Unibank Group, the earnings perspective using an EAR approach is the more relevant measure for the interest rate risks in the Banking Book given a "going-concern" assumption and also because the component of earnings in focus is net interest income. EAR is a measure of likely earnings volatility for accrual portfolios. The appropriate yield curve used is the relevant benchmark rate and the volatilities of the relevant benchmark interest rate curve are calculated similar to the method employed for VaR. The volatility calculations make use of actual pre-defined time series data, using five-years' worth of yearly changes, at the 99% confidence level. The frequency of measurement for EAR is monthly. EAR Stress Test uses 300 basis points increase in USD interest rates and 400 basis points increase in Peso interest rates.

The EAR before tax in a rising and declining interest rate scenario for financial assets and liabilities repriced during 2020 and 2019 is shown below and in the succeeding pages.

BDO Unibank Group

	2020			
	Change in Interest Rates (in basis points)			
	-100	**+100**	**-50**	**+50**
Change on annualized net interest income	**(P 7,933)**	**P 7,933**	**(P 3,966)**	**P 3,966**
As a percentage of the BDO Unibank Group's net interest income for 2020	**(5.93%)**	**5.93%**	**(2.97%)**	**2.97%**
EAR	**P 23,844**			
As a percentage of the BDO Unibank Group's net interest income for 2020	**17.83%**			
Average (1yr) EAR	**P 18,468**			
Stress EAR	**P 31,236**			

BDO Unibank Group

	2019			
	Change in Interest Rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 5,965)	P 5,965	(P 2,982)	P 2,982
As a percentage of the BDO Unibank Group's net interest income for 2019	(4.98%)	4.98%	(2.49%)	2.49%
EAR	P 12,584			
As a percentage of the BDO Unibank Group's net interest income for 2019	10.50%			
Average (1yr) EAR	P 8,874			
Stress EAR	P 22,781			

Parent Bank

	2020			
	Change in Interest Rates (in basis points)			
	-100	**+100**	**-50**	**+50**
Change on annualized net interest income	**(P 8,089)**	**P 8,089**	**(P 4,044)**	**P 4,044**
As a percentage of the Parent Bank's net interest income for 2020	**(6.35%)**	**6.35%**	**(3.18%)**	**3.18%**
EAR	**P 24,494**			
As a percentage of the Parent Bank's net interest income for 2020	**19.24%**			
Average (1yr) EAR	**P 18,938**			
Stress EAR	**P 31,466**			

	2019			
	Change in Interest Rates (in basis points)			
	-100	+100	-50	+50
Change on annualized net interest income	(P 6,003)	P 6,003	(P 3,001)	P 3,001
As a percentage of the Parent Bank's net interest income for 2019	(5.24%)	5.24%	(2.62%)	2.62%
EAR	P 13,275			

Parent Bank

	2019			
	Change in Interest Rates (in basis points)			
	-100	+100	-50	+50
As a percentage of the Parent Bank's net interest income for 2019	11.59%			
Average (1yr) EAR	P 9,290			
Stress EAR	P 22,823			

4.2.3 Price Risk

The BDO Unibank Group and the Parent Bank are exposed to equity securities price risk because of investments in equity securities held by BDO Unibank Group and Parent Bank classified on the statement of financial position either as financial assets at FVOCI securities, or financial assets at FVTPL. The BDO Unibank Group and the Parent Bank are not exposed to commodity price risk. To manage its price risk arising from investments in listed equity securities, BDO Unibank Group maintains a diversified portfolio. Diversification of the portfolio is done in accordance with the limits set by BDO Unibank Group.

The table below summarizes the impact of equity prices on listed equity securities classified as financial assets at FVTPL and financial assets at FVOCI on BDO Unibank Group and Parent Bank's net profit after tax and equity as of December 31, 2020 and 2019. The results are based on the volatility assumption of the benchmark equity index, which was 9.71% and 2.33% in 2020 and 2019, respectively, for securities classified as financial assets at FVTPL and FVOCI securities with all other variables held constant and all the BDO Unibank Group and the Parent Bank's equity instruments moved according to the historical correlation with the index.

	Impact on Net Profit After Tax Increase			**Impact on Other Comprehensive Income Increase**		
	2020	2019	2018	**2020**	2019	2018
BDO Unibank Group						
Financial assets at FVTPL	**P 1,554**	P 335	P 194	**P -**	P -	P -
Financial assets at FVOCI	**-**	-	-	**350**	203	136
	P 1,554	P 335	P 194	**P 350**	P 203	P 136
Parent Bank						
Financial assets at FVOCI	**P -**	P -	P -	**P 291**	P 48	P 2
	P -	P -	P -	**P 291**	P 48	P 2

4.3 Credit Risk

Credit risk is the risk that the counterparty in a transaction may default and arises from lending, trade finance, treasury, derivatives and other activities undertaken by the BDO Unibank Group. RMG undertakes several functions with respect to credit risk management including credit analysis, risk ratings for corporate accounts, and development and performance monitoring of credit risk rating and scoring models for both corporate and consumer loans. It also ensures that BDO Unibank Group's credit policies and procedures are adequate to meet the demands of the business.

RMG also subjects the loan portfolio to a regular portfolio quality review, credit portfolio stress testing and rapid portfolio reviews based on specific and potential events that may affect borrowers in particular geographic locations or industries.

BDO Unibank Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers. Such risks are monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the Credit Committee/approving authorities. On the industry segments, set limits and exposures are monitored and reported to the RMC.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also managed in part by obtaining collateral or corporate and personal guarantees.

4.3.1 Credit Risk Assessment

Loan classification and credit risk rating are an integral part of BDO Unibank Group's management of credit risk. On an annual basis, loans are reviewed, classified as necessary, and rated based on internal and external factors that affect its performance. On a monthly basis, loan classifications of impaired accounts are assessed and the results are used as basis for the review of loan loss provisions.

BDO Unibank Group's definition of its loan classification and corresponding credit risk ratings are as follows:

- Current : Grades AAA to B
- Watchlisted : Grade B-
- Especially Mentioned : Grade C
- Substandard : Grade D
- Doubtful : Grade E
- Loss : Grade F

Once an account is Watchlisted or Adversely Classified, the resulting risk rating grade is aligned based on the above classification.

(a) Current

These are individual credits that do not have a greater-than-normal risk and do not possess the characteristics of adversely classified loans. These are credits that have the apparent ability to satisfy their obligations in full and therefore, no loss in ultimate collection is anticipated. These are adequately secured by readily marketable collateral or other forms of support security or are supported by sufficient credit and financial information of favorable nature to assure repayment as agreed.

(b) Watchlisted

Since early identification of troublesome or potential accounts is vital in portfolio management, a "Watchlisted" classification of credit accounts is maintained. These accounts are not adversely classified but they require more than normal attention to prevent these accounts from deteriorating to said category.

Past due or individually impaired financial assets comprise accounts under the following risk ratings:

(c) Adversely Classified

(i) Especially Mentioned (EM)

It is an adverse classification of loans/accounts that have potential weaknesses and deserves management's close attention. These potential weaknesses, if left uncorrected, may affect the repayment of the loan and thus increase credit risk to BDO Unibank Group.

(ii) Substandard

Accounts classified as "Substandard" are individual credits or portions thereof, that have well-defined weakness/(es) that may jeopardize repayment/liquidation in full, either in respect of the business, cash flow or financial position, which may include adverse trends or developments that affect willingness or repayment ability of the borrower.

(iii) Doubtful

Accounts classified as "Doubtful" are individual credits or portions thereof which exhibit more severe weaknesses than those classified as "Substandard" whose characteristics on the basis of currently known facts, conditions and values make collection or liquidation highly improbable, however, the exact amount remains undeterminable as yet. Classification as "Loss" is deferred because of specific pending factors, which may strengthen the assets.

(iv) Loss

Accounts classified as "Loss" are individual credits or portions thereof, which are considered uncollectible or worthless, and of such little value that their continuance as bankable assets are not warranted although the loans may have some recovery or salvage value.

This shall be viewed as a transitional category for loans and other credit accommodations, which have been identified as requiring write-off during the current reporting period even though partial recovery may be obtained in the future.

In addition to the above, credit portfolio review is another integral part of BDO Unibank Group's management of credit risk. This exercise involves the conduct of periodic post approval review of individual credits whose main objective is to help monitor and maintain sound and healthy risk asset portfolio. Parameters of the credit portfolio review are structured so as to reflect both sides of the risk management equation such as credit quality and process. This function actuates the philosophy that credit quality is derived from sound risk management process. The credit quality of financial assets is managed by BDO Unibank Group using internal credit ratings.

4.3.2 Credit Quality Analysis

The following table sets out information about the credit quality of loans and other receivables, financial assets measured at amortized cost, and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and other contingent accounts, the amounts in the table represent the amounts committed. As of December 31, 2020 and 2019, there are no POCI financial assets in both BDO Unibank Group and Parent Bank's financial statements.

The following table shows the exposure to credit risk as of December 31, 2020 and 2019 for each internal risk grade and the related allowance for ECL:

BDO Unibank Group

	2020			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers - corporate				
Grades AAA to B : Current	P 1,557,559	P -	P -	P 1,557,559
Grade B- : Watchlisted	38	63,088	1,420	64,546
Grade C : EM	99	95,710	2,611	98,420
Grade D : Substandard	-	4,414	1,435	5,849
Grade E : Doubtful	-	-	4,769	4,769
Grade F : Loss	-	-	4,795	4,795
	1,557,696	163,212	15,030	1,735,938
ECL allowance	(6,254)	(11,699)	(10,056)	(28,009)
Carrying amount	P 1,551,442	P 151,513	P 4,974	P 1,707,929
Receivables from customers - consumer				
Grades AAA to B : Current	P 475,080	P -	P -	P 475,080
Grade B- : Watchlisted	9	406	118	533
Grade C : EM	1	3,681	128	3,810
Grade D : Substandard	-	3,062	6,084	9,146
Grade E : Doubtful	-	-	22,699	22,699
Grade F : Loss	-	-	16,496	16,496
	475,090	7,149	45,525	527,764
ECL allowance	(7,795)	(997)	(19,619)	(28,411)
Carrying amount	P 467,295	P 6,152	P 25,906	P 499,353
Other receivables				
Grades AAA to B : Current	P 93,453	P 37	P -	P 93,490
Grade B- : Watchlisted	-	-	78	78
Grade C : EM	1	-	-	1
Grade D : Substandard	501	414	355	1,270
Grade E : Doubtful	17	-	303	320
Grade F : Loss	51	-	1,920	1,971
	94,023	451	2,656	97,130
ECL allowance	(151)	(18)	(2,262)	(2,431)
Carrying amount	P 93,872	P 433	P 394	P 94,699

BDO Unibank Group

	2020			
	Stage 1	Stage 2	Stage 3	Total
Debt investment securities at amortized cost				
Grades AAA to B : Current	**P 287,067**	**P -**	**P -**	**P 287,067**
Grade E : Doubtful	**-**	**-**	**1,079**	**1,079**
Grade F : Loss	**-**	**-**	**263**	**263**
	287,067	**-**	**1,342**	**288,409**
ECL allowance	**(248)**	**-**	**(1,342)**	**(1,590)**
Carrying amount	**P 286,819**	**P -**	**P -**	**P 286,819**
Debt investment securities at FVOCI				
Grades AAA to B : Current	**P 174,559**	**P -**	**P -**	**P 174,559**
Loan commitments and other contingent accounts				
Grades AAA to B : Current	**P 96,509**	**P -**	**P -**	**P 96,509**
Grade B- : Watchlisted	**-**	**145**	**-**	**145**
Grade E : Doubtful	**-**	**-**	**16**	**16**
Grade F : Loss	**-**	**-**	**-**	**-**
	96,509	**145**	**16**	**96,670**
ECL allowance	**(314)**	**(3)**	**-**	**(317)**
Carrying amount	**P 96,195**	**P 142**	**P 16**	**P 96,353**

	2019			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers - corporate				
Grades AAA to B : Current	P 1,650,322	P -	P -	P 1,650,322
Grade B- : Watchlisted	25,059	2	292	25,353
Grade C : EM	-	3,387	675	4,062
Grade D : Substandard	-	4,427	1,229	5,656
Grade E : Doubtful	-	164	3,507	3,671
Grade F : Loss	-	-	4,944	4,944
	1,675,381	7,980	10,647	1,694,008
ECL allowance	(6,609)	(549)	(8,412)	(15,570)
Carrying amount	P 1,668,772	P 7,431	P 2,235	P 1,678,438
Receivables from customers - consumer				
Grades AAA to B : Current	P 496,264	P -	P -	P 496,264
Grade B- : Watchlisted	80	-	-	80
Grade C : EM	-	1,933	169	2,102
Grade D : Substandard	-	1,091	1,109	2,200
Grade E : Doubtful	-	5	3,536	3,541
Grade F : Loss	-	-	9,855	9,855
	496,344	3,029	14,669	514,042
ECL allowance	(5,050)	(681)	(8,767)	(14,498)
Carrying amount	P 491,294	P 2,348	P 5,902	P 499,544
Other receivables				
Grades AAA to B : Current	P 47,184	P -	P -	P 47,184
Grade C : EM	1	-	20	21
Grade D : Substandard	-	325	851	1,176
Grade E : Doubtful	-	-	291	291
Grade F : Loss	-	-	1,721	1,721
	47,185	325	2,883	50,393
ECL allowance	(116)	(269)	(2,213)	(2,598)
Carrying amount	P 47,069	P 56	P 670	P 47,795
Debt investment securities at amortized cost				
Grades AAA to B : Current	P 263,736	P -	P -	P 263,736
Grade E : Doubtful	-	-	1,138	1,138
Grade F : Loss	-	-	264	264
	263,736	-	1,402	265,138
ECL allowance	(151)	-	(1,402)	(1,553)
Carrying amount	P 263,585	P -	P -	P 263,585

BDO Unibank Group

	2019			
	Stage 1	Stage 2	Stage 3	Total
Debt investment securities at FVOCI				
Grades AAA to B : Current	P 134,123	P -	P -	P 134,123
Loan commitments and other contingent accounts				
Grades AAA to B : Current	P 446,096	P -	P -	P 446,096
Grade B- : Watchlisted	11,640	-	-	11,640
Grade E : Doubtful	-	-	44	44
Grade F : Loss	-	1	-	1
	457,736	1	44	457,781
ECL allowance	(114)	-	-	(114)
Carrying amount	P 457,622	P 1	P 44	P 457,667

The table below sets out the credit quality of trading debt securities measured at FVTPL (see Note 9.1).

	2020	2019
Grade:		
AAA	**P 4,030**	P 4,835
AA+ to AA	**107**	524
A+ to A-	**706**	474
BBB+ to BBB-	**4,152**	2,710
BB+ to BB-	**185**	61
	P 9,180	P 8,604

The table below shows an analysis of counterparty credit exposures arising from derivative transactions. Outstanding derivative exposures to counterparties are generally to investment grade counterparty banks. Derivative transactions with non-bank counterparties are on a fully secured basis.

					Over-the-counter			
	Total		**Exchange-traded**		**Central Counterparties**		**Other Bilateral Collateralized**	
	Notional Amount	**Fair Value**	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**
2020								
Derivative assets	**P 169,313**	**P 4,468**	**P 186**	**P -**	**P 143,909**	**P 1,769**	**P 25,218**	**P 2,699**
Derivative liabilities	**177,735**	**4,129**	**186**	**-**	**154,158**	**2,001**	**23,391**	**2,128**
2019								
Derivative assets	P 161,883	P 3,562	P 131,305	P 1,523	P 3,730	P 26	P 26,848	P 2,013
Derivative liabilities	159,580	3,172	107,228	1,406	27,157	327	25,195	1,439

As of December 31, 2020 and 2019, the BDO Unibank Group held Cash and Other Cash Items, Due from Other Banks and Due from BSP totaling to P448,776 and P412,136, respectively. The financial assets are held with the BSP and financial institution counterparties that are rated at least BBB to AAA+, based on S&P ratings.

Parent Bank

	2020			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers - corporate				
Grades AAA to B : Current	P 1,554,068	P -	P -	P 1,554,068
Grade B- : Watchlisted	-	62,906	1,419	64,325
Grade C : EM	-	95,710	2,611	98,321
Grade D : Substandard	-	4,414	1,435	5,849
Grade E : Doubtful	-	-	4,769	4,769
Grade F : Loss	-	-	4,793	4,793
	1,554,068	163,030	15,027	1,732,125
ECL allowance	(6,200)	(11,699)	(10,053)	(27,952)
Carrying amount	P 1,547,868	P 151,331	P 4,974	P 1,704,173
Receivables from customers - consumer				
Grades AAA to B : Current	P 446,247	P -	P -	P 446,247
Grade B- : Watchlisted	-	406	4	410
Grade C : EM	-	3,063	58	3,121
Grade D : Substandard	-	1,121	5,714	6,835
Grade E : Doubtful	-	-	21,525	21,525
Grade F : Loss	-	-	14,232	14,232
	446,247	4,590	41,533	492,370
ECL allowance	(7,558)	(671)	(17,808)	(26,037)
Carrying amount	P 438,689	P 3,919	P 23,725	P 466,333
Other receivables				
Grades AAA to B : Current	P 88,062	P -	P -	P 88,062
Grade D : Substandard	494	413	352	1,259
Grade E : Doubtful	-	-	291	291
Grade F : Loss	-	-	1,853	1,853
	88,556	413	2,496	91,465
ECL allowance	(62)	(19)	(2,204)	(2,285)
Carrying amount	P 88,494	P 394	P 292	P 89,180
Debt investment securities at amortized cost				
Grades AAA to B : Current	P 267,901	P -	P -	P 267,901
Grade E : Doubtful	-	-	1,079	1,079
Grade F : Loss	-	-	263	263
	267,901	-	1,342	269,243
ECL allowance	(229)	-	(1,342)	(1,571)
Carrying amount	P 267,672	P -	P -	P 267,672
Debt investment securities at FVOCI				
Grades AAA to B : Current	P 121,848	P -	P -	P 121,848
Loan commitments and other contingent accounts				
Grades AAA to B : Current	P 96,509	P -	P -	P 96,509
Grade B- : Watchlisted	-	145	-	145
Grade E : Doubtful	-	-	16	16
	96,509	145	16	96,670
ECL allowance	(314)	(3)	-	(317)
Carrying amount	P 96,195	P 142	P 16	P 96,353

Parent Bank

	2019			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers - corporate				
Grades AAA to B : Current	P 1,635,751	P -	P -	P 1,635,751
Grade B- : Watchlisted	24,820	-	223	25,043
Grade C : EM	-	2,986	581	3,567
Grade D : Substandard	-	4,427	1,036	5,463
Grade E : Doubtful	-	20	3,015	3,035
Grade F : Loss	-	-	4,681	4,681
	1,660,571	7,433	9,536	1,677,540
ECL allowance	(6,520)	(538)	(7,991)	(15,049)
Carrying amount	P 1,654,051	P 6,895	P 1,545	P 1,662,491
Receivables from customers - consumer				
Grades AAA to B : Current	P 465,858	P -	P -	P 465,858
Grade B- : Watchlisted	80	-	-	80
Grade C : EM	-	1,663	119	1,782
Grade D : Substandard	-	594	994	1,588
Grade E : Doubtful	-	5	3,062	3,067
Grade F : Loss	-	-	7,951	7,951
	465,938	2,262	12,126	480,326
ECL allowance	(4,549)	(541)	(7,243)	(12,333)
Carrying amount	P 461,389	P 1,721	P 4,883	P 467,993
Other receivables				
Grades AAA to B : Current	P 44,525	P -	P -	P 44,525
Grade C : EM	1	-	20	21
Grade D : Substandard	602	324	224	1,150
Grade E : Doubtful	-	-	261	261
Grade F : Loss	-	-	1,665	1,665
ECL allowance	45,128	324	2,170	47,622
	(46)	(269)	(2,136)	(2,451)
Carrying amount	P 45,082	P 55	P 34	P 45,171
Debt investment securities at amortized cost				
Grades AAA to B : Current	P 247,449	P -	P -	P 247,449
Grade E : Doubtful				
Grade F : Loss	-	-	1,138	1,138
	-	-	264	264
	247,449	-	1,402	248,851
ECL allowance	(141)	-	(1,402)	(1,543)
Carrying amount	P 247,308	P -	P -	P 247,308
Debt investment securities at FVOCI				
Grades AAA to B : Current	P 89,431	P -	P -	P 89,431
Loan commitments and other contingent accounts				
Grades AAA to B : Current	P 446,096	P -	P -	P 446,096
Grade B- : Watchlisted	11,640	-	-	11,640
Grade E : Doubtful	-	-	44	44
Grade F : Loss	-	1	-	1
	457,736	1	44	457,781
ECL allowance	(114)	-	-	(114)
Carrying amount	P 457,622	P 1	P 44	P 457,667

The table below sets out the credit quality of trading debt securities measured at FVTPL (see Note 9.1).

	2020	2019
Grade:		
AAA	**P 1,707**	P 1,580
AA+ to AA	**2**	4
BBB+ to BBB-	**1,327**	975
BB+ to BB-	**56**	61
	P 3,092	P 2,620

The table below shows an analysis of counterparty credit exposures arising from derivative transactions. Derivative transactions of the Parent Bank are generally fully collateralized by cash.

					Over-the-counter			
	Total		Exchange-traded		Central Counterparties		Other Bilateral Collateralized	
	Notional Amount	Fair Value	Notional Amount	Fair Value	Notional Amount	Fair Value	Notional Amount	Fair Value
2020								
Derivative assets	**P 144,095**	**P 1,769**	**P 186**	**P -**	**P 143,909**	**P 1,769**	**P -**	**P -**
Derivative liabilities	**154,345**	**2,001**	**186**	**-**	**154,159**	**2,001**	**-**	**-**
2019								
Derivative assets	P 135,165	P 1,549	P 131,105	P 1,523	P 3,730	P 26	P 130	P -
Derivative liabilities	134,515	1,734	107,228	1,406	27,157	328	130	-

As of December 31, 2020 and 2019, the Parent Bank held Cash and Other Cash Items, Due from Other Banks and Due from BSP totaling to P440,661 and P405,484, respectively. The financial assets are held with the BSP and financial institution counterparties that are rated at least BBB to AAA+, based on S&P ratings.

4.3.3 Concentrations of Credit Risk

The BDO Unibank Group and the Parent Bank monitor concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk (gross of allowance) at the reporting date is shown below and in the succeeding pages.

BDO Unibank Group

	2020			2019		
	Cash and Cash Equivalents*	**Receivables from Customers****	**Trading and Investment Securities**	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities
Concentration by sector:						
Financial and insurance activities	**P 531,246**	**P 335,487**	**P 355,937**	P 447,934	P 290,150	P 309,636
Real estate activities	**9**	**308,681**	**20,856**	5	286,744	20,542
Electricity, gas, steam and air-conditioning supply	**4**	**265,210**	**24,195**	-	259,617	-
Transportation and storage	**1**	**92,578**	**4,411**	-	105,245	2,715
Wholesale and retail trade	**-**	**271,485**	**863**	-	290,150	4,202
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	**-**	**315,727**	**-**	-	291,461	-
Manufacturing	**-**	**195,586**	**12,482**	-	206,143	13,797
Arts, entertainment and recreation	**-**	**77,734**	**-**	-	81,065	-
Construction	**-**	**69,067**	**1,050**	-	69,385	-
Accommodation and food service activities	**-**	**39,699**	**4,097**	-	37,357	-
Information and communication	**-**	**34,477**	**2,306**	-	30,366	-
Education	**-**	**32,296**	**-**	-	23,763	-
Human health and social work activities	**-**	**29,859**	**853**	-	8,982	-
Water supply, sewerage waste management and remediation activities	**-**	**24,017**	**-**	-	21,780	-
Mining and quarrying	**-**	**16,172**	**1,089**	-	20,359	-
Agriculture, forestry and fishing	**-**	**15,011**	**-**	-	15,072	-
Professional, scientific and technical services	**-**	**10,255**	**946**	-	10,904	-
Administrative and support services	**-**	**8,237**	**-**	-	9,919	-
Public administrative and defense; compulsory social security	**-**	**723**	**2,524**	-	1,416	-
Activities of extra-territorial and organizations and bodies	**-**	**5**	**-**	-	10	-
Other service activities	**122**	**121,396**	**44,843**	1,137	148,162	60,226
	P 531,382	**P 2,263,702**	**P 476,452**	P 449,076	P 2,208,050	P 411,118

** Cash and cash equivalents include cash and other cash items, due from BSP and other banks, SPURRA, FCNC, certain interbank loans receivables and investment securities at amortized cost (see Note 2.5).*

***Receivables from customers are reported as gross of allowance but net of unearned interests or discounts.*

BDO Unibank Group

	2020			2019		
	Cash and Cash Equivalents*	**Receivables from Customers****	**Trading and Investment Securities**	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities
Concentration by location:						
Philippines	**P 409,805**	**P 2,137,037**	**P 381,831**	P 381,356	P 2,083,321	P 326,070
Foreign countries	**121,577**	**126,665**	**94,621**	67,720	124,729	85,048
	P 531,382	**P 2,263,702**	**P 476,452**	P 449,076	P 2,208,050	P 411,118

Parent Bank

	2020			2019		
	Cash and Cash Equivalents*	**Receivables from Customers****	**Trading and Investment Securities**	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities
Concentration by sector:						
Financial and insurance activities	**P 520,663**	**P 334,720**	**P 320,309**	P 442,423	P 289,122	P 275,189
Electricity, gas, steam and air-conditioning supply	**4**	**265,067**	**22,842**	-	259,435	-
Real estate activities	**4**	**310,133**	**15,245**	-	286,343	15,475
Transportation and storage	**1**	**93,701**	**3,694**	-	102,347	2,659
Wholesale and retail traded	**-**	**268,590**	**863**	-	284,878	4,202
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	**-**	**307,500**	**-**	-	282,454	-
Manufacturing	**-**	**195,035**	**10,855**	-	203,539	12,124
Arts, entertainment and recreation	**-**	**76,699**	**-**	-	79,988	-
Construction	**-**	**68,752**	**1,050**	-	65,076	-
Accommodation and food service activities	**-**	**39,484**	**4,097**	-	37,113	-
Information and communication	**-**	**34,276**	**324**	-	29,889	-
Human health and social work activities	**-**	**29,693**	**853**	-	8,061	-
Water supply, sewerage waste management and remediation activities	**-**	**24,014**	**-**	-	21,661	-
Mining and quarrying	**-**	**16,150**	**1,089**	-	19,599	-
Agriculture, forestry and fishing	**-**	**14,368**	**-**	-	14,167	-
Professional, scientific and technical services	**-**	**10,241**	**946**	-	10,811	-
Administrative and support services	**-**	**8,182**	**-**	-	8,677	-
Education	**-**	**5,043**	**-**	-	5,280	-
Public administrative and defense; compulsory social security	**-**	**723**	**2,524**	-	536	-
Activities of extra-territorial and organizations bodies	**-**	**5**	**-**	-	7	-
Other service activities	**-**	**122,119**	**11,097**	-	148,883	32,494
	P 520,672	**P 2,224,495**	**P 395,788**	P 442,423	P 2,157,866	P 342,143
Concentration by location						
Philippines	**P 400,914**	**P 2,098,414**	**P 310,300**	P 375,872	P 2,034,336	P 264,380
Foreign countries	**119,758**	**126,081**	**85,488**	66,551	123,530	77,763
	P 520,672	**P 2,224,495**	**P 395,788**	P 442,423	P 2,157,866	P 342,143

** Cash and cash equivalents include cash and other cash items, due from BSP and other banks, SPURRA, FCNC, certain interbank loans receivables and investment securities at amortized cost (see Note 2.5).*

***Receivables from customers are reported as gross of allowance but net of unearned interests or discounts.*

4.3.4 Collateral Held as Security and Other Credit Enhancements

BDO Unibank Group and the Parent Bank hold collateral against credit exposures from customers in the form of mortgage interests over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are updated periodically. Collateral generally is not held over due from other banks, interbank loans and investment securities, except when securities are held as part of reverse repurchase and securities borrowing activity. The BDO Unibank Group and the Parent Bank hold collateral against credit exposures in the form of property, debt securities, equity securities, holdout deposits and others.

There is no significant change on the quality of the collateral and other security enhancements held against the credit exposures except for the fair value of the collaterals driven by the change in market conditions.

Estimate of the fair value of collateral and other security enhancements held against the following credit exposures as of December 31 follows:

	BDO Unibank Group		**Parent Bank**	
	2020	2019	**2020**	2019
Receivable from customers – corporate:				
Property	**P 575,492**	P 511,930	**P 571,158**	P 483,845
Equity securities	**115,910**	126,655	**115,741**	126,655
Hold-out deposits	**104,036**	93,768	**103,941**	93,765
Debt securities	**2,559**	1,964	**2,474**	1,964
Others	**237,625**	229,282	**229,483**	225,522
	1,035,622	963,599	**1,022,797**	931,751
Receivable from customers – consumer:				
Property	**515,491**	334,772	**515,491**	327,160
Hold-out deposits	**2,864**	2,841	**2,844**	2,775
Debt securities	**423**	647	**128**	239
Equity securities	**805**	591	**100**	102
Others	**218,756**	199,222	**218,590**	189,263
	738,339	538,073	**737,153**	519,539
Other receivables:				
Property	**1,696**	2,165	**1,696**	2,165
Others	**79,121**	44,434	**79,121**	44,434
	80,817	46,599	**80,817**	46,599
	P 1,854,778	P 1,548,271	**P 1,840,767**	P 1,497,889

As of December 31, 2020 and 2019, no collateral is held for due from other banks and trading and investment securities.

The BDO Unibank Group and the Parent Bank has recognized certain properties arising from foreclosures in settlement of loan account amounting to P13,757 and P13,743, respectively, in 2020 and P14,009 and P13,780, respectively, in 2019 (see Note 13).

BDO Unibank Group's manner of disposing the collateral for impaired loans and receivables is normally through sale of these assets after foreclosure proceedings have taken place.

The general creditworthiness of a corporate and individual customer tends to be the most relevant indicator of credit quality of a loan extended to it (see Note 4.3.2). However, collateral provides additional security and the BDO Unibank Group generally requests that corporate and individual borrowers provide it. The BDO Unibank Group may take collateral in the form of a first charge over real estate, floating charges over all corporate and individual assets and other liens and guarantees.

While the BDO Unibank Group is focused on corporate and individual customers' creditworthiness, it continuously and regularly updates the valuation of collateral held against all loans to corporate and individual customers. Most frequent updating, however, is required when the loan is put on a watch list and the loan is monitored more closely. The same applies to credit-impaired loans, as the BDO Unibank Group obtains appraisals or valuation of collateral to provide input into determining the management credit risk actions.

(a) Receivable from Customers - Corporate

The net carrying amount of credit-impaired (loans under Stages 2 and 3) receivables to corporate customers amounted to P156,487 and P9,666 as of December 31, 2020 and 2019, respectively, for the BDO Unibank Group and P156,305 and P8,440 as of December 31, 2020 and 2019, respectively, for the Parent Bank. The value of identifiable collateral (mainly commercial properties) held against those loans and advances amounted to P103,993 and P10,657 as of December 31, 2020 and 2019, respectively, for the BDO Unibank Group and P103,810 and P9,919 as of December 31, 2020 and 2019, respectively, for the Parent Bank. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

(b) Receivable from Customers - Consumer

The net carrying amount of credit-impaired receivables to individual customers amounted to P32,058 and P8,250 as of December 31, 2020 and 2019, respectively, for the BDO Unibank Group and P27,644 and P6,604 as of December 31, 2020 and 2019, respectively, for the Parent Bank. The value of identifiable collateral held against those loans and advances amounted to P65,409 and P14,965 as of December 31, 2020 and 2019, respectively, for the BDO Unibank Group and P64,668 and P14,179 as of December 31, 2020 and 2019, respectively, for the Parent Bank. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

(c) Other Receivables

The net carrying amount of credit-impaired other receivables amounted to P827 and P726 as of December 31, 2020 and 2019, respectively, for the BDO Unibank Group and P686 and P89 as of December 31, 2020 and 2019, respectively, for the Parent Bank. The value of identifiable collateral held against those loans and advances amounted to P3,106 and P3,208 as of December 31, 2020 and 2019, respectively, for the BDO Unibank Group and P2,910 and P2,495 as of December 31, 2020 and 2019, respectively, for the Parent Bank. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

(d) Debt Investment Securities

The maximum exposure to credit risk of the investment securities at amortized cost, FVOCI securities and FVTPL are their carrying amounts of P286,819, P174,559 and P9,180, respectively as of December 31, 2020 and P263,585, P134,123 and P8,604, respectively, as of December 31, 2019 for the BDO Unibank Group. Meanwhile, maximum exposure to credit risk of the investment securities at amortized cost, FVOCI securities and FVTPL are their carrying amounts of P267,672, P121,848 and P3,092, respectively, as of December 31, 2020 and P247,308, P89,431 and P2,620, respectively, as of December 31, 2019 for the Parent Bank.

4.3.5 Amounts Arising from Expected Credit Losses

At each reporting date, BDO Unibank Group assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired (referred to as Stages 2 and 3 financial assets). A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The BDO Unibank Group measures credit risk using PD, LGD and EAD.

(a) Significant Increase in Credit Risk (SICR)

As outlined in PFRS 9, a '3-stage' impairment model was adopted by the BDO Unibank Group based on changes in credit quality since initial recognition of the financial asset. A financial asset that is not credit-impaired on initial recognition is classified as 'Stage 1', with credit risk continuously monitored by the Bank as its ECL is measured at an amount equal to the portion of lifetime ECL that results from possible default events within the next 12 months. If an SICR since initial recognition is identified, the classification will be moved to 'Stage 2' but is not yet deemed to be credit-impaired. Such assessment is based on certain qualitative criteria as follows:

- Corporate Borrowers with past due accounts over 60 days may be tagged as Watchlist.
- Watchlist borrowers can be upgraded upon completion of the seasoning period which shall be 6 months from the time of downgrading. The seasoning means that there is no incident of past due.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the BDO Unibank Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the BDO Unibank Group's historical experience and expert credit assessment and including forward-looking information (FLI).

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime PD as at the reporting date; with

- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The BDO Unibank Group uses the following criteria in determining whether there has been a significant increase in credit risk: (i) quantitative test based on movement in PD; and (ii) qualitative indicators, such as substantial decline in sales, intermittent delays in payment or restructuring.

(i) Credit risk grading

The BDO Unibank Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

The credit grades are defined and calibrated such that the risk of default increases exponentially at each higher risk grade so, for example, the difference PD between an AAA and AA rating grade is lower than the difference in the PD between a B and B- rating grade.

(ii) Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The BDO Unibank Group collects performance and default information about its credit risk exposures analyzed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information from external credit reference agencies is also used.

The BDO Unibank Group employs statistical models to analyze the data collected and generates the term structure of PD estimates.

(iii) Determining whether credit risk has significantly increased

The BDO Unibank Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower. What is considered significant varies across financial assets of the BDO Unibank Group.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the BDO Unibank Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as substantial decline in sales and intermittent delays in payments.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

During 2020, certain assumptions and estimation technique have been reviewed to consider the unprecedented impact of COVID-19 pandemic. In this regard, the BDO Unibank Group and the Parent Bank performed comprehensive review of the financial assets, particularly for loan accounts to assess vulnerability arising from current economic condition, which resulted in the transfer of the classification of some loans from Stage 1 to either Stage 2 or 3 (see Note 34).

(b) Definition of Default

The BDO Unibank Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the BDO Unibank Group in full, without recourse by the BDO Unibank Group to actions such as realizing security (if any is held);

- the borrower is more than 90 days past due on any material credit obligation to the BDO Unibank Group; or,

- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the BDO Unibank Group considers indicators that are qualitative (e.g., breaches of covenant) and, quantitative (overdue or non-payment).

Inputs into the assessment of whether a financial instrument is in default as well as their significance may vary over time to reflect changes in circumstances.

These criteria have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. Such definition has been consistently applied in determining PD, EAD, and LGD throughout the ECL calculations of the Bank.

An instrument is considered to have cured when it no longer meets any of the default criteria for a consecutive period of six months. The cure period sets the tolerance period wherein the borrowers are allowed to update the payments in compliance with the regulatory requirements on transfer between stages.

(c) Forward-looking Information (FLI)

The BDO Unibank Group incorporates FLI into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The BDO Unibank Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The relevant macro-economic variables for selection generally include, but are not limited to, Gross Domestic Product (GDP) growth, unemployment rate, foreign exchange, stock market index, oil prices and interest rates.

Predicted relationships between the key macro-economic indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 10 to 15 years.

The significance of the selected macro-economic variables as predictors of default may change over time as historical information is added. As such, the generated macro-economic models are updated at least on an annual basis.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore, the actual outcomes may be significantly different to those from the projections. The BDO Unibank Group considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the BDO Unibank Group different product types to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Management has also considered other FLIs not incorporated within the above economic scenarios, such as any regulatory, legislative, or political changes, but are not deemed to have a significant impact on the calculation of ECL. Management reviews and monitors the appropriateness of FLIs at least annually.

(d) Modified Financial Assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognized and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The BDO Unibank Group renegotiates loans of customers in financial difficulties (referred to as 'restructuring') to maximize collection opportunities and minimize the risk of default. Under the BDO Unibank Group's restructuring policy, loan restructuring is granted on a selective basis if the debtor is currently in default on its debt but the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants for such loans as consumer and corporate loans and credit card receivables. All proposals for loan restructuring are for approval by the BDO Unibank Group's Credit Committee.

For financial assets modified as part of the BDO Unibank Group's restructuring policy, the estimate of credit loss will reflect the probability to collect interest and principal. As part of this process, the BDO Unibank Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, restructuring is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 4.3.2). A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

(e) Measurement of ECL

The key inputs into the measurement of ECL are the term structure of PD, LGD and EAD.

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'.

LGD is the magnitude of the likely loss if there is a default. The BDO Unibank Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value (LTV) ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The BDO Unibank Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortization. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described in the previous page, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the BDO Unibank Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the BDO Unibank Group considers a longer period. The maximum contractual period extends to the date at which the BDO Unibank Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk gradings;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and,
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the BDO Unibank Group has limited historical data, external benchmark information (e.g., PD from external credit rating agencies, Basel LGD) issued to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL include exposures to foreign borrowers and low default borrower segments.

There have been no significant changes in the estimation techniques or significant assumptions made by the BDO Unibank Group in 2020.

(f) Collective Basis of Measurement of ECL

For modelling ECL parameters which were carried out on a collective basis, the financial instruments are grouped on the basis of shared credit risk characteristics, such as instrument, product type (auto loans, housing loans, etc.), repayment scheme, industry type, remaining life to maturity, and geographical locations of the borrowers and/or counterparties.

The groupings are subject to the regular review by the BDO Unibank Group's RMG in order to ensure that credit exposures within a particular group remain appropriately homogenous.

(g) Write-offs

The BDO Unibank Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include; cessation of enforcement activity; and, where the BDO Unibank Group's recovery method is through foreclosure of collateral and the value of the collateral is less than the outstanding contractual amounts of the financial assets to be written-off. The BDO Unibank Group and Parent Bank have still, however, enforceable right to receive payment even if the financial assets have been written off except in certain cases.

The BDO Unibank Group and the Parent Bank had written off certain accounts from which it no longer have an enforceable right to receive payment amounting to P654 and P533, respectively, in 2020, and P370 and P233, respectively, in 2019 [see Note 4.3.5(i)].

(b) Credit risk exposure

The BDO Unibank Group and the Parent Bank's maximum exposure to credit risk is equal to the carrying value of its financial assets, except for certain secured loans and receivables from customers, as shown below.

BDO Unibank Group

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2020				
Loans and discounts:				
Corporate	**P 1,735,938**	**P 1,035,622**	**P 700,316**	**P 1,035,622**
Consumer	**527,764**	**738,339**	**-**	**527,764**
Sales contracts receivables	**1,016**	**1,696**	**-**	**1,016**
	P 2,264,718	**P 1,775,657**	**P 700,316**	**P 1,564.402**
2019				
Loans and discounts:				
Corporate	P 1,694,008	P 963,599	P 730,409	P 963,599
Consumer	514,042	538,073	-	514,042
Sales contracts receivables	977	2,165	-	977
	P 2,209,027	P 1,503,837	P 730,409	P 1,478,618

Parent Bank

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2020				
Loans and discounts:				
Corporate	**P 1,732,125**	**P 1,022,797**	**P 709,328**	**P 1,022,797**
Consumer	**492,370**	**737,153**	**-**	**492,370**
Sales contracts receivables	**977**	**1,696**	**-**	**977**
	P 2,225,472	**P 1,761,646**	**P 709,328**	**P 1,516,144**
2019				
Loans and discounts:				
Corporate	P 1,677,540	P 931,751	P 745,789	P 931,751
Consumer	480,326	519,539	-	480,326
Sales contracts receivables	898	2,165	-	898
	P 2,158,764	P 1,453,455	P 745,789	P 1,412,975

An analysis of the maximum credit risk exposure relating to Stage 3 financial assets as of December 31, 2020 and 2019 is shown below.

BDO Unibank Group

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2020				
Loans and discounts:				
Corporate	**P 15,030**	**P 6,050**	**P 8,980**	**P 6,050**
Consumer	**45,525**	**60,572**	**-**	**45,525**
Sales contracts receivables	**233**	**375**	**-**	**233**
	P 60,788	**P 66,997**	**P 8,980**	**P 51,808**
2019				
Loans and discounts:				
Corporate	P 10,647	P 5,508	P 5,139	P 5,508
Consumer	14,669	12,231	2,438	12,231
Sales contracts receivables	137	649	-	137
	P 25,453	P 18,388	P 7,577	P 17,876

Parent Bank

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2020				
Loans and discounts:				
Corporate	**P 15,027**	**P 6,049**	**P 8,978**	**P 6,049**
Consumer	**41,533**	**58,390**	**-**	**41,533**
Sales contracts receivables	**206**	**347**	**-**	**206**
	P 56,766	**P 64,786**	**P 8,978**	**P 47,788**
2019				
Loans and discounts:				
Corporate	P 9,536	P 3,603	P 5,933	P 3,603
Consumer	12,126	11,211	915	11,211
Sales contracts receivables	101	613	-	101
	P 21,763	P 15,427	P 6,848	P 14,915

The following table sets out the gross carrying amounts of the exposures to credit risk on financial assets with low credit risk measured at amortized cost and debt securities at FVOCI as of December 31:

	Notes	BDO Unibank Group 2020	BDO Unibank Group 2019	Parent Bank 2020	Parent Bank 2019
Cash equivalents	7	**P 448,776**	P 412,136	**P 440,661**	P 405,484
Debt securities:					
At FVOCI	9.2	**174,559**	134,123	**121,848**	89,431
At amortized cost	9.3	**288,409**	265,138	**269,243**	248,851
		P 462,968	P 399,261	**P 391,091**	P 338,282

Cash equivalents includes loans and amounts due from BSP and from other banks. Debt securities includes government and corporate bonds. These are held by the BSP, financial institutions and other counterparties that are reputable and with low credit risk; hence, ECL is negligible.

(i) Loss allowance

In 2020, the BDO Unibank Group and the Parent Bank performed recalibration of its existing ECL model to incorporate on the most-recent default and recovery experience of the BDO Unibank Group and the Parent Bank and developments in the macroeconomic environment. Independent macroeconomic variables used to forecast the probability of default could either be dictated by their statistical significance in the model or economic significance. Inputs are updated to ensure that models are robust, predictive and reliable.

The following tables show the reconciliation from the opening to the closing balance of the loss allowance by class of financial instrument.

BDO Unibank Group

	2020			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate				
Balance at January 1	**P 6,609**	**P 549**	**P 8,412**	**P 15,570**
Transfers to:				
Stage 1	**65**	**(65)**	**-**	**-**
Stage 2	**(1,639)**	**1,639**	**-**	**-**
Stage 3	**(32)**	**(121)**	**153**	**-**
Net remeasurement of loss allowance	**220**	**8,429**	**1,212**	**9,861**
New financial assets originated or purchased	**3,226**	**1,333**	**1,493**	**6,052**
Derecognition of financial assets	**(2,166)**	**(65)**	**(999)**	**(3,230)**
Write-offs	**-**	**-**	**-**	**-**
Foreign exchange	**(29)**	**-**	**(215)**	**(244)**
Balance at December 31	**P 6,254**	**P 11,699**	**P 10,056**	**P 28,009**

BDO Unibank Group

	2020			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers – consumer				
Balance at January 1	P 5,050	P 681	P 8,767	P 14,498
Transfers to:				
Stage 1	462	(120)	(342)	-
Stage 2	(201)	249	(48)	-
Stage 3	(1,407)	(1,249)	2,656	-
Net remeasurement of loss allowance	3,060	1,446	10,616	15,122
New financial assets originated or purchased	1,609	276	1,675	3,560
Derecognition of financial assets	(774)	(284)	(1,199)	(2,257)
Write-offs	-	-	(2,497)	(2,497)
Foreign exchange	(4)	(2)	(9)	(15)
Balance at December 31	P 7,795	P 997	P 19,619	P 28,411
Other receivables				
Balance at January 1	P 116	P 269	P 2,213	P 2,598
Transfers to				
Stage 1	41	-	(41)	-
Stage 2	1	(2)	1	-
Stage 3	(21)	-	21	-
Net remeasurement of loss allowance	(3)	(249)	674	422
New financial assets originated or purchased	37	10	523	570
Derecognition of financial assets	(19)	(10)	(675)	(704)
Write-offs	-	-	(452)	(452)
Foreign exchange	(1)	-	(2)	(3)
Balance at December 31	P 151	P 18	P 2,262	P 2,431
Debt investment securities at amortized cost				
Balance at January 1	P 151	P -	P 1,402	P 1,553
Net remeasurement of loss allowance	90	-	-	90
New financial assets originated or purchased	42	-	-	42
Foreign exchange	(8)	-	(60)	(68)
Derecognition of financial assets	(27)	-	-	(27)
Balance at December 31	P 248	P -	P 1,342	P 1,590
Debt investment securities at FVOCI				
Balance at January 1	P 100	P -	P -	P 100
Net remeasurement of loss allowance	41	-	-	41
New financial assets originated or purchased	27	-	-	27
Foreign exchange	(1)	-	-	(1)
Derecognition of financial assets	(30)	-	-	(30)
Balance at December 31	P 137	P -	P -	P 137
Loan commitments and other contingent accounts				
Balance at January 1	P 114	P -	P -	P 114
Transfer to Stage 1	-	-	-	-
Net remeasurement of loss allowance	21	1	-	22
New financial assets originated or purchased	220	2	-	222
Derecognition of financial assets	(39)	-	-	(39)
Foreign exchange	(2)	-	-	(2)
Balance at December 31	P 314	P 3	P -	P 317

BDO Unibank Group

	2019			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate				
Balance at January 1	P 6,630	P 1,972	P 6,243	P 14,845
Transfers to:				
Stage 1	20	(15)	(5)	-
Stage 2	(3)	3	-	-
Stage 3	(5)	(1,479)	1,484	-
Net remeasurement of loss allowance	(861)	(19)	279	(601)
New financial assets originated or purchased	3,024	131	793	3,948
Derecognition of financial assets	(2,159)	(44)	(226)	(2,429)
Write-offs	-	-	(90)	(90)
Foreign exchange	(37)	-	(66)	(103)
Balance at December 31	P 6,609	P 549	P 8,412	P 15,570
Receivables from customers – consumer				
Balance at January 1	P 3,794	P 572	P 7,550	P 11,916
Transfers to:				
Stage 1	256	(14)	(242)	-
Stage 2	(120)	36	84	-
Stage 3	(557)	(956)	1,513	-
Net remeasurement of loss allowance	565	1,077	2,787	4,429
New financial assets originated or purchased	1,638	238	595	2,471
Derecognition of financial assets	(523)	(272)	(1,660)	(2,455)
Write-offs	-	-	(1,856)	(1,856)
Foreign exchange	(3)	-	(4)	(7)
Balance at December 31	P 5,050	P 681	P 8,767	P 14,498
Other receivables				
Balance at January 1	P 235	P 37	P 2,012	P 2,284
Transfer Stage 3	(1)	(5)	6	-
Net remeasurement of loss allowance	(65)	228	208	371
New financial assets originated or purchased	77	22	624	723
Derecognition of financial assets	(22)	(13)	(416)	(451)
Write-offs	(108)	-	(219)	(327)
Foreign exchange	-	-	(2)	(2)
Balance at December 31	P 116	P 269	P 2,213	P 2,598
Debt investment securities at amortized cost				
Balance at January 1	P 135	P -	P 1,446	P 1,581
Net remeasurement of loss allowance	26	-	-	26
New financial assets originated or purchased	22	-	-	22
Foreign exchange	(5)	-	(44)	(49)
Derecognition of financial assets	(27)	-	-	(27)
Balance at December 31	P 151	P -	P 1,402	P 1,553
Debt investment securities at FVOCI				
Balance at January 1	P 87	P -	P -	P 87
Net remeasurement of loss allowance	17	-	-	17
New financial assets originated or purchased	13	-	-	13
Derecognition of financial assets	(17)	-	-	(17)
Balance at December 31	P 100	P -	P -	P 100

BDO Unibank Group

	2019			
	Stage 1	Stage 2	Stage 3	Total
Loan commitments and other contingent accounts				
Balance at January 1	P 202	P 4	P -	P 206
Transfer to Stage 1	2	(2)	-	-
Net remeasurement of loss allowance	(97)	-	-	(97)
New financial assets originated or purchased	65	-	-	65
Derecognition of financial assets	(57)	(2)	-	(59)
Foreign exchange	(1)	-	-	(1)
Balance at December 31	P 114	P -	P -	P 114

Parent Bank

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Receivables from customers – corporate				
Balance at January 1	**P 6,520**	**P 538**	**P 7,991**	**P 15,049**
Transfers to:				
Stage 1	**46**	**(46)**	**-**	**-**
Stage 2	**(1,638)**	**1,638**	**-**	**-**
Stage 3	**(26)**	**(108)**	**134**	**-**
Net remeasurement of loss allowance	**219**	**8,405**	**961**	**9,585**
New financial assets originated or purchased	**3,212**	**1,331**	**1,485**	**6,028**
Derecognition of financial assets	**(2,104)**	**(59)**	**(303)**	**(2,466)**
Write-offs	**-**	**-**	**-**	**-**
Foreign exchange	**(29)**	**-**	**(215)**	**(244)**
Balance at December 31	**P 6,200**	**P 11,699**	**P 10,053**	**P 27,952**
Receivables from customers – consumer				
Balance at January 1	**P 4,549**	**P 541**	**P 7,243**	**P 12,333**
Transfers to:				
Stage 1	**141**	**(61)**	**(80)**	**-**
Stage 2	**(139)**	**174**	**(35)**	**-**
Stage 3	**(1,279)**	**(335)**	**1,614**	**-**
Net remeasurement of loss allowance	**3,302**	**375**	**11,009**	**14,686**
New financial assets originated or purchased	**1,410**	**116**	**1,172**	**2,698**
Derecognition of financial assets	**(422)**	**(137)**	**(731)**	**(1,290)**
Write-offs	**-**	**-**	**(2,375)**	**(2,375)**
Foreign exchange	**(4)**	**(2)**	**(9)**	**(15)**
Balance at December 31	**P 7,558**	**P 671**	**P 17,808**	**P 26,037**
Other receivables				
Balance at January 1	**P 46**	**P 269**	**P 2,136**	**P 2,451**
Transfers to:				
Stage 1	**(2)**	**-**	**2**	**-**
Stage 2	**1**	**(2)**	**1**	**-**
Stage 3	**5**	**1**	**(6)**	**-**
Net remeasurement of loss allowance	**(3)**	**(249)**	**647**	**395**
New financial assets originated or purchased	**36**	**10**	**523**	**569**
Derecognition of financial assets	**(20)**	**(10)**	**(645)**	**(675)**
Write-offs	**-**	**-**	**(452)**	**(452)**
Foreign exchange	**(1)**	**-**	**(2)**	**(3)**
Balance at December 31	**P 62**	**P 19**	**P 2,204**	**P 2,285**

Parent Bank

	2020			
	Stage 1	Stage 2	Stage 3	Total
Debt investment securities at amortized cost				
Balance at January 1	**P 141**	**P -**	**P 1,402**	**P 1,543**
Net remeasurement of loss allowance	**85**	**-**	**-**	**85**
New financial assets originated or purchased	**35**	**-**	**-**	**35**
Foreign exchange	**(8)**	**-**	**(60)**	**(68)**
Derecognition of financial assets	**(24)**	**-**	**-**	**(24)**
Balance at December 31	**P 229**	**P -**	**P 1,342**	**P 1,571**
Debt investment securities at FVOCI				
Balance at January 1	**P 72**	**P -**	**P -**	**P 72**
Net remeasurement of loss allowance	**34**	**-**	**-**	**34**
New financial assets originated or purchased	**20**	**-**	**-**	**20**
Derecognition of financial assets	**(18)**	**-**	**-**	**(18)**
Balance at December 31	**P 108**	**P -**	**P -**	**P 108**
Loan commitments and other contingent accounts				
Balance at January 1	**P 114**	**P -**	**P -**	**P 114**
Net remeasurement of loss allowance	**21**	**1**	**-**	**22**
New financial assets originated or purchased	**220**	**2**	**-**	**222**
Derecognition of financial assets	**(39)**	**-**	**-**	**(39)**
Foreign exchange	**(2)**	**-**	**-**	**(2)**
Balance at December 31	**P 314**	**P 3**	**P -**	**P 317**

	2019			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate				
Balance at January 1	P 6,506	P 1,968	P 5,893	P 14,367
Transfers to:				
Stage 2	(2)	2	-	-
Stage 3	(3)	(1,475)	1,478	-
Net remeasurement of loss allowance	(851)	(44)	217	(678)
New financial assets originated or purchased	3,001	131	761	3,893
Derecognition of financial assets	(2,094)	(44)	(222)	(2,360)
Write-offs	-	-	(70)	(70)
Foreign exchange	(37)	-	(66)	(103)
Balance at December 31	P 6,520	P 538	P 7,991	P 15,049
Receivables from customers – consumer				
Balance at January 1	P 3,545	P 429	P 5,805	P 9,779
Transfers to:				
Stage 1	101	(9)	(92)	-
Stage 2	(63)	(28)	91	-
Stage 3	(401)	(106)	507	-
Net remeasurement of loss allowance	536	315	3,419	4,270
New financial assets originated or purchased	1,212	138	360	1,710
Derecognition of financial assets	(378)	(198)	(1,130)	(1,706)
Write-offs	-	-	(1,713)	(1,713)
Foreign exchange	(3)	-	(4)	(7)
Balance at December 31	P 4,549	P 541	P 7,243	P 12,333

Parent Bank

	2019			
	Stage 1	Stage 2	Stage 3	Total
Other receivables				
Balance at January 1	P 83	P 37	P 1,931	P 2,051
Transfers to Stage 3	-	(5)	5	-
Net remeasurement of loss allowance	(64)	228	208	372
New financial assets originated or purchased	49	22	619	690
Derecognition of financial assets	(22)	(13)	(416)	(451)
Write-offs	-	-	(209)	(209)
Foreign exchange	-	-	(2)	(2)
Balance at December 31	P 46	P 269	P 2,136	P 2,451
Debt investment securities at amortized cost				
Balance at January 1	P 123	P -	P 1,446	P 1,569
Net remeasurement of loss allowance	27	-	-	27
New financial assets originated or purchased	22	-	-	22
Foreign exchange	(5)	-	(44)	(49)
Derecognition of financial assets	(26)	-	-	(26)
Balance at December 31	P 141	P -	P 1,402	P 1,543
Debt investment securities at FVOCI				
Balance at January 1	P 67	P -	P -	P 67
Net remeasurement of loss allowance	11	-	-	11
New financial assets originated or purchased	8	-	-	8
Derecognition of financial assets	(14)	-	-	(14)
Balance at December 31	P 72	P -	P -	P 72
Loan commitments and other contingent accounts				
Balance at January 1	P 202	P 4	P -	P 206
Transfer to Stage 1	2	(2)	-	-
Net remeasurement of loss allowance	(97)	-	-	(97)
New financial assets originated or purchased	65	-	-	65
Derecognition of financial assets	(57)	(2)	-	(59)
Foreign exchange	(1)	-	-	(1)
Balance at December 31	P 114	P -	P -	P 114

The BDO Unibank Group and the Parent Bank had written off certain accounts from which it no longer have an enforceable right to receive payment amounting to P654 and P533, respectively, in 2020, and P370 and P233, respectively, in 2019 [see Note 4.3.5(g)].

The following table sets out a reconciliation of changes in the total loss allowance.

	BDO Unibank Group		**Parent Bank**	
	2020	2019	**2020**	2019
Balance at January 1	**P 34,433**	P 30,919	**P 31,562**	P 28,039
Net remeasurement of loss allowance	**25,558**	4,145	**24,807**	3,905
New financial assets originated or purchased	**10,473**	7,242	**9,572**	6,388
Derecognition of financial assets	**(6,287)**	(5,438)	**(4,512)**	(4,616)
Write-offs	**(2,949)**	(2,273)	**(2,827)**	(1,992)
Foreign exchange	**(333)**	(162)	**(332)**	(162)
Balance at December 31	**P 60,895**	P 34,433	**P 58,270**	P 31,562

(j) Significant Changes in Gross Carrying Amount Affecting Allowance for ECL

The tables below and in the succeeding pages provide information how the significant changes in the gross carrying amount of financial instruments in 2020 and 2019 contributed to the changes in the allowance for ECL.

BDO Unibank Group

	2020			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate				
Balance at January 1	P 1,675,381	P 7,980	P 10,647	P 1,694,008
Transfers to:				
Stage 1	2,363	(2,363)	-	-
Stage 2	(133,928)	133,932	(4)	-
Stage 3	(3,221)	(784)	4,005	-
New financial assets originated or purchased	793,998	25,413	4,004	823,415
Derecognition of financial assets	(776,897)	(966)	(3,622)	(781,485)
Write-offs	-	-	-	-
Balance at December 31	P 1,557,696	P 163,212	P 15,030	P 1,735,938
Receivables from customers – consumer				
Balance at January 1	P 496,344	P 3,029	P 14,669	P 514,042
Transfers to:				
Stage 1	8,845	(10,117)	1,272	-
Stage 2	(3,695)	3,890	(195)	-
Stage 3	(25,136)	(2,764)	27,900	-
New financial assets originated or purchased	455,090	14,188	9,518	478,796
Derecognition of financial assets	(456,358)	(1,077)	(5,142)	(462,577)
Write-offs	-	-	(2,497)	(2,497)
Balance at December 31	P 475,090	P 7,149	P 45,525	P 527,764
Other receivables				
Balance at January 1	P 47,185	P 325	P 2,883	P 50,393
Transfers to				
Stage 1	(28)	16	12	-
Stage 2	(2)	-	2	-
Stage 3	18	(22)	4	-
New financial assets originated or purchased	103,346	300	820	104,466
Derecognition of financial assets	(56,496)	(168)	(613)	(57,277)
Write-offs	-	-	(452)	(452)
Balance at December 31	P 94,023	P 451	P 2,656	P 97,130
Debt investment securities at amortized cost				
Balance at January 1	P 263,736	P -	P 1,402	P 265,138
Amortization	2,605	-	-	2,605
New financial assets originated or purchased	102,273	-	-	102,273
Foreign exchange	(7,576)	-	(60)	(7,636)
Derecognition of financial assets	(73,971)	-	-	(73,971)
Balance at December 31	P 287,067	P -	P 1,342	P 288,409

BDO Unibank Group

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Debt investment securities at FVOCI				
Balance at January 1	**P 134,123**	**P -**	**P -**	**P 134,123**
Amortization	**336**	**-**	**-**	**336**
Fair value gain	**4,069**	**-**	**-**	**4,069**
New financial assets originated or purchased	**193,217**	**-**	**-**	**193,217**
Foreign Exchange	**(4,362)**			**(4,362)**
Derecognition of financial assets	**(152,824)**	**-**	**-**	**(152,824)**
Balance at December 31	**P 174,559**	**P -**	**P -**	**P 174,559**
Loan commitments and other contingent accounts				
Balance at January 1	**P 457,736**	**P 1**	**P 44**	**P 457,781**
Transfers to				
Stage 1	**-**	**-**	**-**	**-**
Stage 2	**(25)**	**25**	**-**	**-**
Stage 3	**-**	**-**	**-**	**-**
New financial assets originated or purchased	**65,525**	**119**	**-**	**65,644**
Derecognition of financial assets	**(426,727)**	**-**	**(28)**	**(426,755)**
Foreign exchange	**-**	**-**	**-**	**-**
Balance at December 31	**P 96,509**	**P 145**	**P 16**	**P 96,670**

	2019			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate				
Balance at January 1	P 1,561,529	P 10,036	P 8,300	P 1,579,865
Transfers to:				
Stage 1	1,220	(1,116)	(104)	-
Stage 2	(638)	930	(292)	-
Stage 3	(785)	(38)	823	-
New financial assets originated or purchased	879,227	1,342	3,154	883,723
Derecognition of financial assets	(765,172)	(3,174)	(1,144)	(769,490)
Write-offs	-	-	(90)	(90)
Balance at December 31	P 1,675,381	P 7,980	P 10,647	P 1,694,008
Receivables from customers – consumer				
Balance at January 1	P 425,791	P 2,325	P 12,081	P 440,197
Transfers to:				
Stage 1	12,260	(12,924)	664	-
Stage 2	(1,992)	1,592	400	-
Stage 3	(7,053)	(1,334)	8,387	-
New financial assets originated or purchased	149,514	14,450	4,857	168,821
Derecognition of financial assets	(82,176)	(1,080)	(9,864)	(93,120)
Write-offs	-	-	(1,856)	(1,856)
Balance at December 31	P 496,344	P 3,029	P 14,669	P 514,042

BDO Unibank Group

	2019			
	Stage 1	Stage 2	Stage 3	Total
Other receivables				
Balance at January 1	P 77,857	P 514	P 2,446	P 80,817
Transfers to:				
Stage 1	(129)	10	119	-
Stage 2	3	(19)	16	-
Stage 3	49	8	(57)	-
New financial assets originated or purchased	274,759	221	1,624	276,604
Derecognition of financial assets	(305,246)	(409)	(1,046)	(306,701)
Write-offs	(108)	-	(219)	(327)
Balance at December 31	P 47,185	P 325	P 2,883	P 50,393
Debt investment securities at amortized cost				
Balance at January 1	P 244,635	P -	P 1,446	P 246,081
Amortization	(559)	-	-	(559)
New financial assets originated or purchased	80,710	-	-	80,710
Foreign exchange	(5,103)	-	(44)	(5,147)
Derecognition of financial assets	(55,947)	-	-	(55,947)
Balance at December 31	P 263,736	P -	P 1,402	P 265,138
Debt investment securities at FVOCI				
Balance at January 1	P 110,150	P -	P -	P 110,150
Amortization	(81)	-	-	(81)
Fair value gain	7,572	-	-	7,572
New financial assets originated or purchased	56,082	-	-	56,082
Foreign exchange	(2,164)	-	-	(2,164)
Derecognition of financial assets	(37,436)	-	-	(37,436)
Balance at December 31	P 134,123	P -	P -	P 134,123
Loan commitments and other contingent accounts				
Balance at January 1	P 398,527	P 155	P -	P 398,682
Transfer to Stage 1	15	(15)	-	-
New financial assets originated or purchased	236,915	-	44	236,959
Derecognition of financial assets	(177,721)	(139)	-	(177,860)
Balance at December 31	P 457,736	P 1	P 44	P 457,781

Parent Bank

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Receivables from customers – corporate				
Balance at January 1	**P 1,660,571**	**P 7,433**	**P 9,536**	**P 1,677,540**
Transfers to:				
Stage 1	**1,919**	**(1,919)**	**-**	**-**
Stage 2	**(133,669)**	**133,669**	**-**	**-**
Stage 3	**(1,444)**	**(524)**	**1,968**	**-**
New financial assets originated or purchased	**791,337**	**25,150**	**4,057**	**820,544**
Derecognition of financial assets	**(764,646)**	**(779)**	**(534)**	**(765,959)**
Balance at December 31	**P 1,554,068**	**P 163,030**	**P 15,027**	**P 1,732,125**

Parent Bank

	2020			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers - consumer				
Balance at January 1	P 465,938	P 2,262	P 12,126	P 480,326
Transfers to:				
Stage 1	(5,608)	(354)	5,962	-
Stage 2	(3,159)	3,208	(49)	-
Stage 3	(24,457)	(1,464)	25,921	-
New financial assets originated or purchased	456,539	1,308	3,875	461,722
Derecognition of financial assets	(443,006)	(370)	(3,927)	(447,303)
Write-offs	-	-	(2,375)	(2,375)
Balance at December 31	P 446,247	P 4,590	P 41,533	P 492,370
Other receivables				
Balance at January 1	P 45,128	P 324	P 2,170	P 47,622
Transfers to				
Stage 1	(147)	17	130	-
Stage 2	9	(17)	8	-
Stage 3	19	-	(19)	-
New financial assets originated or purchased	89,424	300	1,227	90,951
Derecognition of financial assets	(45,877)	(211)	(568)	(46,656)
Write-offs	-	-	(452)	(452)
Balance at December 31	P 88,556	P 413	P 2,496	P 91,465
Debt investment securities at amortized cost				
Balance at January 1	P 247,449	P -	P 1,402	P 248,851
Amortization	2,608	-	-	2,608
New financial assets originated or purchased	96,702	-	-	96,702
Foreign exchange	(7,254)	-	(60)	(7,314)
Derecognition of financial assets	(71,604)	-	-	(71,604)
Balance at December 31	P 267,901	P -	P 1,342	P 269,243
Debt investment securities at FVOCI				
Balance at January 1	P 89,431	P -	P -	P 89,431
Amortization	(27)	-	-	(27)
Fair value gain	2,381	-	-	2,381
New financial assets originated or purchased	160,325	-	-	160,325
Foreign exchange	(3,414)	-	-	(3,414)
Derecognition of financial assets	(126,848)	-	-	(126,848)
Balance at December 31	P 121,848	P -	P -	P 121,848
Loan commitments and other contingent accounts				
Balance at January 1	P 457,736	P 1	P 44	P 457,781
Transfers to Stage 2	(25)	25	-	-
New financial assets originated or purchased	65,525	119	-	65,644
Derecognition of financial assets	(426,727)	-	(28)	(426,755)
Balance at December 31	P 96,509	P 145	P 16	P 96,670

Parent Bank

	2019			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers - corporate				
Balance at January 1	P 1,536,697	P 9,667	P 7,496	P 1,553,860
Transfers to:				
Stage 1	858	(858)	-	-
Stage 2	(232)	232	-	-
Stage 3	(510)	-	510	-
New financial assets originated or purchased	871,305	1,331	2,703	875,339
Derecognition of financial assets	(747,547)	(2,939)	(1,103)	(751,589)
Write-offs	-	-	(70)	(70)
Balance at December 31	P 1,660,571	P 7,433	P 9,536	P 1,677,540
Receivables from customers - consumer				
Balance at January 1	P 401,282	P 1,757	P 9,603	P 412,642
Transfers to:				
Stage 1	236	(59)	(177)	-
Stage 2	(1,785)	1,360	425	-
Stage 3	(6,585)	(182)	6,767	-
New financial assets originated or purchased	134,548	1,653	4,236	140,437
Derecognition of financial assets	(61,758)	(2,267)	(7,015)	(71,040)
Write-offs	-	-	(1,713)	(1,713)
Balance at December 31	P 465,938	P 2,262	P 12,126	P 480,326
Other receivables				
Balance at January 1	P 76,116	P 477	P 2,255	P 78,848
Transfers to				
Stage 1	(129)	10	119	-
Stage 2	3	(19)	16	-
Stage 3	49	8	(57)	-
New financial assets originated or purchased	268,404	220	1,092	269,716
Derecognition of financial assets	(299,315)	(372)	(1,046)	(300,733)
Write-offs	-	-	(209)	(209)
Balance at December 31	P 45,128	P 324	P 2,170	P 47,622
Debt investment securities at amortized cost				
Balance at January 1	P 223,032	P -	P 1,446	P 224,478
Amortization	(556)	-	-	(556)
New financial assets originated or purchased	80,528	-	-	80,528
Foreign exchange	(4,916)	-	(44)	(4,960)
Derecognition of financial assets	(50,639)	-	-	(50,639)
Balance at December 31	P 247,449	P -	P 1,402	P 248,851

Parent Bank

	2019			
	Stage 1	Stage 2	Stage 3	Total
Debt investment securities at FVOCI				
Balance at January 1	P 73,741	P -	P -	P 73,741
Amortization	243	-	-	243
Fair value gain	3,660			3,660
New financial assets originated or purchased	37,793	-	-	37,793
Foreign exchange	(2,324)	-	-	(2,324)
Derecognition of financial assets	(23,682)	-	-	(23,682)
Balance at December 31	P 89,431	P -	P -	P 89,431
Loan commitments and other contingent accounts				
Balance at January 1	P 398,527	P 155	P -	P 398,682
Transfer to Stage 1	15	(15)	-	-
New financial assets originated or purchased	236,915	-	44	236,959
Derecognition of financial assets	(177,721)	(139)	-	(177,860)
Balance at December 31	P 457,736	P 1	P 44	P 457,781

In response to the unprecedented impact of COVID-19 pandemic, the BDO Unibank Group and the Parent Bank granted to its customers the mandatory reliefs provided by the government through *Bayanhin to Heal as One Act (Bayanihan I)* and *Bayanihan to Recover as Once Act (Bayanihan II)*. In addition, it entered into voluntary renegotiations of terms of loans of some other customers with a view of maximizing recovery of the contractual amount of obligation. These relief measures were granted to eligible borrowers to allow them to get back into the habit of paying loans which includes payment relief including extension of contractual terms, principal and interest relief, as well as extension of balloon payment terms (see Note 34).

(k) Sensitivity Analysis on ECL Measurement

Set out below are the changes to the Group's 12-month ECL as of December 31, 2020 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions.

	Change in MEVs		**Impact on ECL**	
	Increase	**Decrease**	**Increase in MEV**	**Decrease in MEV**
Corporate or Commercial Loans				
GDP growth rate	+1 %	-1%	-1.7%	1.7%
Oil Index	+1 %	-1%	0.1%	-0.1%
Credit Card Receivables or Personal loans				
GDP growth rate	+1 %	-1%	-5%	5%
Unemployment rate	+1 %	-1%	0.2%	-0.2%
Home/Housing loans				
GDP growth rate	+1 %	-1%	-3%	3%
Unemployment rate	+1 %	-1%	2%	-2%
Inflation rate	+1 %	-1%	0.2%	-0.2%
Auto loans				
GDP growth rate	+1 %	-1%	-0.5%	0.5 %
Unemployment rate	+1 %	-1%	3%	-3%

4.4 Operational Risk

Operational risk is the risk of loss due to BDO Unibank Group's:

- failure to comply with defined operational procedures;
- inability to address fraud committed internally or externally;
- inability to handle system failures; and,
- inability to cope with the impact of external events.

BDO Unibank Group manages its operational risks by instituting policies to minimize its expected losses, allocating capital for the unexpected losses and having insurance and/or a business continuity plan to prepare for catastrophic losses.

Framework

True to its commitment to sound management and corporate governance, BDO Unibank Group considers operational risk management as a critical element in the conduct of its business. Under BDO Unibank Group's Operational Risk Management (ORM) framework, the BOD has the ultimate responsibility for providing leadership in the management of operational risk in BDO Unibank Group.

The RMG provides the common risk language and management tools across BDO Unibank Group as well as monitors the implementation of the ORM framework and policies. The business process owners, as risk owners, are responsible for identifying, assessing and limiting the impact of risk in their businesses/operations.

The BDO Unibank Group continues to conduct periodic Risk and Control Self-Assessment (RCSA) so that business process owners could document both their operational risks and control mechanisms they have put in place to manage those risks. This ORM tool allows the BDO Unibank Group to identify risks the business/operation faces, assess the severity of those risks, evaluate the adequacy of key controls associated to the identified risks, and take proactive action to address any deficiencies identified.

The BDO Unibank Group also continues to use Key Risk Indicators (KRI) as alerts for operational risk vulnerabilities. Reporting of top KRIs to the BOD through the RMC is done quarterly.

These ORM tools are continually being reviewed and enhanced to proactively manage operational risks. The Operational Risk Management Solution (ORMS) was implemented to automate the reporting of BDO Unibank Group's RCSAs and KRIs. The bank-wide information asset inventory is regularly reviewed to address operational risks arising from information security concerns. The inventory identified critical applications and sensitive data based on the BDO Unibank Group's classification standards, information risks, as well as, protection measures in place to mitigate these risks. Under the purview of information security is data privacy. The BDO Unibank Group's data privacy framework is in accordance with the RA No. 10173, *Data Privacy Act of 2012*.

Information technology risks which include current and prospective negative impact to earnings arising from failure of IT systems and realization of cyber security threats are appropriately managed through policies and measures that are integrated into BDO Unibank Group's day-to-day operations.

Operational risks arising from health, safety and environmental issues are appropriately managed through policies and measures that are integrated into BDO Unibank Group's day-to-day operations. These include Environmental Consciousness, Occupational Health and Safety, and Community Health and Safety.

The BDO Unibank Group continues to review its preparedness for major disaster scenarios and implements required changes in its Business Continuity Plan.

4.5 Anti-Money Laundering Controls

The Anti-Money Laundering (AML) Program of the BDO Unibank Group and the Parent Bank is articulated in the Board-approved Money Laundering and Terrorist Financing Prevention Program Manual (MTPP). The MTPP encapsulates the policies and procedures covering the : (i) on-boarding of clients, Know Your Client and required due diligence; (ii) customer risk assessment; (iii) on-going monitoring of transactions; (iv) regulatory reporting; (v) record-keeping; (vi) training of all Officers and Staff including BOD; (vii) Independent Compliance Testing (ICT); and (viii) Institutional Risk Assessment.

The MTPP provides the framework for the BDO Unibank Group and the Parent Bank to adhere with the AML and Counter-Terrorism Financing Laws and Regulations:

1. Republic Act (R.A.) No. 9160: *The Anti-Money Laundering Act of 2001* (AMLA) as amended by R.A. No 9194 (2003); R.A. 10167 (2012); R.A. 10365 (2013); R.A. No. 10927 (2017) and R.A. No. 11521 (2021); together with applicable Implementing Rules and Regulations (IRR)
2. BSP Circular No. 706 (2011), as amended by BSP Circular No. 950 (2017); and BSP Circular No. 1022 (2018)
3. R.A. 10168: *The Terrorism Financing Prevention and Suppression Act of 2012* and its IRR; R.A. 10697 *Strategic Trade Management Act (2015)* and its IRR; and the *Anti-Terrorism Act (2020)*

The Chief Compliance Officer directly reports to the BOD through the Board Audit Committee and is also a member of the AML Committee. The AML Committee of the Bank is tasked to oversee the operational implementation of the Bank's AML/CTF Program and composed of senior officers from various units of the Parent Bank.

5. SEGMENT REPORTING

5.1 Business Segments

BDO Unibank Group's main operating businesses are organized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. These are also the basis of BDO Unibank Group in reporting to its chief operating decision-maker for its strategic decision-making activities.

Management currently identifies BDO Unibank Group's five service lines as primary operating segments. In addition, minor operating segments, for which quantitative thresholds have not been met, as described in PFRS 8 are combined as Others.

(a) ***Commercial banking*** – handles the entire lending (corporate and consumer), trade financing and cash management services for corporate and retail customers;

(b) ***Investment banking*** – provides services to corporate clients outside the traditional loan and deposit products. These services include loan syndications, underwriting and placing of debt and equity securities, financial advisory services, and securities brokerage;

(c) ***Private banking*** – provides traditional and non-traditional investment and structured products to high net worth individuals and institutional accounts;

(d) ***Leasing and financing*** – provides direct leases, sale and leaseback arrangements and real estate leases;

(e) ***Insurance*** – engages in insurance brokerage and life insurance business by providing protection, education, savings, retirement and estate planning solutions to individual and corporate clients through life insurance products and services; and,

(f) ***Others*** – includes asset management, realty management, remittance, accounting service, credit card service and computer service, none of which individually constitutes a separate reportable segment.

These segments are the basis on which BDO Unibank Group reports its segment information. Transactions between the segments are on normal commercial terms and conditions. Inter-segment transactions are eliminated in consolidation.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on BDO Unibank Group's cost of capital. There are no other material items of income or expense between the segments.

Segment assets and liabilities comprise operating assets and liabilities including items such as taxation and borrowings.

Segment revenues and expenses that are directly attributable to primary operating segment and the relevant portions of BDO Unibank Group's revenues and expenses that can be allocated to that operating segment are accordingly reflected as revenues and expenses of that operating segment. Revenue sharing agreements are used to allocate external customer revenues to a segment on a reasonable basis.

Currently, BDO Unibank Group operates mainly within the Philippines with banking branches in Hong Kong and Singapore, a real estate and holding company in Europe and various remittance subsidiaries operating in Asia, Europe, Canada and United States. Geographical segment information is not presented as these foreign operations accounted for only 1.0%, 1.1% and 1.3% of BDO Unibank Group's total revenues in 2020, 2019 and 2018, respectively, and 1.9% and 1.8% of BDO Unibank Group's total resources as of December 31, 2020 and 2019, respectively (see Note 1.1).

5.2 Analysis of Segment Information

Segment information (by service lines) as of and for the years ended December 31, 2020, 2019 and 2018 are as follows:

	Commercial Banking	Investment Banking	Private Banking	Leasing and Financing	Insurance	Others	Total
December 31, 2020							
Revenues							
From external customer							
Interest income	P 152,691	P 18	P 1,196	P 1,115	P 1,883	P 128	P 157,031
Interest expense	(22,536)	(3)	(196)	(483)	(86)	(27)	(23,331)
Net interest income	130,155	15	1,000	632	1,797	101	133,700
Intersegment revenue							
Interest income	238	9	-	2	13	1	263
Interest expense	(35)	(73)	(6)	(36)	(8)	(139)	(297)
Net interest income	203	(64)	(6)	(34)	5	(138)	(34)
Other operating income							
Investment banking fees	-	1,410	-	-	-	-	1,410
Others	38,683	285	1,552	1,250	16,440	779	58,989
	38,683	1,695	1,552	1,250	16,440	779	60,399
Total net revenues	169,041	1,646	2,546	1,848	18,242	742	194,065
Expenses							
Other operating expenses							
Depreciation and amortization	8,289	105	71	524	101	244	9,334
Impairment losses	29,714	19	9	399	54	45	30,240
Others	85,849	817	1,168	515	16,059	324	104,732
	123,852	941	1,248	1,438	16,214	613	144,306
Segment operating income	45,189	705	1,298	410	2,028	129	49,759
Tax expense	16,462	262	291	158	571	32	17,776
Segment net income	P 28,727	P 443	P 1,007	P 252	P 1,457	P 97	P 31,983
Statement of Financial Position							
Total resources							
Segment assets	P 3,262,339	P 6,522	P 41,408	P 5,996	P 70,354	P 14,615	P 3,401,234
Deferred tax assets (liabilities) - net	8,023	(166)	8	-	42	4	7,911
Intangible assets	5,677	114	17	-	47	2	5,857
	P 3,276,039	P 6,470	P 41,433	P 5,996	P 70,443	P 14,621	P 3,415,002
Total liabilities	P 2,877,836	P 2,579	P 35,288	P 28	P 64,499	P 11,431	P 2,991,661
Other segment information							
Capital expenditures	P 4,019	P 12	P 10	P 264	P 24	P 54	P 4,383
Investment in associates under equity method	P -	P -	P -	P -	P -	P 5,015	P 5,015
Share in the profit of associates	P -	P -	P -	P -	P -	P 470	P 470

	Commercial Banking	Investment Banking	Private Banking	Leasing and Financing	Insurance	Others	Total
December 31, 2019							
Revenues							
From external customer							
Interest income	P 155,463	P 26	P 1,466	P 1,976	P 1,632	P 9	P 160,572
Interest expense	(38,659)	1	(643)	(1,289)	(89)	(2)	(40,681)
Net interest income	116,804	27	823	687	1,543	7	119,891
Intersegment revenues							
Interest income	231	41	-	-	38	43	353
Interest expense	(91)	(73)	(27)	(101)	(6)	(84)	(382)
Net interest incoe	140	(32)	(27)	(101)	32	(41)	(29)
Other operating income							
Investment banking fees	-	1,371	-	-	-	-	1,371
Others	44,684	405	1,662	1,054	17,079	587	65,471
	44,684	1,776	1,662	1,054	17,079	587	66,842
Total net revenues	161,628	1,771	2,458	1,640	18,654	553	186,704
Expenses							
Other operating expenses							
Depreciation and amortization	7,841	107	66	794	87	85	8,980
Impairment losses	6,003	68	28	63	5	-	6,167
Others	89,885	833	1,259	702	13,908	349	106,936
	103,729	1,008	1,353	1,559	14,000	434	122,083
Segment operating income	57,899	763	1,105	81	4,654	119	64,621
Tax expense	13,496	256	226	34	967	40	15,019
Segment net income	P 44,403	P 507	P 879	P 47	P 3,687	P 79	P 49,602
Statement of Financial Position							
Total resources							
Segment assets	P 3,081,358	P 7,175	P 34,857	P 30,806	P 58,302	P 5,329	P 3,217,827
Deferred tax assets (liabilities) - net	8,878	(154)	24	133	48	(2)	8,927
Intangible assets	5,400	139	18	2	55	1	5,615
	P 3,095,636	P 7,160	P 34,899	P 30,941	P 58,405	P 5,328	P 3,232,369
Total liabilities	P 2,720,385	P 2,963	P 29,083	P 25,327	P 48,549	P 2,184	P 2,828,491
Other segment information							
Capital expenditures	P 6,332	P 22	P 18	P 533	P 76	P 14	P 6,995
Investment in associates under equity method	P -	P -	P -	P -	P -	P 5,048	P 5,048
Share in the profit of associates	P -	P -	P -	(P 42)	P -	P 738	P 696
December 31, 2018							
Revenues							
From external customer							
Interest income	P 124,190	P 35	P 1,703	P 1,960	P 1,140	P 12	P 129,040
Interest expense	(28,840)	(2)	(815)	(1,008)	(82)	(1)	(30,748)
Net interest income	95,350	33	888	952	1,058	11	98,292
Intersegment revenues							
Interest income	248	9	1	-	30	36	324
Interest expense	(42)	(55)	(2)	(155)	-	(70)	(324)
Net interest income	206	(46)	(1)	(155)	30	(34)	-
Other operating income							
Investment banking fees	-	1,081	-	-	-	-	1,081
Others	36,702	324	1,004	1,254	12,711	594	52,589
	36,702	1,405	1,004	1,254	12,711	594	53,670
Total net revenues	132,258	1,392	1,891	2,051	13,799	571	151,962
Expenses							
Other operating expenses							
Impairment losses	6,266	2	(2)	1	18	1	6,286
Depreciation and amortization	4,747	54	33	881	37	24	5,776
Others	79,574	981	1,359	748	11,085	378	94,125
	90,587	1,037	1,390	1,630	11,140	403	106,187
Segment operating income	41,671	355	501	421	2,659	168	45,775
Tax expense	9,363	161	200	90	1,151	42	11,007
Segment net income	P 32,308	P 194	P 301	P 331	P 1,508	P 126	P 34,768

	Commercial Banking	Investment Banking	Private Banking	Leasing and Financing	Insurance	Others	Total
December 31, 2018							
Statement of Financial Position							
Total resources							
Segment assets	P 2,905,520	P 5,745	P 48,802	P 41,382	P 43,167	P 5,486	P 3,050,102
Deferred tax asset (liabilities) - net	8,319	(181)	29	126	34	(15)	8,312
Intangible assets	5,223	207	17	15	54	1	5,517
	P 2,919,062	P 5,771	P 48,848	P 41,523	P 43,255	P 5,472	P 3,063,931
Total liabilities	P 2,586,747	P 2,075	P 43,711	P 36,180	P 34,746	P 2,375	P 2,705,834
Other segment information							
Capital expenditures	P 9,791	P 37	P 26	P 986	P 75	P 27	P 10,942
Investment in associates under equity method	P -	P -	P -	P 235	P -	P 4,846	P 5,081
Share in the profit of associates	P -	P -	P -	(P 31)	P -	P 662	P 631

5.3 Reconciliation

Presented below is a reconciliation of the BDO Unibank Group's segment information to the key financial information presented in its consolidated financial statements.

	2020	2019	2018
Revenue			
Total segment net revenues	**P 194,065**	P 186,704	P 151,962
Elimination of intersegment revenues	**(5,155)**	(6,702)	(3,241)
Net revenues as reported in profit or loss	**P 188,910**	P 180,002	P 148,721
Profit or loss			
Total segment net income	**P 31,983**	P 49,602	P 34,768
Elimination of intersegment profit	**(3,729)**	(5,434)	(2,129)
Net profit as reported in profit or loss	**P 28,254**	P 44,168	P 32,639
Resources			
Total segment resources	**P 3,415,002**	P 3,232,369	P 3,063,931
Elimination of intersegment assets	**(40,102)**	(43,511)	(41,684)
Total resources	**P 3,374,900**	P 3,188,858	P 3,022,247
Liabilities			
Total segment liabilities	**P 2,991,661**	P 2,828,491	P 2,705,834
Elimination of intersegment liabilities	**(9,782)**	(10,220)	(11,736)
Total liabilities	**P 2,981,879**	P 2,818,271	P 2,694,098

6. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

6.1 Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below and in the succeeding pages.

BDO Unibank Group

	2020			
	Classes			
	At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial assets				
At amortized cost:				
Cash and other cash items	**P 74,851**	**P -**	**P 74,851**	**P 74,851**
Due from BSP	**308,636**	**-**	**308,636**	**308,627**
Due from other banks	**65,289**	**-**	**65,289**	**65,289**
Loans and other receivables	**2,301,981**	**-**	**2,301,981**	**2,306,593**
Other resources	**9,262**	**-**	**9,262**	**9,262**
Financial assets at FVTPL	**-**	**37,110**	**37,110**	**37,110**
Financial assets at FVOCI	**-**	**184,881**	**184,881**	**184,881**
Investment securities at amortized cost	**286,819**	**-**	**286,819**	**300,168**
	P 3,046,838	**P 221,991**	**P 3,268,829**	**P 3,286,781**
Financial liabilities				
At amortized cost:				
Deposit liabilities	**P 2,610,151**	**P -**	**P 2,610,151**	**P 2,653,290**
Bills payable	**209,744**	**-**	**209,744**	**213,381**
Insurance contract liabilities	**58,410**	**-**	**58,410**	**58,410**
Other liabilities	**89,611**	**-**	**89,611**	**89,611**
At fair value –				
Other liabilities	**-**	**4,129**	**4,129**	**4,129**
	P 2,967,916	**P 4,129**	**P 2,972,045**	**P 3,018,821**

	2019			
	Classes			
	At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial assets				
At amortized cost:				
Cash and other cash items	P 64,140	P -	P 64,140	P 64,140
Due from BSP	309,040	-	309,040	309,040
Due from other banks	38,956	-	38,956	38,956
Loans and other receivables	2,225,777	-	2,225,777	2,196,798
Other resources	5,991	-	5,991	5,991
Financial assets at FVTPL	-	27,081	27,081	27,081
Financial assets at FVOCI	-	145,239	145,239	145,239
Investment securities at amortized cost	263,585	-	263,585	270,967
	P 2,907,489	P 172,320	P 3,079,809	P 3,058,212

BDO Unibank Group

	2019			
	Classes			
	At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial liabilities				
At amortized cost:				
Deposit liabilities	P 2,485,228	P -	P 2,485,228	P 2,492,812
Bills payable	167,524	-	167,524	168,772
Subordinated notes payable	10,030	-	10,030	9,876
Insurance contract liabilities	42,473	-	42,473	42,473
Other liabilities	98,660	-	98,660	98,660
At fair value –				
Other liabilities	-	3,172	3,172	3,172
	P 2,803,915	P 3,172	P 2,807,087	P 2,815,765

Parent Bank

	2020			
	Classes			
	At Amortized Cost	**At Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
At amortized cost:				
Cash and other cash items	**P 72,301**	**P -**	**P 72,301**	**P 72,301**
Due from BSP	**305,079**	**-**	**305,079**	**305,069**
Due from other banks	**63,281**	**-**	**63,281**	**63,281**
Loans and other receivables	**2,259,686**	**-**	**2,259,686**	**2,266,579**
Other resources	**8,834**	**-**	**8,834**	**8,834**
Financial assets at FVTPL	**-**	**4,862**	**4,862**	**4,862**
Financial assets at FVOCI	**-**	**126,922**	**126,922**	**126,922**
Investment securities at amortized cost	**267,672**	**-**	**267,672**	**283,067**
	P 2,976,853	**P 131,784**	**P 3,108,637**	**P 3,130,915**
Financial liabilities				
At amortized cost:				
Deposit liabilities	**P 2,548,291**	**P -**	**P 2,548,291**	**P 2,587,223**
Bills payable	**202,867**	**-**	**202,867**	**208,284**
Other liabilities	**81,914**	**-**	**81,914**	**81,914**
At fair value –				
Other liabilities	**-**	**2,001**	**2,001**	**2,001**
	P 2,833,072	**P 2,001**	**P 2,835,073**	**P 2,879,422**

Parent Bank

	2019			
	Classes			
	At Amortized Cost	At Fair Value	Carrying Amount	Fair Value
Financial assets				
At amortized cost:				
Cash and other cash items	P 62,726	P -	P 62,726	P 62,726
Due from BSP	306,938	-	306,938	306,938
Due from other banks	35,820	-	35,820	35,820
Loans and other receivables	2,175,655	-	2,175,655	2,148,083
Other resources	5,542	-	5,542	5,542
Financial assets at FVTPL	-	4,170	4,170	4,170
Financial assets at FVOCI	-	93,800	93,800	93,800
Investment securities at amortized cost	247,308	-	247,308	256,288
	P 2,833,989	P 97,970	P 2,931,959	P 2,913,367
Financial liabilities				
At amortized cost:				
Deposit liabilities	P 2,438,737	P -	P 2,438,737	P 2,440,268
Bills payable	147,321	-	147,321	148,838
Subordinated notes payable	10,030	-	10,030	9,876
Other liabilities	86,504	-	86,504	86,504
At fair value –				
Other liabilities	-	1,734	1,734	1,734
	P 2,682,592	P 1,734	P 2,684,326	P 2,687,220

6.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

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

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When BDO Unibank Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

6.3 Financial Instruments Measured at Fair Value

The financial assets and financial liabilities as of December 31, 2020 and 2019 are grouped into the fair value hierarchy as presented in the tables below and in the succeeding pages. Unquoted equity securities consist of preferred and common shares of various unlisted local companies.

BDO Unibank Group

	Notes	Level 1	Level 2	Level 3	Total
December 31, 2020					
Resources:					
Financial assets at FVTPL:	9.1				
Equity securities - quoted		**P 21,641**	**P 1,821**	**P -**	**P 23,462**
Government debt securities		**5,401**	**-**	**-**	**5,401**
Corporate debt securities		**834**	**2,945**	**-**	**3,779**
Derivative financial assets		**-**	**4,468**	**-**	**4,468**
		27,876	**9,234**	**-**	**37,110**
Financial assets at FVOCI:	9.2				
Government debt securities		**117,663**	**-**	**-**	**117,663**
Corporate debt securities		**56,896**	**-**	**-**	**56,896**
Equity securities - quoted		**9,829**	**234**	**-**	**10,063**
Equity securities - not quoted		**-**	**-**	**259**	**259**
		184,388	**234**	**259**	**184,881**
		P 212,264	**P 9,468**	**P 259**	**P 221,991**
Liabilities –					
Derivatives with negative fair values	20	**P 82**	**P 4,047**	**P -**	**P 4,129**

BDO Unibank Group

	Notes	Level 1	Level 2	Level 3	Total
December 31, 2019					
Resources:					
Financial assets at FVTPL:	9.1				
Equity securities - quoted		P 14,595	P 320	P -	P 14,915
Government debt securities		5,178	-	-	5,178
Corporate debt securities		1,597	1,829	-	3,426
Derivative financial assets		-	3,562	-	3,562
		21,370	5,711	-	27,081
Financial assets at FVOCI:	9.2				
Government debt securities		81,514	-	-	81,514
Corporate debt securities		52,609	-	-	52,609
Equity securities - quoted		9,190	256	-	9,446
Equity securities - not quoted		-	-	1,670	1,670
		143,313	256	1,670	145,239
		P 164,683	P 5,967	P 1,670	P 172,320
Liabilities –					
Derivatives with negative fair values	20	P 87	P 3,085	P -	P 3,172

Parent Bank

	Notes	**Level 1**	**Level 2**	**Level 3**	**Total**
December 31, 2020					
Resources:					
Financial assets at FVTPL:	9.1				
Government debt securities		**P 2,793**	**P -**	**P -**	**P 2,793**
Derivative financial assets		**-**	**1,769**	**-**	**1,769**
Corporate debt securities		**299**	**-**	**-**	**299**
Equity securities - quoted		**1**	**-**	**-**	**1**
		3,093	**1,769**	**-**	**4,862**
Financial assets at FVOCI:	9.2				
Government debt securities		**80,464**	**-**	**-**	**80,464**
Corporate debt securities		**41,384**	**-**	**-**	**41,384**
Equity securities - quoted		**4,626**	**229**	**-**	**4,855**
Equity securities - not quoted		**-**	**-**	**219**	**219**
		126,474	**229**	**219**	**126,922**
		P 129,567	**P 1,998**	**P 219**	**P 131,784**
Liabilities –					
Derivatives with negative fair values	20	**P 82**	**P 1,919**	**P -**	**P 2,001**

Parent Bank

	Notes	Level 1	Level 2	Level 3	Total
December 31, 2019					
Resources:					
Financial assets at FVTPL:	9.1				
Government debt securities		P 2,348	P -	P -	P 2,348
Derivative financial assets		-	1,549	-	1,549
Corporate debt securities		272	-	-	272
Equity securities - quoted		1	-	-	1
		2,621	1,549	-	4,170
Financial assets at FVOCI:	9.2				
Government debt securities		53,547	-	-	53,547
Corporate debt securities		35,884	-	-	35,884
Equity securities - quoted		3,898	252	-	4,150
Equity securities - not quoted		-	-	219	219
		93,329	252	219	93,800
		P 95,950	P 1,801	P 219	P 97,970
Liabilities –					
Derivatives with negative fair values	20	P 87	P 1,647	P -	P 1,734

There have been no significant transfers among Levels 1 and 2 in the reporting periods.

Discussed below and in the succeeding page is the information about how fair values of the BDO Unibank Group and the Parent Bank's classes of financial assets are determined.

(a) Equity securities

(i) Quoted equity securities classified as financial assets at FVTPL or financial assets at FVOCI have fair values that were determined based on their closing prices on the PSE. These instruments are included in Level 1.

Financial assets at FVTPL included in Level 2 pertain to investments in Unit Investment Trust Funds (UITFs). The fair value of these financial assets were derived using the net asset value per unit (computed by dividing the net asset value of the fund by the number of outstanding units at the end of the reporting period), as published by banks and the Investment Company Association of the Philippines.

Golf club shares classified as financial assets at FVOCI are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

(ii) Unquoted equity securities consist of preferred shares and common shares of various unlisted local companies. For unquoted preferred shares, the fair value is determined based on their discounted amount of estimated future cash flows expected to be received or paid, or based on their cost which management estimates to approximate their fair values. Further, unlisted common share which are classified as financial assets at FVOCI securities, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument. These instruments are included in Level 3.

(b) Debt securities

The fair value of the debt securities of BDO Unibank Group and the Parent Bank, which are categorized within Level 1 and Level 2, is discussed below.

(i) Fair values of peso-denominated government debt securities issued by the Philippine government, are determined based on the reference price per Bloomberg which used BVAL. These BVAL reference rates are computed based on the weighted price derived using an approach based on a combined sequence of proprietary BVAL algorithms of direct observations or observed comparables.

(ii) For corporate and other quoted debt securities, fair value is determined to be the current mid-price, which is computed as the average of ask and bid prices as appearing on Bloomberg.

(c) Derivatives

The fair values of Republic of the Philippines (ROP) warrants which are categorized within Level 1, is determined to be the current mid-price based on the last trading transaction as defined by third-party market makers. The fair value of other derivative financial instruments, which are categorized within Level 2, is determined through valuation techniques using the net present value computation [see Note 3.2(c)].

6.4 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below and in the succeeding pages summarizes the fair value hierarchy of BDO Unibank Group and Parent Bank's financial assets and financial liabilities, which are measured at amortized cost in the statements of financial position but for which fair value is disclosed.

BDO Unibank Group

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Resources:				
Cash and other cash items	**P 74,851**	**P -**	**P -**	**P 74,851**
Due from BSP	**308,627**	**-**	**-**	**308,627**
Due from other banks	**65,289**	**-**	**-**	**65,289**
Investment securities at amortized cost	**300,168**	**-**	**-**	**300,168**
Loans and other receivables	**239**	**-**	**2,306,354**	**2,306,593**
Other resources	**8,795**	**-**	**467**	**9,262**
	P 757,969	**P -**	**P 2,306,821**	**P 3,064,790**

BDO Unibank Group

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Liabilities:				
Deposit liabilities	**P -**	**P -**	**P 2,653,290**	**P 2,653,290**
Bills payable	**-**	**164,748**	**48,633**	**213,381**
Insurance contract liabilities	**-**	**-**	**58,410**	**58,410**
Other liabilities	**-**	**-**	**89,611**	**89,611**
	P -	**P 164,748**	**P 2,849,944**	**P 3,014,692**
December 31, 2019				
Resources:				
Cash and other cash items	P 64,140	P -	P -	P 64,140
Due from BSP	309,040	-	-	309,040
Due from other banks	38,956	-	-	38,956
Investment securities at amortized cost	270,967	-	-	270,967
Loans and other receivable	-	-	2,196,798	2,196,798
Other resources	5,639	-	352	5,991
	P 688,742	P -	P 2,197,150	P 2,885,892
Liabilities:				
Deposit liabilities	P -	P -	P 2,492,812	P 2,492,812
Bills payable	-	100,816	67,956	168,772
Insurance contract liabilities	-	-	42,473	42,473
Subordinated notes payable	-	9,876	-	9,876
Other liabilities	-	-	98,660	98,660
	P -	P 110,692	P 2,701,901	P 2,812,593

Parent Bank

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Resources:				
Cash and other cash items	**P 72,301**	**P -**	**P -**	**P 72,301**
Due from BSP	**305,069**	**-**	**-**	**305,069**
Due from other banks	**63,281**	**-**	**-**	**63,281**
Investment securities at amortized cost	**283,067**	**-**	**-**	**283,067**
Loans and other receivables	**-**	**-**	**2,266,579**	**2,266,579**
Other resources	**8,756**	**-**	**78**	**8,834**
	P 732,474	**P -**	**P 2,266,657**	**P 2,999,131**
Liabilities:				
Deposit liabilities	**P -**	**P -**	**P2,587,223**	**P 2,587,223**
Bills payable	**-**	**164,748**	**43,536**	**208,284**
Other liabilities	**-**	**-**	**81,914**	**81,914**
	P -	**P 164,748**	**P 2,712,673**	**P 2,877,421**

Parent Bank

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Resources:				
Cash and other cash items	P 62,726	P -	P -	P 62,726
Due from BSP	306,938	-	-	306,938
Due from other banks	35,820	-	-	35,820
Investment securities at amortized cost	256,288	-	-	256,288
Loans and other receivables	-	-	2,148,083	2,148,083
Other resources	5,542	-	-	5,542
	P 667,314	P -	P 2,148,083	P 2,815,397
Liabilities:				
Deposit liabilities	P -	P -	P 2,440,268	P 2,440,268
Bills payable	-	94,094	54,744	148,838
Subordinated notes payable	-	9,876	-	9,876
Other liabilities	-	-	86,504	86,504
	P -	P 103,970	P 2,581,516	P 2,685,486

For financial assets and financial liabilities, management considers that the carrying amounts of those short-term financial instruments approximate their fair values. The following are the methods used to determine the fair value of financial assets and financial liabilities presented in the statements of financial position at their amortized cost.

(a) Cash and Other Cash Items

Cash consists primarily of funds in the form of Philippine currency notes and coins in the BDO Unibank Group and the Parent Bank's vault and those in the possession of tellers, including automated teller machines (see Note 7).

Other cash items includes cash items other than currency and coins on hand (see Note 14) such as checks drawn on the other banks or other branches that were received after the BDO Unibank Group and the Parent Bank's clearing cut-off time until the close of the regular banking hours. Carrying amounts approximate fair values in view of the relatively short-term maturities of these instruments.

(b) Due from BSP and Other Banks

Due from BSP pertains to deposits made by BDO Unibank Group to the BSP for clearing and reserve requirements. Due from other banks includes items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

(c) Investment Securities at Amortized Cost

The fair value of investment securities at amortized cost is determined by direct reference to published price quoted in an active market for traded debt securities.

The BDO Unibank Group will hold into the investments until management decides to sell them when there will be offers to buy out such investments on the appearance of an available market where the investments can be sold.

(d) Loans and Other Receivables

Loans and other receivables are net of provisions for impairment. The estimated fair value of loans and receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(e) Deposits and Borrowings

The estimated fair value of demand deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The fair value of Bills Payable under Level 2 is computed based on the average of ask and bid prices as appearing on Bloomberg. For Bills Payable categorized within Level 3, the BDO Unibank Group and the Parent Bank classify financial instruments that have no quoted prices or observable market data where reference of fair value can be derived; hence, fair value is determined based on their discounted amount of estimated future cash flows expected to be received or paid, or based on their cost which management estimates to approximate their fair values.

(f) Other Resources and Liabilities

Due to their short duration, the carrying amounts of other resources and liabilities in the statements of financial position are considered to be reasonable approximation of their fair values.

6.5 Fair Value Measurement for Non-financial Assets

Details of BDO Unibank Group and Parent Bank's investment properties and the information about the fair value hierarchy as of December 31, 2020 and 2019 are shown below and in the succeeding page.

BDO Unibank Group

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Investment properties				
Land	**P -**	**P -**	**P 20,482**	**P 20,482**
Building and improvements	**-**	**-**	**12,674**	**12,674**
Non-current assets held for sale	**-**	**-**	**1,039**	**1,039**
	P -	**P -**	**P 34,195**	**P 34,195**

BDO Unibank Group

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Investment properties				
Land	P -	P -	P 21,077	P 21,077
Building and improvements	-	-	12,396	12,396
Non-current assets held for sale	-	-	1,020	1,020
	P -	P -	P 34,493	P 34,493

Parent Bank

	Level 1	**Level 2**	**Level 3**	**Total**
December 31, 2020				
Investment properties				
Land	**P -**	**P -**	**P 18,802**	**P 18,802**
Building and improvements	**-**	**-**	**12,145**	**12,145**
Non-current assets held for sale	**-**	**-**	**1,039**	**1,039**
	P -	**P -**	**P 31,986**	**P 31,986**
December 31, 2019				
Investment properties				
Land	P -	P -	P 16,164	P 16,164
Building and improvements	-	-	11,569	11,569
Non-current assets held for sale	-	-	1,017	1,017
	P -	P -	P 28,750	P 28,750

The fair value of the investment properties of the BDO Unibank Group and the Parent Bank as of December 31, 2020 and 2019 (see Note 13) was determined on the basis of a valuation carried out on the respective dates by either an independent or internal appraiser having appropriate qualifications and recent experience in the valuation of properties in the relevant locations. To some extent, the valuation process was conducted by the appraisers in discussion with the management of the BDO Unibank Group and the Parent Bank with respect to determination of the inputs such as size, age and condition of the land and buildings and the comparable prices in the corresponding property location. In estimating the fair value of the properties, management takes into account the market participant's ability to generate economic benefits by using the assets in its highest and best use. Based on management's assessment, the best use of the investment properties of the BDO Unibank Group and the Parent Bank indicated above is their current use. The fair value discussed above as determined by the appraisers were used by the BDO Unibank Group and the Parent Bank in determining the fair value of the Investment Properties and the Non-Current Assets Held for Sale.

The fair value of these investment properties and assets held for sale was determined based on the following approaches:

(a) Fair Value Measurement for Land

The Level 3 fair value of land was derived using the observable recent prices of the reference properties, which were adjusted for differences in key attributes such as property size, zoning and accessibility. The most significant input into this valuation approach is the price per square foot; hence, the higher the price the higher the fair value. On the other hand, if fair value of the land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations, fair value is included in Level 2. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property, minor adjustments on the price is made to consider peculiarities of the property with that of the benchmark property.

(b) Fair Value Measurement for Buildings and Improvements

The Level 3 fair value of the buildings and improvements was determined using the replacement cost approach that reflects the cost to a market participant to construct an asset of comparable usage, constructions standards, design and lay-out, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change to the valuation techniques used by the BDO Unibank Group during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2020 and 2019.

(c) Fair Value Measurement for Assets Held for Sale

The fair value of assets held for sale is determined based on the recent experience in the valuation of similar properties. The fair value, determined under Level 3 measurement, was derived using the market data approach that reflects that recent transaction prices for similar properties, adjusted for differences in property age and condition.

There has been no change to the valuation techniques used by BDO Unibank Group during the year for its non-financial assets. Further, there were no transfers into or out of Level 3 fair value hierarchy in 2020 and 2019.

6.6 Offsetting Financial Assets and Financial Liabilities

The following financial assets of the BDO Unibank Group and the Parent Bank with amounts presented in the statements of financial position as of December 31, 2020 and 2019 are subject to offsetting, enforceable master netting arrangements and similar agreements.

BDO Unibank Group

	Financial Assets	Financial Liabilities Available for Set-off	Collateral Received	Net Amount
December 31, 2020				
Financial assets at FVTPL:				
Currency swaps	**P 17,250**	**P 18,827**	**P -**	**(P 1,577)**
Interest rate swaps	**4,808**	**4,744**	**-**	**64**
Loans and receivables –				
Receivables from customers	**43,976**	**-**	**40,904**	**3,072**
	P 66,034	**P 23,571**	**P 40,904**	**P 1,559**
December 31, 2019				
Financial assets at FVTPL:				
Currency swaps	P 323	P 298	P -	P 25
Interest rate swaps	1,151	1,094	-	57
Loans and receivables –				
Receivables from customers	42,164	-	40,160	2,004
	P 43,638	P 1,392	P 40,160	P 2,086

Parent Bank

	Financial Assets	Financial Liabilities Available for Set-off	Collateral Received	Net Amount
December 31, 2020				
Financial assets at FVTPL:				
Currency swaps	**P 1**	**P -**	**P -**	**P 1**
Interest rate swaps	**1,107**	**1,043**	**-**	**64**
Loans and receivables –				
Receivables from customers	**40,744**	**-**	**40,744**	**-**
	P 41,852	**P 1,043**	**P 40,744**	**P 65**
December 31, 2019				
Financial assets at FVTPL:				
Currency swaps	P 5	P -	P -	P 5
Interest rate swaps	1,100	1,043	-	57
Loans and receivables –				
Receivables from customers	38,955	-	38,955	-
	P 40,060	P 1,043	P 38,955	P 62

The currency forwards and interest rate swaps relates to accrued interest receivable and accrued interest payable subject to enforceable master netting arrangements but were not set-off and presented at gross in the statements of financial position.

The following financial liabilities with net amounts presented in the statements of financial position of the BDO Unibank Group and the Parent Bank are subject to offsetting, enforceable master netting arrangements and similar agreements.

BDO Unibank Group

	Financial Liabilities	Financial Assets Available for Set-off	Collateral Given	Net Amount
December 31, 2020				
Deposit liabilities	**P 85,836**	**P 40,904**	**P -**	**P 44,932**
Derivatives with negative fair values:				
Currency swaps	**2,286**	**2,434**	**-**	**(148)**
Interest rate swaps	**135**	**144**	**-**	**(9)**
	P 88,257	**P 43,482**	**P -**	**P 44,775**
December 31, 2019				
Deposit liabilities	P 80,100	P 40,160	P -	P 39,940
Derivatives with negative fair values				
Currency swaps	532	298	90	144
Interest rate swaps	115	75	-	40
	P 80,747	P 40,533	P 90	P 40,124

Parent Bank

	Financial Liabilities	Financial Assets Available for Set-off	Collateral Given	Net Amount
December 31, 2020				
Deposit liabilities	**P 85,676**	**P 40,744**	**P -**	**P 44,932**
Derivatives with negative fair values:				
Currency swaps	**279**	**-**	**-**	**279**
Interest rate swaps	**95**	**40**	**-**	**55**
	P 86,050	**P 40,784**	**P -**	**P 45,266**
December 31, 2019				
Deposit liabilities	P 78,895	P 38,955	P -	P 39,940
Derivatives with negative fair values –				
Currency swaps	144	-	-	144
Interest rate swaps	64	24	-	40
	P 79,103	P 38,979	P -	P 40,124

For the financial assets and financial liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the BDO Unibank Group and counterparties allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

7. CASH AND BALANCES WITH THE BSP

These accounts are composed of the following:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Cash and other cash items	**P 74,851**	P 64,140	**P 72,301**	P 62,726
Due from BSP:				
Mandatory reserves	**254,527**	285,191	**252,440**	283,089
Other than mandatory reserves	**54,109**	23,849	**52,639**	23,849
	308,636	309,040	**305,079**	306,938
	P 383,487	P 373,180	**P 377,380**	P 369,664

Mandatory reserves represent the balance of the deposit accounts maintained with the BSP to meet reserve requirements and to serve as clearing accounts for interbank claims (see Note 16). Due from BSP, excluding mandatory reserves which has no interest, bears annual interest rate ranging from 1.50% to 4.13% in 2020, from 0.00% to 4.75% in 2019, and from 2.50% to 5.25% in 2018. Total interest income earned amounted to P1,892, P422 and P899 in 2020, 2019 and 2018, respectively, in BDO Unibank Group's statements of income and P1,886, P417 and P785 in 2020, 2019 and 2018, respectively, in the Parent Bank's statements of income (see Note 22).

Cash and other cash items and balances with the BSP are included in cash and cash equivalents for statements of cash flows purposes.

8. DUE FROM OTHER BANKS

The balance of this account represents deposits with the following:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Foreign banks	**P 64,156**	P 30,211	**P 62,615**	P 35,087
Local banks	**1,133**	8,745	**666**	733
	P 65,289	P 38,956	**P 63,281**	P 35,820

The breakdown of this account as to currency follows:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
U.S. dollars	**P 56,867**	P 27,683	**P 55,707**	P 27,147
Philippine pesos	**412**	2,114	**266**	52
Other foreign currencies	**8,010**	9,159	**7,308**	8,621
	P 65,289	P 38,956	**P 63,281**	P 35,820

Annual interest rates on these deposits range from 0.00% to 3.38% in 2020, from 0.00% to 5.75% in 2019 and from 0.00% to 2.45% in 2018 in the BDO Unibank Group's financial statements, and from 0.00% to 1.00% in 2020, from 0.00% to 2.00% in 2019, and from 0.00% to 2.45% in 2018, in the Parent Bank's financial statements. There are deposits such as current accounts, which do not earn interest. Total interest income earned amounted to P266, P959 and P834 in 2020 and 2019, 2018, respectively, in the BDO Unibank Group's statements of income, and P234, P817 and P661, in 2020 and 2019, 2018, respectively, in the Parent Bank's statements of income (see Note 22).

Due from other banks are included in cash and cash equivalents for statements of cash flows purposes.

9. TRADING AND INVESTMENT SECURITIES

The components of this account are shown below.

		BDO Unibank Group		Parent Bank	
	Notes	**2020**	2019	**2020**	2019
Financial assets at FVTPL	9.1	**P 37,110**	P 27,081	**P 4,862**	P 4,170
Financial assets at FVOCI	9.2	**184,881**	145,239	**126,922**	93,800
Investment securities at amortized cost - net	9.3	**286,819**	263,585	**267,672**	247,308
		P 508,810	P 435,905	**P 399,456**	P 345,278

9.1 Financial Assets at FVTPL

This account is composed of the following:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Derivative financial assets	**P 4,468**	P 3,562	**P 1,769**	P 1,549
Government debt securities	**5,401**	5,178	**2,793**	2,348
Corporate debt securities	**3,779**	3,426	**299**	272
	13,648	12,166	**4,861**	4,169
Equity securities - quoted	**23,462**	14,915	**1**	1
	P 37,110	P 27,081	**P 4,862**	P 4,170

All financial assets at FVTPL are held for trading.

The following table shows net income (loss) contributed by financial assets at FVTPL to the BDO Unibank Group and the Parent Bank.

		BDO Unibank Group		
	Notes	**2020**	2019	2018
Interest income	22	**P 122**	P 197	P 72
Trading gain (loss) - net	24	**1,261**	1,606	(1,863)
Dividend income	24	**71**	72	87
Foreign exchange gain (loss)	24	**(214)**	(449)	137
Total other income (loss)		**1,118**	1,229	(1,639)
Total other expenses		**2**	7	10
Net income (loss)		**P 1,238**	P 1,419	(P 1,577)

		Parent Bank		
	Notes	**2020**	2019	2018
Interest income	22	**P 84**	P 87	P 51
Trading gain (loss) - net	24	**1,422**	267	(126)
Net income (loss)		**P 1,506**	P 354	(P 75)

The BDO Unibank Group's government and corporate debt securities earn interest at annual rates ranging from 0.00% to 10.63%, from 0.00% to 10.63% and from 2.75% to 10.63% in 2020, 2019 and 2018, respectively, while the Parent Bank's government and corporate debt securities earn interest at annual rates ranging from 0.00% to 10.63%, from 0.00% to 10.63% and from 2.75% to 10.63% in 2020, 2019 and 2018, respectively.

Foreign currency-denominated securities amounted to P5,701 and P5,671 as of December 31, 2020 and 2019, respectively, in the BDO Unibank Group's statements of financial position and P3,037 and P2,487 as of December 31, 2020 and 2019, respectively, in the Parent Bank's statements of financial position.

Derivative instruments used by BDO Unibank Group include foreign currency and interest rate forwards/futures, foreign currency and interest rate swaps. Foreign currency and interest rate forwards/futures represent commitments to purchase or sell or contractual obligations to receive or pay a new amount based on changes in currency rates or interest rates on a future date at a specified price. Foreign currency and interest rate swaps are commitments to exchange one set of cash flows for another.

The aggregate contractual or notional amount of derivative financial instruments and the total fair values of derivative financial assets and financial liabilities are shown below and in the succeeding page [see Notes 20 and 26(d)(i)(4)].

BDO Unibank Group

	2020			2019		
	Notional Amount	**Fair Values**		Notional Amount	Fair Values	
		Assets	**Liabilities**		Assets	Liabilities
Currency forwards/futures	**P 277,684**	**P 1,377**	**P 1,517**	P 249,230	P 1,129	P 1,714
Cross currency swaps	**44,738**	**2,882**	**2,395**	32,866	2,184	1,202
Interest rate swaps	**15,912**	**209**	**135**	30,892	249	180
Interest rate future sold trading	**240**	**-**	**1**	-	-	-
ROP warrants	**8,475**	**-**	**81**	8,475	-	76
	P 347,049	**P 4,468**	**P 4,129**	P 321,463	P 3,562	P 3,172

Parent Bank

	2020			2019		
	Notional Amount	Fair Values		Notional Amount	Fair Values	
		Assets	Liabilities		Assets	Liabilities
Currency forwards/futures	**P 272,794**	**P 1,216**	**P 1,437**	P 244,530	P 1,084	P 1,260
Cross currency swaps	**8,663**	**449**	**388**	8,037	384	333
Interest rate swaps	**8,508**	**104**	**95**	8,638	81	65
ROP warrants	**8,475**	**-**	**81**	8,475	-	76
	P 298,440	**P 1,769**	**P 2,001**	P 269,680	P 1,549	P 1,734

Certain financial assets at FVTPL of the BDO Unibank Group and the Parent Bank amounting to P22,058 and P1,108, respectively, in 2020 and P1,474 and P1,105, respectively, in 2019, are subject to offsetting against the related derivatives with negative fair values of the BDO Unibank Group and the Parent Bank amounting to P23,571 and P1,043, respectively, in 2020 and P1,392 and P1,043, respectively, in 2019. This indicates an enforceable master netting arrangements and similar agreements with an intention to settle on a net basis (see Note 6.6).

9.2 Financial Assets at FVOCI

The details of the carrying amounts of these financial assets are as follows:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Government debt securities	**P 117,663**	P 81,514	**P 80,464**	P 53,547
Corporate debt securities	**56,896**	52,609	**41,384**	35,884
Equity securities:				
Quoted	**10,063**	9,446	**4,855**	4,150
Not quoted	**259**	1,670	**219**	219
	P 184,881	P 145,239	**P 126,922**	P 93,800

As to currency, this account is composed of the following:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Foreign currencies	**P 88,748**	P 82,468	**P 71,907**	P 64,337
Philippine peso	**96,133**	62,771	**55,015**	29,463
	P 184,881	P 145,239	**P 126,922**	P 93,800

The maturity profile of this account is presented below.

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Within one year	**P 61,715**	P 35,277	**P 48,069**	P 25,273
One to five years	**69,895**	71,408	**49,716**	51,502
Beyond five years	**53,271**	38,554	**29,137**	17,025
	P 184,881	P 145,239	**P 126,922**	P 93,800

Government debt securities issued by the ROP and foreign sovereigns and corporate debt securities issued by resident and non-resident corporations earn interest at annual rates ranging from 0.00% to 12.13% in 2020, from 0.00% to 12.13% in 2019, and from 1.75% to 12.13% in 2018, for the BDO Unibank Group's financial statements while from 0.00% to 10.63% in 2020, from 0.00% to 10.63% in 2019 and from 2.38% to 10.63% in 2018, in the Parent Bank's financial statements (see Note 22).

The fair values of government debt, equity and corporate debt securities have been determined directly by reference to published prices generated in an active market (see Note 6.3).

The reconciliation of the carrying amounts of financial assets at FVOCI is as follows:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Balance at beginning of year	**P 145,239**	P 120,389	**P 93,800**	P 77,115
Additions	**197,175**	58,665	**162,827**	39,656
Disposals	**(157,835)**	(39,235)	**(129,553)**	(24,045)
Unrealized fair value gains (losses)	**4,648**	7,662	**3,250**	3,478
Foreign currency revaluation	**(4,351)**	(2,244)	**(3,402)**	(2,404)
Deferred tax liability	**5**	2	**-**	-
Balance at end of year	**P 184,881**	P 145,239	**P 126,922**	P 93,800

Unrealized fair value gains and losses recognized in the NUGL account is not reclassified to profit or loss but is reclassified directly to Surplus Free account except for those debt securities classified as FVOCI wherein fair value changes are recycled back to profit or loss.

Impairment losses recognized for FVOCI debt securities presented in NUGL for BDO Unibank Group and the Parent Bank amounted to P37 and P36, respectively, in 2020, P13 and P5, respectively, in 2019, and P18 and P5, respectively, in 2018. Total accumulated impairment losses presented in NUGL for the BDO Unibank Group, the Parent Bank amounted to P137 and P108, respectively, as of December 31, 2020, and P100 and P72, respectively, as of December 31, 2019, (see Note 4.3.5).

9.3 Investment Securities at Amortized Cost

This account consists of:

	Note	BDO Unibank Group		Parent Bank	
		2020	2019	**2020**	2019
Government debt securities		**P 228,134**	P 213,366	**P 214,471**	P 199,904
Corporate debt securities:					
Quoted		**55,982**	48,581	**53,430**	47,339
Not quoted		**4,293**	3,191	**1,342**	1,608
		288,409	265,138	**269,243**	248,851
Allowance for impairment	15	**(1,590)**	(1,553)	**(1,571)**	(1,543)
		P 286,819	P 263,585	**P 267,672**	P 247,308

As to currency, this account is composed of the following:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Foreign currencies	**P 153,492**	P 134,678	**P 146,757**	P 130,533
Philippine peso	**133,327**	128,907	**120,915**	116,775
	P 286,819	P 263,585	**P 267,672**	P 247,308

The maturity profile of this account is presented below.

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Less than one year	**P 40,119**	P 36,183	**P 34,075**	P 34,816
One to five years	**170,135**	156,461	**162,185**	148,705
Beyond five years	**76,565**	70,941	**71,412**	63,787
	P 286,819	P 263,585	**P 267,672**	P 247,308

The reconciliation of the carrying amounts of investment securities at amortized cost is as follows:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Balance at beginning of year	**P 263,585**	P 244,500	**P 247,308**	P 222,909
Additions	**116,777**	79,199	**111,208**	78,983
Maturities	**(85,870)**	(54,988)	**(83,501)**	(49,647)
Foreign currency gains - net	**(7,568)**	(5,098)	**(7,247)**	(4,911)
Impairment loss	**(105)**	(28)	**(96)**	(26)
Balance at end of year	**P 286,819**	P 263,585	**P 267,672**	P 247,308

Annual coupon interest rates on government and corporate debt securities range from 0.00% to 18.25% in 2020, from 0.00% to 18.25% in 2019, and from 1.40% to 15.00% in 2018 for the BDO Unibank Group's financial statements while from 0.00% to 18.25% in 2020, from 0.00% to 15.00% in 2019, and from 2.38% to 15.00% in 2018 for the Parent Bank's financial statements (see Note 22).

In 2020, the BDO Unibank Group and the Parent Bank disposed of certain debt securities from its amortized cost portfolio amounting to P30,608 and P30,595, respectively, resulting in a net gain amounting to P3,584 and P3,583, which is presented as part of Trading gains (loss) (see Note 24). The disposal was made to strengthen the liquidity and capital position of the BDO Unibank Group and the Parent Bank as a buffer against the economic downturn caused by the COVID-19 global pandemic. Management had assessed that such disposals of the investment securities are consistent with the BDO Unibank Group's and the Parent Bank's Investment at amortized cost business model with the objective of collecting contractual cash flows and have qualified under the permitted sale events set forth in the BDO Unibank Group's business model in managing financial assets manual and the requirements of PFRS 9. The disposal of investment securities was approved by the Investments Committee in compliance with the documentation requirements of the BSP.

As mentioned in Note 27, certain government debt securities are deposited with the BSP.

10. LOANS AND OTHER RECEIVABLES

This account consists of the following:

	Notes	BDO Unibank Group 2020	BDO Unibank Group 2019	Parent Bank 2020	Parent Bank 2019
Receivables from customers:					
Loans and discounts	26	**P 2,099,887**	P 2,031,016	**P 2,060,614**	P 1,979,672
Credit card receivables		**94,356**	99,391	**94,356**	99,391
Customers' liabilities under letters of credit and trust receipts		**58,784**	62,043	**58,784**	62,043
Bills purchased		**10,864**	17,097	**10,863**	17,089
		2,263,891	2,209,547	**2,224,617**	2,158,195
Unearned interests or discounts		**(189)**	(1,497)	**(122)**	(329)
Allowance for impairment	15	**(56,420)**	(30,068)	**(53,989)**	(27,382)
		(56,609)	(31,565)	**(54,111)**	(27,711)
		2,207,282	2,177,982	**2,170,506**	2,130,484
Other receivables:					
Interbank loans receivables		**66,657**	38,571	**66,657**	38,571
Accounts receivable	26	**11,527**	10,010	**9,696**	8,153
Sales contract receivables		**1,016**	977	**977**	898
Others		**1,201**	835	**-**	-
SPURRA		**16,729**	-	**14,135**	-
		97,130	50,393	**91,465**	47,622
Allowance for impairment	15	**(2,431)**	(2,598)	**(2,285)**	(2,451)
		94,699	47,795	**89,180**	45,171
		P 2,301,981	P 2,225,777	**P 2,259,686**	P 2,175,655

The maturity profile of receivable from customers (net of unearned interest or discounts) based on the remaining term is presented below.

	BDO Unibank Group 2020	BDO Unibank Group 2019	Parent Bank 2020	Parent Bank 2019
Less than one year	**P 715,170**	P 725,084	**P 706,757**	P 715,026
One to five years	**752,265**	704,930	**727,527**	672,619
Beyond five years	**796,267**	778,036	**790,211**	770,221
	P 2,263,702	P 2,208,050	**P 2,224,495**	P 2,157,866

The breakdown of total loans (receivable from customers, net of unearned interests or discounts) as to type of interest rate follows:

	BDO Unibank Group 2020	BDO Unibank Group 2019	Parent Bank 2020	Parent Bank 2019
Variable interest rates	**P 1,813,886**	P 1,711,190	**P 1,804,381**	P 1,690,853
Fixed interest rates	**449,816**	496,860	**420,114**	467,013
	P 2,263,702	P 2,208,050	**P 2,224,495**	P 2,157,866

Loans and receivables bear annual interest rates of 0% (e.g., non-performing loans and zero percent credit card installment program to 3.64% per month in 2020 and 0% to 4.10% per month in 2019 and 2018 (see Note 22).

Certain receivables from customers of the BDO Unibank Group and the Parent Bank amounting to P43,976 and P40,744, respectively, for 2020 and P42,164 and P38,955, respectively, for 2019, are subject to offsetting with the corresponding collaterals received as a means of security amounting to P40,904 and P40,744, respectively, in 2020, and P40,160 and P38,955, respectively, for 2019, indicating a legally enforceable right to offset the recognized amounts with an intention to settle on a net basis (see Note 6.6).

11. PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment of premises, furniture, fixtures and equipment at the beginning and end of 2020 and 2019 are shown below.

BDO Unibank Group

	Land	Furniture, Fixtures and Equipment	Buildings	Leasehold Rights and Improvement	Construction in Progress	Right-of-Use Assets	Total
December 31, 2020							
Cost	P 8,405	P 27,194	P 22,792	P 7,823	P 977	P 14,420	P 81,611
Accumulated depreciation and amortization	-	(17,532)	(8,343)	(6,299)	-	(4,460)	(36,634)
Allowance for Impairment (see Note 15)	(271)	-	(376)	-	-	-	(647)
Net Carrying Amount	**P 8,134**	**P 9,662**	**P 14,073**	**P 1,524**	**P 977**	**P 9,960**	**P 44,330**
December 31, 2019							
Cost	P 8,190	P 26,789	P 22,697	P 7,623	P 1,137	P 12,913	P 79,349
Accumulated depreciation and amortization	-	(16,392)	(7,748)	(5,580)	-	(2,433)	(32,153)
Allowance for Impairment (see Note 15)	(269)	-	(376)	-	-	-	(645)
Net Carrying Amount	P 7,921	P 10,397	P 14,573	P 2,043	P 1,137	P 10,480	P 46,551
January 1, 2019							
Cost	P 6,199	P 25,976	P 20,017	P 7,086	P 985	P 10,212	P 70,475
Accumulated depreciation and amortization	-	(15,267)	(5,939)	(4,882)	-	-	(26,088)
Allowance for Impairment (see Note 15)	(140)	-	(375)	-	-	-	(515)
Net Carrying Amount	P 6,059	P 10,709	P 13,703	P 2,204	P 985	P 10,212	P 43,872

Parent Bank

	Land	Furniture, Fixtures and Equipment	Buildings	Leasehold Rights and Improvement	Construction in Progress	Right-of-Use Assets	Total
December 31, 2020							
Cost	P 7,665	P 22,151	P 21,517	P 7,060	P 970	P 14,142	P 73,505
Accumulated depreciation and amortization	-	(14,303)	(7,807)	(5,740)	-	(4,327)	(32,177)
Allowance for Impairment (see Note 15)	(125)	-	(371)	-	-	-	(496)
Net Carrying Amount	**P 7,540**	**P 7,848**	**P 13,339**	**P 1,320**	**P 970**	**P 9,815**	**P 40,832**
December 31, 2019							
Cost	P 7,450	P 21,083	P 21,450	P 6,926	P 1,137	P 12,781	P 70,827
Accumulated depreciation and amortization	-	(13,047)	(7,285)	(5,118)	-	(2,387)	(27,837)
Allowance for Impairment (see Note 15)	(125)	-	(371)	-	-	-	(496)
Net Carrying Amount	P 7,325	P 8,036	P 13,794	P 1,808	P 1,137	P 10,394	P 42,494
January 1, 2019							
Cost	P 5,458	P 19,723	P 18,829	P 6,504	P 984	P 10,188	P 61,686
Accumulated depreciation and amortization	-	(11,714)	(5,546)	(4,470)	-	-	(21,730)
Allowance for Impairment (see Note 15)	(125)	-	(371)	-	-	-	(496)
Net Carrying Amount	P 5,333	P 8,009	P 12,912	P 2,034	P 984	P 10,188	P 39,460

A reconciliation of the carrying amounts at the beginning and end of 2020 and 2019 of premises, furniture, fixtures and equipment is shown below.

BDO Unibank Group

	Land	Furniture, Fixtures and Equipment	Buildings	Leasehold Rights and Improvement	Construction in Progress	Right-of-Use Assets	Total
Balance at January 1, 2020, net of accumulated depreciation, amortization and impairment	P 7,921	P 10,397	P 14,573	P 2,043	P 1,137	P 10,480	P 46,551
Additions	17	1,825	291	241	715	1,775	4,864
Disposals	(2)	(117)	(6)	(7)	-	-	(132)
Reclassifications	198	195	946	33	(875)	-	497
Adjustments	-	7	(4)	(2)	-	-	1
Reversal	-	(2)	-	-	-	-	(2)
Depreciation and amortization charges for the year	-	(2,643)	(1,727)	(784)	-	(2,295)	(7,449)
Balance at December 31, 2020, net of accumulated depreciation, amortization and impairment	**P 8,134**	**P 9,662**	**P 14,073**	**P 1,524**	**P 977**	**P 9,960**	**P 44,330**
Balance at January 1, 2019, net of accumulated depreciation, amortization and impairment	P 6,059	P 10,709	P 13,703	P 2,204	P 985	P 10,212	P 43,872
Additions	312	2,494	699	548	344	2,801	7,198
Disposals	(77)	(196)	(4)	-	-	-	(277)
Reclassifications	1,756	84	1,436	107	(187)	-	3,196
Allowance for impairment	(129)	-	(1)	-	-	-	(130)
Adjustments	-	1	(3)	(3)	-	-	(5)
Reversal	-	-	-	-	(5)	-	(5)
Depreciation and amortization charges for the year	-	(2,695)	(1,257)	(813)	-	(2,533)	(7,298)
Balance at December 31, 2019, net of accumulated depreciation, amortization and impairment	P 7,921	P 10,397	P 14,573	P 2,043	P 1,137	P 10,480	P 46,551

Parent Bank

	Land	Furniture, Fixtures and Equipment	Buildings	Leasehold Rights and Improvement	Construction in Progress	Right-of-Use Assets	Total
Balance at January 1, 2020 net of accumulated depreciation, amortization and impairment	P 7,325	P 8,036	P 13,794	P 1,808	P 1,137	P 10,394	P 42,494
Additions	17	1,414	259	171	709	1,628	4,198
Disposals	-	(7)	(7)	(7)	-	-	(21)
Reclassifications	198	195	946	33	(876)	-	496
Adjustment	-	-	-	(1)	-	-	(1)
Depreciation and amortization charges for the year	-	(1,790)	(1,653)	(684)	-	(2,207)	(6,334)
Balance at December 31, 2020, net of accumulated depreciation, amortization and impairment	**P 7,540**	**P 7,848**	**P 13,339**	**P 1,320**	**P 970**	**P 9,815**	**P 40,832**
Balance at January 1, 2019 net of accumulated depreciation, amortization and impairment	P 5,333	P 8,009	P 12,912	P 2,034	P 984	P 10,188	P 39,460
Additions	312	1,757	631	402	344	2,693	6,139
Disposals	(77)	(59)	-	-	-	-	(136)
Reclassifications	1,757	83	1,436	106	(186)	-	3,196
Adjustment	-	-	-	(1)	-	-	(1)
Reversal	-	-	-	-	(5)	-	(5)
Depreciation and amortization charges for the year	-	(1,754)	(1,185)	(733)	-	(2,487)	(6,159)
Balance at December 31, 2019, net of accumulated depreciation, amortization and impairment	P 7,325	P 8,036	P 13,794	P 1,808	P 1,137	P 10,394	P 42,494

Under BSP rules, investments in premises, furniture, fixtures and equipment should not exceed 50.00% of a bank's unimpaired capital. As of December 31, 2020 and 2019, the BDO Unibank Group and the Parent Bank have complied with this requirement.

Certain fully depreciated premises, furniture, fixtures and equipment as of December 31, 2020 and 2019 are still being used in operations with acquisition costs amounting to P7,983 and P8,114, respectively, in the BDO Unibank Group's financial statements and P7,305 and P6,971, respectively, in the Parent Bank's financial statements.

12. LEASES

The BDO Unibank Group and the Parent Bank have leases for certain land and building. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected as a Right-of-use asset under Premises, Furniture, Fixtures and Equipment (see Note 11) and a Lease liability under Other Liabilities (see Note 20) on the 2020 and 2019 statements of financial position.

Each lease generally imposes a restriction that, unless there is a contractual right for the BDO Unibank Group and the Parent Bank to sublet the asset to another party, the right-of-use asset can only be used by the BDO Unibank Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The BDO Unibank Group and the Parent Bank are prohibited from selling or pledging the underlying leased assets as security. For leases over land and office spaces, the BDO Unibank Group and the Parent Bank must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the BDO Unibank Group and the Parent Bank must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The tables below describe the nature of BDO Unibank Group and the Parent Bank's leasing activities by type of right-of-use asset recognized as part of Premises, Furniture, Fixtures and Equipment in the statements of financial position as of December 31, 2020.

BDO Unibank Group

	Number of Right-of-use Asset Leased	Range of Remaining Term	Average Remaining Lease Term
Land	51	3 months – 26 years	6 years
Buildings	1,478	1 month – 28 years	3.1 years

Parent Bank

Land	51	3 months – 26 years	12 years
Buildings	1,263	1 month – 27.5 years	4.2 years

12.1 Right-of-Use Assets

The carrying amounts of BDO Unibank Group and the Parent Bank's right-of-use assets as at December 31, 2020 and 2019 and the movements during the period are shown below (see Note 11).

BDO Unibank Group

	Land	Buildings	Total
Balance at January 1, 2020	P 449	P 10,031	P 10,480
Additions	14	1,761	1,775
Depreciation and amortization	(47)	(2,248)	(2,295)
Balance at December 31, 2020	**P 416**	**P 9,544**	**P 9,960**
Balance at January 1, 2019	P 470	P 9,742	P 10,212
Additions	26	2,775	2,801
Depreciation and amortization	(47)	(2,486)	(2,533)
Balance at December 31, 2019	P 449	P 10,031	P 10,480

Parent Bank

	Land	Buildings	Total
Balance at January 1, 2020	P 478	P 9,916	P 10,394
Additions	14	1,614	1,628
Depreciation and amortization	(48)	(2,159)	(2,207)
Balance at December 31, 2020	**P 444**	**P 9,371**	**P 9,815**
Balance at January 1, 2019	P 499	P 9,689	P 10,188
Additions	27	2,666	2,693
Depreciation and amortization	(48)	(2,439)	(2,487)
Balance at December 31, 2019	P 478	P 9,916	P 10,394

12.2 Lease Liabilities

Lease liabilities amounting to P11,701 and P12,043 as at December 31, 2020 and December 31, 2019, respectively, for the BDO Unibank Group and P11,551 and P11,961, as at December 31, 2020 and December 31, 2019, respectively, for the Parent Bank are presented in the statements of financial position as part of Other Liabilities (see Note 20).

The use of extension and termination options gives the BDO Unibank Group and the Parent Bank added flexibility in the event that it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the BDO Unibank Group and the Parent Bank's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost. As at December 31, 2020, the terms of the lease contracts of the BDO Unibank Group and the Parent Bank are renewable upon mutual agreement of the parties.

As of December 31, 2020, the BDO Unibank Group and the Parent Bank had not committed to any lease which had not yet commenced.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at December 31, 2020 and 2019 for the BDO Unibank Group and the Parent Bank are as follows:

December 31, 2020

BDO Unibank Group

	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	5 to 10 Years	10 or More Years	Total
Lease payments	P 3,181	P 2,696	P 2,186	P 1,652	P 1,231	P 2,739	P 557	P 14,242
Finance charges	(647)	(502)	(378)	(281)	(207)	(368)	(158)	(2,541)
Net present value	**P 2,534**	**P 2,194**	**P 1,808**	**P 1,371**	**P 1,024**	**P 2,371**	**P 399**	**P 11,701**

Parent Bank

	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	5 to 10 Years	10 or More Years	Total
Lease payments	P 3,101	P 2,648	P 2,143	P 1,639	P 1,236	P 2,754	P 606	P 14,127
Finance charges	(644)	(502)	(379)	(284)	(210)	(379)	(178)	(2,576)
Net present value	**P 2,457**	**P 2,146**	**P 1,764**	**P 1,355**	**P 1,026**	**P 2,375**	**P 428**	**P 11,551**

December 31, 2019

BDO Unibank Group

	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	5 to 10 Years	10 or More Years	Total
Lease payments	P 3,120	P 2,697	P 2,335	P 1,817	P 1,316	P 3,158	P 532	P 14,975
Finance charges	(723)	(576)	(443)	(332)	(249)	(460)	(149)	(2,932)
Net present value	P 2,397	P 2,121	P 1,892	P 1,485	P 1,067	P 2,698	P 383	P 12,043

Parent Bank

	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	5 to 10 Years	10 or More Years	Total
Lease payments	P 3,053	P 2,652	P 2,320	P 1,808	P 1,311	P 3,204	P 595	P 14,943
Finance charges	(722)	(578)	(446)	(335)	(251)	(477)	(173)	(2,982)
Net present value	P 2,331	P 2,074	P 1,874	P 1,473	P 1,060	P 2,727	P 422	P 11,961

The BDO Unibank Group and the Parent Bank sublease its leased properties. The total income earned from the subleasing activities amounted to nil in both 2020 and 2019 for the BDO Unibank Group and P2 and P1 in 2020 and 2019, respectively, for the Parent Bank.

The total cash outflow in respect to leases amounted to P2,940 and P3,122 in 2020 and 2019, respectively, for the BDO Unibank Group and P2,828 and P3,076 in 2020 and 2019, respectively for the Parent Bank. Interest expense in relation to lease liabilities amounted to P690 and P827 in 2020 and 2019, respectively, for the BDO Unibank Group and P675 and P822 in 2020 and 2019, respectively, for the Parent Bank which are, presented as part of Interest expense on lease liabilities under Interest Expense account in the statements of income (see Notes 20 and 23).

12.3 Lease Payments Not Recognized as Liabilities

The BDO Unibank Group and the Parent Bank have elected not to recognize a lease liability for short-term leases or for leases of low value assets. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities. Payments made under such leases are expensed as incurred.

The expenses relating to short-term leases and low-value assets amounted to P4 and P269 in 2020 and P1 and P404 in 2019 for BDO Unibank Group, respectively, and nil and P262 in 2020 and nil and P399 in 2019 for Parent Bank, respectively. Moreover, expenses relating to variable lease payments amounted to P171 and P267 for BDO Unibank Group and P171 and P260 for Parent Bank in 2020 and 2019, respectively. These are presented as part of Occupancy under Other Operating Expenses account in the 2020 and 2019 statements of income (see Note 24). As of December 31, 2020 and 2019, the BDO Unibank Group and the Parent Bank do not have lease commitments in relation to short term leases.

13. INVESTMENT PROPERTIES

Investment properties include land and buildings held for capital appreciation and for rental. Income earned from investment properties under rental arrangements amounted to P366 and P83 in 2020, P435 and P88 in 2019, and P381 and P87 in 2018 in the BDO Unibank Group and the Parent Bank's financial statements, respectively, and are presented as part of Rental under Other Operating Income account (see Note 24). Direct expenses incurred from these properties such as taxes and licenses amounted to P23 and P2 in 2020, P32 and P3 in 2019, and P5 and P2 in 2018 in the BDO Unibank Group and the Parent Bank's financial statements, respectively, and are presented as part of Taxes and licenses under Other Operating Expenses account in the BDO Unibank Group and Parent Bank's financial statements, respectively (see Note 24).

The gross carrying amounts and accumulated depreciation and impairment at the beginning and end of 2020 and 2019 are shown below and in the succeeding page.

	Land	Buildings	Total
BDO Unibank Group			
December 31, 2020			
Cost	**P 9,176**	**P 13,310**	**P 22,486**
Accumulated depreciation	**-**	**(4,773)**	**(4,773)**
Allowance for impairment (see Note 15)	**(1,773)**	**(89)**	**(1,862)**
Net carrying amount	**P 7,403**	**P 8,448**	**P 15,851**
December 31, 2019			
Cost	P 9,616	P 13,359	P 22,975
Accumulated depreciation	-	(4,189)	(4,189)
Allowance for impairment (see Note 15)	(1,776)	(99)	(1,875)
Net carrying amount	P 7,840	P 9,071	P 16,911
January 1, 2019			
Cost	P 11,094	P 14,768	P 25,862
Accumulated depreciation	-	(4,190)	(4,190)
Allowance for impairment (see Note 15)	(1,783)	(104)	(1,887)
Net carrying amount	P 9,311	P 10,474	P 19,785

	Land	Buildings	Total
Parent Bank			
December 31, 2020			
Cost	**P 6,916**	**P 10,775**	**P 17,691**
Accumulated depreciation	-	**(4,320)**	**(4,320)**
Allowance for impairment (see Note 15)	**(1,493)**	**(43)**	**(1,536)**
Net carrying amount	**P 5,423**	**P 6,412**	**P 11,835**
December 31, 2019			
Cost	P 7,218	P 10,712	P 17,930
Accumulated depreciation	-	(3,810)	(3,810)
Allowance for impairment (see Note 15)	(1,474)	(51)	(1,525)
Net carrying amount	P 5,744	P 6,851	P 12,595
January 1, 2019			
Cost	P 8,693	P 12,182	P 20,875
Accumulated depreciation	-	(3,913)	(3,913)
Allowance for impairment (see Note 15)	(1,479)	(57)	(1,536)
Net carrying amount	P 7,214	P 8,212	P 15,426

A reconciliation of the carrying amounts, at the beginning and end of 2020 and 2019, of investment properties is shown below and in the succeeding page.

	Land	Buildings	Total
BDO Unibank Group			
Balance at January 1, 2020, net of accumulated depreciation and impairment	**P 7,840**	**P 9,071**	**P 16,911**
Additions	**467**	**827**	**1,294**
Reclassifications	**(239)**	**(62)**	**(301)**
Disposals	**(658)**	**(395)**	**(1,053)**
Revaluation	**(7)**	**(40)**	**(47)**
Depreciation for the year	**-**	**(953)**	**(953)**
Balance at December 31, 2020, net of accumulated depreciation and impairment	**P 7,403**	**P 8,448**	**P 15,851**

	Land	Buildings	Total
BDO Unibank Group			
Balance at January 1, 2019, net of accumulated depreciation and impairment	P 9,311	P 10,474	P 19,785
Additions	1,111	1,487	2,598
Reclassifications	(1,751)	(1,229)	(2,980)
Disposals	(826)	(707)	(1,533)
Revaluation	(5)	(2)	(7)
Depreciation for the year	-	(952)	(952)
Balance at December 31, 2019, net of accumulated depreciation and impairment	P 7,840	P 9,071	P 16,911

	Land	**Buildings**	**Total**
Parent Bank			
Balance at January 1, 2020, net of accumulated depreciation and impairment	**P 5,744**	**P 6,851**	**P 12,595**
Additions	**460**	**784**	**1,244**
Disposals	**(535)**	**(310)**	**(845)**
Reclassifications	**(239)**	**(62)**	**(301)**
Revaluation	**(7)**	**-**	**(7)**
Depreciation for the year	**-**	**(851)**	**(851)**
Balance at December 31, 2020, net of accumulated depreciation and impairment	**P 5,423**	**P 6,412**	**P 11,835**
Balance at January 1, 2019, net of accumulated depreciation and impairment	P 7,214	P 8,212	P 15,426
Additions	1,106	1,438	2,544
Disposals	(818)	(706)	(1,524)
Reclassifications	(1,752)	(1,244)	(2,996)
Revaluation	(6)	-	(6)
Depreciation for the year	-	(849)	(849)
Balance at December 31, 2019, net of accumulated depreciation and impairment	P 5,744	P 6,851	P 12,595

The fair value of investment properties as of December 31, 2020 and 2019, determined using observable recent prices of the reference properties adjusted for difference and replacement cost approach, amounted to P33,156 and P33,473, respectively, for the BDO Unibank Group's financial statements and P30,947 and P27,733, respectively, for the Parent Bank's financial statements. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 6.5.

The recoverable amount of impaired investment properties as of December 31, 2020 and 2019 was based on value in use computed through discounted cash flows method at an effective rate of 0.83% and 1.92% in 2020 and 2019, respectively.

BDO Unibank Group has no contractual obligations to purchase, construct or develop investment properties, or to repair, neither maintain or enhance the same nor are there any restrictions on the future use or realizability of the investment properties.

Real and other properties acquired (ROPA) in settlement of loans through foreclosure or dacion in payment are significantly accounted for as either: investment properties, financial assets at FVOCI, other resources or non-current assets held for sale. As of December 31, 2020 and 2019, ROPA, gross of allowance, comprise of the following:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Investment properties	**P 11,223**	P 11,822	**P 11,210**	P 11,596
Financial assets at FVOCI	**1,468**	1,130	**1,467**	1,130
Non-current assets held for sale	**1,066**	1,057	**1,066**	1,054
	P 13,757	P 14,009	**P 13,743**	P 13,780

14. OTHER RESOURCES

The components of this account are shown below.

		BDO Unibank Group		Parent Bank	
	Notes	**2020**	2019	**2020**	2019
Deferred charges	14.1	**P 9,316**	P 9,696	**P 9,316**	P 9,694
Foreign currency notes and coins on hand		**8,578**	5,345	**8,577**	5,344
Deferred tax assets - net	30.1	**7,911**	8,927	**7,383**	8,179
Equity investments	14.2	**5,015**	5,048	**37,720**	40,398
Goodwill	14.3, 29.1, 29.6, 29.7	**4,535**	4,535	**1,391**	1,391
Credit card acquiring		**3,888**	8,185	**3,888**	8,185
Branch licenses	14.4	**3,020**	3,020	**3,020**	3,020
Computer software - net		**2,121**	1,829	**1,966**	1,662
Retirement assets	25.2	**1,300**	-	**1,217**	-
Non-current assets held for sale	14.5	**1,066**	1,057	**1,066**	1,054
Customer lists - net	14.7, 29.8	**487**	487	**487**	487
Prepaid documentary stamps		**475**	590	**444**	555
Real properties for development and sale		**350**	353	**-**	-
Margin deposits		**214**	292	**178**	197
Returned checks and other cash items		**211**	330	**208**	330
Dividend receivable		**111**	39	**78**	-
Trademark - net	14.6, 29.2	**25**	58	**25**	58
Others	14.7, 19	**9,355**	4,160	**8,471**	3,121
		57,978	53,951	**85,435**	83,675
Allowance for impairment	15	**(2,826)**	(2,373)	**(2,522)**	(2,081)
		P 55,152	P 51,578	**P 82,913**	P 81,594

14.1 Deferred Charges

Deferred charges represent the unamortized portion of loan origination fees, which consist of commission and other fees related to auto loans, presented as part of Receivables from customers - Loans and discounts account under Loans and Other Receivables in the statements of financial position (see Note 10). This amount is initially deducted from the loan proceeds issued to the borrowers and then subsequently amortized over the term of the loan. In addition, this account also includes origination costs related to Long-term Negotiable Certificate of Deposits (LTNCD) presented as part of Time deposit liabilities under Deposit Liabilities account in the statements of financial position (see Note 16). This also includes originating costs related to Fixed Rate Bonds, Bills Payable and Senior Notes (see Note 17).

14.2 Equity Investments

Equity investments consist of the following:

		BDO Unibank Group		Parent Bank	
	Held	**2020**	2019	**2020**	2019
Philippine subsidiaries					
BDO Network	84.87%	**P -**	P -	**P 8,166**	P 8,166
BDOSHI	100%	**-**	-	**5,684**	5,684
BDO Life	97%	**-**	-	**3,403**	3,403
BDO Private	100%	**-**	-	**2,579**	2,579
BDO Leasing	87.43%	**-**	-	**1,878**	1,878
BDO Capital	99.88%	**-**	-	**1,878**	1,878
BDOI	100%	**-**	-	**11**	11
Equimark	60%	**-**	-	**4**	4
BDO Nomura	-	**-**	-	**-**	243
PCI Realty Corporation	100%	**-**	-	**-**	34
		-	-	**23,603**	23,880
Foreign subsidiaries					
BDORO	100%	**-**	-	**169**	169
BDO Remit (Japan) Ltd.	100%	**-**	-	**92**	92
BDO Remit (Canada) Ltd.	100%	**-**	-	**50**	50
BDO Remit (USA), Inc.	100%	**-**	-	**26**	26
Express Padala (Hongkong), Ltd.	-	**-**	-	**-**	-
		-	-	**337**	337
Associates					
SM Keppel Land, Inc. (SM Keppel)	50%	**1,658**	1,658	**1,658**	1,658
NLEX Corporation	11.70%	**1,405**	1,405	**1,405**	1,405
NorthPine Land, Inc.	20%	**232**	232	**232**	232
Taal Land, Inc.	33.33%	**170**	170	**170**	170
BDO Securities	2.65%	**-**	-	**35**	-
Others	*	**-**	5	**-**	5
		3,465	3,470	**3,500**	3,470
Accumulated equity in total comprehensive income:					
Balance at beginning of year		**1,578**	1,311	**12,711**	8,670
Equity in net profit		**470**	696	**3,839**	6,046
Equity in other comprehensive income (loss)		**(10)**	15	**(4,610)**	(721)
Dividends		**(488)**	(550)	**(1,913)**	(2,035)
Disposal		**-**	106	**208**	-
Change in percentage ownership in subsidiaries		**-**	-	**11**	733
Liquidation		**-**	-	**34**	18
Balance at end of year		**1,550**	1,578	**10,280**	12,711
Net investments in associates/subsidiaries		**5,015**	5,048	**37,720**	40,398
Allowance for impairment		**(153)**	(158)	**(153)**	(158)
		P 4,862	P 4,890	**P 37,567**	P 40,240

* *This consists of various insignificant investments in associates; thus, percentage held is no longer disclosed.*

BDO Unibank Group's percentage of interest held in each subsidiary and associate is the same as that of the Parent Bank in both 2020 and 2019, except for BDO Life, BDO Leasing and BDO Securities which is at 100%, 88.54% and 99.88% for BDO Unibank Group, respectively (see Note 2.3) and 97.00%, 87.43% and 2.65% in the Parent Bank, respectively, as shown in the previous page, in both years. The percentage of BDO Unibank Group and Parent Bank for BDO Nomura is nil for 2020 due to the merger of BDO Nomura with BDO Securities, with the latter as surviving entity (see Note 29.9).

The fair value of BDO Leasing amounts to P3,581 as of December 31, 2019, which had been determined directly by reference to published prices quoted in an active market. However, in 2020, the shares of BDO Leasing was temporarily suspended. Using the last traded price on January 24,2020, the fair value amounts to P6,050. For the remaining equity investments, the fair value cannot be reliably determined either by reference to similar financial instruments or through valuation technique using the net present value of future cash flows.

BDO Unibank Group's subsidiaries as of December 31, 2020 are all incorporated in the Philippines, except for the following:

Foreign Subsidiaries	Country of Incorporation
BDO Remit (USA), Inc.	United States of America
BDORO	United Kingdom
BDO Remit International Holdings B.V**	Netherlands
BDO Remit UK, Ltd. **	United Kingdom
BDO Remit (Ireland) Designated Activity Company**	Ireland
BDO Remit (Spain), S.A** (formerly CBN Remittance Centre S.A.)	Spain
CBN Greece S.A. **	Greece
BDO Remit (Italia) S.p.A*	Italy
BDO Remit (Japan) Ltd.	Japan
BDO Remit (Canada) Ltd.	Canada
BDO Remit Limited*	Hongkong
BDO Remit (Macau) Ltd.*	Macau

**Wholly-owned subsidiaries of BDOSHI.*
***Subsidiaries of BDO Capital*

On May 30, 2012, BDORO was registered with the Registrar of Companies for England and Wales (UK) as a private limited company with registered office at the 8th floor, 20 Farringdon, Street, London. BDORO will provide commercial banking services in UK and Europe, and subject to certain conditions, was approved by the BSP on October 13, 2011. In 2012, BDORO applied for a banking license in the UK. However, due to the ongoing political and economic developments in the UK and Europe on account of the ongoing transition towards Brexit, the Parent Bank has decided to put BDORO's application for a banking license on hold. The Parent Bank will re-evaluate the business model for BDORO when the terms of the Brexit become clearer and evaluate how any agreement ultimately impacts the BDO Unibank Group's ability to provide cross border services to Europe. In 2012, the Parent Bank had an outstanding investment in BDORO amounting to P133 (absolute amount) representing the minimal capitalization of 2 GBP as an initial contribution to incorporate BDORO. Starting in 2013, the Parent Bank's outstanding investment in BDORO increased to P169.

On March 23, 2013, the Parent Bank's BOD approved the establishment of a wholly-owned remittance subsidiary, BDO Remit (Canada) Ltd., in Vancouver, Canada. BDO Remit (Canada) Ltd. will operate as a remittance business and function as a marketing office of the Parent Bank. This was approved by the BSP on November 28, 2013 and was incorporated on June 23, 2014. In 2015, the Parent Bank paid CND500,000 for the subscribed shares. On October 29, 2016, the Parent Bank's BOD approved an increase in the capitalization of BDO Remit (Canada) Ltd. by an amount of CND600,000, which was later approved by the BSP on December 23, 2016. On February 22, 2017, the Parent Bank paid CND600,000 for the subscribed shares.

In May 2013, BDO Capital obtained control over CBN Grupo International Holdings B.V. (CBN Grupo) (now BDO RIH) through its 60% ownership. Goodwill amounted to P91 and non-controlling share in equity totaled P39 at the date the BDO Unibank Group's control was established. In October 2016, BDO Capital acquired additional shares which increased its ownership interest to 96.32%. Additional goodwill acquired amounted to P32 (see Note 29.1).

On August 30, 2013, BDO Capital acquired 100% of the total issued and outstanding capital stock of Averon, a company engaged primarily in the leasing business.

On January 18, 2018, the Parent Bank subscribed to an additional 32,386,356 of new BDO Network shares thereby increasing its shareholdings in BDO Network to 99.81%. On May 15, 2019, January 23, 2018 and December 27, 2018, the Parent Bank subscribed to an additional 18,758, 124,275 and 14,276 shares, respectively, from BDO Network's total issued and outstanding capital stock thereby increasing its shareholdings in BDO Network to 99.86%. On October 1, 2018, the Parent Bank, together with BDO Network, has entered into an agreement with Osmanthus Investment Holdings Pte. Ltd. (Singapore), whereby the latter will acquire a 15.00% ownership interest in BDO Network via the purchase of 17,341,475 shares held by the Parent Bank and the subscription of 34,682,949 unissued common shares of BDO Network at a price of P31.77 per share. The transaction was completed on May 16, 2019. This results to decrease in shareholdings in BDO Network to 84.87%.

On July 4, 2019, BDO Leasing sold to JACCS Co. Ltd. (JACCS), a corporation duly organized and existing under the laws of Japan, its 3,000,000 common shares representing 40.00% ownership interest in MMPC Auto Financial Services Corporation (MAFSC) for P166 (see Note 29.5). The principal place of business of MAFSC is 38th Floor, Robinsons Equitable Tower, ADB Avenue cor. Poveda St., Ortigas Center, Pasig City.

On September 4, 2019, Express Padala (Hongkong), Ltd. had been dissolved and remaining cash had been repatriated to the Parent Bank.

On December 5, 2020, the BOD of the Parent Bank approved the write-off of its investment in PCI Realty Corporation.

BDO Unibank Group includes two subsidiaries, BDO Leasing and BDO Network, with significant NCI:

	Proportion of Ownership Interest and Voting Rights Held by NCI		**Profit Allocated to NCI**		**Accumulated NCI**	
Name	**2020**	2019	**2020**	2019	**2020**	2019
BDO Leasing	**11.46**%	11.46%	**P 29**	P 5	**P 684**	P 643
BDO Network	**15.13**%	15.13%	**18**	26	**930**	914

The registered office and principal place of business of BDO Leasing is located at 39th Floor, BDO Corporate Center Ortigas, 12 ADB Avenue, Ortigas Center, Mandaluyong City.

The registered office and principal place of business of BDO Network is located at BDO Network Bank Corporate Center, Km. 9, Sasa, Davao City.

Dividends paid to NCI were nil in 2020 and 2019, respectively (see Note 21.4).

Summarized consolidated financial information of BDO Leasing and BDO Network, before intragroup eliminations, follows:

	BDO Leasing	
	2020	2019
Statements of financial position:		
Total resources	**P 5,996**	P 30,954
Total liabilities	**28**	25,340
Equity attributable to owners of the parent	**5,284**	4,971
Non-controlling interest	**684**	643
Statements of comprehensive income:		
Total interest income	**1,116**	1,976
Total other operating income	**1,250**	1,054
Profit attributable to owners of the parent	**223**	42
Profit attributable to NCI	**29**	5
Profit	**252**	47
Total comprehensive income attributable to owners of the parent	**187**	241
Total comprehensive income attributable to NCI	**24**	31
Total comprehensive income	**P 211**	P 272
Statements of cash flows:		
Net cash from operating activities	**P 20,735**	P 7,956
Net cash from investing activities	**(636)**	631
Net cash used in financing activities	**(20,113)**	(8,732)
Net cash outflow	**(P 14)**	(P 145)

	BDO Network	
	2020	2019
Statements of financial position:		
Total resources	**P 40,759**	P 32,535
Total liabilities	**34,610**	26,494
Equity attributable to owners of the parent	**5,219**	5,127
Non-controlling interest	**930**	914
Statements of comprehensive income:		
Total interest income	**3,234**	2,613
Total other operating income	**1,428**	1,540
Profit attributable to owners of the parent	**103**	144
Profit attributable to NCI	**18**	26
Profit	**121**	170
Total comprehensive income attributable to owners of the parent	**92**	207
Total comprehensive income attributable to NCI	**16**	37
Total comprehensive income	**P 108**	P 244

	BDO Network	
	2020	2019
Statements of cash flows:		
Net cash from (used in) operating activities	**P 1,151**	(P 684)
Net cash used in investing activities	**(1,498)**	(498)
Net cash from financing activities	**(81)**	1,102
Net cash outflow	**(P 428)**	(P 80)

The following table presents the summarized financial information of BDO Unibank Group's associates as of and for the years ended December 31, 2020, 2019 and 2018:

	NLEX Corporation	SM Keppel	Others	Total
December 31, 2020 (Unaudited)				
Assets	**P 62,700**	**P 15,544**	**P 3,696**	**P 81,940**
Liabilities	**40,994**	**11,224**	**1,280**	**53,498**
Equity	**21,706**	**4,320**	**2,416**	**28,442**
Revenues	**10,000**	**431**	**945**	**11,376**
Net profit (loss)	**3,245**	**(225)**	**99**	**3,119**
December 31, 2019 (Audited)				
Assets	P 57,903	P 15,433	P 3,178	P 76,514
Liabilities	38,375	10,889	855	50,119
Equity	19,528	4,544	2,323	26,395
Revenues	23,016	654	1,229	24,899
Net profit	6,634	47	217	6,898
December 31, 2018 (Audited)				
Assets	P 49,401	P 10,600	P 2,846	P 62,847
Liabilities	30,840	8,375	752	39,967
Equity	18,561	2,225	2,094	22,880
Revenues	13,393	328	1,236	14,957
Net profit (loss)	5,756	(105)	207	5,858

14.3 Goodwill

Goodwill represents the excess of the cost of acquisition of the Parent Bank over the fair value of the net assets acquired at the date of acquisition and relates mainly to business synergy for economics of scale and scope. This is from the acquisition of BDO Card Corporation, United Overseas Bank Philippines (UOBP), American Express Bank, Ltd., GE Money Bank, Rural Bank of San Juan, Inc., Rural Bank of San Enrique, Inc., BDO RIH, BDO Savings, Inc. (BDO Savings), BDO Network and Rural Bank of Pandi, Inc. (RBPI), which were acquired in 2005, 2006, 2007, 2009, 2012, 2013, 2014, 2015, 2016 and 2019, respectively (see Note 29).

The reconciliation of the carrying amount of goodwill (net of allowance for impairment) of BDO Unibank Group is as follows:

	2020	2019
Balance at beginning of year	**P 3,075**	P 3,044
Acquisition	**-**	100
Impairment	**(18)**	(69)
Balance at end of year	**P 3,057**	P 3,075

In 2020 and 2019 there was no movement for the goodwill account of the Parent Bank, which was already provided with full allowance.

Significant portion of goodwill of the BDO Unibank Group pertains to the goodwill from acquisition of BDO Network amounting to P2,907.

The BDO Unibank Group recognized goodwill in 2019 amounting to P100 arising from asset sale and purchase agreement with RBPI through BDO Network (see Note 29.7).

The BDO Unibank Group recognized impairment loss on goodwill of P18 and P69 in 2020 and 2019, respectively. The Parent Bank did not recognize any impairment loss in 2020, 2019 and 2018, to write-down the value of the goodwill to their recoverable amount. The BDO Unibank Group and the Parent Bank provided impairment losses on some of its goodwill as it does not expect any economic benefit on this asset in the succeeding periods since the branch business grew as a result of the efforts and brand of the Parent Bank and is not a result of the customers of the previous banks acquired. The recoverable amount to determine any impairment on the goodwill was determined using discounted cash flow method approach based on five-year cash flow projection to be realized by the acquired entity and the estimated terminal value. The growth rate used to extrapolate the ten-year cash flow projection ranges from 6% to 19% at a discount rate of 3%. The BDO Unibank Group also considered key assumptions in determining the cash flow projections which includes volume and growth target projection on salary loans and micro, small and medium enterprises (MSME) loans offered by BDO Network.

14.4 Branch Licenses

Branch licenses represent the rights granted by the BSP to the Parent Bank to establish certain number of branches as an incentive in acquiring The Real Bank (A Thrift Bank), Inc. and BDO Savings in addition to the current branches of the acquired banks. The Parent Bank performs annual impairment testing of branch licenses.

In 2020 and 2019, there were no allowance on impairment loss on branch license recognized in the BDO Unibank Group and Parent Bank's financial statements, since all branch licenses were already utilized as of December 31, 2020 and 2019.

14.5 Non-current Assets Held for Sale

Non-current assets held for sale consist of real and other properties acquired through repossession or foreclosure that BDO Unibank Group and the Parent Bank intend to sell within one year from the date of classification as held for sale. No impairment loss was recognized in 2018 to 2020 in both BDO Unibank Group and Parent Bank's financial statements.

14.6 Trademark

Amortization expense on trademark arising from acquisition of Diners Club International credit card portfolio (see Note 29.2) amounted to P33 per year from 2018 to 2020. This is recorded under Miscellaneous under Other Operating Expenses account in the statements of income (see Note 24).

14.7 Others

Amortization expense on computer software licenses amounted to P734, P546 and P516 in 2020, 2019 and 2018, respectively, in the BDO Unibank Group's financial statements and P696, P502 and P480 in 2020, 2019 and 2018, respectively, in the Parent Bank's financial statements. These are reported as Amortization of computer software under Other Operating Expenses account in the statements of income (see Note 24).

Depreciation and amortization expense on certain assets amounting to P21, P21and P4 in 2020, 2019 and 2018, respectively, in both BDO Unibank Group and Parent Bank's financial statements are presented as part of Occupancy under Other Operating Expenses account in the statements of income (see Note 24).

No impairment loss was recognized by the Parent Bank from 2018 to 2020 on the value of customer lists. The customer list was recognized as a result of the Parent Bank's acquisition of a trust business in 2014 (see Note 29.8).

In 2020, the BDO Unibank Group and the Parent Bank set-aside an additional ESOP fund for the purchase of secondary shares amounting to P4,814.

15. ALLOWANCE FOR IMPAIRMENT

Changes in the allowance for impairment are summarized below.

		BDO Unibank Group		Parent Bank	
	Notes	**2020**	2019	**2020**	2019
Balance at beginning of year:					
Investment securities at amortized cost	9.3	**P 1,553**	P 1,581	**P 1,543**	P 1,569
Loans and other receivables	10	**32,666**	29,045	**29,833**	26,197
Bank premises	11	**645**	515	**496**	496
Investment properties	13	**1,875**	1,887	**1,525**	1,536
Other resources	14	**2,373**	2,321	**2,081**	2,084
		39,112	35,349	**35,478**	31,882
Impairment losses		**30,136**	6,208	**29,492**	5,749
Write-offs		**(2,971)**	(2,273)	**(2,831)**	(1,992)
Foreign currency revaluation		**(332)**	(180)	**(332)**	(180)
Reclassification		**(164)**	18	**(164)**	18
Adjustments		**614**	(9)	**756**	1
Reversals		**(619)**	(1)	**-**	-
		P 65,776	P 39,112	**P 62,399**	P 35,478
Balance at end of year:					
Investment securities at amortized cost	9.3	**P 1,590**	P 1,553	**P 1,571**	P 1,543
Loans and other receivables	10	**58,851**	32,666	**56,274**	29,833
Bank premises	11	**647**	645	**496**	496
Investment properties	13	**1,862**	1,875	**1,536**	1,525
Other resources	14	**2,826**	2,373	**2,522**	2,081
		P 65,776	P 39,112	**P 62,399**	P 35,478

The BDO Unibank Group and the Parent Bank provided impairment loss on debt securities measured as FVOCI amounting to P37 and P36, respectively, in 2020, P13 and P5, respectively, in 2019 and P18 and P5, respectively, in 2018. The impairment losses on debt securities classified as FVOCI are recognized as part of items that are or will be reclassified subsequently to profit or loss in the statements of comprehensive income (see Note 9.2). Moreover, the BDO Unibank Group and the Parent Bank provided impairment loss (recovery) on loan commitments and other contingent accounts amounting to P68, (P67) and P25 in 2020, 2019 and 2018, respectively, which is recognized as Provision – Others under Other Liabilities in the statements of financial position (see Note 20).

The BDO Unibank Group and the Parent Bank also provided impairment loss related to provision for damage suits amounting to nil and P12 in 2020 and 2019, respectively, which were recognized as part of Others under Other Liabilities in the statements of financial position (see Note 20).

Total impairment losses on certain financial assets amounted to P29,624, P6,008 and P6,141 in 2020, 2019, and 2018, respectively, in the BDO Unibank Group's statements of income and P29,001, P5,749 and P5,569 in 2020, 2019, and 2018, respectively, in the Parent Bank's statements of income.

Total impairment losses on non-financial assets amounted to P511, P200 and P102 in 2020, 2019 and 2018, respectively, in the BDO Unibank Group's statements of income and P491, nil, and P101 in 2020, 2019 and 2018, respectively, in the Parent Bank's statements of income.

16. DEPOSIT LIABILITIES

The breakdown of this account follows:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Demand	**P 314,256**	P 232,995	**P 292,040**	P 217,527
Savings	**1,810,164**	1,589,639	**1,786,996**	1,571,333
Time	**485,731**	662,594	**469,255**	649,877
	P 2,610,151	P 2,485,228	**P 2,548,291**	P 2,438,737

This account is composed of the following (by counterparties):

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Due to other banks:				
Demand	**P 2,672**	P 2,106	**P 2,661**	P 2,091
Savings	**4,680**	3,970	**4,680**	3,970
Time	**9,703**	5,694	**9,557**	5,594
Balance carried forward	**P 17,055**	P 11,770	**P 16,898**	P 11,655

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Balance brought forward	**P 17,055**	P 11,770	**P 16,898**	P 11,655
Due to customers:				
Demand	**311,584**	230,889	**289,379**	215,436
Savings	**1,805,484**	1,585,669	**1,782,316**	1,567,363
Time	**476,028**	656,900	**459,698**	644,283
	2,593,096	2,473,458	**2,531,393**	2,427,082
	P 2,610,151	P 2,485,228	**P 2,548,291**	P 2,438,737

The breakdown of deposit liabilities as to currency is as follows:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Philippine pesos	**P 2,191,889**	P 2,111,999	**P 2,147,261**	P 2,081,964
Foreign currencies	**418,262**	373,229	**401,030**	356,773
	P 2,610,151	P 2,485,228	**P 2,548,291**	P 2,438,737

The maturity profile of this account is presented below.

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Less than one year	**P 2,514,315**	P 2,374,819	**P 2,453,190**	P 2,329,093
One to five years	**33,163**	32,470	**32,428**	31,705
Beyond five years	**62,673**	77,939	**62,673**	77,939
	P 2,610,151	P 2,485,228	**P 2,548,291**	P 2,438,737

The BDO Unibank Group and the Parent Bank's deposit liabilities are in the form of demand, savings and time deposit accounts bearing annual interest rates ranging from 0.00% to 5.38% in 2020, from 0.00% to 5.38% in 2019, and from 0.0% to 6.75% in 2018. Demand and savings deposits usually have both fixed and variable interest rates while time deposits have fixed interest rates (see Note 23).

The BDO Unibank Group's time deposit liabilities include the Parent Bank's LTNCD as of December 31, 2020 and 2019 as follows:

		Outstanding Balance			
BSP Approval	Effective Rate	**2020**	2019	Issue Date	Maturity Date
August 15, 2019	4.000%	**P 6,500**	P 6,500	September 27, 2019	March 27, 2025
May 11, 2018	5.375%	**7,320**	7,320	April 12, 2019	October 12, 2024
June 23, 2017	4.375%	**8,200**	8,200	May 7, 2018	November 7, 2023
June 23, 2017	3.625%	**11,800**	11,800	August 18, 2017	February 18, 2023
July 10, 2014	3.750%	**-**	7,500	April 6, 2015	October 6, 2020
July 4, 2013	3.500%	**-**	5,000	September 12, 2013	September 12, 2020
		P 33,820	P 46,320		

The net proceeds from the issuance of LTNCD are intended to diversify the Parent Bank's maturity profile of funding source and to support its business expansion plans.

Effective April 3, 2020, Philippine Peso deposit liabilities, LTNCD under Circular No. 824 and LTNCD under Circular No. 304 of BDO Unibank Group are subject to a reserve requirement of 12%, 4% and 3%, respectively, in compliance with the BSP Circular No. 1082 issued on March 31, 2020 (see Note 7).

17. BILLS PAYABLE

This account is composed of the following borrowings from:

	Note	BDO Unibank Group		Parent Bank	
		2020	2019	**2020**	2019
Senior notes	17.1	**P 83,138**	P 57,298	**P 83,138**	P 57,298
Fixed rate bonds	17.2	**76,156**	35,141	**76,156**	35,141
Foreign banks		**43,652**	54,916	**43,573**	54,882
Local banks		**6,798**	13,427	**-**	-
Others		**-**	6,742	**-**	-
		P 209,744	P 167,524	**P 202,867**	P 147,321

The breakdown of this account as to currency follows:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Foreign currencies	**P 126,894**	P 112,719	**P 126,711**	P 112,180
Philippine pesos	**82,850**	54,805	**76,156**	35,141
	P 209,744	P 167,524	**P 202,867**	P 147,321

The maturity profile of this account is presented below.

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
One to three months	**P 47,961**	P 44,454	**P 41,098**	P 26,891
More than three months to one year	**15,701**	43,374	**15,701**	40,767
More than one to three years	**110,469**	38,090	**110,456**	38,064
More than three years	**35,613**	41,606	**35,612**	41,599
	P 209,744	P 167,524	**P 202,867**	P 147,321

Bills payable bear annual interest rates of 0.52% to 6.25% in 2020, 0.33% to 6.42% in 2019 and 1.00% to 7.20% in 2018 (see Note 23).

The following comprise the interest expense included as part of Interest Expense on bills payable and other liabilities in the statements of income (see Note 23):

	2020	2019	2018
BDO Unibank Group			
Fixed rate peso bonds	**P 3,540**	P 1,997	P -
Foreign banks	**791**	1,873	1,566
Senior notes	**2,012**	1,772	1,778
Local banks	**470**	901	698
BSP	**-**	1	-
Others	**34**	471	374
	P 6,847	P 7,015	P 4,416
Parent Bank			
Fixed rate peso bonds	**P 3,540**	P 1,997	P -
Foreign banks	**790**	1,859	1,564
Senior notes	**2,012**	1,772	1,778
Local banks	**-**	-	2
Others	**-**	42	59
	P 6,342	P 5,670	P 3,403

17.1 Senior Notes

The Parent Bank issued senior notes as follows:

Issue Date	Maturity Date	Coupon Interest	Principal Amount	Outstanding Balance 2020	Outstanding Balance 2019
July 13, 2020	January 13, 2026	2.13%	600	**P 28,733**	P -
February 20, 2018	February 20, 2025	4.16%	150	**7,280**	7,660
September 6, 2017	March 6, 2023	2.95%	676	**32,649**	34,376
October 24, 2016	October 24, 2021	2.63%	300	**14,476**	15,262
				P 83,138	P 57,298

The issuance of senior notes in 2020, 2019 and 2018 is part of the Parent Bank's liability management initiatives to tap longer-term funding sources to support its dollar-denominated projects and effectively refinance outstanding bonds.

17.2 Issuance of Fixed Rate Peso Bonds

On August 31, 2018, the BOD approved the establishment of a P100 billion Peso Bond Program. On February 1, 2020, the BOD approved an increase of P300 billion to the Parent Bank's Peso Bond Program.

The Parent Bank issued fixed rate peso bonds as follows:

Issue Date	Maturity Date	Coupon Interest	Principal Amount	Outstanding Balance 2020	Outstanding Balance 2019
February 3, 2020	August 3, 2022	4.41%	40,100	**P 40,132**	-
July 3, 2020	April 3, 2022	3.13%	36,000	**36,024**	-
February 11. 2019	August 11, 2020	6.42%	35,000	**-**	P 35,141
				P 76,156	P 35,141

17.3 Reconciliation of Liabilities Arising from Financing Activities

Presented below is the reconciliation of liabilities arising from financing activities both in 2020 and 2019, which includes both cash and non-cash changes.

BDO Unibank Group

	Foreign Banks	Senior Notes	Fixed Rate Peso Bonds	Local Banks	BSP	Others	Total
Balance as of January 1, 2020	P 54,916	P 57,298	P 35,141	P 13,427	P -	P 6,742	P 167,524
Cash flows from financing activities							
Additional borrowings	78,583	29,898	75,516	188,431	210	2,569	375,207
Repayment of borrowings	(87,643)	-	(35,141)	(194,994)	(210)	(9,311)	(327,299)
Non-cash financing activities							
Interest amortization	(55)	(27)	640	(32)	-	-	526
Revaluation	(2,149)	(4,031)	-	(34)	-	-	(6,214)
Balance as of December 31, 2020	**P 43,652**	**P 83,138**	**P 76,156**	**P 6,798**	**P -**	**P -**	**P 209,744**
Balance as of January 1, 2019	P 55,406	P 59,437	P -	P 22,443	P -	P 6,337	P 143,623
Cash flows from financing activities							
Additional borrowings	100,891	-	34,734	301,463	2,000	71,063	510,151
Repayment of borrowings	(99,269)	-	-	(310,332)	(2,000)	(70,650)	(482,251)
Non-cash financing activities							
Interest amortization	91	55	407	(87)	-	(8)	458
Revaluation	(2,203)	(2,194)	-	(60)	-	-	(4,457)
Balance as of December 31, 2019	P 54,916	P 57,298	P 35,141	P 13,427	P -	P 6,742	P 167,524

Parent Bank

	Foreign Banks	Senior Notes	Fixed Rate Peso Bonds	Local Banks	BSP	Others	Total
Balance as of January 1, 2020	P 54,882	P 57,298	P 35,141	P -	P -	P -	P 147,321
Cash flows from financing activities							
Additional borrowings	76,114	29,898	75,516	136	10	-	181,674
Repayment of borrowings	(85,267)	-	(35,141)	(109)	(10)	-	(120,527)
Non-cash financing activities							
Interest amortization	(57)	(27)	640	-	-	-	556
Revaluation	(2,099)	(4,031)	-	(27)	-	-	(6,157)
Balance as of December 31, 2020	**P 43,573**	**P 83,138**	**P 76,156**	**P -**	**P -**	**P -**	**P 202,867**
Balance as of January 1, 2019	P 55,312	P 59,437	P -	P -	P -	P 2,944	P 117,693
Cash flows from financing activities							
Additional borrowings	97,733	-	34,734	-	-	-	132,467
Repayment of borrowings	(96,108)	-	-	-	-	(2,936)	(99,044)
Non-cash financing activities							
Interest amortization	90	55	407	-	-	(8)	544
Revaluation	(2,145)	(2,194)	-	-	-	-	(4,339)
Balance as of December 31, 2019	P 54,882	P 57,298	P 35,141	P -	P -	P -	P 147,321

18. SUBORDINATED NOTES PAYABLE

The Subordinated Notes (the Notes) represent direct, unconditional unsecured and subordinated peso-denominated obligations of the Parent Bank, issued in accordance with the Terms and Conditions under the Master Note. The Notes, like other subordinated indebtedness of the Parent Bank, are subordinated to the claims of depositors and ordinary creditors, are not a deposit, and are not guaranteed nor insured by the Parent Bank or any party related to the Parent Bank, such as its subsidiaries and affiliates, or the Philippine Deposit Insurance Corporation (PDIC), or any other person. The Notes shall not be used as collateral for any loan made by the Parent Bank or any of its subsidiaries or affiliates. The Notes carry interest rates based on prevailing market rates, with a step-up provision if not called on the fifth year from issue date. The Parent Bank has the option to call the Notes on the fifth year, subject to prior notice to Noteholders. The Notes were used further to expand the Parent Bank's consumer loan portfolio and to refinance an existing issue of Lower Tier 2 debt. The Notes also increased and strengthened the Parent Bank's capital base, in anticipation of continued growth in the coming years.

The issuance of Series 2014-1 Notes was approved by the BOD on March 29, 2014 and was issued on December 10, 2014. The Notes had a principal amount of P10,000 and a maturity date of March 10, 2025. As of December 31, 2020 and 2019, the outstanding balance of the Notes including accrued interest amounted to nil and P10,030, respectively.

Total interest expense on subordinated notes payable included as part of Interest expense on bills payable and other liabilities under the Interest Expense account in the statements of income amounted to P99 in 2020 and P519 for 2019 and 2018, both in BDO Unibank Group and Parent Bank's statements of income (see Note 23).

In its letter dated December 2, 2019, the BSP approved the Parent Bank's request to exercise its right of early redemption of the Notes last March 10, 2020. The noteholders have been informed of the early redemption by registered mail and through advertisements which appeared in newspapers of general circulation on January 8 and 15, 2020. The Notes were redeemed on March 10, 2020 and noteholders were paid the redemption price equal to the par value of the Notes plus all accrued and unpaid interest up to but excluding March 10, 2020 after which the Notes were considered redeemed and cancelled.

19. INSURANCE CONTRACT LIABILITIES

This account consists of:

	2020	2019
Legal policy reserves	**P 55,439**	P 40,232
Policy and contract claims payable	**2,121**	1,606
Policyholders' dividends	**850**	635
	P 58,410	P 42,473

The aging profile of this account is presented below.

	2020	2019
Within one year	**P 852**	(P 1,103)
More than one year	**57,558**	43,576
	P 58,410	P 42,473

In 2019, Insurance contract liabilities within one year is negative because the premiums (inflow) are greater than the expected insurance benefit liability.

Insurance contract liabilities may be analyzed as follows:

	Insurance Contract Liabilities		**Reinsurer's Share of Liabilities**		**Net**	
	2020	2019	**2020**	2019	**2020**	2019
Aggregate reserves for:						
Ordinary life policies	**P 36,987**	P 26,221	**P -**	P -	**P 36,987**	P 26,221
Variable unit-linked (VUL) contracts	**17,884**	13,759	**-**	-	**17,884**	13,759
Group life insurance policies	**557**	277	**60**	54	**497**	223
Accident and health policies	**11**	(25)	**-**	-	**11**	(25)
Policy and contract claims	**2,121**	1,606	**32**	19	**2,089**	1,587
Policyholders' dividends	**850**	635	**-**	-	**850**	635
	P 58,410	P 42,473	**P 92**	P 73	**P 58,318**	P 42,400

The movements in legal policy reserves are as follows:

	Legal Policy Reserves		Reinsurer's Share of Liabilities		Net	
	2020	2019	**2020**	2019	**2020**	2019
Balance at the beginning of the year	**P 40,232**	P 26,514	**P 54**	P 44	**P 40,178**	P 26,470
Premiums received	**15,255**	14,977	**118**	101	**15,137**	14,876
Liability released for payments of death, maturity and surrender benefits and claims	**(6,698)**	(7,685)	**(112)**	(91)	**(6,586)**	(7,594)
Accretion of investment income or change in unit prices	**979**	1,644	**-**	-	**979**	1,644
Changes in valuation of interest rate	**6,070**	5,046	**-**	-	**6,070**	5,046
Foreign exchange adjustments	**(399)**	(264)	**-**	-	**(399)**	(264)
Balance at end of year	**P 55,439**	P 40,232	**P 60**	P 54	**P 55,379**	P 40,178

The movement in Legal policy reserves for the years ended December 31, 2020 and 2019 is recognized as part of Policy reserves, insurance benefits and claims under Other Operating Expenses in the BDO Unibank Group's statements of income (see Note 24).

Reinsurers' share of liabilities is recorded as part of Others under Other Resources in the BDO Unibank Group's statements of financial position (see Note 14).

20. OTHER LIABILITIES

Other liabilities consist of the following:

	Notes	BDO Unibank Group		Parent Bank	
		2020	2019	**2020**	2019
Accounts payable		**P 20,293**	P 24,568	**P 17,563**	P 22,072
Accrued expenses		**18,214**	14,396	**17,347**	13,445
Manager's checks		**17,343**	17,382	**17,180**	17,255
Lease liabilities	12.2	**11,701**	12,043	**11,551**	11,961
Bills purchased – contra		**7,402**	12,483	**7,402**	12,483
Outstanding acceptances payable		**5,600**	3,597	**5,600**	3,597
Derivatives with negative fair values	9.1, 26(d)(i)(4)	**4,129**	3,172	**2,001**	1,734
Premium on deposit fund		**3,332**	3,735	**-**	-
Withholding taxes payable		**1,963**	1,761	**1,812**	1,594
Due to BSP and Treasurer of the Philippines		**526**	526	**522**	522
Capitalized interest and other charges		**464**	486	**417**	430
Lease deposits		**384**	4,868	**127**	122
Due to principal		**363**	351	**-**	-
Retirement benefit obligation	25.2	**-**	3,305	**-**	3,203
Others	15, 33.1.2	**11,860**	10,343	**10,649**	9,384
		P 103,574	P 113,016	**P 92,171**	P 97,802

The maturity profile of this account is presented below.

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Within one year	**P 84,345**	P 87,791	**P 77,156**	P 79,736
More than one year	**19,229**	25,225	**15,015**	18,066
	P 103,574	P 113,016	**P 92,171**	P 97,802

The liability for unredeemed reward points amounting to P4,152 and P3,985 as of December 31, 2020 and 2019, respectively, presented as part of Accrued expenses above, represents the fair value of points earned which are redeemable significantly for goods or services provided by third parties identified by the Parent Bank as partners in the rewards program (see Note 2.19).

Others include margin deposits, life insurance deposits, cash letters of credit and other miscellaneous liabilities.

Interest expense in relation to lease liabilities amounted to P690 and P827 for the BDO Unibank Group and P675 and P822 for the Parent Bank, which are presented as part of Interest expense on finance lease liabilities under Interest expense account in the 2020 and 2019 statements of income (see Note 23).

Interest expense on certain liabilities amounting to P106, P117 and P101 in 2020, 2019 and 2018, respectively, for the BDO Unibank Group and P18, P28 and P19 in 2020, 2019 and 2018, respectively, for the Parent Bank which are presented as part of Interest expense on bills payable and other borrowings under Interest Expense account in the statements of income, respectively (see Note 23).

Impairment losses (recoveries) recognized for off-books account amounted to P68, (P67) and P25 for both the BDO Unibank Group and the Parent Bank in 2020, 2019 and 2018, respectively. The accumulated impairment losses as of December 31, 2020, 2019 and 2018 amounting to P317, P114 and P206, respectively, for both the BDO Unibank Group and the Parent Bank are recorded as part of Others under Other Liabilities account in the statements of financial position (see Note 15).

21. EQUITY

21.1 Capital Management and Regulatory Capital

On January 15, 2009, the BSP issued Circular No. 639 articulating the need for banks to adopt and document an Internal Capital Adequacy Assessment Process (ICAAP). All universal and commercial banks are expected to perform a thorough assessment of all their material risks and maintain adequate capital to support these risks. This is intended to complement the current regulatory capital requirement of at least 10% of risk assets, which covered only credit, market and operational risks. On December 29, 2009, the BSP issued Circular No. 677 effectively extending the implementation of ICAAP from January 2010 to January 2011.

In October 2009, BDO Unibank Group presented its ICAAP and submitted the initial draft of its ICAAP document to the BSP. Based on comments from the BSP, BDO Unibank Group subsequently revised its ICAAP document and secured approval from its BOD on January 8, 2011. Annually as required, BDO Unibank Group submits its updated ICAAP to the BSP.

The ICAAP document articulates BDO Unibank Group's capital planning strategy and discusses governance, risk assessment, capital assessment and planning, capital adequacy monitoring and reporting, as well as internal control reviews.

The lead regulator of the banking industry, the BSP, sets and monitors capital requirements for BDO Unibank Group. In implementing current capital requirements, the BSP requires BDO Unibank Group to maintain a prescribed ratio of qualifying capital to risk-weighted assets.

The BSP has adopted the Basel 3 risk-based capital adequacy framework effective January 1, 2014, which was amended on January 1, 2019, which requires BDO Unibank Group to maintain:

(a) Common Equity Tier 1 (CET 1) of at least 6.0% of risk-weighted assets;
(b) Tier 1 Capital of at least 7.5% of risk-weighted assets;
(c) Qualifying Capital (Tier 1 plus Tier 2 Capital) of at least 10.0% of risk-weighted assets;
(d) Capital Conservation Buffer of 2.5% of risk-weighted assets, comprised of CET 1 Capital; and,
(e) Countercyclical Capital Buffer (CCyB) of 0% subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant but not to exceed 2.5%.

The regulatory capital is analyzed as CET 1 Capital, Additional Tier 1 Capital and Tier 2 Capital, each adjusted for prescribed regulatory deductions.

Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the Monetary Board of the BSP.

BDO Unibank Group's policy is to maintain a strong capital base to promote investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder's return is also recognized and BDO Unibank Group recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The BDO Unibank Group and the Parent Bank's return on common equity for the years ended December 31, 2020, 2019 and 2018 are as follows:

	2020	2019	2018
BDO Unibank Group			
Return on common equity:			
$\frac{\text{Net profit}}{\text{Average common equity}}$	**7.6%**	12.8%	10.7%

	2020	2019	2018
Parent Bank			
Return on common equity:			
Net profit / Average common equity	**7.6%**	12.8%	10.7%

At the end of each reporting period, the BDO Unibank Group and the Parent Bank have complied with the prescribed ratio of qualifying capital to risk-weighted assets.

Under BSP Circular 781, universal banks with more than 100 branches are required to comply with the minimum capital requirement of P20 billion. As of December 31, 2020 and 2019, the Parent Bank has complied with the above capitalization requirement.

The BSP issued Circular 856 on the guidelines on the framework for dealing with domestic systemically important banks (DSIB) that is consistent with the Basel principles, as amended by BSP Circular No. 1051 dated September 27, 2019. Banks, which are identified as DSIB, shall be required to have a higher loss absorbency (HLA) depending on their computed systemic importance. The HLA requirement is aimed at ensuring that DSIBs have a higher share of their statements of financial position funded by instruments, which increase their resilience as a going concern. The HLA requirement is to be met with CET 1 capital.

Under BSP Circular No. 1051, banks identified by the BSP as DSIB are required to put up lower HLA to be met CET 1 capital ranging from 1.50% to 2.50%, effective October 12, 2019.

BSP Circular 1024 requires banks to put up a CCyB, which is set initially at 0%, composed of CET 1. CCyB may be subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant but not to exceed 2.5%. This took effect last December 21, 2018.

BDO Unibank Group and the Parent Bank's regulatory capital position (computed using balances prepared under PFRS) based on the Basel 3 risk-based capital adequacy framework as of December 31, 2020 and 2019 as follows:

	BDO Unibank Group	Parent Bank
December 31, 2020		
Tier 1 Capital		
CET 1	**P 373,342**	**P 374,032**
Additional Tier 1	**5,150**	**5,150**
	378,492	**379,182**
Tier 2 Capital	**23,947**	**23,248**
Total Regulatory Capital	**402,439**	**402,430**
Deductions	**(31,803)**	**(58,626)**
Total Qualifying Capital	**P 370,636**	**P 343,804**
Total Risk-Weighted Assets	**P 2,579,533**	**P 2,492,540**

	BDO Unibank Group	Parent Bank
December 31, 2020		
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk weighted assets	**14.4%**	**13.8%**
Tier 1 Capital Ratio	**13.4%**	**12.9%**
Total CET 1 Ratio	**13.2%**	**12.7%**
December 31, 2019		
Tier 1 Capital		
CET 1	P 349,780	P 350,362
Additional Tier 1	5,150	5,150
	354,930	355,512
Tier 2 Capital	33,399	32,632
Total Regulatory Capital	388,329	388,144
Deductions	(34,013)	(59,216)
Total Qualifying Capital	P 354,316	P 328,928
Total Risk-Weighted Assets	P 2,492,890	P 2,395,545
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk weighted assets	14.2%	13.7%
Tier 1 Capital Ratio	12.9%	12.4%
Total CET 1 Ratio	12.7%	12.2%

(a) Leverage Ratio

On June 9, 2015, the BSP issued Circular No. 881, *Implementing Guidelines on the Basel III Leverage Ratio Framework*, which provides the implementing guidelines on the leverage ratio framework designed to act as a supplementary measure to the risk-based capital requirements. It sets out a minimum leverage ratio of 5.00% and shall be complied with at all times.

The Basel III leverage ratio is defined as the ratio of capital measure (Tier 1 Capital) and the exposure measure which include on-balance sheet, derivatives and securities financing transactions exposures and off-balance sheet items.

The Company's Basel III leverage ratio as reported to the BSP are as follows:

	2020	2019	2018
BDO Unibank Group			
Capital Measure / Exposure Measure	**10.2%**	10.0%	9.3%

	2020	2019	2018
Parent Bank			
Capital Measure / Exposure Measure	**9.8%**	9.6%	8.9%

(b) Liquidity Coverage Ratio and Net Stable Funding Ratio

On March 10, 2016, the BSP issued Circular No. 905, *Implementation of Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio and Disclosure Standards*, which provides the implementing guidelines on liquidity coverage ratio (LCR) and disclosure standards that are consistent with the Basel III framework. This Circular requires the BDO Unibank Group to maintain available High Quality Liquid Assets (HQLA) to meet anticipated net cash outflows for a 30-day period under stress conditions. The BDO Unibank Group has fully complied with the LCR minimum requirement of 100% coverage effective January 1, 2019.

To strengthen the BDO Unibank Group's short-term liquidity position and as a defense against potential onset of liquidity stress, it maintains adequate stock of unencumbered HQLAs that consists of cash or assets that can be freely converted into cash at little or no loss of value in private markets.

The BDO Unibank Group's LCR as of December 31, 2020 and 2019 is analyzed below.

	2020	2019	2018
BDO Unibank Group			
Total Stock of High – Quality Liquid Assets / Total Net Cash Outflows	**127.1%**	108.4%	*
Parent Bank			
Total Stock of High – Quality Liquid Assets / Total Net Cash Outflows	**129.0%**	109.2%	*

* *Public disclosure was not required by the BSP during this period.*

Net Stable Funding Ratio (NSFR), as detailed in BSP Circular 1007, *Implementing Guidelines on the adoption of the Basel III Framework on Liquidity Standards - Net Stable Funding Ratio*, is an assessment of the level of sustainable funding required to reduce funding risk over a one-year time horizon. The NSFR complements the LCR, which promotes short-term resilience of the BDO Unibank Group's liquidity profile.

To promote long-term resilience against liquidity risk, the BDO Unibank Group maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities and seeks to meet this objective by limiting overreliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off-balance sheet accounts.

The BDO Unibank Group and the Parent Bank's Basel III NSFR as of December 31, 2020, 2019 and 2018 are summarized below.

	2020	2019	2018
BDO Unibank Group			
Available Stable Funding / Required Stable Funding	**122.0%**	116.7%	*
Parent Bank			
Available Stable Funding / Required Stable Funding	**122.0%**	117.4%	*

** Public disclosure was not required by the BSP during this period.*

21.2 Capital Stock

Capital stock consists of the following:

	Number of Shares		**Amount**	
	2020	2019	**2020**	2019
Preferred shares – P10 par value				
Authorized				
Balance at end of year	**1,000,000,000**	1,000,000,000	**P 10,000**	P 10,000
Issued, fully paid and outstanding	**515,000,000**	515,000,000	**P 5,150**	P 5,150
Common shares – P10 par value				
Authorized				
Balance at end of year	**5,500,000,000**	5,500,000,000	**P 55,000**	P 55,000
Issued, fully paid and outstanding				
Balance at beginning of year	**4,381,370,334**	4,374,048,064	**P 43,814**	P 43,740
Issued during the year	**2,857,581**	7,322,270	**28**	74
Balance at end of year	**4,384,227,915**	4,381,370,334	**P 43,842**	P 43,814

21.2.1 Preferred Shares

The following are the features of the BDO Unibank Group and the Parent Bank's preferred shares:

(a) Perpetual, voting, non-cumulative, convertible, non-participating, peso-denominated Series A shares;

(b) Convertible to common shares at the option of the holder after five years from the issue date or at the option of BDO Unibank Group at any time after issue date; and,

(c) Dividend rate is 6.50% per annum of the par value.

21.2.2 Common Shares

The Parent Bank's application for listing of its common shares was approved by the PSE on April 24, 2002. The application is for the initial listing of up to 952,708,650 common shares, with par value of P10 per share, at an offer price range of P17.80 to P23.80 per share. The proceeds from the sale of BDO Unibank's listed shares amounted to about P2,200.

On September 24, 2016, the Parent Bank's BOD authorized the Parent Bank to raise P60,000 in additional core capital through a stock rights offer. The BSP and the PSE approved the transaction on November 23, 2016 and December 14, 2016, respectively. On January 3, 2017, the Parent Bank fixed the final terms for the stock rights offer which entitled eligible shareholders to subscribe to one common share for every 5.095 common shares held as of January 5, 2017 record date at an offer price of P83.75 per rights share. The offer period ran from January 16, 2017 to January 24, 2017.

Following the close of the offer period, the Parent Bank successfully completed its stock rights offer and 716,402,886 common shares were issued and subsequently listed on the PSE on January 31, 2017. The issuance resulted in recognition of Additional Paid-in Capital amounting to P52,662, net of related transaction costs totaling to P172. The fresh capital will support the Parent Bank's medium-term growth objectives amid the country's favorable macroeconomic prospects and provide a comfortable buffer over higher capital requirements with the forthcoming imposition of DSIB surcharge.

The history of shares issuances from the initial public offering (IPO) and subsequently, private placements exempt from registration pursuant to Section 10.1 of the Securities Regulation Code and other issuances, is as follows:

Transaction	Subscriber	Issue Date	Number of Shares Issued
IPO	Various	May 21, 2002	908,189,550
Private placement	International Finance Corporation (IFC)	June 21, 2005	31,403,592
Private placement	UOBP	February 8, 2006	22,429,906
BDO-EPCIB Merger	BDO-EPCIB Merger	May 31, 2007	1,308,606,021
Private placement	IFC	August 23, 2007	31,403,592
Private placement	GE Capital International Holdings Corporation	August 20, 2009	37,735,849
Private placement	Multi Realty Development Corporation	April 23, 2010	107,320,482
Private placement	IFC	April 26, 2010	24,033,253
Private placement	IFC Capitalization (Equity) Fund, L.P.	April 26, 2010	136,315,662
Stock dividends	Various	June 8, 2012	78,218,589
Stock rights	Various	July 4, 2012	895,218,832
Private placement	Sybase Equity Investments Corp.	July 20, 2015	64,499,890
Stock options	Various employees	June 6, 2016 to December 31, 2016	4,592,430
Stock options	Various employees	January 3, 2017 to December 27, 2017	2,604,020
Stock rights	Various employees	January 31, 2017	716,402,886
Stock rights	Various employees	January 31, 2018	5,073,510
Stock options	Various employees	January 7, 2019 to December 26, 2019	7,322,270
Stock options	Various employees	January 6, 2020 to December 28, 2020	2,857,581
			4,384,227,915

As of December 31, 2020 and 2019, there are 12,442 and 12,470, respectively, holders of the listed shares equivalent to 100% of the Parent Bank's total outstanding shares. Such listed shares closed at P106.80 and P158.00 per share as of December 29, 2020 and December 27, 2019, respectively, (the last trading day in 2020 and 2019).

21.3 BDO American Depositary Receipt Program

On April 18, 2013, the Parent Bank launched its Sponsored Level 1 American Depositary Receipt (ADR) Program by which negotiable securities representing underlying BDO common shares can be traded in the U.S. over-the-counter (OTC) market. This provides flexibility for U.S. investors to trade BDO common shares in their time zone and settle their transactions locally. It is meant to tap the pool of U.S. ADR investors, enhance visibility and global presence and diversify and broaden the Parent Bank's shareholder base. ADRs are quoted and traded in U.S. dollars, and cash dividends received on the underlying shares are paid to investors also in U.S. dollars. The ADR ratio for BDO's sponsored Level 1 ADR Program is 1:10, with each ADR representing ten underlying BDO common shares.

On October 2018, the Parent Bank renewed the ADR Program for another five years.

The sponsored Level 1 ADR Program does not necessitate the issuance of new shares as ADRs are traded on the U.S. OTC/secondary market using existing shares, in contrast to the sponsored Level II ADR or sponsored Level III ADR where shares are fully listed on a recognized U.S. exchange (e.g., NYSE, NASDAQ). As such, a Level 1 ADR is not a capital raising transaction, to differentiate it from Level III ADR, which allows the issuer to raise capital through a public offering of ADRs in the U.S.

The sponsored Level 1 ADR is exempt, under U.S. SEC Rule 12g3-2(b), from SEC registration, disclosure requirements and reporting obligations, including Sarbanes-Oxley and U.S. generally accepted accounting principles.

Given its sponsored Level 1 ADR Program, the Parent Bank appointed Deutsche Bank (DB) as the exclusive depositary of ADRs for a period of five years. As depositary bank, DB is responsible for the issuance and cancellation, as well as the registration of the ADRs; custody of the underlying BDO common shares and maintenance of the register of holders; the distribution of dividends; and execution of corporate actions and services to the Issuer (i.e., BDO)/Investor/Broker.

As of December 31, 2020 and 2019, 595,467 and 669,676 ADRs valued at US$13,243,186 and US$21,483,206 (absolute amount), respectively, remained outstanding (computed using ADR closing price of US$22.24/share and US$32.08/share, respectively).

21.4 Surplus Free

On December 5, 2020, the Parent Bank's BOD approved the declaration of cash dividends on common shares at the rate of P0.30 per share or a total of P1,316. The dividends were declared to stockholders of record as of December 22, 2020 and paid on December 29, 2020.

On August 29, 2020, the Parent Bank's BOD approved the declaration of cash dividends on common shares at the rate of P0.30 per share or a total of P1,315. The dividends were declared to stockholders of record as of September 15, 2020 and paid on September 28, 2020.

On May 30, 2020, the Parent Bank's BOD approved the declaration of cash dividends on common shares at the rate of P0.30 per share or a total of P1,315. The dividends were declared to stockholders of record as of June 17, 2020 and paid on June 29, 2020.

On February 27, 2020, the Parent Bank's BOD approved the declaration of cash dividends on common shares at the rate of P0.30 per share or a total of P1,315. The dividends were declared to stockholders of record as of March 13, 2020 and paid on March 27, 2020.

On February 1, 2020, the Parent Bank's BOD approved the declaration of annual dividends on preferred shares at the rate of 6.50% per annum for a total dividend amount of P339. The dividends were paid on February 21, 2020.

On December 7, 2019, the Parent Bank's BOD approved the declaration of cash dividends on common shares at the rate of P0.30 per share or a total of P1,314. The dividends were declared to stockholders of record as of December 23, 2019 and paid on December 27, 2019.

On August 31, 2019, the Parent Bank's BOD approved the declaration of cash dividends on common shares at the rate of P0.30 per share or a total of P1,314. The dividends were declared to stockholders of record as of September 17, 2019 and paid on September 30, 2019.

On July 31, 2019, the Parent Bank entered into a deed of sale of certain parcel of land to a third party for a total consideration of P119. The related revaluation increment on land arose from previous business combination amounting to P76 was subsequently transferred to Surplus Free account in the 2019 statement of changes in equity.

On May 25, 2019, the Parent Bank's BOD approved the declaration of cash dividends on common shares at a price of P0.30 per share or a total of P1,313. The dividends were declared to stockholders of record as of June 11, 2019 and paid on June 24, 2019.

On February 23, 2019, the Parent Bank's BOD approved the declaration of cash dividends on common shares at a price of P0.30 per share or a total of P1,313. The dividends were declared to stockholders of record as of March 12, 2019 and paid on March 25, 2019.

On January 26, 2019, the Parent Bank's BOD approved the declaration of annual dividends on preferred shares at the rate of 6.50% per annum for a total dividend amount of P339. The dividends were paid on March 8, 2019.

On December 8, 2018, the Parent Bank's BOD approved the declaration of cash dividends on common shares in the amount of P0.30 per share or a total of P1,312. The dividends were declared to stockholders of record as of December 21, 2018 and paid on December 28, 2018.

On November 21, 2018, the BOD of BDO Capital approved the declaration of cash dividends in the amount of P70.00 per share or a total of P700. The dividends were declared to stockholders as of November 30, 2018 and paid on December 5, 2018, of which, total dividends paid to non-controlling interest amounted to P0.8.

On August 31, 2018, the Parent Bank's BOD approved the declaration of cash dividends on common shares in the amount of P0.30 per share or a total of P1,312. The dividends were declared to stockholders of record as of September 14, 2018 and paid on September 28, 2018.

On May 26, 2018, the Parent Bank's BOD approved the declaration of cash dividends on common shares in the amount of P0.30 per share or a total of P1,311. The dividends were declared to stockholders of record as of June 13, 2018 and paid on June 29, 2018.

On March 2, 2018, the BOD of BDO Capital approved the declaration of cash dividends in the amount of P80.00 per share or a total of P800. The dividends were declared to stockholders of record as of February 28, 2018 and paid on March 23, 2018, of which, total dividends paid to non-controlling interest amounted to P1.

On February 24, 2018, the Parent Bank's BOD approved the declaration of cash dividends on common shares at a price of P0.30 per share or a total of P1,311. The dividends were declared to stockholders of record as of March 13, 2018 and paid on March 28, 2018.

On February 21, 2018, the BOD of BDO Leasing approved the declaration of cash dividends at P0.10 per share on the 2,162,475,312 shares outstanding at the date of declaration or for P216. The dividends were declared to stockholders of record as of March 9, 2018 and paid on March 27, 2018, of which, total dividends paid to non-controlling interest amounted to P25.

On January 27, 2018, the Parent Bank's BOD approved the declaration of annual dividends on preferred shares at the rate of 6.50% per annum for a total dividend amount of P339. The dividends were paid on March 2, 2018.

21.5 Surplus Reserves

The Parent Bank appropriated its Surplus Free amounting to P40 in 2020 and nil for both 2019 and 2018 representing insurance fund on losses due to fire, robbery, and other cash losses. This was approved by the Parent Bank's President. BDO Network appropriated its Surplus Free amounting to P2, P5, and nil in 2020, 2019 and 2018, respectively, representing insurance fund on losses due to fire, robbery and other cash losses, which was approved by its Chairman.

The BDO Unibank Group and the Parent Bank appropriated its Surplus Free for impairment of general loan loss portfolio amounting to (P830) and (P827) in 2020, P1,543 and P1,563, respectively, in 2019 and P1,860 and P1,824, respectively, in 2018. The accumulated amount of appropriation to surplus reserves for general loan loss portfolio as of December 31, 2020, 2019 and 2018 amounted to P12,093, P12,923 and P11,380, respectively, for BDO Unibank Group and P11,916, P12,743 and P11,180, respectively, for the Parent Bank. This appropriation was prescribed by BSP and was recognized as part of Surplus Reserves account.

In compliance with BSP regulations, 10% of BDO Unibank Group and the Parent Bank's profit from trust business amounting to P272, P272 and P251 in 2020, 2019 and 2018, respectively, and P223, P189 and P181 in 2020, 2019 and 2018, respectively, is appropriated to surplus reserves (see Note 27).

On April 19, 2018, the BOD of BDO Insurance approved the reversal of the previously approved appropriation for branches/satellite office expansion amounting to P7.

On February 12, 2018, the BOD of BDO Securities approved the reversal of the previously approved appropriation for proprietary trading amounting to P200.

On June 10, 2020 and July 2, 2020, the BOD of BDO Securities approved the appropriation of P60 as additional capital requirements and the reversal of the previously approved appropriation for cash dividends amounting to P200, respectively.

Also, included in the 2020, 2019 and 2018 surplus reserves are the appropriations made by BDO Securities and Armstrong Securities, Inc. totaling P5, P4 and P10 respectively, as part of the reserve fund requirement of SEC Memorandum Circular No. 16, *Adoption of the Risk Based Capital Adequacy Requirement/Ratio for Broker Dealers*. On May 26, 2020, the BOD of BDO Nomura approved the reversal of the Surplus Reserves amounting to P9 back to Surplus Free.

21.5.1 ESOP

For options that were vested in 2020 and 2019, BDO Unibank Group issued new common shares of 2,857,581 and 7,322,270, respectively, from its authorized capital stock (see Note 21).

Set out below are summaries of number of options vested under the plan:

	BDO Unibank Group		**Parent Bank**	
	2020	**2019**	**2020**	2019
Balance at beginning of year	**12,539,677**	7,260,696	**10,405,980**	5,538,989
Vested during the year	**3,331,902**	16,125,051	**2,921,302**	14,360,711
Forfeited during the year	**(260,558)**	(1,421,800)	**(260,558)**	(1,062,800)
Expired during the year	**(249,700)**	(198,500)	**(227,700)**	(152,000)
Exercised during the year	**(8,863,297)**	(9,225,770)	**(8,308,565)**	(8,278,920)
Balance at end of year	**6,498,024**	12,539,677	**4,530,459**	10,405,980

The weighted average exercise price was P104.08 and P149.10 for the years ended December 31, 2020 and 2019, respectively.

In 2019, the Parent Bank has changed its strategy in settling the stock options exercised through issuance of primary shares. Consequently, the previously recognized liability, which amounted to P860, was accordingly transferred to Surplus Reserve. Share options expensed amounted to P316 and P890 in 2020 and 2019, respectively.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Average option life	5 years
Average share price at grant date	P 98.50
Average exercise price at grant date	P 91.46
Average fair value of options at grant date	P 46.48
Average standard deviation of share price returns	53.3%
Average dividend yield	0.89%
Average risk-free investment rate	2.64%

The underlying expected volatility was determined by reference to historical prices of the Parent Bank's shares over a period of one year.

22. INTEREST INCOME

Interest income consists of the following:

		BDO Unibank Group		
	Notes	**2020**	2019	2018
Loans and other receivables	10, 26	**P 138,736**	P 142,908	P 115,384
Trading and investment securities:				
At amortized cost	9.3	**10,424**	10,415	7,812
At FVOCI	9.2	**5,546**	5,607	3,982
At FVTPL	9.1	**122**	197	72
Due from BSP and other banks	7, 8	**2,158**	1,381	1,733
Others		**45**	64	57
		P 157,031	P 160,572	P 129,040

		Parent Bank		
	Notes	**2020**	2019	2018
Loans and other receivables	10, 26	**P 134,329**	P 138,521	P 111,685
Trading and investment securities at:				
At amortized cost	9.3	**9,689**	9,642	6,995
At FVOCI	9.2	**3,440**	3,550	2,391
At FVTPL	9.1	**84**	87	51
Due from BSP and other banks	7, 8	**2,120**	1,234	1,446
Others		**35**	47	47
		P 149,697	P 153,081	P 122,615

23. INTEREST EXPENSE

Interest expense is composed of the following:

		BDO Unibank Group		
	Notes	**2020**	2019	2018
Deposit liabilities	16, 26	**P 15,521**	P 32,047	P 25,595
Bills payable and other borrowings	17, 18, 20, 25.2	**7,120**	7,807	5,153
Finance lease liabilities	12.2, 20	**690**	827	-
		P 23,331	P 40,681	P 30,748

	Notes	Parent Bank 2020	2019	2018
Deposit liabilities	16, 26	**P 15,196**	P 31,384	P 24,671
Bills payable and other borrowings	17, 18, 20, 25.2	**6,529**	6,375	4,049
Finance lease liabilities	12.2, 20	**675**	822	-
		P 22,400	P 38,581	P 28,720

24. OTHER OPERATING INCOME AND EXPENSES

Other operating income is composed of the following:

	Notes	BDO Unibank Group 2020	2019	2018
Service charges, fees and commissions	26	**P 24,822**	P 31,722	P 27,372
Insurance premiums		**15,009**	14,764	11,799
Trading gains (losses) - net	9.1	**5,563**	1,357	(864)
Trust fees	27	**3,811**	3,532	3,314
Foreign exchange gains	9.1	**1,748**	3,821	3,789
Rental	13	**1,430**	1,526	1,653
Income from assets sold or exchanged	13	**1,169**	1,131	1,057
Dividends	9.1	**551**	560	630
Miscellaneous - net		**1,107**	1,698	1,679
		P 55,210	P 60,111	P 50,429

	Notes	Parent Bank 2020	2019	2018
Service charges, fees and commissions	26	**P 21,152**	P 27,707	P 24,372
Trading gains (losses) - net	9.1	**5,230**	290	130
Share in net income of subsidiaries and associates	14.2	**3,839**	6,046	2,740
Trust fees	27	**3,035**	2,727	2,593
Foreign exchange gains		**1,591**	3,715	3,412
Income from assets sold or exchanged	13	**1,097**	1,047	943
Rental	13	**514**	523	583
Dividends		**258**	180	188
Miscellaneous - net		**538**	910	862
		P 37,254	P 43,145	P 35,823

Other operating expenses consist of the following:

		BDO Unibank Group		
	Notes	**2020**	2019	2018
Compensation and benefits	25.1	**P 37,392**	P 35,385	P 30,449
Fees and commissions		**14,994**	18,826	13,807
Policy reserves, insurance benefits and claims	19	**13,136**	10,775	8,249
Taxes and licenses	13	**12,703**	14,106	11,639
Occupancy	14.7, 12, 26	**9,572**	9,680	9,509
Insurance		**5,551**	5,255	4,805
Security, clerical, messengerial and janitorial		**3,674**	3,993	3,723
Advertising		**2,621**	4,260	4,301
Representation and entertainment		**1,877**	2,163	2,313
Repairs and maintenance		**1,600**	1,437	1,463
Travelling		**1,034**	1,344	1,369
Power, light and water		**1,011**	1,206	1,214
Information technology		**919**	869	647
Supplies		**767**	1,001	1,062
Amortization of computer software	14.7	**734**	546	516
Telecommunication		**616**	661	667
Litigation on assets acquired		**601**	548	542
Freight		**257**	402	331
Miscellaneous	14.6	**3,581**	2,192	2,183
		P 112,640	P 114,649	P 98,789

		Parent Bank		
	Notes	**2020**	2019	2018
Compensation and benefits	25.1	**P 32,525**	P 30,777	P 26,538
Fees and commissions		**14,575**	18,305	13,190
Taxes and licenses	13	**11,631**	12,904	10,476
Occupancy	14.7, 12, 26	**8,199**	8,278	8,129
Insurance		**5,457**	5,158	4,661
Security, clerical, messengerial and janitorial		**3,382**	3,723	3,484
Advertising		**2,495**	4,199	4,208
Representation and entertainment		**1,637**	1,913	2,063
Repairs and maintenance		**1,487**	1,296	1,351
Power, light and water		**912**	1,108	1,112
Information technology		**885**	836	615
Travelling		**778**	1,060	1,128
Amortization of computer software	14.7	**696**	502	480
Supplies		**676**	883	971
Litigation on assets acquired		**592**	535	527
Telecommunication		**523**	552	573
Freight		**241**	375	312
Miscellaneous	14.6	**3,376**	1,933	1,976
		P 90,067	P 94,337	P 81,794

25. COMPENSATION AND BENEFITS

25.1 Compensation and Benefits

Expenses recognized for compensation and benefits (see Note 24) are presented below.

		BDO Unibank Group		
	Notes	**2020**	**2019**	2018
Salaries and wages		**P 22,206**	P 21,065	P 18,550
Bonuses		**7,269**	6,712	5,870
Retirement - defined benefit plan	25.2	**2,097**	1,819	1,558
Social security costs		**1,013**	884	716
Employee stock option plan	25.3	**354**	994	649
Other benefits		**4,453**	3,911	3,106
	24	**P 37,392**	P 35,385	P 30,449

		Parent Bank		
	Notes	**2020**	2019	2018
Salaries and wages		**P 19,147**	P 18,097	P 16,001
Bonuses		**6,424**	5,988	5,253
Retirement - defined benefit plan	25.2	**1,850**	1,585	1,340
Social security costs		**863**	752	603
Employee stock option plan	25.3	**316**	890	582
Other benefits		**3,925**	3,465	2,759
	24	**P 32,525**	P 30,777	P 26,538

25.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

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

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

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2020 and 2019.

The amounts of Retirement assets and benefit obligation recognized under Other Assets accounts (see Note 14) and Other Liabilties accounts (see Note 20), respectively, in the statements of financial position are determined as follows:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Present value of the DBO	**P 34,288**	P 33,937	**P 31,318**	P 31,189
Fair value of plan assets	**(35,650)**	(30,633)	**(32,582)**	(27,986)
Deficiency of plan assets	**(1,362)**	3,304	**(1,264)**	3,203
Effect of asset ceiling	**62**	1	**47**	-
Retirement (assets)/ benefit obligation	**(P 1,300)**	P 3,305	**(P 1,217)**	P 3,203

The movements in the present value of the DBO are as follows:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Balance at beginning of year	**P 33,937**	P 28,599	**P 31,189**	P 26,331
Current service cost	**2,097**	1,819	**1,850**	1,585
Interest expense	**1,777**	2,153	**1,631**	1,983
Benefits paid by the plan	**(1,547)**	(1,632)	**(1,482)**	(1,541)
Transfer from the plan	**(9)**	-	**(95)**	-
Remeasurements:				
Actuarial losses (gains) arising from changes in:				
- experience adjustments	**1,041**	1,114	**990**	826
- demographic assumptions	**-**	(554)	**-**	-
- financial assumption	**(3,008)**	2,438	**(2,765)**	2,005
Balance at end of year	**P 34,288**	P 33,937	**P 31,318**	P 31,189

The movements in the fair value of plan assets are presented below.

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Balance at beginning of year	**P 30,633**	P 24,070	**P 27,986**	P 21,952
Contributions paid into the plan	**5,682**	6,572	**5,294**	6,119
Interest income	**1,709**	1,998	**1,561**	1,825
Benefits paid by the plan	**(1,547)**	(1,632)	**(1,482)**	(1,541)
Transfer to/(from) the plan	**2**	-	**(95)**	-
Remeasurement loss - return on plan assets (excluding amounts included in net interest)	**(829)**	(375)	**(682)**	(369)
Balance at end of year	**P 35,650**	P 30,633	**P 32,582**	P 27,986

The composition of the fair value of plan assets at the end of the reporting period for each category and risk characteristics is shown below.

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Placements in debt instruments:				
Government bonds	**P 18,092**	P 11,665	**P 16,656**	P 10,774
Corporate bonds	**10,032**	9,868	**9,240**	9,090
UITFs	**6,562**	7,756	**6,187**	7,307
Equity instruments	**814**	1,001	**355**	490
Cash and cash equivalents	**9**	32	**7**	31
Loans and other receivables	**7**	12	**7**	11
Other properties	**134**	299	**130**	283
	P 35,650	P 30,633	**P 32,582**	P 27,986

Actual returns on plan assets were P880 and P879, in 2020 P1,623 and P1,456 in 2019 in the BDO Unibank Group and the Parent Bank's financial statements, respectively.

Certain plan assets include BDO Unibank Group's own financial instruments [see Note 26(c)].

The fair value of the plan assets is at Level 1 in the fair value hierarchy except for UITFs which are at Level 2, loans and other receivables and other properties, which are at Level 3.

The components of amounts recognized in profit or loss and in other comprehensive income of the BDO Unibank Group and the Parent Bank in respect to the defined benefit plan is as follows:

	BDO Unibank Group		
	2020	2019	2018
Recognized in profit or loss:			
Current service costs	**P 2,097**	P 1,819	P 1,535
Past service costs	**-**	-	23
Interest expense	**68**	156	117
	P 2,165	P 1,975	P 1,675

	BDO Unibank Group		
	2020	2019	2018
Recognized in other comprehensive income, net of tax (see Note 30.1):			
Actuarial losses (gains) arising from change in:			
- experience adjustments	**P 729**	P 780	P 3,951
- demographic assumptions	**-**	(388)	(1,365)
- financial assumptions	**(2,106)**	1,706	(1,428)
Remeasurement losses (gains) arising from:			
- return on plan assets (excluding amounts included in net interest expense)	**580**	262	930
- changes in the effect of the asset ceiling	**33**	(5)	-
	(P 764)	P 2,355	P 2,088

	Parent Bank		
	2020	2019	2018
Recognized in profit or loss:			
Current service costs	**P 1,850**	P 1,585	P 1,340
Interest expense	**70**	158	108
	P 1,920	P 1,743	P 1,448
Recognized in other comprehensive income, net of tax (see Note 30.1):			
Actuarial losses (gains) arising from change in:			
- experience adjustments	**P 693**	P 578	P 3,609
- demographic assumptions	**-**	-	(1,537)
- financial assumptions	**(1,935)**	1,403	(850)
Remeasurement losses (gains) arising from:			
- return on plan assets (excluding amounts included in net interest expense)	**477**	259	830
- changes in the effect of the asset ceiling	**33**	-	-
	(732)	2,240	2,052
Share in actuarial losses (gains) of subsidiaries and associates	**(19)**	88	36
	(P 751)	P 2,328	P 2,088

Current service costs are presented as part of Compensation and benefits under Other Operating Expenses account (see Note 24) while interest expense or income are presented or netted against Interest Expense account (see Note 23) in the statements of income of the BDO Unibank Group and the Parent Bank.

Amounts recognized in other comprehensive income were included within the items that will not be reclassified subsequently to profit or loss in the statements of comprehensive income.

In determining the amounts of post-employment benefit obligation, the following significant actuarial assumptions were used:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Discount rates	**3.87% - 3.89%**	5.22%	**3.88%**	5.23%
Expected rate of salary increases	**1.25% - 11.00%**	2.00 - 11.00%	**2.52% - 11.00%**	6.50 - 11.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 24 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bond with terms of maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the BDO Unibank Group and the Parent Bank to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan is composed of investment in UITF, debt and equity instruments, cash and cash equivalents, and loans and receivables. Due to the long-term nature of plan obligation, a level of continuing debt securities is an appropriate element of the BDO Unibank Group's long-term strategy to manage the plans effectively.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding pages.

(i) Sensitivity Analysis

The following table below and in the succeeding page summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit asset as of December 31, 2020 and 2019.

		Impact on Retirement Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
BDO Unibank Group			
December 31, 2020			
Discount rate	**+/-1%**	**(P 1,056)**	**P 1,156**
Salary increase rate	**+/-1%**	**1,134**	**(1,059)**
December 31, 2019			
Discount rate	+/-1%	(P 1,058)	P 1,150
Salary increase rate	+/-1%	1,106	(1,039)

		Impact on Retirement Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Parent Bank			
December 31, 2020			
Discount rate	**+/-1%**	**(P 802)**	**P 849**
Salary increase rate	**+/-1%**	**841**	**(810)**
December 31, 2019			
Discount rate	+/-1%	(P 840)	P 890
Salary increase rate	+/-1%	857	(825)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, BDO Unibank Group through its Compensation Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds or UITFs) with maturities that match the benefit payments as they fall due and in the appropriate currency. BDO Unibank Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the plan assets as of December 31, 2020 and 2019 consists of debt instruments and UITFs, although the BDO Unibank Group and the Parent Bank also invest in cash and cash equivalents, equity instruments and properties. The debt instruments include government bonds and corporate bonds.

There has been no change in the Bank's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

As of December 31, 2020, the plan of the BDO Unibank Group and the Parent Bank is fully funded based on the latest actuarial valuation report.

The BDO Unibank Group and the Parent Bank expect to pay P3,938 and P3,500, respectively, as contributions to retirement benefit plans in 2021.

The expected maturity of undiscounted expected benefits payments of BDO Unibank Group and the Parent Bank from the plan for the next ten years is presented as follows:

	BDO Unibank Group	Parent Bank
Between one to five years	P 36,990	P 35,097
Between six to ten years	11,180	9,789
	P 48,170	**P 44,886**

The weighted average duration of the defined benefit obligation at the end of the reporting period is 2.8 to 15.8 years for the BDO Unibank Group and 3.1 years for the Parent Bank.

25.3 ESOP

BDO Unibank Group's ESOP expense includes the amounts recognized by the Parent Bank and its subsidiaries over the vesting period. In 2020 and 2019, vested shares totaled 3,331,902 shares and 16,125,051 shares, respectively, for BDO Unibank Group, and 2,921,302 shares 14,360,711 shares, respectively, for Parent Bank.

The ESOP expense, included as part of Compensation and benefits under Other Operating Expenses in the BDO Unibank Group's statements of income, amounted to P354, P994 and P649 in 2020, 2019 and 2018, respectively, and in the Parent Bank's statements of income, amounted to P316, P890 and P582, respectively (see Note 25.1).

26. RELATED PARTY TRANSACTIONS

The Parent Bank created a Related Party Transaction Committee composed of all independent directors and non-executive directors. The said Committee exercises oversight role to ensure bank compliance with BSP regulations on related party transactions.

The summary of BDO Unibank Group's significant transactions with its related parties as of December 31, 2020 and 2019 and for each of the three years ended are as follows:

		Amounts of Transaction			Outstanding Balance	
Related Party Category	Note	**2020**	2019	2018	**2020**	2019
DOSRI Loans	26(a)					
Stockholders		**P 3,636**	P 23,713	P 35,813	**P 22,892**	P 27,765
Related Parties under Common Ownership		**24**	75	476	**419**	623
Directors		**3**	-	-	**91**	-
Officers and Employees		**1,418**	1,802	1,601	**1,969**	2,167

Related Party Category	Note	Amounts of Transaction 2020	2019	2018	Outstanding Balance 2020	2019
Deposit Liabilities	26(b)					
Stockholders		**390,344**	576,553	638,830	**20,288**	23,191
Related Parties under Common Ownership		**5,099**	6,568	12,638	**338**	437
Directors		**451**	-	-	**52**	-
Officers and Employees		**82**	433	620	**1**	12
Other Transactions with Associates	26(d)					
Loans and Advances		**500**	2,820	1,800	**8,225**	7,784
Interest Income		**359**	509	370	**57**	6
Related Parties Under Common Ownership	26(d)					
Right-of-use Asset		**378**	833	-	**2,417**	1,951
Lease Liabilities		**285**	200	-	**1,710**	2,145
Amortization Expense		**39**	655	-	**330**	-
Interest Expense		**3**	142	-	**68**	-
Rent Expense		**-**	-	1,157	**-**	-
Key Management Personnel	26(d)					
Compensation		**1,589**	1,653	1,574	**-**	-
Retirement Plan	26(c)	**236**	72	(135)	**6,605**	6,654

The summary of the Parent Bank's significant transactions with its related parties as of December 31, 2020 and 2019 and for each of the three years ended are as follows:

Related Party Category	Note	Amounts of Transaction 2020	2019	2018	Outstanding Balance 2020	2019
DOSRI Loans	26(a)					
Stockholders		**P 3,636**	P 23,713	P 35,813	**P 22,892**	P 27,765
Related Parties under Common Ownership		**24**	75	476	**419**	623
Directors		**3**	-	-	**91**	-
Officers and Employees		**1,411**	1,798	1,600	**1,964**	2,161
Deposit Liabilities	26(b)					
Stockholders		**390,344**	576,553	638,830	**20,288**	23,191
Related Parties under Common Ownership		**4,152**	6,039	12,405	**168**	329
Directors		**451**	-	-	**52**	-
Officers and Employees		**82**	433	621	**1**	12
Other Transactions with Subsidiaries	26(d)					
Loans and Advances		**P 37,123**	P 48,034	P 69,388	**P 5,144**	P 3,659
Derivative Assets		**-**	-	-	**-**	-
Derivative Liabilities		**1,471**	1,033	538	**27**	11
Deposit Liabilities		**(1,881)**	1,257	423	**4,197**	6,078
Accounts Payable		**(2)**	(7)	(2)	**1**	2
Miscellaneous Assets		**259**	(3)	-	**259**	-
Miscellaneous Liabilities		**-**	(2)	-	**2**	2
Interest Income		**238**	231	247	**11**	12
Rent Income		**129**	124	120	**-**	-
Service Fees		**796**	792	637	**-**	-
Interest Expense		**25**	83	41	**-**	4
Right-of-use Asset		**-**	-	-	**104**	117
Lease Liabilities		**(11)**	(10)	-	**118**	129
Amortization Expense		**13**	13	-	**-**	-
Interest Expense		**7**	8	-	**-**	-
Rent Expense		**-**	-	14	**-**	-
Trust Fees		**107**	95	76	**-**	-
Miscellaneous Expense		**123**	-	-	**-**	-
Insurance Expense		**40**	39	36	**-**	-
Trading Gain/Loss		**(90)**	(83)	18	**-**	-
Miscellaneous Income		**3**	-	-	**-**	-
Repairs and Maintenance		**1**	1	-	**-**	-
Fees and Commission		**149**	109	115	**-**	-

Related Party Category	Note	Amounts of Transaction 2020	2019	2018	Outstanding Balance 2020	2019
Other Transactions with Associates	26(d)					
Loans and Advances		**500**	2,820	1,800	**8,043**	7,600
Interest Income		**344**	494	342	**57**	5
Related Parties under Common Ownership	26(d)					
Right-of-use Asset		**378**	833	-	**2,417**	1,951
Lease Liabilities		**285**	200	-	**1,710**	2,145
Amortization Expense		**39**	655	-	**330**	-
Interest Expense		**3**	142	-	**68**	-
Rent Expense		**-**	-	1,009	**-**	-
Key Management Personnel	26(d)					
Compensation		**1,006**	1,107	1,060	**-**	-
Retirement Plan	26(c)	**236**	72	(135)	**6,603**	6,653

In the ordinary course of business, the BDO Unibank Group and the Parent Bank have loans, deposits and other transactions with its related parties and with certain DOSRI as described in the succeeding pages.

(a) Loans to Related Parties

Under existing policies of the BDO Unibank Group and the Parent Bank, these loans bear interest rates ranging from 0.00% to 9.00% per annum in 2020, 2019 and 2018, which are substantially the same terms as loans granted to other individuals and businesses of comparable risks. The General Banking Act and BSP regulations limit the amount of the loans granted by a bank to a single borrower to 25% of equity. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of the unencumbered deposit and book value of the investment in the BDO Unibank Group and the Parent Bank.

Total DOSRI loans of the BDO Unibank Group and the Parent Bank include loans to officers under the BDO Unibank Group and Parent Bank's fringe benefit program. Secured DOSRI loans are collateralized by publicly-listed shares, hold-out on deposits, chattels and real estate mortgages and are payable within three months to 20 years.

Total loan releases and collections in 2020 amounted to P5,081 and P10,265 for the BDO Unibank Group and P5,074 and P10,257 for the Parent Bank, respectively. Total loans collections and releases in 2019 amounted to P25,590 and P49,217 for the BDO Unibank Group and P25,586 and P49,214 for the Parent Bank, respectively. Total loan releases and collections in 2018 amounted to P37,890 and P39,548 for the BDO Unibank Group and P37,889 and P39,544 for the Parent Bank, respectively.

(b) Deposits from Related Parties

Total deposits made by the related parties amounted to P395,976, P583,554 and P652,088 in 2020, 2019 and 2018 for the BDO Unibank Group, and P395,029, P583,025 and P651,856 in 2020, 2019 and 2018 for the Parent Bank, respectively, and bearing interest rates range of 0.00% to 4.53% both in 2020 and 2019 and 0.00% to 5.50% in 2018. The related interest expense from deposits amounted to P860, P1,611 and P1,873 in 2020, 2019 and 2018, respectively (see Note 23).

(c) Transactions with Retirement Plan

BDO Unibank Group's retirement fund has transactions directly and indirectly with BDO Unibank Group as of December 31, 2020 and 2019 and for each of the three years ended are as follows:

	Amounts of Transaction			Outstanding Balance	
Related Party Category	**2020**	2019	2018	**2020**	2019
Loans to employees					
BDO Unibank, Inc.	**P -**	P -	P -	**P 10**	P 13
Investment in shares of					
BDO Unibank, Inc.	**-**	-	-	**16**	25
BDO Leasing	**-**	-	-	**2**	1
Deposit liabilities (including LTNCDs)					
BDO Unibank, Inc.	**-**	-	-	**6,577**	6,615
Trading gain					
BDO Unibank, Inc.	**235**	65	(159)	**-**	-
Interest expense					
BDO Unibank, Inc.	**1**	7	24	**-**	-

The BDO Unibank Group's retirement fund has transactions directly and indirectly with the Parent Bank as of December 31, 2020 and 2019 and for each of the three years ended are as follows:

	Amounts of Transaction			Outstanding Balance	
Related Party Category	**2020**	2019	2018	**2020**	2019
Loans to employees					
BDO Unibank, Inc.	**P -**	P -	P -	**P 10**	P 13
Investment in shares of -					
BDO Unibank, Inc.	**-**	-	-	**16**	25
Deposit liabilities (including LTNCDs)					
BDO Unibank, Inc.	**-**	-	-	**6,577**	6,615
Trading gain					
BDO Unibank, Inc.	**235**	65	(159)	**-**	-
Interest expense					
BDO Unibank, Inc.	**1**	7	24	**-**	-

Details of the contributions of the BDO Unibank Group and the Parent Bank, and benefits paid out by the plan to the employees are presented in Note 25.

(d) Other Transactions with Related Parties

A summary of other transactions of the Parent Bank with subsidiaries and associates and other related parties is shown in the section that follows. These transactions are generally unsecured and payable in cash, unless otherwise stated.

(i) Transactions with and between subsidiaries have been eliminated in the BDO Unibank Group's financial statements. Significant transactions with subsidiaries are as follows:

(1) Loans and Advances to Subsidiaries

The Parent Bank grants noninterest-bearing advances to subsidiaries for working capital requirements, which are unsecured, payable in cash and without fixed repayment terms. Total advances granted and collected amounted to P46 and P44, P25 and P79, and P79 and P85, in 2020, 2019 and 2018, respectively. Outstanding advances to subsidiaries recognized as part of Accounts receivable under Loans and Other Receivables in the Parent Bank's statements of financial position amounted to P27 and P25 as of December 31, 2020 and 2019, respectively (see Note 10).

The Parent Bank also grants both secured and unsecured interest-bearing loans to subsidiaries with outstanding balance of P5,117 and P3,634 as of December 31, 2020 and 2019, respectively, and are presented as part of Loans and discounts under Loans and Other Receivables account in the Parent Bank's statements of financial position (see Note 10). Total loans granted amounted to P37,076, P48,009 and P69,309 while total loans collected amounted to P35,593, P50,183 and P71,955 for 2020, 2019 and 2018, respectively. These loans are payable in cash with a term between nine days to five years. Interest income recognized on these is presented as part of Interest Income in the Parent Bank's statements of income (see Note 22). Interest rate on these loans ranges from 2.27% to 5.75%, 2.5% to 6.0% and 2.5% to 6.5% per annum in 2020, 2019 and 2018, respectively.

(2) Income to the Parent Bank

BDO subsidiaries engaged the Parent Bank, under service agreements to provide various support such as maintenance, administration of properties/assets management, supplies procurement, facilities management, accounting functions, loan documentation, safekeeping/custodianship of securities and collateral documents, credit card services, human resources management, information technology needs, internal audit, corporate secretarial services, remittance transactions support, legal assistance on all loan and/or property/asset-related litigation, credit investigation services, security services and investigation requirements, and assistance on all tax-related issues. The service agreement shall continue to be in force unless terminated by either party through a written notice, at least 30 calendar days prior to the date intended for termination. The services fees are payable in cash at the beginning of each month and shall be exclusive of actual costs and expenditures of the Parent Bank in relation to the provision of the services, which shall be reimbursed by the subsidiaries to the Parent Bank. Total service fees are presented as part of Service charges, fees and commissions under Other Operating Income account in the Parent Bank's statements of income (see Note 24). There are no outstanding balance arising from these transactions as of December 31, 2020 and 2019. Total service fees amounted to P796, 792 and P637 in 2020, 2019 and 2018, respectively.

BDO Life has an existing Investment Management Agreement with the Parent Bank. For services rendered, BDO Life pays the Parent Bank management fees in cash equivalent to certain percentage based on the average daily balance of the fund and are deducted quarterly from the fund. Total trust fees is presented as part of Trust fees under Other Operating Income account in the Parent Bank's statements of income (see Note 24). Outstanding balances arising from this as of December 31, 2020 and 2019 is included as part of Accounts receivable under Loans and Other Receivables (see Note 10). Total trust fees amounted to P107, P95 and P76 in 2020, 2019 and 2018, respectively.

Certain subsidiaries lease office space and equipment from the Parent Bank. Total rent collected from the subsidiaries is included as part of Miscellaneous under Other Operating Income in the Parent Bank's statements of income (see Note 24). The term of the lease office space is five years and is payable in cash. There are no outstanding receivable from subsidiaries as of December 31, 2020 and 2019. Total rent income amounted to P129, P124 and P120 in 2020, 2019 and 2018, respectively.

Also, BDO Network pays the Parent Bank for the use of point-of-sale terminal. Total income from BDO Network, included as part of Miscellaneous under Other Operating Income, amounted to P3 for 2020 and nil for both 2019 and 2018.

(3) Expenses of the Parent Bank

Under PFRS 16, the Parent Bank, as a lessee, recognized right-of-use assets related to lease of space from BDO Network, BDOSHI and Averon for its branch operations, amounting to P104 and P117, as of December 31, 2020 and 2019, respectively, which are presented as part of Premises, Furniture, Fixtures and Equipment (see Note 11). Depreciation expense and amortization of the right-of-use assets arising from this transaction, amounting to P13 is presented as part of Occupancy under Other Operating Expenses account, both in the Parent Bank's 2020 and 2019 statements of income, respectively (see Note 24). Total interest expense on lease liability is included as part of Interest expense on finance lease liabilities under the Interest Expense account in the Parent Bank's 2020 and 2019 statement of income which amounted to P7 and P8 (see Note 23). Outstanding balance arising from these transactions amounted to P118 and P129 as of December 31, 2020 and 2019, respectively, and is included as part of Lease liabilities under Other Liabilities (see Note 20).

Under PAS 17, the Parent Bank leases space from BDO Network, BDOSHI and Averon for its branch operations. Total rent paid is included as part of Occupancy account under Other Operating Expenses account in the 2018 Parent Bank's statement of income (see Note 24). The lease term is between 10 to 30 years and is payable in cash. There are no outstanding payable to the subsidiary as of December 31, 2018. Total rent expense amounted to P14 in 2018. Also, included in the monthly payment is the payment for the repairs and maintenance of the leased properties. Total amount paid for repairs and maintenance is included as part of Repairs and Maintenance account under Other Operating Expenses account in the Parent Bank's statements of income (see Note 24). Total repairs and maintenance expense amounted to P1 for both 2020 and 2019 and nil for 2018.

The Parent Bank pays for the group life insurance of its employees and life & accident insurance of enrolled qualified remitters of Kabayan accounts to BDO Life. Total amount paid is included as part of Insurance Premium account under Other Operating Expenses in the Parent Bank's statements of income (see Note 24). Total insurance premiums amounted to P40, P39 and P36 in 2020, 2019 and 2018, respectively.

The Parent Bank purchased receivables from BDO Leasing (see Note 29.10), which resulted in a loss. The loss was initially booked under Miscellaneous Asset and will be amortized over the term of the loan. The amortized loss incurred was recognized as part of Miscellaneous Expense account under Other Operating Expenses account in the Parent Bank's statements of income amounting to P123 in 2020 (see Note 24). In 2019 and 2018, service fee was incurred from the purchase of receivables amounting to P13 and P1, respectively. The expense incurred was recognized as part of Fees and Commission account under Other Operating Expenses account in the Parent Bank's statements of income.

The Parent Bank pays commission to BDO Network and BDO Private related to the referred trust services to the Parent Bank. Also, the Parent Bank pays for various services rendered by foreign subsidiaries. The amount paid for both commission and services are included as part of Fees and Commission account under Other Operating Expense in the Parent Bank's statements of income. Total payments amounted to P149, P96 and P114 in 2020, 2019 and 2018, respectively.

(4) Derivatives

In 2020 and 2019, the Parent Bank entered into derivative transactions with certain subsidiary in the form of currency forwards and cross currency swaps. As of December 31, 2020 and 2019, the outstanding balance of derivatives assets and liabilities are presented as part of Financial assets at FVTPL under Trading and Investment Securities account (see Note 9.1) and Derivatives with negative fair values under Other Liabilities account in the statements of financial position (see Note 20).

(5) Deposit Liabilities

Total deposits made by the subsidiaries to the Parent Bank during 2020, 2019, and 2018 amounted to P559,611, P706,563 and P641,613, respectively. These are with yearly corresponding withdrawals amounting to P561,492 for 2020, P705,306 for 2019, and P641,190 for 2018. These deposits bear interest rates of 0.00% to 3.25% in 2020, 0.00% to 6.65% in 2019 and 0.00% to 6.75% in 2018. The related interest expense from these deposits are included as part of Interest Expense account on deposit liabilities in the statements of income (see Note 23).

(ii) Other transactions with associates are shown below.

Loans and Advances to Associates

As of December 31, 2020 and 2019, there is an outstanding secured and unsecured interest-bearing loans and advances to associates amounting to P8,225 and P7,784 for the BDO Unibank Group and P8,043 and P7,600 for the Parent Bank, respectively, and are presented as part of Loans and discounts and Accounts receivable under Loans and Other Receivables account in the statements of financial position (see Note 10).

These loans are payable in cash between four months to twelve years. Total collections on loans and advances amounted to P75, P1,987 and P1,736 for BDO Unibank Group and P57, P1,970 and P1,200 for the Parent Bank in 2020, 2019 and 2018, respectively.

Annual interest rate on these loans ranges from 2.95% to 7.70%, 5.00% to 7.70% and 6.37% to 7.70% for 2020, 2019 and 2018, respectively. The related interest income is presented as part of Interest Income on loans and other receivables in the BDO Unibank Group's statements of income (see Note 22). As of December 31, 2020, 2019 and 2018, there were no impairment losses recognized on these loans and advances.

(iii) Transaction of the Parent Bank with related parties under common ownership is shown below.

Under PFRS 16, the Parent Bank, as a lessee, recognized right-of-use assets related to lease of space from related parties for its branch operations, amounting to P2,417 and P1,951 as of December 31, 2020 and 2019, respectively, which is presented as part of Premises, Furniture, Fixtures and Equipment (see Note 11). Amortization expense on right-of-use assets arising from this transaction, amounting to P39 and P655 in 2020 and 2019, respectively, and is presented as part of Occupancy under Other Operating Expenses account in the Parent Bank's statement of income (see Note 24).

Total interest expense on lease liabilities from related parties, included as part of Interest expense on finance lease liabilities under the Interest Expense account amounted to P3 and P142 in 2020 and 2019, respectively, in the Parent Bank's statements of income (see Note 23). Outstanding balances arising from this transaction amounted to P1,710 and P2,145 as of December 31, 2020 and 2019, respectively, and is included as part of Lease liabilities under Other Liabilities (see Note 20).

Under PAS 17, for the year ended December 31, 2018, total rent paid to related parties amounted to P1,009 and is included as part of Occupancy account under Other Operating Expenses (see Note 24). Outstanding balances arising from this transaction amounted to P92 as of December 31, 2018 and is included as part of Accounts payable under Other Liabilities (see Note 20).

The terms of the lease are from two to five years and is payable in cash.

(iv) Key Management Personnel Compensation

The compensation and benefits given to BDO Unibank Group and the Parent Bank's key management are as follows (see Note 25.1):

	BDO Unibank Group		
	2020	2019	2018
Salaries and other benefits	**P 1,368**	P 1,445	P 1,374
Retirement expense	**221**	208	200
	P 1,589	P 1,653	P 1,574

	Parent Bank		
	2020	2019	2018
Salaries and other benefits	**P 849**	P 957	P 931
Retirement expense	**157**	150	129
	P 1,006	P 1,107	P 1,060

27. TRUST OPERATIONS

The following securities and other properties held by BDO Unibank Group in fiduciary or agency capacity (for a fee) for its customers are not included in BDO Unibank Group and the Parent Bank's statements of financial position since these are not resources of the BDO Unibank Group [see Note 35(h)].

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Investments	**P 1,618,325**	P 1,325,160	**P 1,116,591**	P 970,499
Others	**10,804**	11,208	**7,831**	8,546
	P 1,629,129	P 1,336,368	**P 1,124,422**	P 979,045

In compliance with the requirements of the General Banking Act relative to the BDO Unibank Group's trust functions:

(a) Investment in government securities which are shown as part of Investment securities at amortized cost with a total face value of P15,735 and P14,869 as of December 31, 2020 and 2019 (see Note 9.3), respectively, in BDO Unibank Group and, P10,778 and P9,861 as of December 31, 2020 and 2019, respectively, in the Parent Bank are deposited with the BSP as security for BDO Unibank Group's faithful compliance with its fiduciary obligations; and,

(b) A certain percentage of the trust income is transferred to surplus reserves. This yearly transfer is required until the surplus reserve for trust function is equivalent to 20% of BDO Unibank Group's authorized capital stock. As of December 31, 2020 and 2019, the additional reserve for trust functions both amounted to P272 for BDO Unibank Group and P223 and P189, respectively, for the Parent Bank, and is included as part of Surplus Reserves account in statements of changes in equity (see Note 21.5).

Income from trust operations, shown as Trust fees under Other Operating Income account, amounted to P3,811, P3,532 and P3,314 for the years ended December 31, 2020, 2019 and 2018, respectively, in BDO Unibank Group's statements of income and P3,035, P2,727 and P2,593 for the years ended December 31, 2020, 2019 and 2018, respectively, in the Parent Bank's statements of income (see Note 24).

28. UNIT-LINKED FUNDS

VUL insurance contracts of BDO Life are life insurance policies wherein a portion of the premiums received are invested in VUL funds, which are composed mainly of investments in equity and debt securities. The withdrawal or surrender amount of a VUL policy can be computed by multiplying the total units held by the policyholder by the fund's Net Asset Value per unit, which changes daily depending on the fund's performance.

In 2013, BDO Life obtained the approval from IC to issue VUL products, where payments to policyholders are linked to internal investment funds set up by BDO Life. The VUL funds are managed by the Trust and Investment Group of the Parent Bank.

As of December 31, 2020 and 2019, BDO Life has 12 VUL funds. The details of the investment funds, which comprise the assets backing the unit-linked liabilities, are presented in the table below. The assets and liabilities of these investment funds have been consolidated to the appropriate accounts in the BDO Unibank Group's financial statements.

	2020	2019
Assets:		
Cash and cash equivalents	**P 24**	P 52
Financial assets at FVTPL	**17,969**	13,696
Other receivables	**35**	38
	P 18,028	P 13,786
Liabilities and Equity:		
Other liabilities	**P 216**	P 77
Net assets attributable to unitholders	**17,812**	13,709
	P 18,028	P 13,786

29. MERGERS AND ACQUISITIONS

29.1 Subscription of Additional Shares in CBN Grupo

On June 27, 2015, the Parent Bank's BOD authorized the investment by BDO Capital of 3,273,000 shares in CBN Grupo for €3. The BSP approved the investment in March 2016. On October 21, 2016, CBN Grupo issued the shares to BDO Capital, making BDO Capital the owner of approximately 96% of the outstanding capital stock of CBN Grupo (see Note 14.2). CBN Grupo was renamed BDO Remit International Holdings B.V. and was registered, thereafter, with The Netherlands Chamber of Commerce on October 24, 2016. The total goodwill recognized amounted to P123 and is presented as part of Goodwill under Other Resources on BDO Unibank Group's statements of financial position (see Notes 14.2 and 14.3).

29.2 Acquisition of Credit Card Portfolio

On June 14, 2016, the Parent Bank signed an agreement with SB Cards Corporation (SB Cards) to be the exclusive issuer and acquirer of Diners Club credit cards in the Philippines. The acquisition includes SB Cards' existing Diners Club portfolio and its cardholder base. The agreement took effect on September 30, 2016.

The Parent Bank recognized the acquisition-date fair value of the existing credit card receivables and liabilities assumed and compared the net assets acquired with the cash consideration given up resulting in the recognition of Trademark for the excess relating to the use of Diners Club trade name by the Parent Bank for a period of five years. Presented below is the analysis of the transaction.

Credit card receivables	P 586
Liabilities	(18)
Net asset acquired	568
Cash consideration	(733)
Trademark (see Note 14.6)	P 165

29.3 Acquisition of BDO Life

In their respective meetings held on April 24, 2015 and on May 30, 2015, the Parent Bank's BOD and BDO Capital's BOD authorized the termination of the insurance joint venture and bancassurance partnership with the Generali Group.

Pursuant thereto, on June 8, 2015, BDO Unibank Group concluded a Share Purchase Agreement (SPA) with the Generali Group. The SPA provides that upon closing of the transaction, BDO Unibank Group will take full control of BDO Life, a life insurance company, and the Generali Group will take full control of Generali Pilipinas Insurance Company (GPIC), a non-life insurance company that is also owned by GPHCI. As of December 31, 2015, BDO Unibank Group owns 40%, and the Generali Group owns 60%, of the issued and outstanding capital stock of BDO Life.

On June 30, 2016, BDO Unibank Group acquired the remaining 60% of the issued and outstanding capital stock of BDO Life from the Generali Group for a cash consideration and other charges amounting to P2,236, making the latter a wholly-owned subsidiary of the former. Although the acquisition was consummated in 2016, the consideration was agreed by the parties in 2014. During 2015, BDO Life's net asset substantially increased as a result of the improvement in the latter's insurance operations. Accordingly, the fair value of the net assets exceeded the amount of consideration received by the BDO Unibank Group resulting in the recognition of a gain on fair valuation of previously-held interest and gain on bargain purchase (negative goodwill) amounting to P628 and P1,586, respectively, or a total gain on acquisition of subsidiary amounting to P2,214.

BDO Unibank Group is re-focusing its insurance strategy to align with its thrust to solidify its presence in the broad-based middle income market. By assuming full control of BDO Life Assurance's operations, BDO Unibank Group will be able to adapt more readily to the demands of its target markets.

On the date of acquisition, the equity share in BDO Life was remeasured at fair value, as follows:

Fair value	P 2,549
Book value	(1,921)
Gain on fair valuation of previously-held interest	P 628

The breakdown of the acquisition-date fair value of the assets and liabilities, including the cost of investments follows:

Cash and cash equivalents	P	851
Trading and investment securities		25,882
Loans and other receivables		563
Bank premises, furniture, fixtures and equipment		54
Other resources		104
Total resources		27,454
Insurance contract liabilities		17,910
Other liabilities		3,173
Total liabilities		21,083
Net assets acquired		6,371
Fair value of the investment for the previously held interest in BDO Life	(	2,549)
Consideration transferred (for the 60% ownership interest)	(	2,236)
Gain on bargain purchase	P	1,586

Pre-acquisition income arising from the step-up acquisition amounted to P391. Subsequently, GPHCI was renamed to BDO Life Holdings (see Notes 2.3 and 14.2).

On November 24, 2016, the BOD of BDO Life Holdings and BDO Life, at their respective meetings, approved the merger of the two companies, with BDO Life as the surviving entity, and the Plan of Merger. The same were likewise approved by the respective stockholders of the companies on December 3, 2016. The merger was approved by the SEC on September 4, 2017 and was implemented on the same date.

Under the Articles of Merger, the capital stock owned by the Parent Bank and BDO Capital in BDO Life Holdings shall be exchanged for shares in the capital stock of BDO Life on the basis of the net asset value of BDO Life Holdings. BDO Life issued a total of 15,931,324 shares with a par value of P100 per share to the shareholders of BDO Life Holdings in exchange for the net asset of BDO Life Holdings, composed of 15,150,505 shares reacquired by BDO Life as a consequence of the merger, since it was previously wholly-owned by BDO Life Holdings, and 780,819 shares from the unissued authorized capital stock of BDO Life. The shareholdings of the Parent Bank and BDO Capital after the merger is 97.0% and 3.0%, respectively.

29.4 Investment Agreement with Nomura

On June 24, 2015, the BOD of PCIB Securities authorized PCIB Securities to enter in an Investment Agreement (the Agreement) with the Parent Bank and Nomura Holdings, Inc. (Nomura). Pursuant to the Agreement, PCIB Securities shall execute a subscription agreement with Nomura whereby PCIB Securities shall issue 336,274 common shares at a subscription price of P370.34 per share. Such that Nomura shall own 49.0% of the total issued and outstanding capital stock of PCIB Securities. Relative to the Agreement, PCIB Securities shall carry out retail online securities trading, institutional and retail cross-border trading and other securities business.

On January 27, 2016, PCIB Securities executed the subscription agreement with Nomura Asia Investment (Singapore) Pte. Ltd. (a wholly owned subsidiary of Nomura), thereby issuing 336,274 new common shares of PCIB Securities at P370.34 per share, resulting to new percentage of ownership of the Parent Bank to 51.0% and Nomura having 49.0% over PCIB Securities. Subsequently, PCIB Securities was renamed as BDO Nomura.

On July 20, 2017, BDO Nomura's BOD and stockholders approved the increase in its authorized capital stock from P100, divided into 1,000,000 shares with P100 par value per share to P1,000, divided into 10,000,000 shares with P100 par value per share. In relation to the increase in authorized capital stock, BDO Nomura received a cash infusion from the Parent Bank and Nomura Asia Investment (Singapore) Pte. Ltd. amounting to P153 and P147, respectively, for future subscription of additional shares of stock of BDO Nomura with a total par value of P300. The deposit for future stock subscription were recorded as part of Equity investments under Other Resources account in the Parent Bank's 2017 statement of financial position (see Note 14.2). On February 5, 2018, the application for the increase in authorized capital stock of BDO Nomura was approved by the SEC. Accordingly, such deposit was applied against subscription of additional shares of stock of BDO Nomura in 2018.

On November 27, 2018 additional cash infusion was received from the Parent Bank and Nomura Asia Investment (Singapore) Pte. Ltd amounting to P51 and P49, respectively, with a total par value of P100.

On June 23, 2020, the Parent Bank and Nomura Asia came to an agreement and the term sheet for the proposed buy-out of Nomura Asia's 49% equity stake in BDO Nomura had been signed. The BOD of the Parent Bank authorized BDO Capital to acquire the shares of Nomura Asia and the transaction was completed on November 25, 2020 with settlement amount of P42. Subsequently, BDO Nomura was merged with BDO Securities, with BDO Securities as the surviving entity (see Note 29.9).

29.5 Joint Venture Investment Agreement with Mitsubishi Motors Philippines Corp. (MMPC), Sojitz Corporation (SJC) and JACCS Co. Ltd.

On January 28, 2016, BDO Leasing entered into a joint venture investment agreement with MMPC, SJC and JACCS to provide financing services to individual and corporate buyers of Mitsubishi Motors vehicles in the Philippines. The joint venture, incorporated and named MAFSC, is seen harnessing the complementary strengths of the partners of the joint venture to take advantage of the sustained growth in vehicle sales on the back of increasing consumer affluence and a growing population. Upon the incorporation of MAFSC on May 31, 2016, BDO Leasing contributed P300 for 3,000,000 common shares, thereby owning 40% of the company while MMPC, SJC and JACCS jointly hold the remaining 60% stake (see Note 14.2).

On July 4, 2019, BDO Leasing sold to JACCS Co. Ltd., a corporation duly organized and existing under the laws of Japan, its 3,000,000 common shares representing 40% ownership interest in MMPC Auto Financial Services Corporation for P166.

29.6 Acquisition of One Network Bank, Inc. (A Rural Bank)

On October 25, 2014, the Parent Bank's BOD authorized the purchase of all of the outstanding capital stock of ONB subject to the necessary regulatory approval. The BSP accordingly approved the transfer of up to 100% of the outstanding common stock of ONB to the Parent Bank on March 16, 2015.

Thereafter, on July 20, 2015, the Parent Bank acquired 99.59% of the total issued and outstanding capital stock of ONB in exchange for 64,499,890 common shares of the Parent Bank through a share swap transaction (i.e., BDO crossed in favor of the selling shareholders of ONB and issued an equal number of new shares from its unissued capital stock with a substantial BDO shareholder). Equity investment amounted to P6,685, inclusive of the payment of documentary stamp tax amounting to P9 for the transfer of ONB shares. The acquisition resulted in recognition of Additional Paid-in Capital amounting to P6,028, net of related transaction costs amounting to P3. Subsequently, on November 23, 2015, the Parent Bank acquired an additional 81,134 ONB shares, for cash of P2, thereby increasing its shareholdings in ONB to 99.63%. The total goodwill recognized in 2015 amounting to P2,903 is presented as part of Goodwill under Other Resources on BDO Unibank Group's statements of financial position (see Note 14.3).

As of December 31, 2016, the Parent Bank acquired additional 324,012 ONB common shares from its total issued and outstanding capital stock for cash of P9. These additional purchases of ONB common shares by the Parent Bank increased its total shareholdings in ONB to 99.76%. Total additional goodwill recognized in 2016 amounted to P4.

The acquisition of ONB expands the regional presence of BDO Unibank Group in the countryside, particularly in the Southern Philippines. This also opens up new business opportunities for the BDO Unibank Group in terms of tapping underserved market segments.

The breakdown of the acquisition-date fair value of the assets and liabilities, including the cost of investments follows:

Cash and cash equivalents	P	3,294
Trading and investment securities		2,457
Loans and other receivables		20,532
Bank premises, furniture, fixtures and equipment		1,510
Other resources		403
Total resources		28,196
Deposit liabilities		20,920
Other liabilities		3,478
Total liabilities		24,398
Net asset position		3,798
Non-controlling share in equity	(	14)
Cost of investment	(	6,687)
Goodwill (see Note 14.3)	P	2,903

On December 3, 2016, the Parent Bank's BOD authorized a P1,000 capital infusion into ONB to allow the subsidiary to provide for its ongoing expansion plans and to comply with BSP regulations. The BSP approved the additional equity investment into ONB on August 10, 2017. On September 13, 2017, the Parent Bank subscribed to an additional 32,386,356 of new ONB shares thereby increasing its shareholdings in ONB to 99.79%.

On September 30, 2017, the Parent Bank's BOD authorized an additional P1,000 capital infusion into ONB to support its MSME initiatives and give it additional leeway in its expansion plans. The BSP approved the additional equity investments into ONB on December 13, 2017. Moreover, on January 18, 2018, the Parent Bank subscribed to an additional 32,386,356 of new ONB shares thereby increasing its shareholdings in ONB to 99.81%. On May 15, 2019, January 23, 2018 and December 27, 2018, the Parent Bank subscribed to an additional 18,758, 124,275 and 14,276 shares, respectively, from ONB's total issued and outstanding capital stock thereby increasing its shareholdings in ONB to 99.86% resulting to increase in Surplus Free amounting to P763.

On October 1, 2018, the Parent Bank has entered into an agreement with Osmanthus Investment Holdings Pte. Ltd. (Singapore), whereby the latter will acquire a 15% ownership interest in ONB. The transaction was completed on May 16, 2019. The Parent Bank's shareholdings after the transaction amounted to 84.87%. The change in ownership interest resulted in a decrease in Surplus Free amounting to P30.

On July 31, 2019, the SEC approved the resolution changing the corporate name of ONB to BDO Network Bank, Inc. doing business under the names and styles of BDO Network Bank, BDO Network Bank, a Rural Bank, or BDO Network, a Rural Bank.

29.7 Purchase of Loans and Deposits of Rural Bank of Pandi by BDO Network

On February 4, 2019, BDO Network entered into an asset sale and purchase agreement with RBPI to purchase RBPI's gross loan receivables and assume its recorded deposit liabilities. The transaction was entered into to provide BDO Network with a stronger presence in Bulacan and fast track its expansion in Central Luzon.

On August 22, 2019, the Monetary Board of the BSP approved the asset sale and purchase agreement between BDO Network and RBPI. The transaction was completed on October 31, 2019. The total goodwill recognized in 2019, representing cash premium, amounted to P100 and is presented as part of Goodwill under Other Resources account on BDO Unibank Group's statements of financial position (see Note 14.3).

29.8 Acquisition of Trust Business

In 2014, the Parent Bank entered into a definitive agreement for the acquisition of the trust business of DB AG's Manila branch comprising of trust, other fiduciary and investment management activities amounting to P35,751 and presented as part of contingent accounts under Trust department accounts [see Note 35(h)]. The transaction resulted in the recognition of an intangible asset with indefinite useful life and is presented as Customer lists under Other Resources account in the statements of financial position (see Note 14.7).

29.9 Merger of BDO Nomura and BDO Securities

On July 2, 2020, the BOD of BDO Nomura and BDO Securities, at their respective meetings, approved the merger of the two companies, with BDO Securities as the surviving entity, and the Plan of Merger. The same were likewise approved by the respective stockholders of the two entities on July 7, 2020. The merger was approved by the SEC on November 25, 2020 and was implemented on December 1, 2020.

29.10 Sale of Assets of BDO Leasing

On May 25, 2019, the BOD of BDO Unibank approved the restructuring of the leasing business of the BDO Unibank Group. The restructuring was aimed at optimizing the financial needs of clients in light of new accounting regulations covering lease transactions. PFRS 16, which took effect on January 2019, required leases to be recognized on-balance sheet, similar to a loan facility. As a result, this made lease transactions a less attractive financing option to corporate borrowers.

Under the restructuring, a new, privately-held company BDO Finance was incorporated on December 9, 2019 to carry on the leasing business of the BDO Unibank Group and provide customers continuing access to lease products and services. BDO Leasing, on the other hand, has sold substantially all of its assets to BDO Unibank, BDO Finance and other subsidiaries as part of the group restructuring and as approved by its BOD on January 31, 2020 and its Shareholders on July 21, 2020.

BDO Finance started its commercial operations on October 19, 2020. BDO Leasing remains a listed entity and will be re-purposed into a holding company, upon approval by the regulators. On January 31, 2020, the BOD of BDO Leasing approved the sale of its 250,000,000 common shares in BDO Rental to BDO Finance. On October 9, the BOD of BDO Finance approved the purchase of the said shares and the sale was consummated through a Deed of Absolute Sale of Shares with BDO Rental becoming a wholly-owned subsidiary of BDO Finance.

Meanwhile, the trading of BDO Leasing shares remains suspended due to the Order of Suspension issued by the SEC requiring amendment of BDO Leasing's registration statement. BDO Leasing has contested the suspension order on the absence of grounds and has requested the lifting of such as early as February 24, 2020, immediately before the quarantines arising from the pandemic. BDO Leasing's request for lifting of the suspension or for guidance from the SEC is still pending resolution with the SEC.

BDO's agreement for the sale of its shares in BDO Leasing lapsed due to the non-completion of certain closing conditions that were a pre-requisite for the sale transaction. Subsequently, BDO Leasing will remain as a listed holding company of the Bank.

30. TAXES

30.1 Current and Deferred Taxes

The components of tax expense for the years ended December 31 follow:

	BDO Unibank Group		
	2020	2019	2018
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**P 14,762**	P 12,310	P 9,305
Minimum corporate income tax (MCIT) at 2%	**33**	7	23
Final taxes at 20%, 15%, 10% and 7.5%	**2,286**	2,248	1,685
	17,081	14,565	11,013
Deferred tax expense (income) relating to origination and reversal of temporary differences	**695**	454	(6)
	P 17,776	P 15,019	P 11,007
Reported in other comprehensive income:			
Actuarial losses	**P 321**	(P 1,016)	(P 859)
Fair value of financial assets at FVOCI	**-**	(30)	(44)
Revaluation increment	**-**	(23)	-
	P 321	(P 1,069)	(P 903)

	Parent Bank		
	2020	2019	2018
Reported in profit or loss:			
Current tax expense:			
RCIT at 30%	**P 13,998**	P 11,219	P 8,080
Final taxes at 20%, 15%, 10% and 7.5%	**1,801**	1,745	1,234
	15,799	12,964	9,314
Deferred tax expense relating to origination and reversal of temporary differences	**483**	412	198
	P 16,282	P 13,376	P 9,512
Reported in other comprehensive income:			
Actuarial losses	**P 314**	(P 960)	(P 879)
Revaluation increment	**-**	(23)	-
	P 314	(P 983)	(P 879)

The reconciliation of the tax on pretax profit computed at the statutory tax rates to tax expense is shown below.

	BDO Unibank Group		
	2020	2019	2018
Tax on pretax profit at 30%	**P 13,809**	P 17,756	P 13,094
Adjustment for income subjected to lower income tax rates	**(879)**	(1,072)	(617)
Tax effects of:			
Income exempt from tax	**(4,062)**	(4,325)	(3,494)
Non-deductible expenses	**9,736**	3,557	2,278
Deductible temporary differences not recognized	**(903)**	(551)	(659)
Net operating loss carryover (NOLCO) not recognized	**91**	(89)	127
Utilization of previously unrecognized NOLCO	**(1)**	(25)	-
Application of previously unrecognized MCIT	**-**	(15)	-
Others	**(15)**	(217)	278
Tax expense reported in profit or loss	**P 17,776**	P 15,019	P 11,007

	Parent Bank		
	2020	2019	2018
Tax on pretax profit at 30%	**P 13,467**	P 17,283	P 12,667
Adjustment for income subjected to lower income tax rates	**(865)**	(872)	(621)
Tax effects of:			
Income exempt from tax	**(4,969)**	(5,729)	(3,882)
Non-deductible expenses	**9,519**	3,305	1,998
Deductible temporary differences not recognized	**(870)**	(611)	(650)
Tax expense reported in profit or loss	**P 16,282**	P 13,376	P 9,512

Components of the net deferred tax assets (see Note 14) as of December 31 follow:

	Statements of Financial Position			
	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Deferred tax assets:				
Allowance for impairment	**P 6,376**	P 6,536	**P 5,858**	P 5,858
Unamortized past service costs	**2,776**	2,185	**2,732**	2,156
Retirement obligation (net of OCI)	**(757)**	792	**(778)**	548
Recognition of right-of-use assets and lease liabilities	**23**	70	**21**	70
Others	**55**	33	**-**	-
	8,473	9,616	**7,833**	8,632
Deferred tax liabilities:				
Revaluation increment	**409**	409	**408**	408
Capitalized interest	**42**	45	**42**	45
Retirement asset (net of OCI)	**(152)**	17	**-**	-
Changes in fair values of financial assets at FVOCI	**6**	6	**-**	-
Lease income differential	**2**	2	**-**	-
Others	**255**	210	**-**	-
	562	689	**450**	453
Net deferred tax assets	**P 7,911**	P 8,927	**P 7,383**	P 8,179

Movements in net deferred tax assets for the years ended December 31 follow:

BDO Unibank Group

	Statements of Income		
	2020	2019	2018
Retirement obligation	**P 1,059**	P 1,292	P 332
Unamortized past service costs	**(591)**	(966)	(103)
Lease income differential	**-**	146	(25)
Recognition of right-of-use assets and lease liabilities	**47**	(70)	-
Allowance for impairment	**160**	24	(175)
Capitalized interest	**(3)**	(3)	(3)
Others	**23**	31	(32)
Deferred tax expense (income)	**P 695**	P 454	(P 6)

Parent Bank

	Statements of Income		
	2020	2019	2018
Retirement obligation	**P 1,012**	P 1,313	P 328
Unamortized past service costs	**(576)**	(974)	(110)
Lease income differential	**-**	146	(17)
Recognition of right-of-use assets and lease liabilities	**49**	(70)	-
Capitalized interest	**(2)**	(3)	(3)
Deferred tax expense	**P 483**	P 412	P 198

	Statements of Comprehensive Income					
	BDO Unibank Group			Parent Bank		
	2020	2019	2018	**2020**	2019	2018
Movements in actuarial losses	**P 321**	(P 1,016)	(P 859)	**P 314**	(P 960)	(P 879)
Movements in fair value of financial assets at FVOCI	**-**	(30)	(44)	**-**	-	-
Movements in revaluation increment	**-**	(23)	-	**-**	(23)	-
Deferred tax income (income)	**P 321**	(P 1,069)	(P 903)	**P 314**	(P 983)	(P 879)

The BDO Unibank Group is subject to MCIT, which is computed at 2% of gross income, as defined under tax regulations or RCIT, whichever is higher.

The breakdown of NOLCO and MCIT with the corresponding validity periods are as follows for the BDO Unibank Group (nil for the Parent Bank):

Year	NOLCO	MCIT	Valid Until
2020	P 16	P 33	2025
2019	19	-	2022
	P 35	P 33	

The amounts of unrecognized deferred tax assets arising from NOLCO and other temporary differences as of December 31, 2020 and 2019 are as follows:

	BDO Unibank Group			
	2020		2019	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect
Allowance for impairment	**P 43,447**	**P 13,034**	P 16,694	P 5,008
NOLCO	**35**	**11**	391	117
MCIT	**33**	**32**	1	-
Others	**1,232**	**370**	1,205	362
	P 44,747	**P 13,447**	P 18,291	P 5,487

	Parent Bank			
	2020		2019	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect
Allowance for impairment	**P 42,875**	**P 12,862**	P 15,954	P 4,786
Others	**1,021**	**306**	1,088	326
	P 43,896	**P 13,168**	P 17,042	P 5,112

The BDO Unibank Group and the Parent Bank continue claiming itemized deduction for income tax purposes.

As of date of issuance of the 2020 financial statements of BDO Unibank Group and Parent Bank, the Corporate Recovery and Tax Incentives (CREATE) Bill is yet to be enacted into a law. The effective date on the current draft of CREATE bill for corporate income tax rate is July 1, 2020. When enacted, the effective tax rate from January 1, 2020 to June 30, 2020 and July 1, 2020 to December 31, 2020 will be 30% and 25%, respectively, of the taxable income for the year, which will be different from the rate used in the 2020 financial statements of 30%. The change in tax rate would also affect the measurement of the deferred tax assets of the BDO Unibank Group and the Parent Bank (see Note 14).

30.2 Gross Receipts Tax

Gross Receipts Tax (GRT), pursuant to Sections 121 and 122 of the Tax Code, is imposed on banks, non-banks financial intermediaries and finance companies (per RA 9238).

GRT is levied on the BDO Unibank Group's lending income, which includes interest, commission and discounts arising from instruments with maturity of five years or less and other income. The tax is computed at the prescribed rates of either 7%, 5% or 1% of the related income (per RA 9337).

30.3 Documentary Stamp Tax

Documentary stamp tax (DST) (at varying rates) is imposed on the following:

(a) Bank checks, drafts, or certificate of deposit not bearing interest, and other instruments;

(b) Bonds, loan agreements, promissory notes, bills of exchange, drafts, instruments and securities issued by the Government or any of its instrumentalities, deposit substitute debt instruments, certificates of deposits bearing interest and other notes payable at sight or on demand;

(c) Acceptance of bills of exchange and letters of credit; and,

(d) Bills of lading or receipt.

On December 19, 2017, RA No. 10963 known as Train Law was passed amending the rates of DST, the significant provisions of which are summarized as follows:

(a) On every issue of debt instruments, there shall be collected a DST of one peso and fifty centavos on each two hundred pesos or fractional part thereof of the issue price of any such debt instrument. Provided, that for such debt instruments with terms of less than one year, the DST to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days. Provided further that only one DST shall be imposed on either loan agreement or promissory notes to secure such loan.

(b) On all sales or transfer of shares or certificates of stock in any corporation, there shall be collected a DST of one peso and 50 centavos on each two hundred pesos, or fractional part thereof, of the par value of such stock.

(c) On all bills of exchange or drafts, there shall be collected a DST of 60 centavos on each two hundred pesos, or fractional part thereof, of the face value of any such bill of exchange or draft.

(d) The following instruments, documents and papers shall be exempt from DST:

- Borrowings and lending of securities executed under the Securities Borrowing and Lending Program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority;
- Loan agreements or promissory notes, the aggregate of which does not exceed P250 thousand or any such amount as may be determined by the Secretary of Finance, executed by an individual for his purchase on installment for his personal use;
- Sale, barter or exchange of shares of stock listed and traded through the local stock exchange for a period of five years from the effectivity of RA No. 9243;
- Fixed income and other securities traded in the secondary market or through an exchange;
- Derivatives including repurchase agreements and reverse repurchase agreements;
- Bank deposit accounts without a fixed term or maturity; and,
- Interbank call loans with maturity of not more than seven days to cover deficiency in reserve against deposit liabilities.

30.4 Supplementary Information Required by the Bureau of Internal Revenue (BIR)

The BIR issued Revenue Regulations (RR) No. 15-2010 on November 25, 2010, which required certain tax information to be disclosed as part of the notes to the financial statements.

The supplementary information is, however, not a required part of the basic financial statements prepared in accordance with PFRS; it is neither a required disclosure under the Philippine SEC rules and regulations covering form and content of financial statements under the revised Securities Regulation Code Rule 68.

The Parent Bank presented this tax information required by the BIR as a supplementary schedule filed separately from the basic financial statements.

31. EARNINGS PER SHARE

Basic earnings per share attributable to shareholders of the BDO Unibank Group were computed as follows:

	2020	2019	2018
Net profit attributable to shareholders of the Parent Bank	**P 28,246**	P 44,194	P 32,708
Dividends on preferred shares	**(339)**	(339)	(339)
Net profit available to common shares	**27,907**	43,855	32,369
Divided by the weighted average number of outstanding common shares (in millions)	**4,383**	4,378	4,372
Basic earnings per share	**P 6.37**	P 10.02	P 7.40

Diluted earnings per share attributable to shareholders of the BDO Unibank Group were computed as follows:

	2020	2019	2018
Net profit attributable to shareholders of the Parent Bank	**P 27,907***	P 43,855*	P 32,369*
Divided by the weighted average number of outstanding common shares (in millions):			
Outstanding common shares	**4,383**	4,378	4,372
Potential common shares from assumed conversion of preferred shares	*	*	*
Potential common shares from stock option plan	**	**	**
Total weighted average number of common shares after assumed conversion of convertible preferred shares	**4,383**	4,378	4,372
Diluted earnings per share	**P 6.37**	P 10.02	P 7.40

* *Net profit attributable to shareholders of the Parent Bank is reduced by dividends on preferred shares as these were not assumed to be converted.*

** *Potential common shares from assumed conversion of stock option plan made through primary issuance do not significantly affect the computation of diluted earnings per share.*

32. EVENTS AFTER THE END OF THE REPORTING PERIOD

32.1 Dividends

On January 30, 2021, the Parent Bank's BOD approved the declaration of annual cash dividends on preferred shares "Series A" at the rate of 6.50% per annum of the par value for a total dividend of P340. The dividends will be paid within 60 days from dividend declaration date.

32.2 Termination of the Sale of BDO Leasing

On January 24, 2020, the Parent Bank and BDO Capital entered into an agreement to sell their entire controlling stake in BDO Leasing to a third party as part of the Parent Bank's restructuring of its leasing business. The completion of the transaction is still subject to regulatory approvals and the fulfilment of other closing conditions.

However, the long stop date lapsed on January 24, 2021 and the necessary closing conditions were not secured before the said date. The parties then agreed to terminate the agreement.

33. COMMITMENTS AND CONTINGENCIES

33.1 Litigations

BDO Unibank Group has pending claims and/or is a defendant in various legal actions arising from the ordinary course of business operations. As of December 31, 2020, management believes that no such legal proceedings are expected to have material adverse effect on BDO Unibank Group's financial position.

33.1.1 Applicability of RR 4-2011

On March 15, 2011, the BIR issued RR No. 4-2011 regarding the alleged violation relating to the proper allocation of costs and expenses amongst income earnings of banks and other financial institutions for income tax reporting purposes.

RR No. 4-2011 essentially prescribed the method of allocation of cost and expenses such that when computing the amount allowable as deduction from regular banking unit operations, all costs and expenses should first be allocated between the regular banking unit and FCDU/expanded FCDU or offshore banking unit.

On April 6, 2015, 19 banks (Petitioners) filed a Petition for Declaratory Relief with Application for Temporary Restraining Order and/or Preliminary Injunction, with the Regional Trial Court of Makati. The Parent Bank and BDO Private are among the Petitioners in Civil Case No. 15-287 assailing the validity of RR No. 4-2011. In the Petition, the Petitioners claimed that there is no provision in the National Internal Revenue Code which justifies the issuance of RR No. 4-2011 and that the scope of RR No. 4-2011 unduly expands the power of the BIR to allocate a taxpayer's costs and expenses. The Petitioners also claimed that RR No. 4-2011 limits their rights to claim ordinary and necessary expenses as deductions.

On April 8, 2015, the Regional Trial Court of Makati issued a temporary restraining order, enjoining the BIR from enforcing RR No. 4-2011. Also, on April 27, 2015, the Regional Trial Court of Makati issued a Writ of Preliminary Injunction also enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR No. 4-2011 against the Petitioners, including the issuance of Preliminary Assessment Notice or Final Assessment Notice, as the case may be, based on the revenue regulations, pending litigation, unless sooner dissolved.

On May 25, 2018, the RTC declared RR 4-2011 as null and void. The writs of preliminary injunction issued by the RTC on April 25, 2015 and February 28, 2018 were also made permanent, thereby enjoining Department of Finance (DOF) and BIR from implementing RR 4-2011 and prohibiting them from issuing a preliminary assessment notice or final assessment notice, or deciding any administrative matter pending before it, according to or in relation to said regulation.

On July 10, 2018, the DOF and BIR filed a Motion for Extension of Time to File a Petition for Review on Certiorari ("Motion for Extension"). The Supreme Court granted the Motion for Extension.

On August 9, 2018, Petitioners filed a Petition for Review on Certiorari dated August 1, 2018 ("Petition") to assail the RTC decision based on the following grounds: (i) the RTC had no jurisdiction over petitions assailing the constitutionality and validity of tax laws, rules and regulation, and other administrative issuance of the BIR. Allegedly, it is the Court of Tax Appeals that has exclusive jurisdiction to determine the constitutionality or validity of Tax Laws, Rules and Regulations issued by the Commissioner of Internal Revenue; and (ii) RR 4-2011 is a valid regulation issued pursuant to the rule-making power of the DOF and the BIR.

In a Resolution dated March 27, 2019, the Supreme Court ordered Respondents to file their Comment on the Petition. On August 5, 2019, the Respondents filed its Comments and / or Oppositions to the Petition for Review on Certiorari.

All other Respondents have their respective Comments and/or Oppositions to the Petition.

On September 30, 2020, the Supreme Court issued a Resolution requiring Petitioners DOF and BIR to file their Reply to the Banks' comments within 10 days from notice.

The case remains pending as of December 31, 2020.

33.1.2 First e-Bank

In 2002, First e-Bank ("FeB") experienced liquidity problems prompting PDIC to invite several banks to propose a solution for FeB's bailout. PDIC entered into contract with the Parent Bank wherein consideration of the assumption by the Parent Bank of FeB's liabilities in the maximum amount of P10,000, PDIC will provide the Parent Bank P10,000 of financial assistance and PDIC will receive FeB's assets to recover said financial assistance.

About P5,000 of the financial assistance was released to the Parent Bank and the remaining P5,000 was deposited in escrow with BDO Trust and Investments Group ("BDO-TIG") in accordance with the escrow agreement dated October 23, 2002 entered into by the Parent Bank, PDIC, and BDO-TIG.

In August 2016, PDIC authorized the release of a total amount of P4,650 from escrow inclusive of proportional interest. However, as of August 26, 2016, the amount of P1,224 remains in escrow, which includes: (i) P602, which covers assets the Parent Bank still considers capable of delivery worth P214 and the remaining assets PDIC classified as undeliverable; and (ii) all interest earnings thereon.

Unable to agree on the release of the remaining amount in escrow, on September 20, 2016, the PDIC filed a Complaint for Specific Performance and Damages against the Parent Bank, which case was raffled to RTC Makati City Branch 60. On October 14, 2016, the Parent Bank filed its Answer to the Complaint affirming that it has assumed P10,000 in liabilities of FeB and is thus entitled to release of the remaining escrow of P1,224.

In a judgment dated May 31, 2018, RTC Makati dismissed the complaint, granted BDO Unibank's counterclaim and ordered BDO - TIG to immediately release the remaining escrow amount, plus interests, to BDO Unibank. PDIC filed Notice of Appeal. In the decision dated June 15, 2020, the Court of Appeals dismissed PDIC's appeal. PDIC filed Motion for Reconsideration.

On June 18, 2018, the Parent Bank received an amount of P1,243 for the full termination of escrow. As of December 31, 2020 and 2019, the difference between the amount received and the balance of the amount in escrow is presented as part of Others under Other Liabilities account, pending the resolution of the Appeal filed by the counterparty (see Note 20).

The case is still pending before the Court of Appeals as of December 31, 2020.

33.1.3 Others

BDO Unibank Group is also a defendant in various cases pending in courts for alleged claims against BDO Unibank Group, the outcomes of which are not fully determinable at present. As of December 31, 2020, management believes that, liabilities or losses, if any, arising from these claims would not have a material effect on the financial position and results of operations of BDO Unibank Group and will be recognized if and when a final resolution by the courts is made on each claim.

33.2 Lease Commitments – as Lessor

33.2.1 Finance Leases

BDO Unibank Group, as a lessor, enters into a finance leases covering various equipment and vehicles with lease term ranging from one to five. To manage its risks over these finance leases, the BDO Unibank Group retains its legal title over the underlying assets, and are used as securities over the finance lease receivables. Future minimum lease payments receivable (MLPR) under this finance lease together with the present value of net minimum lease payments receivable (NMLPR) follow:

	2020		2019	
	Future MLPR	**PV of NMLPR**	Future MLPR	PV of NMLPR
Within one year	**P 239**	**P 238**	P 5,377	P 5,311
After one year but not more than two years	**189**	**183**	4,183	4,013
After two years but not more than three years	**138**	**123**	3,006	2,609
After three years but not more than five years	**116**	**72**	2,458	1,838
Total MLPR	**682**	**616**	15,024	13,771
Unearned lease income	**(66)**	**-**	(1,253)	-
Present value of MLPR	**P 616**	**P 616**	P 13,771	P 13,771

33.2.2 Operating Leases

The BDO Unibank Group and the Parent Bank entered into various operating leases covering land, offices and equipment with lease terms ranging from 1 to 10 years. Operating lease income, presented under Rental account as part of Other Operating Income and Expenses in the BDO Unibank Group's statements of income for the years ended December 31, 2020, 2019 and 2018, amounted to P1,430, P1,526 and P1,653, respectively, for the BDO Unibank Group and P514, P523 and P583, respectively, for the Parent Bank (see Note 24).

Future minimum rental receivables as of December 31, 2020 under operating leases follow:

	BDO Unibank Group	**Parent Bank**
Within one year	**P 601**	**P 487**
More than one year to two years	**397**	**327**
More than two years to three years	**259**	**224**
More than three years to four years	**178**	**149**
More than four years to five years	**124**	**71**
More than five years	**91**	**3**
	P 1,650	**P 1,261**

34. IMPACT OF COVID-19

The unprecedented impact of the COVID-19 pandemic and the government's stringent mobility/quarantine measures to contain the virus have affected economic conditions and consequently, the BDO Unibank Group's and the Parent Bank's business operations in terms of the following:

- Scaled-down branch operations due to mobility/quarantine restrictions;
- Business units operating at less than full capacity as employees were unable to report for work;
- Limited sales activity for businesses requiring face-to-face interaction due to social distancing;
- Additional costs to keep a safe and virus-free environment for both customers and employees;
- Asset quality deterioration due to business disruption and reduced incomes;
- Overall net impact is a decline in total net profit in 2020 by 36% and 35% for BDO Unibank Group and the Parent Bank, respectively, compared to that of 2019.

The following were the actions undertaken by BDO Unibank Group's and the Parent Bank's business to mitigate such impact:

- Operated as many branches as allowed by the government (consistent with quarantine guidelines) to provide continuing banking service to clients amid mobility restrictions during the Enhanced Community Quarantine (ECQ) from mid-March 2020 to end-May 2020. With the shift to General Community Quarantine (GCQ) by June 2020, almost 100% of the Bank's branches had resumed operations, with banking hours extended to 4pm effective October 2020;
- Availability of more than 4,400 Automated Teller Machines (ATMs) and digital banking channels to provide alternative access for clients. Fees were also waived on electronic and similar forms of payment to encourage clients to use alternative channels;
- Ensured cash availability in ATMs and branches through armored cars and cash handling facilities working continuously to mobilize cash across the country;
- Activated Business Continuity Plan to enable dual-site processing capabilities or team redundancies in the event one site becomes contaminated. Senior management likewise split among several sites and skeletal crews maintained in Head Office Units to support branches. By June, all Head Office Units had returned to normal operations;
- Implemented new occupational safety and health standards to provide a safe and sanitized environment for both customers and employees through the strict observance of health and safety protocols, retrofitting of workspaces, and periodic testing for employees to minimize infection within the workplace;

- Performed comprehensive review of loan accounts to assess vulnerable sectors, and recognition of pre-emptive allowance for impairment on loans and other receivables amounting to full-year provisions of P30,240 and P29,596, of the BDO Unibank Group and the Parent Bank, respectively, to provide for potential pandemic-related delinquencies;

- Ensured continued access to credit facilities for clients with resilient and sustainable businesses amid the pandemic. Proactively worked with clients for the restructuring of loan terms to address temporary tightness/liquidity problems;

- Complied with *Bayanihan I* and *Bayanihan II* by granting loan moratoria to qualified customers under the said Laws; and

- Disposal of treasury notes classified as investment securities in amortized cost to strengthen the liquidity position of the BDO Unibank Group and the Parent Bank.

Based on the above actions and measures taken by management to mitigate the adverse effect of the pandemic, the BDO Unibank Group and the Parent Bank believe that it would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the BDO Unibank Group.

35. SUPPLEMENTARY INFORMATION REQUIRED BY THE BSP

Presented below and in the succeeding pages are the supplementary information required by the BSP under Section 174 (Appendix 55) of the BSP Manual of Regulations for Banks (MORB) to be disclosed as part of the notes to financial statements based on BSP Circular 1074, *Amendments to Regulations on Financial Audit of Banks*.

(a) Selected Financial Performance Indicators

The following are some indicators of the of BDO Unibank Group and Parent Bank's financial performance.

	2020	2019	2018
BDO Unibank Group			
Return on average equity*:			
Net profit / Average total capital accounts	**7.4%**	12.6%	10.4%
Return on average resources*:			
Net profit / Average total resources	**0.9%**	1.4%	1.1%
Net interest margin*:			
Net interest income / Average interest earning resources	**4.4%**	4.1%	3.7%

** Average asset, capital, and interest-earning assets are computed as the simple average of outstanding balance of assets, capital, and interest-earning assets at December 31, 2019 and December 31, 2020. (2 data points)*

Parent Bank

	2020	2019	2018
Return on average equity*:			
Net profit / Average total capital accounts	**7.5%**	12.7%	10.5%
Return on average resources*:			
Net profit / Average total resources	**0.9%**	1.5%	1.2%
Net interest margin*:			
Net interest income / Average interest earning resources	**4.4%**	4.1%	3.7%

** Average asset, capital, and interest-earning assets are computed as the simple average of outstanding balance of assets, capital, and interest-earning assets at December 31, 2019 and December 31, 2020. (2 data points)*

(b) Capital Instruments Issued

As of December 31, 2020 and 2019, the BDO Unibank Group has only two classes of capital stock, which are common and preferred shares.

As of December 31, 2020 and 2019, the BDO Unibank Group and the Parent Bank have nil and P10,000 Subordinated Notes Payable, respectively, which was considered in the computation of the BDO Unibank Group's and the Parent Bank's regulatory and qualifying capital in accordance with Circular 781, *Basel III Implementing Guidelines on Minimum Capital Requirements* which was recorded as part of equity or a financial liability qualifying as Tier 2 capital.

(c) Significant Credit Exposures for Loans

The BDO Unibank Group and Parent Bank's concentration of credit as to industry for its receivables from customers gross of allowance for ECL below (amounts in millions) are disclosed in Note 4.3.3.

BDO Unibank Group

	2020		2019	
	Amount	**Percentage**	Amount	Percentage
Financial and insurance activities	**P 335,487**	**14.8%**	P 290,150	13.1%
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	**315,727**	**13.9%**	291,461	13.2%
Real estate activities	**308,681**	**13.6%**	286,744	13.0%
Wholesale and retail trade	**271,485**	**12.0%**	290,150	13.1%
Electricity, gas, steam and air-conditioning supply	**265,210**	**11.7%**	259,617	11.8%
Manufacturing	**195,586**	**8.6%**	206,143	9.3%
Transportation and storage	**92,578**	**4.1%**	105,245	4.8%
Arts, entertainment and recreation	**77,734**	**3.4%**	81,065	3.7%
Construction	**69,067**	**3.1%**	69,385	3.1%
Accommodation and food service activities	**39,699**	**1.8%**	37,357	1.7%
Information and communication	**34,477**	**1.5%**	30,366	1.4%
Education	**32,296**	**1.4%**	23,763	1.1%
Human health and social service activities	**29,859**	**1.3%**	8,982	0.4%
Water supply, sewerage, waste management and remediation activities	**24,017**	**1.1%**	21,780	1.0%
Mining and quarrying	**16,172**	**0.7%**	20,359	0.9%
Agriculture, forestry and fishing	**15,011**	**0.7%**	15,072	0.7%
Professional, scientific, and technical activities	**10,255**	**0.5%**	10,904	0.5%
Administrative and support services	**8,237**	**0.4%**	9,919	0.4%
Public administrative and defense; compulsory social security	**723**	**0.0%**	1,416	0.1%
Activities of extraterritorial and organizations and bodies	**5**	**0.0%**	10	0.0%
Other service activities	**121,396**	**5.4%**	148,162	6.7%
	P 2,263,702	**100%**	P 2,208,050	100%

Parent Bank

Financial and insurance activities	**P 334,720**	**15.1%**	P 289,122	13.4%
Real estate activities	**310,133**	**13.9%**	286,343	13.3%
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	**307,500**	**13.8%**	282,454	13.1%
Wholesale and retail trade	**268,590**	**12.1%**	284,878	13.2%
Electricity, gas, steam and air-conditioning supply	**265,067**	**11.9%**	259,435	12.0%
Manufacturing	**195,035**	**8.8%**	203,539	9.4%
Transportation and storage	**93,701**	**4.2%**	102,347	4.7%
Arts, entertainment and recreation	**76,699**	**3.5%**	79,988	3.7%
Construction	**68,752**	**3.1%**	65,076	3.0%
Accommodation and food service activities	**39,484**	**1.8%**	37,113	1.7%
Information and communication	**34,276**	**1.5%**	29,889	1.4%
Human health and social service activities	**29,693**	**1.3%**	8,061	0.4%
Water supply, sewerage, waste management and remediation activities	**24,014**	**1.1%**	21,661	1.0%
Mining and quarrying	**16,150**	**0.7%**	19,599	0.9%
Agriculture, forestry and fishing	**14,368**	**0.6%**	14,167	0.7%
Professional, scientific, and technical activities	**10,241**	**0.5%**	10,811	0.5%
Administrative and support services	**8,182**	**0.4%**	8,677	0.4%
Education	**5,043**	**0.2%**	5,280	0.2%
Public administrative and defense; compulsory social security	**723**	**0.0%**	536	0.1%
Activities of extraterritorial and organizations and bodies	**5**	**0.0%**	7	0.0%
Other service activities	**122,118**	**5.5%**	148,883	6.9%
	P 2,224,494	**100%**	P 2,157,866	100%

(d) Credit Status of Loans

The breakdown of receivable from customers as to status is shown below:

	2020		
	Performing	**Non-Performing**	**Total Loan Portfolio**
BDO Unibank Group			
Gross carrying amount			
Corporate	**P 1,745,057**	**P 19,253**	**P 1,764,310**
Consumer	**455,528**	**43,864**	**499,392**
Allowance for ECL	**(27,878)**	**(28,542)**	**(56,420)**
Net carrying amount	**P 2,172,707**	**P 34,575**	**P 2,207,282**
Parent Bank			
Gross carrying amount			
Corporate	**P 1,741,115**	**P 19,253**	**P 1,760,368**
Consumer	**423,904**	**40,223**	**464,127**
Allowance for ECL	**(27,143)**	**(26,846)**	**(53,989)**
Net carrying amount	**P 2,137,876**	**P 32,630**	**P 2,170,506**

	2019		
	Performing	Non-Performing	Total Loan Portfolio
BDO Unibank Group			
Gross carrying amount			
Corporate	P 1,711,991	P 11,974	P 1,723,965
Consumer	469,948	14,137	484,085
Allowance for ECL	(13,060)	(17,008)	(30,068)
Net carrying amount	P 2,168,879	P 9,103	P 2,177,982
Parent Bank			
Gross carrying amount			
Corporate	P 1,696,583	P 11,541	P 1,708,124
Consumer	438,246	11,496	449,742
Allowance for ECL	(12,118)	(15,264)	(27,382)
Net carrying amount	P 2,122,711	P 7,773	P 2,130,484

Non-performing loans (NPL) included in the total loan portfolio of the BDO Unibank Group and the Parent Bank as of December 31, 2020 and 2019 are presented below as net of specific allowance for impairment in compliance with BSP Circular 941, *Amendments to Regulations on Past Due and Non-Performing Loans.*

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
NPL	**P 61,644**	P 25,228	**P 58,200**	P 22,275
Allowance for impairment	**(27,822)**	(16,495)	**(26,293)**	(14,868)
	P 33,822	P 8,733	**P 31,907**	P 7,407

Per MORB, loans shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after it has become past due. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

As at December 31, 2020 and 2019, the nonperforming loans (NPLs) not fully covered by allowance for credit losses follow:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Gross NPLs	**P 61,644**	P 25,228	**P 58,200**	P 22,275
NPLs fully covered by allowance for impairment	**(8,162)**	(6,036)	**(7,071)**	(5,129)
	P 53,482	P 19,192	**P 51,129**	P 17,146

Under banking regulations, loan accounts shall be considered non-performing, even without any missed contractual payments, when they are considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal or interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Moreover, NPLs shall remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least 6 months; or (b) written off.

Restructured loans amount to P68,643 and P1,726 for BDO Unibank Group and P68,246 and P1,497 for Parent Bank as of December 31, 2020 and 2019, respectively. The related allowance for credit loss of such loans amounted to P7,159 and P1,237 for BDO Unibank Group and P7,025 and P1,237 for Parent Bank as of December 31, 2020 and 2019, respectively.

Interest income recognized on impaired loans and receivables amounted to P2,070 and P564 for BDO Group and P1,866 and P295 for Parent Bank in 2020 and 2019, respectively.

(e) Analysis of Loan Portfolio as to Type of Security

The breakdown of total loans (receivable from customers, net of unearned interests or discounts) as to secured and unsecured follows:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Secured:				
Real estate mortgage	**P 327,568**	P 306,031	**P 322,764**	P 301,476
Chattel mortgage	**104,264**	118,795	**103,629**	103,400
Other securities	**90,842**	96,205	**89,721**	95,296
	522,674	521,031	**516,114**	500,172
Unsecured	**1,741,028**	1,687,019	**1,708,381**	1,657,694
	P 2,263,702	P 2,208,050	**P 2,224,495**	P 2,157,866

(f) Information on Related Party Loans

In aggregate, loans to DOSRI generally should not exceed the total equity or 15% of the total loan portfolio of the BDO Unibank Group and the Parent Bank, whichever is lower. However, non-risk loans are excluded in both individual and aggregate ceiling computation. As of December 31, 2020 and 2019, the BDO Unibank Group and the Parent Bank are in compliance with these regulatory requirements.

The following additional information relates to the DOSRI loans:

	BDO Unibank Group		Parent Bank	
	2020	2019	**2020**	2019
Total DOSRI loans	**P 25,371**	P 30,555	**P 25,366**	P 30,549
Unsecured DOSRI loans	**1,799**	1,867	**1,799**	1,867
Past due DOSRI loans	**3**	9	**3**	9
Non-performing DOSRI loans	**11**	24	**11**	24
% of DOSRI loans to total loan portfolio	**1.12%**	1.38%	**1.14%**	1.42%
% of unsecured DOSRI loans to total DOSRI loans	**7.09%**	6.11%	**7.09%**	6.11%
% of past due DOSRI loans to total DOSRI loans	**0.01%**	0.03%	**0.01%**	0.03%
% of non-performing DOSRI loans to total DOSRI loans	**0.05%**	0.08%	**0.05%**	0.08%

DOSRI loans of the BDO Unibank Group and the Parent Bank bear annual interest rates of 0.00% to 9.00% in 2020, 2019 and 2018 (except for credit card receivables which bear a monthly interest rate of 0.00% to 3.64% in 2020, in 2019 and 2018).

(g) Secured Liabilities and Assets Pledged as Security

In 2020 and 2019, the BDO Unibank Group and the Parent Bank did not have any secured liabilities or assets pledged as security.

(h) Contingencies and Commitments arising from Off-Balance Sheet Items

In the normal course of BDO Unibank Group's operations, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, etc., which are not reflected in BDO Unibank Group's financial statements. BDO Unibank Group recognizes in its books any losses and liabilities incurred in the course of its operations as soon as these become determinable and quantifiable. Management believes that, as of December 31, 2020 and 2019, no additional material losses or liabilities are required to be recognized in the financial statements of BDO Unibank Group as a result of the above commitments and contingencies. The summary of BDO Unibank Group's commitments and contingent accounts is shown below.

	Notes	BDO Unibank Group		Parent Bank	
		2020	2019	**2020**	2019
Trust department accounts	27	**P 1,629,129**	P 1,336,368	**P 1,124,422**	P 979,045
Committed credit lines	4.3.2	**424,703**	404,078	**424,703**	404,078
Forward exchange sold		**166,992**	140,128	**147,543**	126,189
Forward exchange bought		**155,430**	141,969	**133,914**	126,377
Unused commercial letters of credit	4.3.2	**52,029**	53,703	**52,029**	53,703
Spot exchange sold		**15,368**	20,148	**15,099**	19,287
Bills for collection		**14,625**	10,846	**14,625**	10,846
ROP warrants		**8,475**	8,475	**8,475**	8,475
Interest rate swap receivable		**7,956**	15,446	**4,254**	4,319
Interest rate swap payable		**7,956**	15,446	**4,254**	4,319
Export letters of credit confirmed		**6,293**	7,868	**6,293**	7,868
Spot exchange bought		**3,973**	9,764	**3,705**	8,902
Outstanding guarantees issued		**3,469**	2,942	**3,469**	2,942
Other contingent accounts		**3,278**	3,038	**3,038**	3,038
Late deposits/payments received		**1,262**	3,174	**1,252**	3,150

BDO Unibank, Inc. and Subsidiaries
SEC Supplementary Schedules
December 31, 2020

Table of Contents

Annexes	*Description*	*Page*
Annex 68-A	Quality of Audit Work of Applicants for Accreditation and Accredited Independents Auditors	*
Annex 68-B	Supplemental Written Statement of Auditor	2
Annex 68-C	Schedules for Non-Stock, Non-Profit Organizations	*
Annex 68-D	Reconciliation of Company Retained Earnings for Dividend Declaration	3
Annex 68-E	Schedule of Financial Soundness Indicators	4
Annex 68-F	Schedule for Financing Companies	*
Annex 68-G	Schedule for Mutual Funds	*
Annex 68-H	Schedule for Investment Houses	*
Annex 68-I	Schedule for Listed Companies with a Recent Offering of Securities to the Public	5
Annex 68-J	Schedules	
A	Financial Assets	6
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	7
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements	8
D	Long-Term Debt	9
E	Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)	10
F	Guarantees of Securities of Other Issuers	11
G	Capital Stock	12
Annex 68-K	Additional Disclosures in the notes to Financial Statements	*

*Note: *Not Applicable*

P&A Grant Thornton

An instinct for growth™

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Supplemental Statement of Independent Auditors

The Board of Directors
BDO Unibank, Inc.
BDO Corporate Center,
7899 Makati Avenue, Makati City

We have audited the financial statements of BDO Unibank, Inc. (the Bank) for the year ended December 31, 2020, on which we have rendered the attached report dated February 24, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Bank has 10,795 stockholders owning 100 or more shares each of the Bank's capital stock as of December 31, 2020.

PUNONGBAYAN & ARAULLO

By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 8533234, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-4 (until Sept. 4, 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-022-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

February 24, 2021

ANNEX 68-D

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDENTD DECLARATION
As of December 31, 2020
(Amounts in Millions)

BDO Unibank, Inc.
BDO Corporate Center, 7899 Makati Avenue, Makati City

Unappropriated Retained Earnings at Beginning of Year		P 191,735	
Prior Year's Outstanding Reconciling Items, net of tax			
Deferred tax income		(8,632)	
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year			**P 183,103**
Add: **Net income actually earned/realized during the period**			
Net income during the period closed to Retained Earnings		28,606	
Less: **Non-actual/unrealized income net of tax:**			
Equity in net income of associates/joint venture		(P 3,839)	
Unrealized foreign exchange gains - net		(411)	
Deferred tax income		(578)	
Sub-total		(4,828)	
Net income actually earned during the period			**P 23,778**
Other Transactions During the Year			
Dividend declarations during the period		(5,600)	
Appropriations of Retained Earnings during the period		564	
Sub-total			**(P 5,036)**
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND			**P 201,845**

Annex 68-E

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

BDO UNIBANK, INC. AND SUBSIDIARIES
As of December 31, 2020

Ratio	Formula	Current Year	Prior Year
Current ratio	Current resources / Current liabilities	52.4%	50.1%
Acid test ratio	Cash & cash equivalents + Marketable securities + Current receivables / Current liabilities	52.3%	50.0%
Solvency ratio	Total liabilities / Total resources	88.4%	88.4%
Debt-to-equity ratio	Total liabilities / Total equity	758.7%	760.5%
Asset-to-equity ratio	Total resources / Total equity	858.7%	860.5%
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) / Interest expense	297.3%	245.5%
Return on equity	Net profit / Average total capital accounts	7.5%	12.6%
Return on assets	Net profit / Average total resources	0.9%	1.4%
Net profit margin	Net profit / Revenues	13.3%	20.0%
Other ratios:			
Net Interest Margin	Net interest income / Average interest earning resources	4.4%	4.2%
Return on Common Equity	Net Profit / Average common equity	7.6%	12.8%
Liquidity ratio	Total liquid resources / Total resources	30.8%	27.8%
Capital to risk Assets ratio	Combined credit, market and operational risk	14.4%	14.2%
Basel III Leverage ratio	Capital Measure / Exposure Measure	10.2%	10.0%
Liquidity Coverage ratio	Total Stock of High Quality Liquid Assets / Total net cash outflows	127.1%	108.4%
Net Stable Funding ratio	Available Stable Funding / Required Stable Funding	122.0%	116.7%

Annex 68-I

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC

BDO Unibank, Inc.
For the period ended December 31, 2020
(In millions)

		Fixed Rate Peso Bonds
1.	Gross and net proceeds as disclosed in the final prospectus	76,100
2.	Actual gross and net proceeds	
	Gross	76,100
	Net	75,523
3.	Each expenditure item where the proceeds were used	
	Reserves	2,283
	Loans	73,240
4.	Balance of the proceeds as of the end of reporting period	75,707

BDO Unibank, Inc. and Subsidiaries
Schedule A - Financial Assets
December 31, 2020
(In Millions)

Type of Securities	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Statement of Financial Position	Valued based on Market Quotation at End of Reporting Period	Income Received and Accrued
Financial assets at fair value through profit or loss				
Derivatives	143,910	P 4,468	P 4,468	P 485
Government bonds	13,169	5,401	5,401	44
Other debt securities	1,089	3,779	3,779	5
Equity securities	578	23,462	23,462	9
		37,110	37,110	543
Fair value through other comprehensive income				
Government debt	105,181	117,663	117,663	1,003
Other debt securities	53,687	56,896	56,896	577
Equity securities	740	10,322	10,322	1
		184,881	184,881	1,581
At amortized cost				
Government debt securities	214,532	227,991	241,431	2,569
Other debt securities	56,977	58,828	58,737	594
		286,819	300,168	3,163
		P 508,810	**P 522,159**	**P 5,287**

BDO Unibank, Inc. and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2020
(In Millions)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Amounts Written Off	Current*	Not Current**	
Amounts Due from Related Parties under Common Ownership:							
Sysmart Corporation	P 619	P 21	P 221	P -	P 419	P -	P 419
Others***	4	3	7	-	-	-	-
	623	24	228	-	419	-	419
Loans to Officers and Employees:							
Salary Loans	1,675	1,000	1,049	-	200	1,426	1,626
Credit Card Loans	153	369	382	-	135	5	140
Auto Loans	124	29	54	-	8	91	99
Home Loans	111	13	26	-	-	98	98
Others***	7	7	8	-	6	-	6
	2,070	1,418	1,519	-	349	1,620	1,969
Loans to Directors:							
Nestor V Tan	97	3	9	-	91	-	91
	97	3	9	-	91	-	91
Loans to Stockholders:							
Carmen Copper Corporation	16,462	910	3,412	-	-	13,960	13,960
SM Investments Corporation	4,519	1,488	1,490	-	-	4,517	4,517
Romer Mercantile Inc	3,951	818	1,916	-	21	2,832	2,853
Sybase Equity Investments Corporation	1,418	334	964	-	788	-	788
Costa Del Hamilo Inc.	418	36	36	-	418	-	418
Highlands Prime Inc	291	27	27	-	291	-	291
Intercontinental Devt Corp	65	2	2	-	65	-	65
Omni Digital Media Ventures Inc	251	7	258	-	-	-	-
SM Lifestyle Entertainment inc	390	14	404	-	-	-	-
	27,765	3,636	8,509	-	1,583	21,309	22,892
Total	**P 30,555**	**P 5,081**	**P 10,265**	**P -**	**P 2,442**	**P 22,929**	**P 25,371**

**Due within one year*
***Due beyond one year*
****This consists of insignificant DOSRI Loans*

BDO Unibank, Inc. and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2020
(In Millions)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current*	Not Current**	Balance at End of Period
			Amounts Collected	Amounts Written Off			
BDO Strategic Holdings, Inc.	P 38	P 18,638	P 16,887	P -	P 1,789	-	P 1,789
BDORO Europe, Ltd.	1,816	250	290	-	-	1,776	1,776
BDO Capital & Investment Corporation	1,218	7,684	7,492	-	1,109	301	1,410
BDO Remit (USA), Inc.	127	5,756	5,761	-	109	13	122
BDO Life Assurance Holdings Corp.	26	27	25	-	28	-	28
BDO Remit (Japan) Ltd.	4	2,333	2,318	-	19	-	19
BDO Leasing & Finance, Inc.	229	1,538	1,767	-	-	-	-
BDO Nomura Securities	201	320	521	-	-	-	-
BDO Remit Canada Ltd.	-	257	257	-	-	-	-
BDO Insurance Brokers Inc,	-	19	19	-	-	-	-
BDO Private	-	300	300	-	-	-	-
	P 3,659	**P 37,122**	**P 35,637**	**P -**	**P 3,054**	**P 2,090**	**P 5,144**

**Due within one year*
***Due beyond one year*

BDO Unibank, Inc. and Subsidiaries
Schedule D - Long-Term Debt
December 31, 2020
(In Millions)

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption"Current portion of Long-Term Debt" in related Statement of Financial Position	Amount shown under Caption"Long-Term Debt" in related Statement of Financial Position	Interest Rate	Maturity Date
Bills Payable					
Standard Chartered Bank, Hongkong Branch	P 7,217	P 7,217	P -	1.11%	January 29, 2021
Mizuho Bank Ltd. Singapore	4,811	4,811	-	1.11%	January 29, 2021
Co Bank US	1,686	1,686	-	0.93%	September 9, 2021
Wells Fargo Bank, National Association, Singapore Branch	2,406	5	2,401	1.07%	July 28, 2022
	16,120	13,719	2,401		
Senior Notes					
Senior Notes 1	14,476	14,476	-	2.63%	October 24, 2021
Senior Notes 2	32,649	306	32,343	2.95%	March 6, 2023
Senior Notes 3	7,280	115	7,165	4.16%	February 20, 2025
Senior Notes 4	28,733	286	28,447	2.13%	January 13, 2026
	83,138	15,183	67,955		
Fixed Rate Peso Bonds					
Senior Notes 1	40,132	229	39,903	4.41%	August 3, 2022
Senior Notes 2	36,024	220	35,804	3.13%	April 3, 2022
	76,156	449	75,707		
	P 175,414	**P 29,351**	**P 146,063**		

BDO Unibank, Inc. and Subsidiaries
Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2020

Name of related party	Balance at Beginning of Period	Balance at End of Period

Nothing to Report

BDO Unibank, Inc. and Subsidiaries
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2020

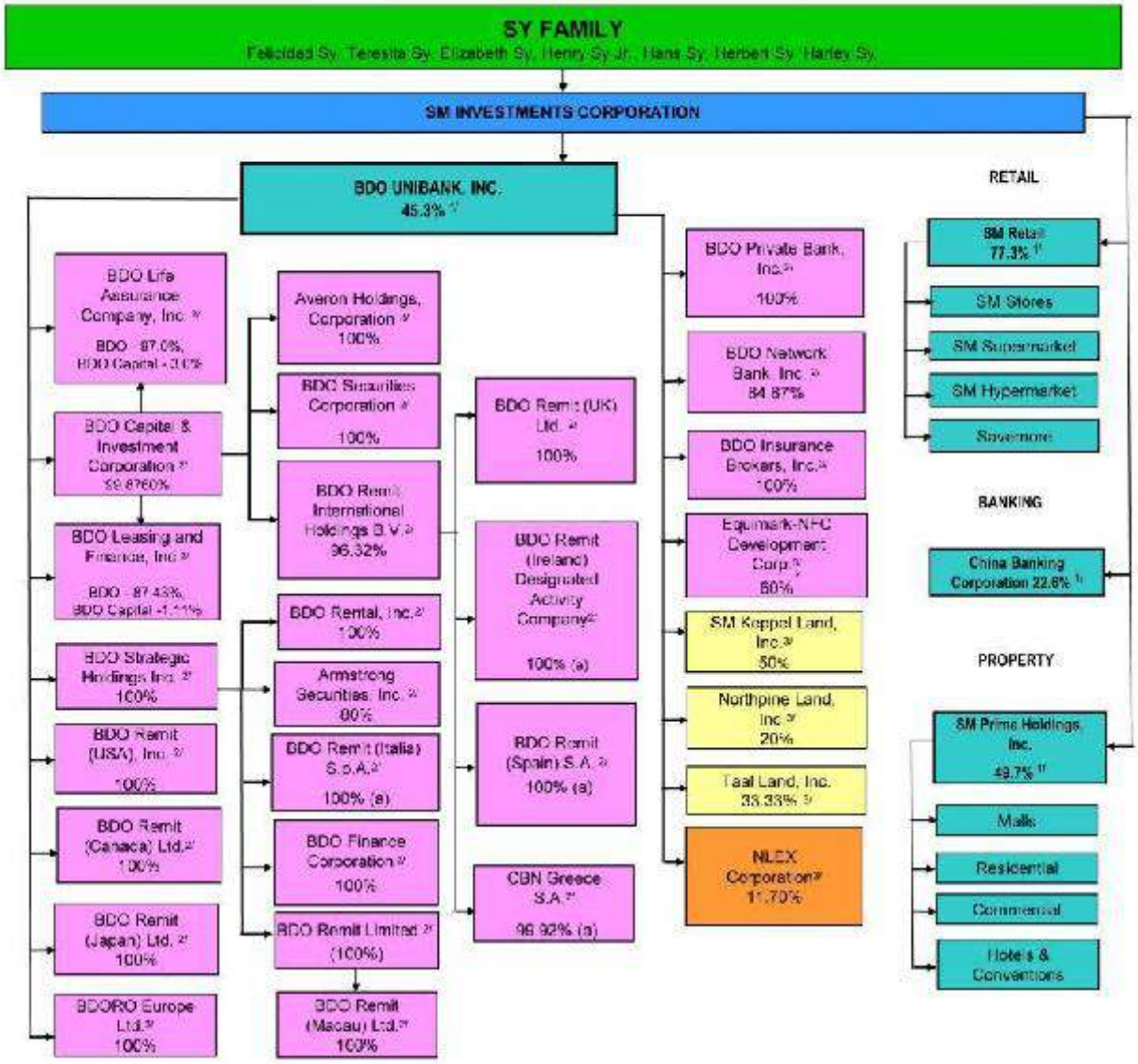
Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee

Nothing to Report

BDO Unibank, Inc. and Subsidiaries
Schedule G - Capital Stock
December 31, 2020

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as shown under the Statement of Financial Position caption	Number of shares Reserved for Options, Warrants, Coversion and other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common shares - P10 par value	5,500,000,000	4,384,227,915	-	2,420,705,971	30,232,443	1,933,289,501
Preferred Shares - P10 par value	1,000,000,000	515,000,000	-	515,000,000	-	-

BDO Unibank, Inc. Group Map
As of December 31, 2020



1/ *SMIC Group's effective ownership interest as of December 31, 2020 (includes direct & indirect ownership)*
2/ *Financial entities*
3/ *Non-Financial entities*

(a) For dissolution / under liquidation

- SMIC's Subsidiaries/Affiliates
- Stockholder of BDO
- Subsidiary
- Affiliate
- Other Related Party

BDO UNIBANK, INC.
Financial Soundness Indicator
2020 vs. 2019

	2020	2019	Inc/(Dec)
Return on Average Common Equity	7.6%	12.8%	-5.2%
Return on Average Equity	7.5%	12.6%	-5.1%
Return on Average Assets	0.9%	1.4%	-0.5%
Net Interest Margin	4.4%	4.2%	0.2%
Capital to Risk Assets	14.4%	14.2%	0.2%
Basic Earnings Per Share	6.37	10.02	-3.65
Liquidity Ratio	30.8%	27.8%	3.0%
Solvency Ratio (Debt-to-Equity)	758.7%	760.5%	-1.8%
Asset-to-Equity Ratio	858.7%	860.5%	-1.8%
Interest Rate Coverage Ratio	297.3%	245.5%	51.8%
Profit Margin	13.3%	20.0%	-6.7%

ANNEX B

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF

BDO UNIBANK, INC.

HELD VIRTUALLY* THROUGH CISCO WEBEX EVENTS
ON JUNE 16, 2020, TUESDAY, AT 2:00 O'CLOCK IN THE AFTERNOON

Attendance - Number of shares held by stockholders:

Present Remotely, Voting *in Absentia* or Represented by Proxy	-	3,790,136,549
Number of Total Outstanding Shares Preferred and Common	-	4,897,770,313
Percentage of the Total Shares Present Remotely, Voting *in Absentia* or Represented by Proxy	-	77.38%

Incumbent Directors Present Remotely:

Ms. Teresita T. Sy	Chairperson
Mr. Jesus A. Jacinto, Jr.	Vice Chairman
Mr. Nestor V. Tan	President & Chief Executive Officer
Mr. Christopher A. Bell-Knight	Non-Executive Director
Ms. Josefina N. Tan	Non-Executive Director
Mr. Jones M. Castro, Jr.	Lead Independent Director
Mr. George T. Barcelon	Independent Director
Atty. Jose F. Buenaventura	Independent Director
Mr. Vicente S. Pérez, Jr.	Independent Director
Mr. Dioscoro I. Ramos	Independent Director
Atty. Gilberto C. Teodoro, Jr.	Independent Director

Incumbent Director/s Absent: None

Also Present Remotely:

Ms. Corazon S. de la Paz – Bernardo	Advisor to the Board
Mr. Jose T. Sio	Advisor to the Board
Mr. Harley T. Sy	Advisor to the Board
Atty. Edmundo L. Tan	Corporate Secretary
Atty. Sabino E. Acut, Jr.	Assistant Corporate Secretary
Atty. Alvin C. Go	Assistant Corporate Secretary
Mr. Luis S. Reyes	Executive Vice President and Head of Investor Relations and Corporate Planning Group
Mr. Leonardo D. Cuaresma	External Auditor, Punongbayan & Araullo, Grant Thornton
Mr. Romualdo V. Murcia III	External Auditor, Punongbayan & Araullo, Grant Thornton

(Other Officers of the Bank present are listed in the attached Annex "I")

I. Introduction

Mr. Luis S. Reyes, Jr., Executive Vice President and Head of Investors Relation and Corporate Planning Group, acting as the Host of the Event and Open Forum Moderator, introduced the Board of Directors virtually participating in the livestreaming of the 2020 Annual Stockholders' Meeting of BDO Unibank, Inc. (the "Bank"). He likewise acknowledged the Advisors to the Board and the Corporate Secretary of the Bank who are all joining the Meeting remotely, and subsequently turned over the floor to the Chairperson of the Board of Directors.

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* In light of the enhanced community quarantine imposed in several areas of the country due to the COVID-19 pandemic and in consideration of health and safety concerns of everyone involved, the Annual Stockholders' Meeting of BDO was conducted in virtual format, through remote or electronic means of communication, and livestreamed via Cisco Webex Events. Stockholders were given the opportunity to attend, participate and vote via remote communication or *in absentia,* pursuant to Sections 23 and 57 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6-2020.

II. Call to Order

The Chairperson, Ms. Teresita T. Sy, called the meeting to order. She formally opened the meeting with her welcome remarks, after which she requested the Bank's Vice Chairman, Mr. Jesus A. Jacinto Jr., to preside over the meeting.

III. Proof of Notice and Determination of Existence of Quorum

The Corporate Secretary, Atty. Edmundo L. Tan, certified that in compliance with the rules issued by the Securities and Exchange Commission, the notices for the Annual Stockholders' Meeting, the Definitive Information Statement, along with the Bank's "Guidelines for Participation via Remote Communication and Voting *in Absentia*" were uploaded on PSE EDGE on May 19, 2020 and also posted on the Bank's website also beginning May 19, 2020. The notice, which contains a QR code for the Definitive Information Statement, was also published in business sections of The Philippine Daily Inquirer and The Philippine Star, in print and online format, on May 22 and 23, and May 24 and 25, 2020, respectively.

Based on the record of remote registration, the stockholders who are participating in the meeting, virtually and by proxy, represent 3,790,136,549 preferred and common shares, constituting 77.38% of the outstanding voting capital stock of the Bank as of record date, May 22, 2020. The Corporate Secretary therefore certified that there was a quorum for the valid transaction of business. He recorded the minutes of the proceedings.

Furthermore, the Corporate Secretary announced that for purposes of the meeting, *Punongbayan & Araullo, Grant Thornton (P&A)* had been appointed to count and validate all votes in accordance with the voting procedures provided in the Bank's Definitive Information Statement.

IV. Approval of the Minutes of the Previous Annual Stockholders' Meeting held on April 22, 2019

The Chairman of the Meeting proceeded to the next item in the agenda which was the reading and approval of the Minutes of the Annual Stockholders' Meeting held on April 22, 2019.

The Corporate Secretary stated that a copy of the said Minutes was posted on the Bank's website soon after the adjournment last year and the same was posted within five (5) banking days after the Meeting. A copy of the minutes was also appended to the Bank's Definitive Information Statement posted on PSE EDGE and the Bank's website at <www.bdo.com.ph> and available to the Bank's stockholders for download.

The Minutes reflect the proceedings of the last meeting, including resolutions adopted and approved, with corresponding tabulation of votes.

Thereafter, the Minutes of the Annual Stockholders' Meeting held on April 22, 2019 were approved and the following resolution was passed and adopted:

Stockholders' Resolution No. 01-2020

> "RESOLVED, That the Stockholders of BDO Unibank, Inc. approve, as they hereby approve, the Minutes of the Annual Stockholders' Meeting held on April 22, 2019."

The Chairman of the Meeting instructed the Corporate Secretary to reflect in the minutes of the meeting a tabulation of total votes cast for all agenda items requiring stockholder approval.

Based on P&A's tabulation, the votes cast and received relative to the approval of the Minutes of the Annual Stockholders' Meeting held on April 22, 2019 were as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
4,897,770,313	3,790,136,549	3,789,439,959	0	696,590

Accordingly, stockholders owning 3,789,439,959 voting shares or 99.98% of the total number of voting shares represented at the meeting approved the Minutes of the Annual Stockholders' Meeting held on April 22, 2019. No stockholder voted against, while stockholders owning 696,590 or 0.02% of the total votes cast abstained.

V. President's Report and Approval of the Audited Financial Statements for 2019

The Chairman of the Meeting then gave the floor to the President and Chief Executive Officer of the Bank, Mr. Nestor V. Tan, to present his report on the Bank's Results of Operations for 2019 and the First Quarter of 2020, how BDO has done under the ECQ, and the Outlook for 2020.

2019 Review

President Tan reported to the stockholders that the Philippine economy grew 6% in 2019, largely driven by the ramp-up in government spending and the healthy recovery in private consumption on the back of decelerating inflation and easing monetary policies. Gross Domestic Product (GDP) growth, however, has decelerated from the previous years, but still among the highest growth rates in the region. The slower GDP growth in 2019 was due to the delay in the national government budget, which impeded government spending in the 1H2019. There was also a lower inflation of 2.5% in 2019, down from 5.2% in 2018. Consequently, the BSP embarked on monetary easing by cutting policy rates by a total of 75 basis points from 4.75% down to 4% and reducing the reserve requirement ratio from 18% to 14% by December 2019.

Against that economic environment, BDO recorded a net income of ₱44.2 Billion in 2019, exceeding guidance of ₱38.5 Billion and 35% higher from ₱32.7 Billion net income in 2018, driven by the strong performance of its core recurring income sources. Net interest income (NII) went up 22%, as net interest margin (NIM) improved on continued loan and CASA growth and improving loan mix in favor of consumer and middle market customers. Non-interest income likewise increased by 22%, led by fee-based income with 15% growth, mainly from payments and e-banking services. Insurance premiums were up 25% on strong bancassurance results. Trading and forex gains normalized to ₱5.7 Billion. Overall, gross operating income went up to ₱180.5 Billion, 22% higher than in 2018. Operating expenses (OPEX) amounted to ₱115 Billion, in line with the Bank's continued business and network expansion. Higher volume related expenses such as policy reserves of BDO Life Assurance Company, Inc. (BDO Life) contributed to the OPEX increase. The Bank set aside ₱6.2 Billion in provisions, even as gross non-performing loan (NPL) ratio was steady at 1.2% and NPL cover already at a high of 164.7%. In summary, net income was up 35% on the back of strong performance across all business lines.

In terms of balance sheet, total resources increased by 5% to ₱3.187 Trillion. Customer loans rose by 9% to ₱2.208 Trillion, led by the strong growth in the consumer and middle market segments. Investment securities portfolio expanded by 13% to ₱436 Billion. Total deposits grew by 3% to ₱2.5 Trillion, driven by the 8% increase in CASA deposits, which comprised 73% of the total deposits. Time deposits declined 10%, as the Bank reduced its reliance on more expensive funding sources. Total capital base increased to ₱372 Billion or 13% higher, year-on-year, from the Bank's continued profitability. 2019 was a good year for BDO with growth attained across key areas and improvement in terms of profitability, asset quality and, capital metrics.

First Quarter of 2020 Results

The President reported that GDP contracted by 0.2% in the 1Q2020, the first decline in twenty (20) years on two (2) key events as follows: (1) Taal Volcano eruption in January 2020; and (2) the combined impact of the COVID-19 pandemic and enhanced community quarantine (ECQ) in March 2020. These events disrupted the operations of various businesses. To cushion the impact of COVID-19 and ECQ, the government set up a ₱1.7 Trillion stimulus and relief measures to provide emergency support to vulnerable groups and expand medical and health resources. On the other hand, the BSP continued to support the economy by cutting policy rates twice by a total of 75 basis points since the start of the year to 3.25%, and reducing bank reserve requirement by 200 basis points to 12% effective April 1, 2020.

Amidst this backdrop, BDO posted ₱8.8 Billion in net income for 1Q2020 from ₱9.8 Billion in 1Q2018, as weak capital market conditions impacted on the Bank's investment portfolio and dragged the bottom line. NII was 19% higher, as corporate loans grew 11%. NIM further improved to 4.36% from 3.91% on lower cost of funding. Loan growth remained strong. Non-interest income amounted to ₱9 Billion, largely contributed by fee-based income and insurance premiums. Weak capital market conditions resulted in unrealized mark-to-market losses, primarily from BDO Life's unit-linked portfolios. OPEX were

slightly lower at ₱26.8 Billion from ₱28.3 Billion in 2018, largely due to a reduction in volume related expense and lower policy reserves related to unit-linked funds. The Bank set aside provisions of ₱2.3 Billion maintaining its conservative credit and provisioning policies.

Total resources reached ₱3.29 Trillion in 1Q2020, driven by customer loans which went up by 11% to ₱2.2 Trillion. Total deposits rose by 9% to ₱2.6 Trillion, mainly coming from 18% CASA growth, resulting in a 76% CASA ratio. NIM continued to improve at 4.36% in March 2020 as cost of funds declined faster than asset yields. NPL ratio was at 1.3% and NPL cover 151% as of March 2020. To safeguard asset quality, BDO had undertaken a rapid portfolio review of clients and sectors highly affected by the impact of COVID-19 and the ECQ to assess provisioning guidelines. Capital adequacy ratios (CAR) remained comfortably above regulatory levels and sufficient to absorb near term shocks.

In summary, President Tan informed the stockholders that BDO's net interest income growth remained strong, although the Bank has started to feel the impact of COVID-19 and ECQ in other businesses. The Bank's balance sheet, however, remained strong.

BDO under ECQ

The President proceeded to report the highlights of the Bank's operations under the ECQ, as follows: (a) shortened banking hours with skeletal crews for branch operations, subject to quarantine measures of local government units; (b) maintained skeletal crews in Head Office units to support branches as well as cash, loans and payment activities, among others; (c) ensured cash availability in ATMs and branches; (d) activated dual-site processing capabilities as well as split of senior management to several sites for business continuity; and (e) provided food, allowances and shuttle services to employees. The Bank has also undertaken safety measures to ensure the health and safety of staff in the workplace such as: (i) temperature checks: (ii) COVID health diagnostics, including mass testing using rapid test kits (RTK) for all employees; (iii) instituting service upgrades to allow more remote access across different channels; and (iv) workplace changes like regular disinfection of branches and offices, retrofitting aligned with occupational and health safety standards, and distribution of health kits, masks and face shields to employees.

2020 Outlook

In terms of macro outlook, President Tan stated that 2020 would be a very challenging year. On the risks side, the Philippines is expected to see further contraction in GDP as the economy absorbs the adverse effects of COVID-19 and the ECQ. Among others, the impact includes the loss of employment and incomes, repatriation of more overseas Filipino workers resulting in lower remittances, slump in tourism revenues due to mobility and travel restrictions, and weak trade performance. There is also worry of the second wave of infection. On the positive side, a gradual recovery is expected in 2H2020 and a strong rebound in 2021 as a result of the (a) government's fiscal stimulus package of ₱1.7 Trillion, including the resumption of infrastructure projects; (b) further cuts in policy rates and reserve requirements by the BSP; and (c) the expansion in medical and health measures against COVID-19, including additional quarantine facilities and rapid mass testing.

On business outlook, loan growth is expected to decelerate. Among the emerging risks is the potential impact to asset quality. There would be an increase in loan defaults due to the economic fall-out from the ECQ. Some of the Bank's businesses like insurance and transaction banking would be affected by reduced volume and consumer activities. Consumption would be impacted by an expected decline in OFW remittances and tourism receipts. A shift in business to digital is also expected. However, the Bank cannot yet do away with physical banking completely. There would be some pain points such as capacity constraints from the new normal, i.e. social distancing, which limited operations to less than full capacity. There is also a need for secure processes for client onboarding given limited physical interaction.

As previously announced, President Tan highlighted that the Bank set aside ₱20 Billion in additional provisions to cover potential delinquencies expected from the slowdown in business activities and contraction in GDP. The additional provision was on top of the ₱2.3 Billion set aside in the 1Q2020 for a total of ₱22.3 Billion in provisions for 2020. As a result, the Bank is allocating a total of 170 basis points in anticipated credit costs for the effects of the pandemic. Some of the key takeaways of the additional provisions are: (1) it is a conservative estimate of probable losses as a result of a comprehensive portfolio review; (2) it is anticipatory in nature, BDO is not yet experiencing losses; (3) it will not impair the Bank's capital, CAR is expected to remain stable; (4) it will not affect regular dividend payout; and (5) it will neither hamper delivery of the Bank services nor its ability to continue to lend. BDO's ability to absorb additional provisions without affecting its ability to carry on with business as usual is a testament to the strength of the Bank's balance sheet.

Thereafter, President Tan informed the stockholders that BDO has adjusted its behavior, and the way it does business to adhere to the new normal, while keeping its environment safe for employees and serving the evolving needs of its customers. BDO will weather this crisis given its solid balance sheet and strong business franchise, placing the Bank in a good position once the economy bounces back.

Open Forum

After the President's presentation, the Open Forum Moderator opened the floor to stockholders to provide them the opportunity to ask questions or give comments. He reminded the stockholders that as stated in the Bank's ASM Notice, the stockholders were given the opportunity to send their questions and/or remarks prior to the meeting by sending an email to <irandcorplan@bdo.com.ph> not later than 2:00 o'clock p.m. of June 16, 2020. Shareholders were also provided the opportunity to send their questions or comments during the Meeting via the Q&A panel provided in the livestreaming platform.

The first question came from *Stockholder Ma. Rowena L. Dimaano*, asking about BDO's plans/directions for the future under the new normal. President Tan replied that the biggest change would probably come from the way the Bank does its business. There would be some precautions taken with the employees and work environment. Other than that, the general thrust of the Bank would remain the same. The Bank would still focus on financial inclusion. The Bank still believes that 70% of the population that is unbanked is a big potential. The Bank's strategy remains the same, although the means to achieve it may be adjusted. One of the adjustments is the move towards more digital platforms.

Another question came from *Stockholder Margarita M. Tobias*, who inquired if BDO would consider rationalizing its branch network considering the increase in online banking transactions. President Tan responded that over time, there would be some adjustments in the mix of resources used by the Bank to service its clients. As digital picks up, the Bank would probably see a gradual slowdown in the branching expansion. As the Bank moves into the countryside, it is premature to say that branches will cease to exist. There will be more movement in a more dense area of the metropolis as people move towards digital means and have less need for more branches. Therefore, the density required for each branch would be adjusted.

Thereafter, *Stockholder Kim Jefferson S. Loverio* inquired about BDO's plan about fending off the competition with regard to digital wallets. He said that local and foreign (especially Chinese) companies can bypass banks in terms of transactions which could eventually impact BDO's profit. Also, a digital wallet offers flexibility like payment in government institutions (SSS/PAG IBIG) and other billers. He then asked if BDO can have the same flexibility.

President Tan replied that the Bank is cognizant of the threat from the digital wallets and the payment companies as well as the Fintechs. Two (2) years ago, the Bank initiated a series of IT projects to get it at the same level where competitors are. Unfortunately, a lot of initiatives would be implemented at the latter part of the year due to the pandemic. Some of these initiatives are the QR code capability, similar to Alipay; upgrade of digital banking to reflect a more modern architecture; upgrade of IT platform to be more modern and able to integrate with outside applications; and upgrade of cybersecurity, which is undergoing implementation.

As a follow-up question, *Stockholder Loverio* asked about BDO's strategy in terms of cybersecurity. He mentioned that developed countries like US/EU have cybersecurity problems and he is somehow worried about the safety or cybersecurity in the Philippines, being a third world country. He said that one (1) minor instance can erode stakeholders' trust and can damage the Bank's reputation.

President Tan was in total agreement with the comments of *Stockholder Loverio* on cybersecurity. He said that the Bank made a major investment in cybersecurity. The Bank is not only implementing the platform shortly but as well as the upgrades in the processes, procedures and practices within the Bank. The Bank is also upgrading it with skills of people who know how to handle these types of problems. He further said the Bank has been working on this project for the last 24-months, which would be fully implemented in the next few months as these are all integrated with the operational risk management framework of BDO.

Finally, *Stockholder Rodora V. Bautista* inquired about BDO's profit guidance for 2020. President Tan remarked that it would not be proper and very difficult to give a guidance given the prevailing uncertainty.

EVP Reyes thanked all the stockholders for their questions and comments. He informed the stockholders that those who sent questions which have not been read and answered during the Meeting would be replied to by the Bank through the email address that was provided during the pre-registration process.

Subsequently, upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of voting by the stockholders on the President's Annual Report and the Bank's Audited Financial Statements for the period ending December 31, 2019 which were likewise appended to the Definitive Information Statement, and the following resolution was passed and adopted:

Stockholders' Resolution No. 02-2020

> "RESOLVED, That the President's Annual Report and the Audited Financial Statements of BDO Unibank, Inc. for the period ending December 31, 2019, be, as they are hereby, noted and approved."

Based on P&A's tabulation, the votes cast and received on the approval of the President's Annual Report and the Bank's Audited Financial Statements for 2019 were as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
4,897,770,313	3,790,136,549	3,778,347,564	87,000	11,701,985

Accordingly, stockholders owning 3,778,347,564 voting shares or 99.69% of the total number of voting shares represented at the meeting noted and approved the President's Annual Report and the Bank's Audited Financial Statements for the period ending December 31, 2019, while stockholders owning 87,000 voting shares or 0.00% voted against, and stockholders owning 11,701,985 voting shares or 0.31% of the total number of votes cast abstained.

VI. Approval and Ratification of All Acts of the Board of Directors, Board Committees, and Management during their respective Terms of Office

The next item in the agenda taken up was the ratification of all acts, transactions and contracts entered into, as well as resolutions made and adopted by the Board of Directors, its duly constituted Board Committees and of Management during their terms of office, including the criteria and processes for the Board of Directors' evaluation as published in the Bank's website and significant related parties' transaction, from the date of the Annual Stockholders' Meeting in 2019 up to the Bank's 2020 Annual Stockholders' Meeting, as described in the Definitive Information Statement. The collective efforts of the Board, its Committees and Management are the main keys to the Bank's 2019 performance.

Thereafter, upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of voting by the stockholders on all acts of the Board, its Committees and Management, and the following resolution was passed and adopted:

Stockholders' Resolution No. 03-2020

> "RESOLVED, That all of the resolutions, acts and proceedings of the Board of Directors of BDO Unibank, Inc. ("BDO Unibank"), its Committees, and Management, heretofore adopted and taken up at the meetings of the Board of Directors, its Committees, and Management, since the Annual Stockholders' Meeting of BDO Unibank in 2019 to the Bank's 2020 Annual Stockholders' Meeting, as described in the Definitive Information Statement provided to the stockholders, including all actions and proceedings, criteria and processes for the Board of Directors' evaluation as published in the Bank's website, significant related party transactions, be, as they are hereby, approved, confirmed, and ratified."

Based on P&A's tabulation, the votes cast and received on the ratification of all acts of the Board of Directors, its Committees and Management during their respective terms of offices were as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
4,897,770,313	3,790,136,549	3,775,640,544	2,316,710	12,179,295

Accordingly, stockholders owning 3,775,640,544 voting shares or 99.62% of the total number of voting shares represented at the meeting approved, confirmed and ratified all acts of the Board of Directors, its duly constituted Committees, and Management during their respective terms of offices, while stockholders owning 2,316,710 voting shares or 0.06% voted against, and stockholders owning 12,179,295 voting shares or 0.32% of the total number of votes cast abstained.

VII. Election of the Board of Directors

The Chairman of the Meeting announced the election of members of the Board of Directors of the Bank for 2020-2021 as the next item in the agenda. In accordance with the Bank's By-Laws, the Nominations Committee has pre-screened and short-listed all candidates nominated to the Board of Directors. He called on Independent Director Vicente S. Pérez, Jr., Chairman of the Nominations Committee, to announce the nominees for the election of the Bank's Board of Directors for the year 2020-2021.

Independent Director Pérez stated that as of the close of the nomination period pursuant to the Bank's By-Laws, there were only eleven (11) persons nominated and qualified to fill up the eleven (11) seats in the Board. He announced that the following have been nominated and are all qualified to be directors of the Bank for the year 2020-2021:

Regular Directors

Teresita T. Sy
Jesus A. Jacinto, Jr.
Nestor V. Tan
Josefina N. Tan
Christopher A. Bell-Knight

Independent Directors

George T. Barcelon
Jose F. Buenaventura
Jones M. Castro, Jr.
Vicente S. Pérez, Jr.
Dioscoro I. Ramos
Gilberto C. Teodoro, Jr.

Considering that there were only eleven (11) persons nominated to, and qualified for, the eleven (11) seats in the Board of Directors of the Bank for the year 2020-2021, the following resolution was passed and adopted:

Stockholders' Resolution No. 04-2020

"RESOLVED, That the following persons are hereby elected directors of BDO Unibank, Inc. for a period of one (1) year and until their successors shall have been duly elected and qualified:

Teresita T. Sy
Jesus A. Jacinto, Jr.
Nestor V. Tan
Josefina N. Tan
Christopher A. Bell-Knight

Independent Directors

George T. Barcelon
Jose F. Buenaventura
Jones M. Castro, Jr.
Vicente S. Pérez, Jr.
Dioscoro I. Ramos
Gilberto C. Teodoro, Jr."

Upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of voting of the stockholders on the election of each nominee. Based on the tally made by P&A, the votes cast and received by nominees were as follows:

Total Outstanding Shares	Total Votes Cast
4,897,770,313	3,790,136,549

Nominees	Votes in favor	Votes Against	Abstentions
Teresita T. Sy	3,690,857,009	42,081,132	57,198,408
Jesus A. Jacinto, Jr.	3,637,244,633	42,034,162	110,857,754
Nestor V. Tan	3,768,194,240	18,881,119	3,061,190
Christopher A. Bell-Knight	3,766,306,268	19,440,085	4,390,196
Josefina N. Tan	3,683,836,121	42,080,901	64,219,527
George T. Barcelon	3,768,193,505	21,244,354	698,690
Jose F. Buenaventura	3,747,785,107	26,119,863	16,231,579
Jones M. Castro, Jr.	3,785,324,098	4,075,831	736,620
Vicente S. Pérez, Jr.	3,732,372,727	42,602,479	15,161,343
Dioscoro I. Ramos	3,788,628,709	811,250	696,590
Gilberto C. Teodoro, Jr.	3,675,500,394	4,310,001	110,326,154

VIII. Amendments to BDO's Articles of Incorporation and By-Laws

The Chairman of the Meeting then announced that the next item in the agenda was the Amendments to BDO's Articles of Incorporation and By-Laws to conform to the Revised Corporation Code of the Philippines and BDO's current operations and structure as well as to enhance corporate governance.

Amendments to BDO's Articles of Incorporation

The proposed Amendments to BDO's Articles of Incorporation, which have been specifically enumerated in the Definitive Information Statement, include: (a) specifying BDO's ability to perform acts within or outside of the Philippines as authorized by Philippine laws; (b) extension of BDO's corporate existence in perpetuity; and (c) updating of the references to the Bangko Sentral ng Pilipinas and BDO in the Articles so as to be consistent.

The Board of Directors of the Bank had passed a resolution approving and endorsing for Stockholders' approval and ratification the foregoing Amendments to BDO's Articles of Incorporation.

Subsequently, upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of voting by the stockholders on the Amendments to BDO's Articles of Incorporation, and the following resolution was passed and adopted:

Stockholders' Resolution No. 05-2020

"RESOLVED, That the Stockholders approve and ratify, as they hereby approve and ratify, Board Resolution No. 242-2019 adopted on October 26, 2019 which reads as follows:

'RESOLVED, That the Board of Directors of BDO Unibank, Inc. (the "Bank") approve, as it hereby approves, the amendments to the Bank's Amended Articles of Incorporation, as follows:

SECOND - x x x x x

d) To establish, with approval of the Monetary Board of the ***Bangko Sentral ng Pilipinas,*** branches or offices anywhere in the Philippines ***and/or abroad;***

e) To do and perform such acts as are necessary and incident to the purpose for which the corporation is organized, and such acts as are ***of legal*** interest to the business of an expanded commercial bank and consistent with the powers of corporations organized

under the laws of the Republic of the Philippines, ***including but not limited to investments with any institution within or without the Philippines;***

x x x x x

THIRD - That the principal office of ***BDO Unibank, Inc.*** shall be at BDO Corporate Center, 7899 Makati Avenue, in Makati City, Philippines, ***0726***;

FOURTH - ***That the Bank shall have perpetual existence.***

RESOLVED, FURTHER, That all references to "Central Bank" or "Central Bank of the Philippines" and "corporation" in the Amended Articles of Incorporation of the Bank be, as they shall be, changed to "***Bangko Sentral ng Pilipinas***" and "***BDO Unibank, Inc.****"*, respectively.

RESOLVED, FURTHERMORE, that the President (with full power of delegation or substitution), and/or the Corporate Secretary/Assistant Corporate Secretary of the Bank be authorized and empowered, for and on behalf of the Bank, to sign, execute, deliver and cause the submission of any documents necessary for the amendment of the Articles of Incorporation with the Securities and Exchange Commission, and/or other regulatory authorities such as the Bangko Sentral ng Pilipinas, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect.

RESOLVED, FINALLY, That the foregoing resolution be, as it shall be, endorsed to the Stockholders for approval and ratification.'

Based on P&A's tabulation, the votes cast and received on the Amendments to BDO's Articles of Incorporation were as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
4,897,770,313	3,790,136,549	3,782,799,978	811,250	6,525,321

Accordingly, stockholders owning 3,782,799,978 voting shares or 77.24% of the total number of outstanding shares approved the Amendments to BDO's Articles of Incorporation, while stockholders owning 811,250 voting shares or 0.02% voted against, and stockholders owning 6,525,321 voting shares or 0.13% of the total number of votes cast abstained.

Amendments to BDO's By-Laws

The proposed Amendments to BDO's By-Laws, which have been specifically enumerated in the Definitive Information Statement, include: (a) updating of various sections on the time periods to be consistent with good corporate governance practices; (b) updating and deletion of outdated sections; (c) renumbering of relevant sections affected by the amendments; and (d) updating of the references to the Bangko Sentral ng Pilipinas and BDO in the By-Laws so as to be consistent.

The Board of Directors of the Bank had passed a resolution approving and endorsing for Stockholders' approval and ratification the foregoing Amendments to BDO's By-Laws.

Subsequently, upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of voting by the stockholders on the Amendments to BDO's By-Laws, and the following resolution was passed and adopted:

Stockholders' Resolution No. 05-A-2020

"RESOLVED, That the Stockholders approve and ratify, as they hereby approve and ratify, Board Resolution No. 242-A-2019 adopted on October 26, 2019 which reads as follows:

'RESOLVED, That the Board of Directors of BDO Unibank, Inc. (the "Bank") approve, as it hereby approves, the amendments to the Bank's Amended By-laws, as follows:

ARTICLE I
HEAD OFFICE AND BRANCHES

SECTION 1. Head Office. The head office of ***BDO Unibank, Inc. (the "Bank")*** shall be located ***at BDO Corporate Center, 7899 Makati Avenue, Makati City,*** Philippines***, 0726.***

SECTION 2. Branches. Branches and/ or extension offices may be established at such places as the Board of Directors may fix, with the prior approval of the ***Bangko Sentral ng Pilipinas***.

ARTICLE II
STOCK AND STOCK CERTIFICATE

x x x x x

SECTION 4. Transfer of Stock. x x x x x

Shares of stock shall be transferred by delivery of the certificate duly indorsed by the owner or his attorney-in-fact or other person legally authorized to make the transfer, but no transfer shall be valid until the transfer is annotated in the stock and transfer book***. T***he persons in whose names the shares of stock are registered in the said book shall be deemed the owner thereof for all purposes.

x x x x x

SECTION 6. Loss of Stock Certificates. In case of loss or destruction of any certificate, a duplicate may be issued in accordance with the provisions of the Corporation Code of the Philippines, any amendments or supplements thereto. Before the issuance of a new certificate in case of loss or destruction, the Board of Directors may require such guaranty as it may deem necessary ***and*** sufficient.

SECTION 7. Closing of Stock and Transfer Book. For the purpose of determining the stockholders entitled to notice of or to vote at any stockholders' meeting, or entitled to receive dividends, or for any other purpose, the stock and transfer book shall be closed for such period ***as*** the Board of Directors may from time to time fix, and during such period no registration of transfers of stock shall be made. In lieu of closing the stock and transfer book, the Board of Directors may fix in advance a certain date as the record date for any such determination of stockholders.

x x x x x

ARTICLE IV
MEETING OF THE STOCKHOLDERS

SECTION 10. Place. All meetings shall be held ***in any of the principal offices of the Bank, or, if not practicable,*** at any venue in Metro Manila.

x x x x x

SECTION 14. Annual Meeting. The annual meeting of the stockholders shall be held during business hours on ***any day in April*** of each year***, or if not practicable, on such date as may be fixed by the Board of Directors***.

x x x x x

SECTION 16. Notice of Meeting. Notice of annual meeting or special meeting of stockholders shall be sent either by:

(a) Mail, facsimile transmission**,** electronic mail***, or other modes as may be allowed under applicable law, rules and regulations,*** to each stockholder no less than fifteen (15) days prior to the date set for each meeting, which notice shall state the day, hour and place of the meeting; ***or***

(b) Publication in newspapers of general circulation published in Metro Manila not less than fifteen (15) days prior to the date set for the meeting, which notice shall state the day, hour and place of the meeting;

In special meeting, the notice ***shall be sent not less than ten (10) days prior to the date set for such meeting and*** shall also state the purpose or purposes for which it is called. The requisite of notice of meeting, whether annual or special, may however be waived by the stockholders***: Provided, that attendance by a stockholder at a meeting shall constitute his/her waiver of notice of such meeting***.

Failure of or defect in the notice shall not, however, invalidate any annual meeting of the stockholders or any of the proceedings had thereat, if the business transacted is within the powers of the Bank and all the stockholders were present or represented at the meeting nor shall any defect in the notice or failure to state the purpose or purposes for which a special meeting is called invalidate the same, except when so provided by law.

SECTION 17. Order of Business. The order of business at the annual meeting and, as far as possible, at other meetings of the stockholders shall be:

1. Call ***to Order***
2. Proof of Notice of Meeting ***and Determination of Existence of Quorum***
3. ***Approval of the*** Minutes **of the Previous Annual Stockholders' Meeting**
4. ***Report of the President and Approval of the Audited Financial Statements of the Preceding Fiscal Year***
5. Approval and Ratification of all ***Acts*** of the Board of Directors***, Board Committees*** and Management during their term***s*** of office
6. Election of Directors
7. Appointment of External Auditor
8. ***Other Matters***
9. Adjournment

x x x x x

The Bank's Board of Directors may constitute a Nominations Committee for the determination of the qualification of nominees for directors composed of at least three (3) members, ***majority*** of whom ***are*** independent director***s***. ***The Chairman shall be an independent director.*** The Committee shall promulgate the guidelines or criteria to govern the conduct of the nominations. The decision of the Committee as concurred in by a vote of a majority of its members shall be final and binding on the stockholders and may no 1onger be raised during the stockholders' meeting.

x x x x x

ARTICLE V
BOARD OF DIRECTORS

x x x x x

SECTION 20. Election and Tenure of Office. The members of the Board of Directors shall be elected annually by the stockholders, for a term of one (1) year, and shall serve until their successors shall have been duly elected and qualified in accordance with the ***Revised*** Corporation Code.

SECTION 21. Chairman and Vice Chairman. x x x x x

The Chairman shall preside at all meetings of the stockholders and the Board of Directors and shall have such powers and duties as the Board of Directors may prescribe. The Vice Chairman and in the absence of the Chairman, shall act in his stead and shall exercise and perform such powers and duties pertaining to the latter as conferred by these By-laws and the resolutions of the Board ***of Directors*.**

SECTION 22. Regular ***and Special*** Meetings. The regular meeting of the Board of Directors shall be held at least once a month, on such date/time and place as may be fixed by ***the*** Board ***of Directors***.

x x x x x

SECTION 23. Notice of Meeting. Notice shall not be necessary in the regular meetings of the Board ***of Directors***. In special meetings, notice shall state the date, time and place thereof, and the purpose for which it is called. ***Such notice shall be sent to each*** Director at least ***two (2)*** day***s*** before the date of meeting. However, when the urgency of the meeting requires, ***notice shall be sent in an expeditious manner as may be allowed under applicable law, rules and regulations***. The presence of a Director at the meeting shall be deemed a waiver of any failure, defect or irregularity of the notice with respect to him.

SECTION 24. Order of Business. x x x x x ***(deleted)***

SECTION 24 (renumbered). Quorum. The Directors shall act only as a Board ***of Directors*** and the individual Directors shall have no power as such. ***At least two-thirds (2/3)*** of the Directors shall constitute a quorum at any meeting for the transaction of any business, but a less number may adjourn any meeting from time to time, and the meeting may be continued as adjourned without further notice. Unless there be a quorum at any meeting, no business may be transacted. Every decision of ***at least two-thirds (2/3)*** of such quorum duly assembled as ***a*** Board on any question or matter submitted to the Board ***of Directors*** shall be valid as a corporate act.

The Directors who cannot physically attend or vote at board meetings can do so through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate in accordance with applicable law, rules and regulations.

SECTION 25 (renumbered). Vacancies. ***For regular vacancies or v***acancies in the Board of Directors occurring during the year for any cause***, such vacancy*** may be filled for the unexpired term of their office by appointment made by the remaining directors, if still constituting a quorum, and the person so appointed shall hold office until his successor shall have been duly elected by the stockholders and qualified. Should the number of Directors be reduced to less than a quorum, vacancies in the Board ***of Directors*** shall be filled at a special stockholders' meeting duly called for that purpose.

However, for emergency vacancies or when the vacancy prevents the remaining directors from constituting a quorum and emergency action is required to prevent grave, substantial and irreparable loss or damage to the Bank, such vacancy may be temporarily filled from among the Senior Officers of the Bank by unanimous vote of the remaining directors. The action by the designated director shall be limited to the emergency action necessary, and the term shall cease within a reasonable time from the termination of the emergency or upon election for the replacement director at the special stockholders' meeting duly called for the purpose in accordance with the preceding paragraph, whichever comes earlier.

SECTION 26 (renumbered). Directors' Fees and Other Remuneration. x x x x x

SECTION 27 (renumbered). Presiding Officer. The Chairman, or, in his***/her*** absence or inability, the ***Vice*** Chairman, shall be the Presiding Officer of the Board of Directors.

In the event of the absence, death, incapacity, or permanent disability of both the Chairman and Vice Chairman, the Directors present shall determine who among themselves shall preside over the meeting of the Board ***of Directors*.**

SECTION 28 (renumbered). Powers. The Board of Directors shall direct, ***oversee***, and supervise under its collective responsibility the ***corporate*** affairs of the Bank. The powers of the Board ***of Directors*** shall include, but shall not be limited to, the following:

(a) to appoint ***such classes of*** officers as may be deemed necessary for the proper and efficient administration of the Bank;

(b) to dismiss any ***senior*** officer for just cause;

(c) to fill up any vacancy or vacancies in the Board ***of Directors*** occurring during the year. When the remaining members of the Board ***of Directors*** do not constitute a quorum, the Chairman or, in his***/her*** absence, the Vice Chairman or any other directors designated by the directors present shall call a special stockholders' meeting to fill up the vacancies. The Directors so elected shall hold office until their successors are duly elected and qualified;

(d) to create additional positions for officers if and when the volume of business of the Bank demands;

(e) to appoint agents, correspondents, and depositories, and to designate the points where they are to be situated;

(f) to promulgate rules and regulations to implement the provisions of these By-laws;

(g) to pass upon the annual budget of the Bank, which shall be submitted by the Management at least two (2) weeks before the beginning of the succeeding fiscal year;

(h) to approve loan applications ***in accordance with applicable law, rules and regulations and internal policies of the Bank***;

(i) to delegate to the Chairman, Vice Chairman, President or to any officer or to any committee of its powers whenever deemed necessary for the best interests of the Bank, subject to such conditions or limitations as the Board ***of Directors*** may impose;

(j) from time to time to make such rules and regulations and to introduce amendments thereto as are not inconsistent with these By-laws for the management of the Bank's business and officers***; and***

(k) ***to exercise other powers as may be allowed under applicable law, rules and regulations.***

SECTION 29 (renumbered). Executive Committee. The Board of Directors may create an Executive Committee ***composed of at least five (5) members, three (3) of whom must be Directors and the remaining members may be from senior management.*** The members of the Executive Committee shall serve for such period as the Board ***of Directors*** may determine.

The presence of ***at least a majority of the*** members shall be sufficient for the transactions of business by the Committee.

SECTION 30. Management Committee. x x x x x ***(deleted)***

SECTION 30. Trust and Other Fiduciary Business. Trust and other fiduciary business of the Bank shall be carried out through a trust department which shall be organizationally, operationally, administratively, and functionally separate and distinct from, other departments and/or businesses of the Bank. The trust department, Trust Officer and other subordinate officers of the trust department shall only be directly responsible to the Bank's Trust Committee which shall in turn be only directly responsible to the Board of Directors.

The Board of Directors shall ensure an appropriate degree of independence between the activities of the Bank proper and its trust department.

The Board of Directors shall designate the Trust Officer who shall be vested with the management of day-to-day fiduciary activities.

The qualifications, duties and responsibilities of the Board of Directors, Trust Committee, Trust Officer and other officers of the trust department shall be in accordance with applicable laws, rules and regulations.

SECTION 31 (renumbered). Minutes. x x x x x

ARTICLE VI
OFFICERS OF THE BANK

SECTION 32 (renumbered). Senior Officers. x x x x x

SECTION 33 (renumbered). The President. The President shall be a member of the Board of Directors and shall be elected by the vote of at least seventy percent (70%) of all the members of the Board ***of Directors***.

SECTION 35. Other Officers. x x x x x ***(deleted)***

SECTION 34 (renumbered). Powers and Duties of the President. The President shall, subject to control and supervision of the Board of Directors, ***be in*** charge of ***the*** business activities of the Bank. He shall provide at all meetings of the stockholders, ***and*** the Board of Directors, reports and data which may be required of him. He shall have such other powers and perform such duties as may be conferred upon and assigned to him by the Board ***of Directors***.

SECTION 35 (renumbered). Powers and Duties of ***Senior Officers. The senior officers*** shall have such powers and perform such

duties as may be conferred and assigned to ***them*** or may from time to time be prescribed by the Board of Directors.

SECTION 36 (renumbered). The ***Corporate*** Treasurer. The Board ***of Directors*** shall appoint or designate a ***Corporate*** Treasurer**,** ***where appropriate,*** who shall have the custody and control of all the funds, securities and properties of the Bank and perform such duties as may be assigned to him by the Board ***of Directors***.

He shall render to the President and/or to the Board ***of Directors*** an account of the financial condition of the Bank, whenever required. At the close of each fiscal year, he shall submit to the Board ***of Directors*** a financial report of the Bank's operations during the year. He shall keep accurate books on accounts of the Bank.

SECTION 37 (renumbered). The Internal Auditor. The Board ***of Directors*** shall appoint or designate an Internal Auditor who shall report directly to the Board of Directors. He shall have the following duties, in addition to those which may be prescribed or delegated from time to time by the Board ***of Directors***, to wit:

x x x x x

SECTION 38 (renumbered). The Corporate Secretary and Assistant Corporate Secretary. The Board ***of Directors*** shall appoint a Corporate Secretary and one or more Assistant Corporate Secretaries who shall give due notice and keep the minutes of all meetings of the stockholders of the Bank and of the Board of Directors, have custody of the Stock Certificate Book, Stock and Transfer Book, the Corporate Seal, and other records, papers and documents of the Bank, prepare ballots for the annual election and keep a complete and up-to-date roll of the stockholders and their addresses. The Corporate Secretary shall perform such other duties as are incident to his office and those which may be required of him by the Board of Directors.

SECTION 41. Junior Officers. x x x x x ***(deleted)***

ARTICLE VII
RESTRICTED LOANS

SECTION 39 (renumbered). Loans to Directors and Officers. No director or officer of the Bank shall, either directly or indirectly, for himself or as the representative or agent of others, borrow any of the deposits ***or*** funds of the Bank, nor shall he become a guarantor, endorser, or surety of loans from the Bank to others, or in any manner be an obligor for money borrowed from the Bank or loaned or loaned by it, except with the written approval of the majority of the directors of the Bank, excluding the director concerned. Any such approval shall be entered upon the records of the Bank and a copy of such entry shall be transmitted forthwith to the appropriate supervising department of the ***Bangko Sentral ng Pilipinas***. The office of any director or officer who violates the provision of this section shall immediately become vacant.

ARTICLE VIII
AUTHORIZED SIGNATURES

SECTION 40 (renumbered). Officers Authorized to Sign. x x x x x

ARTICLE IX
RESERVE

SECTION 41 (renumbered). Surplus Reserve. Subject to the provisions of law and of the regulations of the ***Bangko Sentral ng Pilipinas***, the Board of Directors may create a surplus reserve out of the

net earnings resulting from the operation of the Bank for such purpose/s as it may deem necessary, proper and convenient.

ARTICLE X
DIVIDENDS

SECTION 42 (renumbered). Declaration of Dividends. Dividends may be declared as the Board of Directors may determine. The Board of Directors may declare dividends only from the surplus profits of the Bank, after making proper provisions for the necessary reserves in accordance with law and the regulations of the ***Bangko Sentral ng Pilipinas***.

SECTION 43 (renumbered). Stock Dividends. x x x x x

ARTICLE XI
FISCAL YEAR

SECTION 44 (renumbered). Fiscal Year. x x x x x

ARTICLE XII
INSPECTION

SECTION 45 (renumbered). Inspection by Stockholders. x x x x x

ARTICLE XIII
AMENDMENT OR REPEAL

SECTION 46 (renumbered). Amendments, Repeals, New By-laws. x x x x x

ARTICLE XIV
CORPORATE SEAL

SECTION 47 (renumbered). Design. The Board of Directors shall by resolution prescribe a corporate seal which shall be in such a design as the Board ***of Directors*** may choose.

RESOLVED, FURTHER, That all references to "Central Bank" or "Central Bank of the Philippines" and "corporation" in the Amended Articles of Incorporation of the Bank be, as they shall be, changed to "***Bangko Sentral ng Pilipinas***" and "***BDO Unibank, Inc. (the "Bank")***", respectively.

RESOLVED, FURTHERMORE, that the President (with full power of delegation or substitution), and/or the Corporate Secretary/Assistant Corporate Secretary of the Bank be authorized and empowered, for and on behalf of the Bank, to sign, execute, deliver and cause the submission of any documents necessary for the amendment of the By-Laws with the Securities and Exchange Commission, and/or other regulatory authorities such as the Bangko Sentral ng Pilipinas, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect.

RESOLVED, FINALLY, That the foregoing resolution be, as it shall be, endorsed to the Stockholders for approval and ratification.'

Based on P&A's tabulation, the votes cast and received on the Amendments to BDO's By-Laws were as follows:

Total Outstanding Shares	**Total Votes Cast**	**Votes in Favor**	**Votes Against**	**Abstentions**
4,897,770,313	3,790,136,549	3,782,799,978	811,250	6,525,321

Accordingly, stockholders owning 3,782,799,978 voting shares or 77.24% of the total number of outstanding shares approved the Amendments to BDO's By-Laws, while stockholders owning 811,250 voting shares or 0.02% voted against, and stockholders owning 6,525,321 voting shares or 0.13% of the total number of votes cast abstained.

IX. Appointment of External Auditor

The Chairman of the Meeting then announced that the next item in the agenda was the appointment of the Bank's external auditor for the year 2020. He said that the Board Audit Committee had accepted nominations and pre-screened the nominees for external auditor. The current external auditor, *Punongbayan & Araullo, Grant Thornton (P&A)* has been recommended for re-appointment as the Bank's external auditor for the year 2020.

Subsequently, upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of voting by the stockholders on the re-appointment of P&A as external auditor of the Bank for the year 2020, and the following resolution was passed and adopted:

Stockholders' Resolution No. 06-2020

"RESOLVED, That the Stockholders approve, as they hereby approve, the re-appointment of PUNONGBAYAN & ARAULLO, GRANT THORNTON as external auditor of BDO Unibank, Inc. for the year 2020 under such terms and conditions of engagement as may be approved by the Board of Directors."

Based on P&A's tabulation, the votes cast and received on the re-appointment of external auditor for the year 2020 were as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstentions
4,897,770,313	3,790,136,549	3,778,779,891	4,768,337	6,588,321

Accordingly, stockholders owning 3,778,779,891 voting shares or 99.70% of the total number of voting shares represented at the meeting approved the re-appointment of P&A as the Bank's external auditor for 2020, while stockholders owning 4,768,337 voting shares or 0.13% voted against, and stockholders owning 6,588,321 voting shares or 0.17% of the total number of votes cast abstained.

X. Adjournment

There being no further business to transact, the meeting was adjourned at 2:47 o'clock in the afternoon.

EDMUNDO L. TAN
Corporate Secretary

ATTESTED:

TERESITA T. SY
Chairperson

Annex "I"

OFFICERS OF BDO UNIBANK, INC. PRESENT AT THE ANNUAL MEETING OF THE STOCKHOLDERS HELD VIRTUALLY THROUGH CISCO WEBEX EVENTS ON JUNE 16, 2020, AT 2:00 P.M.

Roberto E. Lapid	Vice Chairman & President, BDO Leasing & Finance, Inc.
Rolando C. Tanchanco	Senior Executive Vice President
Walter C. Wassmer	Senior Executive Vice President
Jaime C. Yu	Senior Executive Vice President
Eduardo V. Francisco	Executive Vice President
Jesus Antonio S. Itchon	Executive Vice President
Ma. Corazon A. Mallillin	Executive Vice President
Roy Allan V. Magturo	Senior Vice President
Dalmacio D. Martin	Executive Vice President & Treasurer
Ricardo V. Martin	Executive Vice President
Edwin Romualdo G. Reyes	Executive Vice President
Evelyn L. Villanueva	Executive Vice President & Chief Risk Officer
Albert S. Yeo	Executive Vice President
Maria Carina S. Antonio	Senior Vice President
Rafael G. Ayuste, Jr.	Senior Vice President & Trust Officer
Ferdinand C. Bacungan	Senior Vice President
Gwyneth M. Entao	Senior Vice President
Maria Cecilia G. Fonacier	Senior Vice President
Geneva T. Gloria	Senior Vice President
Marilyn K. Go	Senior Vice President & Deputy Treasurer
Frederic Mark S. Gomez	Senior Vice President
Richard Emil R. Grau	Senior Vice President
L.Jerome C. Guevarra	Senior Vice President
Enrico R. Hernandez	Senior Vice President
Gabriel U. Lim	Senior Vice President
Joseph Rhoderick B. Lledo	Senior Vice President
Rhodora M. Lugay	Senior Vice President
Angelita C. Manulat	Senior Vice President
Ramon T. Militar	Senior Vice President
Aurea Imelda S. Montejo	Senior Vice President
Jaime M. Nasol	Senior Vice President
Maria Rhoda B. Orsolino	Senior Vice President
Maria Nannette R. Regala	Senior Vice President
Maria Theresa L. Tan	Senior Vice President
Federico P. Tancongco	Senior Vice President & Chief Compliance Officer
Myla R. Untalan	Senior Vice President
Michael R. Cahigas	First Vice President
Sarah Kathryn T. Geronimo	First Vice President
Maria Carmela M. Guerrero	First Vice President
Hannah Regina H. Lopez	First Vice President
Ma. Cecilia S. Santos	First Vice President
Lorelie Lorraine L. Sy	First Vice President
Richard R. Tan	First Vice President
Bernhard Aloysius G. Tsai	First Vice President
Cristina K. Chua	Senior Assistant Vice President
Amy Lee Mitchell Gotianse-Erni	Senior Assistant Vice President

Jaclyn G. Leagogo	Assistant Vice President
Erick Anthony J. Valencia	Assistant Vice President
Elmer B. Serrano	Corporate Information Officer
Antonio N. Cotoco	Senior Credit Executive
Guia C. Lim	Senior Credit Executive
Edmundo S. Soriano	Senior Credit Executive