UnionBank

UnionBank Plaza, Meralco Avenue cor. Onyx
& Sapphire Roads, Ortigas Center, Pasig City 1605

April 18, 2022

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Attention : **DIRECTOR VICENTE GRACIANO P. FELIZMENIO**
Markets and Securities Regulation Department

via PSE EDGE
THE PHILIPPINE STOCK EXCHANGE, INC.
6th Floor, PSE Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention : **MS. JANET A. ENCARNACION**
Head, Disclosure Department

via electronic mail
PHILIPPINE DEALING AND EXCHANGE CORP.
29/F BDO Equitable Tower
8751 Paseo de Roxas
Makati City

Attention : **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head, Issuer Compliance and Disclosure Department

Gentlemen:

Pursuant to Structured Continuing Disclosure Requirements for Listed Companies of the Exchange, we report herewith SEC Form 17A of Union Bank of the Philippines as of December 31, 2021.

For your information and guidance. Thank you.

Very truly yours,

FRANCIS B. ALBALATE
SVP / Financial Controller

COVER SHEET

3	6	0	7	3								

S.E.C. Registration Number

U	N	I	O	N	B	A	N	K		O	F		T	H	E		P	H	I	L	I	P	P	I	N	E	S			

(Company's Full Name)

U	N	I	O	N	B	A	N	K		P	L	A	Z	A		M	E	R	A	L	C	O		A	V	E	N	U	E	
C	O	R		O	N	Y	X		A	N	D		S	A	P	P	H	I	R	E		S	T	R	E	E	T	S		
O	R	T	I	G	A	S		C	E	N	T	E	R	,		P	A	S	I	G		C	I	T	Y					

(Business Address : No. Street City / Town / Province)

FRANCIS B. ALBALATE	(632)8667-6388
Contact Person	Company Telephone Number

1	2	3	1	SEC FORM 17A		0	4	2	2
Month		*Day*		FORM TYPE		*Month*		*Day*	
Fiscal Year						Annual Meeting			

UNDERWRITER OF SECURITIES

Secondary License Type, If Applicable

C	F	D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

4,949		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number _____ LCU

Document I.D. _____ Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 11 OF THE REVISED SECURITIES ACT AND SECTION 141 OF CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended **December 31, 2021**

2. SEC Identification Number **36073**

3. BIR Tax Identification No. **000-508-271-000**

4. **UNION BANK OF THE PHILIPPINES**
   Exact name of registrant as specified in its charter:

5. **METRO MANILA, PHILIPPINES**
   Province, Country or other jurisdiction or incorporation or organization

6. (SEC Use Only)
   Industry Classification Code

7. **UnionBank Plaza, Meralco Ave. cor. Onyx and Sapphire Streets, 1605**
   Ortigas Center, Pasig City Postal Code
   Address of Principal Office

8. **(632) 8667-6388**
   Registrant's telephone number, including area code

9. **Not applicable**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock P10.00 par value	1,219,362,818 shares

11. Common Stocks are listed at the Philippine Stock Exchange.

12. Check whether the issuer:

    (a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [X] No [ ]

    (b) Has been subject to such filing requirements for the past ninety (90) days.

    Yes [X] No [ ]

13. The aggregate market value as of March 31, 2022 of the voting stock held by non-affiliates **₱149,136,986,170.20**

UNIONBANK OF THE PHILIPPINES
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PART I – BUSINESS AND GENERAL INFORMATION

Item 1 - Business

A. Description of Business

Union Bank of the Philippines (UnionBank or UBP) is a publicly-listed universal bank whose principal shareholders are Aboitiz Equity Ventures, Inc. (AEV), Social Security System (SSS) and The Insular Life Assurance Company, Ltd. (Insular Life).

UnionBank has always been among the first to embrace technological innovations to empower its customers. It embraces the future of banking and is committed to be the Philippines' leading digitally-transformed bank to best serve the growing needs of Filipinos everywhere. It distinguishes itself through technology and innovation, unique branch sales and service culture, and centralised backroom operations. The Bank leverages technology and its agile culture to meet the customers' changing and diverse needs and continuously enhance customer experience. Its unique branch sales and service culture ensures efficient and quality service as well as mitigates operational risk. The Bank's distinct centralised backroom operations enable it to provide responsive, scalable, and secure transaction processing.

UnionBank's clientele encompasses retail, middle-market, and corporate customers, as well as major government institutions. UnionBank believes that its use of technology, marketing strategies, and operational structure have enabled it to capture and secure a loyal customer base and achieve high levels of efficiency and productivity.

Historical Background

The Bank, originally known as "Union Savings and Mortgage Bank", was incorporated in the Philippines on August 16, 1968. On January 12, 1982, it was given the license to operate as a commercial bank. The Bank's common shares were listed in the PSE on June 29, 1992 and shortly after, it was granted the license to operate as a universal bank on July 15, 1992. The Bank became the 13th and youngest universal bank in the country in only its tenth year of operation as a commercial bank.

The Bank has undertaken two mergers, with the International Corporate Bank (Interbank) in 1994 and the International Exchange Bank (iBank) in 2006.

As of 31 December 2021, UnionBank's key subsidiaries and affiliates include: City Savings Bank, Inc., (CSB) (which assumed acquired subsidiary, Philippine Resources Savings Bank Corporation (PR Savings Bank)), Petnet, Inc., (Petnet), First Agro Industrial Rural (FAIR) Bank, Bangko Kabayan Private Development Bank (Bangko Kabayan), Progressive Bank, Inc. (PBI), UBP Investments Corporation (UIC) (formerly Union Properties, Inc.), First Union Plans, Inc. (FUPI), First Union Direct Corporation (FUDC), First Union Insurance and Financial Agencies, Inc. (FUIFAI), UBX Philippines (UBX PH),UBX SG, and UnionDigital (see *Subsidiaries and Affiliates* portion for more information).

Over the years, UnionBank has garnered a record-breaking number of awards and recognition including "Asia Trailblazer Institution of the Year" from Retail Banker International; "Best Bank Transformation in South East Asia 2021" from Global Banking and Finance; "Best Bank for Customer Experience in South East Asia 2021" from Global Brands Magazine; 4-Time "Digital Bank of the Year (2018-2021)" from The Asset Triple A; "Most Recommended Retail Bank in Asia Pacific 2021" from BankQuality.com; "Fastest Growing Fintech Company, South East Asia 2021" for UBX from Global Banking and Finance; back-to-back "Best Retail Bank in the Philippines" from The Asian Banker; back-to-back "Best Bank for SMEs" (2020-2021) from Asiamoney; "SME Bank of the Year - Philippines 2021" from Asian Banking and Finance; back-to-back "#1 Best Service Domestic Bank in the Philippines 2020-2021" at the Asiamoney Cash Management Survey; "Asia's Best Bank Transformation" from Euromoney; "Asia-Pacific Retail Bank of the Year" from Retail Banker International; "Top 2 Most Helpful Banks in Asia Pacific during COVID-19" from BankQuality.com; "Asia Pacific Digital Trailblazer" for UnionBank and

"DX CEO Asia Pacific" for President and CEO Edwin R. Bautista from IDC Asia Pacific DX Awards; three-time "Best Digital Bank Philippines" from Asiamoney and International Finance Magazine; and "Employer of the Year" awards from Stevie Awards for Great Employers, Asian Banking and Finance, and HR Asia.

Acquisitions / Company Creation

On January 8, 2013, UnionBank's Board of Directors approved the purchase of CSB, a premier thrift bank specializing in granting teacher's loans under the Department of Education's (DepEd) Automatic Payroll Deduction System (APDS). The transaction was approved by the Monetary Board of the Bangko Sentral ng Pilipinas (BSP) on March 21, 2013. The acquisition of CSB is aligned with UnionBank's business plans and long-term strategy of building businesses based on consumers.

In May 2013, UnionBank's subsidiary, UIC[1], completed the acquisition of FUIFAI, a company organized to primarily engage in the business of a general agent for life and non-life insurance, and other allied financial services.

On December 15, 2016, CSB and UIC received Monetary Board approval to finalize its joint-acquisition of a majority stake in FAIRBank, a rural bank that provides banking and microfinance services and loan products to micro, small, and medium enterprises, and micro housing institutions.

In December 2017, CSB signed a Share Purchase Agreement with the ROPALI Group to acquire 100% of the common shares and with International Finance Corp. (IFC) in February 2018 to acquire 100% of the preferred shares of PR Savings Bank. PR Savings Bank is a thrift bank engaged in providing motorcycle, agri-machinery, and teachers' salary loans. The acquisition of shares in PR Savings Bank was approved by the Philippine Competition Commission on April 5, 2018. The BSP has issued its approval-in-principle of the acquisition on June 14, 2018. The merger of PR Savings Bank with CSB was approved by the BSP on December 27, 2018. The SEC approved the same on February 28, 2019.

In January 2018, CSB and UIC executed a Share Purchase Agreement (SPA) with the majority shareholders of PBI for the acquisition of a 75% equity interest through a combination of subscription and purchase of common shares. PBI is a rural bank based in Iloilo engaged in the business of extending credit to farmers, tenants, and rural industries of enterprises. On February 24, 2020, the BSP approved the application of CSB and UIC to acquire 75% ownership of PBI.

In February 2018, CSB and UIC signed an SPA with Aboitiz Equity Ventures (AEV) to purchase 51% of the common shares of Petnet, Inc. The transaction was approved by the Philippine Competition Commission on May 8, 2018 and by the BSP on December 11, 2018. Petnet, more widely known by its retail brand name PeraHub, has over 3,000 outlets nationwide which offers a variety of cash-based services including remittance, currency exchange, and bills payment.

On December 19, 2018, UBX PH was incorporated with the SEC. On February 11, 2019, the BSP approved its incorporation. UBX PH serves as UnionBank's investment house to hold, purchase, and acquire businesses engaged in financial and information technology services. UBX PH also owns 30% of Shiptek Solutions Corporation.

A wholly-owned subsidiary of UBX PH, UBX SG was incorporated and registered with the Accounting and Corporate Regulatory Authority (ACRA) of Singapore in 2018. It is a holding company that is principally engaged in acquiring various fintech start-ups. UBX SG owns 100% of UBX Remit Pte. Ltd. (SG), 2.44% of NYK Ventures Pte. Ltd. (SG), and 31.98% of Fintech Platform Ventures (FPV).

[1] On July 22, 2019, the Securities and Exchange Commission (SEC) approved the change in the name of Union Properties, Inc. to UBP Investments Corporation (UIC) and change in primary purpose to that of a holding company and its secondary purpose was amended to act as a property administrator.

In February 2019, City Savings and UIC executed a Share Purchase Agreement with the majority shareholders of Batangas-based Bangko Kabayan Private Development Bank (Bangko Kabayan) to acquire 70% ownership in the MSME-oriented rural bank. The transaction was approved by the BSP and Philippine Competition Commission (PCC) on September 19, 2019 and January 9, 2020, respectively.

In July 2021, the BSP granted a digital banking license to UnionDigital. It is the only digital bank established by a universal bank among the 6 licensees approved by the BSP. UnionDigital was incorporated in November 2021 and is expected to be commercially operational in the 2nd half of 2022. It will be the Bank's foray to penetrate the larger untapped retail segment in the country in a purely digital and cost-effective manner.

In December 2021, the Bank entered into a Share and Business Transfer Agreement with the subsidiaries of Citigroup Inc. (Citi) to acquire Citi's consumer banking in the Philippines. The transaction includes Citi's credit card, personal loans, wealth management, and retail deposit businesses. The acquisition also includes Citi's real estate interests in relation to Citibank Square in Eastwood, 3 full-service bank branches, and 5 wealth centers. Subject to regulatory approvals, the transaction is expected to close in the 2nd half of 2022. The acquisition will accelerate the Bank's objective of becoming a 'Great Retail Bank' given Citi's market leadership in the credit cards, personal loans, and wealth management business.

Capital Markets Transactions

On April 26, 2007, UnionBank embarked on a primary offering of 90 million new common shares in order to strengthen its capital adequacy ratio in anticipation of Basel II requirements, thereby enhancing its financial flexibility. The new shares were listed in the PSE on May 10, 2007.

On October 14, 2009, UnionBank issued Php3.75 billion worth of unsecured subordinated debt, eligible as Lower Tier 2 capital, with an interest rate of 7.375% per annum. It exercised the call option feature of the debt instrument on January 14, 2014.

On October 18, 2013, UnionBank raised a total of Php3.0 billion from its initial offering of Long-Term Negotiable Certificates of Deposits (LTNCDs). The LTNCDs carry a coupon rate of 3.50% per annum, which is payable quarterly beginning January 18, 2014 maturing on April 17, 2019.

On October 16, 2014, the amendment to UnionBank's Articles of Incorporation was approved by the BSP, whereby the authorized capital stock increased from Php6.7 billion to Php23.1 billion, divided into approximately 1.3 billion common shares at par value of Php10.00 and 100 million preferred shares at par value of Php100.00. UnionBank, likewise, obtained BSP approval for the payment of 65% stock dividends, which was used to fund the 25% subscription relating to the increase in capital stock.

On November 20, 2014, UnionBank issued Php7.2 billion of Basel III-compliant Tier 2 Unsecured Subordinated Notes with a coupon rate of 5.375% per annum due February 20, 2025, callable on February 20, 2020. It exercised the call option feature of the note after obtaining approval from the BSP on December 19, 2019.

On November 29, 2017, UnionBank raised US$500 million in Fixed Rate Senior Notes under its USD1.0 billion Medium Term Note Programme. The Notes were issued at par with a yield of 3.369% per annum, maturing November 29, 2022.

On February 21, 2018, UnionBank issued Php3.0 billion Long Term Negotiable Certificates of Time Deposit (LTNCD) due in August 2023 with a fixed rate of 4.375% per annum. This was the initial tranche under its Php20.0 billion LTNCD program as approved by BSP on December 12, 2017. The LTNCDs were listed on the Philippine Dealing Exchange Corp. (PDEx).

On September 28, 2018, UnionBank issued and listed on The Philippine Stock Exchange, Inc. (PSE) a total of 158,805,583 common shares following the completion of its Php10.0 billion stock rights offering.

On December 7, 2018, UnionBank issued and listed on PDEx Php11.0 billion Fixed Rate Bonds with a coupon rate of 7.061% per annum and matured on December 7, 2020.

On June 3, 2019, UnionBank issued and listed on PDEx Php5.8 billion Fixed Rate Bonds due 2022 under its Php39.0 billion Bond Program. The 2019 Bonds carry a coupon rate of 6.000% per annum and will mature in June 2022.

On February 24, 2020, UnionBank issued and listed on PDEx its Php6.8 billion Unsecured Subordinated Notes Qualifying as Tier 2 Capital Due 2030 under its BSP-approved issuance of Php20.0 billion Unsecured Subordinated Notes Qualifying as Tier 2 Capital.

On October 2, 2020, UnionBank increased the size of its Medium-Term Note Programme to USD2.0 billion from the original USD1.0 billion that was established in November 2017. On October 15, 2020, the Bank issued USD300 million of Senior Unsecured Fixed Rate Notes. Said notes carry a coupon rate of 2.125% per annum and will mature on October 22, 2025.

On December 9, 2020, UnionBank successfully raised Php9.0 billion of peso-denominated fixed rate bonds via a dual tranche offering under its Php39.0 billion Bond Program. The 3-year tranche raised a total of Php8.115 billion and carries an interest rate of 2.750%. The 5.25-year tranche raised a total of Php885 million and carries an interest rate of 3.375%. The issuance marked the first dual-tranche offering issued under BSP Circular 1010 on bank-issued bonds.
On December 22, 2020, UnionBank's subsidiary, City Savings Bank, Inc. issued Php5.0 billion of corporate notes, of which, Php1.5 billion will mature in 3 years and Php3.5 billion will mature in five years.

For the years 2019 to 2021, UnionBank issued a total of 2,213,306 common shares to eligible employees out of the 5,000,000 common shares pursuant to the Bank's Employee Stock Plan. On January 28, 2022, the Bank issued 716,399 common shares to eligible employees pursuant to the Bank's Employee Stock Plan. These issuances were exempt from registration under Section 10.2 (Exempt Transactions) of the SRC.

On July 23, 2021, the Bank issued a USD150 million Social Bond with the International Finance Corporation (IFC) as sole investor. The tenor of the bond is seven years.

On October 24, 2021, the BSP approved the amendment to UnionBank's Articles of Incorporation whereby the authorized capital stock increased from Php23.1 billion to Php35.3 billion, divided into 2.5 billion common shares at par value of Php10.00 and 100 million preferred shares at par value of Php100.00. UnionBank, likewise, obtained BSP approval for the payment of 25% stock dividends, to comply with the required 25% subscription of the increase in authorized capital stock.

On December 23, 2021, following the acquisition of Citi group's consumer banking business, the Board approved the raising of additional capital of up to Php40 billion through the issuance of additional shares from the Bank's unissued authorized capital stock via a Stock Rights Offering (SRO) to all existing shareholders. The proceeds of the SRO will be utilized for the acquisition of Citigroup's consumer banking business in the Philippines.

B. Business of Issuer

Principal products and services

UnionBank offers a broad range of products and services, which include which include deposit and related services, consumer finance (comprising credit card services, mortgage and auto loans, and personal/salary loans), corporate banking, commercial banking (comprising middle-market banking), micro, small and medium-sized enterprises ("MSME") banking, cash management, trust and investment services, treasury products distribution, funding and trading (involving management of UnionBank's liquidity and funding requirements and handling of transactions in the financial markets covering foreign exchange, fixed income trading and investments, and derivatives).

In addition, UnionBank has a private banking unit which offers estate planning solutions and a global and diversified multi-asset fund to its high-net-worth and ultra-high-net-worth clients through its partnership with Lombard Odier & Co. (a Swiss global wealth asset manager), and various life insurance products through its bancassurance partnership with Insular Life.

Deposits and Related Services *Savings Accounts:* Personal Savings Account · US Dollar Savings Account · Third Currency Accounts · Dollar Access · My First Savings · Savings+ *Checking Accounts:* Regular Checking · Power Checking · Premium Deposit *Investment Accounts:* Time Deposit · Peso Optimizer · Hi-Five
Corporate, Middle-Market, and Consumer Lending *Corporate Banking Loans* *Commercial Banking Loans* *SME Banking* Solutions: BusinessLine Classic · Dealers Financing Line. Business Loan. MD Line *Consumer Lending:* Auto Loans · Mortgage · Quick Loans
Debit Cards *Personal:* Easy Access · Business Class Platinum Visa Debit · US Dollar Visa Debit · Go Rewards Debit · EON · PlayEveryday · Lazada · e-Wallet *Corporate:* ePaycard · UnionBank Corporate Prepaid Card *Government:* GSIS UMID/eCard · SSS UMID/Quickcard · Pag-IBIG Loyalty Card
Credit Cards *Rewards Cards:* Visa Classic · Gold · Platinum *Cashback*: Mastercard Gold · Platinum *Travel and Lifestyle:* Miles+ Platinum · Ceb GetGo Credit Card · Ceb GetGo Platinum Credit Card · PlayEveryday · Lazada Credit Card *Co-brand and Affinity Cards*: in partnership with companies that are involved in retail business; home-building; hotels; medical, health and fitness; financial security; airlines; educational and service-oriented institutions; and non-profit organizations focusing on religious, humanitarian, cause-oriented activities, and promotion of professional organizations *Corporate Card Program*
Prepaid Cards EON · GetGo Peso+
Trust and Investment Products *Short Term:* Peso Short-Term Fixed Income Portfolio · Dollar Short-Term Fixed Income Portfolio *Intermediate Term:* Intermediate-Term Fixed Income Portfolio · Infinity Prime Portfolio · High Net Worth Intermediate-Term Peso Fixed Income Portfolio *Medium Term:* Peso Fixed Income Portfolio · Dollar Bond Portfolio · High Net Worth Medium-Term Fixed Income Portfolio · Tax-Exempt Portfolio *Long Term:* Long-Term Fixed Income Portfolio *Equities:* Large Capitalization Philippine Equity Portfolio · Dividend Play Equity Portfolio · Philippine Equity Index Tracker Portfolio *Balanced:* Peso Balanced Portfolio · Capital Accumulation Global Fund of Funds Portfolio (USD-class & PHP-class) *Managed Accounts (non-UITF):* Investment Management Account (IMA) · Personal Management Trust (PMT)
Cash Management Services *Corporate Disbursements:* Electronic Fund Transfers (UnionBank Transfers, PESONet, InstaPay, PDDTS, SWIFT) · eGobyerno (SSS, Philhealth, Pag-IBIG, BIR, BOC) · Business Check · Business Check Online · Checkwriter · Voucher Payout · Sponsorship Arrangements *Corporate Collections:* Bills Payment · Auto Debit Arrangement (ADA) · Batch Bills Payment · Partnerpay · Checkhouse · Expanded Check Collections · Mobile Check Deposit · Remote Check Deposit · Cash Mobilization · Secure Pay · Partner Pay· PSE Trade/Securities Clearing Corporation of the Philippines (SCCP) · UPAY *Payroll and Cards:* Payroll & Corporate Disbursement Solutions (ePaycard, eCrediting/Fund Transfer, ePayroll) · UnionBank Corporate Prepaid Card · GSIS

UMID/eCard · SSS UMID/Quickcard · Pag-IBIG Loyalty Card *Trade Services and Products*
Digital Channels *Retail:* UnionBank Online · Bonds.PH *SME*: SME Business Banking App · i2i platform · BUX · Sentro · SeekCap *Corporate:* The Portal · Financial Supply Chain (Dealer Financing, Payables Discounting
Private Banking *Access to Global Funds and Investment Strategies* *Government Securities, Corporate Bonds, Money Market Securities, UITFs* *Asset Swaps* *Family Services* *Financial Advisory* *Mutual Funds* *FX* *Other Investments*
Bancassurance Assurance · Assurance Prime · Security · Prominence · Dollar Prominence · Sure Cover

Its thrift bank subsidiary, CSB, primarily offers salary loans to DepEd teachers with its Automatic Payroll Deduction System (APDS) agreement. With CSB's acquisition and merger with Philippine Resources Savings Bank, it was able to diversify into the motorcycle loans business. CSB also offers various personal loan products to include pension loans to SSS and GSIS members, as well as employee loans to non-DepEd educational institutions, LGUs, and many more. CSB's other thrift and rural bank subsidiaries also offer basic deposit and lending services which range from individual to MSME loans. Petnet, on the other hand, offers a wide variety of cash and payment-related solutions such as remittance, foreign exchange, bills payment, ATM withdrawal, lending, and many more.

As the Bank's tech and innovation company, UBX aims to be the leading open financial platform in the country through embeddable finance and data solutions. The aggregation of its various solutions into one comprehensive platform enables UBX to be a one-stop shop for various clients. These solutions include banking-as-a-service via i2i, payments via BUX, lending via SeekCap, online shop builder for E-Commerce via Sentro, and many more. UBX also offers technological services to clients such as app and blockchain development, as well as enabling and investing in technology startups.

UnionDigital is the Bank's digital banking arm, and the only digital bank established by a private universal bank, licensed by the BSP. It is the Bank's vehicle to tap the large unbanked and underbanked segments. By leveraging state-of-the-art back-end infrastructure to onboard customer communities, UnionDigital is expected to help accelerate the Bank's growth aspirations and bring about inclusive prosperity to more Filipinos. It is expected to be operational by mid-2022.

Segment Information

Business Segments
The Group's main operating businesses are organized and managed separately according to the nature of products and services provided and the different markets served, with each segment representing a strategic business unit. These are also the basis of the Group in reporting to its chief operating decision-maker for its strategic decision-making activities. The Group's main business segments are presented below.

a. *Consumer Banking*
This segment principally handles individual customers' deposits and provides consumer type loans, such as automobiles and mortgage financing, credit card facilities and funds transfer facilities.

b. *Corporate and Commercial Banking*
This segment principally handles loans and other credit facilities and deposit and current accounts for corporate, institutional, small and medium enterprises, and middle market customers.

c. *Treasury and Trust*
This segment principally handles loans and other credit facilities and deposit and current accounts for corporate, institutional, small and medium enterprises, and middle market customers.

d. *Headquarters*
This segment includes corporate management, support and administrative units not specifically identified with Consumer Banking, Corporate and Commercial Banking or Treasury.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis.

Segment resources and liabilities comprise operating resources and liabilities including items such as taxation and borrowings. Revenues and expenses that are directly attributable to a particular business segment and the relevant portions of the Group's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

Subsidiaries and Affiliates

The Bank's subsidiaries (all incorporated in the Philippines, except for UBX SG and UBX Remit), effective percentage of ownership and the nature of the subsidiaries' businesses as of December 31, 2021 and 2020 are as follows:

	Percentage of Ownership		
Name of Subsidiary	**2021**	2020	Nature of Business
City Savings Bank, Inc. (CSB)	**99.79%**	99.79%	Thrift bank
PetNet, Inc. (PETNET)	**51.00%**	51.00%	Remittances/ money transfer
First-Agro Industrial Rural Bank, Inc. (FAIR Bank) [(a)]	**100.00%**	93.33%	Rural bank
UBP Investments Corporation (UIC)	**100.00%**	100.00%	Holding company
First Union Plans, Inc. (FUPI) [(b)]	**100.00%**	100.00%	Pre-need
First Union Direct Corporation (FUDC) [(b)]	**100.00%**	100.00%	Financial products marketing
First Union Insurance and Financial Agencies, Inc.	**100.00%**	100.00%	Agent for insurance and

(FUIFAI) [(b)]			financial products
UBP Securities, Inc. (UBPSI)	**100.00%**	100.00%	Securities brokerage
UnionBank Currency Brokers Corporation (UCBC)	**100.00%**	100.00%	Foreign currency brokerage
UnionDataCorp (UDC)	**100.00%**	100.00%	Data processing
Interventure Capital Corporation (IVCC)	**60.00%**	60.00%	Venture capital
UBX Philippines Corporation (UBX)	**100.00%**	100.00%	Investment holding and innovation company
UBX Private Ltd. (UBX SG) [(c)]	**100.00%**	100.00%	Holding company
UBX Remit Pte. Ltd. (UBX Remit) [(d)]	**100.00%**	100.00%	Remittance company
Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan) [(e)]	**70.00%**	70.00%	Private development bank
Progressive Bank, Inc. (PBI) [(f)]	**100.00%**	75.00%	Rural bank
Union Digital Bank (UnionDigital) [(g)]	**100.00%**	–	Digital bank

(a) On July 8, 2021, UIC acquired the shares of non-controlling interest of FAIR Bank
(b) FUPI, FUDC and FUIFAI are wholly-owned subsidiaries of UIC
(c) Wholly owned subsidiary of UBX
(d) Wholly owned subsidiary of UBX SG
(e) Acquired on March 12, 2020 through CSB and UIC, with 49% and 21% share in ownership, respectively
(f) Acquired on July 13, 2020 through CSB and UIC, with 49% and 51% share in ownership, respectively
(g) Incorporated on November 25, 2021

Other relevant information about the subsidiaries' nature of businesses and their status of operations are discussed in the sections that follow:

a. CSB was incorporated and registered with the SEC on December 9, 1965. It is a thrift bank specializing in granting teacher's loans under the Department of Education's APDS. CSB has 149 branches as of December 31, 2021.

   On July 5, 2018 and July 10, 2018, the BOD and the stockholders, respectively, of CSB approved the plan of merger with PR Savings Bank, with CSB as the surviving entity. On December 20, 2018, the Monetary Board (MB) of the BSP approved the merger subject to certain conditions, including completion of the merger within one year from the date of receipt of the BSP approval and that the merger should be effective on the date the SEC issues the certificate of merger. On December 27, 2018 and February 28, 2019, the BSP and the SEC, respectively, approved the merger between CSB and PR Savings Bank, with CSB as the surviving entity.

   PR Savings Bank was the 14th largest thrift bank in the country. Most of its 102 offices are located in Luzon offering motorcycle, agri-machinery, and salary loans to over 131,000 borrowers, mostly from the mass market segment. The transaction enabled CSB to expand its reach in Luzon, and enter into new market segments, such as motorcycle and agri-machinery financing.

   On December 20, 2018, the MB of BSP granted certain merger incentives, including temporary relief from compliance with the minimum CAR of 10% on solo basis for both the CSB and PRSB from June 2018 until the effectivity of the merger, provided that the CSB's CAR shall not fall below 7%; ten-year amortization of the goodwill from July 2018 to June 2028, and staggered booking of loan impairment determined based on BSP's examination of PR Savings Bank as of June 30, 2018 over a period of 5 years to start on the year the merger becomes effective. Subsequently, CSB recognized the required loan impairment amount outright as part of the determination of the final fair value of assets acquired at the date of the business combination.

   CSB's CAR, after the effectivity of the merger, increased from 8.9% in December 2018 to 11.9% in March 2019. For prudential reporting, the Bank is amortizing the goodwill approved by the BSP for the next 10 years. The required annual amortization of goodwill for prudential reporting purposes of CSB is ₱272.94 million. The difference between the final goodwill under PFRS and the BSP approved goodwill was reflected as a reduction in Retained Earnings for prudential reporting to the BSP.

b. PETNET, more widely-known by its retail brand name PERA HUB, has the largest network of Western Union outlets in the Philippines. PETNET has over 3,714 outlets nationwide. It offers a variety of cash-based services including remittance, currency exchange and bills payment.

c. FAIR Bank was registered with the SEC on September 15, 1998 primarily to engage in the business of extending rural credit to small farmers and tenants and to deserving rural industries or enterprises. FAIR Bank has one (1) banking office and ten (10) branches located all over Cebu and Negros Occidental areas.

   In 2020, CSB and UIC further infused additional capital amounting to ₱41.45 million (equivalent to 414,543 common shares at ₱100 par value) and ₱43.15 million (equivalent to 431,157 common shares at ₱100 par value), respectively, or a total of ₱84.60 million. The aggregate additional infusion in 2020 resulted in UIC's ownership in FAIR Bank further increasing to 44.33%, while CSB's ownership remained the same at 49%.

   On July 8, 2021, UIC acquired the remaining 199,998 shares held by the non-controlling interest of FAIR Bank for ₱50.15 per share (₱10.2 million), further increasing the percentage of ownership of UIC from 44.33% to 51%, while CSB's ownership interest stood at 49%.

d. UIC was incorporated and registered with the SEC on December 20, 1993. It is presently engaged in business as a holding company authorized to hold investments of real and personal properties, including shares of stocks, bonds, debentures, notes and other securities and obligations, without engaging in business of an investment company or broker or dealer in securities of stocks.

   UIC holds investments of the Group's thrift banks, rural banks and remittance companies. In addition, through its wholly-owned subsidiaries, FUPI, FUDC and FUIFAI, UIC is also engaged in the servicing of existing pre-need plans, and being an agent for life and non-life insurance products.

e. On February 11, 2019, the BSP approved the Parent Bank's incorporation of UBX Philippines Corporation (UBX). UBX was incorporated to invest in, hold, own, purchase, lease manage, sell or otherwise dispose of real and personal properties of every kind and description. It shall also engage in the development of financial technology innovations and engage in electronic commerce business.

   In October 2018, UIC incorporated UBX SG. On March 21, 2019, UBX then entered into an SPA with UIC to purchase 100 ordinary shares of UBX SG, a Singapore-based entity incorporated by UIC in October 2018, for a total consideration amounting to SGD100. Similar to UBX, UBX SG is incorporated to engage in the development of financial technology innovations and engage in electronic commerce business.

   On November 27, 2020, the Parent Bank's BOD approved the additional capital infusion of ₱500 million into UBX. The capital infusion was approved by the BSP on February 15, 2021. The additional capital is intended to grow UBX' business operations and venture platforms.

f. In February 2019, CSB and UIC acquired 70% ownership of Bangko Kabayan, with CSB owning 49% and UIC owning 21%. The transaction was approved by BSP and Philippine Competition Commission (PCC) on September 19, 2019 and January 9, 2020, respectively. On March 12, 2020, the parties executed the Deed of Absolute Sale, which is determined to be the Group's acquisition date. On the same date, CSB and UIC paid 70% of the total purchase price, bringing the total payment to 90% of the purchase price. The remaining 10% deposited as a retention amount in an escrow account has been released to the sellers in November 2021.

Bangko Kabayan is authorized to engage in the business of extending financial services to farmers, employees, entrepreneurs, commercial, manufacturing and industrial enterprises and to such other persons or entities that require financial intermediation, and to have and to exercise all authority and powers, and to do and perform all acts, and to transact all business which may legally be done by thrift banks organized under and in accordance with the existing New Thrift Banks Act of 1995 (Republic Act No. 7906). It converted its existing microfinance banking office to a branch-lite unit and has 23 branches, including the head office, in the areas of Batangas, Laguna and Quezon (Southern Luzon), and one branch-lite in Lobo, Batangas.

g. On January 5, 2018, CSB and UIC executed an SPA to acquire 75% ownership interest of PBI through a combination of (a) subscription to 18,000,000 new shares and (b) purchase of 11,980,916 common shares from the major stockholders. On February 24, 2020, the BSP approved the application of CSB and UIC to acquire 75% ownership of PBI.

   On July 13, 2020, BSP noted a clarification made by the PCC in its acknowledgement letter indicating that PCC does not categorically declare that the acquisition does not breach the thresholds prescribed by PCC and its IRR, leaving the parties involved with the responsibility to ensure that they fully comply with the notification requirement. The PCC issued a Letter of Non-Coverage declaring that the transaction is not subject to compulsory notification on August 5, 2020. For convenience purposes, the Group used July 31, 2020 as the date of business combination.

   On October 7, 2021, UIC acquired the remaining 19,993,640 shares held by the non-controlling interest of PBI for ₱1.80 per share (₱36.0 million), further increasing the percentage of ownership of UIC from 26% to 51%, while CSB's ownership interest stood at 49%.

   PBI is authorized to engage in the business of extending credit to farmers, tenants, and rural industries or enterprises, and to transact all business that may be legally done by rural banks formed under and in accordance with the existing Rural Banks Act (Republic Act No. 7353). The principal office address of PBI is located at Del Rosario St., Poblacion, Balasan, Iloilo, and operates an extension office in Pototan, Iloilo, for the purpose of providing microfinance loans along with its primary banking services, and a branch at No. 243 E. Lopez St., Brgy. Lourdes, Jaro, Iloilo City.

h. In its letter dated July 19, 2021, the BSP approved the application for authority to establish a digital bank, to be known as Union Digital Bank (UnionDigital), a wholly-owned subsidiary of the Bank, subject to regulatory conditions. The BSP subsequently granted the Authority to Register with the SEC. On November 25, 2021, the SEC approved UnionDigital's Articles of Incorporation and its By-Laws and issued its Certificate of Incorporation. The Parent Bank subscribed to 100,000,000 new common shares of UnionDigital at par value ₱10 per share totaling ₱1.0 billion.

Non-operating subsidiaries

a. UBPSI was incorporated and registered with the SEC on March 2, 1993. It was organized to engage in the business of buying, selling or dealing in stocks and other securities. In January 1995, as approved by UBPSI's stockholders and BOD, UBPSI sold its stock exchange seat in the PSE. Accordingly, UBPSI ceased its stock brokerage activities.

b. UCBC was registered in the SEC on June 14, 1994. It was organized to engage in the foreign currency brokerage business. On March 23, 2001, the BOD of UCBC approved the cessation of its business operations effective on April 16, 2001. Since then, UCBC's activities were significantly limited to the settlement of its liabilities. The BOD and the stockholders of UCBC have approved to shorten UCBC's corporate term to December 31, 2016. UCBC has secured a tax clearance from the Bureau of Internal Revenue (BIR) in 2018. UCBC has an application for dissolution currently pending with the SEC.

c. UDC was registered with the SEC on September 8, 1998. It was organized to handle the centralized branch accounting services as well as the processing of credit card application forms of the Parent Bank and the entire backroom operations of FUPI. On July 1, 2003, the BOD of UDC approved the cessation of its business operations effective on August 30, 2003, and subsequently shortened its corporate term to December 31, 2017 by amending its Articles of Incorporation. The services previously handled by UDC are now undertaken by the Financial Services Group of the Parent Bank. UDC is still in process of securing the tax clearance from the BIR.

d. IVCC was incorporated and registered with the SEC on October 10, 1980. It was organized to develop, promote, aid and assist financially any small or medium scale enterprises and to purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage and otherwise deal with such real and personal property, including securities and bonds of other corporations as the transaction of the lawful business of the corporation may reasonably and necessarily require, subject to the limitations prescribed by law. IVCC has ceased operations since 1992.

The total assets, liabilities and capital funds of these non-operating subsidiaries amounted to ₱5,011, ₱3,158 and ₱1,853, respectively, as of December 31, 2021 and ₱5,032, ₱3,158 and ₱1,874, respectively, as of December 31, 2020.

The Bank's registered address, which is also its principal place of business, is at UnionBank Plaza, Meralco Avenue corner Onyx Street and Sapphire Road, Ortigas Center, Pasig City. AEVI's registered address is located at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila.

Distribution Network of Products and Services

UnionBank primarily services its clientele through its well-trained relationship managers, as well as its strong digital footprint to include its website (www.unionbankph.com), mobile/online banking apps, customer service chatbot, and various digital platforms, following its digital transformation journey. Its digital channels are complemented by strategically-located branch networks, partner outlets, ATMs, as well as a Customer Engagement Group that takes up voice & non-voice customer service-related concerns.

Relationship Managers. UnionBank's sales force is trained to have expertise regarding the Bank's solutions-based financial services and are equipped with tools (e.g., MAX 5.0) that allow them to service clients remotely and enhance productivity. UnionBank's Relationship Managers and Financial Advisors are also licensed by the Insurance Commission to provide customers with bancassurance products.

Branch Network and Agent Outlets. The Parent Bank has 198 branches strategically located within and outside Metro Manila to maximize visibility and expand customer reach. This includes UnionBank's digital and paperless branches (called Arks) which allow for straight-through processing of transactions over-the-counter or via self-service machines, and at the same time, houses branch ambassadors for product discovery and advisory services.

UnionBank also has an increased presence nationwide through the physical network of its subsidiaries which include CitySavings (149 branches), FAIRBank (11 branches mainly in Visayas), Bangko Kabayan (24 branches mainly in Luzon), Progressive Bank (3 branches in Visayas) and PETNET (over 3,500 locations nationwide). In 2020, the Bank introduced Agency Banking cash deposit capability through its partnership with 7-Eleven and ECPay (RD Pawnshop, Tambunting, Czarina Foreign Exchange, LCC, etc.) to expand to 14,000 banking touchpoints nationwide.

ATM Network. UnionBank and its subsidiaries' network of 485 ATMs as of 31 December 2021, supplements its branch network in providing 24-hour banking services to its customers. UnionBank's interconnection with the Bancnet ATM consortium, allows its cardholders to access thousands of ATMs nationwide. In addition, UnionBank's ATM card functions as a VISA

debit card that allows electronic purchase and payment transactions. CitySavings, as of 31 December 2021, has 78 ATMs nationwide.

Call Center. UnionBank's 24-hour call center, managed by the Customer Engagement Group (CEG), handles customer relationship and care, catering to deposit and card product queries, among others. CEG utilizes a mix of voice and non-voice platforms (email, website, social media, etc.) as customer touch points.

Customer Service Chatbot. UnionBank's "Rafa" is the country's first banking chatbot that delivers instant 24/7 customer service. Rafa is accessible through Facebook messenger. It is capable of answering customer queries on ATM and branch locations, provides latest foreign exchange data, card activations, cardless withdrawal, and assists customers on exploring the Bank's various products and services.

Mobile and E-Banking. UnionBank introduced key digital channels catered to serve the needs of each major customer segment - retail, corporates, and MSMEs. UnionBank Online is the online and mobile banking platform for the Bank's retail customers. It is designed with an omni-channel user experience across various touchpoints (website and mobile app), operating systems (Android or IOS), and device types. UnionBank Online enables customers to perform banking transactions such as account opening, deposit checks, fund transfer, pay bills, and many more without visiting the branch. The Bank also introduced the upgraded version of its cash management platform for corporates called The Portal. Unique features include single sign-on for customers with multi-org access, a fully featured mobile app, real-time fund transfers, and many more. Additionally, the Bank launched its MSME Business Banking App designed for business owners. Its features include digital account opening for savings and checking account, mobile check deposit, local and international fund transfers, bills payment, payment gateway, and many more to help MSMEs manage financial operations.

EON. EON was the first electronic money product in the Philippines with a "selfie banking" feature which employs facial recognition for account opening. EON is UnionBank's primary product for carding the unbanked and underbanked segments through its partnerships with cooperatives and local government units for loans and aid disbursement (i.e., Social Amelioration Program).

Platforms and Other Digital Channels. UnionBank's thrust for digital transformation prompted it to launch digital platforms and channels intended to deliver products/services to various customer segments. Some of them include: Supply Chain Financing (SCF) platform for corporate clients and their ecosystem of suppliers and dealers; GlobalLinker which creates a network of SME suppliers and customers; and Bonds.PH app which facilitated the first app-based blockchain-enabled distribution of sovereign retail treasury bonds in the country. CitySavings also launched its own app for its Department of Education teacher community called Loan Ranger Mobile enabling them to perform basic banking functions including reloan applications. UBX also features its various embeddable services and solutions, which is an aggregation of its various platforms to include: i2i, which is a blockchain-based interbank digital payment platform for financial institutions such as rural banks; Sentro, an online shop builder with embedded logistics services; BUX, a payment gateway for online merchants; and SeekCap, an SME lending marketplace. UBX also invested in Shiptek Solutions, Inc. to embed financial solutions into its shipping and logistics platform, XLog.

Competition

The Bank faces competition in all its principal areas of business. UnionBank primarily competes against domestic and foreign banks, followed by finance companies, mutual funds and investment banks in the Philippines that offer similar products and services. As of 31 December 2021, based on data from the BSP, there were a total of 46 domestic and foreign universal and commercial banks operating in the Philippines. While mergers, acquisitions, and closures reduced the number of industry players, the entry of foreign banks under new and liberalised banking laws and regulations resulted in the growth of the number of universal and commercial banks. Corporate lending remained competitive resulting in even narrower

spreads especially under a low interest rate environment. Pockets of growth were, however, seen in the middle corporate market, SMEs, and consumer segments.

Currently, the industry dominated by the three largest universal banks with over ₱2 trillion in assets. These banks, in particular, have greater financial and other capital resources, and a greater market share than UnionBank. Moreover, as a publicly-listed bank, UnionBank also monitors its performance against the ten largest publicly-listed universal banks in the country.

Apart from traditional financial institutions, the Bank also faces competition from financial technology firms and non-financial firms. In particular, non-financial firms pose a challenge to Philippine banks by offering digital products such as mobile payments or online services. Financial technology firms, on the other hand, utilize advanced softwares to deliver financial services faster and more conveniently and thus disrupt incumbents who are reliant on slower legacy systems. In addition, purely digital financial technology or non-financial firms have no branches and thus, have lower costs.

Amidst this operating environment, UnionBank leverages on its competitive advantages anchored on superior technology, unique sales and service culture, centralized backroom operations, as well as its digital transformation roadmap geared towards strengthening its present business by repositioning itself into a digitally-transformed universal bank that achieves scale in a cost-efficient manner, while preparing for a future when embedded or decentralized banking becomes the dominant business model, all anchored on technology as the enabling factor.

As a result, UnionBank has been acknowledged as a leader in delivering superior customer experiences through innovation. The Bank is among the top in the industry in terms of shareholder value, among the industry's lowest cost producers, and one of the most profitable (measured in terms of return on equity, return on assets, and absolute income).

Transactions with and/or dependent on related parties

The information required is contained in item 12 on page 76.

Patents, trademarks and tradenames

	Trademark	Registration Date	Expiration
1	UNIONBANK	December 19, 2005	December 19, 2025
2	UNIONBANK LOGO	October 21, 2010	October 21, 2030
3	UNIONBANK EON	December 05, 2013	December 05, 2023
4	UBP	August 07, 2014	August 07, 2024
5	UNIONBANK OF THE PHILIPPINES	August 07, 2014	August 07, 2024
6	UREKA	November 10, 2016	November 10, 2026
7	SELFIE BANKING	December 22, 2019	December 22, 2029
8	DIGITAL ME	June 29, 2017	June 29, 2027
9	EON FOR THE DIGITAL ME	July 30, 2017	July 30, 2027
10	EON	July 30, 2017	July 30, 2027
11	EON CYBER	November 02, 2017	November 02, 2027
12	THE ARK	April 05, 2018	April 05, 2028
13	THE ARK	April 05, 2018	April 05, 2028
14	THE ARK	April 05, 2018	April 05, 2028
15	THE ARK	April 05, 2018	April 05, 2028
16	I2I	May 30, 2019	May 30, 2029
17	THE FUTURE BEGINS WITH U.	October 24, 2019	October 24, 2029
18	CYBERSURE	January 12, 2020	January 12, 2030
19	1U HUB	February 06, 2020	February 06, 2030
20	1U HUB	February 06, 2020	February 06, 2030
21	THE FIRST FINANCIAL SUPPLY BLOCKCHAIN IN THE PHILIPPINES - POWERED BY UNIONBANK	February 06, 2020	February 06, 2030

22	UB	February 24, 2020	February 24, 2030
23		February 24, 2020	February 24, 2030
24		February 24, 2020	February 24, 2030
25	THE EDGE BY UB UNIONBANK	July 31, 2020	July 31, 2030
26	UB UNIONBANK	August 14, 2020	August 14, 2030
27	UB UNIONBANK	October 16, 2020	October 16, 2030
28	THE FIRST DIGITAL ACCOUNT OPENING FOR BUSINESS BY UNIONBANK	January 17, 2021	January 17, 2031
29	THE FIRST MOBILE CHECK DEPOSIT FOR BUSINESSES BY UNIONBANK	February 19, 2021	February 19, 2031
30	BANK THE WAY YOU LIVE	March 29, 2021	March 29, 2031
31	SITH SYSTEM FOR INTEGRATED TRACING OF HUMANS	March 29, 2021	March 29, 2031
32		April 16, 2021	April 16, 2031
33		April 16, 2021	April 16, 2031
34	UNIONBANK ONLINE	April 16, 2021	April 16, 2031
35	UB ONLINE	April 16, 2021	April 16, 2031
36	UNIONBANK APP	April 16, 2021	April 16, 2031
37	UB MOBILE APP	April 16, 2021	April 16, 2031
38	P PHX COMMERCIAL BANK-BACKED PHILIPPINE STABLECOIN	April 16, 2021	April 16, 2031
39	PHX	May 21, 2021	May 21, 2031
40	UBP XCELLERATOR GAMECHANGERS	May 21, 2021	May 21, 2031
41	UBP XCELLERATOR BLOCKCHAIN BUSINESS SPECIALIST PROGRAM	June 18, 2021	June 18, 2031
42	UBP XCELLERATOR BLOCKCHAIN BASICS PROGRAM	June 18, 2021	June 18, 2031
43	BLOCKCHAIN XCELLERATOR POWERED BY UB UNIONBANK	June 18, 2021	June 18, 2031
44	UBXCELLERATOR	July 16, 2021	July 16, 2031
45	XCELLERATOR	July 16, 2021	July 16, 2031
46	UB GARAGE INNOVATION AND INCUBATION LAB POWERED BY UB UNIONBANK.	July 23, 2021	July 23, 2031
47	XCELLERATOR	July 23, 2021	July 23, 2031
48	UBXCELLERATOR	July 30, 2021	July 30, 2031
49	BLOCKCHAIN XCELLERATOR	July 30, 2021	July 30, 2031

50	UBP XCELLERATOR PROGRAM	August 6, 2021	August 6, 2031
51	UB GARAGE INNOVATION AND INCUBATION LAB POWERED BY UB UNIONBANK	October 1, 2021	October 1, 2031

Regulatory Approvals
The Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), Philippine Deposit Insurance Corporation (PDIC), Philippine Stock Exchange (PSE), Philippine Dealing and Exchange Corporation (PDEx), and the Bureau of Internal Revenue (BIR) are the major regulatory agencies that provide rules, regulations, and guidelines to the Bank's activities.

UnionBank ensures that its products, services, and systems carry the necessary regulatory approvals and conform with prescribed internal controls prior to launch and continue to be compliant with prescribed rules and regulations.

Keeping abreast of regulations affecting the business
As a banking institution, UnionBank adheres to the provisions of the General Banking Law of 2000 (Republic Act No. 8791), as amended, and the regular issuances by the BSP as embodied in its Manual of Regulations for Banks (MORB). The regulatory issuances of the SEC, PDIC, PSE, PDEx, BIR, and other regulatory bodies are likewise monitored constantly for new developments.

Anti-Money Laundering Laws and Know Your Customer Procedures
Union Bank of the Philippines (UBP) complies and is consistent with the provisions of Republic Act No. 9160, as amended by Republic Act Nos. 9194, 10167 and 10365, otherwise known as the "Anti-Money Laundering Act of the Philippines," and other pertinent laws, rules, regulations, and circulars issued by the Bangko Sentral ng Pilipinas (BSP), the Securities and Exchange Commission (SEC) and other regulatory agencies of the Philippines, including the Anti-Money Laundering Council (AMLC) and the Financial Action Task Force (FATF) on Money Laundering. UBP adheres to the AML laws and regulations that include the Know Your Customer ("KYC") rules and customer due diligence at the inception of the bank-client relationship until its termination.

The Bank employs a third-party tool for screening customers during onboarding, subsequently, whenever there are updates to the sanctions and negative files and during periodic account reviews. A real-time transaction screening system is used to clear all transactions that pass through the SWIFT network. In July 2019, the Bank upgraded its AML system through the deployment of an internally developed, highly intuitive, and more flexible transaction monitoring and reporting system. In 2020, an in-house developed screening portal replaced the previous tool to assist in the namescreening of clients against the lists of sanctioned individuals and organizations, persons convicted of AML predicate crimes, among other negative information.

Customer due diligence remains robust through documentation and upgrading of client information, understanding of client activity, review of customer risk rating, identification of ultimate beneficial owners, and obtaining senior management approval, where warranted.

Finally, on an annual basis, UnionBank, through its Compliance and Corporate Governance Office (CCGO), provides formal AML trainings to the members of the Board of Directors, Senior Management, and its Branches. In coordination with the HR Group, CCGO deploys the AML e-learning refresher module to all bank employees; while Operations and Sales personnel are apprised of new BSP requirements during Compliance roadshows held throughout the year.

Capital Adequacy

Per existing BSP regulations, the combined capital accounts of each commercial bank should not be less than an amount equal to 10% of its risk assets. Risk assets consist of total resources after exclusion of cash on hand, due from BSP, loans covered by holdout 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.

In implementing current capital requirements, the BSP requires the Group and the Parent Bank to maintain a minimum capital amount and a prescribed ratio of qualifying capital to risk-weighted assets, known as the "capital adequacy ratio" (CAR). Risk-weighted assets is the aggregate value of assets weighted by credit risk, market risk, and operational risk, based on BSP-prescribed formula provided under BSP Circular No. 360 and BSP Circular No. 538 which contain the implementing guidelines for the revised risk-based capital adequacy framework to conform to Basel II recommendations.

As of December 2020, 2019 and 2018, the Bank's CAR were at 17.0%, 15.3% and 15.2%, respectively, and as of 31 December 2021, the Bank's CAR was at 18.4%.

Research and Development Activities

The amount spent on research and development activities (in thousand pesos) and its percentage to revenues for the last three years has been as follows:

	2021	2020	2019
Cost	1,663,705	1,182,635	1,347,315
Ratio to Revenues	4.6%	3.1%	3.5%

Employees

As of December 31, 2021, the Bank employed 3,676 people, 280 as Executives, 2,736 as Officers, 660 as Clerical Staff and covered by CBA. Of these, 1,813 are in Operations, 930 are in Non-Operations, and 933 are in Sales/Marketing. The Bank does not foresee an increase in the number of head count within the ensuing twelve (12) months.

The Collective Bargaining agreement started on June 01, 2020 and will expire on May 31, 2025.

RISK MANAGEMENT OBJECTIVES AND POLICIES

Risks are inherent in the business activities of the Group. Among its identified risks are credit risk, liquidity risk, market risk, interest rate risk, foreign exchange risk, operational risk, information security risk, legal risk, and regulatory risk. These are managed through a risk management framework and governance structure that provides comprehensive controls and management of major risks on an ongoing basis.

Risk management is the process by which the Group identifies its key risks, collects consistent and understandable risk measures, decides which risks to take on or reduce and establishes procedures for monitoring the resulting risk positions. The objective of risk management is to ensure that the Group conducts its business within the risk levels set by the BOD while business units pursue their objective of maximizing returns.

Risk Management Strategies

The Group maintains a prudent risk management strategy to ensure the soundness and profitability of its operations and sustained profitability. Business units are held accountable for all the risks and related returns, and ensure that decisions are consistent with business objectives and risk tolerance. Strategies and limits are reviewed regularly and updated to ensure that risks are well-diversified and risk mitigation measures are in place. A system for managing and monitoring risks is in place so that all relevant issues are identified at an early

stage and appropriate actions are taken on a timely basis. Risk reporting is done on a regular basis, either daily, monthly or quarterly.

Although the BOD is primarily responsible for the overall risk management of the Group's activities, the responsibility rests with all levels of the organization. The risk appetite is defined and communicated, including parameters and limits, through an enterprise-wide risk policy framework.

Risk Management Structure

The BOD of the Parent Bank exercises oversight over the Parent Bank's risk management process as a whole and through its various risk committees. For the purpose of day-to-day management of risks, the Parent Bank has established independent Risk Management Units (RMUs) that objectively review and ensure compliance with the risk parameters set by the BOD. The RMUs are responsible for the monitoring and reporting of risks to senior management and the various committees of the Parent Bank.

On the other hand, the risk management processes of its subsidiaries are handled separately by their respective BODs.

The Parent Bank's BOD is primarily responsible for setting the risk appetite, approving risk parameters, proposed credit policies, and investment guidelines, as well as establishing the overall risk-taking capacity of the Parent Bank. To fulfill its responsibilities in risk management, the BOD has established the following committees, whose functions are described below.

(a) The Executive Committee (EXCOM), composed of seven (7) members of the BOD, exercises certain functions as delegated by the BOD including, among others, the approval of credit proposals, asset recovery and real and other properties acquired (ROPA) sales within its delegated limits.

(b) The Risk Management Committee (RMC) is composed of seven (7) non-executive directors of the BOD, majority of whom are independent directors, including the Chairman. The RMC advises the BOD regarding the Parent Bank's overall current and future risk appetite, oversees Senior Management's adherence to the risk appetite statement, and reports on the state of risk culture of the Parent Bank. The RMC oversees the Parent Bank's risk management framework and the risk management function. The RMC also provides oversight, direction, and guidance to the other risk committees, specifically the Market Risk Committee (MRC) and the Operations Risk Management Committee (ORMC).

(c) The MRC is composed of nine (9) members of the BOD, majority of whom are independent directors, including the Chairman. The MRC is primarily responsible for reviewing the risk management policies and practices relating to market risk including interest rate risk in the banking book and liquidity risk.

(d) The ORMC is composed of at least three (3) members of the BOD, with a majority of the ORMC's membership comprised of independent directors, including the Chairman. The ORMC reviews various operational risk policies and practices and approves the operational risk management framework which forms part of the Bank's enterprise risk management system and covers all business lines and functions of the Bank, including outsourced services and services provided to external parties. The ORMC also provides oversight on the implementation of a sound business continuity management framework.

(e) The Audit Committee is composed of seven (7) members, all non-executive and majority of whom are independent, including the Chairman, most of whom are with accounting, auditing, or related financial management expertise or experience. The skills, qualifications, and experience of the committee members are appropriate for them to perform their duties as laid down by the BOD.

The Audit Committee serves as principal agent of the BOD in ensuring independence of

the Parent Bank's external auditors and the internal audit function, the integrity of management, and the adequacy of disclosures and reporting to stockholders. It also oversees the Parent Bank's financial reporting process on behalf of the BOD. It assists the BOD in fulfilling its fiduciary responsibilities as to accounting policies, reporting practices and the sufficiency of auditing relative thereto, and regulatory compliance.

To effectively perform these functions, the Audit Committee has a good understanding of the Parent Bank's business including the following: Parent Bank's structure, businesses, controls, and the types of transactions or other financial reporting matters applicable to the Parent Bank as well as to determine whether the controls are adequate, functioning as designed, and operating effectively. It also considers the potential effects of emerging business risks and their impact on the Parent Bank's financial position and results of operations.

Among the responsibilities of the Audit Committee are:

- *Oversight of the financial reporting process*. The Audit Committee ensures that the Parent Bank has a high-quality reporting process that provides transparent, consistent and comparable financial statements. In this regard, the Audit Committee works closely with management especially the Office of the Financial Controller, the Internal Audit Group (IAG), as well as the external auditors, to effectively monitor the financial reporting process and the existence of significant financial reporting issues and concerns.

- *Monitoring and evaluation of internal control*. The Audit Committee, through the IAG, monitors and evaluates the adequacy and effectiveness of the Parent Bank's internal control framework, integrity of financial reporting, and security of physical assets. The Audit Committee ensures that a proactive and forward-looking approach on evaluation of risks and controls is taken. The Audit Committee also ensures that periodic assessment of the internal control system is conducted to identify weaknesses and evaluates its robustness considering the risk profile and strategic direction of the Parent Bank.

- *Oversight of the audit process*. The Audit Committee is knowledgeable on audit function and the audit process. The Audit Committee maintains supportive, trusting and inquisitive relationships with both internal and external auditors to enhance its effectiveness.

- *Oversight of the outsourced internal audit activities*. The Audit Committee oversees the performance of the internal audit service provider, whenever such service is obtained, and ensures that they comply with sound internal auditing standards and other supplemental standards issued by regulatory authorities/government agencies, as well as with relevant code of ethics.

- *Oversees the implementation of Group Internal Audit Policy.* The Audit Committee oversees the implementation of the policy through the periodic reports on oversight of the Group Internal Audit, and takes appropriate action on any group internal oversight issues identified. The Audit Committee reviews and evaluates the group internal audit policy, and any amendments thereto, and endorse the same to the Parent Bank for approval.

- *Oversight of the whistle-blowing mechanism.* The Audit Committee oversees the establishment of a whistle-blowing mechanism in the Parent Bank by which officers and staff shall in confidence raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It also ensures that independent investigation, appropriate follow-up, action and subsequent resolution of complaints are in place.

(f) The Corporate Governance Committee (CGC) is primarily responsible for helping the BOD fulfill its corporate governance and compliance responsibilities. It is responsible for ensuring the BOD's effectiveness and due observance of corporate governance principles and of oversight over the compliance risk management. It assists in the establishment of a compliance program that facilitates the escalation and resolution of compliance issues expeditiously.

The CGC is composed of nine (9) members of the BOD, all non-executive, majority of whom, including its Chairman, are independent directors. Its specific duties include, among others, making recommendations to the BOD regarding continuing education of directors, overseeing the periodic performance evaluation of the 1) Board; 2) Board Committees; 3) Chairman and the Individual Directors; 4) Management-level Committees (through the Compliance and Corporate Governance Office (CCGO); and 5) Chief Compliance and Corporate Governance Officer (CCCGO).

The CGC also performs oversight functions over the CCGO and the following management-level committees: 1) Anti-Money Laundering Committee and 2) Discipline Committee.

Senior management, through the CCCGO, periodically reports to the CGC the status of regulatory audit and compliance testing findings until their closure. Any material breaches of the compliance program are reported to and promptly addressed by the CCCGO within the mechanisms defined by the Compliance Manual.

The Parent Bank's CCCGO defines the Group's minimum governance and compliance requirements and works closely with the subsidiaries' and affiliates' Chief Compliance Officers in the execution of these standards.

The CGC assumed the functions of the Nominations Committee (NomCom) and the Compensation and Remuneration Committee (CompRem) upon the latter Committees' dissolution. The NomCom review the qualifications of and screens candidates for the board including nominees for independent directors and key officers of the Parent Bank. As part of its added function, it also reviews the implementation of programs for identifying, retaining and developing critical officers and the succession plan for various units in the organization.

The functions of the CompRem includes overseeing implementation of the programs for remuneration and benefits of directors and senior management, and monitoring that the performance scorecards for the Parent Bank and its officers are comprehensive and balanced, and assessing the adequacy and, effectiveness for driving performance and consistency of the Parent Bank's total compensation program vis-à-vis corporate philosophy and strategy.

The Parent Bank's CCCGO assists the CGC in fulfilling its functions by apprising the same of (1) pertinent regulations and other issuances relating to compliance or corporate governance, and (2) status of the implementation of the Bank's Compliance Program, raising related regulatory issues and compliance initiatives affecting the various units and the status of the latter's corrective action plans. In addition, the CCO keeps the CGC abreast of best governance practices and discusses issues being brought up among private organizations and individuals advocating good governance philosophy.

(g) The Related Party Transaction Committee is a board-level committee composed of three (3) members, all of whom are independent directors, including its Chairman. The Committee assists the BOD in the fulfillment of its corporate governance responsibilities on related party transactions by ensuring that these are transacted on arm's length terms. The Committee reviews and endorses the related party transactions to the BOD for approval or confirmation, depending on the amounts involved.

The major risk types identified by the Group are discussed in the following sections:

Credit Risk
Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honor its financial or contractual obligation to the Group. The risk may arise from lending, trade finance, treasury, investments, derivatives and other activities undertaken by the Group. Credit risk is managed through strategies, policies and limits that are approved by the respective BOD of the various companies within the Group. With respect to the Parent Bank, it has a well-structured and standardized credit approval process and credit scoring system for each of its business and/or product segments.

The RMU undertakes several functions with respect to credit risk management. The RMU independently performs credit risk assessment, evaluation and review for its retail, commercial and corporate financial products to ensure consistency in the Parent Bank's risk assessment process. It also ensures that the Parent Bank's credit policies and procedures are adequate and are constantly updated to meet the changing demands or risk profiles of the business units. The RMU also reported to the Board's Risk Management Committee the COVID-19-related overlays as well as their impact on credit impairment and credit portfolio's credit risk profiles.

In 2021 and 2020, there were enhancements in the risk rating and SICR parameters in certain portfolios to consider the effects of COVID-19.

The RMU's portfolio management function involves the review of the Parent Bank's loan portfolio, including the portfolio risks associated with particular industry sectors, regions, loan size and maturity, and the development of a strategy for the Parent Bank to achieve its desired portfolio mix and risk profile. The RMU reviews the Parent Bank's loan portfolio quality in line with the Parent Bank's policy of avoiding significant concentrations of exposure to specific industries or groups of borrowers. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features. Concentrations indicate the relative sensitivity of the Parent Bank's performance to developments affecting a particular industry or geographical location.

The Group and the Parent Bank consider concentration risk to be present when the total exposure to a particular industry exceeds 30.0% of the total exposure, which is similar to the BSP requirement. As of December 31, 2021 and 2020, the Group and the Parent Bank did not exceed the limit in any of its industry concentration.

In order to avoid excessive concentrations of risk, the Parent Bank's policies and procedures include guidelines for maintaining a diversified portfolio mix (e.g., concentration limits). Identified concentrations of credit risks are controlled and managed accordingly. The RMU also monitors compliance to the BSP's limit on exposures.

Credit risk management practices and credit quality disclosures

Corporate Loans
Corporate lending activities are undertaken by the Parent Bank's Corporate Banking Center. The customer accounts under this group belong to the top tier corporations, conglomerates and large multinational companies.

The Parent Bank undertakes a comprehensive procedure for the credit evaluation and risk assessment of large corporate borrowers based on its obligor risk rating master scale.

The Parent Bank currently utilizes the same single rating system for both Corporate and Commercial accounts. In addition, the result on the latter is further refined through a second model to take more careful account of the nuances between the commercial bank portfolio with that of the corporate loan book.

The rating system assesses default risk based on financial profile, management capacity, industry performance, and other factors deemed relevant. Significant changes in the credit risk considering movements in credit rating, among other account-level profile and performance factors, define whether the accounts are classified in either Stage 1, Stage 2, or Stage 3 per PFRS 9 loan impairment standards.

Based on foregoing factors, each borrower is assigned a Borrower Risk Rating (BRR), from AAA to D. In addition to the BRR, the Parent Bank assigns a loan exposure rating (LER), a 100-point system which consists of a Facility Tenor Rating (FTR) and a Security Risk Rating (SRR). The FTR measures the maturity risk based on the length of loan exposure, while the SRR measures the quality of the collateral and risk of its potential deterioration over the term of the loan. The FTR and the SRR, each a 100-point scoring system, are given equal weight in determining the LER.

Once the BRR and the LER have been determined, the credit limit to a borrower is determined under the Risk Asset Acceptance Criteria (RAAC) which is a range of acceptable combinations of the BRR and the LER. Under the RAAC system, a borrower with a high BRR will have a broader range of acceptable LERs.

The credit rating for each borrower is reviewed annually or earlier when there are extraordinary or adverse developments affecting the borrower, the industry and/or the Philippine economy such as the COVID-19 pandemic. Any major change in the credit scoring system, the RAAC range and/or the risk-adjusted pricing system is presented to and approved by the RMC.

Commercial Loans

The Group and Parent Bank's commercial banking activities are undertaken by its Commercial Banking Center (ComBank). These consist of banking products and services rendered to customers which are entities that are predominantly middle market companies. These products and services are similar to those provided to large corporate customers, with the predominance of trade finance-related products and services.

The non-financial ComBank accounts use an adjusted obligor rating scale derived from the one applied for corporate loans, and follows the same RAAC framework, while ComBank accounts classified as banks and non-bank financial institutions are still rated using the 2018 rating scale.

Retail and Small and Medium Enterprise (SME) Financial Products

The Retail loan portfolio of the Parent Bank is composed of four main product lines, namely: Home Loans, Credit Cards, Auto Loans, and Quick Loans. SME portfolio is composed of Business Line Loans and a small portion from emerging products. Each of these products has established credit risk guidelines and systems for managing credit risk across all businesses. Scoring models have been revised and fine-tuned while data analytics have been enhanced to improve portfolio quality and product offers.

On the other hand, CSB, an accredited lending institution of the Department of Education (DepEd), provides salary loans to teachers under an agreement with DepEd for payroll deductions. CSB also provides motorcycle loans as a result of its acquisition and subsequent merger with PR Savings Bank.

Exposure to credit risk is managed through diligent assessment upon onboarding and regular portfolio and segment analysis of the ability of borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate.

The Retail products' respective masterscale is defined by the credit scoring models, which consider demographic variables and behavioral performance, to segment the portfolio according to risk masterscale per product. The stages are defined by the approved SICR for Retail which takes into account the following: NPL status, months on books, and credit score rating for Application Score (point of application) and Behavior Score (monthly credit performance).

For 2021, both Home Loans (except Contract to Sell) and Cards use rating scale 1 to 6. CTS utilizes the Corporate ratings ranging from 1 to 7. Meanwhile, Auto Loans and SME products use rating scale 1 to 5.

Investments and Placements
Investments and placements include financial assets at amortized cost, debt financial assets through other comprehensive income, due from BSP, interbank loans receivable and due from other banks. Each has established credit risk guidelines and systems for managing credit risk across all businesses.

Modification
In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial circumstance. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges.

Collateral Held as Security and Other Credit Enhancements
The Group holds collateral against loans and other receivables from customers in order to mitigate risk. The collateral may be in the form of mortgages over real estate property, chattels, inventory, cash, securities and/or guarantees. The Bank regularly monitors and updates the fair value of the collateral depending on the type of credit exposure. Estimates of the fair value of collateral are considered in the review and assessment of the adequacy of allowance for credit losses. In general, the Bank does not require collateral for loans and advances to other banks, except when securities are held as part of reverse repurchase agreements.

Liquidity Risk
Liquidity risk is the risk that there are insufficient funds available to adequately meet the credit demands of the Group's customers and repay deposits on maturity. The Asset and Liability Committee (ALCO) and the Treasurer of the Group ensure that sufficient liquid assets are available to meet short-term funding and regulatory requirements. Liquidity is monitored by the Group on a daily basis and under stressed situations. A contingency plan is formulated to set out the amount and the sources of funds (such as unused credit facilities) that are available to the Group and the circumstances under which the Group may use such funds.

Liquidity ratios are used to monitor and manage the Bank's liquidity. The MRC approves the ratios to be used for monitoring the performance of the Bank and for mapping out areas where improvements are needed. These ratios include Liquid Assets to Deposits Ratio, Liquidity ratio, Leverage Ratio and Intermediation Ratio.

The Group also manages its liquidity risks through the use of a Maximum Cumulative Outflow (MCO) limit which regulates the outflow of cash on a cumulative basis and on a tenor basis. To maintain sufficient liquidity in foreign currencies, the Group has also set an MCO limit for certain designated foreign currencies. The MCO limits are endorsed by the MRC and approved by the BOD. The Bank has separate limits for the short term (generally less than 30 days) and the medium term tenor (from 30 days to one year).

BSP Reporting
Liquidity Coverage Ratio (LCR)
BSP Circular No. 905 provides the implementing guidelines on LCR and disclosure standards that are consistent with Basel III framework. The LCR is calculated as the ratio of stock of high quality liquid assets (HQLA) over the total net cash outflows over the next 30 calendar days, which should not be lower than 100%. Compliance with the LCR minimum requirement commenced on January 1, 2018 with the prescribed minimum ratio of 90.00% for 2018 and 100.00% effective January 1, 2019. The Group is required to disclose information related to

the liquidity coverage ratio (LCR) in a single currency and on solo and consolidated basis starting 2019.

The Group's and Parent Bank's LCR is 271.98% and 312.79%, respectively, as of December 31, 2021 and 207.46% and 221.28%, respectively, as of December 31, 2020.
Part of the disclosure requirements of BSP Circular 905 Implementation of Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) and Disclosure Standards beginning in 2019 is the reporting of simple averages of quarterly observations over the last 12 months, following the format set forth in Annex C of BSP Circular 905. The results shown below, were simple averages of four data points, representing all the quarters of 2021.

NATURE OF ITEM	TOTAL UNWEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)
STOCK OF HIGH-QUALITY LIQUID ASSETS (HQLA)		
1. TOTAL STOCK OF HQLA (BEFORE CAP)		**258,796,823**
EXPECTED CASH OUTFLOWS		
2. Deposits, of which:	520,911,870	176,137,598
3. Retail funding	178,994,503	20,395,743
4. Wholesale funding, of which:	333,121,649	155,741,854
5. Operational deposits	171,124,919	51,337,476
6. Non-operational deposits (all counterparties)	161,996,730	104,404,379
7. Restricted term deposits	3,000,000	-
8. Hold-out deposits	5,795,718	-
9. Unsecured wholesale funding (all counterparties)	4,502,221	2,109,826
10. Secured funding	4,076,350	167,446
11. Derivatives contracts, of which:	26,963,779	26,963,779
12. Outfows related to derivative exposures (net)	26,963,779	26,963,779
13. Outfows related to collateral requirements	-	-
14. Structured financing instruments	-	-
15. Committed business facilities (all counterparties)	22,748,024	3,223,724
16. Other contractual obligations within a 30-day period	812,926	812,926
17. Other contingent funding obligations	32,029,188	960,876
18. TOTAL EXPECTED CASH OUTFLOWS	**612,044,359**	**210,376,175**
EXPECTED CASH INFLOWS		
19. Secured lending	-	-
20. Fully-performing exposures (all counterparties)	37,607,426	26,920,809
21. Other cash inflows	76,503,348	76,503,348
22. TOTAL EXPECTED CASH INFLOWS	**114,110,774**	**103,424,157**
23. TOTAL STOCK OF HQLA (AFTER CAP)		**258,796,823**
24. TOTAL EXPECTED NET CASH OUTFLOWS		**106,952,019**
25. LIQUIDITY COVERAGE RATIO (%)		**241.97%**

The Bank has always been compliant with the 100% minimum LCR requirement, as it continues to hold ample level of high-quality liquid assets (HQLA) in the form of cash, deposits with the BSP and investment grade securities. The Bank has also issued long-term liability instruments since 2017, in preparation for the LCR and net stable funding ratio (NSFR) requirements. Lastly, the Bank continues to diversify its funding sources, including deposits with focus on growing the share of CASA to total to further improved the Bank's LCR.

Net Stable Funding Ratio (NSFR)
On June 6, 2018, the BSP issued BSP Circular No.1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR). The NSFR is aimed to promote long-term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short term resilience of a

bank's liquidity profile. Banks shall maintain an NSFR of at least 100 percent (100%) at all times. The implementation of the minimum NSFR shall be phased in to help ensure that covered banks can meet the standard through reasonable measures without disrupting credit extension and financial market activities. An observation period was set from July 1 to December 31, 2018. Effective, January 1, 2019, banks shall comply with the prescribed minimum ratio of 100%. As of December 31, 2021 and 2020, the NSFR was at 148.88% and 133.22%, respectively, for the Group, and 150.21% and 135.97%, respectively, for the Parent Bank.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either trading book or banking book. The market risk for the trading portfolio is managed and monitored based on a Value-at-Risk (VaR) methodology. Meanwhile, the market risk for the non-trading positions are managed and monitored using other sensitivity analyses.

The Parent Bank applies a VaR methodology to assess the market risk of positions held and to estimate the potential economic loss based upon a number of parameters and assumptions for various changes in market conditions. VaR is a method used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon.

The Parent Bank uses the historical VaR approach in assessing the possible changes in the market value of investment securities based on historical data for a rolling one-year period. The VaR models are designed to measure market risk in a normal market environment. The models assume that any changes occurring in the risk factors affecting the normal market environment will have the same distribution as they had in the past. This involves running the portfolio across a set of historical price changes, thus creating a distribution of changes in portfolio value which may or may not be normal. The historical approach does not make any assumptions regarding the distribution of the risk factors and therefore can accommodate any type of distribution. The Bank uses the maximum between the 1st and 99th percentile of historical changes in asset returns in the calculation of volatility as this is a more conservative approach as any potential gain may reverse to a loss.

VaR may also be underestimated or overestimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level.

The VaR figures are backtested daily against actual and hypothetical profit and loss of the trading book to validate the robustness of the VaR model. To supplement the VaR, the Parent Bank performs stress tests wherein the trading portfolios are valued under extreme market scenarios not covered by the confidence interval of the Parent Bank's VaR model.

Since VaR is an integral part of the Parent Bank's market risk management, VaR limits are established annually for all financial trading activities and exposures against the VaR limits and are monitored on a daily basis. Limits are based on the tolerable risk appetite of the Parent Bank.

Interest Rate Risk

Interest rate risk in the banking book (IRRBB) is the current and prospective risk to earnings and capital arising from adverse movements in interest rates that affect the bank's banking book positions. When interest rates change, the present value and timing of future cash flows change. This, in turn, changes the underlying value of the Bank's assets, liabilities and off-balance sheet items, and hence its economic value. On the other hand, changes in interest rates also affect the Bank's earnings by altering interest rate-sensitive income and expenses, affecting its net interest income (NII). The ALCO establishes appropriate asset and liability pricing in support of the Bank's balance sheet objectives.

The Group employs "gap analysis" to measure rate-sensitivity of the income and expenses, also known as Earnings-at-Risk (EaR). This sensitivity analysis is performed at least every month. The EaR measures the impact on the net interest income for any mismatch between the amounts of interest-earning assets and interest-bearing liabilities within a one-year period. The EaR is calculated by first distributing the interest sensitive assets and liabilities into tenor buckets based on time remaining to the next repricing date or the time remaining to maturity if there is no repricing and then subtracting the liabilities from the assets to obtain the repricing gap. The repricing gap per tenor bucket is then multiplied by the assumed interest rate movement and appropriate time factor to derive the EaR per tenor. The Bank uses one-year differences in the term structure of the different benchmark curves as the bases for the calculation of interest rate risk factor across all currencies. The total EaR is computed as the sum of the EaR per tenor within one year. To manage the interest rate risk exposure, BOD-approved EaR limits were established.

Non-maturing or repricing assets or liabilities are considered to be non-interest rate sensitive and are not included in the measurement.

A positive gap occurs when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities while a negative gap occurs when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. Accordingly, during a period of rising interest rates, an entity with a positive gap will have more interest rate sensitive assets repricing at a higher interest rate than interest rate sensitive liabilities which will be favorable to it. During a period of falling interest rates, an entity with a positive gap will have more interest rate sensitive assets repricing at a lower interest rate than interest rate sensitive liabilities, which will be unfavorable to it.

EAR is complemented by stress tests which are conducted quarterly. It involves subjecting the total interest rate sensitive assets and liabilities within one year to probable short-term and medium-term interest rate movements, assuming parallel and non-parallel (flatteners and steepeners) in the yield curve.

Additionally, the Bank also monitors long-term sensitivity to interest rate risk of the Bank's balance sheet through the Economic Value of Equity (EVE) method. EVE measures the economic value which provides a more comprehensive view of potential long-term effects of changes in interest rates.

The Bank's interest rate sensitive asset and liability positions are analyzed based on its cash flows, and its present value are computed using appropriate market rates which include the current risk-free rate plus the corresponding margin. On the other hand, the present values of non-interest sensitive assets and liabilities will be kept at their carrying values.

The Bank's risk management program includes measuring and monitoring the risks associated with fluctuations in market interest rates on its net interest income and capital ensuring that the exposures in interest rates are kept within acceptable limits.

Foreign Exchange Risk
Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates.

The Group's net foreign exchange exposure, taking into account any spot or forward exchange contracts, is computed as foreign currency assets less foreign currency liabilities. The foreign exchange exposure is limited to the day-to-day, over-the-counter buying and selling of foreign exchange in the Group's branches, as well as foreign exchange trading with corporate accounts and other financial institutions. The Group is permitted to engage in proprietary trading to take advantage of foreign exchange fluctuations.

Operational Risk
BSP Circular 900, Guidelines on Operational Risk Management, serve as the groundwork for the Bank's Operational Risk Management (ORM) framework. This is to standardize the

approach undertaken by the Bank in order to facilitate consistently strong ORM practices across the organization.

Operational risk is defined as the risk of loss arising from direct or indirect loss from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Direct loss being the result primarily from an operational failure while an indirect loss relates to the impact of operational risk on other risks such as market, credit or liquidity risk.

Each specific unit of the Bank has its roles and responsibilities in the management of operational risk and these are clearly stated in the ORM framework. At the BOD level, an ORMC was formed to provide overall direction in the management of operational risk, aligned with the overall business objectives. Key to the effective implementation of the operational risk management framework is a governance structure that transparently defines the lines of responsibility from the BOD down to the Business and Functional Units level.

The ORMC was formed and given the mandate to build and lead the roadmap in developing the foundations and systems necessary for the effective implementation of an Operational Risk Management Framework. The ORM, together with all other Risk Units, reports directly to the Chief Risk Officer.

In managing products, services and systems, these are implemented only after a thorough operational risk evaluation. As part of the product and systems approval process, product owners and managers ensure that risks are clearly identified and adequately controlled and mitigated. For existing products, services and systems, regular reviews are conducted and controls are assessed to determine continued effectiveness. The Parent Bank, as part of its continuing effort to manage operational risk, has ensured that the basic controls to manage exposure to operational risk have been embedded in its processes.

Legal Risk and Regulatory Risk Management

Legal risk pertains to the Parent Bank's exposure to losses arising from cases decided not in favor of the Parent Bank where significant legal costs have already been incurred, or in some instances, where the Parent Bank may be required to pay damages. The Parent Bank is often involved in litigation in enforcing its collection rights under loan agreements in case of borrower default. The Parent Bank may incur significant legal expenses as a result of these events, but the Parent Bank may still end up with non-collection or non-enforcement of claims. The Parent Bank has established measures to avoid or mitigate the effects of these adverse decisions and engages several qualified legal advisors, who were endorsed to and carefully approved by senior management. At year-end, the Parent Bank also ensures that material adjustments or disclosures are made in the financial statements for any significant commitments or contingencies which may have arisen from legal proceedings involving the Parent Bank.

Regulatory risk refers to the potential risk for the Parent Bank and its subsidiaries to suffer financial loss due to changes in the laws, monetary, tax, or other governmental regulations of the country. Compliance risk is the Bank's potential exposure to legal penalties, financial forfeiture and material loss, resulting from its failure to act in accordance with industry laws and regulations, internal policies or prescribed best practices. The monitoring of the Parent Bank's and subsidiaries' compliance with these regulations is the primary responsibility of the entity's CCO. The study of the potential impact of new laws and regulations is coordinated by the CCO with the Legal Group. The CCO is responsible for communicating and disseminating new rules and regulations to all units, analyzing and addressing compliance issues, performing periodic compliance testing, and regularly reporting to the CGC and the BOD.

Item 2 - Properties

The UnionBank Plaza, which is a bank-owned property, is now the Union Bank of the Philippines' Head Office. It is a 50-storey office condominium building with an estimated usable area of **51,032.32** square meters. It is one of the most modern intelligent buildings in the Ortigas Business Center with electronically equipped building utility systems. It is also a PEZA proclaimed "IT Building" under Presidential Proclamation No. 900 dated Aug. 25, 2005 where the Bank occupies around **24,873.53** square meters. The Bank's leased area including those units for lease, cover an estimated total area of **18,499.89** square meters.

As of December 31, 2021, and 2020, the Bank and its subsidiaries paid ₱130.2 million and ₱231.8 million in rentals, respectively, mainly for its branches.

Other properties owned by the Bank are as follows:

Union Bank of the Philippines

Name of Property	Location
Olongapo Branch	87 Magsaysay Drive, Olongapo City
Cagayan De Oro Branch	Lapasan National Highway Cagayan de Oro City
Iligan Branch	Quezon Avenue, Iligan City
Iloilo City Branch	General Luna St.,Iloilo City
Richville Branch (Southwest Tower)	UGI and UG 4 Condo Units Alabang Zapote Road Madrigal Business Park Alabang, Muntinlupa City
Emerald Branch	Condo Unit-GID and parking lot B209 Wynsum Corporate Plaza Emerald Avenue, Ortigas Center Pasig City
Cabanatuan Branch	110-A Del Pilar Street, Brgy. Nabao Cabanatuan City 3100
Davao-Magsaysay Branch	Cor Magsaysay Ave and E. Jacinto St. Davao City
Dumaguete Branch	UnionBank Building, Real corner San Juan Sts., Brgy 7, Dumaguete City
Puerto Princesa	Unionbank Bldg., along J.P. Rizal Avenue, Brgy. Maningning, Puerto Princesa City, Palawan
Dasmarinas	G. A. Cu-Unjieng Bldg., Q. Paredes St., corner Dasmarinas St., Binondo Manila
Antel Residences (Unit G-3) Floor Area 40.71	Unit G2 of Antel Residences, Makati Avenue, Makati City
Cebu Exchange Tower	G/F Units D & E Cebu Exchange Tower,Salinas Drive,Lahug,Cebu City
Peak Tower (Condo Unit)	8th/9th Floor, Salcedo Village,Makati City
Europa Mines View Flat	Laussane #1506 Baguio City
Monterraza Property	#6 Jasmine St. Monterraza Subd. Itogon, Baguio City
Iloilo Business Park	Brgy. Tabucan Airport, District of Mandurriao, Iloilo City
Ayala Integrated-Car Display Warehouse (From ROPA - ARG)	#138 Gen. Luis Along Nagkaisang Nayon, Cor. Pasacola St. Novaliches Quezon City

City Savings Bank

Name of Property	Address
HO / Sto. Nino Branch	City Savings Financial Plaza, Corner Osmeña Blvd. & P. Burgos St., Cebu City
Tagbilaran Branch	C. P. Garcia North Avenue, Tagbilaran City
ROPA	Brgy. Dao, Tagbilaran City
Aurora Branch	National Highway, San Jose, Aurora, Isabela
Cabatuan Branch	Purok 2 Centro, Cabatuan Isabela
Cauayan Branch	1st Floor Alingog Center Rizal Corner Canciller Avenue, District I (Poblacion) Cauayan City, Isabela
Diffun Branch	National Highway, Andres Bonifacio, Diffun, Quirino 3401
Laoag Branch	National Highway Brgy 51A, Nangalisan East Laoag City, Ilocos Norte

Ortigas Branch	U103 One Corporate Center, Julia Vargas Ave. cor. Meralco, Ortigas Center, San Antonio, Pasig City
Roxas, Isabela Branch	Don Mariano Marcos Ave., Bantug, Roxas, Isabela
San Mateo Branch	City Savings Bank Building Alicia Road Barangay 1 San Mateo, Isabela 3318
Sta. Ana Branch	3514 centro sta ana Cagayan
Pasig City, NCR (Condo)	U2408 Jollibee Plaza, F. Ortigas Jr. Avenue, Ortigas Center, San Antonio Pasig City
Aparri, Cagayan	Cagayan Valley Road, Brgy. Macanaya, Aparri, Cagayan
Sta. Rosa, Laguna	Lakeside Evozone East II 3B Block9 Lot 3 Sta. Rosa, Laguna

FAIR Bank

Name of Property	Address
Daanbantayan Branch	Poblacion, Daanbantayan, Cebu
Bogo Branch	Dela Vina cor. J. Lequin Sts. Gairan, Bogo City, Cebu

PetNet, Inc.

Name of Property	Address
PETNET Building	J.Catolico Sr Avenue. corner Mateo Rd, Brgy Lagao, Gen. Santos City
Parañaque Warehouse	0029 Spratley Island St, Betterliving Subd, Don Bosco, MM/ Petnet Inc, 003-BL-011C Swaziland St. Brgy Don Bosco, Betterliving Subd. Paranaque (2 LOTS)

UBP Investments Corp.

Name of Property	Address
Unionbank Centre-Manila	Quintin Paredes St. Corner Dasmarinas St. Binondo Manila
Kingswood	285 Vito Cruz Extension cor. Metropolitan Ave, Makati

Bangko Kabayan

Name of Property	Address
Executive Office and Ibaan Branch	Santiago St. Poblacion Ibaan Batangas
Executive Office	Sabang, Lipa, City, Batangas
San Pascual Branch	San Antonio San Pascual Batangas
Cuenca Branch	National Road Poblacion Cuenca Batangas
Rosario Branch	Barangay C Poblacion Rosario Batangas
Mabini Branch	F. Castillo Blvd. Poblacion Mabini Batangas
San Juan Branch	General Luna St. Poblacion San Juan Batangas
Nasugbu Branch	P. Rinoza St. Poblacion Nasugbu Batangas
Calaca Branch	Marasigan St. Poblacion Calaca Batangas
Pagsanjan Branch	Gen. Taino St. Poblacion 1 Pagsanjan Laguna
Nagcarlan Branch	Rizal Avenue Poblacion 2 Nagcarlan Laguna
Lian Property	Brgy. Lumaniag,Lian, Batangas
Taal Property	Balisong, Taal, Batangas
Pallocan East Property	G.C. Berberabe Subd.,Pallocan, East, Batangas
Calamba Property	Brgy. Punta, Calamba City
Calatagan Property	Carretunan, Calatagan, Batangas
Pinagsanjan Property	Conchita Ville Subdivision, Brgy. Pinagsanjan, Pagsanjan Laguna
San Pascual Property	Sambat, San Pascual Batangas
Oriental Mindoro Property	Malugay, Soccoro, Oriental Mindoro
Mabini Property	Solo, Mabini, Batangas
Lipa City Property	Brgy. Bolbok, Lipa City, Batangas
San Pablo Property	San Francisco, San Pablo City

Sta. Cruz Property	Sto. Angel Norte, Sta. Cruz, Laguna
Nasugbu Property	Brgy. Landing, Nasugbu Batangas
Ibaan Property	Tulay, Ibaan, Batangas
Lipa City Property	Brgy. Tangob. Lipa City Batangas
Ibaan Property	Pangao, Ibaan, Batangas
Nasugbu Property	Poblacion, Nasugbu Batangas
Pallocan Property	Pallocan, Batangas City
Balayan Property	Sampaga, Balayan, Batangas

Progressive Bank

Name of Property	Address
Head Office and Kabulig Center	Del Rosario St. Balasan Iloilo
Barotac Nuevo, Iloilo Property	Guintas, Barotac Nuevo, Iloilo
Sara, Iloilo Property	Brgy. Crespo, Sara, Iloilo
Lanot Property	Brgy Lanot, City of Roxas
Carles, Iloilo Property	Poblacion, Carles, Iloilo
Cabatuan, Iloilo Property	Brgy. Gaub, Cabatuan, Iloilo
Estancia, Iloilo Property	Brgy Botongon, Mun. of Estancia, Iloilo
Baldoza Lapaz, Iloilo Property	Baldoza Lapaz, Iloilo City
Oton, Iloilo Property	Tagbac, Oton, Iloilo

There are also Bank premises which are being leased as per attached report (Annex 3).

All the facilities are in good condition. Likewise, there are no properties owned by the Bank that are mortgaged to third parties nor are there adverse claims on such properties. The Bank has plans of purchasing properties for branch locations, if possible. However, there are no concrete steps taken to date regarding actual land purchase for branches in the next 12 months.

Item 3 - Legal Proceedings

The Bank is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

- any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, or control person of the Corporation was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- any conviction by final judgment in a criminal proceeding or being subject to a pending criminal proceeding of any director, person nominated to become a director, executive officer, or control person of the Bank;

- any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director, person nominated to become a director, executive officer, or control person of the Corporation in any type of business or banking activities.

The Bank is a defendant/respondent in various legal actions, most of which are claims for damages arising in the ordinary course of business. The results of these actions, however, will not have a material effect on the Bank's financial position.

Item 4 - Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter covered by this report.

As of March 31, 2022, the Bank has only Common shares with foreign equity ownership of 20,735,311 or 1.36% of the total subscribed capital stock.

Number of Common Shares as of March 31, 2022 (Issued and Outstanding Shares) – 1,524,918,059 shares.

Item 5 - Market for Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

UnionBank's shares were officially listed and first traded at the Philippine Stock Exchange on May 21, 1992.

The price performance of the shares has been as follows:

(Philippine Peso)	HIGH-adjusted*	LOW-adjusted*
Quarter Ended December 2021	118.00	53.50
Quarter Ended September 2021	72.16	60.40
Quarter Ended June 2021	62.40	55.44
Quarter Ended March 2021	60.20	53.76
Quarter Ended December 2020	57.52	43.36
Quarter Ended September 2020	43.96	41.60
Quarter Ended June 2020	46.40	39.20
Quarter Ended March 2020	51.12	41.12
Quarter Ended December 2019	49.20	45.60

**Adjusted for stock dividend effective 03-Dec-2021*

(2) Holders

The Bank has 4,971 stockholders of record as of March 31, 2022. The number of common shares outstanding as of said date stood at 1,524,918,059.

Top 20 stockholders of the Bank as of March 31, 2022:

	STOCKHOLDERS	SHARES	%
1	ABOITIZ EQUITY VENTURES, INC.	639,477,007	41.94%
2	PCD NOMINEE CORPORATION	299,801,406	19.66%
3	THE INSULAR LIFE ASSURANCE CO., LTD.	201,402,013	13.21%
4	SOCIAL SECURITY SYSTEM	191,830,598	12.58%
5	SOCIAL SECURITY SYSTEM (1)	41,151,527	2.70%
6	PCD NOMINEE CORPORATION	19,867,549	1.30%
7	RAMON ABOITIZ FOUNDATION, INC.	5,839,312	0.38%
8	SANFIL MANAGEMENT CORPORATION	4,472,116	0.29%

9	JUSTO A. ORTIZ	4,036,325	0.26%
10	BAUHINIA MANAGEMENT, INC.	3,117,390	0.20%
11	FMK CAPITAL PARTNERS, INC.	2,965,248	0.19%
	DOMINUS CAPITAL PARTNERS INC.	2,965,248	0.19%
12	PORTOLA INVESTORS, INC.	2,732,841	0.18%
13	HAWK VIEW CAPITAL, INC.	2,731,998	0.18%
14	FORTES MANAGEMENT, INC.	2,264,971	0.15%
15	CIA MANAGEMENT CORPORATION	2,264,668	0.15%
	ASPIRA MANAGEMENT, INC.	2,264,668	0.15%
16	AZURA MANAGEMENT, INC.	2,264,666	0.15%
17	WINDEMERE MANAGEMENT CORPORATION	2,141,240	0.14%
18	ALPHITONIA MANAGEMENT, INC.	2,138,003	0.14%
19	ANDROLEPIS MANAGEMENT, INC.	2,138,001	0.14%
	ANACYCLUS MANAGEMENT, INC.	2,138,001	0.14%
	ALDROVANDA MANAGEMENT, INC.	2,138,001	0.14%
20	DONYA I MANAGEMENT CORP.	2,131,341	0.14%

Level of the Bank's Public Float Pursuant to the Minimum Public Ownership (MPO) Rule of the PSE

As of March 31, 2022, the public ownership percentage representing the total number of shares owned by public in the Bank's stockholdings, computed based on the MPO Rule of the PSE is 34.07%.

(1) Dividends

In accordance with the Bank's By-Laws, the Board of Directors shall determine and declare dividends each year out of prior year's net income after tax, payable out of the Bank's available unrestricted retained earnings, subject to prior approval by the relevant authorities as may be required.

A. Cash Dividends

The following is a summary of the dividends declared and distributed by the Bank in 2021, 2020 and 2019 (amounts presented in the table are in thousands):

Date of Declaration	Date of Record	Date of BSP Approval	Date of Payment	Dividend per Share	Outstanding Shares	Total Amount
January 29, 2021	February 15, 2021	N/A	March 4, 2021	Php3.50	1,219,362,818	Php4,267,770
January 24, 2020	February 7, 2020	N/A	February 24, 2020	Php3.50	1,218,471,467	Php4,264,650
January 25, 2019	February 11, 2019	N/A	February 28, 2019	Php1.90	1,217,149,512	Php2,312,584

On January 28, 2022, the Bank's Board of Directors approved the declaration of a cash dividends at Php2.80 per share or a total of Php4,269,770,565.20 based on the outstanding common stock of 1,524,918,059 shares as of February 4, 2022. Record date for stockholders entitled to the cash dividend was on February 14, 2022 and payment was made on March 2, 2022.

In compliance with BSP regulations, the Bank ensures that adequate reserves are in place for future bank expansion requirements. The foregoing cash dividend declarations were made within the BSP's allowable limit for dividends.

B. Stock Dividends

On June 25, 2021 and August 11, 2021, the Board of Directors and stockholders of the Bank approved, respectively, the declaration of 25% stock dividends in the amount of Php3,048,407,050.00 equivalent to 304,840,705 common shares with a par value of Php10.00 to comply with the required 25% subscription of the increase in authorized capital stock of the Bank. Fractional shares resulting from the stock dividend declaration were paid in cash based on the closing rate of Php74.90 as of June 25, 2021, the date of approval by the Board of Directors of the stock dividend declaration and computed up to two (2) decimal places. Record date for stockholders entitled to stock dividends was on December 9, 2021 while payment date was made on January 5, 2022.

(2) Recent Sales of Unregistered Securities (within the past 3 years)

Recent Sales of Unregistered Securities or Exempt Securities (within the past 3 years)

On July 23, 2021, the Bank issued a 7-year USD150 million Social Bond with the International Finance Corporation ("IFC") as sole investor. The bond, which was issued under the Bank's new sustainable finance framework, is the first social bond by the bank and its longest-term USD-denominated bond to date. Proceeds from the bond are expected to finance over 2,000 loans to micro, small and medium-sized enterprises. IFC's investment will also help the Bank boost financing for MSMEs through its supply chain financing platform, enabled using digital technologies.

On December 9, 2020, the Bank issued and listed on the Philippine Dealing and Exchange Corporation ("PDEx") its Php9.0 billion Dual-Tranche Fixed Rate Bonds, i.e. 3-year and 5.25-year Bonds. This was the third issuance of the Bank under its Php39.0 billion Bonds program. The Hongkong and Shanghai Banking Corporation Limited ("HSBC") and Standard Chartered Bank ("SCB") were the Joint Lead Arrangers and Bookrunners on the transaction. They were also the Selling Agents for the offering together with UnionBank. Consideration amounted to Php8,987,413,094.27.

On October 22, 2020, the Bank issued US dollar-denominated Regulation S only offering 5-year Senior Unsecured Notes, a drawdown from its US$2 billion Medium Term Notes Programme, which was updated and upsized on October 2, 2020. The Notes were issued at an aggregate principal amount of USD300MM and were listed on the Singapore Exchange Securities Trading Limited. Citigroup, MUFG, and SCB acted as Joint Bookrunners for the issuance. Consideration amounted to USD297.954 million.

On February 24, 2020, the Bank issued and listed on PDEx its Php6.8 billion Unsecured Subordinated Notes Qualifying as Tier 2 Capital Due 2030 under its BSP-approved issuance of Php20.0 billion Unsecured Subordinated Notes Qualifying as Tier 2 Capital. SCB and HSBC acted as Joint Lead Arrangers, Bookrunners and Selling Agents for the issuance, alongside the Bank who acted as the Limited Selling Agent. Consideration amounted to Php8,957,410.76.

On June 3, 2019, the Bank issued and listed on PDEx its Php5.8 billion Series B Fixed Rate Bonds Due 2022. This was the second issuance of the Bank under its Php20.0 billion multi-tranche bond and commercial paper program. HSBC and ING Bank N.V. Manila Branch (ING) acted as Joint Lead Managers and Bookrunners for the transaction. HSBC and ING were also Selling Agents alongside the Bank. Consideration amounted to Php,713,478.13.

All the above issued securities were exempt securities under Section 9.1 (e) (Exempt Securities) of the Securities Regulation Code (SRC), i.e. any security issued by a bank except its own shares of stock.

For the years 2019 to 2021, UnionBank issued a total of 2,213,306 common shares to eligible employees out of the 5,000,000 common shares pursuant to the Bank's Employee Stock Plan. On January 28, 2022, the Bank issued 716,399 common shares to eligible employees pursuant to the Bank's Employee Stock Plan. These issuances were exempt from registration under Section 10.2 (Exempt Transactions) of the SRC.

Item 6 - Management's Discussion and Analysis or Plan of Operation

Statement of Income for the Year Ended December 31, 2021 vs December 31, 2020

Union Bank of the Philippines registered a net income of Php12.6 billion for the year ended December 31, 2021. This is 8.8% higher than the same period last year mainly due to higher topline revenues which were at a new high of Php45.1 billion.

Net interest income grew 3.8% to Php29.8 billion due to the sustained increase in net interest margins (up 8bps to 4.6%). Lower funding costs from the record increase in CASA deposits supported margin growth. Non-interest income also rose 14.5% to Php15.3 billion. This was driven by higher service charges and fees, as well as foreign exchange gains.

Total interest income dipped by 5.8% to Php36.3 billion from Php38.6 billion in the previous year. **Interest income on loans and other receivables** decreased by 4.1% to Php27.7 billion due to lower average volume levels and lower yields YoY. **Interest income on investment securities at amortized cost and fair value through other comprehensive income (FVOCI)**, as well as **interest income on trading securities at fair value through profit or loss (FVTPL)**, declined by 4.7% and 53.3% to Php7.7 billion and Php244.6 million, respectively, on lower yields despite higher average volumes.

Total interest expense was down by 33.9% to Php6.5 billion from Php9.8 billion in the same period last year mainly driven by the lower **interest expense on deposit liabilities** (down 47.2% to Php3.0 billion). This was attributed to the robust growth of low-cost CASA deposits which grew by 31.8% YoY. **Interest expense on bills payable and other liabilities** also declined by 16.2% to Php3.5 billion on lower short-term borrowings and lower funding cost.

As a result of the foregoing, **net interest income** amounted to Php29.8 billion, 3.8% higher than Php28.7 billion earned last year.

Provision for loan losses was at Php5.8 billion, 30.7% lower YoY as credit risk stabilized compared to 2020.

Total other income grew by 14.5% to Php15.3 billion. The growth was primarily due to the Bank's higher **service charges, fees, and commissions** driven by higher transaction fees from credit card interchange, electronic fund transfers, bills payment, ATM, and other transactional fees. **Miscellaneous income** also buoyed the bottom line which grew 37.7% to Php2.9 billion on account of higher foreign exchange gains, and income from trust operations. Meanwhile, the Bank had lower total **trading gains from the sale of investment securities at amortized cost** and **investment securities at FVTPL and FVOCI** for the year by 3.1% to Php8.7 billion vs. Php8.9 billion in the previous year.

Total expenses were at Php24.3 billion, up 13.8%. **Salaries and employee benefits** rose 10.7% to Php8.6 billion driven by higher compensation-related increases. **Miscellaneous expenses** also grew by 32.6% to Php10.3 billion mainly on goodwill impairment, volume-related fees and commissions expenses, and information and technology expenses. **Taxes and licenses**, on the other hand, decreased by 17.7% to Php2.9 billion from lower gross receipts taxes, and documentary stamp taxes from lower time deposit levels.

Tax expense amounted to Php2.4 billion from Php781.4 million in the same period last year as the Bank absorbed the one-time impact on deferred taxes due to the reduction in the income tax rate under the CREATE Law.

Net income attributable to non-controlling interests increased to Php52.4 million, 6.9x higher than in 2020 driven by other subsidiaries.

Statement of Comprehensive Income for the Year Ended December 31, 2021 vs December 31, 2020

The Bank posted a **total comprehensive income** of Php11.4 billion for 2021, 3.0% higher than Php11.1 billion posted in the same period a year ago. This was primarily driven by the higher **net income** in 2021 which offset the impact of **fair market value losses on investment securities at FVOCI**. **Remeasurement gains on defined benefit plan, net of tax expense** was recorded at Php309.4 million vs. last year's losses. **Total comprehensive income attributable to non-controlling interests** was at Php53.3 million from subsidiaries performance for the year.

Statement of Condition as of December 31, 2021 vs December 31, 2020

As of end-December 2021, UnionBank's total resources amounted to Php831.1 billion, 7.3% higher than previous year's Php774.5 billion mainly on higher trading and investment securities, higher net loans and receivables, as well as in interbank loans receivables.

Due from other banks declined by 20.8% to Php54.3 billion from lower working balances with foreign correspondent banks. **Interbank loans receivable**, on the other hand, was up in 2021 to Php17.5 billion as the Bank's excess liquidity was placed in other banks.

Holdings of trading and investment securities grew by 15.7% to Php237.7 billion driven by the build-up of **financial assets at amortized cost and FVOCI**, which increased by 6.8% and 2.1x to Php166.4 billion and Php65.7 billion, respectively. **Financial assets at FVPL**, on the other hand, dropped by 69.4% to Php5.6 billion.

Net loans and other receivables also grew by 6.0% to Php359.8 billion due to growths on all key loan segments – corporate, commercial, and retail – as well as higher securities placed under reverse repurchase agreements. The Bank's **loan-to-deposit ratio** was recorded at 63.1%.

Investment in associates went down by 44.2% to Php142.4 million mainly from disposal of UBX's investment in an associate. Meanwhile, **other assets** rose by 15.0% to Php19.2 billion driven by higher software assets.

Total liabilities were at Php718.9 billion as of December 31, 2021, 7.4% higher YoY mainly driven by higher deposit liabilities. **Deposit liabilities** increased by 8.1% to Php570.5 billion given the robust growths in demand and savings volumes which were up by 28.0% and 37.9% to Php204.6 billion and Php136.4 billion, respectively. Customers' CASA balances sustained growth owing to the stability and convenience offered by the Bank's cash management platforms and digital channels, as well as increased customer onboarding in 2021. With this, the Bank's CASA ratio improved to 60% from 49% in December 2020.

Bills payable declined by 5.6% to Php51.2 billion on lower short-term funding requirements compared to 2020. **Notes and bonds payable** went up by 16.7% to Php69.9 billion driven by the USD150 million issuance of social bonds.

The Bank's total capital funds rose by 6.7% to Php112.2 billion as of December 31, 2021 from Php105.2 billion as of end-December 2020 mainly due to the increase in **surplus free** by 6.5% to Php82.1 billion coming from the Bank's earnings in 2021. **Stock dividends distributable** amounting to Php3.0 billion were undistributed stock dividends declared on June 25, 2021 pending regulatory approval for the Bank's increase in authorized capital stock. Said stock dividends were paid on January 5, 2022. **Surplus reserves** were up by 5.8% to Php2.8 billion from higher required appropriations for the difference between BSP's required 1% general loan loss provision (GLLP) over the Bank's computed expected credit loss (ECL) for stage 1 accounts. **Net unrealized fair value gains on investment securities** have a negative balance of Php1.4 billion coming from mark-to-market valuation of the Bank's investments at FVOCI, while accumulated **remeasurements of defined benefit plan** also recorded a negative balance of Php1.5 billion.

Key performance indicators of the Bank are as follows:

	2021	2020
Return on Average Assets	1.6%	1.5%
Return on Average Equity	11.6%	11.5%
Cost-to-Income Ratio	53.9%	50.8%
Net Non-Performing Loan Ratio	2.4%	3.2%
Common Equity Tier 1 Ratio	16.3%	15.0%
Capital Adequacy Ratio	18.4%	17.0%

The manner by which the Bank calculates the above indicators is as follows:

Return on Average Assets:	Net income divided by average total resources for the period indicated
Return on Average Equity:	Net income divided by average total capital funds for the period indicated
Cost-to-Income Ratio:	Total operating expenses divided by the sum of net interest income and other income
Net Non-Performing Loan Ratio:	(Total non-performing loans less specific loan loss reserves for NPL) divided by (total loans inclusive of interbank loans receivables)
Capital Adequacy Ratio:	Total qualifying capital divided by total risk-weighted assets (inclusive of credit, market and operational risk charge)

Material Commitment for Capital Expenditures

The Bank allotted more than Php2.0 billion in capital expenditures in 2021 primarily intended to further accelerate and enhance digital capabilities, as well as construct an innovation hub.

As to material event/s and uncertainties, the Bank has nothing to disclose on the following apart from those already disclosed elsewhere or presented in the accompanying audited financial statements:

- Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.
- Any events that will trigger direct or contingent financial obligation, including any default or acceleration of an obligation.
- Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company.
- Any known trends, events or uncertainties that have had or that are reasonably expected` to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

Statement of Income for the Year Ended December 31, 2020 vs December 31, 2019

Union Bank of the Philippines posted a net income of Php11.6 billion for the year ended December 31, 2020. This is 17.4% lower than last year due to the significantly higher reserves set aside in response to the effects of the COVID crisis on the Bank's credit portfolio. Topline revenues, however, were at an all-time high of Php42.1 billion driven by the 28.6% expansion of net interest income to Php28.7 billion.

Net interest income growth was attributed to higher margins at 4.5% due to: 1) robust CASA growth, 2) reduced funding cost given the low interest rate environment, and 3) shift to high-yielding loans (i.e., consumer, SME, and commercial) amid the subdued demand for corporate loans. Higher fee income and strong trading gains also boosted topline revenues.

Total interest income increased by 0.6% to Php38.6 billion from Php38.4 billion in the previous year. **Interest income on loans and other receivables** and **interest income on trading securities at fair value through profit or loss (FVTPL)** went up by 3.0% and 23.7% to Php28.9 billion and Php524.3 million, respectively, due to higher average volume levels despite lower yields YoY. The higher average volume of loans in particular, was driven by the expansion of the Parent Bank's commercial loans (up 21%), SME loans (up 9%), and consumer loans (up 22%) mostly composed of home loans. **Interest income on cash and cash equivalents** also increased by 5.4x to Php1.0 billion due to higher average volume levels and higher yields. **Interest income on investment securities at amortized cost and fair value through other comprehensive income (FVOCI)** declined by 14.8% to Php8.1 billion driven by lower yields and lower average volumes, while **interest income on interbank loans receivables** went down by 61.3% Php95.9 million due to lower yields despite higher average volumes year-on-year.

Total interest expense went down by 38.5% to Php9.8 billion from Php16.0 billion in the same period last year mainly driven by the lower **interest expense on deposit liabilities** (down 44.7% to Php5.6 billion). This was attributed to the robust growth of low-cost CASA deposits and reduced funding cost coming from BSP's policy rate and reserve requirement ratio cuts in 2020. **Interest expense on bills payable and other liabilities** also declined by 27.8% to Php4.2 billion on lower short-term borrowings and lower funding cost.

As a result of the foregoing, **net interest income** amounted to Php28.7 billion, 28.6% higher than Php22.3 billion earned last year.

In response to the adverse effects of the COVID crisis on the Bank's loan portfolio, provision for loan losses were increased to Php8.4 billion, 4.5x higher than Php1.9 billion last year.

Total other income was at Php13.4 billion, 6.8% lower than the previous year. This is primarily due to the lower **gain on sale of investment securities at amortized cost** during the year at Php5.1 billion vs. Php7.1 billion in the previous year. **Miscellaneous income** was also down by 29.9% to Php2.1 billion from Php3.0 billion in 2019 from lower foreign exchange gains and gains on property sale in the previous year. Meanwhile, **service charges, fees, and commissions** rose by 20.0% to Php2.3 billion due to higher transaction volumes across the Parent Bank and subsidiaries. **Gains on trading and investment securities at FVTPL and FVOCI** also went up by 63.1% to Php3.8 billion.

Total expenses grew by a single digit (5.2%) to Php21.4 billion as increases from volume-related costs were partially offset by the modest growth of controllable expenses. **Taxes and licenses** were up by 14.8% to Php3.5 billion due to higher revenue-related gross receipt taxes and documentary stamp taxes from increased deposit volume. **Occupancy** went down by 6% to Php904.8 million from reduced branches and lower head office utility expenses attributable to the Bank's work-from-home arrangement amid COVID. **Miscellaneous expenses**, on the other hand, grew by 12.9% to Php7.7 billion on account of higher PDIC insurance from higher deposit volume, information and technology expenses, and provision of impairment on goodwill.

Tax expense amounted to Php781.4 million, 58.0% higher from Php494.5 million last year due to the Bank's higher final taxes from securities and BSP placements, as well as higher taxable income of the Bank's subsidiary.

Net income attributable to non-controlling interests increased to Php7.5 million, 2.3x higher than in 2019.

Statement of Comprehensive Income for the Year Ended December 31, 2020 vs December 31, 2019

The Bank posted a **total comprehensive income** of Php11.1 billion for 2020, 18.6% lower than Php13.6 billion posted in the same period a year ago. This was primarily driven by the lower net income in 2020 and the effect of the **realized gains on sale of investment securities at FVOCI** at Php3.0 billion which equally offset the Php3.0 billion higher **fair market value gains**

on investment securities at FVOCI. **Remeasurement losses on defined benefit plan** declined by 12.8% to Php634.6 million based on actuarial adjustments.

Statement of Condition as of December 31, 2020 vs December 31, 2019

UnionBank ended 2020 with total resources amounting to Php774.5 billion, 0.5% higher than previous year's Php770.8 billion as the decline in loans and other receivables were partially offset by the increase in trading and investment securities, as well as higher balances in due from Bangko Sentral ng Pilipinas (BSP) accounts.

Due from BSP accounts went up by 40.8% to Php103.9 billion from Php73.7 billion last year due to increased special deposit account (SDA) placements. **Due from other banks**, on the other hand, declined by 7.0% to Php68.5 billion from lower working balances with foreign correspondent banks. **Interbank loans receivable** was nil in 2020 as the Bank's excess liquidity were deployed to other asset classes.

Total trading and investment securities grew by 17.3% to Php205.4 billion driven by the build-up of **financial assets at FVTPL and FVOCI** which increased by 2.3x and 5.5x to Php18.4 billion and Php31.2 billion, respectively. **Financial assets at amortized cost**, on the other hand, dropped by 3.6% to Php155.8 billion.

Loans and other receivables amounted to Php339.5 billion, 13.5% lower than the same period last year largely driven by reduced demand for corporate loans. The Bank's **loan-to-deposit ratio** was recorded at 64.3%.

Investment in subsidiaries and associates went up 60.5% to Php255.3 million due to investments made by the Bank's subsidiary, UBX. **Other assets** also rose by 7.2% to Php16.7 billion driven by higher deferred tax assets on account of increased reserves set up during the period.

Total liabilities were at Php669.3 billion as of December 31, 2020, lower by 0.5% driven by **bills payable** which declined by 48.4% to Php54.2 billion from Php105.1 billion on lower short-term funding requirements compared to 2019. **Other liabilities** also decreased by 19.3% to Php27.4 billion from lower bills purchased, pre-need reserves, and payment orders payable. **Deposit liabilities**, on the other hand, increased by 9.0% to Php527.8 billion driven by higher demand and savings volumes which were up by 17.2% and 37.4% to Php159.8 billion and Php99.0 billion, respectively. **Notes and bonds payable** also grew by 21.3% to Php59.9 billion from Php49.3 billion in the previous year attributed to the issuance of USD300 million medium term notes in October 2020 and Php9.0 billion corporate bonds in December 2020.

The Bank's total capital funds rose by 7.0% to Php104.4 billion as of December 31, 2020 from Php97.5 billion as of end-December 2019 mainly due to the increase in **surplus free** to Php77.1 billion from Php67.9 billion from the Bank's earnings. Meanwhile, **surplus reserves** declined by 42.5% to Php2.6 billion from Php4.6 billion largely on account of lower amount in required appropriation, while accumulated **remeasurements of defined benefit plan** recorded a negative balance of Php1.8 billion based on actuarial adjustments.

Key performance indicators of the Bank are as follows:

	2020	2019
Return on Average Assets	1.5%	1.9%
Return on Average Equity	11.5%	15.3%
Cost-to-Income Ratio	50.8%	55.4%
Net Non-Performing Loan Ratio	3.2%	1.8%
Common Equity Tier 1 Ratio	15.0%	13.2%
Capital Adequacy Ratio	17.0%	15.3%

The manner by which the Bank calculates the above indicators is as follows:

Return on Average Assets:	Net income divided by average total resources for the period indicated
Return on Average Equity:	Net income divided by average total capital funds for the period indicated
Cost-to-Income Ratio:	Total operating expenses divided by the sum of net interest income and other income
Net Non-Performing Loan Ratio:	(Total non-performing loans less specific loan loss reserves for NPL) divided by (total loans inclusive of interbank loans receivables)
Capital Adequacy Ratio:	Total qualifying capital divided by total risk-weighted assets (inclusive of credit, market and operational risk charge)

Material Commitment for Capital Expenditures

The Bank allotted more than Php2.0 billion in capital expenditures in 2021 primarily intended to further accelerate and enhance digital capabilities, as well as construct an innovation hub.

As to material event/s and uncertainties, the Bank has nothing to disclose on the following apart from those already disclosed elsewhere or presented in the accompanying audited financial statements:

- Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.
- Any events that will trigger direct or contingent financial obligation, including any default or acceleration of an obligation.
- Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company.
- Any known trends, events or uncertainties that have had or that are reasonably expected` to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

Statement of Income for the Year Ended December 31, 2019 vs December 31, 2018

Union Bank of the Philippines posted a record high net income of Php14.0 billion for the year ended December 31, 2019, double than last year's net income of Php6.9 billion. The higher earnings performance was driven by strong topline revenues coming from the robust growth of the Bank's earning assets (mostly attributed to the growth of higher-yielding retail and SME loan segments), improvement of margins in 2019, and higher non-interest income components such as fees, trading gains, and miscellaneous income.

Total interest income increased by 21.3% to Php38.4 billion from Php31.6 billion recorded in the comparable period a year ago. **Interest income on loans and other receivables, investment securities at amortized cost and fair value through other comprehensive income (FVOCI), trading securities at fair value through profit or loss (FVTPL)**, as well as **interbank loans receivable** were up by 19.5%, 21.1%, 11.6x, and 2.3x to Php28.0 billion, Php9.5 billion, Php423.7 million, and Php247.5 million, respectively, due to higher average volume levels and yields. The higher average volume of loans and receivables, particularly, was driven by the robust growth of Parent Bank's credit cards business (up 35% YoY), consumer loans which includes mortgage loans (up 31% YoY), businessline or SME loans (up 40% YoY), and commercial loans (up 16% YoY). **Interest income on cash and cash equivalents**, on the other hand, declined by 9.3% to Php188.1 million attributed to lower average volumes despite higher average yields.

Total interest expense went up by 37.7% to Php16.0 billion from Php11.6 billion in the same period last year. The higher **interest expense on deposit liabilities** was driven by the higher average rate of deposits. The higher **interest expense on bills payable and other liabilities**, on the other hand, is attributed to the increase in short term borrowings, as well as the issuance of corporate bonds totaling Php16.8 billion during the year primarily intended to lengthen the maturity profile of the Bank's liabilities in compliance with BSP's liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) requirements.

As a result of the foregoing, **net interest income** amounted to Php22.3 billion, 11.7% higher than Php20.0 billion earned last year.

The Bank also set aside Php1.9 billion for **impairment losses**, 2.2x higher than Php856.0 million last year.

Total other income jumped by 2.6x to Php14.3 billion from the Php5.5 billion earned in the same period a year ago primarily driven by the Bank's **gain on sale of investment securities at amortized cost** amounting to Php7.1 billion, as well as **gain on trading and investment securities at FVTPL and FVOCI** of Php2.3 billion. **Service charges, fees, and commissions** also increased by 24.4% year-on-year (YoY) to Php2.0 billion driven by the higher transaction volumes across the Parent Bank and its subsidiaries. **Miscellaneous income** further rose by 25.8% to Php3.0 billion from Php2.4 billion a year ago due to higher foreign exchange gains, as well as gains on property sale.

Total expenses were at Php20.3 billion, up by 21.7% from Php16.7 billion in 2018. **Salaries and employee benefits** amounted to Php8.1 billion from Php5.7 billion last year on compensation-related increases and manpower expenses from recent acquisitions (PR Savings Bank and Petnet). **Taxes and licenses** were up by 19.1% to Php3.1 billion from Php2.6 billion from higher volume-related gross receipt taxes. **Depreciation and amortization**, as well as **occupancy**, also rose by 23.5% and 13.3% to Php1.4 billion and Php962.3 million, respectively, mainly driven by the consolidation of PR Savings Bank and Petnet. Meanwhile, **miscellaneous expenses** increased by 6.4% to Php6.9 billion on account of higher information and technology expenses, advertising and publicity expenses, as well as inclusion of other expenses from acquisitions.

Tax expense amounted to Php494.5 million, 52.4% lower from Php1.0 billion in the same period last year due to the application of deferred tax benefit.

Net losses attributable to non-controlling interests was at Php22.6 million in 2019 from Php1.1 million in 2018.

Statement of Comprehensive Income for the Year Ended December 31, 2019 vs December 31, 2018

The Bank posted a **total comprehensive income** of Php13.6 billion for 2019, 90.6% higher than the Php7.1 billion posted in the same period a year ago. The higher amount year-on-year was primarily driven by the higher net income in 2019 at Php14.0 billion, as well as the higher **fair market value gains on investment securities** at FVOCI at Php1.1 billion compared to last year.

Statement of Condition as of December 31, 2019 vs December 31, 2018

UnionBank ended 2019 with total resources amounting to Php770.8 billion, 15.1% higher than previous year's Php669.5 billion mainly attributed to the robust growth of loans and other receivables, as well as higher balances in due from other banks and due from Bangko Sentral ng Pilipinas (BSP) accounts.

Cash and other cash items decreased by 21.4% to Php8.6 billion due to lower cash requirements compared to end-December 2018. **Due from Bangko Sentral ng Pilipinas (BSP)** increased by 30.5% to Php73.7 billion from Php56.5 billion last year due to increased special deposit account (SDA) placements from higher deposit levels. **Due from other banks** also rose by 4.9x to Php73.7 billion from higher working balances with foreign correspondent

banks. **Interbank loans receivable** amounted to Php213.1 million in 2019 as the Bank's excess liquidity were placed in other banks.

Total trading and investment securities were down by 19.7% to Php175.2 billion from Php218.3 billion driven by the reduction of **investment securities at amortized cost**, as well as **investment securities at FVOCI** by 19.2% and 42.4% to Php161.7 billion and Php5.7 billion, respectively. **Trading and investment securities at FVTPL** also declined by 5.0% to Php7.9 billion compared to Php8.3 billion last year.

Loans and other receivables grew robustly by 20.6% to Php392.6 billion anchored on the growth across the Parent Bank's customer loan businesses to include credit cards (up 35% YoY), consumer loans mainly comprised of mortgage loans (up 31% YoY), SME banking (up 40% YoY), and commercial loans (up 16% YoY). With this, the Bank's **loans-to-deposit ratio** increased to 81.1% in 2019 from 77.4% in 2018.

Investment in subsidiaries and associates increased by 5.4x to Php159.1 million driven by UBX' various investments. **Bank premises, furniture, fixtures, and equipment** grew by 27.2% to Php6.5 billion mainly due to the adoption of PFRS 16 accounting standards on leases, which resulted in the recognition of the right-of-use of assets relating to the present value of lease obligations. Moreover, **other assets** went up by 20.5% to Php15.6 billion driven by higher deferred tax assets and software assets.

Total liabilities were at Php672.8 billion as of December 31, 2019, up by 15.4% compared to Php582.8 billion at end-December 2018. **Total deposits** grew by 15.1% to Php484.3 billion from Php420.7 billion in the same period a year ago primarily on account of higher **time** and **demand deposits** which increased by 19.7% and 14.3% to Php273.0 billion and Php136.3 billion, respectively. **Long-term negotiable certificate of deposits**, on the other hand, were halved to Php3.0 billion in 2019 due to the maturity of the Bank's Php3.0 billion LTNCDs in April 2019 which were issued in October 2013.

Bills payable increased by 15.5% to Php105.1 billion from Php91.0 billion on higher short-term funding requirements. **Notes and bonds payable** were also higher by 10.8% to Php49.3 billion mainly attributed to the issuance of corporate bonds during the year intended to lengthen the Bank's maturity profile in compliance with BSP's LCR and NSFR requirements. Meanwhile, **Other liabilities** grew by 27.7% to Php34.0 billion from Php26.6 billion in the same period a year ago driven by higher bills purchases, accrued taxes and other expenses, as well as inclusion of lease liabilities due to PFRS 16 accounting standards.

The Bank's total capital funds rose by 13.1% to Php98.0 billion as of December 31, 2019 from Php86.7 billion as of end-December 2018 mainly due to the increase in **surplus free** to Php67.9 billion from Php57.2 billion, in view of the Bank's higher earnings. **Surplus reserves** also increased by 31.3% to Php4.6 billion largely on account of the appropriation for the difference between BSP's required 1% general loan loss provision (GLLP) over the Bank's computed expected credit loss (ECL) allowance for stage 1 accounts. Accumulated **remeasurements of defined benefit plan**, on the other hand, was recorded with a negative balance of Php1.4 billion based on actuarial adjustments.

Key performance indicators of the Bank are as follows:

	2019	2018
Return on Average Assets	1.9%	1.1%
Return on Average Equity	15.3%	8.8%
Cost-to-Income Ratio	55.4%	65.6%
Net Non-Performing Loan Ratio	1.8%	2.3%
Common Equity Tier 1 Ratio	13.2%	12.7%
Capital Adequacy Ratio	15.3%	15.2%

The manner by which the Bank calculates the above indicators is as follows:

Return on Average Assets:	Net income divided by average total resources for the period indicated
Return on Average Equity:	Net income divided by average total capital funds for the period indicated
Cost-to-Income Ratio:	Total operating expenses divided by the sum of net interest income and other income
Net Non-Performing Loan Ratio:	(Total non-performing loans less specific loan loss reserves for NPL) divided by (total loans inclusive of interbank loans receivables)
Capital Adequacy Ratio:	Total qualifying capital divided by total risk-weighted assets (inclusive of credit, market and operational risk charge)

As to material event/s and uncertainties, the Bank has nothing to disclose on the following apart from those already disclosed elsewhere or presented in the accompanying audited financial statements:

- Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.
- Any events that will trigger direct or contingent financial obligation, including any default or acceleration of an obligation.
- Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company.
- Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Any known trends, events or uncertainties that have had or that are reasonably expected` to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

Item 7 - Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A. Said statements were audited by the accounting firm, Sycip Gorres Velayo & Co. (SGV), and signed by Partner Ms. Janet A. Paraiso.

Item 8 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in and disagreements with the Bank's present external auditors, SGV, on accounting principles or practices, financial statement disclosures or scope of audit or procedure for the current year ended December 31, 2021.

(A) Audit and Audit Related fees

For the regular and statutory audit for the year 2021, audit fees billed by SGV amounted to ₱7,032,200, exclusive of VAT and out-of-pocket expenses.

For the regular and statutory audit for the year 2020, audit fees billed by SGV amounted to ₱14,020,000, exclusive of VAT and out-of-pocket expenses.

Fees for other special audit, assurance and related services rendered by SGV in 2021 were as follows:

1. ₱2,850,000 in the performance of the audits of the financial statements of Bangko Kabayan, Inc., First Agro-Industrial Rural Bank, Inc., and Progressive Bank, Inc. as of and for the six months ended June 30, 2021, for the purpose of meeting the requirements of the Securities and Exchange Commission related to the plan of merger.

2. ₱6,401,135 in the performance of transactional due diligence services for the Parent Bank in relation to the acquisition of Citigroup Inc.'s consumer banking business in the Philippines.

Fees for other special audit, assurance and related services rendered by SGV in 2020 were as follows:

1. ₱6,990,458 related to the issuance of a comfort letter and for the review of the interim condensed consolidated financial statements of the Group as of June 30, 2020 and for the six months ended June 30, 2020 and 2019 with respect to the Parent Bank's issuance of USD300 million Senior Medium-Term Notes Due 2025 under the updated USD2 billion MTN Programme.

2. ₱5,433,891 related to the issuance of a comfort letter and for the review of the interim condensed consolidated financial statements of the Group as of September 30, 2020 and for the nine months ended September 30, 2020 and 2019 with respect to the Parent Bank's issuance of Peso Senior Series C Bonds Due 2023 and the Peso Senior Series D Bonds Due 2026 under the existing ₱39 Billion Bond Program.

3. ₱300,000 in relation to the limited scope review of the selected accounts of Bangko Kabayan, Inc. and Progressive Bank, Inc. as of December 31, 2020 for purposes of Group reporting.

(B) Tax Fees

No fees for tax services were paid by the Bank to SGV in 2021 and 2020.

(C) All Other Fees

No other fees were paid by the Bank to SGV for 2021 and 2020.

The following practices were agreed to and adopted by and between Management and the external auditor:

1. Before the start of each year's audit, the external auditor presents to the Audit Committee for approval its proposed audit plan, describing the areas of focus for the audit, as well as any new accounting standards, laws and new regulatory rules that need to be taken into account in the course of the audit. The audit schedule is also presented.

2. The audit fees are agreed with the external auditor by Management and reviewed by the Audit Committee.

3. When the audit is substantially completed and before the Bank's Board meeting in January of the following year, the external auditor presents an initial report of its audit to the Audit Committee. The complete set of audited financial statements and accompanying notes are submitted to the Board for approval of the issuance of the same in its February meeting.

PART IIII – CONTROL AND COMPENSATION INFORMATION

Item 9 – Directors and Executive Officers of the Issuer

a) Directors and Nominees

The following are the names of the nominee for directors of UnionBank who have been pre-screened and certified qualified by the Corporate Governance Committee of the Board pursuant to SRC Rule No. 38, the BSP's Manual of Regulations for Banks, SEC Code of Corporate Governance and the Bank's Revised Manual on Good Corporate Governance, at the meeting held on February 3, 2022, by the following Corporate Governance Committee Members:

1. Atty. Francisco Ed. Lim, *Chairman/ Independent Director*
2. Justo A. Ortiz
3. Sabin M. Aboitiz
4. Nina D. Aguas
5. Aurora C. Ignacio
6. Roberto G. Manabat, *Lead Independent Director*
7. Ron Hose, *Independent Director*
8. Manuel D. Escueta, *Independent Director*
9. Josiah L. Go, *Independent Director*

NOMINEES	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
Erramon I. Aboitiz	65	Filipino	Chairman Director	May 22, 2020 to present July 23, 1993 to present October 11, 1988 to April 23, 1993
Justo A. Ortiz	64	Filipino	Vice Chairman Chairman Chairman & CEO	May 22, 2020 to present January 1, 2018 to May 22, 2020 July 23, 1993 to December 31, 2017
Sabin M. Aboitiz	57	Filipino	Director	May 24, 2013 to present
Manuel R. Lozano	51	Filipino	Director	May 26, 2017 to present
Ana Maria A. Delgado	41	Filipino	Director	April 23, 2021 to present
Michael G. Regino	60	Filipino	Director	March 7, 2018 to present
Atty. Ricardo L. Moldez	74	Filipino	Director	March 25, 2022 to present
Nina Perpetua D. Aguas	69	Filipino	Director	January 4, 2016 to present
Edwin R. Bautista	61	Filipino	President & CEO Director President & COO	January 1, 2018 to present January 4, 2016 to present January 1, 2016 to December 31, 2017
Samel A. Aboitiz	30	Filipino	Director	Nominee for election on April 22, 2022
INDEPENDENT DIRECTORS				
Roberto G. Manabat	75	Filipino	Lead Independent Director Independent Director	July 23, 2021 to present May 25, 2018 to present

Ron Hose	43	American	Independent Director	September 25, 2020 to present
Manuel D. Escueta	71	Filipino	Independent Director	April 23, 2021 to present
Josiah L. Go	59	Filipino	Independent Director	April 23, 2021 to present
Atty. Francisco Ed. Lim	67	Filipino	Independent Director	May 28, 2021 to present

The nominees for Independent Directors, namely, Mr. Roberto G. Manabat, Mr. Ron Hose, Mr. Manuel D. Escueta, Mr. Josiah L. Go, and Atty. Francisco Ed. Lim possess the qualifications and none of the disqualifications of an independent director. They have complied with all the requirements of the Bangko Sentral ng Pilipinas (BSP), the Securities and Exchange Commission (SEC), and the Bank's Revised Manual on Good Corporate Governance for their respective positions. Mr. Manabat and Mr. Hose were nominated by stockholders Caroline L. Tobias, and Edzel S. Babas, respectively.

Mr. Escueta, Mr. Go, and Atty. Lim were nominated by stockholders, Benedicta D. Jimenez, Andres B. Alcantara and Margaret O. Chao, respectively. The nominators are not related to the nominees for independent directors.

BUSINESS EXPERIENCE:

The following is a brief description of the business experience of each of the directors/nominees of the Bank:

Erramon I. Aboitiz serves as Chairman of UnionBank. He is a Director of Aboitiz Equity Ventures, Inc., a publicly listed company, and the Philippine Disaster Resilience Foundation, Inc. Mr. Aboitiz also sits as a Board of Trustees with the Asian Institute of Management.

Mr. Aboitiz was awarded the Management Association of the Philippines' Management Man of the Year and Ernst & Young's Entrepreneur of the Year both in 2011.

Mr. Aboitiz earned a Bachelor of Science degree in Business Administration, major in Accounting and Finance, from Gonzaga University in Spokane, U.S.A. He was also conferred an Honorary Doctorate Degree in Management by the Asian Institute of Management. He is not connected with any government agency or instrumentality.

Chairman: Executive Committee, Trust Committee
Vice Chairman: Non-Executive Board
Member: Risk Management Committee, Market Risk Committee
Alternate Member: Corporate Governance Committee

Justo A. Ortiz serves as Vice Chairman of UnionBank. He holds the position of Chairman and/or Director of various subsidiaries of the Bank: UnionDigital Bank Inc., City Savings Bank, Inc., UBX Philippines Corporation, and PETNET, Inc. He sits as Chairman of the following companies: Philippine Payments Management, Inc., Fintech Philippines Association, Inc., and Distributed Ledger Technology Association of the Philippines, Inc.; Director of Aboitiz Equity Ventures, Inc. and Concepcion Industrial Corporation, both publicly listed companies; Member of the Board of Trustees of The Insular Life Assurance Co., Ltd., Member of the Management Association of the Philippines, Member of the Board of Trustees of Philippine Trade Foundation, Inc., Makati Business Club and World Presidents Organization. He was the Chief Executive Officer of the Bank from 1993 to 2017. Prior to his stint in UnionBank, he was Managing Partner for Global Finance and Country Executive for Investment Banking at Citibank, N.A.
Mr. Ortiz became a member of the Claustro de Profesores of the University of Santo Tomas (UST) as he was conferred a Doctor of Humanities degree, Honoris Causa, on December 11, 2015. He graduated Magna Cum Laude with a degree in the Economics Honors Program from Ateneo de Manila University.

Chairman: Information Technology and Cybersecurity Committee

Member: Executive Committee, Risk Management Committee, Trust Committee, Market Risk Committee, Operations Risk Management Committee, Corporate Governance Committee

Sabin M. Aboitiz serves as Director of UnionBank. He is President and Chief Executive Officer of Aboitiz Equity Ventures, Inc., and Chairman of the Board of Aboitiz Power Corporation, both publicly listed companies.

Mr. Aboitiz is also the President of AEV Aviation, Inc., and AEV-CRH Holdings, Inc., wholly-owned subsidiaries of Aboitiz Equity Ventures, Inc. (AEV).

He is the Chairman of Aboitiz Foundation, Inc., Aboitiz InfraCapital, Inc, Aboitiz Land, Inc., Aboitiz Power Corp, Manila-Oslo Renewable Enterprise, Inc.; Republic Cement Services, Inc., Filagri Holdings Inc., Director of Aboitiz & Company, Inc., Aboitiz Equity Ventures, Inc, AEV CRH Holdings, Inc.; Republic Cement and Building Materials, CRH Aboitiz Holdings, Inc., Apo Agua Infrastructura, Inc., Aboitiz Construction International, Inc., Aboitiz Construction, Inc., Unity Digital Infrastructure Inc., Pilmico International Pte. Ltd, Aboitiz Power International Pte. Ltd. and AEV International Pte. Ltd.

He spent much of his professional life with Aboitiz Transport, Inc. and his last position was as President and Chief Executive Officer of one of its subsidiaries, Aboitiz One, Inc. (owner of the 2GO brand) which is now called 2GO Group, Inc. He graduated from Gonzaga University in the USA with a B.S. Business Administration Degree, majoring in Finance.

Member: Non-Executive Board, Executive Committee, Corporate Governance Committee
Alternate Member: Risk Management Committee, Operations Risk Management Committee

Manuel R. Lozano serves as Director of UnionBank. He is currently the Senior Vice President and Chief Financial Officer of Aboitiz Equity Ventures, Inc., a publicly listed company. He was the Chief Financial Officer of Aboitiz Power Corporation from January 2014 to May 2015. He was also the Chief Financial Officer of the Aboitiz Power Generation Group and AP Renewables, Inc. from December 2008 to December 2013. Prior to joining the Aboitiz Group, Mr. Lozano was the Chief Financial Officer and Director of PAXYS, Inc. and held various positions in financial institutions including Jardine Fleming & CLSA.

Mr. Lozano graduated with a Bachelor of Science degree in Business Administration from the University of the Philippines (Diliman) and holds an MBA degree from The Wharton School of the University of Pennsylvania.

Member: Non-Executive Board, Executive Committee, Audit Committee
Alternate Member: Risk Management Committee, Market Risk Committee

Ana Maria A. Delgado serves as Director and Executive Vice President, Chief Digital Channel Officer and Chief Customer Experience Officer of UnionBank. She is a Director of SingLife Philippines, City Savings Bank, Inc., Aboitiz Land, Inc., Aboitiz Infracapital, Inc., and Aboitiz Equity Ventures, Inc., a publicly listed company. She started her career with UnionBank as a Product Manager under the Retail Banking Center and has held multiple positions in the bank covering SME lending and Consumer Finance businesses. Prior to joining the Bank, she was an Assistant Vice President for Product Management at Citibank, N.A. from 2006 to 2008.

Ms. Delgado graduated with a Bachelor of Arts in Art History/Painting from Boston College and obtained her Master's Degree in Business Administration from New York University Stern School of Business in 2010.

Member: Non-Executive Board, Information Technology and Cybersecurity Committee
Alternate Member: Executive Committee, Market Risk Committee

Samel A. Aboitiz is nominated for election as Director of UnionBank. He is Vice President and Head of Finance & Accounting for Coal Business Unit of Aboitiz Power Corporation (AboitizPower), a publicly listed company. He is also concurrently Treasurer and Controller of Aboitiz & Company (ACO), and Vice President for Finance of Aboitiz Equity Ventures, Inc. (AEV), a publicly listed

company. He is a member of the Board of Advisors of ACO, and Board of Directors of Pilmico Foods Corporation, Gold Coin Management Holdings, and San Fernando Light & Power Co. He served as Assistant Vice President and Controller for Coal Business Unit of AboitizPower from January 2019 to July 2021; Deputy Head of Operations of PETNET, Inc. from July 2018 to December 2018; and Corporate Finance Manager of AEV from September 2016 to July 2018. Prior to joining the Aboitiz Group, he was Investment Banking Analyst for CLSA Exchange Capital, and with Castleton Commodities International as Freight Analyst.

Mr. Aboitiz earned his Bachelor of Arts, major in Economics and minor in Philosophy degree from the University of Virginia, Charlottesville, USA.

Nina Perpetua D. Aguas serves as Director of UnionBank. She is currently the Executive Chairman of the Board of Trustees of The Insular Life Assurance Co., Ltd. She was the President and Chief Executive Officer of Philippine Bank of Communications, a publicly listed company, from August 2012 to March 2015. Prior to this, she was the Managing Director for Private Banking, Asia-Pacific at ANZ Banking Group Ltd., Singapore. She also held various positions with Citigroup Inc. - Managing Director for Corporate Center Compliance, New York; Country Business Manager, Global Consumer Group, Philippines; Head of Sales & Distribution, Global Consumer Group, Philippines; and Regional Audit Director, Citigroup, Asia-Pacific. She was also the Board of Director and Chairperson of Bank of Florida (A Rural Bank) and has served as a member of the World Bank Group's Advisory Council on Gender and Development. She is currently the Chairman of the Board of the following Insular Life Subsidiaries - Insular Health Care, Inc.; Insular Foundation, Inc.; Insular Life Management and Development Corporation (ILMADECO). She also sits as Non-Executive Director of Pilipinas Shell Petroleum Corporation; Independent Director of Monde Nissin Corporation, both publicly listed companies; and Director of Insurance Institute for Asia and the Pacific, Inc.

Member: Non-Executive Board, Executive Committee, Audit Committee, Market Risk Committee, Corporate Governance Committee

Michael G. Regino serves as Director of UnionBank. He is presently the President and CEO of the Social Security Commission (SSC) and since February 28, 2017, a Director of Philex Mining Corporation, a publicly listed company. Prior his appointment as President and CEO on March 9, 2022, he engaged in various activities which marked significant milestones in his career.

He served as member a of the Social Security Commission (SSC); the President and member of the Board of Directors of San Agustin Services, Inc., Agata Mining Ventures, Inc. and Exploration Drilling Corp.; as the Senior Vice President and Chief Operating Officer of St. Augustine Gold and Copper Ltd.; and as the Executive Director of TVI Resources Development Phils., Inc. He also became one of the members of the Board of Directors of Nationwide Development Corporation and KingKing Mining Corp., where he took charge of the Davao operations.

He also gained expertise in the field of real estate development and property management when he served as the President of Golden Haven Memorial Parks, Inc., Camella Homes, and MGS Group of Companies. He also shared his expertise in other industries such as Northern Foods, Corp., Kilusang Kabuhayan at Kaunlaran, and the Ateneo de Zamboanga University, where he served as Finance and Treasury Manager, Chief Financial Specialist, and Instructor in Economics, respectively.

Mr. Regino graduated Cum Laude and Salutatorian from the Ateneo de Zamboanga University in 1981, with a degree of Bachelor of Science, Major in Economics. He later obtained his Master's degree in Business Administration in 1985 from the Ateneo de Manila University.

Member: Non-Executive Board, Executive Committee, Corporate Governance Committee, Trust Committee, Information Technology and Cybersecurity Committee
Alternate Member: Market Risk Committee, Risk Management Committee, Operations Risk Management Committee

Atty. Ricardo L. Moldez serves as Director of UnionBank. He is a member of the Social Security Commission which serves as the governing board of the Social Security System (SSS). He shares in the responsibility for the governance of SSS in terms of providing policy directions, monitoring and overseeing management actions and with powers and duties specified by the Social Security Act of

2018. He also serves as director of City Savings Bank, Inc, a subsidiary of the Bank, and Ionics, Inc., a publicly listed company. Before working at the SSC, he was a litigation lawyer for more than forty (40) years. He served at the Department of Justice as special counsel and at the Municipal Court of Muntinlupa.

Atty. Moldez holds a Bachelor of Arts and a Bachelor of Laws degrees from Lyceum of the Philippines.

Member: Non-Executive Board, Audit Committee, Market Risk Committee, Risk Management Committee, Operations Risk Management Committee
Alternate Member: Corporate Governance Committee, Executive Committee, Information Technology and Cybersecurity Committee

Edwin R. Bautista serves as Director and President & Chief Executive Officer of UnionBank. He also serves as Chairman of the following subsidiaries and affiliates of UnionBank: City Savings Bank, Inc. and First Union Plans, Inc.; and Director of UBP Investments Corporation, UBX Philippines Corporation, UnionDigital Bank Inc., and PETNET, Inc. He is a Director Aboitiz Power Corporation, a publicly listed company. He was the President and Chief Operating Officer of the Bank from January 1, 2016 to December 31, 2017. He also served as Senior Executive Vice President of the Bank from 2011 to 2015. He acted as President of the International Exchange Bank in 2006 until its merger with UnionBank. He was Senior Vice-President of UnionBank from 1997 to 2001 and Executive Vice President from 2001 to 2011. He previously worked as Senior Brand Manager at Procter and Gamble, Marketing and Sales Director of the Philippines and Guam at American Express International, and Vice President/Group Head of Transaction Banking at Citibank.

Mr. Bautista earned his Bachelor of Science in Mechanical Engineering degree from the De La Salle University. He also completed the Advanced Management Program at the Harvard Business School, U.S.A.

Member: Executive Committee, Trust Committee, Information Technology and Cybersecurity Committee

Roberto G. Manabat serves as Lead Independent Director of UnionBank. He is also an Independent Director of the following companies: City Savings Bank, Inc. and UnionDigital Bank Inc., both subsidiaries of the Bank; Goldilocks Bakeshop, Inc.; and National Reinsurance Corporation, a publicly listed company. He is a Certified Public Accountant. Mr. Manabat is a Board Adviser on Internal Audits of SM Investments Corporation, a publicly listed company, and its subsidiaries/affiliates. He is also a Director in PA Properties and Development Corp. He also sits as Trustee of the Shareholders Association of the Philippines; Chairman of KPMG R.G. Manabat Foundation; and Vice Chairman of Enactus Philippines. As the first General Accountant of the Securities and Exchange Commission (SEC) from 2003-2005, he set up the mechanism for effective financial reviews of the financial reports submitted by listed and other public companies regulated by the SEC. His past experience involves: Chairman and Chief Executive Officer of KPMG R.G. Manabat & Co.; a member of the Global Council of KPMG International; a member of the Asia-Pacific Board of KPMG International; Chairman of Auditing & Assurance Standards Council; Consultant of the SEC; and Partner of SyCip Gorres Velayo & Co., among others. Mr. Manabat has a track record of more than 40 years in the field of accountancy and has been a prominent advisor to many corporate and government agencies on good governance principles and practices.

In 2018, he received The Outstanding Professional Award in the Field of Accountancy given by the Professional Regulation Commission. In 2019, he was honored by The Federation of Asian Institute of Management Alumni Associations, Inc. (FAIM) with an AIM Alumni Achievement (Triple A) Award, the most prestigious recognition given to AIM graduates.

Mr. Manabat graduated from the University of the East with a degree in Business Administration. He obtained his Master's degree in Business Management from Asian Institute of Management.

Chairman: Non-Executive Board, Audit Committee

Member: Risk Management Committee, Market Risk Committee, Operations Risk Management Committee, Corporate Governance Committee, Related Party Transaction Committee

Ron Hose serves as Independent Director of UnionBank. He is also Independent Director of UnionDigital Bank Inc., a subsidiary of the Bank. Prior to joining the board of UnionBank, Mr. Hose was the founder and CEO of Coins.ph (acquired by Gojek in 2019), one of the first blockchain based financial services platforms to reach significant mainstream consumer adoption. Mr. Hose was also a founding partner at Silicon Valley based venture fund Innovation Endeavors, and a founder at TokBox Inc, a San Francisco based videoconferencing startup that was acquired by Telefonica.

Mr. Hose has solid experience in information technology, FinTech, Blockchain, e-commerce and venture capital, and has likewise rendered his FinTech expertise during various speaking engagements. He is a graduate of Cornell University (2005) with a Master's of Engineering Degree in Computer Science.

Chairman: Operations Risk Management Committee
Member: Non-Executive Board, Risk Management Committee, Market Risk Committee, Corporate Governance Committee, Information Technology and Cybersecurity Committee

Manuel D. Escueta serves as Independent Director of UnionBank. He is also an Independent Director of City Savings Bank, Inc., a subsidiary of the Bank. He is an Independent Director of Pascual Laboratories, Inc. and Vitarich Corporation, a publicly listed company. Mr. Escueta also sits as member of the Executive Committee and Marketing Adviser of Mega Global Corporation; member of the Board of Trustees and Advisory Council of Educhild Foundation, Philippines; and Vice Chairman of the Board of Trustees of PAREF Southridge School for Boys. He was the President of Educhild Foundation Philippines from 2004 to 2019, and also the President and CEO of Pascual Laboratories, Inc. from 2009-2012. He also served as the Chairman of the Board of Directors and Business Head of Pascual Consumer Health Corporation, Inc. and Pascual Consumer Health Division, respectively. He was the Vice President for Corporate Marketing and Communications of United Laboratories, Inc. from September 2001 to March 2004. He also worked as General Advertising and Marketing Manager for Procter & Gamble, Asia.

Mr. Escueta is a graduate of University of the Philippines in Diliman, Quezon City, with a degree in Business Administration, Majoring in Marketing.

Chairman: Risk Management Committee
Member: Non-Executive Board, Audit Committee, Market Risk Committee, Operations Risk Management Committee, Corporate Governance Committee, Related Party Transaction Committee

Josiah L. Go serves as Independent Director of UnionBank. He is the Chairman and Chief Innovation Strategist of Mansmith and Fielders, Inc., winner of the 2021 Innovation award given by the ASEAN Business Awards, and Chairman of Waters Philippines (the market leader in the direct selling of premium home water purifiers in the Philippines). He is also Chairman/ Vice Chairman/ Director of over a dozen companies. He served as National President of the Philippine Marketing Association in 1991, Chairman of the Direct Selling Association of the Philippines in 2002, and National President of the Association of Marketing Educators from 2004-2005.

Mr. Go is known as one of the Philippines' most respected marketing gurus and one of the most awarded business educators of the Philippines with 18 bestselling and record-breaking marketing and entrepreneurship books. He has been recognized as one of the Agora Awardees in 1994, one of the Ten Outstanding Young Men (TOYM) of the Philippines in 2001, one of the Ten Outstanding Young Persons (TOYP) of the World in 2002 and one of only two Lifetime Achievement Awardees by the Association of Marketing Educators (2007), the youngest marketing educator to be bestowed this honor. He was also given the Brand Leadership Award during the World Brand Congress in India (2009). His accomplishments were recognized by the international community where he has been included in the 10th edition of the International Who's Who of Intellectuals (England).

Mr. Go has completed the Blue Ocean Strategy qualification process in Blue Ocean Strategy Institute in Insead, France. He has taught at the De La Salle and Ateneo Universities. He is also an

Executive Scholar of the Kellogg Business School (in marketing and Sales Management) as well as the MIT Sloan (in Strategy and Innovation). He also took advance marketing programs at Harvard, Wharton and at the London Business School. He specializes in the fusion of marketing and innovation using the lenses of data-driven entrepreneurship and teaches advanced marketing subjects. He has given talks and facilitated over 1,000 marketing seminars in the Philippines and internationally to teams in diverse industries, in different situations and contexts.

He graduated from De La Salle University with a degree in Management and took his Master of Arts degree in Religious Studies from Maryhill School of Theology.

Chairman: Market Risk Committee
Member: Non-Executive Board, Risk Management Committee, Audit Committee, Corporate Governance Committee

Atty. Francisco Edralin Lim serves as Independent Director of UnionBank. He is also a director/trustee of other public companies, namely, Alphaland Corporation; Converge Information and Communications Technology Solutions, Inc., First Philippines Holdings Corporation, and The Insular Life Assurance Co., Ltd.

He is the incumbent Vice President and a Director of the Financial Executives Institute of the Philippines (FINEX). He is also the Chairman and a Trustee of the FINEX Research and Development Foundation, Inc. and the Vice-Chairman and a Trustee of the FINEX Academy, Inc.

He is also a Trustee of the Shareholders' Association of the Philippines (SharePHIL), CIBI Foundation, Inc., and Judicial Reform Initiative, Inc., and a Fellow of the Institute of Corporate Directors.

Atty. Lim is the immediate Past President of the Financial Executives Institute of the Philippines (FINEX) and was the President of the Management Association of the Philippines (MAP) in 2020.

He retired on December 31, 2020 as a Senior Partner of the Angara Abello Concepcion Regala & Cruz Law Offices ("ACCRALAW").
Atty. Lim served as President and CEO and director of Philippine Stock Exchange, Inc. ("PSE"), a publicly listed company, President & CEO of Securities Clearing Corporation of the Philippines ("SCCP").

Atty. Lim served as a Bar Examiner in Mercantile Law in the 2019 bar examinations and a member of the Board of Judges for the 2020 The Outstanding Young Men (TOYM) of the Philippines.

He actively assisted in the enactment several Philippine laws such as the Financial Rehabilitation and Insolvency Act (FRIA), Credit Investment System Act (CISA), Real Estate Investment Trust Act (REITA), Personal Equity Retirement Account Act (PERAA), and the Philippine Competition Act.

Atty. Lim is a member is the Supreme Court's Committee on the Revision of Rules. He is also the Co-Chairperson of the Sub-Committee of the Philippine Supreme Court on E-Commerce Law and member of the Philippine Supreme Court Sub-Committee on Commercial Courts and the Sub-Committee on the Revision of the Notarial Rules.

He was also actively involved in the formulation of several Philippine procedural rules such as the Rules on Civil Procedure, Rules of Evidence, Interim Rules on Intra-Corporate Controversies, Rules on Electronic Evidence, Rules on Notarial Practice, Rules on DNA Evidence, Financial Rehabilitation Rules of Procedure, Financial Liquidation and Suspension of Payments Rules of Procedure and the Bank Liquidation Rules of Procedure.

Atty. Lim is the Chairman of the Commercial Law Department and professorial lecturer of the Philippine Judicial Academy; a law professor in the Ateneo de Manila University and San Beda Graduate School of Law; co-author of the "The Philippine Competition Act: Salient Points and Emerging Issues"; and a columnist (on leave) of Rappler Online Publication.

He is a member of the American Bar Association and Advisory Committee for the Asian Principles of Business Restructuring Project of the III and Asian Business Law Institute.

Atty. Lim graduated *magna cum laude* in Bachelor of Philosophy and *cum laude* in Bachelor of Arts from the University of Santo Tomas. He completed his Bachelor of Laws degree (Second Honors) from the Ateneo de Manila University, and his Master of Laws degree from the University of Pennsylvania, USA.

Chairman: Corporate Governance Committee, Related Party Transaction Committee
Member: Non-Executive Board, Audit Committee, Market Risk Committee, Operations Risk Management Committee

b) Executive Officers

The Executive Officers of the Bank, and their respective age, citizenship, and position as of March 31, 2022, are as follows:

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
Edwin R. Bautista	61	Filipino	President and Chief Executive Officer	January 1, 2018 to present
			President and Chief Operating Officer	January 1, 2016 to December 31, 2017
			Senior Executive Vice President – Center Head, Transaction Banking, Commercial Banking and Channel Management	November 1, 2011 to December 31, 2015
			Executive Vice President – Center Head, Retail Banking	April 27, 2001 to October 31, 2011
Henry Rhoel R. Aguda	53	Filipino	Senior Executive Vice President – Chief Technology and Operations Officer and Chief Transformation Officer	August 1, 2016 to present
Jose Emmanuel U. Hilado	58	Filipino	Senior Executive Vice President – Treasurer and Head of Global Markets	January 1, 2022 to present
			Senior Executive Vice President – Chief Finance Officer	July 2, 2021 to December 31, 2021
			Senior Executive Vice President – Chief Finance Officer and Treasurer	July 1, 2017 to June 30, 2021
Roberto F. Abastillas	61	Filipino	Executive Vice President – Center Head, Commercial Banking	August 1, 2019 to present

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
			Senior Vice President – Center Head, Commercial Banking	January 1, 2018 to July 31, 2019
			Senior Vice President – Deputy Center Head, Commercial Banking	August 1, 2017 to December 31, 2017
			Senior Vice President, Head – Commercial Banking 1	August 28, 2006 to July 31, 2017
Ana Maria A. Delgado	41	Filipino	Executive Vice President –Chief Digital Channel Officer Chief Customer Experience Officer	June 1, 2020 to present
			Senior Vice President – Center Head, Consumer Finance and Chief User Experience Officer	October 23, 2018 to May 31, 2020
			Senior Vice President – Deputy Center Head, Consumer Finance and Chief User Experience Officer	August 1, 2018 to October 22, 2018
			First Vice President – Deputy Center Head of Consumer Finance and Chief User Experience Officer	July 1, 2017 to July 31, 2018
			First Vice President – Deputy Center Head of Consumer Finance and Chief User Experience Officer	February 24, 2017 to June 30, 2017
			Vice President – Business Head, Credit Card Business	July 1, 2015 to February 23, 2017
Ramon G. Duarte	57	Filipino	Executive Vice President – Center Head, Transaction Banking and Platform Development Head	July 1, 2021 to present
			Senior Vice President – Center Head, Transaction Banking and Platform Development Head	April 23, 2020 to June 30, 2021
			Senior Vice President –	June 23, 2006 to May

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
			Head, Platform Development Group	21, 2020
Antonino Agustin S. Fajardo	58	Filipino	Executive Vice President – Center Head, Corporate Banking Senior Vice President – Center Head, Corporate Banking First Vice President – Deputy Center Head, Corporate Banking First Vice President – Business Head, Mortgage Finance Business First Vice President – Group Head, Consumer Finance – Auto Finance Business Center	August 1, 2019 to present August 1, 2018 to July 31, 2019 January 1, 2018 to July 31, 2018 November 1, 2014 to December 31, 2018 May 1, 2013 to October 31, 2014
Mary Joyce S. Gonzalez	63	Filipino	Executive Vice President – Center Head, Retail Banking Senior Vice President – Deputy Center Head, Retail Banking First Vice President – Unit Head, Makati Region	August 1, 2015 to present June 1, 2010 to July 31, 2015 May 24, 2002 to June 1, 2010
Eric S. Lustre	59	Filipino	Executive Vice President – Trust Officer Executive Vice President – Head of Trust	January 28, 2022 to present January 3, 2022 to January 27, 2022

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
Angelo Dennis L. Matutina	58	Filipino	Executive Vice President – Head of Operations, City Savings Bank, Inc. *(Seconded)*	November 1, 2021 to present
			Executive Vice President – Chief Operating Officer, City Savings Bank, Inc. (*Seconded)*	March 25, 2019 to October 31, 2021
			Executive Vice President – Center Head, Channel Management	August 1, 2015 to March 24, 2019
			Senior Vice President – Center Head, Channel Management	June 1, 2014 to July 31, 2015
			Senior Vice President – Business Network Group Head	May 29, 2009 to May 31, 2014
Dennis D. Omila	49	Filipino	Executive Vice President – Chief Information Officer, IT Services Group and Operations and Shared Services Group	March 25, 2019 to present
			Executive Vice President – Chief Information Officer	August 1, 2018 to March 24, 2019
			Senior Vice President – Chief Information Officer	November 16, 2016 to July 31, 2018
Ronaldo Francisco B. Peralta	58	Filipino	Executive Vice President – Chief Risk Officer	July 1, 2021 to present
			Senior Vice President – Chief Risk Officer	November 3, 2014 to June 30, 2021
Michaela Sophia E. Rubio	57	Filipino	Executive Vice President – Chief Human Resource Officer and Lead for CSR, Sustainability and Occupational Safety and Health Division	August 1, 2019 to present
			Senior Vice-President – HR Director	June 1, 2014 to July 31, 2019
			First Vice President and HR Director	June 1, 2012 to May 31, 2014

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
Atty. Arlene Joan T. Agustin	53	Filipino	Senior Vice President – Head, Private Banking Group Senior Vice President – Trust Officer	December 1, 2018 to present February 5, 2018 to November 30, 2018
Francis B. Albalate	51	Filipino	Senior Vice President – Financial Controller	July 1, 2016 to present
Atty. Joselito V. Banaag	51	Filipino	Senior Vice President – General Counsel and Corporate Secretary	November 16, 2015 to present
Antonio Sebastian T. Corro	49	Filipino	Senior Vice President – Center Head, Consumer Finance Senior Vice President – Head, Cards Business	August 28, 2020 to present August 1, 2018 to August 27, 2020
Albert Raymond C. Cuadrante	50	Filipino	Senior Vice President – Chief Marketing Officer	August 16, 2021 to present
Gerard R. Darvin	52	Filipino	Senior Vice President – Corporate Solutions Head First Vice President – Sales Head – CMS, Transaction Banking Vice President – Sales Director Assistant Vice President – Business Manager	June 1, 2021 to present July 1, 2016 to June 30, 2021 June 23, 2006 to June 30, 2016 May 2, 2000 to June 22, 2006
Joebart T. Dator	54	Filipino	Senior Vice President – Head, Branch Channel Management First Vice President – Head, Branch Channel Management Vice President – Head, Branch Channel Management	July 1, 2019 to present August 1, 2017 to June 30, 2019 June 1, 2014 to July 31, 2017

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
Ramon Vicente V. De Vera II	46	Filipino	Senior Vice President – Head, EON Banking Senior Vice President – Head, Fintech Business Group First Vice President – Head, Corporate Product Management Vice President – Business Development Director	October 23, 2020 to present August 1, 2018 to October 22, 2020 July 1, 2014 to July 31, 2018 May 28, 2010 to June 30, 2014
Montano M. Dimapilis	57	Filipino	Senior Vice President – Head, Business Services Group First Vice President – Head, Facilities Management Group and Branch Network Management Vice President – Head, Facilities Management Group	May 1, 2020 to present July 1, 2015 to April 30, 2020 November 2, 2011 to June 30, 2015
Concepcion Perla P. Lontoc	53	Filipino	Senior Vice President – Sales Director First Vice President – Sales Director Vice President – Sales Director	May 1, 2020 to present July 1, 2016 to April 30, 2020 December 14, 2007 to June 30, 2016
Raquel P. Palang	51	Filipino	Senior Vice President – Treasurer, City Savings Bank, Inc. *(Seconded)* First Vice President – Treasurer, City Savings Bank, Inc. *(Seconded)* First Vice President – Deputy Treasurer Vice President – Unit Head	June 26, 2020 to present January 1, 2020 to June 25, 2020 June 1, 2010 to June 25, 2020 June 23, 2006 to May 31, 2010
Ronaldo Jose M. Puno	44	Filipino	Senior Vice President – Solutions Delivery Head First Vice President – Head, Business Process Automation	May 1, 2020 to present June 4, 2018 to April 30, 2020

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
Julian P. Tarrobago, Jr.	48	Filipino	Senior Vice President – Chief Investment Officer	July 9, 2021 to present
Jeannette Yvonne M. Zagala	51	Filipino	Senior Vice President – Financial Markets Sales Head First Vice President – Head of Distribution	June 1, 2021 to present November 8, 2017 to June 30, 2021
Myrna E. Amahan	61	Filipino	First Vice President – Chief Audit Executive First Vice President – Internal Audit Division Head Vice President – Internal Audit Head	February 23, 2021 to present August 1, 2016 to February 1, 2021 June 23, 2006 to July 31, 2016
Admiral Rommel Jason L. Galang (Ret.)	56	Filipino	First Vice President – Chief Security Officer	November 1, 2021 to present
Joselynn B. Torres	63	Filipino	First Vice President – Chief Compliance and Corporate Governance Officer	December 1, 2018 to present
Maria Francesca R. Montes	34	Filipino	Vice President – AI and Data Policy Head and Data Protection Officer Assistant Vice President – Data Privacy Officer	May 1, 2020 to present October 1, 2018 to April 30, 2020
Atty. Buenaventura S. Sanguyo, Jr.	52	Filipino	Vice President – Deputy Head of Legal Division and Assistant Corporate Secretary Vice President – Deputy Head of Legal Division	July 22, 2016 to present October 12, 2015 to July 21, 2016

BUSINESS EXPERIENCE:

The following is a brief description of the business experience of each of the Executive Officers of the Bank:

Edwin R. Bautista serves as Director and President & Chief Executive Officer of UnionBank. He also serves as Chairman of the following subsidiaries and affiliates of UnionBank: City Savings Bank, Inc. and First Union Plans, Inc.; and Director of UBP Investments Corporation, UBX Philippines Corporation, UnionDigital Bank Inc., and PETNET, Inc. He is a Director Aboitiz Power Corporation, a publicly listed company. He was the President and Chief Operating Officer of the Bank from January 1, 2016 to December 31, 2017. He also served as Senior Executive Vice President of the Bank from 2011 to 2015. He acted as President of the International Exchange Bank in 2006 until its merger with UnionBank. He was Senior Vice-President of UnionBank from 1997 to 2001 and Executive Vice President from 2001 to 2011. He previously worked as Senior Brand Manager at Procter and Gamble, Marketing and Sales Director of the Philippines and Guam at American Express International, and Vice President/Group Head of Transaction Banking at Citibank.

Mr. Bautista earned his Bachelor of Science in Mechanical Engineering degree from the De La Salle University. He also completed the Advanced Management Program at the Harvard Business School, U.S.A.

Member: Executive Committee, Trust Committee, Information Technology and Cybersecurity Committee

Henry Rhoel R. Aguda is the Senior Executive Vice President, Chief Technology and Operations Officer and Chief Transformation Officer of UnionBank of the Philippines and the Chairman of UBX Philippines, the fintech spin-off of the Bank. Currently, he is a lecturer at the University of the Philippines Diliman Technology Management Center and a global faculty mentor at the Asian Institute of Digital Transformation. Mr. Aguda is also a Fellow member of the Institute of Corporate Directors (ICD), member of the Financial Executive Institute of the Philippines (FINEX) and a board member of the Parish Pastoral Council for Responsible Voting (PPCRV) and the Manila Central University (MCU). He is Chairman of the UnionBank AMLA Committee and Data Governance Committee.

Mr. Aguda was a former Chief Information Officer of Globe Telecom, Inc., a publicly listed company. He served as the Chief Technology Officer and Senior Vice President for the IT Group of the Government System Insurance Services (GSIS) and the Group Chief Information Technology Officer of Digitel Telecommunications Philippines. He was also the Chief Operations Officer and Chief Financial Officer of Nextel Communications Philippines.

In addition to this, he has worked with Fujitsu Philippines, Bayantel, and Computer Information Systems Inc. Mr. Aguda obtained his degrees in Bachelor of Science in Mathematics and Juris Doctor, both from the University of the Philippines. He is one of the authors of the books, "Data Privacy & Cybercrime Prevention in the Philippine Digital Age" and "Opening the Archipelago: The Story of Blockchain in the Philippines".

Non-Voting Member: Information Technology and Cybersecurity Committee

Jose Emmanuel U. Hilado holds the position of Senior Executive Vice President, Treasurer and Head of Global Markets of UnionBank. He was also a Director of the Bank subsidiaries – UBP Investments Corporation and First Union Plans, Inc. He has more than 30 years of banking experience behind him and has held various positions in Treasury, Trading, Investments, Correspondent Banking, Bank Operations, Human Resources, and Purchasing. Prior to joining UnionBank, he was the Senior Executive Vice President and Chief Operating Officer of East West Bank Corporation, a publicly listed company. He was also the Treasurer of Rizal Commercial Banking Corporation for 6 years and Chief Trader at Banco De Oro Unibank ("BDO") for 4 years, both publicly listed companies. He also held positions in International Business Development of Far East Bank & Trust Company and in Treasury Trading of Equitable PCI Bank.

While at BDO, he was also the Treasurer of BDO Private Bank for 3 years. He is currently a member of various industry-related associations such as the Bankers Association of the Philippines' Open Market Committee, Financial Executive Institute of the Philippines (FINEX), Money Market Association and ACI Philippines and the Philippine Interpretations Committee (PIC) representing industry. He was President of ACI Philippines from 2002 to 2006 and was its Director in 2004. ACI Philippines is a business organization for financial market professionals involved in foreign exchange, fixed income, and derivatives markets.

He obtained his Bachelor of Science degree in Business Economics at the University of the Philippines, and his MBA degree at Kellogg-Hong Kong University of Science and Technology. He is also a Certified Treasury Professional from the BAP- Ateneo Graduate School.

Roberto F. Abastillas holds the position of Executive Vice President and Center Head of the Commercial Banking of UnionBank. He is also Director of First Union Insurance & Financial Agencies, Inc. He started his career with the Bank in 2006 as Senior Vice President and Head of the Commercial Banking 1 Group. Mr. Abastillas was previously Senior Vice President and Head of the Account Management Center I at International Exchange Bank. From 1995 to 2006, he was Vice President and Head of the Account Management Group 1 for United Coconut Planters Bank in 1986 to 1995.

Ana Maria A. Delgado serves as Director and Executive Vice President, Chief Digital Channel Officer and Chief Customer Experience Officer of UnionBank. She is a Director of SingLife Philippines, City Savings Bank, Inc., Aboitiz Land, Inc., Aboitiz Infracapital, Inc., and Aboitiz Equity Ventures, Inc., a publicly listed company. She started her career with UnionBank as a Product Manager under the Retail Banking Center and has held multiple positions in the bank covering SME lending and Consumer Finance businesses. Prior to joining the Bank, she was an Assistant Vice President for Product Management at Citibank, N.A. from 2006 to 2008.

Ms. Delgado graduated with a Bachelor of Arts in Art History/Painting from Boston College and obtained her Master's Degree in Business Administration from New York University Stern School of Business in 2010.

Member: Non-Executive Board, Information Technology and Cybersecurity Committee
Alternate Member: Executive Committee, Market Risk Committee

Ramon G. Duarte holds the position of Executive Vice President, Head of Transaction Banking Center and Platform Development Group of UnionBank. He was previously Chief Technology Officer of Dotenable, Inc. from 2000-2001; Head of Electronic Banking Transaction Services at ABN AMRO Philippines from 1999 to 2000; and Assistant Vice President of Product Management under Global Transaction Services at Citibank from 1996 to 1999.

Antonino Agustin S. Fajardo is Executive Vice President and Center Head of Corporate Banking of UnionBank and he serves as Director of First Union Insurance & Financial Agencies, Inc., a subsidiary of the Bank. He is also a Senior Credit Officer and has had broad experience in the corporate and consumer sectors of the Bank in various leadership roles. He headed the Mortgage Business from 2013 to 2017, and in the early years of the Bank from 1994 to 1998, also played key roles in the Specialized Lending Group, which was involved in general project finance and the on-lending of official development funds to key accounts. Prior to joining the Bank, he was Project Officer for the Private Development Corporation of the Philippines.

Mary Joyce S. Gonzalez holds the position of Retail Banking Center Head at UnionBank with a Corporate Rank of Executive Vice President. She is also the Chairperson of First Union Insurance and Financial Agencies, Inc., at the same time she is Director of UBP Investments Corporation, First Union Direct Corporation and Progressive Rural Bank, Inc., all subsidiaries of the Bank. She started her career in UnionBank as Branch Manager of the Main Office Branch in 1994. After a few months, she was given an expanded role as Sales Director of the Makati 1 Region. Her stint as Sales Director over the years saw major growth in the deposit and fund generation business, and the development of a very capable sales management team. In recognition of her contribution to the business, Joyce was promoted to Senior Vice President and was given an additional task to develop and lead Customer Segment Management and bring greater customer centricity in UnionBank's pursuit in

delighting its customers, given her seasoned abilities, and exposure in the business of Retail Banking.

Eric S. Lustre holds the position of Executive Vice President and Trust Officer* of UnionBank. He most recently served as President and Chief Executive Officer of Philam Asset Management, Inc. from 2016 to 2021. Simultaneous to his role, he held various roles with Philam Group of Companies as Country Credit Officer and Chief Executive Officer of Philam Properties Corporation, Philamlife Tower Management Corporation, Philamlife Tower Condominium Corporation and the President of Tower Club, Inc. Mr. Lustre also served as Head of Corporate Finance and Real Estate Investment of The Philippine American Life and General Insurance Company. He was previously a member of the Board of Directors of the following corporations: Phinma Corporation, a publicly listed company; Philam-Equitable Life Assurance Company; ICCP Holdings, Inc.; Science Park of the Philippines, Inc.; Regatta Properties, Inc.; Beacon Property Ventures, Inc.; Pueblo de Oro Development Corporation; Cebu Light Industrial Park, Inc.; and RFM-Science Park of the Philippines, Inc.

Mr. Lustre started his banking career as a Staff Analyst for Corporate Account Management in Far East Bank & Trust Company, and with Citibank N.A. Manila Branch as Assistant Manager for Corporate Sales. He has a Bachelor of Science in Business Management from Ateneo de Manila University and holds a master's degree in Business Management Major in Finance from the Asian Institute of Management.

Member: Trust Committee

**Subject to confirmation of the Bangko Sentral ng Pilipinas*

Angelo Dennis L. Matutina holds the position of Executive Vice President of UnionBank. He is presently seconded to City Savings Bank, Inc., a subsidiary of the Bank, as Head of Operations. Prior to this, he was the Channel Management Head of the Bank from 2014-2019, where he led several projects in six sigma and certification to the International Organization for Standards relating to quality management and is responsible to the operations of all business processes including branches, treasury & trust, loans & trade, cash management & card operations, call center, shared services and business process transformation. He was head of Branch Operations Management from 2011-2014, responsible for operations of all UnionBank branches; head of Business Network Management from 2002-2011, responsible for various head office operating units handling cash management, electronic banking, central processing services, admin & general services, accounting, reconcilement & financial services, among others. He was hired in UnionBank in March 2002 as First Vice President; previously he was Product Manager and Assistant Vice President in Citibank.

Dennis D. Omila holds the position of Executive Vice President and Chief Information Officer, IT Services Group and Operations and Shared Services Group Head of UnionBank. He is also a Director for UBX Philippines Corporation, a subsidiary of the Bank. He was the former Senior Vice President of the Infrastructure Engineering and Service Operations cluster of Globe Telecom, Inc., a publicly listed company, from 2014 to 2016. He was also the President and COO of NetX Technology Solutions, Inc. from 2002 to 2007. His certifications include Certified Information Systems Security Professionals (CISSP), Certified Check Point Security Instruction (CCSI), Certified Check Point Security Engineer (CCSE), Certified Check Point Security Administrator (CCSA), Vulnerability Assessment Specialist, Threat Assessment Specialist, Certified Core and Edge ATM Network Specialist (Fore Systems), Certified Networks Administrator (Nortel Networks), Certified SINIX, IRIX, Solaris and BSD UNIX Administrator and Business Continuity Certified Planner (BCCP).

Mr. Omila is a graduate of De La Salle University with a degree in Bachelor of Science major in Computer Science with specialization in Computer Technology (BSCS-CT).

Ronaldo Francisco B. Peralta holds the position of Executive Vice President and Chief Risk Officer at Union Bank of the Philippines. He started his banking career with Citibank, N.A. (Manila, Philippines), holding various positions in Correspondent Banking, Operations, Financial Control, Credit Risk and Relationship Management, with his last role being the Chief of Staff of the Citi Country Head. He joined the Australia and New Zealand Banking Group Limited, taking on Wholesale Credit Risk roles, across Melbourne, Hong Kong and Manila. Prior to Union Bank, he was with the Corporate Banking Group of the Bank of the Philippine Islands.

He graduated with a Bachelor of Science in Business Administration from the University of the Philippines, Diliman, Quezon City and obtained his MBA from the Wharton School, University of Pennsylvania, Philadelphia.

Michaela Sophia E. Rubio holds the position of Executive Vice President and Chief Human Resource Officer of UnionBank. She is also the Lead for CSR, Sustainability, and Occupational Safety and Health Division. She joined the Bank in 2004 as Vice President and handled the Human Resource Services, Training and Organization Development divisions. Subsequently, she became the Deputy HR Director. Prior to joining the Bank, she was the Vice President and Country Human Resource, Quality and Corporate Communications Head in the Philippines of the global electrical and power company, Asea Brown Boveri (ABB) from 1999 - 2001. She worked from 2001 - 2003 as a Senior Consultant in OTi Consulting Singapore working with government owned and private organizations on Singapore Quality Class/Award, People Developer, Industry Capability Upgrading (ICAP) and Work Life and Work Redesign of which she was certified by SPRING Singapore. Before a career in Human Resource, she worked for ten years in the semiconductor and electronics manufacturing industry handling engineering and managerial functions in Statistical Process Control and Quality.

Atty. Arlene Joan Roxas Tanjuaquio-Agustin holds the position of Senior Vice President and Head of Private Banking Group of UnionBank. She is a Chartered Wealth Advisor and a Chartered Trust and Estate Planner. Atty. Agustin brings with her more than two decades of experience and expertise in Treasury and Trust. She started her career in banking in 1990 as a Trader in Asiatrust Bank, then moved to China Banking Corp., a publicly listed company, as an Assistant Manager for Treasury. In 1997, she transferred to Jade Progressive Savings and Mortgage Bank where she became the Senior Assistant Vice President-Treasurer. After her two-year stint, she went to join Robinsons Bank and became its First Vice President, Head of Treasury and concurrent Head of Legal & Credit Administration. From 2007 to 2009, she worked for GE Money Bank where she was appointed as First Vice President and Treasurer. When GE Money Bank was acquired by BDO Unibank, Inc., a publicly listed company, she was appointed as the Customer Solutions Desk Head of the Treasury Capital Markets and Derivatives Division and at the same time served as the First Vice President and Treasurer of BDO Elite Savings Bank until 2011. In the same year, she joined Maybank Philippines, Inc. where she became the Senior Vice President, Treasurer and Head of Global Markets.

Atty. Agustin completed her bachelor's degree in Political Science and Economics from the University of the Philippines, Diliman. She earned her Juris Doctor Law degree at the Ateneo De Manila University and later took her Master's degree in Business Administration at De La Salle University. She is a member of the Integrated Bar of the Philippines.

Francis B. Albalate holds the position of Senior Vice President and Financial Controller of UnionBank. He is a Certified Public Accountant. Prior to joining the Bank, he was an Audit Partner at Punongbayan & Araullo from 2003 to 2011. He worked as Head of the Transaction Advisory Services from 2007 to 2009 and Audit Senior Manager from 1999 to 2003. He was a former Financial Services Industry Audit Leader at Deloitte Philippines from 2011 to 2016. He earned a Master's degree in Business Management from the Asian Institute of Management.

He graduated with a degree in Bachelor of Science in Commerce, majoring in Accounting, from San Beda College. He attended the Pacific Rim Bankers Program at the University of Washington in 2006.

Atty. Joselito V. Banaag holds the position of Senior Vice President, Corporate Secretary, and General Counsel of UnionBank. He was the former Head of the Legal and Compliance Division and Corporate Governance of GT Capital Holdings, Inc., a publicly listed company, from 2012 to 2015. He also previously worked at the Philippine Stock Exchange (PSE), a publicly listed company, as the General Counsel and concurrently, as Chief Legal Counsel of the Securities Clearing Corporation of the Philippines (SCCP). He was also Officer-in-Charge of the Exchange's Issuer Regulation Division. Prior to that, he held various positions in SGV & Co., Cayetano Sebastian Ata Dado & Cruz Law Offices, PNOC Exploration Corporation, and Padilla Jimenez Kintanar & Asuncion Law Offices.

He earned his Bachelor of Arts in Political Science minoring in Japanese Studies from the Ateneo de Manila University and his Bachelor of Laws from the University of the Philippines.

Antonio Sebastian T. Corro holds the position of Senior Vice President and Head of Consumer Finance Center of UnionBank. Prior to joining the Bank, he held various positions from 2001 to 2017 in MasterCard Asia/Pacific Pte. Limited such as Country Manager in Thailand & Myanmar, leading the execution of business development strategies to expand MasterCard products and services throughout Thailand and Myanmar; Country Manager and Chief Representative in Indochina Region, guiding the member banks across the Indochina region Vietnam, Cambodia, Laos and Myanmar, through the execution of franchise related activities, among others; and Vice President for Operations and Member Relations in the Philippines. He also held various positions in Standard Chartered Bank from 1999-2001.

Mr. Corro earned his Admistracion de Recurcos Fisicos Y Financieros from Colegio Universitario Fermin Toro, Venezuela.

Albert Raymond C. Cuadrante holds the positions of Senior Vice President and Chief Marketing Officer of UnionBank. He was formerly the President of Acumen Strategy Consultants, providing consultancy services focused on strategy, transformation and capability building to enable higher business performance. Mr. Cuadrante has almost 30 years of collective experience in the field of commerce, brand management and marketing. In 2008, he joined Jollibee Foods Corporation, a publicly listed corporation, and handled various positions from Marketing Director for Red Ribbon, Vice President and Marketing Head of Jollibee, President for Greenwich, and established and headed the Digital Commerce and Customer Loyalty division for the Philippines, which was tasked to lead the digital transformation for customer-facing touchpoints. He was the recipient of the 2013 Asia Pacific Tambuli Chief Marketing Officer of the Year award. He started his Marketing career at Procter & Gamble Philippines.

Mr. Cuadrante graduated Bachelor of Science Major in Management Engineering (Honors Program) from Ateneo De Manila University.

Gerard R. Darvin holds the position of Senior Vice President and Sales Head of Corporate Solutions under Transaction Banking Center of UnionBank. He has held other roles in the Bank from 2000-2010 initially as a Relationship Manager in Retail Banking Center until he assumed the role of Director of Sales covering several regional areas.

Prior to joining the Bank, he had extensive experience in Retail Banking Sales as a Branch Manager in Philam Savings Bank (an AIG company) from 1996 to 2000 and a Sales Officer in Citytrust Banking Corporation from 1992-1996. He started his banking career at Urban Bank, a mid-sized bank known for private banking in 1990 as a Sales Associate.

Mr. Darvin graduated with a Bachelor of Arts degree in Political Science at the Ateneo de Manila University in 1990.

Joebart T. Dator holds the position of Senior Vice President, Branch Channel Management Head of UnionBank. A graduate of Bachelor of Science in Business Administration Major in Accounting from Enverga University in Lucena City. He has been with the Bank for 25 years and has extensive experience in Branch Operations Management. He has obtained Six Sigma Black Belt Certification last 2015. He was also a former Sales Director under Retail Banking Group. Rose from the ranks, he started working with the Bank as a Branch Service Officer and eventually became a Branch Manager. In addition to this, he also worked with China Banking Corporation and Metropolitan Bank and Trust Corporation, both publicly listed companies, early in his career.

Ramon Vicente V. De Vera II holds the position of Senior Vice President and Heads the group formerly called the Fintech Business Group, now the EON Business Group and the UnionDigital Project Group of UnionBank. Mr. de Vera is also the Co-Founder/Incorporator, Director, and President and CEO of UnionDigital Bank Inc., which was incorporated last November 25, 2021. He is also a Director of UBX Philippines Corporation and PETNET, Inc., both of which are subsidiaries of the Bank. He joined UnionBank in 2010 as Business Development Director and was tasked to fan the innovation flames in the Bank. He also led Corporate Product Management which handles the bank's core transaction banking services.

He is a founding member and President of the Distributed Ledger Technology Association of the Philippines (DLTAP) whose primary purpose is to promote and increase the use of distributed ledger technology (DLT) or blockchain. He is also a co-founder and director of Tech-Up Pilipinas – a movement that seeks to help small and medium enterprises, individuals, and large corporates benefit from technological advancements in order to "tech-up" the Philippines and pave way for inclusive prosperity; and founding member and board director of the Fintech Philippines Association which is part of the ASEAN Fintech Association. He has an extensive 20-year work experience covering banking (Citibank), telecommunications (Globel/ Singtel), and broadcast/digital media (TV5/ABC), with roles spanning product management, sales, finance, strategic planning, and business development.

Montano M. Dimapilis holds the position of Senior Vice President and Head of Business Services Group of UnionBank. He joined the Bank as Vice President and Head of Facilities Management Group in November 2011 before his promotion as First Vice President, Head of Facilities Management Group and Branch Network Management in July 2015. Prior to joining UnionBank, he was Resident Manager/ General Manager of Pacific Plaza Condominium Association under FPD Asia Property Management. Involved in various consultancy works related to property management and construction. He was Operations Manager of Phoenix Omega Development Corporation. He also worked as Project Manager and Project Site Engineer to companies in Saudi Arabia.

Mr. Dimapilis is a licensed Civil Engineer and Real Estate Broker. He earned his Bachelor of Science in Civil Engineering degree from Adamson University and took his Master of Business Administration degree from Ateneo de Manila University.

Concepcion Perla P. Lontoc holds the position of Senior Vice President and Sales Director of the Bank. She was First Vice President and Sales Director from July 2016 to June 2020. She started her career with the Bank as Assistant Manager/Sales Officer in May 1996. She graduated with a degree in BS Economics from the University of the Philippines Diliman in 1989.

Raquel P. Palang holds the position of Senior Vice President of UnionBank. She is presently seconded to City Savings Bank, Inc. (CSB), a subsidiary of UnionBank, as Treasurer. Prior to being seconded to CSB, she was Deputy Treasurer with a rank of First Vice President. She has a total of 29 years of banking experience, having held various positions in Treasury including Head of Asset-Liability Management, Head of Foreign Currency-Denominated Bond Portfolio Management, and Head of Fixed Income & Derivatives Trading. She also served as lending officer at UnionBank's Regional Business Center prior to moving to the Treasury Department. She started her banking career at Asian Banking Corporation as Account Assistant at the Correspondent Banking and Corporate Banking Groups.

Ms. Palang graduated from the University of the Philippines, Diliman with a degree of BS Business Administration in 1991 and Master's of Business Administration in 1998. She also holds a Certificate in Strategic Business Economics Program (SBEP) from the University of Asia and the Pacific and a Certificate in Leadership for Business Results from the Asian institute of Management (AIM).

Ronaldo Jose M. Puno currently holds the position of Senior Vice President and Solutions Delivery Head of UnionBank. where he is responsible for the bank's overall software development. He joined the Bank on June 4, 2018 as Head of Business Process Automation.

Prior to the bank, Mr. Puno directed local privately-held holdings companies in applying new technologies for mass housing and transportation segments. Mr. Puno also served as the Global Business Process Lead in the U.S.A for one of the world's largest biotechnology companies, leading process improvement and automation COE activities for N. America, EMEA, Brazial, Latin America, and Asia. Mr. Puno also worked at the U.S.A's leading car rental company to automate and digitize its case management and fulfilment processes, and implemented the OMS for the one of the world's largest telecommunications companies. Mr. Puno graduated with a degree in Commerce from the University of Virginia, U.S.A.

Julian P. Tarrobago, Jr. holds the position of Senior Vice President and Chief Investment Officer of UnionBank. Prior to joining the Bank, he was Head of Equities of ATR Asset Management (ATRAM), where he managed the best-performing Equity Fund in the Philippines for the past 6 years.

Prior to this, he worked with ING Bank as its Assistant Vice President for Investments for four (4) years--where he spear-headed the implementation & development of the Regional Equity Investment Process, in collaboration with the Australian and Hong Kong IIM Offices. He had a short stint with Sunlife of Canada as its Senior Equities Portfolio Manager. Earlier, he was Vice President for Investment Research at Philippine Equity Partners, Inc (formerly known as Merrill Lynch Philippines) where he functioned mainly as an industry analyst covering consumer, property and power and energy sectors.

Mr. Tarrobago completed his degree in Management of Financial Institutions from De La Salle University Manila and finished further certifications in ING Investment Institute Hong Kong in 2007 and the UBS Asset Management Academy of the Phil Securities and Exchange Commission Singapore in 2017.

Jeannette Yvonne M. Zagala holds the position of Senior Vice President and Financial Markets Sales Head of UnionBank. Prior to joining the Bank in November 2017, she was First Vice President and Distribution Group Head of East West Banking Corporation, a publicly listed company. She has extensive experience with distribution of investment and foreign exchange sales, fixed income securities and UITF products to difference market segments, among other. Ms. Zagala's leadership positions have included serving as Vice President and Fixed Income Products and Trading Desk Head of Citicorp Financial Services and Insurance Brokerage Phils., Inc. from July 2010 to January 2015, Senior Assistant Vice President and Fixed Income Asian Credit Portfolio of Banco De Oro Universal Bank, a publicly listed company, from February 2007 to July 2010. She started her career as Money Market Trader from The Philippine Banking Corporation, and later joined the Metropolitan Bank and Trust Company, a publicly listed company as US$/PhP Swap and Forward Trader. She held various positions with the National Association of Securities Brokers, Inc. and currently serves as Co-Chair of its Education Committee.

Ms. Zagala graduated with a degree in Bachelor of Science in Business Economics from the University of the Philippines and completed her Applied Business and Economics Program Candidate from the University of Asia and the Pacific.

Myrna E. Amahan holds the position of First Vice President and Chief Audit Executive of UnionBank. She is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA) and has the designation of Certification in the Governance of Enterprise Information Technology (CGEIT). On top of these certifications in the field of internal audit and information technology, Mrs. Amahan is a qualified internal audit external validator, having undertaken the necessary training as well as passing the required exams. As qualified external validator, Mrs. Amahan is certified to conduct quality assessment of internal audit units as required under the International Standards for the Professional Practice of Internal Auditing.

She previously worked as supervising IS auditor at Equitable-PCI Bank from 1996 to 2000 and was Head of the System Consultancy Services of the Commission on Audit from 1993 to 1996. Also, while with the Commission on Audit, Mrs. Amahan was among the government auditors sent to various United Nations agencies to conduct information systems audit. Mrs. Amahan graduated Magna Cum laude with the degree of Bachelor of Science in Commerce Major in Accounting from the University of San Carlos. She obtained a Master's Degree in Public Management from the Development Academy of the Philippines in 1994.

Admiral Rommel Jason L. Galang, (Ret.) holds the position of First Vice President and Chief Security Officer of UnionBank. He was the former Commander of the Naval Sea Systems Command of the Philippine Navy from April 11, 2019 to May 12, 2021. Admiral Galang is a distinguished military officer with over 38 years of active service and exceptional standard of excellence, fine leadership acumen, and perspective vision. He has expertise in the field of strategic and tactical planning, operations and logistics, project management, research. Other major positions he held are: Commander, Naval Forces West; Deputy Commander, Philippine Fleet; Commander, Littoral Combat Force; Chief of

United Command Staff, Western Command, AFP; and Director, Naval Research and Technology Development Center.

Admiral Galang graduated from the Philippine Military Academy Class of 1987 and obtained his master's degree in Management (Public Administration) from the Philippine Christian University.

Joselynn B. Torres holds the position of First Vice President and Chief Compliance and Corporate Governance Officer of UnionBank. With over thirty years of experience in the financial and compliance services industries, working in the areas of business development and mergers and acquisitions, audit, compliance and quality assurance, most of which were spent in the banking sector. She was the Business Development Head of City Savings Bank, Inc. (a UnionBank subsidiary), heading the product development function and assisted in the microfinance business acquisitions. As Senior Vice President, previously handled Business Development, in charge of mergers & acquisitions, for Philippine Bank of Communications (PBCOM), a publicly listed company; and Compliance and Audit responsibilities for Citibank N.A. Philippines and ABN AMRO, responsible for the promotion of control and compliance awareness among the employees of the organization.

Maria Francesca R. Montes holds the position of Vice President, Head of Artificial Intelligence and Data Policy & Data Privacy Officer of UnionBank. She is a member of the Advisory Board of International Association of Privacy Professionals (IAPP) and also serves as Executive Council Officer of the National Privacy Commission, and the Convenor of the Association of Bank Privacy Professionals. She used to be Senior Consultant and DPO of Europe-based company, Indra. Prior to that, she pioneered the Data Privacy Office of Globe Telecom, Inc., a publicly listed company, and of Standards & Compliance Group of TV5 Network. She is one of the authors of the book, "Data Privacy and Cybercrime Prevention in the Philippine Digital Age" and recently awarded as Top 10 Women in Cybersecurity in the Philippines.

She is a graduate of Bachelor of Arts Major in Philosophy in University of the Philippines - Diliman, and is a Juris Doctor degree holder. She is a globally accredited by IAPP as Certified Information Privacy Manager (CIPM).

Atty. Buenaventura S. Sanguyo, Jr. holds the position of Vice President, Deputy Head of the Legal Division and Assistant Corporate Secretary of the Bank. He is also the Corporate Secretary of various subsidiaries of the Bank. Prior to joining the Bank, he was the Assistant Vice President and General Counsel of The Philippine Stock Exchange, Inc., a publicly listed company, from 2012 to 2015. He was previously a Partner at Castro Sanguyo Margarejo and Rosas Law Office. He was also engaged as an Associate of Reyes Francisco & Associates Law Office and Senior Tax Consultant at Isla Lipana & Co./ Pricewaterhouse Coopers. He graduated Cum Laude from the University of Santo Tomas with a degree in Bachelor of Arts in Political Science and obtained his Law degree from the University of the Philippines.

c) Significant employee

No person who is not an executive officer of the Bank is expected to make a significant contribution to UnionBank.

d) Family Relationship among Directors

Messrs. Erramon I. Aboitiz and Sabin M. Aboitiz are siblings and are related within the 4th degree of consanguinity. Mr. Samel A. Aboitiz is the son of Mr. Sabin M. Aboitiz and thus are related to each other within the 4th degree of consanguinity.

Other than the foregoing, there are no directors or officers related within the 4th degree either by consanguinity or affinity.

e) Involvement in Certain Legal Proceedings

The Bank is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

- any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, or control person of the Corporation was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- any conviction by final judgment in a criminal proceeding or being subject to a pending criminal proceeding of any director, person nominated to become a director, executive officer, or control person of the Bank;

- any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director, person nominated to become a director, executive officer, or control person of the Corporation in any type of business or banking activities.

The Bank is a defendant/respondent in various legal actions, most of which are claims for damages arising in the ordinary course of business. The results of these actions, however, will not have a material effect on the Bank's financial position.

Item 10 - Compensation of Directors and Executive Officers

Information as to the aggregate compensation paid or accrued during the last two calendar years and to be paid in the ensuing calendar year to the Bank's Chief Executive Officer and four other most highly compensated executive officers are as follows:

Name	Principal Position	Year	Aggregate Compensation (net of bonuses)	Bonuses
Edwin R. Bautista	President and Chief Executive Officer	2022	P171,172,590.98*	P42,793,147.75*
Henry Rhoel R. Aguda	Senior Executive Vice President – Chief Technology & Operations Officer & Chief Transformation Officer			
Jose Emmanuel U. Hilado	Senior Executive Vice President – Chief Financial Officer and Treasurer			
Mary Joyce S. Gonzalez	Executive Vice President – Retail Banking Center Head			
Ronaldo Francisco B. Peralta	Executive Vice President – Chief Risk Officer			
Edwin R. Bautista	President and Chief Executive Officer	2021	Php161,483,576.40	Php40,370,894.10
Henry Rhoel R. Aguda	Senior Executive Vice President – Chief Technology & Operations Officer & Chief Transformation Officer			

Jose Emmanuel U. Hilado Mary Joyce S. Gonzalez Ronaldo Francisco B. Peralta	Senior Executive Vice President – Chief Financial Officer and Treasurer Executive Vice President – Retail Banking Center Head Executive Vice President – Chief Risk Officer			
Edwin R. Bautista Henry Rhoel R. Aguda Jose Emmanuel U. Hilado Mary Joyce S. Gonzalez Michaela Sophia E. Rubio	President and Chief Executive Officer Senior Executive Vice President – Chief Technology & Operations Officer & Chief Transformation Officer Senior Executive Vice President – Chief Financial Officer and Treasurer Executive Vice President – Retail Banking Center Head Executive Vice President – Chief Human Resource Officer	2020	Php152,152,483.08	Php38,038,120.77
All other officers & directors as a group unnamed		2022 2021 2020	3,078,811,799.62* 2,904,539,433.60 2,612,049,741.60	769,702,949.90* 726,134,858.40 653,012,435.40

**estimated amount*

The non-executive directors each receive a per diem of Php160,000.00 for attendance in meetings of the Board, except for the Chairman of the Board who receives Php240,000.00. The executive directors receive a per diem of Php1,500.00 for attendance in Board meetings and Php3,000.00 for each committee meeting.

The Chairman of each committee receives a per diem of Php120,000.00 per meeting attended and a committee member receives a per diem of Php80,000.00. Per diems and bonuses of some directors who represent institutional shareholders are received by said directors for and on behalf of their respective institutions.

For 2021, the total annual compensation paid to the directors amounted to Php580,300,100.33. To avoid security concerns, the Bank decided to disclose the annual compensation on an aggregate basis.

The executive officers receive salaries and bonuses which are covered by the Bank's standard employment contract.

UnionBank Employee Stock Plan

UnionBank has an Employee Stock Plan ("ESP") that allows selected employees of the Bank stock ownership of shares to align the interest of management and shareholders for the long-term success of the Bank. A total of five million (5,000,000) common shares ("ESP Shares") of the Bank which shall be granted once per annum, over a 5-year period, to eligible employees of the ESP with the rank of First Vice President and Up. The ESP is issued in the form of stock certificates and kept under the Bank's custody for a period of three (3) years. The issue price of the grant is equivalent to the closing price of common shares of UnionBank's stock on the day the Board of Directors approves the Profit Sharing/ Performance Bonus allocation for the Bank for the year.

Name	Number of ESP Shares Granted	Date of Grant	Issue Price	Market Price on the Date of Grant
Chief Executive Officer, Senior Executive Vice Presidents, Executive Vice Presidents, Senior Vice Presidents and First Vice Presidents	716,399 (4th Tranche)	January 28, 2022 February 4, 2022	Php97.70	Php97.70 Php110.00
	891,351 (3rd Tranche)	January 29, 2021	Php71.35	Php71.35
	861,906 (2nd Tranche)	January 24, 2020	Php59.80	Php59.80
	460,049 (1st Tranche)	January 30, 2019 February 1, 2019 February 18, 2019 February 22, 2019	Php64.50	Php64.55 Php65.00 Php62.00 Php62.00

Item 11 - Security Ownership of Certain Beneficial Owners and Management

(a) Security Ownership of Certain Record and Beneficial Owners:

The following are known to the registrant to be directly or indirectly the record or beneficial owners of more than 5 percent of registrant's voting securities (registrant has only one class of voting security, i.e. common shares) as of March 31, 2022:

Title of Class	*Name, address of Record Owner & Relationship with Issuer*	*Name, address of Beneficial Owner & Relationship with Record Owner*	*Citizenship*	*No. of Shares Held*	*Percent of Class*
Common	Aboitiz Equity Ventures, Inc.** NAC Tower, 32nd Street Bonifacio Global City Taguig City Principal Shareholders	Aboitiz Equity Ventures, Inc.** NAC Tower, 32nd Street Bonifacio Global City Taguig City	Filipino	756,994,775	49.64%
Common	The Insular Life Assurance Co., Ltd** IL Corporate Center Insular Life Drive Filinvest, Alabang, Muntinlupa Principal Shareholders	The Insular Life Ass. Co., Ltd** IL Corporate Center Insular Life Drive Filinvest, Alabang, Muntinlupa	Filipino	209,135,113	13.71%
Common	PCD Nominee Corporation* 37/F Tower 1 Enterprise Center 6766 Ayala Avenue, Makati City Minority Shareholders	PCD Nominee Corporation* 37/F Tower 1 Enterprise Center 6766 Ayala Avenue, Makati City	Filipino	120,140,530	7.88%
NOTE:	Social Security System (SSS) holds 54,410,008 shares or 3.57% of the company's outstanding capital shares under the PCD Nominee Corporation.				
Common	Social Security System** East Avenue, Diliman Quezon City Principal Shareholders	Social Security System** East Avenue, Diliman Quezon City	Filipino	287,392,133	18.85%

***The respective proxies of these corporate shareholders are appointed by their respective Board of Directors and the Company becomes aware of the identity of such proxies only when the corresponding proxy appointments are received by the Company. Based on previous meetings, Mr. Manuel R. Lozano has been appointed proxy for the Aboitiz Group, Ms. Mona Lisa B. Dela Cruz has been appointed proxy for The Insular Life Assurance, Co., Ltd., and Ms. Aurora C. Ignacio has been appointed proxy for the SSS Group.*
**The PCD, represented by its Director, Josephine F. Dela Cruz, only holds legal title, and not beneficial ownership over the lodged shares.*

(b) Security Ownership of Management

The following are the number of shares comprising the Bank's capital stock (all of which are voting shares) owned of record by the directors, Chief Executive Officer, and key officers of the Bank, as of March 31, 2022:

Title of Class	Name of Beneficial Ownership	Number of Shares, Amount and Nature of legal and beneficial Ownership			Citizenship	Percentage of Class
A. Directors						
Common	Erramon I. Aboitiz	398	3,980.00	(r)	Filipino	0.00%
		17,087,996	170,879,960.00	(b)		1.12%
Common	Justo A. Ortiz	4,036,325	40,363,250.00	(r)	Filipino	0.26%
		11,456	114,560.00	(b)		0.00%
Common	Edwin R. Bautista	877,866	8,778,660.00	(r)	Filipino	0.06%
		-	-	(b)		0.00%
Common	Sabin M. Aboitiz	250,822	2,508,220.00	(r)	Filipino	0.02%
		2,022,640	20,226,400.00	(b)		0.13%
Common	Manuel R. Lozano	-	-	(r)	Filipino	0.00%
		20,208	202,080.00	(b)		0.00%
Common	Juan Alejandro A. Aboitiz	279,802	2,798,020.00	(r)	Filipino	0.02%
		-	-	(b)		0.00%
Common	Ana Maria A. Delgado	100,160	. 1,001,600.00	(r)	Filipino	0.01%
		2,225,040	22,250,400.00	(b)		0.15%
Common	Nina D. Aguas	1	10.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Ricardo Moldez	1	10.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Michael G. Regino	1	10.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Roberto G. Manabat	81	810.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Ron Hose	81	810.00	(r)	American	0.00%
		-	-	(b		0.00%
Common	Manuel D. Escueta	81	810.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Josiah L. Go	81	810.00	(r)	Filipino	0.00%
		18,750	187,500.00	(b)		0.00%
Common	Atty. Francisco Ed. Lim	6,166	61,660.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
B. Officers						
Common	Henry Rhoel R. Aguda	380,908	3,809,080.00	(r)	Filipino	0.02%
		-	-	(b)		0.00%

Title of Class	Name of Beneficial Ownership	Number of Shares, Amount and Nature of legal and beneficial Ownership			Citizenship	Percentage of Class
Common	Jose Emmanuel U. Hilado	508,144	5,081,440.00	(r)	Filipino	0.03%
		128,440	1,284,400.00	(b)		0.01%
Common	Roberto F. Abastillas	604,757	6,047,570.00	(r)	Filipino	0.04%
		12,137	121,370.00	(b)		0.00%
Common	Ramon G. Duarte	188,359	1,883,590.00	(r)	Filipino	0.01%
		-	-	(b)		0.00%
Common	Antonino Agustin S. Fajardo	396,325	3,963,250.00	(r)	Filipino	0.03%
		-	-	(b)		0.00%
Common	Mary Joyce S Gonzalez	546,370	5,463,700.00	(r)	Filipino	0.04%
		-	-	(b)		0.00%
Common	Angelo Dennis L. Matutina	71,469	714,690.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Dennis D. Omila	130,419	1,304,190.00	(r)	Filipino	0.01%
		-	-	(b)		0.00%
Common	Ronaldo Francisco B. Peralta	34,411	344,110.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Michaela Sophia E. Rubio	142,934	1,429,340.00	(r)	Filipino	0.01%
		-	-	(b)		0.00%
Common	Arlene Joan T. Agustin	11,726	117,260.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Francis B. Albalate	32,297	322,970.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Joselito V. Banaag	11,749	117,490.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Antonio Sebastian T. Corro	21,086	210,860.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Gerard R. Darvin	49,544	495,440.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Joebart T. Dator	24,849	248,490.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Ramon Vicente V. De Vera II	70,355	703,550.00	(r)	Filipino	0.00%
		105	1,050.00	(b)		0.00%
Common	Montano M. Dimapilis	15,294	152,940.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Concepcion Perla P. Lontoc	18,152	181,520.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Raquel P. Palang	59,110	591,100.00	(r)	Filipino	0.00%
		1,216	12,160.00	(b)		0.00%
Common	Ronaldo Jose M. Puno	18,032	180,320.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Jeannette Yvonne M. Zagala	10,536	105,360.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%

Title of Class	Name of Beneficial Ownership	Number of Shares, Amount and Nature of legal and beneficial Ownership			Citizenship	Percentage of Class
Common	Raymond Anthony B. Acosta	8,607	86,070.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Myrna E. Amahan	3,723		(r)	Filipino	0.00%
			37,230.00			
		2,952	29,520.00	(b)		0.00%
Common	Maria Angelica C. Balangue	2,322	23,220.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Conrad Anthony Dominic L. Banal	15,193	151,930.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Ma. Cecilia Teresa S. Bernad	60,436		(r)	Filipino	0.00%
			604,360.00			
		-	-	(b)		0.00%
Common	Catherine Anne B. Casas	14,002		(r)	Filipino	0.00%
			140,020.00			
		-	-	(b)		0.00%
Common	Luis Alberto A. Castañeda	16,623	166,230.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Efrenilo L. Cayanga, Jr.	5,773	57,730.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Hannah Theresa S. Contreras	41,244	412,440.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Ma. Theresa S. Daguiso		60,120.00	(r)	Filipino	0.00%
		6,012				
		-	-	(b)		0.00%
Common	Jonathan Jerald V. Deomano	2,243	22,430.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Eduardo V. Enriquez III	2,497	24,970.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Carlo I. Eñanosa	18,519	185,190.00	(r)	Filipino	0.00%
		15,500	155,000.00	(b)		0.00%
Common	Mary Antonette G. Evalle	3,703	37,030.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Norman C. Gabriel	1,998	19,980.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Enrique M. Gregorio	6,762	67,620.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Paula Katerina S. Joson	2,840	28,400.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Mariano Dominick F. Lacson	9,467	94,670.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Adrian H. Lim	4,725	47,250.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Angelbert D.G. Macatangay	13,234	132,340.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Michael P. Magbanua	4,344	43,440.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Dave T. Morales	11,743	117,430.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%

Title of Class	Name of Beneficial Ownership	Number of Shares, Amount and Nature of legal and beneficial Ownership			Citizenship	Percentage of Class
Common	Christopher Patrick G. Ocampo	5,519 -	55,190.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Lauro P. Peralta	3,029 -	30,290.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Ruby Gisela L. Perez	8,697 -	86,970.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Jose Maria O. Roxas	14,804 5	148,040.00 50.00	(r) (b)	Filipino	0.00% 0.00%
Common	Quintin C. San Diego, Jr.	9,511 -	95,110.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Christine V. Siapno	5,422 -	54,220.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Rahni R. Svenningsen	6,052 -	60,520.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Fides C. Tiongson	73,912 -	739,120.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Jo-Ann Fatima L. Tolentino	185,106 -	1,851,060.00 -	(r) (b)	Filipino	0.01% 0.00%
Common	Menchie M. Tormon	2,482 -	24,820.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Joselynn B. Torres	6,549 -	65,490.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Maria Paz B. Urmatam	4,037 -	40,370.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Dominador N. Velasco IV	2,014 -	20,140.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Jonathan Z. Almeda	3,716 -	37,160.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Anna Lea O. Axalan	1,250 2,762	12,500.00 27,620.00	(r) (b)	Filipino	0.00% 0.00%
Common	Edzel S. Babas	36,638 -	366,380.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Margaret O. Chao	40,566 -	405,660.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Antonio Miguel D. Dans II	8,213 -	82,130.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Rachel Christine T. Geronimo	12,897 -	128,970.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Ma. Eloisa Jovita M. Mariano	7,069 -	70,690.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Derrick J. Nicdao	1,813 -	18,130.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Marnita J. Tan	287 -	2,870.00 -	(r) (b)	Filipino	0.00% 0.00%
Common	Ma. Rowena S. Basconcillo	14,188 -	141,880.00 -	(r) (b)	Filipino	0.00% 0.00%

Title of Class	Name of Beneficial Ownership	Number of Shares, Amount and Nature of legal and beneficial Ownership			Citizenship	Percentage of Class
Common	Agnes Victoria D. Casal	31,073	310,730.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Honeylee G. Regala	8,570	85,700.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Enrique Noel L. Yusingco	1,875	18,750.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Ivy T. Zuñiga	2,185	21,850.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	James Morries lieto	528	5,280.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Wilfredo Montino Jr.	867	8,670.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Jose Paolo Rufo	1,233	12,330.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Ma. Cristina Tismo	1,056	10,560.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Wilbert Casillano	554	5,540.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Abigail Chua	534	5,340.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Don Jerico Matriano	380	3,800.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Julian Tarrobago Jr.	5,273	52,730.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Donald Asuncion	897	8,970.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Alan Jay Avila	728	7,280.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Albert Raymond Cuadrante	2,067	20,670.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%
Common	Erika Denise Go	873	8,730.00	(r)	Filipino	0.00%
		-	-	(b)		0.00%

The aggregate number of shares owned of record by the Chief Executive Officer, key officers and directors as a group as of March 31, 2022 is 31,216,373 shares equivalent to P 312,163,730.00 @ P10.00/share which is approximately 1.97% of the Bank's outstanding capital stock.

"r" represents record ownership.
"b" represents beneficial ownership at par value of P10.00/share.

3. There is no existing voting trust agreement involving shares of the Bank.
4. There was no change in control that occurred in the Bank since the beginning of the last fiscal year.

Item 12 - Certain relationship and Related Transactions

Related Party Transactions are transactions or dealings with related parties, regardless of whether a price is charged. These covers all types of transactions both on and off-balance sheet and regardless of which side of the transaction/deal of the Bank is acting.

Parties are said to be related if one has direct or indirect control as well as significant influence over the other. Related Parties of the Bank include, but is not limited to: (a) DOSRI, subsidiaries, affiliates, and any party that directly or indirectly has control over or is subjected to the control of the Bank as well as those with direct and indirect linkages to it, (b) the Bank's and its affiliated companies' directors, officers, stockholders, and their related interests and close family members, and (c) other persons and juridical entities whose interests may pose potential conflict with the Bank.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

The Group's significant transactions with its related parties are disclosed in Note 32 on Related Party Transactions of the Audited Financial Statements, pages 142-147, as required by Philippine Accounting Standards (PAS) 24, *Related Party Disclosures* and SEC FRB No. 013. Likewise, disclosure of transactions of the Parent Bank with its subsidiaries that have been eliminated at consolidated level are also disclosed on pages 142-143.

As deemed necessary, enumerated below are the elements of the transactions that are necessary for an understanding of the transactions' business purpose and economic substance, their effect on the financial statements, and the special risks or contingencies arising from these transactions, with reference to the Notes to the financial statements and corresponding pages:

(a) the business purpose of the arrangement;	The nature and business purpose are disclosed in columnar format in Note 32 on pages 142-143.
(b) identification of the related party transaction business with the registrant and nature of the relationship;	As required by PAS 24, the related party transactions and outstanding balances shall be made separately for each of the following categories: (a) parent; (b) entities with joint control of, or significant influence over the entity; (c) subsidiaries; (d) associates; (e) joint ventures in which the entity is a venturer; (f) key management personnel of the entity or its parent; and (g) other related parties as disclosed in Note 32, pages 142-143).
(c) how transaction prices were determined by parties;	Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability and did not present other unfavorable conditions. The Bank has a Related Party Transaction (RPT) Committee which assists the BOD in ensuring that all related party transactions are done on arm's length terms, in accordance with the Bank's RPT Policy. The RPT Committee's role is further detailed in Note 4, page 40.

	Discussion of transaction prices are further discussed in the narratives in Note 32, pages 143 to 147.
(d) if disclosures represent that transactions have been evaluated for fairness, a description of how the evaluation was made; and	In accordance with the Bank's RPT Policy, related party transactions are reviewed by the Bank's RPT Committee for fairness and endorsed to the BOD for approval or confirmation, depending on the amounts involved. Discussion of pricing is discussed in Note 32, pages 143 to 147.
(e) any on-going contractual or other commitments as a result of the arrangement.	Any further commitments, if applicable, are disclosed in narratives in Note 32, pages 143-147.

The disclosure shall also include information about parties that fall outside the definition "related parties" under PAS 24, but with whom the registrants or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis. For example, an entity may be established and operated by individuals that were former senior management of, or have some other current or former relationship with, a registrant. The purpose of the entity may be to own assets used by the registrant or provide financing or services to the registrant. Although former management or persons with other relationships may not meet the definition of a related party pursuant to PAS 24, the former management positions may result in negotiation of terms that are more or less favorable than those available on an arm's-length basis from clearly independent third parties that are material to the registrant's financial position or financial performance. The foregoing required disclosure is not applicable to the Bank.

In some cases, investors may be unable to understand the registrant's reported results of operations without clear explanation of these arrangements and relationships. Items of similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effect of related party transaction on the financial statements. Further details are discussed in narratives and disclosed also in Note 32, pages 143-147.

UNDERTAKING TO PROVIDE COPIES OF THE ANNUAL REPORT AND INTERIM FINANCIAL STATEMENTS

The Bank undertakes to provide without charge to any stockholder who makes a written request for a copy of the Bank's annual report on SEC Form 17-A. Requests may be sent to Mr. Edgar Allan G. Oblena 18th Floor, UnionBank Plaza, Meralco Avenue corner Onyx and Sapphire Streets, Ortigas Center, Pasig City.

The Bank likewise undertakes to provide without charge to any stockholder, during the Annual Stockholder's Meeting, a copy of SEC Form 17Q containing UnionBank's Interim Financial Statements, Management Discussion and Analysis of Financial Condition and Results of Operation.

PART IV - EXHIBITS

Item 13 - Exhibits and Reports on SEC Form 17C

a) Exhibits – Please refer to the Index to Exhibits on page 85.

The other exhibits, as indicated in the Exhibit Table of Securities Regulation Code Forms are either not applicable to the Bank or require no answer.

b) Report on SEC Form 17C

Provided below is a summary of reports on SEC Form 17-C (Current Report) disclosed to PSE and PDEx, and filed with the SEC for the period April 2021 to March 2022:

Date of Report	Event Reported
April 19, 2021	Hiring of Ms. Ria Marie S. Pajado, Relationship Manager and Assistant Vice President, effective April 19, 2021
April 23, 2021	Press Release dated April 23, 2021 re: UnionBank 1Q2021 Net Income up 79% YoY
April 23, 2021	Consolidated Key Financial Information as of March 31, 2021
April 23, 2021	Results of the Annual Stockholders' Meeting and Organizational Meeting of the Board held on April 23, 2021
April 23, 2021	Hiring of Mr. Julian P. Tarrobago, Jr., Chief Investment Officer and Senior Vice President, effective July 15, 2021
April 26, 2021	Amendment re: Consolidated Key Financial Information as of March 31, 2021
April 26, 2021	Hiring of Mr. Jaime Genaro L. Zulueta, Risk Officer – Digital Bank and Assistant Vice President, effective April 26, 2021
May 3, 2021	Hiring of senior officers effective May 3, 2021: 1. Ms. Abigail Sarena T. Chua, Credit Policy and Portfolio Review Head and First Vice President 2. Mr. Melecio G. Valerio, Jr., Information Asset Management Head and Assistant Vice President
May 5, 2021	Resignation of Ms. Kimberly G. Espiritu, Relationship Manager – Retail Banking and Assistant Vice President, effective May 7, 2021
May 10, 2021	BSP Form 2B re: Published Balance Sheet (Parent and Consolidated) as of March 31, 2021
May 17, 2021	Hiring of Ms. Rose Anne I. Viloria, Financial Reporting and Accounting Standards Team Lead and Assistant Vice President, effective May 17, 2021
May 26, 2021	Resignation of senior officers effective June 1, 2021: 1. Mr. Dinesh M. Sahijwani, Bancassurance Sales Head and First Vice President; and 2. Ms. Alma Regina M. Villostas, Loans and Trade Services Head and Vice President
May 28, 2021	Results of the Board of Director's meeting held on May 28, 2021: 1. Resignation of Chief Justice Reynato S. Puno (Ret.) as Independent Director of UnionBank and as Chairman of the Board's Corporate Governance and Related Party Transaction Committees, and a member of the Audit, Market Risk and Operations Risk Management Committees 2. Election of Atty. Francisco Ed. Lim, as Independent Director to fill-up the position vacated by Chief Justice Puno, effective May 28, 2021 3. Appointment of Atty. Lim to various Board committees: Chairman of the Board's Corporate Governance and Related Party Transaction Committees, and a member of the Audit,

Date of Report	Event Reported
	Market Risk and Operations Risk Management Committees
May 28, 2021	Promotion of Executive Officers effective June 1, 2021
June 3, 2021	Resignation of Mr. Lord Wally E. Noveno, Solutions Architect and Platform Management Head and Assistant Vice President, effective June 5, 2021
June 22, 2021	Amendment re: Results of Organizational Meeting of the Board of Directors held on April 23, 2021
June 25, 2021	Results of the Board of Director's meeting held on June 25, 2021: 1. Promotion of Executive Officers effective July 1, 2021 2. Changes in the Board Committee memberships of Directors Aurora C. Ignacio and Michael G. Regino 3. Appointment of Atty. Patricia Mae G. Peralta as Assistant Corporate Secretary, effective immediately
June 25, 2021	Results of the Board of Director's meeting held on June 25, 2021: 1. Increase in authorized capital stock of the Bank from Php23,114,224,200.00 to Php35,307,852,380.00 2. Amendments to Article 7 of the Bank's Articles of Incorporation 3. Declaration of 25% stock dividends 4. Notice of Special Stockholders' Meeting on August 11, 2021 to be conducted virtually
June 28, 2021	Resignation of Mr. Martin Luigi L. Marcelino, Senior Trader and Assistant Vice President, effective July 1, 2021
July 7, 2021	Resignation of Mr. Ricardo Jose V. Ronquillo, EON Platform/ Products Head and Assistant Vice President, effective July 11, 2021
July 8, 2021	Resignation of Mr. Eugenio Manuel G. Gonzalez, Blockchain Business Development Lead and Vice President, effective July 9, 2021
July 9, 2021	Change in the effective date of appointment of Mr. Julian P. Tarrobago, Jr., Chief Investment Officer and Senior Vice President
July 12, 2021	Hiring of Ms. Sigrid Joyce D. Cruz, Digital Product Channels Head and Assistant Vice President, effective July 12, 2021
July 16, 2021	Hiring of Ms. Stacey Louie Y. Catalan, Account Officer and Assistant Vice President, effective July 16, 2021
July 19, 2021	Hiring of Mr. Aaron O. De Asa, Asset Recovery Group Head and Assistant Vice President, effective July 19, 2021
July 19, 2021	Approval by the BSP of the Bank's application to establish a digital bank to be known as Union Digital Bank
July 21, 2021	Hiring of Mr. Delver Albert E. Carillo, Head of Voice Engagement and Assistant Vice President, effective July 21, 2021
July 22, 2021	Press Release dated July 23, 2021 re: Union Bank of the Philippines to Issue First Social Bond with Investment from IFC
July 23, 2021	Promotion of Mr. Julian Michel A. Aboitiz from Senior Manager to Assistant Vice President/ Customer Experience Designer, effective August 1, 2021
July 23, 2021	Press Release dated July 23, 2021 re: UnionBank 6M2021 Net Income rose 94% to P8.3 Bn
July 23, 2021	Consolidated Key Financial Information as of June 30, 2021
July 23, 2021	Appointment of Mr. Roberto G. Manabat as Lead Independent Director effective immediately
July 27, 2021	Hiring of Mr. Chester Dino B. Velasco, Head of Infrastructure and Capacity Architecture and Vice President, effective July 27, 2021
July 28, 2021	Resignation of senior officers: 1. Ms. Michele Anne N. Tan, Risk Infrastructure and Emerging Risk Head and Vice President, effective July 31, 2021 2. Ms. Geraldine S. Bernardino, Region Service Operations Officer

Date of Report	Event Reported
	and Assistant Vice President, effective August 1, 2021 3. Mr. Alexander Lee D. Ang II, Employee Experience Head and Assistant Vice President, effective August 2, 2021
July 29, 2021	Resignation of Ms. Anna Lida R. Romey, Assistant Vice President, effective August 30, 2021
August 2, 2021	Hiring of senior officers effective August 2, 2021: 1. Mr. Wilbert P. Casillano, Retail Banking Operations Head and First Vice President 2. Mr. Gerardo E. Maula, Technology Services and Operations Head and Assistant Vice President
August 9, 2021	Change of effective date of resignation of Ms. Anna Lida R. Romey, Assistant Vice President, from August 30, 2021 to August 31, 2021
August 10, 2021	Resignation of Mr. Melecio G. Valerio, Jr., Information Asset Management Head and Assistant Vice President, effective August 13, 2021
August 11, 2021	Results of Special Stockholders' Meeting held on August 11, 2021: 1. Amendments to Article 7 of the Bank's Articles of Incorporation to increase the authorized capital stock from Php23,114,224,200.00 to Php35,307,852,380.00 2. Declaration of 25% stock dividends
August 11, 2021	BSP Form 2B re: Published Balance Sheet (Parent and Consolidated) as of June 30, 2021
August 16, 2021	Hiring of senior officers effective August 16, 2021: 1. Mr. Albert Raymond C. Cuadrante, Chief Marketing Officer and Senior Vice President 2. Ms. Darylle Shiene S. Santos, Channels Growth and Monetization Lead and Assistant Vice President
August 23, 2021	Hiring of Mr. Godofredo L. Martinez, Senior Remedial Officer and Assistant Vice President, effective August 23, 2021
August 25, 2021	Resignation of Mr. Jose Miguel S. Aquino, Commercial Sales Head and Vice President, effective August 31, 2021
August 27, 2021	Results of Board of Directors' meeting held on August 27, 2021: 1. Change of name of the Technology Steering Committee ("TSC") to Information Technology and Cybersecurity Committee ("ITCC") 2. ITCC Committee Charter 3. Delegation of IT Service Management Governance and Business Process-related Risk Reports functions of the former TSC to the Operations Risk Management Committee
September 1, 2021	Hiring of senior officers effective September 1, 2021: 1. Ms. Darlyn Lea M. Apolinario, Relationship Manager and Assistant Vice President 2. Atty. Cyril F. De Leon, Legal Counsel and Assistant Vice President 3. Mr. Richard S. Rigonan, IT Product Compliance Officer and Assistant Vice President
September 13, 2021	Hiring of Ms. Geraldine A. Tirante, IT Risk Management Head and Vice President, effective September 13, 2021
September 27, 2021	Hiring of Mr. Rene R. Guillergan, Jr., EON Platform Products Head and Assistant Vice President, effective September 27, 2021
October 1, 2021	Hiring of Mr. Justine Timothy P. Cruz, Senior Region Service Operations Officer and Assistant Vice President, effective October 1, 2021

Date of Report	Event Reported
October 13, 2021	Resignation of senior officers: 1. Mr. Bryan P. Benedicto, Senior Relationship Manager – Corporate Banking and Vice President, effective October 17, 2021 2. Mr. Aldwin A. Balahadia, Anti-Financial Crimes Head and Assistant Vice President, effective October 16, 2021
October 14, 2021	Hiring of Ms. Inulli C. Ty, Commercial Sales Head and Vice President, effective October 14, 2021
October 18, 2021	Hiring of senior officers effective October 18, 2021: 1. Atty. Ernesto C. Herrera III, Anti-Financial Crimes Governance Head and Vice President 2. Mr. Ramon Miguel B. Abaño, Customer Insights Manager and Assistant Vice President
October 22, 2021	Approval by the BSP of the amendments to Article 7 of the Bank's Articles of Incorporation
October 28, 2021	Retirement of Mr. Manuel G. Santiago, Jr., Chief Mass Market and Financial Inclusion Executive and Executive Vice President, effective November 1, 2021
October 29, 2021	Results of Board of Directors' meeting held on October 29, 2021: 1. Hiring of Rear Admiral Rommel Jason L. Galang (Ret.) as Chief Security Officer and First Vice President, effective November 1, 2021 2. Retirement of Rear Admiral Rafael G. Mariano (Ret.) as Chief Security Officer and First Vice President, effective November 1, 2021
October 29, 2021	Press Release dated October 29, 2021 re: 9M2021 Net Income at P10.7 Bn, up 26% YoY
October 29, 2021	Consolidated Key Financial Information as of September 30, 2021
November 2, 2021	Hiring of senior officers effective November 2, 2021: 1. Mr. Kenneth C. Mariano, Head of Consumer and Retail Channels and First Vice President 2. Mr. Rommel R. Ilunio, Head of Infrastructure Management and Vice President 3. Ms. Kathlynn Ann L. Aznar, Retail Sales Head and Assistant Vice President
November 5, 2021	BSP Form 2B re: Published Balance Sheet (Parent and Consolidated) as of September 30, 2021
November 8, 2021	Hiring of Atty. Cyril G. Arnesto, Anti-Financial Crimes Case Management Team Leader and Assistant Vice President, effective November 8, 2021
November 10, 2021	Resignation of Mr. Michael B. Batugo, Trust Compliance Officer and Assistant Vice President, effective November 13, 2021
November 16, 2021	Hiring of Mr. Andrew Raphael L. Garcia, Sales and Business Development Manager and Assistant Vice President, effective November 16, 2021
November 16, 2021	Approval by the SEC of the amendments to Article 7 of the Bank's Articles of Incorporation and increase in authorized capital stock
November 17, 2021	SEC Order Fixing of Record Date of Stock Dividend
November 26, 2021	Approval by the SEC of the incorporation of UnionDigital Bank Inc.
December 2, 2021	Clarification of news article posted in Inquirer.net on December 2, 2021
December 3, 2021	Clarification of news article posted in philSTAR.com on December 3, 2021
December 9, 2021	Hiring of Mr. Edric B. Fernandez, Corporate Banking 1 Group Head and First Vice President, effective December 9, 2021

Date of Report	Event Reported
December 13, 2021	Hiring of Ms. Jenni Rose I. Lurian, IT Change Enablement Head and Assistant Vice President, effective December 13, 2021
December 15, 2021	Resignation of Mr. Adrian Alexander M. Romualdez, Compliance Officer and Assistant Vice President, effective December 17, 2021
December 23, 2021	Press Release dated December 23, 2021 re: UnionBank acquires Citigroup's consumer banking business in the Philippines
December 23, 2021	Approval by the Board of Directors to acquire the consumer banking business of Citibank N.A. Philippines Branch, and Stock Rights Offering
December 23, 2021	PSE Disclosure Form 4-1 - Acquisition or Disposition of Assets re: Acquisition of the consumer banking business of Citibank N.A. Philippines Branch
December 27, 2021	Resignation of senior officers: 1. Ms. Ma. Regina Cristina L. Lim, EON Business Head and Vice President, effective January 2, 2022 2. Ms. Valyne A. Calma, Customer Experience Designer and Assistant Vice President, effective January 1, 2022
December 29, 2021	Resignation of Mr. Julian Michel A. Aboitiz, Customer Experience Designer and Assistant Vice President, effective January 1, 2022
January 3, 2022	Hiring of senior officers effective January 3, 2021: 1. Mr. Eric S. Lustre, Head of Trust and Executive Vice President 2. Mr. Christian Gregorio N. Rubio, Senior Product Manager and Assistant Vice President
January 6, 2022	Change in the number of issued and outstanding shares in view of the issuance of stock dividend shares
January 17, 2022	Hiring of Ms. Lynn Karen S. Fajardo, Sales and Business Development Manager and Assistant Vice President, effective January 17, 2021
January 27, 2022	Resignation of Ms. Fely C. Umali, Region Service Operations Officer and Assistant Vice President, effective January 31, 2022
January 28, 2022	Results of Board of Directors' Meeting held on January 28, 2022: 1. Declaration of Cash Dividends 2. Appointment of Mr. Eric S. Lustre, Executive Vice President, as Trust Officer, effective immediately 3. Appointment of Mr. Alan Jay C. Avila, First Vice President, as Chief Operating Officer of the Bank's Trust and Investment Services Group, effective immediately
January 28, 2022	Press Release dated January 28, 2022 re: UBP Net Income up 9% to P12.6 Bn
January 28, 2022	Consolidated Key Financial Information as of December 31, 2021
February 7, 2022	Change in the number of issued and outstanding shares in view of the issuance of shares pursuant to the Bank's Employee Stock Plan
February 10, 2022	Resignation of senior officers: 1. Mr. Dave Jesus T. Devilles, Employee Relations, Corporate Social Responsibility and Sustainability Head and Vice President, effective February 16, 2022 2. Mr. Mark Kenny S. Macrohon, Account Officer – Commercial Banking and Assistant Vice President, effective February 15, 2022
February 24, 2022	Approval by the Board of Directors to set the Record Date for stockholders entitled to notice of and to vote at the Bank's Annual Stockholders' Meeting to be held on April 22, 2022
February 24, 2022	Approval by the Board of Directors of the Bank's Audited Financial Statements and the corresponding Notes to Financial Statements

Date of Report	Event Reported
	as of and for the year ended December 31, 2021
March 1, 2022	Hiring of senior officers effective March 1, 2022: 1. Mr. Juan Sebastian T. Santiago, CFA, Trader - Fixed Income with the rank of Assistant Vice President under the Treasury Group; and 2. Ms. Jeanette T. Dimero, Trust Compliance Officer with the rank of Assistant Vice President under the Compliance and Corporate Governance Office
March 2, 2022	Resignation of senior officers: 1. Atty. Nathan J. Marasigan, Assistant Vice President, effective March 4, 2022 2. Mr. Richard S. Rigonan, Compliance Officer and Assistant Vice President, effective March 9, 2022
March 9, 2022	BSP Form 2B re: Published Balance Sheet (Parent and Consolidated) as of December 31, 2021
March 11, 2022	Resignation of senior officers effective March 16, 2022: 1. Ms. Ma. Christina A. Escolar, Asset and Liability Portfolio Management Head and First Vice President 2. Mr. Harold Benjamin G. Libarnes, Digital Products Business Head and First Vice President
March 16, 2022	Resignation of senior officers: 1. Mr. Paulo Martin G. Santos, Enterprise Communication Collaboration and Security Head and Vice President, effective March 18, 2022 2. Mr. Benigno B. Zialcita, IV, Equities Portfolio Manager and Assistant Vice President, effective March 21, 2022
March 25, 2022	Results of Board of Directors' Meeting held on March 25, 2022: 1. Resignation of SSS-nominee director Aurora C. Ignacio as Director of UnionBank, and as (a) Member of the Board's Executive, Audit, Corporate Governance, and Information Technology and Cybersecurity Committees, and (b) Alternate Member of the Risk Management, Market Risk, and Operations Risk Management Committees, effective immediately. 2. Election of Atty. Ricardo L. Moldez as the new SSS-nominee director to fill up the position vacated by Ms. Ignacio, effective immediately 3. Appointment of Atty. Moldez to various Board Committees 4. Appointment of Director Michael G. Regino as Member of the Information Technology and Cybersecurity Committee, and changes in various Board Committee memberships
March 29, 2022	Resignation of Mr. Elmer Anthony S. Aquitania, Vice President, effective March 31, 2022
March 30, 2022	Approval by The Philippine Stock Exchange, Inc. of the Bank's application to list additional shares to cover its Stock Rights Offering ("Offer") and the proposed timetable of the Offer activities
March 31, 2022	Clarification to news article posted in Bilyonaryo.com on March 30, 2022

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 13 2022.

By:

ERRAMON I. ABOITIZ
Chairman of the Board

EDWIN R. BAUTISTA
President and Chief Executive Officer

JOSE EMMANUEL U. HILADO
SEVP & Treasurer

FRANCIS B. ALBALATE
SVP-Financial Controller/
Principal Accounting Officer

ATTY. JOSELITO V. BANAAG
SVP-Corporate Secretary

APR 13 2022

SUBSCRIBED AND SWORN to before me this _____ of April 2022 at Pasig City, the following affiants exhibiting to me their competent evidence of identity pursuant to 2004 Rules on Notarial Practice.

Name	TIN No.
Erramon I. Aboitiz	103-715-862
Edwin R. Bautista	107-644-613
Jose Emmanuel U. Hilado	117-707-275
Francis B. Albalate	120-319-015
Joselito V. Banaag	203-083-372

Notary Public

Nikki Neil Santos
Notary Public for Pasig, San Juan and Pateros, Metro Manila
Appointment No. 20 (2022-2023)
Commission No. Expires On 12-31-2023
PTR No. 6121733BCE/ 1-3-22/ Pasig City
IBP No. 178644/ 1-3-22 Pasig City (RSM Chapter)
Roll of Attorneys No. 57961
MCLE Compliance No. VII-0008121/ 12-1-2021
18th Floor, UnionBank Plaza, Meralco Avenue
Ortigas Center, Pasig City

Doc No. 172;
Page No. 36;
Book No. X;
Series of 2022

Index to Exhibits
Form 17A Item 14

Subsidiaries of the Registrant

Additional Exhibits

Annex 1 - List of ATM Terminal as of December 31, 2021

Annex 2 - List of Bank Owned Branches as of December 31, 2021

Annex 3 - List of Leased Branches as of December 31, 2021

Subsidiaries of the Registrant

UnionBank of the Philippines subsidiaries and affiliates include:

Subsidiaries:	Percentage of Ownership
City Savings Bank, Inc. (CSB)	99.79%
PetNet Inc. (PETNET)	51.00%
First-Agro Industrial Rural Bank, Inc. (FAIR Bank)	100.00%
UBP Investments Corporation (UIC)	100.00%
First Union Plans, Inc (FUPI)	100.00%
First Union Direct Corporation (FUDC)	100.00%
First Union Insurance and Financial Agencies, Inc. (FUIFAI)	100.00%
UBP Securities, Inc. (UBPSI)	100.00%
UnionBank Currency Brokers Corp (UCBC)	100.00%
UnionData Corporation (UDC)	100.00%
Interventure Capital Corporation (IVCC)	60.00%
UBX Philippines Corporation (UBX)	100.00%
UBX Private Ltd. (UBX SG)	100.00%
UBX Remit Pte. Ltd. (UBX Remit)	100.00%
Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan)	70.00%
Progressive Bank, Inc. (PBI)	100.00%
Union Digital Bank (UnionDigital)	100.00%

Annex 1

UNION BANK OF THE PHILIPPINES
LIST OF ATM TERMINALS
As of December 31, 2021

Union Bank of the Philippines

	Branch Name	Address
1	C CUBE	15/F Pantry area Zeta Tower Robinson's Bridgetowne along Eulogio Rodriguez Jr. Ave, Bagumbayan, Quezon City
2	GSIS COMPLEX	GSIS Financial Complex, Roxas Blvd.,Pasay City
3	GSIS COMPLEX2	GSIS Financial Complex, Roxas Blvd.,Pasay City
4	LA SALLE ZOBEL	Gate 5, La Salle Zobel,University Avenue, Ayala-Alabang Village.,Muntinlupa City
5	CT - STA. MESA	4166 GP Ramon Magsaysay Blvd., Sta Mesa, Manila
6	CT - LAS PINAS	VIP Arcade, Ltd. Alabang – Zapote Rd., Las Piñas
7	STARTEK MAKATI	Ground Floor, SM Makati CyberZone, Sen. Gil Puyat Ave., Makati City
8	STARTEK ORTIGAS	Startek Ortigas Tiendesitas Ugong Pasig City
9	STARTEK ORTIGAS2	Startek Ortigas Tiendesitas Ugong Pasig City
10	RESORTS WORLD	Resorts World Manila, Newport Boulevard, Newport City Pasay 1309, Metro Manila
11	SITEL J VARGAS	Bldg. E, Ortigas Home Depot # 1 Doña Julia Vargas Avenue, Barangay Ugong Pasig City, 1604 Philippines
12	UST	Ground Flr. Vestibule building, UST Hospital, Lacson Avenue, Sampaloc Manila
13	SL BGC	12/F Philplans Corporate Center,Triangle Drive cor. Bonifacio Triangle, Bonifacio Global City, Taguig, Philippines
14	SL CUBAO	7th Floor Harvester Corporate Center 158 P.Tuazon Bouleverd corner 7th and 8th Ave., Cubao, Quezon City
15	SOLAIRE1	Level 2 Casino Area Hallway (beside BDO ATM) Solaire Resort and Casino Hotel Macapagal Ave Bagong Nayon Pasay
16	SOLAIRE2	Level 2 Casino Area Hallway (beside BDO ATM) Solaire Resort and Casino Hotel Macapagal Ave Bagong Nayon Pasay
17	ABOITIZ NAC	8th floor NAC building 32nd street BGC near at the football field
18	EXTREME BINGO	EXTREME BINGO 94 timog avenue, Quezon City
19	FOTON BALINTAWAK	728 A. Bonifacio Ave. Balintawak QC
20	AFPMBAI	AFPSLA Building, EDSA corner Colonel Bonny Serrano, Camp Aguinaldo, Quezon City, Metro Manila
21	SITEL ETON	Eton CyberPod, Corinthians Business Center, Along Ortigas Avenue (infront of Robinsons Galleria)
22	IBEX PARANAQUE	6th Floor (Pantry area) SM City, BF Parañaque Sucat Road corner President's Avenue, Parañaque City
23	IBEX SHAW	5/F Shaw IT Center 360 Shaw Blvd., cor. 9 de Pebrero St., Brgy. Addition Hills, Mandaluyong City
24	MD CENTER TAGUIG	Medical Center Taguig Levi B. Mariano Ave, Taguig, Metro Manila
25	MJC WINFORD	Winford Hotel & Casino Brgy. 350, Santa Cruz, Manila, Metro Manila

26	SL SHAW	8F, Shaw IT Center 360 Shaw Blvd corner 9 de Pebrero Street, Barangay Addition Hills San Felipe Neri, Mandaluyong City
27	MONOCRETE CONSTR	No. 888 Cayetano Ave. C5 Ext. Diversion Rd. Brgy, Palingon Tipas Taguig
28	HO 14TH FLR.	Plaza Head office Meralco Ave cor Onyx Street Pasig
29	ALLIANCE GLOBAL	20/F Alliance Global Tower, 36th Street cor 11th Avenue Uptown Bonfacio Global City Taguig (Near Great Hall)
30	GERI	9/F Eastwood Global Plaza, Bagumbayan Eastwood City
31	GRAND WING	G/F Casino floor, Hilton Grand Wing, Newport Boulevard, Newport City, Pasay 1309
32	TQMP PASIG	AGC Flat Glass Philippines, Inc. compound 730 M.H. del Pilar St, Pasig, Metro Manila
33	ARMSCOR	ARMSCOR Avenue Brgy Fortune Marikina City
34	EMPIRE EAST	3F The World Center Building, Makati City
35	TELE. VERTIS NORTH	Teleperformance Vertis North 18F Tower A Vertis North, Mindanao Ave, Q.C.
36	CATS	1008 Epifanio de los Santos Ave, San Juan, Metro Manila
37	ANDOKS	Corazon Tierro-Javier Building, 24 West Avenue, Barangay Bungad, Quezon City
38	SITEL TECHNOHUB	4/F technohub Bldg Ortigas Home Depot # 1 Dona Julia Vargas Avenue Bgy. Ugong Pasig City
39	ABOITIZ NAC CRM	8th floor NAC building 32nd street BGC near at the football field
40	SL CLARK	2nd floor West 2, Aeropark Building Global Gateway Development Corporation, Clark Freeport Zone
41	SL CLARK SITE 4	Site 4 Clark Center 6 Jose Abad Santos Highway Clark Field Pampanga
42	SL TARLAC1	Tarlac IT Park II, Ninoy Aquino Highway, San Isidro, Tarlac City
43	PELCO	Pampanga I Electric Coop Inc, Sto Domingo Mexico Pampanga
44	STARTEK ANGELES	Entec Bldg., Block 15, Lots 15, 16, 17 and 18 Don Juan Avenue, corner Teresa Avenue, Nepo Center, Angeles City
45	PHILEX OFFSITE1	Philex Mining Corp, Padcal, Tuba, Benquet
46	PHILEX OFFSITE2	Philex Mining Corp, Padcal, Tuba, Benguet
47	SITEL TARLAC	Level 2 Robinsons Place Tarlac
48	SL TARLAC2	Tarlac IT Park II, Ninoy Aquino Highway, San Isidro, Tarlac City
49	AIA	Subic Bay Metropolitan Authority Argonaut Hwy, Olongapo, Zambales
50	PILMICO TARLAC	Santo Domingo II, Capas, Tarlac
51	SUBIC PORT GRAIN T.	Bldg. 8008 Leyte Wharf, Cubi Point, SBMA, Subic, Zambales 2209
52	BATAAN 2020	Roman Superhighway, Samal, Bataan
53	SL CARMONA	Warehouse Phase 1 and Phase 2, lot 562-B-3, Governor's Dr., Poblacion,Carmona, Cavite
54	SL CAMSUR1	Camarines Sur IT Center, IT Park, Provincial Capitol Complex, Cadlan, Pili 4418 Camarines Sur
55	SL LEGASPI	Ground Flr.Building Embarcadero de Legazpi,Legazpi port Site,Victory Village, Legaspi City
56	MJC CARMONA1	San Lazaro Leasure Park, Governor Drive., Carmona, Cavite
57	SL CAMSUR2	Camarines Sur IT Center, IT Park, Provincial Capitol Complex, Cadlan, Pili 4418 Camarines Sur

58	DLSU-DASMARINAS	De La Salle University Dasmarinas Administration Bldg (Cashier's Area), West Ave., Dasmarinas City, Cavite
59	MJC CARMONA2	San Lazaro Leasure Park, Governor Drive., Carmona, Cavite
60	DLSU MEDICAL	G/F DLSUMC New Building, Governor D. Mangubat Avenue City of Dasmariñas, Cavite
61	TWINLAKES T.	Twin Lakes Tagaytay Vineyard Resort Community, Tagaytay-Nasugbu Highway, Alfonso, Cavite (near Canyon Cove)
62	CEBU LEXMARK1	Mactan Economic Zone II, Basak, Lapu-Lapu City
63	CEBU LEXMARK2	Lexmark Building, Cardinal Rosales Ave, Cebu City
64	ABOITIZ OFFSITE	Aboitiz & Co. Building Archbishop Reyes Avenue Banilad, Cebu City
65	QUALFON CEBU	Cardinal Rosales Avenue., Cor. Samar Loop Cebu Business Park, Cebu City
66	QLFN DUMAGUETE1	LinkSy I.T. Park, North National Highway Bantayan, Dumaguete City 6200, Philippines.
67	QLFN DUMAGUETE2	LinkSy I.T. Park, North National Highway Bantayan, Dumaguete City 6200, Philippines.
68	MD CITY ILOILO	Locsin Street, Molo, Iloilo City, Iloilo
69	CEBU VELEZ	Cebu Velez General Hospital F. Ramos St, Cebu City, Cebu
70	CEBU VECO	Visayan Electric Company (VECO) J. Panis St., Banilad, Cebu City
71	CEBU AUTOLIV	3rd St. Cor. 3rd Ave. Mepz-1, MEPZ 1, Lapu-Lapu City, 6015 Cebu
72	CMA S2 ARRIVAL	Lapu-Lapu Airport Rd, Lapu-Lapu City, 6016 Cebu, T2 Arrival
73	CMA S2 DEPARTURE	Lapu-Lapu Airport Rd, Lapu-Lapu City, 6016 Cebu, T2 Departure
74	CEBU TOWN CENTER	G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City
75	HGS ILOILO	Ayala Technohub Bldg., Brgy San Rafael, Boardwalk Avenue, Mandurriao, Iloilo City 5000
76	SL DAVAO	R. Magsaysay Ave. cor. E. Jacinto St., Davao City
77	IBEX DAVAO	Ground Floor, Fountain Court, SM Lanang Premier JP Laurel Avenue, Brgy. San Antonio Davao City
78	DLPC	163 - 165 C. Bangoy Sr. St. Davao City, 8000
79	PILMICO ILIGAN	Kiwalan Cove, Dalipuga, Iligan City, Lanao del Norte
80	DLPC BAJADA	Rondez Engineering Center, JP Laurel Ave., Bajada, Davao City
81	DAVAO OFFSOURCING	Ayala Business Center,Matina Town Square
82	BELMONT HOTEL	Newport Blvd, Newport City 1309 Pasay City
83	INSULAR LIFE	G/F Filinvest Corporate City, Alabang 1781, Alabang, Muntinlupa, 1781
84	LIMA OFFSITE 1 (ADMIN)	Administration Office Special Economic Zone, Malvar, Batangas, 4233
85	WIDUS 1	MA Roxas Highway, Clark Freeport Zone 2023
86	WIDUS 3	5398 Manuel A. Roxas Highway, Clark Freeport Zone, Pampanga, Philippines 2023
87	WIDUS 2	MA Roxas Highway, Clark Freeport Zone 2023
88	ATM ON WHEELS1	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
89	ATM ON WHEELS CRM2	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City

90	FOTON CLARK	Lot 1A, Lot1B and Lot 2, Prince Balagtas Ave, Clark Freeport Zone
91	UNITED AUCTIONEER	Bldg 1455 Argonaut Highway, Subic Bay Freeport Zone, Olongapo
92	RAFI	35 Eduardo Aboitiz St. Tinago, Cebu City, 6000
93	ST DOMINIC COLLEGE OF ASIA	Aguinaldo Highway, Talaba, Bacoor, Cavite
94	DON BOSCO	Chino Roces Avenue, Barangay Pio Del Pilar, Makati City
95	MABUHAY FILCEMENT	San Fernando, Cebu (ATM location), 38 kms from Cebu City
96	MILLENNIAL RESORTS	Calatagan South Beach Leisure Tourism Estate Brgy. Santa Ana, Batangas
97	WIDUS 4	MA Roxas Highway, Clark Freeport Zone 2023
98	UNIV OF BAGUIO	General Luna Road, Baguio City
99	SAVOY HOTEL	Newport Blvd., Andrews Ave. Pasay City
100	ACC	G/F Alabang Country Club, Acacia Drive, Ayala Alabang Village, Muntinlupa City
101	ATC	Makati Supermart Alabang, Alabang Town Center, Muntinlupa City
102	BAESA	Dra. C.Pascual Bldg., 142 Quirino Highway, Baesa, Quezon City
103	DR SANTOS LLANAS	G/F, MTF Bldg., Kabesang Segundo corner Dr. A. Santos, San Isidro, Sucat Road, Paranaque City
104	GREENBELT ATM	Twin Cities Condominium, 110 Legaspi St., Legaspi Village, Makati City
105	JULIA VARGAS CQM	Centerpoint Condominium, Doña Julia Vargas Ave. cor. Garnet St. Ortigas Center, Pasig City
106	JULIA VARGAS CRM	Centerpoint Condominium, Doña Julia Vargas Ave. cor. Garnet St. Ortigas Center, Pasig City
107	MUNOZ	Muñoz Market, EDSA, Quezon City
108	RICHVILLE	Upper G/F Richville Corporate Tower, Alabang-Zapote Rd., Madrigal Bus. Park, Muntinlupa City
109	SHAW PASIG	Chipeco Bldg., Shaw Blvd. corner Meralco Ave., Pasig City
110	VALERO	Ground Floor, Le Grand Condominium, 130 Valero St., Makati City
111	ACROPOLIS	171 Bridgeview Bldg., E. Rodriguez Jr. Ave, Bagumbayan, Quezon City
112	ALIMALL	Ali Mall Financial Center, Level 2, Ali Mall, Araneta Center, Cubao, Quezon City
113	E. RODRIGUEZ	G/F Megacenter Bldg., E. Rodriguez Ave., Quezon City
114	KALOOKAN	357 Rizal Ave. Ext. Grace Park, Kalookan City
115	MEDICAL CITY	Medical City Hospital Compound, Lourdes St. cor. San Miguel Ave., Mandaluyong City
116	MUNTINLUPA	12 Jason's Bldg., National Road Putatan, Muntinlupa
117	PASAY	2528 ERL Building, Taft Ave., Pasay City
118	TIMOG	Cabrera Building II. 64 Timog Ave, Quezon City
119	VITO CRUZ	G/F Kingswood Arcade Vito Cruz Ext. cor Pasong Tamo, Makati City
120	SSS AYALA CRM	SSS Bldg., Ayala Avenue, Makati City
121	SALCEDO	G/F Golden Rock Bldg., 168 Salcedo St., Legaspi Vill., Makati City
122	ANNAPOLIS	G/F, Unit 133, Promenade Missouri, Greenhills Shopping Center, Missouri cor. Annapolis Sts., Greenhills, San Juan

123	PEREA	G/F Greenbelt Mansion Bldg., 106 Perea St., Legaspi Village, Makati City
124	SSS AYALA ATM	SSS Bldg., Ayala Avenue, Makati City
125	ARK1	Insular Building Ayala Avenue., corner Paseo de Roxas Makati City
126	ARK2	Insular Building Ayala Avenue., corner Paseo de Roxas Makati City
127	ARK VTM	Insular Building Ayala Avenue., corner Paseo de Roxas Makati City
128	ARK CRM	Insular Building Ayala Avenue., corner Paseo de Roxas Makati City
129	ARK CQM	Insular Building Ayala Avenue., corner Paseo de Roxas Makati City
130	T. ALONZO	625 T. Alonzo St., Sta Cruz, Manila
131	AURORA	677 Aurora Blvd., near cor. Broadway St., Bgy. Mariana, New Manila, Quezon City
132	AYALA MADRIGAL ATM	G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City
133	AYALA MADRIGAL CRM 2	G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City
134	AYALA MADRIGAL CRM 3	G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City
135	AYALA MADRIGAL CQM	G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City
136	AYALA RUFINO ATM	Rufino Bldg. Ayala Ave. corner Herrera St., Makati City
137	AYALA RUFINO CQM	Rufino Bldg. Ayala Ave. corner Herrera St., Makati City
138	STO. DOMINGO	Ground Floor Unit-103 Elements Building 560 Quezon Avenue Brgy. Tatalon Quezon City
139	BF HOMES CRM 1	55 President Avenue, BF Homes, Parañaque City
140	BF HOMES CRM 2	55 President Avenue, BF Homes, Parañaque City
141	BF HOMES CQM	55 President Avenue, BF Homes, Parañaque City
142	BICUTAN	28 Doña Soledad Ave., Better Living, Parañaque City
143	BONI AVENUE	Boni Avenue cor. Ligaya St., Mandaluyong City
144	CUBAO	7th Avenue cor P. Tuazon, Cubao, Quezon City
145	DEL MONTE	G/F 345 Del Monte Avenue corner Banawe Street, Brgy. Manresa, Quezon City
146	EDSA KALOOKAN	512 EDSA corner Urbano Plata Street,Kalookan City
147	INTRAMUROS	G/F BF Condo Bldg. A. Soriano Sr. Ave. Intramuros, Manila
148	JP RIZAL ATM	731 J.P. Rizal St., Makati City
149	KAMIAS	Gr. Floor, TDS Bldg., No. 72 Kamias Road, Quezon City
150	KATIPUNAN ATM1	335 Agcor Bldg., Katipunan Ave. Brgy. Loyola Heights, Quezon City
151	KATIPUNAN ATM2	335 Agcor Bldg., Katipunan Ave. Brgy. Loyola Heights, Quezon City
152	LP PAMPLONA	Alabang Zapote Rd. cor. Crispina Ave., Pamplona, Las Piñas City
153	MAKATI AVENUE	7824 Durban St. corner Makati Avenue, Makati City
154	MALABON	Gov. Pascual Avenue cor. River St., Malabon City, Metro Manila
155	MALATE	G/F Marioco Bldg. 1945 M. Adriatico St. Malate, Manila

156	ORTIGAS ATM	21 San Miguel Ave., Ortigas Center, Pasig City
157	ORTIGAS CQM	21 San Miguel Ave., Ortigas Center, Pasig City
158	PASAY ROAD	Gemland Commercial Bldg., San Lorenzo Village, Makati City 1200
159	PASONG TAMO JTKC	G/F, JTKC Center 2155 Pasong Tamo Street., Makati City
160	RADA	Prince Bldg., 117 Rada St, Legaspi Village, Makati City
161	ROOSEVELT	244 Roosevelt Avenue, San Francusco del Monte, Quezon City
162	SHAW MANDALUYONG	PICPA Bldg., 700 Shaw Blvd., Mandaluyong City
163	YUCHENGCO ATM	G/F, Units 2 & 3, Escolta Parking Bldg., Escolta corner Yuchengco Sts., Binondo, Manila
164	YUCHENGCO CRM	G/F, Units 2 & 3, Escolta Parking Bldg., Escolta corner Yuchengco Sts., Binondo, Manila
165	SOUTH TRIANGLE ATM	Quezon Ave. cor. Sct. Albano St., Quezon City
166	SOUTH TRIANGLE CRM	Quezon Ave. cor. Sct. Albano St., Quezon City
167	TAFT AVENUE	2625 G/F Kassel Condominium, Taft Avenue near cor.P. Ocampo St., Malate, Manila
168	TEKTITE	G/F PSE Center, Ortigas Complex, Pasig City
169	TOMAS MORATO	Tomas Morato cor. Sct. Lozano, Quezon City
170	PLAZA1	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
171	VALENZUELA	Km 12 McArthur Hi-way, Marulas, Valenzuela City
172	W. AVENUE	27-A West Avenue, Quezon City
173	W. SERVICE RD	Rodeo Bldg. Km 18 West Service Road South Luzon Expressway, Parañaque City
174	W. AVENUE BALER	91-A Barangay Bungad, West Avenue, Quezon City
175	ESCOLTA CQM	G/F Regina Building, Escolta, Manila
176	ESCOLTA ATM	G/F Regina Building, Escolta, Manila
177	MARIKINA	WRC2 Bldg., No. 47 Gil Fernando Avenue (formerly A. Tuazon St), Midtown Subd. II Brgy. San Roque, Marikina City
178	NAVOTAS	807-817 M.Naval St., Navotas City
179	NOVALICHES GULOD CRM2	854 Quirino Highway, Gulod, Novaliches, Quezon City
180	MALINTA	No. 295, Mirjan Building, Maysan Road, Paso de Blas, Valenzuela City
181	AYALA ALABANG	G/F Nol Bldg. Commerce Ave., Madrigal Business Park, Alabang, Muntinlupa City
182	EMERALD AVENUE1	G/F Wynsum Corp. Plaza, Ortigas Center, Pasig City
183	GREENHILLS	Ortigas Ave near cor Wilson St., San Juan City
184	LIBIS	184-B E. Rodriguez Jr. Avenue., Bagumbayan, Quezon City
185	PASONG TAMO EXT.	G/F BCS Building, 2297 Pasong Tamo Extension, Makati City
186	MAYON	G/F, ACI Bldg., 178 Mayon Street, SMH, Brgy Maharlika, Quezon City
187	SHAW PASIG BLVD.	131-133 Shaw Boulevard, Pasig City
188	STO. CRISTO	LG01 and LG02 Burke Plaza, Sto Cristo St., Binondo, Manila
189	WACK WACK	6 Shaw Blvd. corner Laurel St., Mandaluyong City
190	PSO DE MAGALLANES	Ground Floor, Maga Center Building, Paseo de Magallanes, Makati City
191	LIBERTAD MANDA.	Unit A2 Cluster El Dorado, California Garden Square, Libertad Street, Mandaluyong City
192	EDSA PIONEER	Upper Ground Floor 07 Robinsons Cybergate Plaza, Pioneer St., Mandaluyong City

193	NEW PORT CITY	G/F Star Cruises Building, Newport City, Andrews Avenue, Pasay City
194	5TH AVENUE BGC	Unit 3 Ground Floor, One Global Place, 5th Avenue corner 25th Street, BGC, Taguig City
195	SHANG TOWER 1	The St. Francis Shangri-La Place, Tower 1 G/F Retail Internal Road corner St. Francis Street, Mandaluyong City
196	EASTWOOD CITY	G/F LGR1-6, Le Grand Tower 1, Palm Tree Avenue, Eastwood City, Brgy. Bagumbayan, Quezon City
197	VERTEX ONE	G/F Space 12 & 13 Vertex One Building, San Lazaro, Manila
198	LRT 2 AURORA	G/F Marsk Building, Aurora Boulevard corner Balete Drive, Quezon City
199	2ND AVENUE BGC	G/F Blue Sapphire Building, 2nd Avenue corner 30th Street, Bonifacio Global City, Taguig
200	ICTSI PORT AREA	G/F, ICTSI Admin Bldg. Manila International Container Terminal, MICT South Road, Port Area, Manila
201	RENNAISANCE TWR.	G/F Renaissance Center, Meralco Ave., Pasig City
202	ST. LUKES	G/F St. Luke's Medical City Center located at 279 E. Rodriguez, Sr. Boulevard, Quezon City
203	LOURDES HOSPITAL	G/F, Main Bldg., Our Lady of Lourdes Hospital, 46 P. Sanchez St., Sta. Mesa, Manila
204	CITY PL SQUARE	3/F Lucky Chinatown-Cityplace Square, Calle Felipe corner La Chambre St., Binondo,Manila
205	32ND BGC CRM2	G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig
206	ANTEL RESIDENCES	Ground Floor, Best Western Antel Hotel 7829, Makati Avenue cor. Salamanca St., Makati City
207	MAYHALIGUE	Ground Floor, One Masangkay Place, No. 1420 Masangkay near cor. Mayhaligue St., Sta. Cruz, Manila
208	MASANGKAY	911-913 Masangkay St., Binondo, Manila
209	CARDINAL SANTOS	Ground Floor Cardinal Santos Medical Center, 10 Wilson St., Greenhills West San Juan City
210	MULTINATIONAL	G/F Multinational Bancorporation Center, Ayala Ave., Makati City
211	PLAZA4	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
212	DELA ROSA	G/F Insular Health Care Building, 167 Dela Rosa corner Legazpi St., Legazpi Village, Makati City
213	BONIFACIO HIGH ST	W Global Center cor 30th and 9th Ave. BGC, Taguig City
214	TRIANGLE DRIVE	Shop 3, G/F Philplans Building Corporate Center, 1012 North Triangle Drive, BGC, Taguig
215	ADB AVENUE	Ground floor Unit 101 AIC Burgundy Empire Tower, ADB Ave., Ortigas Pasig City
216	GMA TIMOG	Cabrera Bldg. 1, 103 Timog Avenue, Quezon City
217	FRONTERA VERDE	G/F Transcom Bldg., Frontera Verde, E. Rodriguez Jr. Avenue., Brgy. Ugong Pasig City
218	SSS E. AVENUE1	G/F SSS Main Bldg., East Ave., Quezon City
219	SSS E. AVENUE2	G/F SSS Main Bldg., East Ave., Quezon City
220	EMERALD AVENUE2	G/F Wynsum Corp. Plaza, Ortigas Center, Pasig City
221	GSIS MAIN	GSIS Main Office Financial Center, Pasay City

222	34TH ST. BGC	G/F, Shop 2, Panorama Bldg., 34TH St. Corner Lane A, Bonifacio Global City, Taguig
223	MCKINLEY RD. BGC	G/F, Unit 1, Fairways Towers, 5th Avenue, Bonifacio Global City, Taguig
224	38TH UPTOWN BGC	G/F, Orion Building, 11th Ave corner 38th St., Bonifacio Global City, Taguig City
225	7TH AVENUE BGC	G/F, Twenty-Four Seven Mckinley Building, 7th Ave. cor. 24th St., Bonifacio Global City, Brgy Fort Bonifacio, Taguig City
226	UPTOWN MALL BGC	Unit B106 Lower Ground Floor Uptown Place Mall 9th Ave Cor. 36th St Bonifacio Global City, Brgy Fort Bonifacio, Taguig City
227	LUXE RESIDENCES	G/F, Shop 3, The Luxe Residences, 28th St. corner 4th Avenue, Bonifacio Global City, Taguig City
228	PASCOR DRIVE	G/F, SkyFreight Center, Ninoy Aquino Avenue, corner Pascor Drive, Paranaque City
229	3RD AVENUE BGC	G/F, The Net Square Building, 3rd Avenue corner 28th Street, Bonifacio Global City, Taguig City
230	MCKINLEY W. LOWER	G/F Robinson Cyber Sigma Bldg. Lawton Ave. Bonifacio South Taguig City
231	CMW LUZON1	UGF, Kayumanggi Center Bldg., Commonwealth Avenue corner Luzon Avenue, Brgy Matandang Balara, Quezon City
232	CMW LUZON CRM	UGF, Kayumanggi Center Bldg., Commonwealth Avenue corner Luzon Avenue, Brgy Matandang Balara, Quezon City
233	CMW LUZON CQM	UGF, Kayumanggi Center Bldg., Commonwealth Avenue corner Luzon Avenue, Brgy Matandang Balara, Quezon City
234	KALOOKAN CRM	357 Rizal Ave. Ext. Grace Park, Kalookan City
235	KALOOKAN CQM	357 Rizal Ave. Ext. Grace Park, Kalookan City
236	PLAZA CRM	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
237	PSO DE ROXAS1	Ground Floor Tower II Paseo De Roxas Building 111 Paseo De Roxas Corner Legazpi Street Legaspi Village Makati City
238	PSO DE ROXAS CRM	Ground Floor Tower II Paseo De Roxas Building 111 Paseo De Roxas Corner Legazpi Street Legaspi Village Makati City
239	32ND BGC CRM	G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig
240	STO. DOMINGO CRM	Ground Floor Unit-103 Elements Building 560 Quezon Avenue Brgy. Tatalon Quezon City
241	STO. DOMINGO CQM	Ground Floor Unit-103 Elements Building 560 Quezon Avenue Brgy. Tatalon Quezon City
242	COMMONWEALTH AVE2	12-13 Upper, G/F, Diliman Commercial Center; Commonwealth Ave., Diliman Quezon City
243	KALOOKAN2	357 Rizal Ave. Ext. Grace Park, Kalookan City
244	DASMA. BINONDO	G.A.Cu-Unjieng Bldg., Q. Paredes St. corner Dasmarinas St., Binondo, Manila
245	DASMA. BINONDO CRM	G.A.Cu-Unjieng Bldg., Q. Paredes St. corner Dasmarinas St., Binondo, Manila
246	DASMA. BINONDO CQM	G.A.Cu-Unjieng Bldg., Q. Paredes St. corner Dasmarinas St., Binondo, Manila
247	PLAZA CRM2	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
248	PLAZA CQM	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City

249	32ND BGC CQM	G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig
250	MACAPAGAL CRM	G/F Unit 106 Y Tower Blk 04, Lot 01, corner Coral Way St., Macapagal Blvd., MOA Complex Pasay City
251	MACAPAGAL ATM	G/F Unit 106 Y Tower Blk 04, Lot 01, corner Coral Way St., Macapagal Blvd., MOA Complex Pasay City
252	UN AVENUE ATM	U.N. ave., Cor. M.H. Del Pilar and M. Guerrero Streets, Ermita Manila
253	UN AVENUE CRM	U.N. ave., Cor. M.H. Del Pilar and M. Guerrero Streets, Ermita Manila
254	PANDACAN ATM	1763 Paz M. Guazon St., Paco,Manila
255	PANDACAN CRM	1763 Paz M. Guazon St., Paco,Manila
256	DELA COSTA ATM	G/F Global Enterprise Bldg. No. 138 HV dela Costa Salcedo Village, Makati City
257	DELA COSTA CRM	G/F Global Enterprise Bldg. No. 138 HV dela Costa Salcedo Village, Makati City
258	DELA COSTA CQM	G/F Global Enterprise Bldg. No. 138 HV dela Costa Salcedo Village, Makati City
259	PANDACAN CQM	1763 Paz M. Guazon St., Paco,Manila
260	SANTIAGO	Maharlika Highway, Santiago City, Isabela
261	LAOAG	G/F 365 Plaza Bldg. Brgy., 1, San Nicolas, Ilocos Norte.
262	VIGAN	Jose Singson St., Vigan City, Ilocos Sur
263	ANGELES	G/F Building 1, Unit 1 & 2, Central Town Mall, 263 Fil Am Friendship Highway, Brgy Cutcut, Angeles City, Pampanga
264	SAN FDO. CONSUNJI CRM	3M Bldg., MacArthur Highway, San Agustin, San Fernando, Pampanga
265	BAGUIO	PF Floor, Cedar Peak Building, Corner General Luna Road and Mabini Street, Baguio City 2600
266	BALIWAG	G/F, 3006 St Augustine Square, Dona Remedios Trinidad Highway, Pinagbarilan Baliuag, Bulacan
267	MEYCAUAYAN	Gr. Floor, Marian Bldg., McArthur Hi-way, Calvario, Meycauayan City, Bulacan
268	CABANATUAN	P. Burgos Street, Cabanatuan City
269	DAGUPAN	Insular Life Building, Arellano St., Dagupan City
270	TARLAC ATM	Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City
271	TARLAC CRM 1	Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City
272	TARLAC CRM 2	Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City
273	TARLAC CQM	Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City
274	SUBIC	19B Manila Avenue cor. Canal Street, Subic Bay Freeport Zone
275	SAN FDO. LA UNION	Ground Floor of Shania Tower, Quezon Avenue, San Fernando City, La Union
276	CAUAYAN ISABELA	G/F ITC Bldg., National Highway, Cauayan City, Isabela
277	CLARK	M. Roxas Highway, Philexcel Business Park Clark Freeport zone, Pampanga
278	BAGUIO2	PF Floor, Cedar Peak Building, Corner General Luna Road and Mabini Street, Baguio City 2600
279	OLONGAPO	87 Magsaysay Drive Olongapo City
280	VIGAN2	Jose Singson St., Vigan City, Ilocos Sur
281	LAOAG CRM	G/F 365 Plaza Bldg. Brgy., 1, San Nicolas, Ilocos Norte.

282	MEYCAUAYAN2	Gr. Floor, Marian Bldg., McArthur Hi-way, Calvario, Meycauayan City, Bulacan
283	CABANATUAN2	P. Burgos Street, Cabanatuan City
284	SANTIAGO2	Maharlika Highway, Santiago City, Isabela
285	CAUAYAN ISABELA 2	G/F ITC Bldg., National Highway, Cauayan City, Isabela
286	SUBIC2	19B Manila Avenue cor. Canal Street, Subic Bay Freeport Zone
287	DAGUPAN2	Insular Life Building, Arellano St., Dagupan City
288	SAN FDO. LA UNION2	Ground Floor of Shania Tower, Quezon Avenue, San Fernando City, La Union
289	TUGUEGARAO2	G/F 2 Storey Bldg., Bagay Rd., Andrews St., Andrews Vill., Caritan Centro, Tuguegarao City, Cagayan
290	TUGUEGARAO CRM	G/F 2 Storey Bldg., Bagay Rd., Andrews St., Andrews Vill., Caritan Centro, Tuguegarao City, Cagayan
291	TUGUEGARAO CQM	G/F 2 Storey Bldg., Bagay Rd., Andrews St., Andrews Vill., Caritan Centro, Tuguegarao City, Cagayan
292	PAMPANGA ATM	GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga
293	PAMPANGA CRM	GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga
294	PAMPANGA CQM	GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga
295	NAGA	G/F Prime Days Hotel Bldg., Panganiban Drive, Naga City
296	CALAMBA REAL	Marcelita Building, National Highway, Barangay Real, Calamba City
297	STA. ROSA	Rizal Blvd., Corner Zavalla Street, Brgy Malusak, Sta Rosa City, Laguna
298	BATANGAS	G/F, Insular Life Bldg., Highway Hills, Hilltop, Batangas City
299	LEGASPI	G/F, Unit 1, SMC Bldg., Landco Business Park, Brgy Capantawan, Legazpi City
300	NAGA2	G/F Prime Days Hotel Bldg., Panganiban Drive, Naga City
301	CALAMBA PARIAN	Anderson Bldg. 1, Barangay Parian, Calamba City, Laguna
302	LIPA	B. Morada Avenue, Lipa City
303	LUCENA	G/F One People Square, M.L. Tagarao corner Granja Street, Lucena City
304	SAN PEDRO LAGUNA	National Highway, Brgy. Landayan, San Pedro, Laguna
305	DASMARINAS CAVITE	Congressional Road corner Gov. D Mangubat Ave. Aguinaldo Hi-way, Dasmariñas City, Cavite
306	IMUS CAVITE	G/F Melta Building, Aguinaldo Highway,corner Sampaguita Village, Imus, Cavite
307	BACOOR	Addio building, aguinaldo H-way talaba bacoor., Cavite
308	CAINTA	F. Felix Ave. corner Karangalan Drive, Cainta, Rizal
309	PUERTO PRINCESA1	Rizal Avenue, Brgy. Maningning, Puerto Princesa City, Palawan
310	PUERTO PRINCESA2	Rizal Avenue, Brgy. Maningning, Puerto Princesa City, Palawan
311	PASEO DE STA ROSA	G/F The Medical City Southluzon, United Blvd, Greenfield Brgy Don Jose, Sta Rosa Laguna
312	TAGAYTAY	G/F Tagaytay Prime Residences, Tagytay-Calamba Road, Tagaytay Prime Rotonda, Barangay San Jose, Tagaytay City
313	CAINTA2	F. Felix Ave. corner Karangalan Drive, Cainta, Rizal

314	IMUS CAVITE2	G/F Melta Building, Aguinaldo Highway,corner Sampaguita Village, Imus, Cavite
315	BACOOR2	Addio building, aguinaldo H-way talaba bacoor., Cavite
316	STA. ROSA2	Rizal Blvd., Corner Zavalla Street, Brgy Malusak, Sta Rosa City, Laguna
317	LEGASPI2	G/F, Unit 1, SMC Bldg., Landco Business Park, Brgy Capantawan, Legazpi City
318	LIPA2	B. Morada Avenue, Lipa City
319	LUCENA2	G/F One People Square, M.L. Tagarao corner Granja Street, Lucena City
320	LIMA TECH.1	Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas
321	LIMA TECH.2	Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas
322	LIMA TECH. CRM	Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas
323	LIMA TECH. CQM	Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas
324	BINAN CARMONA ATM	National Highway, Brgy. Maduya, Carmona, Cavite
325	BINAN CARMONA CRM	National Highway, Brgy. Maduya, Carmona, Cavite
326	BINAN CARMONA CQM	National Highway, Brgy. Maduya, Carmona, Cavite
327	CEBU BORROMEO	Door 8 Plaza Borromeo Bldg., Borromeo Street, Kalubihan, Cebu City
328	CEBU MANDAUE	Kentredder Bldg., A. Cortes St., Mandaue City, Cebu
329	TAGBILARAN2	J.S. Torralba St. corner CPG Avenue, Tagbilaran City, Bohol
330	CEBU LAPU-LAPU	Lot 2, Block 1, Phase 1, MEPZ II, SEPZ, Lapu-Lapu City, Cebu
331	CEBU LAPU-LAPU2	Lot 2, Block 1, Phase 1, MEPZ II, SEPZ, Lapu-Lapu City, Cebu
332	CEBU TIME SQUARE	G/F, Times Square 2 Bldg, Mantawe Avenue, Brgy Tipolo, North Reclamation Area, Mandaue City, Cebu
333	BACOLOD LACSON	G/F PhilAm Bldg., Lacson cor. Galo St., Bacolod City
334	CEBU BANILAD	G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City
335	CEBU CTR MAXILOM	G/F Ong Tiak Bldg., Gen Maxilom Ave., Cebu City
336	CEBU FUENTE	G/F Rajah Park Hotel, Fuente Osmeña Circle, Cebu City
337	ILOILO GEN. LUNA	Brgy Villa Anita General Luna St., Iloilo
338	ILOILO GEN. LUNA2	Brgy Villa Anita General Luna St., Iloilo
339	TACLOBAN2	Josmar Bldg., M.H. del Pilar St. corner Zamora St., Tacloban City
340	TACLOBAN3	Josmar Bldg., M.H. del Pilar St. corner Zamora St., Tacloban City
341	BACOLOD NORTH CRM	Cor. Villa Valderrama, Lacson St., Mandalagan, Bacolod City
342	BACOLOD NORTH ATM	Cor. Villa Valderrama, Lacson St., Mandalagan, Bacolod City
343	CEBU NORTH ROAD	Gr. Floor, Khuz'ns Bldg., North Hi-way, Estancia, Mandaue City
344	DUMAGUETE	UnionBank Building, Ramon Pastor Sr. Street corner San Juan Street Dumaguete City 6200, Negros Oriental
345	DUMAGUETE2	UnionBank Building, Ramon Pastor Sr. Street corner San Juan Street Dumaguete City 6200, Negros Oriental
346	CEBU MACTAN NT.	G/F, Retail 2 & 3, Plaza Magellan Tower 1, Mactan Newtown, Lapu Lapu City

347	CEBU AS FORTUNA	GF The Space, A.S. Fortuna Corner P. Remedies st., Brgy Banilad, Mandaue City
348	CEBU SUBANGDAKU	G/F, AD Gothong IT Center, Subangdaku, Mandaue City
349	NORTH DRIVE	G/F, North Drive, Ouano Avenue, North Reclamation Area, Mandaue City
350	CEBU LIPATA	Lot 4943, G/F, Units 4 to 6, Commercial Bldg., Natalio Bacalso Highway, Sitio Lipata, Brgy Linao, Minglanilla, Cebu
351	CEBU MINGLANILLA	G/F, FCT Commercial Bldg., Poblacion Ward-II, Minglanilla, Cebu
352	CEBU SUMILON	G/F, Buildcomm Center, Sumilon Road, Cebu Business Park, Cebu City
353	CEBU BANILAD CRM	G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City
354	CEBU BANILAD CQM	G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City
355	ASIATOWN2	G/F TGU Tower, Asiatown I.T. Park, Lahug, Cebu
356	CEBU BUS. PARK	G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City
357	CEBU BUS. PARK CRM	G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City
358	CEBU BUS. PARK CRM2	G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City
359	CEBU BUS. PARK CQM	G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City
360	CEBU PLARIDEL	No. 104 Plaridel St., Brgy. Sto. Niño, Cebu City
361	ILOILO IZNART CQM	Villanueva Bldg., Iznart St.,Iloilo City
362	ILOILO IZNART CRM	Villanueva Bldg., Iznart St.,Iloilo City
363	ILOILO IZNART	Villanueva Bldg., Iznart St.,Iloilo City
364	CEBU PUSOK	M.L Quezon National Highway Pusok, Lapu-Lapu City 6015
365	CDO LAPASAN	Lapasan National Highway, Cagayan de Oro City
366	CDO LAPASAN2	Lapasan National Highway, Cagayan de Oro City
367	DAVAO CABAGUIO	G/F, DMIRIE Bldg., JP Cabaguio Avenue, Brgy. Paciano Bangoy, Davao City
368	ILIGAN	Manuel L. Quezon Ave, Iligan City, 9200 Lanao del Norte
369	PAGADIAN	Rizal Ave, City of Pagadian, Zamboanga Del Sur, Philippines
370	PAGADIAN2	Rizal Ave, City of Pagadian, Zamboanga Del Sur, Philippines
371	DAVAO MONTEVERDE	G/F Mintrade Bldg. Monteverde Ave. cor. Sales St., Davao City
372	DAVAO QUIRINO	Quirino Avenue cor San Pedro St., Davao City
373	DAVAO RIZAL	G/F Quibod Commercial Center, Rizal Avenue, Davao City
374	ILIGAN2	Manuel L. Quezon Ave, Iligan City, 9200 Lanao del Norte
375	ZAMBOANGA JALDON2	G/F ZAEC Bldg., Mayor Jaldon cor. Gov. Alvarez, Zamboanga City
376	ZAMBOANGA JALDON	G/F ZAEC Bldg., Mayor Jaldon cor. Gov. Alvarez, Zamboanga City
377	BUTUAN	G/F CAP Bldg. J. Rosales Avenue corner JC Aquino St., Butuan City
378	BUTUAN2	G/F CAP Bldg. J. Rosales Avenue corner JC Aquino St., Butuan City
379	DAVAO MAGSAYSAY	R. Magsaysay Ave. cor. E. Jacinto St., Davao City

380	DAVAO MAGSAYSAY CRM	R. Magsaysay Ave. cor. E. Jacinto St., Davao City
381	DAVAO MAGSAYSAY CRM2	R. Magsaysay Ave. cor. E. Jacinto St., Davao City
382	DAVAO MAGSAYSAY CQM	R. Magsaysay Ave. cor. E. Jacinto St., Davao City
383	SAN AGUSTIN DELA COSTA ATM (LIBERTY CENTER)	G/F Liberty Center 102 HV Dela Costa corner San Agustin Streets, Salcedo Village, Makati City
384	DOUBLE DRAGON CQM	G/F Double Dragon Center West Tower, Macapagal Avenue corner EDSA Extension, Bay Area, Pasay City
385	GRG CRM	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
386	BAGUIO CRM	PF Floor, Cedar Peak Building, Corner General Luna Road and Mabini Street, Baguio City 2600
387	JP RIZAL CRM	731 J.P. Rizal St., Makati City
388	CEBU MANDAUE CRM	Kentredder Bldg., A. Cortes St., Mandaue City, Cebu
389	COMMONWEALTH AVE CRM	12-13 Upper, G/F, Diliman Commercial Center; Commonwealth Ave., Diliman Quezon City
390	ASIATOWN IT PARK CRM	G/F TGU Tower, Asiatown I.T. Park, Lahug, Cebu
391	SAN AGUSTIN DELA COSTA CRM (LIBERTY CENTER)	G/F Liberty Center 102 HV Dela Costa corner San Agustin Streets, Salcedo Village, Makati City
392	AYALA MADRIGAL CRM 1	G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City
393	TAGBILARAN CRM	J.S. Torralba St. corner CPG Avenue, Tagbilaran City, Bohol
394	BACOLOD LACSON CRM	G/F PhilAm Bldg., Lacson cor. Galo St., Bacolod City
395	GREENBELT CRM	Twin Cities Condominium, 110 Legaspi St., Legaspi Village, Makati City
396	NOVALICHES GULOD CRM	854 Quirino Highway, Gulod, Novaliches, Quezon City
397	SAN FDO. CONSUNJI	3M Bldg., MacArthur Highway, San Agustin, San Fernando, Pampanga
398	SHAW PASIG CRM	Chipeco Bldg., Shaw Blvd. corner Meralco Ave., Pasig City
399	SAN PEDRO LAGUNA 2	National Highway, Brgy. Landayan, San Pedro, Laguna
400	COMMONWEALTH AVE	12-13 Upper, G/F, Diliman Commercial Center; Commonwealth Ave., Diliman Quezon City
401	CLARK 2	M. Roxas Highway, Philexcel Business Park Clark Freeport zone, Pampanga
402	VISAYAS CONGRE ATM1	G/F, Unit 101, WMG Bldg., 47 Visayas Ave., Brgy Culiat, Quezon City (near intersection of Visayas Avenue and Congressional Ext)
403	VISAYAS CONGRE ATM2	G/F, Unit 101, WMG Bldg., 47 Visayas Ave., Brgy Culiat, Quezon City (near intersection of Visayas Avenue and Congressional Ext)
404	VISAYAS CONGRE CRM	G/F, Unit 101, WMG Bldg., 47 Visayas Ave., Brgy Culiat, Quezon City (near intersection of Visayas Avenue and Congressional Ext)
405	MED CTR PQUE CRM	G/F, Medical Center Parañaque, Dr. A Santos Avenue, Brgy San Antonio, Parañaque (in front of SM Bicutan)
406	GENERAL SANTOS	G/F, SunCity Suites, Digos Makar National Hway., Brgy. Lagao, General Santos City
407	GENERAL SANTOS 2	G/F, SunCity Suites, Digos Makar National Hway., Brgy. Lagao, General Santos City
408	GENERAL SANTOS CRM	G/F, SunCity Suites, Digos Makar National Hway., Brgy. Lagao, General Santos City

409	MCKINLEY HILL CRM2	Units 1A & 1B Two World Square Upper McKinley Road McKinley Hill Drive Fort Bonifacio, Taguig City
410	MCKINLEY HILL ATM	Units 1A & 1B Two World Square Upper McKinley Road McKinley Hill Drive Fort Bonifacio, Taguig City
411	DOUBLE DRAGON CRM	G/F Double Dragon Center West Tower, Macapagal Avenue corner EDSA Extension, Bay Area, Pasay City
412	DAVAO CABAGUIO CQM	G/F, DMIRIE Bldg., JP Cabaguio Avenue, Brgy. Paciano Bangoy, Davao City
413	CDO LAPASAN CQM	Lapasan National Highway, Cagayan de Oro City
414	PASONG TAMO EXT. CRM	G/F BCS Building, 2297 Pasong Tamo Extension, Makati City
415	PASONG TAMO EXT. ATM2	G/F BCS Building, 2297 Pasong Tamo Extension, Makati City
416	GREENHILLS CRM	Ortigas Ave near cor Wilson St., San Juan City
417	CEBU EXCHANGE ATM	G/F, Units D&E, Cebu Exchange Tower, Salinas Drive, Lahug, Cebu City
418	CEBU EXCHANGE CRM1	G/F, Units D&E, Cebu Exchange Tower, Salinas Drive, Lahug, Cebu City
419	CEBU EXCHANGE CRM2	G/F, Units D&E, Cebu Exchange Tower, Salinas Drive, Lahug, Cebu City

City Savings Bank

	Branch Name	Address
1	Sto. Nino Branch	City Savings Financial Plaza Corner Osmena Blvd & P. Burgos St., Cebu City
2	Iloilo Branch	143 Esperanza Bldg., General Luna St., Iloilo City
3	Roxas Branch	McKinley St., Roxas City 5800
4	Tacloban Branch	YPL Bldg., 3 Salazar St., 6500 Tacloban City, Leyte
5	Bacolod Branch	Units 4-6, 722 Metropolis Towers, Brgy. Mandalagan, Bacolod City
6	Tagum Branch	G/F PLJ Bldg. Apokon Road, Tagum City, Davao del Norte
7	Zamboanga Branch	RHW Bldg. Brgy. Calenar, Mayor Jaldon St., Zamboanga
8	Dumaguete Branch	G/F Eros Bldg., Cor. Dr. V. Locsin and Real Sts., 6200 Dumaguete City
9	Calamba Branch	Unit #1 EF GF Margimel Bldg., National Highway Brgy. Halang, Calamba City, Laguna
10	Leganes Branch	Pestano Bldg., Gustilo St., Poblacion, Leganes, Iloilo
11	Balamban Branch	Binghay St., Balamban
12	Ormoc Branch (2 units onsite)	Aviles St., Ormoc City, Leyte
13	Borongan Branch	JRC Bldg., Brgy. Songco, Borongan, Eastern Samar
14	Kalibo Branch	GE Building, 406 Quezon Avenue, Kalibo, Aklan
15	Pampanga Branch	Unit 102-103 Sburbia Commercial Center, Mc Arthur Highway, Maimpis, San Fernando City, Pampanga
16	Cagayan de Oro Branch	TS Fashion Bldg., Corrales Avenue, Cagayan De Oro City
17	La Union Branch	Kenny Plaza, Quezon Avenue, Brgy. Catbangen, San Fernando City, La Union
18	Legazpi Branch	Tower Mall 4, Landco Business Park, Brgy. Bitano, Legazpi City, Albay
19	Lipa Branch	1nk Centre, Gen. Luna St., Sabang, Lipa City
20	Lucena Branch	ML Tagarao Street, Brgy. 5, Lucena City

21	Caloocan Branch	Diane Bldg., 746 Rizal Ave. Ext., Grace Park, Caloocan City
22	Tagbilaran Branch	CPG Ave., Tagbilaran City, Bohol
23	Tuguegarao Branch	Mabini St. Ugac Norte Tuguegarao City
24	Davao Branch	Doors 1-4 Phil. Red Cross Bldg., Roxas Avenue, Davao City
25	Butuan Branch	Ismael Elloso St. corner JC Aquino Ave. & Imadejas Subdivision Butuan City Agusan del Norte
26	Calapan Branch	Unit 5 & 6, Puregold Calapan, Brgy. Camilmil, Calapan City, Oriental Mindoro
27	Taguig Branch	#48 Gen. Alfredo Santos Avenue, Lower Bicutan, Taguig City
28	Las Pinas Branch	Alabang-Zapote Road corner Crispina Avenue, Pamplona, Las Piñas City
29	General Santos Branch	Santiago Blvd., General Santos City SOCCSKSARGEN
30	Mandaue Branch	City Bridge Plaza, A.C. Cortes Ave., Mandaue City, Cebu
31	Carcar Branch	Awayan Carcar Cebu fronting Caltex Station and Norkis
32	Tanjay Branch	Sweet Lady Bldg., Legazpi St., Brgy. Poblacion 8 Tanjay City Negros Oriental
33	Catarman Branch	1305 Camara Bldg., Brgy Mabolo Catarman Northern Samar
34	San Jose Mindoro Branch	Lebrilla Ang Building, Burgos Corner Rizal Street, Barangay Poblacion 1, San Jose Occidental Mindoro
35	Dipolog Branch	Sergio Osmena Street, Central Barangay, Dipolog City
36	Sta Cruz Branch	P. Guevarra Street, Poblacion, Barangay IV, Sta. Cruz, Laguna
37	Alaminos Branch	Quezon Avenue, Poblacion Alaminos City, Pangasinan
38	Lemery Branch	NVS Bldg, Barangay Malinis, Lemery, Batangas
39	Laoag Branch	Brgy. 51- A Nangalisan, Laoag City, Ilocos Norte
40	Bogo Branch	P. Rodriguez St., Bogo, Cebu
41	Naga Branch	Door #44-45 CBD II Terminal, Triangulo, Naga City, Camarines Sur
42	Marikina Branch	#3 G. Fernando Avenue, San Roque, Marikina City
43	Antique Branch	C.R. Building, T.A. Fornier St., San Jose, Antique
44	Sogod Branch	Corner Concepcion and Mangkaw Streets, Barangay Zone 1 Sogod, Southern Leyte
45	Taytay Branch	National Road, Ilog Pugad, Barangay San Juan, Taytay, Rizal
46	Pagadian Branch	F&N Building, San Francisco District, Pagadian City, Zamboanga del Sur
47	Gumaca Branch	A Bonifacio Street, Barangay Tabing Dagat, Gumaca, Quezon
48	Calbayog Branch	Salcor Bldg., Rosales Blvd., Calbayog City, Samar
49	Kabankalan Branch	L&M Bldg., Corner Guanzon & Azcona Sts., Kabankalan City
50	San Carlos Branch	Doors 2-4 Heritage Bldg. 1, F.C. Ledesma Ave., San Carlos City
51	Digos Branch	Rizal Avenue, Digos City, Davao Del Sur
52	Ubay Branch	Ground Floor Rogelio Inn Building, Colonel Marciano Garces Street, Poblacion, Ubay, Bohol
53	Infanta Branch	General Luna Street, Publacion 39, Infanta Quezon Province
54	Kidapawan Branch	Ground Floor - Aspilla Bldg. Quirino Drive, North Cotabato, Kidapawan City
55	Bacoor Branch	G/F San Miguel Bldg., Aguinaldo Highway, Panapaan I, Bacoor City Cavite
56	North Caloocan Branch	Door 1-4 R-V Sabangan Building, 500 Susano Road, Hillcrest Village, Camarin, Caloocan City

57	Solano Branch	Ground Floor Ongtao Building, J.P. Rizal Avenue corner Burgos Street, Solano, Nueva Vizcaya
58	Sorsogon Branch	AD Reyes Building 1461 Magsaysay Street, Barangay Salog, Sorsogon City
59	Palawan Branch	Unit 1-A Ground Floor Unionbank Building, Rizal Avenue Corner Dacanay Street, Barangay Colero, Puerto Princesa City, Palawan
60	Surigao Branch	Ground Floor Parkway Mall Km 3, Barangay Luna, National Highway, Surigao City
61	Koronadal Branch	Villa Amor Hotel, Door 14, General Santos Drive corner Arellano Street, Koronadal City, General Santos
62	Olongapo Branch	G/F PNRC Building, Magsaysay Drive, Olongapo City, Zambales
63	Dasmarinas Branch	Lot 5 & 6, Block 94, Governor's Drive, Metrogate Subdivision, Dasmarinas City, Cavite
64	Baguio Branch	Ground Floor Insular Life Building, Abanao Extension, Corner Legarda Street, Baguio City, Benguet
65	Mati Branch	Rizal Street, Mati City, Davao Oriental
66	Anonas Branch	Belmon Place, 5 Anonas, Project 3, Quezon City
67	Head Office (Ortigas)	G/F, UnionBank Plaza, Meralco Ave. cor. Sapphire and Onyx Streets, Ortigas Center, Pasig City
68	Bayambang Branch	Corner Juan Luna St. Rizal Avenue, Poblacion Sur, Bayambang, Pangasinan
69	Sta. Ana Branch	National Highway Centro, Sta Ana, Cagayan
70	Alicia Branch	National Highway Barangay Magsaysay Alicia Isabela
71	Cauayan Branch	Don Canciller Ave., Cor. Rizal Ave., Alingog Center, Cauayan City
72	Echague Branch	Garfunkel Fine Properties, National Highway, San Fabian, Echague, Isabela
73	Tondo Branch	Ushio Plaza V Honorio Lopez Boulevard, Tondo, Manila
74	Valenzuela Branch	389 Mc Arthur Highway, Malinta, Valenzuela City
75	Navotas Branch	M. Naval Street, Navotas City
76	Sampaloc Branch	1803 Algecira St. Cor. G. Tuazon St. Sampaloc Manila
77	Angeles Branch	Diamond Spring Hotel, 192 McArthur Highway, Barangay Balibago, Angeles City Pampanga

Annex 2

UNION BANK OF THE PHILIPPINES
LIST OF BANK OWNED BRANCHES
As of December 31, 2021

Union Bank of the Philippines

Branch Name	Address
OLONGAPO BRANCH	87 Magsaysay Drive, Olongapo City
CAGAYAN DE ORO BRANCH	Lapasan National Highway Cagayan de Oro City
ILIGAN BRANCH	Quezon Avenue, Iligan City
ILOILO CITY BRANCH	General Luna St.,Iloilo City
RICHVILLE BRANCH	UGI and UG 4 Condo Units Alabang Zapote Road Madrigal Business Park Alabang, Muntinlupa City
EMERALD BRANCH	Condo Unit-GID and parking lot B209 Wynsum Corporate Plaza Emerald Avenue, Ortigas Center Pasig City
CABANATUAN BRANCH	P. Burgos St., Poblacion, Cabanatuan City
DAVAO-MAGSAYSAY BRANCH	Cor Magsaysay Ave and E. Jacinto St. Davao City
DUMAGUETE BRANCH	Building, Real corner San Juan Sts., Brgy 7, Dumaguete City
PUERTO PRINCESA	Unionbank Bldg., along J.P. Rizal Avenue, Brgy. Maningning, Puerto Princesa City, Palawan
DASMARINAS	G. A. Cu-Unjieng Bldg., Q. Paredes St., corner Dasmarinas St., Binondo Manila
ANTEL RESIDENCES (Unit owned G-3) Floor area 40.71	Unit G2 & G3 of Antel Residences, Makati Avenue, Makati City
UNIONBANK PLAZA	UnionBank Plaza, Meralco Avenue corner Onyx Street and Sapphire Road, Ortigas Center, Pasig City
CEBU EXCHANGE TOWER	G/F Units D & E Cebu Exchange Tower,Salinas Drive,Lahug,Cebu City

City Savings Bank

Branch Name	Address
HO / Sto. Nino Branch	City Savings Financial Plaza, Corner Osmeña Blvd. & P. Burgos St., Cebu City
Tagbilaran Branch	C. P. Garcia North Avenue, Tagbilaran City
Aurora Branch	National Highway, San Jose, Aurora, Isabela
Cabatuan Branch	Purok 2 Centro, Cabatuan Isabela
Cauayan Branch	1st Floor Alingog Center Rizal Corner Canciller Avenue, District I (Poblacion) Cauayan City, Isabela
Diffun Branch	National Highway, Andres Bonifacio, Diffun, Quirino 3401
Laoag Branch	National Highway Brgy 51A, Nangalisan East Laoag City, Ilocos Norte
Ortigas Branch	U103 One Corporate Center, Julia Vargas Ave. cor. Meralco, Ortigas Center, San Antonio, Pasig City
Roxas, Isabela Branch	Don Mariano Marcos Ave., Bantug, Roxas, Isabela

San Mateo Branch	City Savings Bank Building Alicia Road Barangay 1 San Mateo, Isabela 3318
Sta. Ana Branch	3514 centro sta ana Cagayan

FAIR Bank

Branch Name	Address
Daanbantayan Branch	Poblacion, Daanbantayan, Cebu
Bogo Branch	Dela Vina cor. J. Lequin Sts. Gairan, Bogo City, Cebu

Bangko Kabayan

Branch Name	Address
Executive Office and Ibaan Branch	Santiago St. Poblacion Ibaan Batangas
San Pascual Branch	San Antonio San Pascual Batangas
Cuenca Branch	National Road Poblacion Cuenca Batangas
Rosario Branch	Barangay C Poblacion Rosario Batangas
Mabini Branch	F. Castillo Bldv. Poblacion Mabini Batangas
San Juan Branch	General Luna St. Poblacion San Juan Batangas
Nasugbu Branch	P. Rinoza St. Poblacion Nasugbu Batangas
Calaca Branch	Marasigan St. Poblacion Calaca Batangas
Pagsanjan Branch	Gen. Taino St. Poblacion 1 Pagsanjan Laguna
Nagcarlan Branch	Rizal Avenue Poblacion 2 Nagcarlan Laguna

Progressive Bank

Branch Name	Address
Head Office and Kabulig Center	Del Rosario St. Balasan Iloilo

Annex 3

UNION BANK OF THE PHILIPPINES
LIST OF LEASED BRANCHES
As of December 31, 2021

Union Bank of the Philippines

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
2ND AVENUE - GLOBAL CITY	Unit GF-A, GF Blue Sapphire Building, 2nd Avenue corner 30th Street, Bonifacio Global City, Taguig City	358,972.47	October 31, 2025	every 5 years
32ND AVE. - BGC	G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig City	806,479.70	September 30, 2024	every 5 years
5TH AVENUE - GLOBAL CITY	Unit 103 GF One Global Place, along 5th Avenue, Bonifacio Global City, Taguig City	345,030.00	April 30, 2025	every 5 years
ACROPOLIS	171 Bridgeview Bldg., E. Rodriguez Jr. Ave, Bagumbayan, Quezon City	120,681.79	April 30, 2025	every 5 years
ADB AVENUE	G/F Burgundy Empire Tower ADB Ave. cor Sap[hire and Garnet Roads, Ortigas Center, Pasig City	293,739.23	October 31, 2023	every 5 years
ALABANG COUNTRY CLUB	G/F, Alabang Country Club, Acacia Drive, Ayala Alabang Village, Brgy. Ayala Alabang, Muntinlupa City	40,000.00	February 28, 2025	every 5 years
ALABANG TOWN (Kiosk)	Makati Supermart Alabang, Alabang Town Center, Muntinlupa City	237,682.60	September 30, 2023	every 1 years
ALI MALL	Ali Mall Financial Center, Level 2, Ali Mall, Araneta Center, Cubao, Quezon City	197,340.33	September 30, 2023	every 5 years
ANGELES	G/F, Bldg 1, Units 1 & 2, Central Town Mall, 263 Fil-Am Friendship Highway, Brgy Cutcut, Angeles City	117,272.04	November 06, 2021	every 5 years
ANNAPOLIS	G/F, Unit 133, Promenade Missouri, Greenhills Shopping Center, Missouri cor. Annapolis St. Greenhills, San Juan	334,386.22	December 31, 2025	every 5 years
ANTEL RESIDENCES	Unit G2 of Antel Residences, Makati Avenue, Makati City	135,069.03	September 30, 2026	every 5 years
AURORA - BALETE DRIVE	Marsk Realty Building, aurora Boulevard corner Balete Drive, Quezon City	103,468.79	September 14, 2025	every 5 years
AURORA BLVD.	677 Aurora Blvd., near cor. Broadway St., Bgy. Mariana, New Manila , Quezon City	85,085.44	March 14, 2025	every 5 years
AYALA - RUFINO	Rufino Bldg. Ayala Ave. corner V Rufino St., Makati city	304,893.30	June 30, 2022	every 5 years
AYALA ALABANG	G/F NOL Building, Commerce cor. Acacia, Alabang, Muntinlupa	629,401.10	June 30, 2024	every 5 years
AYALA AVE	G/F Madrigal Building, 6793 Ayala Avenue, Makati City	759,320.53	November 15, 2025	every 5 years
AYALA SSS	SSS (Makati) Building Ayala Avenue corner V.A. Rufino St, Makati city	964,062.58	December 31, 2022	every 1 years
BACOLOD CITY - LACSON	GF Philam Bldg., Lacson Street cor. Galo, Bacolod City	123,864.72	November 14, 2024	every 5 years
BACOOR	Addio Bldg., Aguinaldo Highway, Talaba, Bacoor, Cavite	107,611.53	March 31, 2026	every 5 years
BAESA	Dra. C.Pascual Bldg., 142 Quirino Highway, Baesa, Quezon City	93,492.00	July 31, 2026	every 5 years

BAGUIO CITY	Unit PF-7 & PF-7A, Plaza Floor, Cedar Peak Bldg., General Luna corner Mabini Street, Brgy Kabayanihan, Baguio City	178,993.02	March 31, 2026	every 5 years
BALIWAG	Unit 3 & 4, 3006 Augustine Square, 17 Pinagbarilan St., Dona Remedios Trinidad Highway, Baliuag, Bulacan	60,628.68	April 30, 2026	every 5 years
BATANGAS CITY	G/F, Insualr Life Bldg., Highway Hills, Brgy Hilltop, Batangas City	98,018.57	September 30, 2024	every 3 years
BF HOMES	55 President Avenue, BF Homes, Parañaque City	280,716.37	August 31, 2023	every 5 years
BGC 34TH STREET (Panorama)	G/F Panorama Building, 34th Street corner Lane A, Bonifacio Global City, Brgy. Fort Bonifacio, Taguig City	483,718.20	February 28, 2025	every 5 years
BGC 38TH STREET	G/F Orion Bldg., 11th Avenue corner 38th Street., Bonifacio Global City Brgy. Fort Bonifacio, Taguig City	603,394.40	March 31, 2025	every 5 years
BGC 3RD AVENUE	G/F, The Net Square Bldg., 3rd Avenue corner 28th Street, Bonifacio Global City, Taguig City	361,902.50	May 15, 2026	every 5 years
BGC 7TH AVENUE	G/F, Twenty-Four Seven Mckinley Building, 7th Ave., cor. 24th St., Bonifacio Global City, Brgy. Fort Bonifacio , Taguig City	463,117.87	June 24, 2025	every 5 years
BGC MCKINLEY ROAD	G/F, Unit 2, Fairways Tower, 5th Avenue, Bonifacio Global City, Brgy Fort Bonifacio, Taguig City	207,931.50	January 31, 2025	every 5 years
BGC THE LUXE RESIDENCES	G/F, Shop 3, The Luxe Residences, 28th St corner 4th Avenue, Bonifacio Global City, Taguig City	713,008.80	January 31, 2025	every 5 years
BGC TRIANGLE DRIVE	Shop 3, Philplans Building Corporate Center, 1012 North Triangle Drive, Bonifacio Global City, Taguig City	427,881.35	August 31, 2023	every 5 years
BGC UPTOWN PLACE MALL	Lower G/F Uptown Place Mall, 9th Avenue corner 36th Street., Bonifacio Global City, Brgy. Fort Bonifacio,Taguig City	421,265.49	October 31, 2021	every 5 years
BICUTAN	28 Doña Soledad Ave., Better Living Subd., Bicutan, Parañaque City	161,832.14	December 31, 2022	every 5 years
BIÑAN-CARMONA	Golden Mile Business Park, National Highway, Brgy. Brgy. Maduya, Carmona, Cavite	146,859.67	June 30, 2025	every 5 years
BONI AVENUE	Boni Avenue cor. Ligaya St., Mandaluyong City	154,843.00	December 05, 2026	every 5 years
BONIFACIO HIGH STREET	W Global Center located at the corner of 30th Street and 9th Avenue, Brgy. Fort Bonifacio, Taguig City	495,854.19	January 31, 2023	every 5 years
BUTUAN	GF CAP Bldg. J.C. Aquino Ave corner J. Rosales St., Brgy Tandang Sora, Butuan City	53,912.25	July 31, 2024	every 5 years
CAINTA	F.Felix Ave. corner Karangalan Drive, Cainta, Rizal	216,000.00	March 31, 2026	every 5 years
CALAMBA - PARIAN	National Highway, Bo. Parian, Calamba, Laguna	199,175.58	May 31, 2022	every 5 years
CALAMBA REAL	Marcelita Bldg., National Highway, Brgy Real, Calamba Laguna	99,225.00	June 30, 2024	every 5 years
CARDINAL SANTOS	G/F Cardinal Santos Medical Center, Wilson Street, Greenhills West, San Juan	149,668.14	December 31, 2021	every 2 years
CAUAYAN - ISABELA	G/F Trade Center Building, along National Highway, Cauayan City	177,115.50	November 14, 2023	every 5 years

CEBU - ASIATOWN IT PARK	Unit GF-01, TG Tower, Asiatown I.T. Park, Barangay Apas, Cebu City	252,963.68	January 31, 2024	every 5 years
CEBU - BANILAD	G/F, Banilad Town Center, Gov M. Cuenco Avenue, Banilad, Cebu City	122,822.54	July 31, 2023	every 5 years
CEBU - BORROMEO	Plaza Borromeo, Borromeo St., Cebu City	74,766.36	June 30, 2022	every 1 years
CEBU - FUENTE	Fuente Osmeña, Cebu City	203,665.43	March 31, 2025	every 5 years
CEBU - LIPATA	G/F, Doors 5, 6, 7, Pham Central Bldg., South National Highway, corner San Roque Road, Lipata, Minglanilla, Cebu	46,949.00	August 31, 2022	every 5 years
CEBU - MINGLANILLA	G/F, FCT Commercial Bldg., Poblacion Ward II, Minglanilla, Cebu	65,235.30	May 31, 2022	every 5 years
CEBU - PLARIDEL	No. 104 Plaridel St., Brgy. Sto. Niño, Cebu City	220,507.74	January 31, 2023	every 5 years
CEBU - SUBANGDAKU	G/F, Units 3 and 4, A.D. Gothong I.T. Center, Lopez Jaena St., Brgy. Subangdaku, Mandaue City Cebu	127,390.84	June 30, 2022	every 5 years
CEBU A.S. FORTUNA	G/F, The Space, A.S. Fortuna corner P. Remedios Street, Brgy Banilad, Mandaue City Cebu	109,395.56	February 15, 2027	every 5 years
CEBU BUSINESS PARK (INSULAR)	G/F Insular Life Cebu Business Center, Mindanao Avenue corner Biliran Road, CBP-IT Park, cebu City	510,046.86	February 14, 2026	every 5 years
CEBU- BUSINESS SUMILON ROAD	G/F, Buildcomm Center, Sumilon Road, Cebu Business Park, Cebu City	172,541.11	August 31, 2022	every 5 years
CEBU CENTER / MAXILOM	Gen. Maxilom Avenue, Cebu City	624,000.00	September 14, 2026	every 5 years
CEBU LAPU LAPU	Lot 2, Block 1, Phase 1, MEPZ II, SEPZ, Lapu-Lapu City, Cebu	44,313.35	May 31,2026	every 25 years
CEBU MACTAN NEWTOWN	G/F Retail 2 & 3, Plaza Magellan Tower 1, Mactan Newtown, Lapu Lapu City Cebu	184,040.48	January 31,2027	every 5 years
CEBU MANDAUE	Kentredder Bldg., A. Cortes St., Mandaue City, Cebu	122,000.00	February 28, 2025	every 5 years
CEBU NORTH DRIVE	G/F, North Drive Center, Ouano Avenue, North Reclamation Area, Mandaue City, Cebu	137,891.60	June 30, 2022	every 5 years
CEBU TIME SQUARE	G/F, Time Square 2 Bldg., Mantawe Avenue, North Reclamation Area, Brgy Tipolo, Mandaue City, Cebu	133,941.91	October 31, 2026	every 5 years
CITYPLACE SQUARE	3rd Floor, Lucky Chinatown-Cityplace Square, Calle Felipe cor. La Chambre Street, Brgy. 293, Zone 28, Binondo, Manila	245,252.26	July 31, 2024	every 3 years
CLARK	M. Roxas Highway, Philexcel Business Park, clark Freeport Zone, Pampanga	86,641.37	April 14, 2023	every 5 years
COMMONWEALTH	G/F Diliman Commercial Center, Commonwealth Avenue Quezon City	97,454.33	February 28, 2025	every 5 years
COMMONWEALTH-LUZON AVE.	Kayumanggi Center, Commonwealth Avenue corner Luzon Avenue, Brgy. Matandang Balara, Quezon City	115,241.57	January 15, 2023	every 5 years
CUBAO (P. Tuazon)	7th Avenue cor P. Tuazon, Cubao, Quezon City	236,460.41	January 31, 2025	every 5 years
DAGUPAN INSULAR	Ground Floor Insular Life Building, Arellano Street, Barangay Pantal, Dagupan City	136,580.36	September 14, 2022	every 5 years
DASMARIÑAS CAVITE	Aguinaldo Hi-way cor. Congressional Avenue, Dasmariñas, Cavite	137,833.92	July 31, 2024	every 5 years
DAVAO - CABAGUIO	G/F, DMIRIE Bldg., JP Cabaguio Avenue, Brgy. Paciano Bangoy, Davao City	120,335.12	March 31, 2022	every 5 years

DAVAO - MONTEVERDE	Monteverde Avenue cor. Sales St., Davao City	201,982.93	June 30, 2026	every 5 years
DAVAO - QUIRINO	Quirino Avenue cor San Pedro St., Davao City	152,280.00	September 30, 2024	every 5 years
DAVAO - RIZAL	G/F Quibod Commercial Complez, Rizal Avenue, Davao City	105,878.14	November 30, 2025	every 5 years
DEL MONTE AVENUE	345 Del Monte Avenue corner Banawe St., Brgy Manresa, Quezon City	260,000.00	March 31, 2026	every 5 years
DELA ROSA	G/F, Insular Health Care Bldg., 167 Dela Rosa corner Legazpi Street, Legaspi Village, Makati City	300,260.70	May 31, 2022	every 5 years
DOUBLE DRAGON MERIDIAN	G/F, Double Dragon Center West Tower, Macapagal Avenue corner EDSA Extension, Bay Area, Pasay City	400,091.74	December 16, 2024	every 5 years
DR. A. SANTOS	GF Lianas Supermarket, Dr. A. Santos Avenue corner Canaynay Road, Sucat, Parañaque City	142,677.28	April 30, 2022	every 5 years
E. RODRIGUEZ	1st floor - West, Katipunan Bldg., 95 E. Rodriguez Ave., Brgy Tatalon, Quezon City	49,612.50	May 31, 2024	every 5 years
EASTWOOD CITY (Le Grand)	G/F Unit LGR1-6, Le Grand Tower 1, Palm Tree Ave., Eastwood City, Brgy. Bagumbayan, Quezon City	211,456.99	February 01, 2024	every 5 years
EDSA - KALOOKAN	EDSA cor. Urbano Plata St., Kalookan City	338,442.02	March 15, 2025	every 5 years
EDSA PIONEER	Upper GF Robinsons Cybergate Plaza, Robinsons Pioneer Complex, Mandaluyong EDSA	169,683.95	April 24, 2025	every 5 years
EMERALD	G/F Wynsum Corp. Plaza, Ortigas Center, Pasig City	45,338.06	June 30, 2023	every 5 years
ESCOLTA	G/F Regina Building, Escolta, Manila	259,579.08	May 31, 2025	every 5 years
FRONTERA VERDE	G/F, Transcom Bldg., Frontera Verde, E. Rodriguez Jr. Avenue., Brgy Ugong, Pasig City	267,351.34	February 28, 2023	every 4 years
GEN. SANTOS	G/F, SunCity Suites, Digos Makar National Hway., Brgy. Lagao, General Santos City	96,000.00	July 31, 2025	every 5 years
GMA TIMOG	G/F, Unit 101, Cabrera Bldg 1, 130 Timog Ave., Brgy Sacred Heart, Quezon City	334,888.80	January 23, 2024	every 5 years
GREENBELT	Aboitiz Bldg., 110 Legaspi St., Legaspi Village, Makati city	360,187.82	December 31, 2023	every 5 years
GREENHILLS	Ortigas Ave. near cor. Wilson St., San Juan	457,960.37	April 30, 2024	every 5 years
GSIS	GSIS Main Office Financial Center, Pasay City	185,748.05	May 31, 2023	every 5 years
H.V. DELA COSTA	Unit 101, Gr Fl Singapore Airlines House, H. V. dela Costa St., Salcedo Vill., Makati City	285,854.88	January 01, 2024	every 5 years
ICTSI - PORT AREA	Garden Area, Manila International Container Terminal, MICT South Access Road, Port Area, Manila	30,180.00	March 31, 2022	every 5 years
ILOILO - IZNART NORTH	Villanueva Bldg., Iznart St., Iloilo City	99,225.00	August 31, 2023	every 5 years
IMUS	G/F Melta Building, Aguinaldo Hi-way cor. Sampaguita Village, Imus, Cavite	132,000.00	December 31, 2023	every 5 years
INSULAR AYALA-PASEO	G/F, Insular Life Bldg., Ayala Avenue corner Paseo De Roxas, Makati City	1,300,591.69	August 19, 2022	every 5 years
INTRAMUROS	Gr. Floor, BF Condominium Bldg., A. Soriano Jr., Avenue, Intramuros, Manila	285,851.57	July 31, 2025	every 9 years
J. P. RIZAL	731 J.P.Rizal Street., Makati City	87,516.45	November 30, 2027	every 5 years

JULIA VARGAS	Centerpoint Condominium, Dona Julia Vargas Ave. cor. Garnet St. Ortigas Center, Pasig city	170,030.07	February 28, 2026	every 5 years
KALOOKAN	357 Rizal Ave. Ext. Grace Park, Kalookan City	260,465.63	March 31, 2023	every 5 years
KAMIAS	Gr. Floor, TDS Bldg., No. 72 Kamias Road, Quezon City	91,208.64	November 30, 2026	every 5 years
KATIPUNAN	335 Katipunan Avenue, Loyola Heights, Quezon City	220,980.13	January 15, 2024	every 5 years
LAOAG - SAN NICOLAS	G/F, 365 Plaza Building, Brgy 1, San Nicolas, Ilocos Norte	77,546.07	December 31, 2023	every 5 years
LAPU - LAPU NATIONAL HIGHWAY	M. L. Quezon National Highway, Pusok, Lapu-Lapu City Cebu	73,705.25	February 28, 2026	every 5 years
LAS PIÑAS - PAMPLONA	Alabang-Zapote Rd. cor. Crispina Avenue, Las Piñas City	322,546.36	May 31, 2026	every 5 years
LEGAZPI CITY	G/F, Unit 1, SMC Bldg., Landco Business Park, Brgy. Capatawan, Legazpi City	96,314.40	November 15, 2026	every 5 years
LIBERTAD MANDALUYONG	GF Cluster El Dorado, California Garden Square, Libertad, Mandaluyong City	176,109.71	October 31, 2024	every 3 years
LIBIS C5 QC	184-B E. Rodriguez Jr. Ave., Bagumbayan, Quezon City	196,649.32	December 31, 2022	every 1 years
LIMA	Unit GC-R04 and GC-R05, The Outlets, LIMA Technological Center, Special Economic Zone, Malvar, Lipa City	138,116.24	June 30, 2023	every 5 years
LIPA CITY	B. Morada Avenue, Lipa City, Batangas	159,535.20	April 30, 2022	every 2 years
LOURDES HOSPITAL	G/F Medical Arts Building, Our Lady of Lourdes Hospital, No. 46, P. Sanchez St., Sta Mesa, Manila	81,030.00	March 31, 2022	every 5 years
LUCENA (One People Square)	One People Square Business Center M.L. Tagarao cor. Granja Street, Lucena City	214,222.08	March 21, 2022	every 5 years
MACAPAGAL AVENUE	G/F, Y Tower, Macapagal Avenue corner Coral Way Drive, MOA Complex Pasay City	369,602.10	January 02, 2024	every 5 years
MAGALLANES	GF Maga Center, Paseo De Magallanes, Magallanes, Makati City	69,000.00	December 15, 2024	every 5 years
MAKATI AVENUE	Makati Avenue corner Durban St., Makati City	583,745.66	December 31, 2025	every 4 years
MALABON	Gov. Pascual Avenue cor. River St., Malabon	96,167.10	September 05, 2023	every 5 years
MALATE	G/F Marioco Building, 1945 M. Adriatico St., Malate, Manila	242,249.22	October 15, 2024	every 5 years
MALINTA	No. 295, Maysan Road, Paso de Blas, Valenzuela City	161,051.00	July 16, 2023	every 5 years
MANDALUYONG	G/F PICPA Bldg., 700 Shaw Blvd, Mandaluyong city	289,197.29	January 31, 2026	every 5 years
MANDAUE NORTH	Gr. Floor, Khuz'ns Bldg., North Hi-way, Estancia, Mandaue City Cebu	110,611.71	December 31, 2026	every 5 years
MARIKINA	WRC 2 Bldg. # 47 Gil Fernando Ave. former A. Tuazon St. Midtown Subdivision II Brgy. San Roque Marikina City	85,101.44	March 18, 2023	every 5 years
MASANGKAY	911-913 Masangkay St., Binondo, Manila	165,375.00	September 15, 2025	every 5 years
MAYHALIGUE	Gr. Floor, One Masangkay Place, No. 1420 Masangkay near cor. Mayhaligue St., Sta. Cruz Manila	213,073.82	June 30, 2022	every 5 years
MAYON	G/F, ACI Bldg., 178 Mayon Street, Sta Mesa Heights Brgy. Maharlika, Quezon City	90,000.00	January 31, 2027	every 5 years

MCKINLEY HILL	Unit 1A and 1B Two World Square, McKinley Hill, Taguig City	607,601.50	October 31, 2022	every 4 years
MCKINLEY WEST	Lower G/F, Robinsons Cyber Sigma Building, Lawton Avenue, Bonifacio South, Taguig City	100,750.42	July 07, 2027	every 5 years
MEDICAL CITY	The Medical Arts Tower, Medical City Hospital, Ortigas Avenue, Pasig city	161,417.03	May 31, 2024	every 5 years
MEDICAL CENTER PARANAQUE	G/F, Medical Center Paranaqu, Dr. A. Santos Avenue, Brgy. San Antoniio, Sucat, Paranaque City	184,200.00	February 28, 2025	every 5 years
MEYCAUAYAN	Gr. Floor, Marian Bldg., McArthur Hi-way, Calvario, Meycauayan, Bulacan	169,405.05	December 31, 2023	every 5 years
MULTINATIONAL BANCORP	Ground Floor Multinational Bancorporation Center, Ayala Avenue, Makati City	83,386.05	December 15, 2024	every 4 years
MUÑOZ	Muñoz Market, EDSA, Quezon City	3,878.42	March 20, 2022	every 50 years
MUNTINLUPA	12 National Road, Putatan, Muntinlupa city	120,608.61	September 30, 2026	every 5 years
NAGA CITY	G/F Prime Days Hotel Bldg. Panganiban Drive, Naga City	181,427.69	April 30, 2024	every 5 years
NAVOTAS	807-817 M. Naval St., Navotas, Metro Manila	155,132.83	May 31, 2026	every 5 years
NEWPORT CITY	GF Star Cruises Centre, Newport City, Andrew Avenue, Pasay City	653,361.28	January 31, 2024	every 5 years
NOVALICHES	854 Quirino Hiway, Gulod, Novaliches, Quezon City	234,964.36	July 31, 2024	every 5 years
ORTIGAS (SAN MIGUEL)	21 San Miguel Ave., Ortigas Center, Pasig City	245,113.94	May 31, 2023	every 5 years
PAGADIAN CITY	Rizal Ave., Pagadian City	119,093.64	December 31, 2024	every 10 years
PAMPANGA	GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga	178,193.85	May 31, 2023	every 5 years
OTIS	1763 Paz M. Guazon St., Paco, Manila	222,580.99	May 31, 2026	every 5 years
PASAY (TAFT)	along Taft Avenue, Pasay City	128,275.45	November 30, 2025	every 5 years
PASAY ROAD	No. 912 Pasay Road, San Lorenzo Village, Makati City	280,168.40	April 14, 2023	every 5 years
PASCOR DRIVE	G/F SkyFreight Center, Ninoy Aquino Avenue corner Pascor Drive, Brgy Sto Nino, Parañaque City	111,036.50	December 31, 2025	every 5 years
PASEO DE ROXAS	G/F 111 Paseo De Roxas Bldg. 111 Paseo De Roxas, Legazpi Village, Makati City	230,035.70	May 31, 2023	every 5 years
PASEO DE STA. ROSA	G/F Southern Luzon Medical Center, Sta. Roxa City, Laguna	102,102.53	December 31, 2022	every 5 years
SHAW BLVD.	131-133 Shaw Boulevard, Pasig City	214,800.89	January 31, 2026	every 5 years
PASONG TAMO - JTKC	G/F JTKC Building, Pasong Tamo, Makati City	473,893.86	July 31, 2023	every 3 years
PASONG TAMO EXTENSION	G/F Priscilla 100 Bldg., 2297 Pasong Tamo Ext., Makati City	408,876.56	October 01, 2023	every 5 years
RADA	Prince Bldg., 117 Rada St, Legaspi Village, Makati City	316,701.59	May 31, 2022	every 5 years
RENAISSANCE	G/F Renaissance Center, Meralco Ave., Pasig City	268,010.70	February 29, 2024	every 5 years
ROOSEVELT	244 Roosevelt Avenue, San Francisco del Monte, Quezon City	185,564.73	June 30, 2021	every 5 years
SALCEDO	Golden Rock Bldg., 168 Salcedo St., Legaspi Village, Makati City	218,117.18	February 28, 2026	every 5 years

SAN AGUSTIN DELA COSTA	G/F, Liberty Center, 102 HV Dela Costa corner San Agustin Streets, Salcedo Village, Makati City	474,768.00	May 31, 2024	every 5 years
SAN FERNANDO - PAMPANGA	3M Bldg., MacArthur Highway, San Agustin, San Fernando, Pampanga	59,216.77	May 31, 2023	every 5 years
SAN FERNANDO LA UNION	G/F, Nisce Business Center, Quezon Avenue, City of San Fernando, La Union	77,208.08	November 30, 2023	every 5 years
SAN PEDRO	National Highway, near cor. Cataquiz Avenue, Brgy. Landayan, San Pedro, Laguna	175,980.00	December 31, 2023	every 3 years
SANTIAGO	along Maharlika Highway, Santiago, Isabela	85,000.00	July 31, 2021	every 1 years
SHAW PASIG	Chipeco Bldg., Shaw Blvd corner Meralco Ave. Pasig City	170,170.88	December 31, 2023	every 5 years
SOUTH TRIANGLE	Quezon Ave. cor. Sct. Albano St., Quezon City	413,875.00	December 31, 2025	every 5 years
SSS EAST AVENUE	G/F, SSS Main Building, East Avenue, Quezon City	129,935.16	May 13, 2024	every 5 years
ST. FRANCIS SHANGRI-LA PLACE	Unit T1G1 G/F Tower 1, St. Francis Shangri-La Place, Shaw Boulevard cor. St. Francis St. Mandaluyong City	301,939.66	October 15, 2023	every 3 years
ST. LUKES' HOSPITAL - E. RODRIGUEZ	G/F St. Luke's Medical City Center located at 279 E. Rodriguez, Sr. Boulevard, Quezon City.	28,757.84	July 07, 2022	every 3 years
STA. ROSA	Poblacion St., Barangay II, Sta. Rosa, Laguna	117,244.51	October 31, 2023	every 5 years
STO DOMINGO	Ground Floor, Elements Building, 560 Quezon Avenue, Quezon City	209,923.72	September 30, 2023	every 5 years
STO. CRISTO	Units LG 01, 02, 06 Burke Plaza, Sto Cristo cor San Fernando Sts , Binondo Manila	232,604.03	February 28, 2026	every 5 years
SUBIC**	Manila Ave. Cor Dewey Ave. Canal Road, Subic Bay Freeport Zone, Zambales City		July 31, 2054	every 51 years
T. ALONZO	625 T. Alonzo St., Sta. Cruz, Manila	195,177.67	November 14, 2025	every 5 years
TACLOBAN CITY	G/F, Tacloban Plaza Bldg., Justice Romualdez St., Tacloban City	135,000.00	September 15, 2022	every 1 years
TAFT AVENUE	GO1 & LG1, The Kassel Condominium, No. 2625 Taft Avenue near cor. Vito Cruz St., Malate, Manila	113,908.14	September 30, 2023	every 5 years
TAGAYTAY	G/F, Tagaytay Prime Residences, Tagaytay-Calamba Road, Tagaytay Prime Rotunda, Brgy San Jose, Tagaytay City	60,040.00	December 16, 2023	every 3 years
TAGBILARAN	CPG Avenue, Tagbilaran, Bohol City	112,600.18	September 30, 2022	every 5 years
TARLAC	Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac, Tarlac	171,293.01	February 28, 2022	every 5 years
TEKTITE	G/F PSE Center, Ortigas Complex, Pasig City	938,014.74	September 30, 2025	every 4 years
TIMOG	Cabrera Building II. 64 Timog Ave, Quezon City	413,042.75	February 23, 2023	every 5 years
TOMAS MORATO	T. Morato cor. Sct. Lozano, Quezon City	237,822.30	November 30, 2024	every 5 years
TUGUEGARAO	G/F Bagay Road corner Andrews Street, Caritan Centro, Tuguegarao City, Cagayan	82,687.50	January 31, 2024	every 5 years
UN AVENUE	M.H. del Pilar corner M. Guerrero Streets, U.N. Avenue, Ermita, Manila	275,876.37	December 31, 2023	every 5 years

VALENZUELA - FATIMA	Km 12 McArthur Hi-way, Marulas, Valenzuela	192,622.74	May 14, 2022	every 1 years
VALERO	Le Grand Condominium, 130 Valero St., Salcedo Village, Makati City	321,300.00	July 31, 2023	every 3 years
VERTEX ONE - SAN LAZARO	Space 12 & 13, Vertex One building, San Lazaro, Manila	206,496.23	December 31, 2023	every 6 years
VIGAN	Jose Singson St., Vigan, Ilocos Sur	97,767.11	December 31, 2026	every 5 years
VISAYAS CONGRESSIONAL	G/F, WMG Bldg., 47 Visayas Avenue corner Congressional Ext., Brgy. Culiat, Quezon City	190,587.60	December 31, 2025	every 5 years
VITO CRUZ	Kingswood Arcade, Vito Cruz St. corner Pasong Tamo St., Makati City	97,602.64	January 30, 2026	every 5 years
WACK - WACK	6 Shaw Blvd. corner Laurel St., Mandaluyong City	216,700.77	December 31, 2024	every 5 years
WEST AVENUE	27-A West Ave., Quezon City	136,533.07	March 31, 2022	every 5 years
WEST AVENUE - BALER	#91 West Ave. Brgy Bungad, Quezon City	155,414.25	May 31, 2023	every 5 years
WEST SERVICE ROAD	Rodeo Bldg., Km. 18 West Service Road, South Luzon Expressway, Parañaque City	120,045.77	June 30, 2022	every 5 years
YUCHENGCO	G/F , Units 2 & 3 , Escolta Parking Bldg., Escolta corner Yuchengco Sts., Binondo Manila	225,493.80	August 31, 2025	every 5 years
ZAMBOANGA CITY	G/F ZAEC Bldg. Mayor Jaldon Street cor. Governor Alvarez St. Zamboanga City	130,311.34	September 29, 2024	every 5 years

City Savings Bank

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
Abulug Branch	Cauayan, Isabela	Php 40, 896.09	August 31, 2022	5
Alaminos Branch	21 Quezon Ave., Alaminos City Pangasinan	Php 71, 250.00	July 22, 2025	5
Alicia Branch	Cauayan City, Isabela	Php 231, 181.49	August 31, 2022	5
Angeles Branch	192 Mc Arthur Hi-way, Balibago Angeles City Pampanga	Php 91, 472.16	April 06, 2025	10
Anonas Branch	Anonas St., Project 3, Quezon City	Php71,532.54	July 22, 2025	5
Antipolo Branch	No. 58 E. Rodriguez Ave., Sto. Nino, Marikina City	Php 92, 020.00	June 30, 2023	5
Antique Branch	C.R. Building, T.A. Fornier St., San Jose, Antique	Php 63,669.38	November 30, 2023	5
Aparri Branch	Jose Ting Bldg. Maharlika Hi-way,Macanaya Aparri Cagayan	Php 34,772.38	March 31, 2022	3
Bacolod Branch	G/F 722 Metropolis Tower, Lacson St., Mandalagan, Bacolod City, Negros Occidental	Php 120, 447.80	April 30, 2022	5
Bacoor Branch	57 Tabing Ilog, Aniban, Bacoor, Cavite, Philippines	Php 79,007.91	May 31, 2024	5
Baguio Branch	Insular Life Corporate Centre, Insular Life Drive, Filinvest Corporate City, Alabang, Muntinlupa City	117,972.00	September 30, 2023	5
Balamban Branch	E.S. Binghay St., Poblacion, Balamban, Cebu	Php 3, 750.00	March 31, 2023	25
Balanga Branch	National Road, Tuyo. Balanga City, Bataan	Php 100,292.50	May 14, 2028	8
Baler Branch	430 Angara St., Brgy. 03, Baler, Aurora	Php 35, 000.00	December 03, 2024	5

Baliuag Branch	M. Cruz St., Carpa Village, Sabang, Baliuag, Bulacan	Php 78, 400.00	April 09, 2023	5
Bangued Branch	Ubbog, Lipcan Bangued, Abra	Php 10, 000.00	July 17, 2023	5
Bantay Branch	Cabaruan, Cauayan City, Isabela	Php 59, 940.00	August 31, 2022	4
Batangas Branch	Zone 12, Padre Burgos St., Batangas City, Batangas	Php 102,720.00	April 26, 2025	5
Bayambang Branch	Cabaruan, Cauayan City, Isabela	Php 127, 993.5	August 31, 2022	5
Bayawan Branch	Poblacion,Bayawan City, Negros Oriental	Php 26,000.00	February 28, 2025	5
Bogo Branch	P. Rodriguez St., Bogo, Cebu	Php 32,100.00	July 31, 2026	5
Bontoc Branch Lite	Lower Caluttit, Bontoc, Mt. Province	Php 11, 000.00	July 17, 2023	5
Borongan Branch	JRC Bldg., Songco, Borongan, Eastern Samar	Php62,055.63	October 31, 2025	5
Butuan Branch	Imadejas Triangle, JC Aquino Avenue, Imadejas Subdivision, Butuan City	Php 66,852.85	April 30, 2024	5
Cabanatuan Branch	701 Paco Roman Street, Dimasalang Cabanatuan City, Nueva Ecija	Php 65,637.34	December 04, 2022	5
Cabarroguis Branch Lite	Gundaway, Cabarroguis, Quirino	13,200.00	July 17, 2023	3
Cadiz Branch Lite	Laura Hotel, Villena St., Cadiz, Negros, Occidental	Php 14, 156.10	September 30, 2023	5
Cagayan Branch	TS Fashion Building, Corrales Ave. (between J. Ramonal & R. Chaves Sts., Cagayan de Oro City	Php 94,679.00	June 30, 2024	5
Calamba Branch	Margimel Building, National Highway Brgy. Halang Calamba City, Laguna	Php 121,980.00	January 31, 2025	5
Calapan Branch	Pure Gold - Calapan, J.P. Rizal Street, Barangay Camilmil, Calapan City, Oriental Mindoro	Php 95,440.82	October 31, 2024	5
Calbayog Branch	Salcor Bldg., Rosales Blvd., Calbayog City, Samar	Php68,223.27	March 31, 2023	5
Caloocan Branch	116-A Sauyo Road, Quezon City	Php 800.00	October 31, 2022	5
Candon Branch Lite	National Highway, San Nicolas, Candon City, Ilocos Sur	Php 10,285.00	March 18, 2026	5
Carcar Branch	Esperanza Village, Awayan, Carcar City	Php 97,553.30	July 15, 2023	2
Catarman Branch	Camara Building 1305 Bonifacio corner Garcia Sts., Barangay Mabolo, Catarman, Northern Samar	Php65,754.37	May 31, 2023	5
Catbalogan Branch Lite	P3 Brgy. Mercedes, Catbalogan, Samar	Php 13, 111.60	September 10, 2022	1
Daet Branch	Ground Floor Central Plaza Mall, Central Plaza Complex, Barangay Lag-on, Daet, Camarines Norte	Php90,882.16	May 01, 2025	5
Dagupan Branch	241 Caranglaan, Dagupan City, Pangasinan	Php 67,241.47	May 31, 2026	5
Danao Branch Lite	Unit 5, GA Complex II, Juan Luna St., Danao City	Php 15, 750.00	November 15, 2024	3
Dasmarinas Branch	Blk 5 Lot 94 Metrogate, San Agustin 1, Dasmarifias, Cavite	Php50,160.00	December 31, 2023	4
Davao Branch	Doors 1-3 PNRC Bldg., M. Roxas Avenue, Davao City	Php142,946.96	October 31, 2022	5
Digos Branch	Rizal Avenue, Digos City, Davao Del Sur	Php89,581.58	April 30, 2023	5
Dinagat Branch Lite	DM Ave ., P-1 Brgy. San Juan, San Jose Poblacion, Dinagat Island	Php15,000.58	March 01, 2025	5
Dinalupihan Branch Lite	Brgy. Burgos Dinalupihan Bataan	Php45,000.00	May 01, 2025	4
Dipolog Branch	Sergio Osmena Street, Central Barangay, Dipolog City	Php40,000.00	July 23, 2025	5

Dumaguete Branch	G/F EROS Bldg., Dr. V. Locsin St. corner Real St., Dumaguete City	Php117,810.00	December 31, 2024	5
Echague Branch	Maharlika Highway, Prenza, Cauayan City, Isabela	Php78,498.60	August 31, 2022	5
Espana Branch	Ushio Realty and Development Corporation, G. Tuazon corner Algeciras St., Sampaloc, Manila City	Php 90, 000.00	January 27, 2025	5
Estancia Branch Lite	National Highway, Brgy. Tabuan, Estancia, Iloilo	Php 16, 500.00	July 31, 2024	3
General Santos Branch	Santiago Boulevard, General Santos City, SOCCSKSARGEN	Php91,858.97	December 24, 2024	5
Glan Branch Lite	Hombrebueno St., Poblacion Glan Sarangani Province	Php 8,000.00	September 06, 2024	3
Goa Branch Lite	#102 Rizal St. Goa, Camarines Sur	Php9,596.10	April 27, 2022	3
Guimaras Branch Lite	E. Cantua Bldg., San Miguel, Jordan, Guimaras	Php 6,615.00	September 14, 2024	3
Gumaca Branch	A Bonifacio Street, Barangay Tabing Dagat, Gumaca, Quezon	Php 10, 000.00	August 22, 2024	10
Iba Branch Lite	Palanginan, Iba, Zambales	Php 17,530.00	June 30, 2022	6 months
Ilagan Branch	Cauayan City, Isabela	Php95,236.35	August 31, 2022	3
Iligan Branch Lite	Brgy. Mahayahay, Roxas Ave., Iligan City	Php 22, 000.00	October 17, 2024	3
Iloilo Branch	Ground Floor 143 Esperanza Building, General Luna Street, Iloilo City	Php102,560.95	March 31, 2024	5
Imelda Branch Lite	National Highway, Poblacion,Imelda, Zamboanga Sibugay	Php 12, 000.00	March 01, 2023	3
Infanta Branch	General Luna Street, Publacion 39, Infanta Quezon Province	Php 15, 000.00	July 31, 2025	10
Ipil Branch Lite	CL Building, Poblacion, Ipil, Zamboanga Sibugay	Php24,000.00	August 15, 2023	5
Iriga Branch	Zone 5, Highway 1, San Miguel, Iriga City	Php 75,000.00	June 12, 2025	5
Irosin Branch Lite	JRC Bldg., Fr. Zamora St., Brgy San Julian, Irosin, Sorsogon	Php15,000.00	March 02, 2025	5
Isulan Branch Lite	2nd Floor, Kalawag 2, National Highway, Isulan, Sultan Kudarat	Php 15,000.00	August 15, 2021	3
Kabankalan Branch	L&M Bldg., Corner Guanzon & Azcona Sts., Kabankalan City	Php26,587.59	March 31, 2023	5
Kalibo Branch	G/F Cruzadel Bldg, Archbishop Reyes St. Poblacion, Kalibo, Aklan	Php40,000.00	March 31, 2023	5
Kidapawan Branch	Ground Floor - Aspilla Bldg. Quirino Drive, North Cotabato, Kidapawan City.	Php76,000.00	June 25, 2022	1
Koronadal Branch	Villa Amor Hotel, Door 14, General Santos Drive corner Arellano Street, Koronadal City, General Santos	Php 82,396.93	July 22, 2025	5
La Union Branch	Quezon Ave., San Fernando City, La Union	Php90,105.26	February 28, 2022	5
Lagawe Branch Lite	67 Rizal Ave., Poblacion East, Lagawe, Ifugao	Php10,260.00	July 17, 2023	5
Las Pinas Branch	Unionbank Plaza, Meraico Avenue, corner Onyx and Sapphire Sts. Ortigas Center, Pasig City	Php131,122.90	May 31, 2026	5
Leganes Branch	Pestaño Bldg., Gustilo St., Poblacion, Leganes, Iloilo	Php48,150.00	December 31, 2021	5
Legazpi Branch	Tower Mall 4, LandCo Business Park, Legazpi City, Albay	Php125,635.68	January 31, 2024	5
Lemery Branch	Brgy. Palanas, Lemery Batangas	Php66,500.00	September 27, 2024	5
Lipa Branch	F. Manalo St., Lipa City, Batangas	Php87,040.76	October 02, 2022	5

Lucena Branch	Ground Floor ML Tagaro Street, Barangay 5, Lucena City, Quezon	Php110,615. 32	May 20, 2023	3
Luna Branch Lite	Emilia, Pudtol, Apayao	Php 7, 500.00	July 17, 2023	5
Maasin Branch Lite	Aquino - Ledesma Suites, R. Kangleon St., Brgy.Tagnipa, Maasin, Southern Leyte	Php 9,000.00	March 31, 2025	5
Malita Branch Lite	Lustre Building, Manuel Peralta St., Malita, Davao Occidental	Php 10,500.00	August 14, 2026	5
Mandaue Branch	Doors 3 and 4, Citybridge Plaza, A.C. Cortez cor. P. Burgos St., Mandaue, Cebu	Php141,488.52	March 31, 2026	5
Mangagoy, Bislig Branch Lite	SAINT VINCENT DE PAUL DBranchCESAN COLLEGE, INC, .John Bosco ST.,Mangagoy, Bislig City	Php6,600.00	April 19, 2022	3
Marikina Branch	#3 G. Fernando Avenue, San Roque, Marikina City	Php114,785.40	June 04, 2024	5
Marilao Branch	Flamingo St., Corner Surfbird St., Phase 5, Town & Country Subdivision, Abangan Norte, Marilao, Bulacan	Php55,000.00	November 16, 2024	5
Marinduque Branch Lite	Brgy. Malusak, Boac, Marinduque	Php 15,000.00	March 01, 2025	5
Masbate Branch	Upper Ground Floor, Gaisano Capital Mall, National Highway, Masbate City	Php64,897.61	July 21, 2025	5
Mati Branch	Rizal Street, Mati City, Davao Oriental	Php52,890.73	February 28, 2023	5
Meycauayan Branch Lite	Mc Arthur Highway Brgy. Calvario, Meycauayan City, Bulacan	Php12,706.09	April 16, 2026	5
Midsayap Branch Lite	Rizal St.,Corner Magallanes St., Poblacion 3, Midsayap, North Cotabato	Php 15, 000.00	March 02, 2023	3
Nabunturan Branch Lite	Door #3 Tsukiko Bldg. LB Flores St. Purok 13 Poblacion Nabunturan, Compostela Valley	Php 12, 000.00	May 04, 2023	5
Naga Branch	Door #44-45 CBD II Terminal, Triangulo, Naga City, Camarines Sur	Php59,455.62	April 23, 2023	5
Naguilian Branch	Cauayan City, Isabela	Php20,134.80	August 31, 2022	5
Nasugbu, Batangas Branch Lite	B1 Lt. 14, Palm State Subd., Cogunan, Nasugbu, Batangas	Php16,000.00	March 02, 2025	5
Naval Branch	208 P. Inocentes, Naval, Biliran	Php13,000.00	September 01, 2025	5
Navotas Branch	UnionBank Plaza, Meraico Avenue corner Onyx and Sapphire Sts., Ortigas Center, Pasig City	Php61,699.27	May 31, 2026	5
North Caloocan Branch	500 Susano Road, Hillcrest Village Camarin, Caloocan City	Php45,920.00	March 30, 2024	5
Olongapo Branch	No. 37 Edsa corner Boni Ave., Mandaluyong City	Php105,600.00	June 30, 2023	5
Ormoc Branch	STP Bldg, Aviles St., Ormoc City	Php120,937.38	December 31, 2024	5
Ozamis Branch Lite	Zamora St., Barangay 50th, Ozamis City, Misamis Occidental	Php15,000.00	March 01, 2025	5
Pagadian Branch	F&N Building, San Francisco District, Pagadian City, Zamboanga del Sur	Php77,500.00	April 30, 2025	5
Palawan Branch	Unit 1-A Ground Floor Unionbank Building, Rizal Avenue Corner Dacanay Street, Barangay Colero, Puerto Princesa City, Palawan	Php63,955.31	February 04, 2025	5
Pampanga Branch	Mc Arthur Hi- Way Dolores, San Fernnado City, Pampanga	90.591,19	March 31, 2026	5
Ramon Branch	Cauayan City, Isabela	Php35,479.50	August 31, 2022	5
Romblon Branch Lite	2/F.,Rose Petal Bldg., Brgy. Dapawan, Odiongan,Romblon	Php10,000.00	March 02, 2025	5

Roxas, Capiz Branch	Bonifacio (McKinley) St., Roxas City, Capiz	Php33,030.90	May 31, 2024	5
San Carlos, Negros Occidental Branch	Doors 2-4 Heritage Bldg. 1, F.C. Ledesma Ave., San Carlos City	Php33,689.29	February 29, 2024	5
San Carlos,Pangasinan	Rizal St., San Carlos City, Pangasinan	Php4,000.00	March 12, 2025	5
San Francisco Branch Lite	GF-01, Gaisano Capital San Francisco, Brgy. 5, National Highway, San Francisco, Agusan Del Sur.	Php25,000.00	September 28, 2025	5
San Jose Nueva Ecija Branch	Bonifacio St., San Jose City, Nueva Ecija	Php97,544.37	March 31, 2025	5
San Jose Occidental Mindoro Branch	Lebrilla Ang Building, Burgos Corner Rizal Street, Barangay Poblacion 1, San Jose Occidental Mindoro	Php76,576.89	June 30, 2025	5
San Miguel, Bulacan Branch	M.Cruz St. Carpa Village,Sabang,Baliwag	Php78,400.00	May 05, 2025	5
Santiago Branch	Insular Life Corporate Centre, Insular Life Drive, Filinvest Corporate City, Alabang 1781 Muntinlupa City	Php50,599.54	April 30, 2024	5
SJDM, Bulacan Branch	Blk 12 Lot 18, Phase F, Brgy. Narra, Francisco Homes, San Jose Del Monte, Bulacan	Php64,200.00	April 12, 2025	5
Sogod Branch	Corner Concepcion and Mangkaw Streets, Barangay Zone 1 Sogod, Southern Leyte	Php 35,000.00	July 31, 2025	5
Sindagan	040 Bonifacio St., Estaka, Dipolog City	Php 15,000.00	March 04, 2025	5
Solano Branch	Ongtao Building National Hghway, Mabini St. Brgy. Quezon, Solano, Nueva Viscaya	Php50,000.00	April 30, 2020	5
Sorsogon Branch	AD Reyes Building 1461 Magsaysay Street, Barangay Salog, Sorsogon City	Php88,373.75	December 07, 2024	5
Sta. Cruz Laguna Branch	9 ML Quezon St., City Subdivision, San Pablo City	Php80,000.00	October 14, 2024	5
Sta.Rosa Laguna Branch	Ri-Rance Ralty Corporate Center 1, Lot 16 Blk 2,Diosdado Macapagal Boulevard Aseana, Paranaque City	58,500.00	October 31, 2024	5
Surigao Branch	Ground Floor Parkway Mall Km 3, Barangay Luna, National Highway, Surigao City	Php84,595.70	June 11, 2024	5
Tabuk Branch Lite	P-2, Bulanao Norte, Tabuk City, Kalinga Apayao	Php 31,578.95	September 30, 2025	5
Tacloban Branch	YPL Bldg., Door #3 Salazar St., Tacloban City	Php118,771.16	October 31, 2025	5
Tagaytay Branch	Lot I2(Briones Derm Clinique) E. Aguinaldo Highway, Brgy. San Jose, Tagaytay City, Cavite	Php64,200.00	October 13, 2024	5
Taguig Branch	48 Gen Alfredo Santos Ave., Lower Bicutan, Taguig City	Php59,992.50	September 27, 2024	5
Tagum Branch	Ground Floor PLJ Building, Apokon Road, Tagum City, Davao del Norte	Php98,440.96	February 28, 2023	5
Tanay Branch	#374 Dr. Sixto Antonio Avenue, Brgy Maybunga,Pasig City	Php 10, 000.00	March 02, 2025	5
Tandag Branch Lite	#11 Purok Saturn, Telaje, Capitol Road, Tandag City, Surigao Del Sur	Php15,000.00	December 06, 2023	5
Tanjay Branch	Sweet Lady Building, Legaspi St., Barangay Poblacion 8, Tanjay City ,6204 Negros Oriental	Php35,000.00	December 31, 2024	5
Tarlac Branch	23 Don Gregorio Avenue, San Sebastian , Tarlac City	Php91,041.42	December 07, 2022	5
Taytay Branch	#2 Seminary Rd., Brgy. Bahay Toro, Project 8, Quezon City	Php103,889.45	August 31, 2026	5

Tondo Branch	Administration Office Ushio Plaza I, No. 67 Timog Ave., cor. Scout Trillo, Quezon City	Php92,898.47	June 20, 2025	5
Tubod Branch Lite	2/F, A & A Parklane Bldg., Poblacion, Tubod, Lanao del Norte	Php16,800.00	March 01, 2025	5
Tuguegarao Branch	29A Mabini St., Tuguegarao City	Php70,000.00	February 27, 2025	5
Ubay Branch	Ground Floor Rogelio Inn Building, Colonel Marciano Garces Street, Poblacion, Ubay, Bohol	Php 40,000.00	July 31, 2023	5
Urdaneta Branch	A.B. Fernandez Ave., Dagupan City	Php73,813.56	March 31, 2023	5
Valencia Branch Lite	Unit 2, Velox Energy Gas Station, Sayre Highway, Hagkol Poblacion, Valencia City,Bukidnon	Php18,190.00	October 04, 2024	3
Valenzuela Branch	389 Mc Arthur Highway,Malinta Valenzuela City	Php107,000.00	April 01, 2025	5
Virac Branch Lite	Unit 21 Ground Floor Virac Town Center, Rizal Avenue, Barangay Gogon Sirangan Virac, Catanduanes	Php34,965.00	October 31, 2021	3
Zamboanga Branch	RHW Building Mayor Jaldon St., Brgy. Canelar, Zamboanga City	Php75,000.00	December 20, 2025	5

FAIR Bank

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
Carcar Branch	San Vicente St., Cogon, Carcar Cebu	P15,000.00 net of tax	June 01, 2023	3 Years
Sibulan Branch	Campaclan, Poblacion, Sibulan, Negros Oriental	P10,000 net of withholding tax, 5% incremental increase per year	June 01, 2023	3 Years
Mandaue Branch	251 SB, Cabahug Street Ibabao Estancia, Mandaue City	P15, 000.00 per month due at the start of every monthly period. First monthly period will start after the 15-day construction period.	Sept. 14, 2021	1 Year
Toledo Branch	Poblacion, Toledo City, Cebu	P15, 000.00 per month	February 03, 2023	3 Years
Tubigon Branch	Poblacion, Tubigon, Bohol	P12,000.00 (with 5% escalation rate annually starting 2nd year) Advance Rental: 2 months rental that can be applied to the first 2 months of the term of contract. Security Deposit : 2 months	December 29, 2021	1 Year
San Carlos	Ilang- Ilang St. San Julio Subd., San Carlos, Negros	P7,500 net of witholding tax	June 01, 2023	3 years
Silay	Zone 1, Antilla Subd, Silay City	P11,000.00	December 31, 2021	6 Months
Danao	Barangay Taboc, Looc, Danao City, Cebu	P28,760.00	May 01, 2024	3 Years

Sta. Fe	Barangay Talisay, Santa Fe, Cebu	P20,000.00 with incremental increase of 5%	Sept. 8, 2023	2 years

Bangko Kabayan

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
Batangas Branch	76 E. P. burgos St. Batangas City	109,128.16	March 31, 2026	every 5 years
San Jose	Makalintal Avenue, Brgy. Taysan, San Jose, Batangas	60,717.89	October 02, 2021	Short-term/ Monthly Payment
Calatagan	Poblacion, Calatagan, Batangas	8,933.97	March 01, 2025	every 15 years
Sariaya	Poblacion, Sariaya, Quezon	26,741.14	July 25, 2027	every 15 years
Tiaong	Poblacion I, Tiaong, Quezon	11,576.25	August 17, 2027	every 15 years
Agoncillo	Poblacion, Agoncillo, Batangas	18,582.65	August 17, 2024	every 5 years
Lobo	Lobo, Batangas	9,408.00	June 30, 2022	1 year
Lipa	Laserta Building, Lipa City	66,315.78	November 30, 2025	every 5 years
Talisay	Brgy. Banga, Talisay, Batangas	20,897.94	March 01, 2026	every 10 years
Atimonan	280 P. Enriquez St. corner Rizal St. Atimonan, Quezon	17,173.50	March 31, 2026	every 10 years
Gumaca	Brgy. Tabong Dagat, Gumaca, Quezon	19,845.00	April 08, 2026	every 10 years
Balayan	Brgy. V., Balayan Batangas	34,815.79	January 30, 2028	every 10 years
Tanauan	Unit 102, Emir Commercial Building, President J.P. Laurel Highway, Pob II., Tanauan City, Batangas	76,323.90	March 31, 2028	every 10 years
Lemery	National Highway, Brgy. Palanas, Lemery Batangas	49,193.76	February 28, 2027	every 10 years

Progressive Bank

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
Jaro Branch	E. Lopez St. Jaro Iloilo City	127,250.00	October 20, 2022	1 year
Pototan Lite Office	Brgy. Rumbang Pototan Iloilo	79,250.00	April 20, 2022	6 mos

UNION BANK OF THE PHILIPPINES
Index to Financial Statements and Supplementary Schedules
Form 17-A Item 7
December 31, 2021

Statement of Management's Responsibility for Financial Statements

Independent Auditors' Report
--- SyCip Gorres Velayo & Co.

Statements of Financial Position
As of December 31, 2021, and 2020

Statements of Income
For the years ended December 31, 2021, 2020 and 2019

Statements of Comprehensive Income
For the years ended December 31, 2021, 2020 and 2019

Statements of Changes in Capital Funds
For the years ended December 31, 2021, 2020 and 2019

Statements of Cash Flows
For the years ended December 31, 2021, 2020 and 2019

Notes to Financial Statements

Supplementary Information

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
Thu 4/14/2022 12:16 AM

To: Menchie M. Tormon <mmtormon@unionbankph.com>

Cc: Arminda M. Cabacoy <aamaquiran@unionbankph.com>

Hi UNION BANK OF THE PHILIPPINES,

Valid files

- EAFS000508271AFSTY122021.pdf
- EAFS000508271ITRTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-8KG85JJA0CDC9BFJMT2ZSYZW0ABG7HFCK**
Submission Date/Time: **Apr 14, 2022 12:00 AM**
Company TIN: **000-508-271**

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For any concerns, you may contact us through our Customer Service Hotline at (+632) 8841-8600 or through customer.service@unionbankph.com. Union Bank of the Philippines is an entity regulated by the Bangko Sentral ng Pilipinas (BSP) with website address: https://www.bsp.gov.ph. DISCLAIMER : This message (and any attachment hereto) may contain privileged and/or confidential information and is meant solely for the perusal and use of the intended recipient. If you are not the addressee of this message, you may not copy, disclose, distribute or disseminate this message (and any attachment hereto) to anyone. Instead, please destroy this message (and any attachment hereto), delete the same from your computer, and notify the sender by reply e-mail. Unauthorized access, reproduction, disclosure and circulation of this e-mail and/or any of its attachments or any information contained therein by any unauthorized persons is strictly prohibited and is punishable under R.A. No. 8792, otherwise known as E-Commerce Act, and other related laws. DISCLOSURE: Pursuant to BSP Circular 957 (Examination & Records of BSP Supervised Financial Institution), please be advised that the content of this communication and your reply thereto will form part of the formal documentation of UBP's transactions and maybe disclosed to regulators.

UnionBank Plaza, Meralco Avenue cor. Onyx
& Sapphire Roads, Ortigas Center, Pasig City 1605

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Union Bank of the Philippines** (the Bank) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing and, in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Erramon I. Aboitiz
Chairman of the Board

Edwin R. Bautista
President and Chief Executive Officer

Jose Emmanuel U. Hilado
Senior Executive Vice President
Treasurer and Global Markets Head

Francis B. Albalate
Senior Vice President
Financial Controller

UnionBank

UnionBank Plaza, Meralco Avenue cor. Onyx
& Sapphire Roads, Ortigas Center, Pasig City 1605

FEB 2 4 2022

SUBSCRIBED AND SWORN to before me this _____ of _____, 2022 at Pasig City, the following affiants personally known to me and exhibiting to me their TIN bearing their photographs and genuine signatures as competent evidence of identity in accordance with 2004 Rules on Notarial Practice.

Name	TIN
Erramon I. Aboitiz	103-715-862
Edwin R. Bautista	107-644-613
Jose Emmanuel U. Hilado	117-707-275
Francis B. Albalate	120-319-015

Notary Public

Doc No. 166
Page No. 35
Book No. V
Series of 2022

Nikki Neil Santos
Notary Public for Pasig, San Juan and Pateros, Metro Manila
Appointment No. 20 (2022-2023)
Commission No. Expires On 12-31-2023
PTR No. 8121733BCE/ 1-3-22/ Pasig City
IBP No. 178644/ 1-3-22 Pasig City (RSM Chapter)
Roll of Attorneys No. 57961
MCLE Compliance No. VII-0006121/ 12-1-2021
18th Floor, UnionBank Plaza, Meralco Avenue
Ortigas Center, Pasig City

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3	6	7	0	3						

COMPANY NAME

U	N	I	O	N		B	A	N	K		O	F		T	H	E		P	H	I	L	I	P	P	I	N	E	S	

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

U	N	I	O	N	B	A	N	K		P	L	A	Z	A		M	E	R	A	L	C	O		A	V	E	N	U	E
C	O	R		O	N	Y	X		A	N	D		S	A	P	P	H	I	R	E		S	T	R	E	E	T	S	
O	R	T	I	G	A	S		C	E	N	T	E	R	,		P	A	S	I	G		C	I	T	Y				

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.unionbankph.com	8667-6388	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,949	April 23	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
FRANCIS B. ALBALATE	fbalbalate@unionbankph.com	(632) 8667-6388	

CONTACT PERSON's ADDRESS

UnionBank Plaza Bldg, Meralco Ave. cor. Onyx and Sapphire Streets, Ortigas Center, Pasig City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Union Bank of the Philippines
UnionBank Plaza
Meralco Avenue corner Onyx street and Sapphire Road,
Ortigas Center, Pasig City

Report on the Consolidated and Parent Bank Financial Statements

Opinion

We have audited the consolidated financial statements of Union Bank of the Philippines and its subsidiaries (the Group) and the parent bank financial statements of Union Bank of the Philippines (the Parent Bank), which comprise the consolidated and parent bank statements of financial position as at December 31, 2021 and 2020, and the consolidated and parent bank statements of income, consolidated and parent bank statements of comprehensive income, consolidated and parent bank statements of changes in capital funds and consolidated and parent bank statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated and parent bank financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent bank financial statements present fairly, in all material respects, the financial position of the Group and the Parent Bank as at December 31, 2021 and 2020, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent bank financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent bank financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Bank Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and parent bank financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and parent bank financial statements.

Applicable to the Audit of the Consolidated and Parent Bank Financial Statements

Allowance for expected credit loss (ECL)
The Group's and the Parent Bank's application of the expected credit loss (ECL) model in calculating the allowance for credit losses on loans and receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's and the Parent Bank's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality, taking into account extension of payment terms and payment holidays provided as a result of the coronavirus pandemic; determining assumptions used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts, and impact of credit enhancements extended by any party; and incorporating forward-looking information, including the impact of the coronavirus pandemic, in calculating ECL.

Refer to Notes 4 and 20 of the consolidated and parent bank financial statements for the disclosures on the details of the allowance for credit losses using the ECL model.

Audit Response

We obtained an understanding of the methodologies and models used for the Group's and the Parent Bank's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments* (PFRS 9), to reflect an unbiased and probability-weighted outcome, and to consider time value of money and the best available forward-looking information. We also inspected and considered the results of the model validation on the risk rating performed by management's specialist.

We (a) assessed the Group's and the Parent Bank's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place, and management's assessment of the impact of the coronavirus pandemic on the counterparties; (c) tested the Group's and the Parent Bank's application of internal credit risk rating system, including the impact of the coronavirus pandemic on the borrowers, by reviewing the ratings of sample credit exposures; (d) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of credit enhancements provided by any party; (e) tested exposure at default considering outstanding commitments and repayment scheme; (f) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's and the Parent Bank's lending portfolios and broader industry knowledge, including the impact of the coronavirus pandemic; and (g) tested the effective interest rate used in discounting the expected credit loss.

Further, we checked the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis.

We recalculated impairment provisions on a sample basis. We reviewed the completeness of the disclosures made in the consolidated and parent bank financial statements.

We involved our internal specialists in the performance of the above procedures.

Accounting for Disposals of Investment Securities held under the Hold-to-Collect (HTC) Business Model
In 2021, the Parent Bank disposed of investment securities managed under the hold-to-collect (HTC) business model. Investment securities held under a hold-to-collect business model, which are classified as 'Investment securities at amortized cost', are managed to realize cash flows by collecting contractual payments over the life of the instrument.

The accounting for the disposals is significant to our audit because the amounts involved are material to the consolidated and parent bank financial statements. Moreover, it involves the exercise of significant judgment by management in assessing that the disposals are consistent with the HTC business model and that it would not impact the measurement of the remaining securities in the affected portfolios.

The disclosures relating to the disposals from the HTC portfolio are included in Note 3 to the consolidated and parent bank financial statements.

Audit Response

We obtained an understanding of the Parent Bank's objectives for disposals of investment securities at amortized cost through inquiries with management and review of approved internal documentations, including governance over the disposals. We evaluated management's assessment of the impact of the disposals on the affected portfolios in reference to the Parent Bank's business models and the provisions of the relevant accounting standards and regulatory issuances. We also reviewed the calculation of the gains on the disposals and the measurement of the remaining securities in the affected portfolios.

We reviewed the disclosures related to the disposals based on the requirements of PFRS 7, *Financial Instruments: Disclosures*, PFRS 9 and Philippine Accounting Standard 1, *Presentation of Financial Statements*.

Applicable to the Audit of the Consolidated Financial Statements

Impairment testing of goodwill
Under PFRS, the Group and the Parent Bank perform testing of goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. The Group's and the Parent Bank's goodwill attributable to the various cash generating units (CGUs) is considered significant to the consolidated and parent bank financial statements. The Group's and the Parent Bank's impairment assessment requires significant judgement and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically on loan growth rate, deposit growth rate and

discount rate. The disclosures in relation to the CGUs to which the goodwill is allocated and the Group's and the Parent Bank's impairment assessment are included in Notes 3 and 18 to the consolidated and parent bank financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used in calculating the value-in-use (VIU) of the CGUs. We compared the key assumptions used such as loan growth rate and deposit growth rate against the historical financial performance and the specific plans for the CGUs and other relevant external data, taking into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's and the Parent Bank's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information
Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated and parent bank financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated and parent bank 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 consolidated and parent bank 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 Consolidated and Parent Bank Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and parent bank financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent bank financial statements that are free from material misstatement, whether due to fraud or error.In preparing the consolidated and parent bank financial statements, management is responsible for assessing the Group's and 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 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 Group's and Parent Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Parent Bank Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and parent bank 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 Group's and 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 Group's and 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 auditor's report to the related disclosures in the consolidated and parent bank financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and parent bank financial statements, including the disclosures, and whether the consolidated and parent bank 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 consolidated and parent bank financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010 and Bangko Sentral ng Pilipinas (BSP) Circular No. 1074

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 37 to the financial statements and BSP Circular No. 1074 in Note 38 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and the BSP, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Union Bank of the Philippines. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Janet A. Paraiso.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

February 24, 2022

UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

(Amounts are presented in thousands of Philippine Pesos)

	Group		Parent Bank	
	December 31		December 31	
	2021	2020	**2021**	2020
RESOURCES				
Cash and Other Cash Items (Note 8)	**₱8,904,903**	₱8,958,042	**₱7,988,517**	₱7,814,917
Due from Bangko Sentral ng Pilipinas (Note 8)	**103,407,946**	103,869,770	**67,478,389**	83,867,434
Due from Other Banks (Note 9)	**54,258,465**	68,532,218	**51,308,983**	64,763,768
Interbank Loans Receivable (Note 10)	**17,492,657**	–	**17,492,657**	–
Trading and Investment Securities				
At fair value through profit or loss (Note 11)	**5,640,005**	18,448,649	**5,571,270**	18,411,304
At amortized cost (Note 12)	**166,362,179**	155,810,967	**162,139,448**	153,171,111
At fair value through other comprehensive income (Note 13)	**65,672,610**	31,190,259	**65,370,691**	31,009,041
Loans and Other Receivables - net (Note 14)	**359,774,631**	339,536,830	**291,118,202**	273,339,863
Investment in Subsidiaries and Associates (Note 15)	**142,355**	255,342	**23,082,955**	21,867,987
Bank Premises, Furniture, Fixtures and Equipment - net (Note 16)	**6,765,771**	6,894,768	**5,336,326**	5,525,366
Investment Properties (Note 17)	**8,673,344**	8,922,366	**7,435,877**	7,662,547
Goodwill (Note 18)	**14,818,932**	15,348,531	**7,886,898**	7,886,898
Other Resources - net (Note 19)	**19,181,663**	16,691,495	**15,308,078**	13,559,769
TOTAL RESOURCES	**₱831,095,461**	₱774,459,237	**₱727,518,291**	₱688,880,005
LIABILITIES AND CAPITAL FUNDS				
LIABILITIES				
Deposit Liabilities (Note 21)				
Demand	**₱204,560,986**	₱159,783,546	**₱206,254,190**	₱160,883,453
Savings	**136,430,021**	98,957,845	**132,074,831**	93,564,392
Time	**226,509,885**	266,043,635	**151,730,160**	207,780,774
Long-term negotiable certificate of deposits	**3,000,000**	3,000,000	**3,000,000**	3,000,000
	570,500,892	527,785,026	**493,059,181**	465,228,619
Bills Payable (Note 22)	**51,168,138**	54,223,543	**28,577,774**	34,502,421
Notes and Bonds Payable (Note 23)	**69,853,986**	59,853,656	**69,789,836**	59,746,857
Other Liabilities (Note 24)	**27,359,217**	27,444,610	**24,432,809**	24,838,361
	718,882,233	669,306,835	**615,859,600**	584,316,258
CAPITAL FUNDS				
Capital funds attributable to the Parent Bank's stockholders (Note 25)				
Common stock	**12,193,628**	12,184,715	**12,193,628**	12,184,715
Additional paid-in capital	**14,214,551**	14,214,983	**14,214,551**	14,214,983
Stock dividend distributable	**3,048,388**	–	**3,048,388**	–
Surplus free	**82,122,752**	77,096,218	**82,754,489**	77,697,363
Surplus reserves	**2,798,673**	2,645,080	**2,323,934**	2,171,842
Net unrealized fair value gains (losses) on investment securities at FVOCI (Note 13)	**(1,448,457)**	55,384	**(1,447,065)**	46,845
Remeasurements of defined benefit plans (Note 29)	**(1,507,361)**	(1,815,784)	**(1,449,181)**	(1,741,389)
Other reserves	**13,754**	(18,886)	**19,947**	(10,612)
Total capital funds attributable to the Parent Bank's stockholders	**111,435,928**	104,361,710	**111,658,691**	104,563,747
Non-controlling interests	**777,300**	790,692	–	–
	112,213,228	105,152,402	**111,658,691**	104,563,747
TOTAL LIABILITIES AND CAPITAL FUNDS	**₱831,095,461**	₱774,459,237	**₱727,518,291**	₱688,880,005

See accompanying Notes to Financial Statements.

UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF INCOME

For the Years Ended December 31, 2021, 2020 and 2019

(Amounts are presented in thousands of Philippine Pesos, Except Earnings per Share)

	Group			Parent Bank		
	Years Ended December 31			Years Ended December 31		
	2021	2020	2019	**2021**	2020	2019
INTEREST INCOME ON						
Loans and other receivables (Note 14)	**₱27,673,213**	₱28,850,939	₱28,004,013	**₱17,701,642**	₱20,076,020	₱19,237,123
Investment securities at amortized cost and FVOCI (Notes 12 and 13)	**7,706,773**	8,084,663	9,491,890	**7,610,675**	7,937,196	9,491,890
Cash and cash equivalents (Notes 8 and 9)	**679,740**	1,021,974	188,086	**332,870**	756,035	127,654
Trading securities at FVTPL (Note 11)	**244,587**	524,261	423,688	**244,587**	524,261	423,688
Interbank loans receivable (Note 10)	**23,256**	95,857	247,478	**22,170**	95,451	247,039
	36,327,569	38,577,694	38,355,155	**25,911,944**	29,388,963	29,527,394
INTEREST EXPENSE ON						
Deposit liabilities (Note 21)	**2,967,692**	5,616,821	10,160,322	**1,805,424**	4,256,480	8,069,749
Bills payable and other liabilities (Notes 22, 23, 24 and 29)	**3,544,787**	4,230,619	5,859,148	**2,446,570**	3,262,923	4,847,211
	6,512,479	9,847,440	16,019,470	**4,251,994**	7,519,403	12,916,960
NET INTEREST INCOME	**29,815,090**	28,730,254	22,335,685	**21,659,950**	21,869,560	16,610,434
PROVISION FOR CREDIT LOSSES (Note 20)	**5,811,398**	8,381,856	1,857,347	**4,657,731**	7,450,171	1,548,187
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	**24,003,692**	20,348,398	20,478,338	**17,002,219**	14,419,389	15,062,247
OTHER INCOME						
Gains on sale of investment securities at amortized cost (Note 12)	**8,447,595**	5,111,793	7,074,044	**8,447,595**	5,111,793	7,074,044
Service charges, fees and commissions (Note 27)	**3,773,311**	2,346,639	1,956,218	**2,492,356**	1,723,620	1,422,716
Gains on trading and investment securities at FVTPL and FVOCI (Notes 11 and 13)	**217,943**	3,829,710	2,347,389	**217,533**	3,831,674	2,348,971
Miscellaneous (Note 28)	**2,861,815**	2,078,996	2,967,381	**3,542,828**	2,565,048	3,592,846
	15,300,664	13,367,138	14,345,032	**14,700,312**	13,232,135	14,438,577
TOTAL OPERATING INCOME	**39,304,356**	33,715,536	34,823,370	**31,702,531**	27,651,524	29,500,824
OTHER EXPENSES						
Salaries and employee benefits (Note 29)	**8,646,702**	7,809,204	8,070,248	**6,591,420**	5,910,981	6,434,752
Taxes and licenses (Note 17)	**2,881,458**	3,503,233	3,052,481	**1,929,202**	2,597,693	2,239,684
Depreciation and amortization (Note 16)	**1,623,679**	1,406,900	1,378,194	**1,146,458**	1,008,907	904,950
Occupancy (Note 16)	**890,645**	904,750	962,275	**674,342**	674,692	676,207
Miscellaneous (Note 28)	**10,277,070**	7,749,066	6,862,168	**7,147,271**	6,126,463	5,333,354
	24,319,554	21,373,153	20,325,366	**17,488,693**	16,318,736	15,588,947
PROFIT BEFORE TAX	**14,984,802**	12,342,383	14,498,004	**14,213,838**	11,332,788	13,911,877
INCOME TAX EXPENSE (BENEFIT) (Note 30)	**2,407,069**	781,380	494,494	**1,688,462**	69,365	(114,242)
NET PROFIT	**₱12,577,733**	₱11,561,003	₱14,003,510	**₱12,525,376**	₱11,263,423	₱14,026,119
Attributable to:						
Parent Bank's stockholders	**₱12,525,376**	₱11,553,430	₱14,026,128	**₱12,525,376**	₱11,263,423	₱14,026,119
Non-controlling interests	**52,357**	7,573	(22,618)	–	–	–
	₱12,577,733	₱11,561,003	₱14,003,510	**₱12,525,376**	₱11,263,423	₱14,026,119
Basic/Diluted Earnings per Share (Note 33)	**₱8.22**	₱7.58	₱9.21	**₱8.22**	**₱7.39**	₱9.21

See accompanying Notes to Financial Statements.

UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2021, 2020 and 2019

(Amounts are presented in thousands of Philippine Pesos)

	Group			Parent Bank		
	Years Ended December 31			Years Ended December 31		
	2021	2020	2019	**2021**	2020	2019
NET PROFIT FOR THE YEAR	**₱12,577,733**	₱11,561,003	₱14,003,510	**₱12,525,376**	₱11,263,423	₱14,026,119
OTHER COMPREHENSIVE INCOME (LOSS)						
***Items that may be reclassified to profit or loss in subsequent periods*:**						
Unrealized mark-to-market gains (losses) on investment securities at FVOCI	**(845,911)**	2,997,404	1,075,277	**(835,790)**	2,989,316	1,074,826
Realized gains on sale of investment securities at FVOCI recognized in profit or loss (Note 13)	**(657,987)**	(3,020,457)	(1,072,005)	**(657,987)**	(3,020,457)	(1,072,005)
Cumulative translation adjustment	**32,640**	(15,337)	(3,549)	**30,559**	(10,612)	–
Share in unrealized mark-to-market loss on investment securities at FVOCI of subsidiaries (Note 15)	**–**	–	–	**(133)**	–	–
Items that will not be reclassified to profit or loss in subsequent periods:						
Remeasurement gains (losses) on defined benefit plan (Note 29)	**502,675**	(634,623)	(562,373)	**427,890**	(588,767)	(336,186)
Income tax benefit (expense) (Note 30)	**(193,286)**	190,387	168,712	**(174,589)**	176,630	100,856
Share in changes in remeasurement gains (losses) of subsidiaries (Note 15)	–	–	–	**38,907**	(21,228)	(87,086)
TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(1,161,869)**	(482,626)	(393,938)	**(1,171,143)**	(475,118)	(319,595)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱11,415,864**	₱11,078,377	₱13,609,572	**₱11,354,233**	₱10,788,305	₱13,706,524
Attributable to:						
Parent Bank's stockholders	**₱11,362,598**	₱11,078,413	₱13,632,190	**₱11,354,233**	₱10,788,305	₱13,706,524
Non-controlling interests	**53,266**	(36)	(22,618)	–	–	–
	₱11,415,864	₱11,078,377	₱13,609,572	**₱11,354,233**	₱10,788,305	₱13,706,524

See accompanying Notes to Financial Statements.

UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL FUNDS

For the Years Ended December 31, 2021, 2020 and 2019

(Amounts are presented in thousands of Philippine Pesos)

	Group										
	Equity Attributable to Equity Holders of the Parent Bank										
	Capital Stock	Additional Paid-in Capital	Stock Dividend Distributable	Surplus Free	Surplus Reserves	Net Unrealized Fair Value Gains (Losses) on Investment Securities at FVOCI	Remeasurements of Defined Benefit Plan	Other Reserves	Total	Non-controlling Interests	Total Capital Funds
Balances as at January 1, 2021	**₱12,184,715**	**₱14,214,983**	**₱–**	**₱77,096,218**	**₱2,645,080**	**₱55,384**	**(1,815,784)**	**(₱18,886)**	**₱104,361,710**	**₱790,692**	**₱105,152,402**
Total comprehensive income (loss) for the year	–	–	–	**12,525,376**	–	**(1,503,841)**	**308,423**	**32,640**	**11,362,598**	**53,266**	**11,415,864**
Issuance of new shares (Note 25)	**8,913**	**54,684**	–	–	–	–	–	–	**63,597**	–	**63,597**
Stock dividends (Note 25)	–	**(55,116)**	**3,048,388**	**(3,048,388)**	–	–	–	–	**(55,116)**	–	**(55,116)**
Cash dividends (Note 25)	–	–	–	**(4,267,770)**	–	–	–	–	**(4,267,770)**	–	**(4,267,770)**
Appropriations during the year (Note 25)	–	–	–	**(153,593)**	**153,593**	–	–	–	–	–	–
Dividends of subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	**(59,300)**	**(59,300)**
Subscription of shares by non-controlling interest	–	–	–	–	–	–	–	–	–	**10,000**	**10,000**
Acquisition of non-controlling interest	–	–	–	**(29,091)**	–	–	–	–	**(29,091)**	**(17,358)**	**(46,449)**
Balances as at December 31, 2021	**₱12,193,628**	**₱14,214,551**	**₱3,048,388**	**₱82,122,752**	**₱2,798,673**	**(₱1,448,457)**	**(₱1,507,361)**	**₱13,754**	**₱111,435,928**	**₱777,300**	**₱112,213,228**
Balances as at January 1, 2020	₱12,176,096	₱14,172,060	₱–	₱67,851,771	₱4,600,747	₱78,437	(₱1,379,157)	(₱3,549)	₱97,496,405	₱520,560	₱98,016,965
Total comprehensive income (loss) for the year	–	–	–	11,553,430	–	(23,053)	(436,627)	(15,337)	11,078,413	(36)	11,078,377
Issuance of new shares (Note 25)	8,619	42,923	–	–	–	–	–	–	51,542	–	51,542
Cash dividends (Note 25)	–	–	–	(4,264,650)	–	–	–	–	(4,264,650)	–	(4,264,650)
Effect of business combination (Note 15)	–	–	–	–	–	–	–	–	–	270,168	270,168
Reversal of appropriations during the year -net (Note 25)	–	–	–	1,955,667	(1,955,667)	–	–	–	–	–	–
Balances as at December 31, 2020	₱12,184,715	₱14,214,983	₱–	₱77,096,218	₱2,645,080	₱55,384	(1,815,784)	(₱18,886)	₱104,361,710	₱790,692	₱105,152,402
Balances as at January 1, 2019	₱12,171,495	₱14,146,988	₱–	₱57,236,205	₱3,502,769	₱75,165	(₱985,496)	₱–	₱86,147,126	₱543,178	₱86,690,304
Total comprehensive income (loss) for the year	–	–	–	14,026,128	–	3,272	(393,661)	(3,549)	13,632,190	(22,618)	13,609,572
Issuance of new shares (Note 25)	4,601	25,072	–	–	–	–	–	–	29,673	–	29,673
Cash dividends (Note 25)	–	–	–	(2,312,584)	–	–	–	–	(2,312,584)	–	(2,312,584)
Appropriations during the year (Note 25)	–	–	–	(1,097,978)	1,097,978	–	–	–	–	–	–
Balances as at December 31, 2019	₱12,176,096	₱14,172,060	₱–	₱67,851,771	₱4,600,747	₱78,437	(₱1,379,157)	(₱3,549)	₱97,496,405	₱520,560	₱98,016,965

	Parent Bank								
	Capital Stock	Additional Paid-in Capital	Stock Dividend Distributable	Surplus Free	Surplus Reserves	Net Unrealized Fair Value Gains (Losses) on Investment Securities at FVOCI	Remeasurements of Defined Benefit Plan	Other Reserves	Total Capital Funds
Balances as at January 1, 2021	**₱12,184,715**	**₱14,214,983**	**₱–**	**₱77,697,363**	**₱2,171,842**	**₱46,845**	**(₱1,741,389)**	**(₱10,612)**	**₱104,563,747**
Total comprehensive income (loss) for the year	**–**	–	–	**12,525,376**	–	**(1,493,910)**	**292,208**	**30,559**	**11,354,233**
Issuance of new shares (Note 25)	**8,913**	**54,684**	–	–	–	–	–	–	**63,597**
Stock dividends (Note 25)	–	**(55,116)**	**3,048,388**	**(3,048,388)**	–	–	–	–	**(55,116)**
Cash dividends (Note 25)	–	–	–	**(4,267,770)**	–	–	–	–	**(4,267,770)**
Appropriations during the year – net (Note 25)	–	–	–	**(152,092)**	**152,092**	–	–	–	–
Balances as at December 31, 2021	**₱12,193,628**	**₱14,214,551**	**₱3,048,388**	**₱82,754,489**	**₱2,323,934**	**(₱1,447,065)**	**(₱1,449,181)**	**₱19,947**	**₱111,658,691**
Balances as at January 1, 2020	₱12,176,096	₱14,172,060	₱–	₱70,201,147	₱2,669,285	₱77,986	(₱1,308,024)	₱–	₱97,988,550
Total comprehensive income (loss) for the year	–	–	–	11,263,423	–	(31,141)	(433,365)	(10,612)	10,788,305
Issuance of new shares (Note 25)	8,619	42,923	–	–	–	–	–	–	51,542
Cash dividends (Note 25)	–	–	–	(4,264,650)	–	–	–	–	(4,264,650)
Reversals of appropriations during the year – net (Note 25)	–	–	–	497,443	(497,443)	–	–	–	–
Balances as at December 31, 2020	₱12,184,715	₱14,214,983	₱–	₱77,697,363	₱2,171,842	₱46,845	(₱1,741,389)	(₱10,612)	₱104,563,747
Balances as at January 1, 2019	₱12,171,495	₱14,146,988	₱–	₱59,281,830	₱1,875,067	₱75,165	(₱985,608)	₱–	₱86,564,937
Total comprehensive income (loss) for the year	–	–	–	14,026,119	–	2,821	(322,416)	–	13,706,524
Issuance of new shares (Note 25)	4,601	25,072	–	–	–	–	–	–	29,673
Cash dividends (Note 25)	–	–	–	(2,312,584)	–	–	–	–	(2,312,584)
Appropriations during the year (Note 25)	–	–	–	(794,218)	794,218	–	–	–	–
Balances as at December 31, 2019	₱12,176,096	₱14,172,060	₱–	₱70,201,147	₱2,669,285	₱77,986	(₱1,308,024)	₱–	₱97,988,550

See accompanying Notes to Financial Statements.

UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021, 2020 and 2019

(Amounts are presented in thousands of Philippine Pesos)

	GROUP			PARENT BANK		
	Years Ended December 31			Years Ended December 31		
	2021	2020	2019	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	**₱14,984,802**	₱12,342,383	₱14,498,004	**₱14,213,838**	₱11,332,788	₱13,911,877
Adjustments for:						
Gains on sale of investment securities at amortized cost (Note 12)	**(8,447,595)**	(5,111,793)	(7,074,044)	**(8,447,595)**	(5,111,793)	(7,074,044)
Provision for credit losses (Note 20)	**5,811,398**	8,381,856	1,857,347	**4,657,731**	7,450,171	1,548,187
Amortization of premium and discount of financial assets and liabilities	**2,269,357**	633,893	975,812	**2,220,141**	635,120	953,206
Depreciation and amortization (Note 16)	**2,221,316**	1,928,421	1,883,035	**1,557,053**	1,447,218	1,308,500
Unrealized foreign exchange loss (gains) - net	**(876,088)**	45,873	(785,049)	**(909,334)**	45,882	(775,871)
Gain on sale of investment securities at FVOCI (Note 13)	**(657,987)**	(3,020,457)	(1,072,005)	**(657,987)**	(3,020,457)	(1,072,005)
Impairment of goodwill and investment in subsidiaries (Notes 15 and 18)	**529,599**	223,172	–	–	290,002	–
Gain on sale of investments in associates (Note 15)	**(167,332)**	–	–	–	–	–
Gains on foreclosure of investment properties (Note 17)	**(135,309)**	(153,876)	(221,213)	**(135,309)**	(153,876)	(208,233)
Reversal of impairment on investment properties (Note 17)	**(64,649)**	–	–	**(64,649)**	–	–
Losses (gains) on sale of investment properties (Note 17)	**43,689**	(229,148)	(200,079)	**(207,360)**	(195,471)	(251,696)
Losses (gains) on disposal of property and equipment (Note 16)	**(18,108)**	8,641	(679,298)	**(1,900)**	(6,236)	(616,137)
Share in net loss (profit) of subsidiaries and associates (Notes 15 and 28)	**4,135**	3,665	464	**(1,173,016)**	(953,082)	(1,222,595)
Changes in operating assets and liabilities:						
Decreases (increases) in:						
Loans and other receivables	**(19,355,679)**	29,147,657	(52,976,314)	**(17,497,222)**	33,878,915	(57,372,464)
Trading securities at FVTPL	**12,670,664**	(10,582,248)	417,294	**12,840,034**	(10,593,749)	408,014
Other resources	**(6,328,757)**	(28,285)	(1,200,710)	**(4,114,905)**	(1,175,000)	(1,754,855)
Increases (decreases) in:						
Deposit liabilities	**42,715,866**	46,590,101	66,633,507	**27,830,562**	32,349,777	61,243,986
Other liabilities	**2,905,804**	(6,953,527)	5,672,031	**1,533,845**	(4,817,926)	6,191,690
Net cash provided by operations	**48,105,126**	73,226,328	27,728,782	**31,643,927**	61,402,283	15,217,560
Income taxes paid	**(2,171,465)**	(2,155,071)	(1,703,147)	**(1,260,561)**	(1,296,905)	(1,055,476)
Net cash provided by operating activities	**45,933,661**	71,071,257	26,025,635	**30,383,366**	60,105,378	14,162,084
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of:						
Investment securities at amortized cost	**(125,796,399)**	(65,958,555)	(26,829,682)	**(124,111,014)**	(63,475,137)	(26,829,682)
Investment securities at FVOCI	**(78,214,061)**	(97,655,465)	(54,459,546)	**(78,214,061)**	(97,655,465)	(54,459,546)
Bank premises, furniture, fixtures and equipment (Note 16)	**(505,605)**	(1,026,363)	(934,553)	**(317,391)**	(867,690)	(810,243)
Investments in subsidiaries and associates (Notes 1 and 15)	**(109,608)**	–	–	**(1,500,000)**	–	–
Proceeds from maturities/sale of:						
Investment securities at amortized cost	**122,933,196**	71,519,901	71,355,242	**122,903,200**	71,519,901	71,355,242
Investment securities at FVOCI	**46,097,932**	72,201,864	59,623,639	**46,067,931**	72,201,864	59,623,188
Investment properties (Note 17)	**464,361**	410,787	254,865	**407,214**	273,676	220,404
Bank premises, furniture, fixtures and equipment (Note 16)	**52,920**	12,418	803,666	**15,543**	18,138	700,894
Dividends received from a subsidiary	**–**	–	–	**1,496,811**	–	–
Investments in associates (Note 15)	**313,012**	–	–	–	–	–
Acquisition of subsidiaries, net of cash acquired (Notes 1 and 15)	**–**	54,241	(130,000)	**–**	(702,502)	(487,500)
Dissolution of subsidiaries (Notes 1 and 15)	**–**	–	–	**11**	–	–
Net cash provided by (used in) investing activities	**(34,764,252)**	(20,441,172)	49,683,631	**(33,251,756)**	(18,687,215)	49,312,757

(Forward)

	GROUP			PARENT BANK		
	Years Ended December 31			Years Ended December 31		
	2021	2020	2019	**2021**	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments of:						
Bills payable	**(₱131,247,110)**	(₱609,512,421)	(₱2,291,736,846)	**(₱69,805,980)**	(₱565,341,774)	(₱2,235,935,766)
Cash dividends (Note 25)	**(4,267,770)**	(4,264,650)	(2,312,584)	**(4,267,770)**	(4,264,650)	(2,312,584)
Notes and bonds payable	**(3,473,520)**	(21,171,857)	(3,426,766)	**–**	(18,200,000)	–
Lease liabilities (Note 24)	**(579,064)**	(613,498)	(527,633)	**(446,112)**	(477,197)	(426,711)
Dividends of subsidiaries to NCI	**(59,300)**	–	–	**–**	–	–
Cash for fractional shares related to stock Dividends (Note 25)	**(55,116)**	–	–	**(55,116)**	–	–
Long term negotiable certificate of deposits (Note 21)	–	–	(3,000,000)	–	–	(3,000,000)
Proceeds from:						
Bills payable	**127,075,530**	558,732,399	2,305,932,334	**62,765,158**	507,779,097	2,263,433,630
Notes payable (Note 23)	**11,057,895**	33,135,900	9,199,139	**7,650,000**	30,206,900	5,800,000
Issuance of new shares (Note 25)	**63,597**	51,542	29,673	**63,597**	51,542	29,673
Subscription of shares by NCI	**10,000**	–	–	**–**	–	–
Net cash provided by (used in) financing activities	**(1,474,858)**	(43,642,585)	14,157,317	**(4,096,223)**	(50,246,082)	27,588,242
EFFECT OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES	**(44,958)**	(145,377)	(125,033)	**(44,958)**	(140,652)	(121,484)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**9,649,593**	6,842,123	89,741,550	**(7,009,571)**	(8,968,571)	90,941,599
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR						
Cash and other cash items	**8,958,042**	8,580,709	10,916,533	**7,814,917**	7,832,302	10,334,793
Due from Bangko Sentral ng Pilipinas (BSP)	**103,869,770**	73,749,813	56,510,701	**83,867,434**	67,798,418	52,961,426
Due from other banks	**68,532,218**	73,675,709	14,942,213	**64,763,768**	71,497,226	11,550,166
Interbank loans receivable	–	213,062	–	**–**	213,062	–
Securities purchased under repurchase agreement (SPURA)	**16,475,090**	34,773,704	18,882,000	**10,373,294**	28,446,976	10,000,000
	197,835,120	190,992,997	101,251,447	**166,819,413**	175,787,984	84,846,385
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**8,904,903**	8,958,042	8,580,709	**7,988,517**	7,814,917	7,832,302
Due from BSP	**103,407,946**	103,869,770	73,749,813	**67,478,389**	83,867,434	67,798,418
Due from other banks	**54,258,465**	68,532,218	73,675,709	**51,308,983**	64,763,768	71,497,226
Interbank loans receivable	**17,492,657**	–	213,062	**17,492,657**	–	213,062
SPURA	**23,420,742**	16,475,090	34,773,704	**15,541,296**	10,373,294	28,446,976
	₱207,484,713	₱197,835,120	₱190,992,997	**₱159,809,842**	₱166,819,413	₱175,787,984
OPERATIONAL CASH FLOWS FROM INTERESTS AND DIVIDENDS						
Interest received	**₱38,840,197**	₱38,292,850	₱38,784,259	**₱28,048,227**	₱29,188,963	₱29,387,709
Interest paid	**6,482,612**	10,304,166	16,173,752	**4,250,186**	7,976,641	12,942,912
Dividends received	**145,789**	200,671	202,888	**145,789**	200,671	201,858

See accompanying Notes to Financial Statements.

UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Incorporation and Operations

Union Bank of the Philippines (the Bank, UnionBank or the Parent Bank) was incorporated in the Philippines on August 16, 1968 and operates as a universal bank through its universal banking license acquired in July 1992.

The Bank provides expanded commercial banking products and services such as loans and deposits, cash management, retail banking, foreign exchange, capital markets, corporate and consumer finance, investment management and trust banking. As of December 31, 2021, the Bank and its subsidiaries (collectively referred to as the "Group") has 385 branches and 398 on-site and 99 off-site automated teller machines (ATMs), located nationwide.

The Bank's common shares are listed in the Philippine Stock Exchange (PSE). The Bank is effectively 49.66% owned by Aboitiz Equity Ventures, Inc. (AEVI), a company incorporated and domiciled in the Philippines. AEVI is the holding and management company of the Aboitiz Group of Companies.

The Bank's subsidiaries (all incorporated in the Philippines, except for UBX SG and UBX Remit), effective percentage of ownership and the nature of the subsidiaries' businesses as of December 31, 2021 and 2020 are as follows:

	Percentage of ownership		
Name of Subsidiary	**2021**	2020	Nature of Business
City Savings Bank, Inc. (CSB)	**99.79%**	99.79%	Thrift bank
PetNet, Inc. (PETNET)	**51.00%**	51.00%	Remittances/ money transfer
First-Agro Industrial Rural Bank, Inc. (FAIR Bank) [(a)]	**100.00%**	93.33%	Rural bank
UBP Investments Corporation (UIC)	**100.00%**	100.00%	Holding company
First Union Plans, Inc. (FUPI) [(b)]	**100.00%**	100.00%	Pre-need
First Union Direct Corporation (FUDC) [(b)]	**100.00%**	100.00%	Financial products marketing
First Union Insurance and Financial Agencies, Inc. (FUIFAI) [(b)]	**100.00%**	100.00%	Agent for insurance and financial products
UBP Securities, Inc. (UBPSI)	**100.00%**	100.00%	Securities brokerage
UnionBank Currency Brokers Corporation (UCBC)	**100.00%**	100.00%	Foreign currency brokerage
UnionDataCorp (UDC)	**100.00%**	100.00%	Data processing
Interventure Capital Corporation (IVCC)	**60.00%**	60.00%	Venture capital
UBX Philippines Corporation (UBX)	**100.00%**	100.00%	Investment holding and innovation company
UBX Private Ltd. (UBX SG) [(c)]	**100.00%**	100.00%	Holding company
UBX Remit Pte. Ltd. (UBX Remit) [(d)]	**100.00%**	100.00%	Remittance company
Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan) [(e)]	**70.00%**	70.00%	Private development bank
Progressive Bank, Inc. (PBI) [(f)]	**100.00%**	75.00%	Rural bank
Union Digital Bank (UnionDigital) [(g)]	**100.00%**	–	Digital bank

(a) On July 8, 2021, UIC acquired the shares of non-controlling interest of FAIR Bank
(b) FUPI, FUDC and FUIFAI are wholly-owned subsidiaries of UIC
(c) Wholly owned subsidiary of UBX
(d) Wholly owned subsidiary of UBX SG
(e) Acquired on March 12, 2020 through CSB and UIC, with 49% and 21% share in ownership, respectively
(f) Acquired on July 13, 2020 through CSB and UIC, with 49% and 51% share in ownership, respectively
(g) Incorporated on November 25, 2021

Other relevant information about the subsidiaries' nature of businesses and their status of operations are discussed in the sections that follow:

(a) CSB was incorporated and registered with the SEC on December 9, 1965. It is a thrift bank specializing in granting teacher's loans under the Department of Education's Automatic Payroll Deduction System. CSB has 149 branches as of December 31, 2021.

On July 5, 2018 and July 10, 2018, the BOD and the stockholders, respectively, of CSB approved the plan of merger with PR Savings Bank, with CSB as the surviving entity. On December 20, 2018, the Monetary Board (MB) of the BSP approved the merger subject to certain conditions, including completion of the merger within one year from the date of receipt of the BSP approval and that the merger should be effective on the date the SEC issues the certificate of merger. On December 27, 2018 and February 28, 2019, the BSP and the SEC, respectively, approved the merger between CSB and PR Savings Bank, with CSB as the surviving entity.

PR Savings Bank was the 14th largest thrift bank in the country. Most of its 102 offices are located in Luzon offering motorcycle, agri-machinery, and salary loans to over 131,000 borrowers, mostly from the mass market segment. The transaction enabled CSB to expand its reach in Luzon, and enter into new market segments, such as motorcycle and agri-machinery financing.

On December 20, 2018, the MB of BSP granted certain merger incentives, including temporary relief from compliance with the minimum CAR of 10% on solo basis for both the CSB and PRSB from June 2018 until the effectivity of the merger, provided that the CSB's CAR shall not fall below 7%; ten-year amortization of the goodwill from July 2018 to June 2028, and staggered booking of loan impairment determined based on BSP's examination of PR Savings Bank as of June 30, 2018 over a period of 5 years to start on the year the merger becomes effective. Subsequently, CSB recognized the required loan impairment amount outright as part of the determination of the final fair value of assets acquired at the date of the business combination.

CSB's CAR, after the effectivity of the merger, increased from 8.9% in December 2018 to 11.9% in March 2019. For prudential reporting, the Bank is amortizing the goodwill approved by the BSP for the next 10 years. The required annual amortization of goodwill for prudential reporting purposes of CSB is ₱272.94 million. The difference between the final goodwill under PFRS and the BSP approved goodwill was reflected as a reduction in Retained Earnings for prudential reporting to the BSP.

(b) PETNET, more widely-known by its retail brand name PERA HUB, has the largest network of Western Union outlets in the Philippines. PETNET has over 3,714 outlets nationwide. It offers a variety of cash-based services including remittance, currency exchange and bills payment.

(c) FAIR Bank was registered with the SEC on September 15, 1998 primarily to engage in the business of extending rural credit to small farmers and tenants and to deserving rural industries or enterprises. FAIR Bank has one (1) banking office and ten (10) branches located all over Cebu and Negros Occidental areas.

In 2020, CSB and UIC further infused additional capital amounting to ₱41.45 million (equivalent to 414,543 common shares at ₱100 par value) and ₱43.15 million (equivalent to 431,157 common shares at ₱100 par value), respectively, or a total of ₱84.60 million. The aggregate additional infusion in 2020 resulted in UIC's ownership in FAIR Bank further increasing to 44.33%, while CSB's ownership remained the same at 49%.

On July 8, 2021, UIC acquired the remaining 199,998 shares held by the non-controlling interest of FAIR Bank for ₱50.15 per share (₱10.2 million), further increasing the percentage of ownership of UIC from 44.33% to 51%, while CSB's ownership interest stood at 49%.

(d) UIC was incorporated and registered with the SEC on December 20, 1993. It is presently engaged in business as a holding company authorized to hold investments of real and personal properties, including shares of stocks, bonds, debentures, notes and other securities and obligations, without engaging in business of an investment company or broker or dealer in securities of stocks.

UIC holds investments of the Group's thrift banks, rural banks and remittance companies. In addition, through its wholly-owned subsidiaries, FUPI, FUDC and FUIFAI, UIC is also engaged in the servicing of existing pre-need plans, and being an agent for life and non-life insurance products.

(e) On February 11, 2019, the BSP approved the Parent Bank's incorporation of UBX Philippines Corporation (UBX). UBX was incorporated to invest in, hold, own, purchase, lease manage, sell or otherwise dispose of real and personal properties of every kind and description. It shall also engage in the development of financial technology innovations and engage in electronic commerce business.

In October 2018, UIC incorporated UBX SG. On March 21, 2019, UBX then entered into an SPA with UIC to purchase 100 ordinary shares of UBX SG, a Singapore-based entity incorporated by UIC in October 2018, for a total consideration amounting to SGD100. Similar to UBX, UBX SG is incorporated to engage in the development of financial technology innovations and engage in electronic commerce business.

On November 27, 2020, the Parent Bank's BOD approved the additional capital infusion of ₱500 million into UBX. The capital infusion was approved by the BSP on February 15, 2021. The additional capital is intended to grow UBX' business operations and venture platforms.

(f) In February 2019, CSB and UIC acquired 70% ownership of Bangko Kabayan, with CSB owning 49% and UIC owning 21%. The transaction was approved by BSP and Philippine Competition Commission (PCC) on September 19, 2019 and January 9, 2020, respectively. On March 12, 2020, the parties executed the Deed of Absolute Sale, which is determined to be the Group's acquisition date. On the same date, CSB and UIC paid 70% of the total purchase price, bringing the total payment to 90% of the purchase price. The remaining 10% deposited as a retention amount in an escrow account has been released to the sellers in November 2021.

Bangko Kabayan is authorized to engage in the business of extending financial services to farmers, employees, entrepreneurs, commercial, manufacturing and industrial enterprises and to such other persons or entities that require financial intermediation, and to have and to exercise all authority and powers, and to do and perform all acts, and to transact all business which may legally be done by thrift banks organized under and in accordance with the existing New Thrift Banks Act of 1995 (Republic Act No. 7906). It converted its existing microfinance banking office to a branch-lite unit and has 23 branches, including the head office, in the areas of Batangas, Laguna and Quezon (Southern Luzon), and one branch-lite in Lobo, Batangas.

(g) On January 5, 2018, CSB and UIC executed an SPA to acquire 75% ownership interest of PBI through a combination of (a) subscription to 18,000,000 new shares and (b) purchase of 11,980,916 common shares from the major stockholders. On February 24, 2020, the BSP approved the application of CSB and UIC to acquire 75% ownership of PBI.

On July 13, 2020, BSP noted a clarification made by the PCC in its acknowledgement letter indicating that PCC does not categorically declare that the acquisition does not breach the thresholds prescribed by PCC and its IRR, leaving the parties involved with the responsibility to ensure that they fully comply with the notification requirement. The PCC issued a Letter of Non-Coverage declaring that the transaction is not subject to compulsory notification on August 5, 2020. For convenience purposes, the Group used July 31, 2020 as the date of business combination.

On October 7, 2021, UIC acquired the remaining 19,993,640 shares held by the non-controlling interest of PBI for ₱1.80 per share (₱36.0 million), further increasing the percentage of ownership of UIC from 26% to 51%, while CSB's ownership interest stood at 49%.

PBI is authorized to engage in the business of extending credit to farmers, tenants, and rural industries or enterprises, and to transact all business that may be legally done by rural banks formed under and in accordance with the existing Rural Banks Act (Republic Act No. 7353). The principal office address of PBI is located at Del Rosario St., Poblacion, Balasan, Iloilo, and operates an extension office in Pototan, Iloilo, for the purpose of providing microfinance loans along with its primary banking services, and a branch at No. 243 E. Lopez St., Brgy. Lourdes, Jaro, Iloilo City.

(h) In its letter dated July 19, 2021, the BSP approved the application for authority to establish a digital bank, to be known as Union Digital Bank (UnionDigital), a wholly-owned subsidiary of the Bank, subject to regulatory conditions. The BSP subsequently granted the Authority to Register with the SEC. On November 25, 2021, the SEC approved UnionDigital's Articles of Incorporation and its By-Laws and issued its Certificate of Incorporation. The Parent Bank subscribed to 100,000,000 new common shares of UnionDigital at par value ₱10 per share totaling ₱1.0 billion.

Non-operating subsidiaries

(a) UBPSI was incorporated and registered with the SEC on March 2, 1993. It was organized to engage in the business of buying, selling or dealing in stocks and other securities. In January 1995, as approved by UBPSI's stockholders and BOD, UBPSI sold its stock exchange seat in the PSE. Accordingly, UBPSI ceased its stock brokerage activities.

(b) UCBC was registered in the SEC on June 14, 1994. It was organized to engage in the foreign currency brokerage business. On March 23, 2001, the BOD of UCBC approved the cessation of its business operations effective on April 16, 2001. Since then, UCBC's activities were significantly limited to the settlement of its liabilities. The BOD and the stockholders of UCBC have approved to shorten UCBC's corporate term to December 31, 2016. UCBC has secured a tax clearance from the Bureau of Internal Revenue (BIR) in 2018. UCBC has an application for dissolution currently pending with the SEC.

(c) UDC was registered with the SEC on September 8, 1998. It was organized to handle the centralized branch accounting services as well as the processing of credit card application forms of the Parent Bank and the entire backroom operations of FUPI. On July 1, 2003, the BOD of UDC approved the cessation of its business operations effective on August 30, 2003, and subsequently shortened its corporate term to December 31, 2017 by amending its Articles of Incorporation. The services previously handled by UDC are now undertaken by the Financial Services Group of the Parent Bank. UDC is still in process of securing the tax clearance from the BIR.

(d) IVCC was incorporated and registered with the SEC on October 10, 1980. It was organized to develop, promote, aid and assist financially any small or medium scale enterprises and to purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage and otherwise deal with such real and personal property, including securities and bonds of other corporations as the transaction of the lawful business of the corporation may reasonably and necessarily require, subject to the limitations prescribed by law. IVCC has ceased operations since 1992.

The total assets, liabilities and capital funds of these non-operating subsidiaries amounted to ₱5,011, ₱3,158 and ₱1,853, respectively, as of December 31, 2021 and ₱5,032, ₱3,158 and ₱1,874, respectively, as of December 31, 2020.

The Bank's registered address, which is also its principal place of business, is at UnionBank Plaza, Meralco Avenue corner Onyx Street and Sapphire Road, Ortigas Center, Pasig City. AEVI's registered address is located at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila.

Approval of Financial Statements
The consolidated financial statements of UnionBank and Subsidiaries (the Group) and the financial statements of the Parent Bank as of and for each of the three years in the period ended December 31, 2021 were authorized for issue by the Bank's BOD on February 24, 2022.

2. Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group and the financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRSs 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 resource, 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 Standards (PAS 1), *Presentation of Financial Statements.* The Group presents statement of comprehensive income separate from the statement of income.

(c) Functional and Presentation Currency

The financial statements of the Group include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine Peso (PHP) and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in PHP (see accounting policy on Foreign Currency Translation).

The financial statements of these units are combined after eliminating inter-unit accounts. These are presented in Philippine pesos, and all values are presented in thousands of Philippine Pesos except when otherwise indicated.

Items included in the financial statements of the Group are measured using its functional currency, the currency of the primary economic environment in which the Group operates.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except that the Bank has adopted the following new accounting pronouncements starting January 1, 2021. Adoption of these pronouncements did not have any significant impact on the Bank's financial position or performance unless otherwise indicated.

(a) Effective in 2021 that are relevant to the Group

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

- Covid-19-Related Rent Concessions beyond June 30, 2021, Amendments to IFRS 16

  The amendment extended the period of application of the practical expedient to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic until June 30, 2022. The amendment applies to annual reporting periods beginning on or after April 1, 2021.

(b) Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16 , *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Basis of Consolidated Financial Statements

The Group's financial statements comprise the accounts of the Parent Bank and its subsidiaries, as enumerated in Note 1 and as disclosed under Note 15, after the elimination of material intercompany transactions. All intercompany resources and liabilities, equity, income, and expenses and cash flows relating to transactions with subsidiaries are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in the separate financial statements are also eliminated in full. Intercompany losses that indicate impairment are recognized in the Group's financial statements.

The financial statements of the subsidiaries are prepared in the same reporting period as the Parent Bank using consistent accounting policies.

Non-controlling Interests

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Bank.

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transaction with the owners of the 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 net assets of the subsidiary is recognized in capital funds. Disposals of equity investments to non-controlling interests may result in gains and losses for the Group that are also recognized in capital funds.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in the statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the 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.

Investment in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it has the power over the entity, it is exposed, or has rights to, variable returns from its involvement with the entity, and it has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Group obtains control.

The Group 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.

In the Parent Bank's separate financial statements, investments in subsidiaries are initially recognized at cost and subsequently accounted for using the equity method (see Note 15).

All subsequent changes to the share in the equity of the subsidiaries are recognized in the carrying amount of the Parent Bank's investment. Changes resulting from the profit or loss generated by the subsidiaries are reported as Share in net profit of subsidiaries under Miscellaneous income account in the Parent Bank's separate statement of income.

Changes resulting from other comprehensive income of the subsidiaries are recognized in other comprehensive income of the Parent Bank. Any distributions received from the subsidiaries (e.g., dividends) are recognized as reduction in the carrying amount of investment in subsidiaries. However, when the Parent Bank's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, including any other unsecured receivables, the Parent Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the subsidiary. If the subsidiary subsequently reports profits, the Parent Bank recognizes its share on those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

In computing the Parent Bank's share in net profit or loss of subsidiaries, unrealized gains or losses on transactions between the Parent Bank and its subsidiaries are eliminated to the extent of the Parent Bank's interest in the subsidiaries. Where unrealized losses are eliminated, the underlying asset is also tested for impairment from a group perspective.

The Parent Bank holds interests in various subsidiaries as presented in Notes 1 and 15.

Investment in Associates

Associates pertain to all entities over which the Group and the Parent Bank have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associates is accounted for under the equity method of accounting.

Business Combinations and Goodwill

Business acquisitions are accounted for using the acquisition method of accounting. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the 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 the statement of income.

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 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.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. Impairment losses on goodwill are not reversed.

Gain on bargain purchase which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is recognized directly to profit.

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.

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 the statement of income, as appropriate.

Any contingent consideration to be transferred by the 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 the statement of income or as a charge to other comprehensive income. Contingent consideration that is classified as capital funds is not remeasured, and its subsequent settlement is accounted for within capital funds.

Fair Value Measurement

The Group measures financial instruments such as financial assets at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost and investment properties are disclosed in Note 7.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If an asset or a liability measured at fair value has a bid price and ask price, the price within the bid-ask spread is the most representative of fair value in the circumstance shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy. The fair value measurement of a nonfinancial asset takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described in Note 7, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial-assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to customers when funds are transferred to the Group.

Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described below. Financial instruments are initially measured at their fair value; except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value based on other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and the fair value (a 'Day 1'difference) in the statement of income unless it qualifies for recognition as some other type of asset. In cases where transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Measurement categories of financial assets and liabilities
The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured either at amortized cost, at FVOCI or at FVTPL.

The Group classifies and measures its derivative and trading portfolio at FVTPL. The Group may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial Assets
Financial assets are recognized when the Group becomes a party to the contractual terms of the financial 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 under PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets

Under PFRS 9, the classification and measurement of financial assets is driven by the entity's contractual cash flow characteristics of the financial assets and business model for managing the financial assets.

As part of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g. if there are repayments of principal or amortization of the premium or discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- the expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Group's measurement categories are described below:

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 the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the statement of financial position as Due from BSP, Due from other banks, Interbank loans receivable, Financial assets at amortized cost under Trading and investment securities, Loans and other receivables and certain accounts under Other resources.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including Cash and other cash items, non-restricted balances of Due from BSP, Due from other banks, Interbank loans receivable and Securities purchased under repurchase agreements included in Loans and

other receivables. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial Assets at FVTPL
Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include government securities, corporate bonds and equity securities which are held for trading purposes.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVTPL are measured at fair value. Related transaction costs are recognized directly as expense in the statement of income. Unrealized gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL category and realized gains or losses arising from disposals of these instruments are included in Gains (losses) on trading and investment securities at FVTPL and FVOCI account in the statement of income.

Interest earned on these investments is reported in the statement of income under Interest income account while dividend income is reported in the statement of income under Miscellaneous income account when the right of payment has been established.

Financial Assets at FVOCI - Equity Investments
At initial recognition, the 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 Group for trading. The Group has designated certain equity instruments as at FVOCI on initial application of PFRS 9.

Equity 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 are recognized in other comprehensive income and accumulated in Net unrealized fair value gains (losses) on investment securities in the statement of financial position. When the asset is disposed of, the cumulative gain or loss previously recognized in the Net unrealized fair value gains (losses) on investment securities account is not reclassified to profit or loss, but is reclassified directly to Surplus free account.

Any dividends earned on holding these equity instruments are recognized in the statement of income under Miscellaneous income account.

Financial Assets at FVOCI - Debt Instruments
The Group classifies debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in the statement of income in the same manner as for financial assets measured at amortized cost. The Expected Credit Loss (ECL) calculation for financial assets at FVOCI is explained in the 'Impairment of Financial Assets' section.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to the statement of income.

Reclassification of financial assets
The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the 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 Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

(b) Impairment of Financial Assets

The Group recognizes the allowance for expected credit losses for all loans and other debt financial assets carried at amortized cost, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under PFRS 9.

ECL represent possible credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

The Group has established a policy to perform an assessment, at the end of each reporting period, of 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.

For non-credit-impaired financial instruments:

- Stage 1 consists of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Group and the Parent Bank recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 consists of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group and the Parent Bank recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes more than 90 days past due on its contractual payments. As part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of 180 days (i.e. consecutive payments from the borrowers for 180 days).

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors such as downgrade in the credit rating of the borrowers and a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL. All exposures are therefore provided with ECLs, in the context of SICR status.

ECL is a function of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

EAD is modelled on historic data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts, EAD includes an estimate of any further amounts that may be drawn at the time of default. LGD is the amount that may not be recovered in the event of default and is modelled based on historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

(c) Derecognition of Financial Assets

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial difficulty. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges.

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new ' financial asset. Accordingly, the date of the modification shall be treated

as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI). Distressed restructuring with indications of unlikeliness to pay are categorized as impaired accounts and are moved to Stage 3.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

Derivative Financial Instruments

The Group is a counterparty to derivatives contracts, such as forwards, swaps and warrants. These contracts are entered into as a means of reducing or managing the Group's foreign exchange and interest rate exposures as well as those of its customers.

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as resources 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 that instrument is evidenced by comparison with other observable current market transactions in the same instrument. When such evidence exists, which indicates a fair value different from the transaction price, the Group recognizes a gain or loss at initial recognition.

Changes in the fair value of derivatives are recognized in the statement of income.

Financial Liabilities

Financial liabilities which include deposit liabilities, bills payable, notes and bonds payable, and other liabilities (except tax-related payables, pre-need reserves and post-employment defined benefit obligation) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in the statement of income under Interest expense.

Deposit liabilities are stated at amounts in which they are to be paid. Interest is accrued periodically and recognized in a separate liability account before recognizing as part of deposit liabilities.

Bills payable and Notes and bonds payable are recognized initially at fair value, which is the issue proceeds (fair value of consideration received) less any issuance costs. These are subsequently measured at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

Derivative liabilities, which are included as part of Other Liabilities, are recognized initially and subsequently measured at fair value with changes in fair value recognized in the statement of income.

Other liabilities, apart from derivative liabilities, are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Offsetting Financial Instruments

Financial resources and 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.

Bank Premises, Furniture, Fixtures and Equipment

Bank premises, furniture, fixtures and equipment are carried at acquisition cost less accumulated depreciation and amortization, and any impairment in value.

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 is computed on a straight-line basis over the estimated useful lives of the depreciable assets as follows:

Buildings	25 - 50 years
Furniture, fixtures and equipment	5 - 10 years

Leasehold rights and improvements are amortized over the term of the lease or the estimated useful lives of the improvements of five to ten years, whichever is shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values, estimated useful lives and method of depreciation and amortization of bank premises, furniture, fixtures and equipment (except land) are reviewed and adjusted if appropriate, at the end of each reporting period.

If a change in use requires an item of bank premises, furniture, fixtures and equipment to be reclassified to investment properties, the difference between the carrying amount of such asset and its fair value as of the date of change in use is recognized in other comprehensive income and accumulated in equity under the Other reserves account. If the asset is subsequently retired or disposed of, the related revaluation surplus is transferred directly to Surplus free account.

An item of bank premises, furniture, fixtures and equipment, including the related accumulated depreciation, amortization and impairment losses, 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 the statement of income in the year the item is derecognized.

The Group classifies ROU assets as part of property and equipment. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. ROU assets are subject to impairment.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include parcels of land and buildings and related improvements acquired by the Group from defaulting borrowers.

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is initially measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are classified under Investment properties from foreclosure date. Gain or loss from foreclosure is included as part of Gain or loss on foreclosure account under Miscellaneous Income section of the statement of income.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and amortization and impairment. Depreciation is computed using the straight line method over the useful life of 50 years and 10 years for building held for lease and other foreclosed properties, respectively. Land is carried at cost less any impairment in value.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the year of retirement or disposal. Expenditures incurred after the investment properties have been put into operations, such as repairs and

maintenance costs and real estate taxes, are normally charged against income in the period in which costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Intangible Assets

Intangible assets include goodwill and acquired computer software. Goodwill represents the excess of the acquisition cost over the fair value of the net identifiable assets arising from the acquisition of a business. Goodwill has indefinite useful life and, thus, not subject to amortization but requires an annual test for impairment. Goodwill is subsequently carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill sometimes cannot be allocated on a non-arbitrary basis to individual cash-generating units, but only to groups of cash-generating units. As a result, the lowest level within the Group at which goodwill is monitored for internal management purposes sometimes comprises a number of cash-generating units. The Group's cash-generating unit represents major business segments of the Parent Bank and the subsidiaries of the Group.

Computer software used in administration is accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production.

Computer software are capitalized on the basis of the costs incurred to acquire, develop, and install the specific software. These costs are amortized on a straight-line basis over the expected useful lives ranging from five to ten years, as the lives of these intangible assets are considered finite. These costs are recognized as part of Depreciation and amortization in the statement of income. Costs associated with maintaining computer software are expensed as incurred. In addition, intangible assets are subject to impairment testing.

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 the statement of income.

Other Resources

Other resources pertain to resources controlled by the Group as a result of past events. These are recognized in the financial statements only if recognition of that asset and of any resulting income or expenses is a faithful representation of the resources and provides relevant information about the resources.

Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they 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 obligation that has resulted from past events (e.g., legal dispute 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 the reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, at an amount not exceeding the balance of the related provision. 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 assessment 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, possible 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.

Pre-Need Reserves and Insurance Premium Reserves

(a) Pre-need Reserves

In the Group's consolidated financial statements, pre-need reserves (PNR), presented as part of Other liabilities in the consolidated statement of financial position, are recognized for all pre-need benefits guaranteed and payable by FUPI as defined in the pre-need pension plan contracts.

PNR for pension plans are determined using the requirements on provisioning of PAS 37 and the specific method of computation required by the Insurance Commission (IC) as described below.

The amount recognized as a provision to cover the PNR is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The risks and uncertainties that inevitably surround many events and circumstances were taken into account in reaching the best estimate of a provision.

PNR is computed based on the following considerations:

- On actively paying plans, provision is equivalent to the present value of future plan benefits reduced by the present value of future trust fund contributions required per product model discounted using the transitory discount rate which does not exceed the lower of the attainable rate as certified by the Trustee, and the discount rate prescribed by the IC in accordance with IC Circular Letter No. 23-2012, *Valuation of Transitory Pre-need Reserves*, for old basket of plans previously approved by the SEC.

- On lapsed plans, provision is equivalent to the present value of future plan benefits reduced by the present value of future trust fund contributions at lapse date, multiplied by the reinstatement rate.

- On fully paid plans, provision is equivalent to the present value of future plan benefits discounted using the transitory discount rate.

- Future events that may affect the foregoing amounts are reflected in the amount of the provision for PNR where there is sufficient objective evidence that they will occur.

- The rates of surrender, cancellation, reinstatement, utilization and inflation, when applied, represent the actual experience of FUPI in the last three years, or the industry, in the absence of a reliable experience.

- The probability of pre-termination or surrender of fully paid plans are considered in determining the PNR of fully paid plans. A pre-termination experience on fully paid plans of 5% and below are considered insignificant. In such cases, derecognition of liability shall be recorded at pre-termination date.

  The computation of the foregoing assumptions is validated by the IC-accredited actuary of FUPI.

  Any excess in the amount of the trust fund as a result of the revised reserving requirement shall neither be released from the fund nor be credited/set-off to future required contributions.

(b) Insurance Premium Reserves

Insurance premium reserves for pension plans represents FUPI's actuarially-determined liability in accordance with PAS 37 to guarantee the benefits provided in the plan in consideration of the insurance premium funds assigned for this purpose as determined and certified by the IC-accredited actuary.

Capital Funds

Common stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the issuance of common stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Surplus free includes all current and prior period results as reported in the statement of income and which are available and not restricted for use by the Group, reduced by the amounts of dividend declared, if any.

Surplus reserves pertains to the following:

(a) Portion of the Group's income from trust operations set-up on a yearly basis in compliance with BSP regulations. The surplus set-up is equal to 10% of the net profit accruing from the trust business until the surplus shall amount to 20% of authorized capital stock. The reserve shall not be paid out as dividends, but losses accruing in the course of the trust business may be charged against this account.

(b) Accumulated trust fund income of FUPI that is automatically restricted to payments of benefits of planholders and releases from appropriation representing the amounts of trust fund income that pertains to the matured and pre-terminated plans of planholders which have been withdrawn from the trust fund during the year, in accordance with the amended Pre-need Uniform Chart of Accounts (PNUCA).

(c) The difference of the 1% required General Loan Loss Provision on Stage 1 on-balance sheet loans over the computed allowance for credit losses on Stage 1 accounts as required by the BSP Circular No. 1011 - *Guidelines on the Adoption of the Philippine Financial Reporting Standard (PFRS) 9 - Financial Instruments*.

Net unrealized fair value gains (losses) on investment securities pertains to cumulative mark-to-market valuation of financial assets at FVOCI.

Remeasurements of defined benefit plan refer to accumulated actuarial losses, net of gains, as a result of remeasurements of post-employment defined benefit plan and return on plan assets (excluding amount included in net interest).

Other reserves pertains to exchange differences arising from the translation of the Parent Bank's Foreign Currency Deposit Unit (FCDU) operations and UBX SG, which is taken to the statement of comprehensive income.

Non-controlling interests represent the portion of the net resources and profit or loss not attributable to the Group which are presented separately in the Group's statement of income and within the capital funds in the Group's statements of financial position and changes in capital funds.

Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Expenses are recognized in the statement of income upon utilization of the resources or services or at the date these are incurred. All finance costs are reported on an accrual basis. The following specific recognition criteria of income and expenses must also be met before income or expense is recognized:

(a) Interest income recognized using the effective interest rate method - Interest income is recognized in the statement of income for all instruments measured at amortized cost and debt instruments classified as financial assets at FVOCI using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(b) Other interest income - Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognized using the contractual interest rate and is included under Interest Income on financial assets at fair value through profit or loss.

(c) Service charges, fees and commissions - Service charges, fees and commissions are generally recognized when the service has been provided. Loan commitment fees are earned as services are provided, recognized as other income on a time proportion basis over the commitment period.

The Group has a loyalty points programme as part of its credit cards business which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the interchange fee is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

(d) Gain (loss) on trading and investment securities - Gain (loss) on trading and investment securities is recognized when the contractual rights on the securities is transferred to the buyer (at an amount equal to the difference of the selling price and the carrying amount of securities) and as a result of the mark-to market valuation of outstanding securities classified as FVTPL at year-end.

(e) Miscellaneous income includes the following accounts:

- *Commissions earned on credit cards* - Commissions earned on credit cards are recognized as income upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments. Purchases by the credit cardholders, collectible on installment basis, are recorded at the cost of the items purchased. Interest income is recognized on every term of installment billed to the cardholders and computed using the effective interest method.

- *Gain (loss) from assets sold or exchanged* - Profit or loss from assets sold or exchanged is recognized when the control of the assets is transferred to the buyer or when the collectibility of the entire sales price is reasonably assured.

- *Rental* - Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms on ongoing leases.

- *Income from bancassurance business* - Exclusive access fee (EAF) related to the bancassurance partnership is recognized as revenue by reference to the completion rate of the target cumulative annualized premium earned.

- *Dividend* - Dividend income is recognized when the Group's right to receive payment is established.

- *Income from trust operations* - Trust fees related to investment funds are recognized in reference to the net asset value of the funds. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as Lessee accounts for its leases as follows:

Group as Lessor
Leases, which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Lease income from operating leases is recognized as income in the statement of income on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

i. Right-of-use assets
The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

ii. Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest recognized under Interest expense of bills payable and other liabilities and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases for some branches and the related parking spaces, stalls used for specific events and several office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-

value assets recognition exemption to leases of ATM offsite locations, signages and several items of office equipment that are considered of low value (i.e. ₱250,000 and below). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term as is recognized as part of 'Occupancy' in the statement of income.

Foreign Currency Transactions and Translations

The accounting records of the Group are maintained in Philippine pesos except for the FCDU of the Parent Bank which are maintained in United States (U.S.) dollars. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

For financial reporting purposes, the accounts of the FCDU are translated into their equivalents in Philippine pesos based on the Philippine Dealing System closing rates (PDSCR) prevailing at the end of the period (for resources and liabilities) and at the average PDSCR for the period (for income and expenses).

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Changes in the fair value of monetary financial assets denominated in foreign currency 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 the statement of income, and other changes in the carrying amount are recognized in other comprehensive income.

Impairment of Non-financial Assets

The Group's intangible assets (consisting of goodwill and computer software recorded as part of Other resources), bank premises, furniture, fixtures and equipment, investment properties, investments in subsidiaries (for Parent Bank only) and other non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life, such as goodwill, 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, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss is recognized in the statement of income for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value, reflecting market conditions, less costs to sell and 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. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. 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.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss, except for goodwill.

Employee Benefits

The Group's employment benefits to employees are as follows:

(a) Post-employment Defined Benefit Plan

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 the 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, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan (included as part of Other Liabilities) is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. 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 arising from expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bond as published by Philippine Dealing & Exchange Corp., that 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 net 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 to the net defined benefit liability or asset and is included as part of Interest expense or Interest income in the statement of income.

Past-service costs are recognized immediately in the statement of income in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity, such as the Social Security System. The 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) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes 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 the reporting period are discounted to their present value.

(d) Profit-Sharing and Bonus Plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Parent Bank's shareholders, as indicated in the statement of income, after certain regulatory adjustments. The Group recognizes a provision where it is contractually obliged to pay the bonus plans. The Group also recognizes a provision for profit-sharing and bonus plans where there is a past practice that has created a constructive obligation, whether paid in cash or in the form of shares of the Parent Bank to be issued under the Employee Stock Plan.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting date.

They are included as part of Accrued taxes and other expenses under the Other liabilities account in the statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Income Taxes

Tax expense recognized in the statement of income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in capital funds, 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 using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

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 assets 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 to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the 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 assets to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the 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 the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in capital funds. In this case, the tax is also recognized in other comprehensive income or directly in capital funds, respectively.

Deferred tax assets and deferred tax liabilities are offset if the 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.

Related Party Relationships and Transactions
Related Party Transactions are transactions or dealings with related parties, regardless of whether a price is charged. These covers all types of transactions both on and off-balance sheet and regardless of which side of the transaction/deal of the bank is acting.

Parties are said to be related if one has direct or indirect control as well as significant influence over the other. Related Parties of the Bank include, but is not limited to: (a) DOSRI, subsidiaries, affiliates, and any party that directly or indirectly has control over or is subjected to the control of the Bank as well as those with direct and indirect linkages to it, (b) the Bank's and its affiliated companies' directors, officers, stockholders, and their related interests and close family members, and (c) other persons and juridical entities whose interests may pose potential conflict with the Bank.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Earnings Per Share
Basic earnings per share are determined by dividing the net profit for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, after retroactive effect to any stock dividends declared in the current year.

Diluted earnings per common share are also computed by dividing net profit by the weighted average number of common shares subscribed and outstanding at the end of the reporting period, after making adjustments to reflect the effects of any potentially dilutive preferred shares, stock options and warrants.

Trust and Fiduciary Activities
The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These resources and the related income arising thereon are excluded from these financial statements, as they are neither resources nor income of the Group.

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the 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 the Group's products and services as disclosed in Note 6, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these services require different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a particular segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group's operations are organized according to the nature of the products and services provided. Financial information on business segments is presented in Note 6.

Events After the End of the Reporting Period
Any post-year-end event that provides additional information about the Group's position at the statement of financial position date (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. Summary of Accounting Judgments and Estimates

The preparation of the Group's financial statements in accordance with PFRS requires 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.

Unless otherwise stated, below significant judgments and estimates apply as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021.

Critical Management Judgments in Applying Accounting Policies
In the process of applying the 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:

Evaluation of business model in managing financial instruments
The Group manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument). The 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 the Group.

PFRS 9 emphasizes that if more than an infrequent and more than an insignificant 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, the 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 the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

In December 2020, the BOD of the Parent Bank approved to sell a third of the securities from HTC FCDU subportfolio. The BOD also approved for the Parent Bank to be ready to sell the remaining securities under this HTC subportfolio to strengthen the financial position of the Parent Bank for the expected effects of the Covid 19 pandemic and increase capital allocation to client based business i.e. lending business. The Parent Bank assessed that these changes represent change in intention for the securities under the HTC FCDU subportfolio as a response to the current and expected changes in market conditions and did not constitute a change in the business model under PFRS 9. In 2021, the Parent Bank sold investment securities under the HTC FCDU sub portfolio with carrying amount of ₱47.4 billion, resulting in Gain on sale of investment securities at amortized cost totaling ₱8.5 billion. The carrying amounts of the remaining Investment securities at amortized cost in the FCDU subportfolio amounted to ₱32.5 billion and ₱76.6 billion, while fair values amounted to ₱33.5 billion and ₱98.9 billion, as of December 31, 2021 and 2020, respectively.

In 2020, the Parent Bank sold investment securities classified as Investment securities at amortized cost with total carrying amount of ₱57.8 billion, resulting in Gain on sale of investment securities at amortized cost totaling ₱5.1 billion. These sales were made in response to regulatory changes and unanticipated significant changes in the current market conditions which the Parent Bank assessed to have significant impact on its operations. Certain investments were sold in order to shorten the duration of financial assets and reduce interest rate risk of the Parent Bank necessary as a response to significant changes in current market conditions.

The Parent Bank has assessed that the sales in 2021 and 2020 do not reflect a change in the business model of the Group. Accordingly, the remaining investment securities in the affected hold-to-collect subportfolio are continued to be measured at amortized cost.

Testing the cash flow characteristics of financial assets
In determining the classification of financial assets under PFRS 9, the 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, the 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, the 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

Determining the lease term of contracts with renewal and termination options - Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group determined that generally, the options to extend or terminate the lease are not included in the determination of the lease term. These optional periods are not enforceable, as the Group cannot enforce the extension of the lease without the agreement from the lessor, and therefore, the Group does not have the right to use the asset beyond the non-cancellable period.

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 assets and liabilities within the next reporting period:

Estimation of impairment losses on Loans and other receivables, Financial assets at amortized cost and Financial assets at FVOCI
The measurement of impairment losses under PFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Significant factors affecting the estimates on the ECL model include:

- The Group's internal grading model, which assigns PDs to individual grades. In 2021 and 2020, account level and portfolio credit risk rating assessments, which considered how clients are being affected by and are responding to COVID-19- related challenges, have been applied to the scorecards. Sensitivities were applied to consider uncertainties on available economic forecasts.
- The Group's criteria for assessing if there has been a SICR is the basis for measuring allowances for financial assets on a Lifetime Expected Credit Loss (LTECL). There are also qualitative assessments to consider significant increase in credit risk based on the identified risk profiles of their accounts and portfolios.
- The Group's definition of default, which considers the regulatory requirement and the Bank's indicators of loss events.
- In 2021 and 2020, the accounts are further segmented, and the Group identified specific accounts and portfolios that are considered severely affected by the challenges related to COVID-19.
- Development of ECL models, including the various formulas and the choice of inputs. Similar to prior years including 2021, models have been reviewed and revised as appropriate based on latest reviews, economic outlook, and studies from external sources.
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels, level of government spending, and collateral values, and their effect on PDs, EADs and LGDs. As the pandemic progresses, lockdown measures were imposed and public health policy changed, the macroeconomic associations were reviewed in-depth and updated frequently. Because of the uncertainties surrounding the business landscape during the period, the quantitative overlays were complemented by experience-based expert judgment inputs through management discretion overlays considered integral to the systematic process.

The carrying amount of loans and other receivables and the related allowance are disclosed in Notes 14 and 20, while the carrying amount of debt financial assets classified under amortized cost and fair value through other comprehensive income and the related allowances are disclosed in Notes 12 and 20.

Fair value of derivatives

Management applies valuation techniques to determine the fair value of derivatives that are not quoted in active markets. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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 could affect reported fair value of financial instruments. The Group uses 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 fair values of derivatives as of December 31, 2021 and 2020 are presented and grouped into the fair value hierarchy in Note 7.

Recognition of deferred tax assets
Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

As of December 31, 2021, the Group recognized deferred tax assets amounting to ₱7.05 billion, including the Parent Bank's deferred tax assets amounting to ₱1.03 billion related to NOLCO which can be carried as a deduction from gross income from taxable years 2022 to 2026 and ₱0.59 billion related to MCIT which can be applied against corporate income tax liability, until taxable years 2022 to 2024. Based on management forecast, management assessed that it is probable that future taxable income will be available to utilize these deferred tax assets.

Based on forecast, management assessed that it is probable that future taxable income will be available to utilize the deferred tax assets. The carrying value of recognized deferred tax assets is disclosed in Note 30.

Impairment of goodwill
The Group conducts an annual review for any impairment in the value of goodwill. Goodwill is written down for impairment where the recoverable amount of the related CGU is insufficient to support its carrying value. The Group determines the recoverable value of goodwill by discounting the estimated excess earnings using the weighted-average cost of capital (WACC) as the discount rate. The Group estimates the discount rate used for the computation of the net present value by reference to industry cost of capital.

The recoverable amount of the CGU is determined based on a value-in-use calculation using cash flow projections from financial budgets covering a five-year period. Financial budget for the immediately succeeding year is approved by senior management and BOD of the Parent Bank, while the financial budgets for the other years of cash flow projections are determined by corporate planning group and the relevant business units. In 2021, the key assumptions used in the calculation of value-in-use, including loan and deposit growth rates, net interest margin, have been updated to consider the effect of the pandemic. The discount rates used for the computation of the value in use for various CGUs (see Note 18) are based on the pre-tax discount rates ranging from 9.12% to 11.91% and from 6.69% to 11.10% as of December 31, 2021 and 2020, respectively. The long-term growth rates used range from nil to 11.2%as of December 31, 2021 and 2020.

As a result of the ongoing economic uncertainty brought about by the COVID-19 pandemic, the results of the motorcycle lending business was lower than expected. The volume of loan releases was lower and the motorcycle loans reported higher NPLs, indicating a potential impairment of goodwill.

This setback on the business plans for motorcycle lending business resulted in the recognition of impairment of goodwill on CSB's motorcycle loan business amounting to ₱529.60 million and ₱223.17 million for the years ended December 31, 2021 and 2020, respectively, related to a CGU where the calculated value in use is below the carrying amount, while the other remaining CGUs remain unimpaired. The impairment charge is recorded under Miscellaneous expenses in the statement of income.

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.

The carrying amount of goodwill is disclosed in Note 18.

Valuation of post-employment and other benefits
The determination of the Group's obligation and cost of pension and other post-employment benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rates of salary increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or loss and the carrying amount of the post-employment benefit obligation in the next reporting period.

The Group also estimates other employee benefit obligations and expenses, including the cost of paid leaves based on historical leave availments of employees, subject to the Group and the Parent Bank policies. These estimates may vary depending on future changes in salaries and actual experiences during the year.

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit obligation, as well as significant assumptions such as salary rate increase, discount rates, and turnover rates used in estimating such obligation are presented in Note 29.

Fair value determination of assets acquired and liabilities assumed from business combinations
In 2021, the Group finalized the determination of the fair values of the assets acquired and liabilities assumed from the acquisitions of Bangko Kabayan and PBI (see Note 15). The Group determines the acquisition-date fair values of identifiable assets acquired and liabilities assumed from the acquiree without quoted market prices based on the following:

- For assets and liabilities that are short term in nature, carrying values approximate fair values;
- For financial assets and liabilities that are long-term in nature, fair values are estimated through the discounted cash flow methodology, using the appropriate market rates (e.g., current lending rates);
- For nonfinancial assets such as property and equipment and investment properties, fair values are determined based on an appraisal which follows sales comparison approach and depreciated replacement cost approach depending on the highest and best use of the assets; and
- For intangible assets, these are determined based on discounted cash flow over the benefits and liabilities of ownership over the asset acquired, including an exit or terminal value.

4. Risk Management Objectives and Policies

Risks are inherent in the business activities of the Group. Among its identified risks are credit risk, liquidity risk, market risk, interest rate risk, foreign exchange risk, operational risk, information security risk, legal risk, and regulatory risk. These are managed through a risk management framework and governance structure that provides comprehensive controls and management of major risks on an ongoing basis.

Risk management is the process by which the Group identifies its key risks, collects consistent and understandable risk measures, decides which risks to take on or reduce and establishes procedures for monitoring the resulting risk positions. The objective of risk management is to ensure that the Group conducts its business within the risk levels set by the BOD while business units pursue their objective of maximizing returns.

Risk Management Strategies

The Group maintains a prudent risk management strategy to ensure the soundness and profitability of its operations and sustained profitability. Business units are held accountable for all the risks and related returns, and ensure that decisions are consistent with business objectives and risk tolerance. Strategies and limits are reviewed regularly and updated to ensure that risks are well-diversified and risk mitigation measures are in place. A system for managing and monitoring risks is in place so that all relevant issues are identified at an early stage and appropriate actions are taken on a timely basis. Risk reporting is done on a regular basis, either daily, monthly or quarterly.

Although the BOD is primarily responsible for the overall risk management of the Group's activities, the responsibility rests with all levels of the organization. The risk appetite is defined and communicated, including parameters and limits, through an enterprise-wide risk policy framework.

Risk Management Structure

The BOD of the Parent Bank exercises oversight over the Parent Bank's risk management process as a whole and through its various risk committees. For the purpose of day-to-day management of risks, the Parent Bank has established independent Risk Management Units (RMUs) that objectively review and ensure compliance with the risk parameters set by the BOD. The RMUs are responsible for the monitoring and reporting of risks to senior management and the various committees of the Parent Bank.

On the other hand, the risk management processes of its subsidiaries are handled separately by their respective BODs.

The Parent Bank's BOD is primarily responsible for setting the risk appetite, approving risk parameters, proposed credit policies, and investment guidelines, as well as establishing the overall risk-taking capacity of the Parent Bank. To fulfill its responsibilities in risk management, the BOD has established the following committees, whose functions are described below.

(a) The Executive Committee (EXCOM), composed of seven (7) members of the BOD, exercises certain functions as delegated by the BOD including, among others, the approval of credit proposals, asset recovery and real and other properties acquired (ROPA) sales within its delegated limits.

(b) The Risk Management Committee (RMC) is composed of seven (7) non-executive directors of the BOD, majority of whom are independent directors, including the Chairman. The RMC advises the BOD regarding the Parent Bank's overall current and future risk appetite, oversees Senior Management's adherence to the risk appetite statement, and reports on the state of risk culture of the Parent Bank. The RMC oversees the Parent Bank's risk management framework and the risk management function. The RMC also provides oversight, direction, and guidance to the other risk committees, specifically the Market Risk Committee (MRC) and the Operations Risk Management Committee (ORMC).

(c) The MRC is composed of nine (9) members of the BOD, majority of whom are independent directors, including the Chairman. The MRC is primarily responsible for reviewing the risk management policies and practices relating to market risk including interest rate risk in the banking book and liquidity risk.

(d) The ORMC is composed of at least three (3) members of the BOD, with a majority of the ORMC's membership comprised of independent directors, including the Chairman. The ORMC reviews various operational risk policies and practices and approves the operational risk management framework which forms part of the Bank's enterprise risk management system and covers all business lines and functions of the Bank, including outsourced services and services provided to external parties. The ORMC also provides oversight on the implementation of a sound business continuity management framework.

(e) The Audit Committee is composed of seven (7) members, all non-executive and majority of whom are independent, including the Chairman, most of whom are with accounting, auditing, or related financial management expertise or experience. The skills, qualifications, and experience of the committee members are appropriate for them to perform their duties as laid down by the BOD.

The Audit Committee serves as principal agent of the BOD in ensuring independence of the Parent Bank's external auditors and the internal audit function, the integrity of management, and the adequacy of disclosures and reporting to stockholders. It also oversees the Parent Bank's financial reporting process on behalf of the BOD. It assists the BOD in fulfilling its fiduciary responsibilities as to accounting policies, reporting practices and the sufficiency of auditing relative thereto, and regulatory compliance.

To effectively perform these functions, the Audit Committee has a good understanding of the Parent Bank's business including the following: Parent Bank's structure, businesses, controls, and the types of transactions or other financial reporting matters applicable to the Parent Bank as well as to determine whether the controls are adequate, functioning as designed, and operating effectively. It also considers the potential effects of emerging business risks and their impact on the Parent Bank's financial position and results of operations.

Among the responsibilities of the Audit Committee are:

- *Oversight of the financial reporting process*. The Audit Committee ensures that the Parent Bank has a high-quality reporting process that provides transparent, consistent and comparable financial statements. In this regard, the Audit Committee works closely with management especially the Office of the Financial Controller, the Internal Audit Group (IAG), as well as the external auditors, to effectively monitor the financial reporting process and the existence of significant financial reporting issues and concerns.

- *Monitoring and evaluation of internal control*. The Audit Committee, through the IAG, monitors and evaluates the adequacy and effectiveness of the Parent Bank's internal control framework, integrity of financial reporting, and security of physical assets. The Audit Committee ensures that a proactive and forward-looking approach on evaluation of risks and controls is taken. The Audit Committee also ensures that periodic assessment of the internal control system is conducted to identify weaknesses and evaluates its robustness considering the risk profile and strategic direction of the Parent Bank.

- *Oversight of the audit process*. The Audit Committee is knowledgeable on audit function and the audit process. The Audit Committee maintains supportive, trusting and inquisitive relationships with both internal and external auditors to enhance its effectiveness.

- *Oversight of the outsourced internal audit activities*. The Audit Committee oversees the performance of the internal audit service provider, whenever such service is obtained, and ensures that they comply with sound internal auditing standards and other supplemental standards issued by regulatory authorities/government agencies, as well as with relevant code of ethics.

- *Oversees the implementation of Group Internal Audit Policy.* The Audit Committee oversees the implementation of the policy through the periodic reports on oversight of the Group Internal Audit, and takes appropriate action on any group internal oversight issues identified. The Audit Committee reviews and evaluates the group internal audit policy, and any amendments thereto, and endorse the same to the Parent Bank for approval.

- *Oversight of the whistle-blowing mechanism.* The Audit Committee oversees the establishment of a whistle-blowing mechanism in the Parent Bank by which officers and staff shall in confidence raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It also ensures that independent investigation, appropriate follow-up, action and subsequent resolution of complaints are in place.

In the performance of these functions, the Audit Committee is supported by the IAG. The Chief Audit Executive derives authority from and is directly accountable to the Audit Committee. However, administratively, the Chief Audit Executive reports to the President of the Parent Bank.

The IAG is entirely independent from all the other organizational units of the Parent Bank, as well as from the personnel and work that are to be audited. It operates under the direct control of the Audit Committee and is given an appropriate standing within the Parent Bank to be free from bias and interference. The IAG is free to report its findings and appraisals internally at its own initiative to the Audit Committee.

The IAG is authorized by the Audit Committee to have unrestricted access to all functions, records, property, and personnel of the Bank subject to existing mandate and applicable laws. This includes the authority to allocate resources, set audit frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish the audit engagement objectives.

The IAG is also authorized to obtain the necessary assistance from personnel within the Parent Bank units where they perform audits, as well as other specialized services within or outside the Parent Bank.

The IAG presents its risk-based rolling 1 year audit plan that is forward-looking and consistent with the Parent Bank's strategic plans and priorities every quarter for approval by the Audit Committee.

At least once a month, the Audit Committee meets to discuss the results of the assurance and consulting engagements, and case investigations by IAG. Financial reporting and Controllership related topics are also included as needed. The results of these meetings are regularly reported by the Audit Committee Chairman to the BOD in its monthly meetings.

As the Bank continuously evolves towards its digitization strategy, IAG has undertaken initiatives to adapt and expand its processes, and to provide relevant and timely recommendations to the Bank. IAG has implemented continuous auditing process that aims to provide assurance on high-risk, high-volume areas/process, on a real time, or near-real time basis.

IAG adopted the GRC system which aims to integrate the operational risk management across the Parent Bank. IAG also uses it as an audit management system to aid in ensuring quality and completeness of documentation across its different engagements. IAG also implemented remote auditing and leveraged on the document management system of the Bank.

(f) The Corporate Governance Committee (CGC) is primarily responsible for helping the BOD fulfill its corporate governance and compliance responsibilities. It is responsible for ensuring the BOD's effectiveness and due observance of corporate governance principles and of oversight over the compliance risk management. It assists in the establishment of a compliance program that facilitates the escalation and resolution of compliance issues expeditiously.

The CGC is composed of nine (9) members of the BOD, all non-executive, majority of whom, including its Chairman, are independent directors. Its specific duties include, among others, making recommendations to the BOD regarding continuing education of directors, overseeing the periodic performance evaluation of the 1) Board; 2) Board Committees; 3) Chariman and the Individual Directors; 4) Management-level Committees (through the Compliance and Corporate Governance Office; and 5) Chief Compliance and Corporate Governance Officer (CCCGO).

The CGC also performs oversight functions over the Compliance and Corporate Governance Office (CCGO) and the following management-level committees: 1) Anti-Money Laundering Committee and 2) Discipline Committee.

Senior management, through the CCCGO, periodically reports to the CGC the status of regulatory audit and compliance testing findings until their closure. Any material breaches of the compliance program are reported to and promptly addressed by the CCCGO within the mechanisms defined by the Compliance Manual.

The Parent Bank's CCCGO defines the Group's minimum governance and compliance requirements and works closely with the subsidiaries' and affiliates' Chief Compliance Officers in the execution of these standards.

The CGC assumed the functions of the Nominations Committee (NomCom) and the Compensation and Remuneration Committee (CompRem) upon the latter Committees' dissolution. The NomCom review the qualifications of and screens candidates for the board including nominees for independent directors and key officers of the Parent Bank. As part of its added function, it also reviews the implementation of programs for identifying, retaining and developing critical officers and the succession plan for various units in the organization.

The functions of the CompRem includes overseeing implementation of the programs for remuneration and benefits of directors and senior management, and monitoring that the performance scorecards for the Parent Bank and its officers are comprehensive and balanced, and assessing the adequacy and, effectiveness for driving performance and consistency of the Parent Bank's total compensation program vis-à-vis corporate philosophy and strategy.

The Parent Bank's CCCGO assists the CGC in fulfilling its functions by apprising the same of (1) pertinent regulations and other issuances relating to compliance or corporate governance, and (2) status of the implementation of the Bank's Compliance Program, raising related regulatory issues and compliance initiatives affecting the various units and the status of the latter's corrective action plans. In addition, the CCO keeps the CGC abreast of best governance practices and discusses issues being brought up among private organizations and individuals advocating good governance philosophy.

(g) The Related Party Transaction Committee is a board-level committee composed of three (3) members, all of whom are independent directors, including its Chairman. The Committee assists the BOD in the fulfillment of its corporate governance responsibilities on related party transactions by ensuring that these are transacted on arm's length terms. The Committee reviews and endorses the related party transactions to the BOD for approval or confirmation, depending on the amounts involved.

The major risk types identified by the Group are discussed in the following sections:

Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honor its financial or contractual obligation to the Group. The risk may arise from lending, trade finance, treasury, investments, derivatives and other activities undertaken by the Group. Credit risk is managed through strategies, policies and limits that are approved by the respective BOD of the various companies within the Group. With respect to the Parent Bank, it has a well-structured and standardized credit approval process and credit scoring system for each of its business and/or product segments.

The RMU undertakes several functions with respect to credit risk management. The RMU independently performs credit risk assessment, evaluation and review for its retail, commercial and corporate financial products to ensure consistency in the Parent Bank's risk assessment process. It also ensures that the Parent Bank's credit policies and procedures are adequate and are constantly updated to meet the changing demands or risk profiles of the business units. The RMU also reported to the Board's Risk Management Committee the COVID-19-related overlays as well as their impact on credit impairment and credit portfolio's credit risk profiles.

In 2021 and 2020, there were enhancements in the risk rating and SICR parameters in certain portfolios to consider the effects of COVID-19.

The RMU's portfolio management function involves the review of the Parent Bank's loan portfolio, including the portfolio risks associated with particular industry sectors, regions, loan size and maturity, and the development of a strategy for the Parent Bank to achieve its desired portfolio mix and risk profile. The RMU reviews the Parent Bank's loan portfolio quality in line with the Parent Bank's policy of avoiding significant concentrations of exposure to specific industries or groups of borrowers. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features. Concentrations indicate the relative sensitivity of the Parent Bank's performance to developments affecting a particular industry or geographical location.

The Group and the Parent Bank consider concentration risk to be present when the total exposure to a particular industry exceeds 30.0% of the total exposure, which is similar to the BSP requirement. As of December 31, 2021 and 2020, the Group and the Parent Bank did not exceed the limit in any of its industry concentration.

In order to avoid excessive concentrations of risk, the Parent Bank's policies and procedures include guidelines for maintaining a diversified portfolio mix (e.g., concentration limits). Identified concentrations of credit risks are controlled and managed accordingly. The RMU also monitors compliance to the BSP's limit on exposures.

The table below shows the breakdown of the Group's and the Parent Bank's exposure on receivable from customers and investments and placements as of December 31, 2021 and 2020:

	2021	
	Group	**Parent Bank**
Corporate loans	**₱118,674,586**	**₱118,674,586**
Commercial loans	**69,942,747**	**69,942,747**
Home loans	**58,214,670**	**58,214,670**
CSB salary loans	**45,625,092**	–
Other retail products	**18,119,653**	**18,119,653**
Other receivables from customers*	**29,311,418**	**14,022,203**
Total receivables from customers	**339,888,166**	**278,973,859**
Investments and placements	**410,298,448**	**366,933,320**
	₱750,186,614	**₱645,907,179**

**Comprised of HR loans, quick loans and Home Credit receivables*

	2020	
	Group	Parent Bank
Corporate loans	₱116,736,437	₱116,736,437
Commercial loans	64,469,337	64,469,337
Home loans	56,749,179	56,749,179
CSB salary loans	47,918,513	–
Other retail products	18,917,409	18,917,409
Other receivables from customers*	21,351,225	8,574,923
Total receivables from customers	326,142,100	265,447,285
Investments and placements	361,513,930	334,852,459
	₱687,656,030	₱600,299,744

**Comprised of HR loans, quick loans and Home Credit receivables*

Investments and placements include financial assets at amortized cost, debt securities classified as financial assets at FVOCI, due from other banks, due from BSP and interbank loans receivable and the related accrued interest receivable amounting to ₱2.91 billion and ₱2.49 billion as of December 31, 2021 and 2020, respectively.

The following summarizes the Group's credit risk management practices and the relevant quantitative and qualitative financial information regarding the credit exposure according to portfolios:

Credit risk management practices and credit quality disclosures

Corporate Loans

Corporate lending activities are undertaken by the Parent Bank's Corporate Banking Center. The customer accounts under this group belong to the top tier corporations, conglomerates and large multinational companies.

The Parent Bank undertakes a comprehensive procedure for the credit evaluation and risk assessment of large corporate borrowers based on its obligor risk rating master scale.

The Parent Bank currently utilizes the same single rating system for both Corporate and Commercial accounts. In addition, the result on the latter is further refined through a second model to take more careful account of the nuances between the commercial bank portfolio with that of the corporate loan book.

The rating system assesses default risk based on financial profile, management capacity, industry performance, and other factors deemed relevant. Significant changes in the credit risk considering movements in credit rating, among other account-level profile and performance factors, define whether the accounts are classified in either Stage 1, Stage 2, or Stage 3 per PFRS 9 loan impairment standards.

Based on foregoing factors, each borrower is assigned a Borrower Risk Rating (BRR), from AAA to D. In addition to the BRR, the Parent Bank assigns a loan exposure rating (LER), a 100-point system which consists of a Facility Tenor Rating (FTR) and a Security Risk Rating (SRR). The FTR measures the maturity risk based on the length of loan exposure, while the SRR measures the quality of the collateral and risk of its potential deterioration over the term of the loan. The FTR and the SRR, each a 100-point scoring system, are given equal weight in determining the LER.

Once the BRR and the LER have been determined, the credit limit to a borrower is determined under the Risk Asset Acceptance Criteria (RAAC) which is a range of acceptable combinations of the BRR and the LER. Under the RAAC system, a borrower with a high BRR will have a broader range of acceptable LERs.

The credit rating for each borrower is reviewed annually or earlier when there are extraordinary or adverse developments affecting the borrower, the industry and/or the Philippine economy such as the COVID-19 pandemic. Any major change in the credit scoring system, the RAAC range and/or the risk-adjusted pricing system is presented to and approved by the RMC.

The description of each credit quality grouping for the credit scores is explained further as follows:

High Quality Grade - These accounts are of the highest quality and are likely to meet financial obligations.

Standard Grade - These accounts may be vulnerable to adverse business, financial and economic conditions but are expected to meet financial obligations.

Substandard Grade - These accounts are vulnerable to non-payment but for which default has not yet occurred.

Non-Performing - These refer to accounts which are in default or those that demonstrate objective evidence of impairment.

Below is the breakdown of the Group and Parent Bank's corporate loans exposure (outstanding balance and accrued interest receivable) by masterscale rating as of December 31, 2021 and 2020:

		December 31, 2021			
		Amounts			
Credit Score	**Masterscale**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High Quality Grade					
AAA to A-	1	**₱–**	**₱–**	**₱–**	**₱–**
BBB+	2	**5,273,588**	–	–	**5,273,588**
BBB	3	**1,500,229**	–	–	**1,500,229**
BBB- to BB+	4	**37,128,851**	–	–	**37,128,851**
Standard Grade					
BB to BB-	5	**22,818,612**	**25,040**	–	**22,843,652**
B+	6	**9,550,333**	**8,824,869**	–	**18,375,202**
B to B-	7	**13,085,912**	**12,160,653**	–	**25,246,565**
CCC+ to CCC	8	**5,326,535**	–	–	**5,326,535**
Substandard Grade					
Lower than CCC	9	**1,516,904**	**12,866**	–	**1,529,770**
Non-Performing					
Default	10	–	–	**1,450,194**	**1,450,194**
		₱96,200,964	**₱21,023,428**	**₱1,450,194**	**₱118,674,586**

		December 31, 2020			
		Amounts			
Credit Score	Masterscale	Stage 1	Stage 2	Stage 3	Total
High Quality Grade					
AAA to A-	1	₱–	₱–	₱–	₱–
BBB+	2	6,462,028	–	–	6,462,028
BBB	3	4,349,295	–	–	4,349,295
BBB- to BB+	4	38,939,318	–	–	38,939,318
Standard Grade					
BB to BB-	5	22,605,080	30,023	–	22,635,103
B+	6	3,769,148	8,996,172	–	12,765,320
B to B-	7	26,230,439	87,065	–	26,317,504
CCC+ to CCC	8	2,336,568	–	–	2,336,568
Substandard Grade					
Lower than CCC	9	1,643,232	120,587	–	1,763,819
Non-Performing					
Default	10	–	–	1,167,482	1,167,482
		₱106,335,108	₱9,233,847	₱1,167,482	₱116,736,437

Commercial Loans

The Group and Parent Bank's commercial banking activities are undertaken by its Commercial Banking Center (ComBank). These consist of banking products and services rendered to customers which are entities that are predominantly middle market companies. These products and services are similar to those provided to large corporate customers, with the predominance of trade finance-related products and services.

The non-financial ComBank accounts use an adjusted obligor rating scale derived from the one applied for corporate loans, and follows the same RAAC framework, while ComBank accounts classified as banks and non-bank financial institutions are still rated using the 2018 rating scale.

Below is the breakdown of the Group and Parent Bank's commercial loans exposure (outstanding balance and accrued interest receivable) by masterscale rating as of December 31, 2021 and 2020 for financial and non-financial institutions:

Financial Institutions

		December 31, 2021			
		Amounts			
Credit Score	Masterscale	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High Quality Grade					
AAA to A-	1	**₱–**	**₱–**	**₱–**	**₱–**
BBB+	2	**–**	**–**	**–**	**–**
BBB-	3	**–**	**–**	**–**	**–**
BBB- to BB+	4	**2,123,845**	**–**	**–**	**2,123,845**
Standard Grade					
BB to BB-	5	**1,124,053**	**–**	**–**	**1,124,053**
B+	6	**1,274,683**	**–**	**–**	**1,274,683**
B to B-	7	**11,449,999**	**–**	**–**	**11,449,999**
CCC+ to CCC	8	**4,675,900**	**–**	**–**	**4,675,900**
Substandard Grade					
Lower than CCC	9	**133,301**	**–**	**–**	**133,301**
Non-Performing					
Default	10	**–**	**–**	**–**	**–**
		₱20,781,781	**₱–**	**₱–**	**₱20,781,781**

		December 31, 2020			
		Amounts			
Credit Score	Masterscale	Stage 1	Stage 2	Stage 3	Total
High Quality Grade					
AAA to A-	1	₱–	₱–	₱–	₱–
BBB+	2	–	–	–	–
BBB-	3	–	–	–	–
BBB- to BB+	4	1,652,689	–	–	1,652,689
Standard Grade					
BB to BB-	5	1,871,417	–	–	1,871,417
B+	6	472,654	–	–	472,654
B to B-	7	11,861,087	–	–	11,861,087
CCC+ to CCC	8	2,845,549	–	–	2,845,549
Substandard Grade					
Lower than CCC	9	25,028	–	–	25,028
Non-Performing					
Default	10	–	–	–	–
		₱18,728,424	₱–	₱–	₱18,728,424

Non-financial Institutions

	December 31, 2021			
	Amounts			
Masterscale	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1	**₱–**	**₱–**	**₱–**	**₱–**
2	**10,006**	**–**	**–**	**10,006**
3	**1,414,153**	**–**	**–**	**1,414,153**
4	**2,863,325**	**–**	**–**	**2,863,325**
5	**8,886,779**	**389,130**	**–**	**9,275,909**
6	**8,909,247**	**557,834**	**–**	**9,467,081**
7	**17,654,256**	**1,024,579**	**–**	**18,678,835**
8	**2,057,062**	**232,643**	**–**	**2,289,705**
9	**323,119**	**1,465,013**	**–**	**1,788,132**
10	**–**	**–**	**3,373,820**	**3,373,820**
	₱42,117,947	**₱3,669,199**	**₱3,373,820**	**₱49,160,966**

	December 31, 2020			
	Amounts			
Masterscale	Stage 1	Stage 2	Stage 3	Total
1	₱–	₱–	₱–	₱–
2	1,030,925	–	–	1,030,925
3	1,993,546	–	–	1,993,546
4	2,761,225	9,933	–	2,771,158
5	6,790,031	470,368	–	7,260,399
6	8,082,868	–	–	8,082,868
7	14,453,915	112,404	–	14,566,319
8	4,304,086	132,311	–	4,436,397
9	809,459	1,482,787	–	2,292,246
10	–	–	3,307,055	3,307,055
	₱40,226,055	₱2,207,803	₱3,307,055	₱45,740,913

Retail and Small and Medium Enterprise (SME) Financial Products

The Retail loan portfolio of the Parent Bank is composed of four main product lines, namely: Home Loans, Credit Cards, Auto Loans, and Quick Loans. SME portfolio is composed of Business Line Loans and a small portion from emerging products. Each of these products has established credit risk guidelines and systems for managing credit risk across all businesses. Scoring models have been revised and fine-tuned while data analytics have been enhanced to improve portfolio quality and product offers.

On the other hand, CSB, an accredited lending institution of the Department of Education (DepEd), provides salary loans to teachers under an agreement with DepEd for payroll deductions. CSB also provides motorcycle loans as a result of its acquisition and subsequent merger with PR Savings Bank.

Exposure to credit risk is managed through diligent assessment upon onboarding and regular portfolio and segment analysis of the ability of borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate.

The Retail products' respective masterscale is defined by the credit scoring models, which consider demographic variables and behavioral performance, to segment the portfolio according to risk masterscale per product. The stages are defined by the approved SICR for Retail which takes into account the following: NPL status, months on books, and credit score rating for Application Score (point of application) and Behavior Score (monthly credit performance).

For 2021, both Home Loans (except Contract to Sell) and Cards use rating scale 1 to 6. CTS utilizes the Corporate ratings ranging from 1 to 7. Meanwhile, Auto Loans and SME products use rating scale 1 to 5.

Below is the breakdown of the Group's and the Parent Bank's major retail portfolio loans exposure (outstanding balance and accrued interest receivable) by masterscale rating as of December 31, 2021 and 2020:

Home Loans

	December 31, 2021			
	Amounts			
Masterscale	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1	**₱–**	**₱–**	**₱–**	**₱–**
2	**6,332,609**	**–**	**–**	**6,332,609**
3	**9,820,451**	**–**	**–**	**9,820,451**
4	**6,032,565**	**–**	**–**	**6,032,565**
5	**9,361,213**	**–**	**–**	**9,361,213**
6	**9,798,388**	**26,515**	**–**	**9,824,903**
7	**8,680,489**	**1,318,139**	**–**	**9,998,628**
Default	**–**	**–**	**6,844,301**	**6,844,301**
	₱50,025,715	**₱1,344,654**	**₱6,844,301**	**₱58,214,670**

	December 31, 2020			
	Amounts			
Masterscale	Stage 1	Stage 2	Stage 3	Total
1	₱–	₱–	₱–	₱–
2	–	2,334	–	2,334
3	170,091	14,963	–	185,054
4	314,229	42,589	–	356,818
5	719,677	33,337	–	753,014
6	5,654,606	218,120	–	5,872,726
7	40,178,679	1,450,627	–	41,629,306
Default	–	–	7,949,927	7,949,927
	₱47,037,282	₱1,761,970	₱7,949,927	₱56,749,179

Other Retail Products (Credit Cards, Mass Market Loans, and Auto Loans)

	December 31, 2021			
	Amounts			
Masterscale	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1	**₱–**	**₱–**	**₱–**	**₱–**
2	**506,863**	**1,758**	**–**	**508,621**
3	**848,950**	**1,263**	**–**	**850,213**
4	**2,422,892**	**4,235**	**5,488**	**2,432,615**
5	**3,578,278**	**19,584**	**335,136**	**3,932,998**
6	**5,188,727**	**14,986**	**80**	**5,203,793**
7	**2,636,174**	**112,085**	**–**	**2,748,259**
Default	**–**	**–**	**2,443,154**	**2,443,154**
	₱15,181,884	**₱153,911**	**₱2,783,858**	**₱18,119,653**

	December 31, 2020			
	Amounts			
Masterscale	Stage 1	Stage 2	Stage 3	Total
1	₱2,871,498	₱440	₱–	₱2,871,938
2	1,166,753	1,300	–	1,168,053
3	2,336,036	783	–	2,336,819
4	3,064,846	14,179	–	3,079,025
5	2,439,425	39,363	–	2,478,788
6	1,565,438	18,222	–	1,583,660
7	2,369,551	127,076	–	2,496,627
Default	–	–	2,902,499	2,902,499
	₱15,813,547	₱201,363	₱2,902,499	₱18,917,409

CSB Salary Loans
For CSB salary loans, which relates to the DepEd loans of CSB, each borrower is assigned a credit score with E as minimal risk, D as low risk, C as moderate risk, B as average risk and A as high risk.

The description of each credit quality grouping for the credit scores is explained further as follows:

High grade (minimal to low risk) - These are receivables which have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation and the security on the receivables is readily enforceable.

Standard grade (moderate to average risk) - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but with experience of default.

Substandard (high risk) - Accounts classified as "Substandard" are individual credits or portions thereof which appear to involve a substantial and unreasonable degree of risk to the Bank because of unfavorable record or unsatisfactory characteristics. There exists in such accounts the possibility of future loss to the Bank unless given closer supervision. Those classified as "Substandard" must have a well-defined weakness or weaknesses that jeopardize their liquidation. Such well-defined weaknesses may include adverse trends or development of financial, managerial, economic or political nature, or a significant weakness in collateral.

Below is the breakdown of CSB's salary loans exposure (outstanding balance and accrued interest receivable) by credit score as of December 31, 2021 and 2020:

	December 31, 2021			
	Amounts			
Credit Score	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
D to E	**₱11,280,004**	**₱–**	**₱1,532**	**₱11,281,536**
B to C	**29,110,475**	**743,633**	**16,337**	**29,870,445**
A	**411,034**	**723,386**	**19,766**	**1,154,186**
Default	**–**	**–**	**3,318,925**	**3,318,925**
	₱40,801,513	**₱1,467,019**	**₱3,356,560**	**₱45,625,092**

	December 31, 2020			
	Amounts			
Credit Score	Stage 1	Stage 2	Stage 3	Total
D to E	₱45,247,019	₱341,563	₱–	₱45,588,582
B to C	46,215	111,706	–	157,921
A	–	120,974	–	120,974
Default	–	–	2,051,036	2,051,036
	₱45,293,234	₱574,243	₱2,051,036	₱47,918,513

Other receivables from customers
Other receivables from customers of the Group and the Parent Bank include small portfolios such as, with respect to the Parent Bank, (i) personal loans, (ii) HR loans, (iii) bills purchase and (iv) customer liabilities under acceptance, (v) home credit receivables, and, with respect to the subsidiaries, (i) personal loans, and (ii) motorcycle loans. Each of these products has established credit risk guidelines and systems for managing credit risk across all businesses.

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.

Each product was risk rated using techniques appropriate to the Group's and Parent Bank's credit experience. Such methods consider the payment history that are reflected in aging, delinquency, and/or change in rating. These provide the bases for the ECL stage determination.

The description of each groupings according to stage is explained further as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, does not demonstrate significant increase in credit risk.

Stage 2 - those that are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date, and, based on change in rating, delinquencies and payment history, demonstrates significant increase in credit risk.

Stage 3 - Those that are considered default or demonstrates objective evidence of impairment as of reporting date.

Below is a summary as of December 31, 2021 and 2020 of the Group's and Parent Bank's other receivables from customers.

	December 31, 2021			
	Amounts			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Group	**₱24,383,986**	**₱695,966**	**₱4,231,466**	**₱29,311,418**
Parent Bank	**13,074,318**	**137,222**	**810,663**	**14,022,203**

	December 31, 2020			
	Amounts			
	Stage 1	Stage 2	Stage 3	Total
Group	₱17,255,611	₱1,168,124	₱2,927,490	₱21,351,225
Parent Bank	7,791,314	120,023	663,586	8,574,923

Investments and Placements

Investments and placements include financial assets at amortized cost, debt financial assets through other comprehensive income, due from BSP, interbank loans receivable and due from other banks. Each has established credit risk guidelines and systems for managing credit risk across all businesses.

Below is a breakdown of the Group's and the Parent Bank's investments and placements (outstanding balance and accrued interest receivable) by masterscale rating as of December 31, 2021 and 2020:

Sovereign - Group

	December 31, 2021			
	Amounts			
Masterscale	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1	**₱6,027,263**	**₱–**	**₱–**	**₱6,027,263**
2	–	–	–	–
3	–	–	–	–
4	**255,911**	–	–	**255,911**
5	**35,929,557**	–	–	**35,929,557**
6	**1,585,739**	–	–	**1,585,739**
7	–	–	–	–
8	**2,409,655**	–	–	**2,409,655**
9	**179,529,674**	–	–	**179,529,674**
10	–	–	–	–
11	**3,747,351**	–	–	**3,747,351**
12	**1,855,068**	**723,018**	–	**2,578,086**
13	–	–	–	–
14	–	**2,055,879**	–	**2,055,879**
15	–	–	–	–
16	–	–	–	–
Default	–	–	–	–
	₱231,340,218	**₱2,778,897**	**₱–**	**₱234,119,115**

	December 31, 2020			
	Amounts			
Masterscale	Stage 1	Stage 2	Stage 3	Total
1	₱7,180,893	₱–	₱–	₱7,180,893
2	–	–	–	–
3	–	–	–	–
4	6,907,611	–	–	6,907,611
5	20,688,846	–	–	20,688,846
6	11,562,861	–	–	11,562,861
7	–	–	–	–
8	2,315,919	–	–	2,315,919
9	97,070,517	–	–	97,070,517
10	2,942,981	–	–	2,942,981
11	–	–	–	–
12	7,877,205	681,565	–	8,558,770
13	–	–	–	–
14	–	2,787,314	–	2,787,314
15	–	–	–	–
16	–	–	–	–
Default	–	–	–	–
	₱156,546,833	₱3,468,879	₱–	₱160,015,712

Corporate – Group

	December 31, 2021			
	Amounts			
Masterscale	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1	**₱1,738,518**	**₱–**	**₱–**	**₱1,738,518**
2	**54,117,106**	**–**	**–**	**54,117,106**
3	**15,510,463**	**–**	**–**	**15,510,463**
4	**997,706**	**–**	**–**	**997,706**
5	**76,243,614**	**–**	**–**	**76,243,614**
6	**6,904,179**	**–**	**–**	**6,904,179**
7	**5,365,779**	**–**	**–**	**5,365,779**
8	**3,456,594**	**–**	**–**	**3,456,594**
9	**9,072,351**	**–**	**–**	**9,072,351**
10	**–**	**–**	**–**	**–**
11	**2,732,528**	**–**	**–**	**2,732,528**
12	**40,495**	**–**	**–**	**40,495**
13	**–**	**–**	**–**	**–**
Default	**–**	**–**	**–**	**–**
	₱176,179,333	**₱–**	**₱–**	**₱176,179,333**

	December 31, 2020			
	Amounts			
Masterscale	Stage 1	Stage 2	Stage 3	Total
1	₱–	₱–	₱–	₱–
2	49,299,628	–	–	49,299,628
3	17,560,176	–	–	17,560,176
4	466,863	–	–	466,863
5	102,481,183	–	–	102,481,183
6	16,538,843	–	–	16,538,843
7	154,698	–	–	154,698
8	10,729,439	–	–	10,729,439
9	25	–	–	25
10	1,700,043	–	–	1,700,043
11	2,567,320	–	–	2,567,320
12	–	–	–	–
13	–	–	–	–
Default	–	–	–	–
	₱201,498,218	₱–	₱–	₱201,498,218

Sovereign – Parent Bank

	December 31, 2021			
	Amounts			
Masterscale	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1	**₱6,027,263**	**₱–**	**₱–**	**₱6,027,263**
2	–	–	–	–
3	–	–	–	–
4	**255,911**	–	–	**255,911**
5	–	–	–	–
6	**1,585,739**	–	–	**1,585,739**
7	–	–	–	–
8	**2,409,655**	–	–	**2,409,655**
9	**175,346,683**	–	–	**175,346,683**
10	–	–	–	–
11	**3,747,351**	–	–	**3,747,351**
12	**1,855,068**	**723,018**	–	**2,578,086**
13	–	–	–	–
14	–	**2,055,879**	–	**2,055,879**
15	–	–	–	–
16	–	–	–	–
Default	–	–	–	–
	₱191,227,670	**₱2,778,897**	**₱–**	**₱194,006,567**

	December 31, 2020			
	Amounts			
Masterscale	Stage 1	Stage 2	Stage 3	Total
1	₱7,180,893	₱–	₱–	₱7,180,893
2	–	–	–	–
3	–	–	–	–
4	6,907,611	–	–	6,907,611
5	686,510	–	–	686,510
6	11,562,861	–	–	11,562,861
7	–	–	–	–
8	2,315,919	–	–	2,315,919
9	94,430,661	–	–	94,430,661
10	2,942,981	–	–	2,942,981
11	–	–	–	–
12	7,877,205	681,565	–	8,558,770
13	–	–	–	–
14	–	2,787,314	–	2,787,314
15	–	–	–	–
16	–	–	–	–
Default	–	–	–	–
	₱133,904,641	₱3,468,879	₱–	₱137,373,520

Corporate – Parent Bank

	December 31, 2021			
	Amounts			
Masterscale	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1	**₱1,738,518**	**₱–**	**₱–**	**₱1,738,518**
2	**54,117,106**	**–**	**–**	**54,117,106**
3	**15,510,463**	**–**	**–**	**15,510,463**
4	**997,706**	**–**	**–**	**997,706**
5	**73,176,780**	**–**	**–**	**73,176,780**
6	**6,904,179**	**–**	**–**	**6,904,179**
7	**5,305,511**	**–**	**–**	**5,305,511**
8	**3,400,537**	**–**	**–**	**3,400,537**
9	**9,072,351**	**–**	**–**	**9,072,351**
10	**–**	**–**	**–**	**–**
11	**2,703,602**	**–**	**–**	**2,703,602**
12	**–**	**–**	**–**	**–**
13	**–**	**–**	**–**	**–**
Default	**–**	**–**	**–**	**–**
	₱172,926,753	**₱–**	**₱–**	**₱172,926,753**

	December 31, 2020			
	Amounts			
Masterscale	Stage 1	Stage 2	Stage 3	Total
1	₱–	₱–	₱–	₱–
2	49,299,628	–	–	49,299,628
3	17,560,176	–	–	17,560,176
4	466,863	–	–	466,863
5	98,461,904	–	–	98,461,904
6	16,538,843	–	–	16,538,843
7	154,698	–	–	154,698
8	10,729,439	–	–	10,729,439
9	25	–	–	25
10	1,700,043	–	–	1,700,043
11	2,567,320	–	–	2,567,320
12	–	–	–	–
13	–	–	–	–
Default	–	–	–	–
	₱197,478,939	₱–	₱–	₱197,478,939

Analysis of movements of gross carrying amounts

Movements in 2021 and 2020 for total receivables from customers follow. The balances presented include the related accrued interest receivables:

Group

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱290,689,261**	**₱15,147,350**	**₱20,305,489**	**₱326,142,100**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**140,224,284**	–	–	**140,224,284**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	**1,809,525**	**3,181,392**	**4,990,917**
Movements in receivable balance (excluding write-offs)	**(133,921,880)**	**3,174,859**	**937,243**	**(129,809,778)**
Transfers to Stage 1	**5,909,599**	**(1,495,971)**	**(4,413,628)**	–
Transfers to Stage 2	**(16,053,691)**	**17,125,223**	**(1,071,532)**	–
Transfers to Stage 3	**(3,894,455)**	**(796,564)**	**4,691,019**	–
Amounts written-off	–	–	**(1,659,357)**	**(1,659,357)**
Balance at end of year	**₱282,953,118**	**₱34,964,422**	**₱21,970,626**	**₱339,888,166**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱343,745,565	₱2,387,632	₱11,675,758	₱357,808,955
Newly originated assets that remained in Stage 1 as at December 31, 2020	123,248,369	–	–	123,248,369
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	2,554,867	1,992,551	4,547,418
Effects of business combination (see Note 15)	2,158,105	6,453	41,321	2,205,879
Movements in receivable balance (excluding write-offs)	(156,406,473)	(1,798,042)	1,416,635	(156,787,880)
Transfers to Stage 1	918,573	(279,228)	(639,345)	–
Transfers to Stage 2	(13,434,159)	13,489,708	(55,549)	–
Transfers to Stage 3	(9,540,719)	(1,214,040)	10,754,759	–
Amounts written-off	–	–	(4,880,641)	(4,880,641)
Balance at end of year	₱290,689,261	₱15,147,350	₱20,305,489	₱326,142,100

Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱235,931,730**	**₱13,525,006**	**₱15,990,549**	**₱265,447,285**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**102,781,134**	–	–	**102,781,134**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	**248,257**	**1,925,154**	**2,173,411**
Movements in receivable balance (excluding write-offs)	**(92,124,823)**	**4,603,341**	**(2,372,790)**	**(89,894,272)**
Transfers to Stage 1	**4,018,364**	**(1,111,321)**	**(2,907,043)**	–
Transfers to Stage 2	**(15,967,686)**	**16,424,625**	**(456,939)**	–
Transfers to Stage 3	**(3,796,782)**	**(751,249)**	**4,548,031**	–
Amounts written-off	–	–	**(1,533,699)**	**(1,533,699)**
Balance at end of year	**₱230,841,937**	**₱32,938,659**	**₱15,193,263**	**₱278,973,859**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱293,988,151	₱1,607,784	₱9,014,158	₱304,610,093
Newly originated assets that remained in Stage 1 as at December 31, 2020	90,902,328	–	–	90,902,328
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	2,469,468	1,959,239	4,428,707
Movements in receivable balance (excluding write-offs)	(126,359,237)	(2,645,913)	(705,728)	(129,710,878)
Transfers to Stage 1	362,979	(182,235)	(180,744)	–
Transfers to Stage 2	(13,433,644)	13,484,627	(50,983)	–
Transfers to Stage 3	(9,528,847)	(1,208,725)	10,737,572	–
Amounts written-off	–	–	(4,782,965)	(4,782,965)
Balance at end of year	₱235,931,730	₱13,525,006	₱15,990,549	₱265,447,285

The breakdown of movements in 2021 and 2020 for total receivables from customers follow:

Corporate Loans - Group and Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱106,335,108**	**₱9,233,847**	**₱1,167,482**	**₱116,736,437**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**23,115,419**	–	–	**23,115,419**
Movements in receivable balance (excluding write-offs)	**(25,511,459)**	**4,051,477**	**282,712**	**(21,177,270)**
Transfers to Stage 2	**(14,312,641)**	**14,344,066**	**(31,425)**	–
Transfers to Stage 3	–	–	–	–
Amounts written off	–	–	–	–
Balance at end of year	**₱89,626,427**	**₱27,629,390**	**₱1,418,769**	**₱118,674,586**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱148,535,434	₱–	₱87,569	₱148,623,003
Newly originated assets that remained in Stage 1 as at December 31, 2020	22,584,311	–	–	22,584,311
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	237,675	149,252	386,927
Movements in receivable balance (excluding write-offs)	(52,401,863)	(2,329,494)	(76,952)	(54,808,309)
Transfers to Stage 2	(11,325,666)	11,325,666	–	–
Transfers to Stage 3	(1,057,108)	–	1,057,108	–
Amounts written off	–	–	(49,495)	(49,495)
Balance at end of year	₱106,335,108	₱9,233,847	₱1,167,482	₱116,736,437

Commercial Loans - Group and Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱58,954,479**	**₱2,207,803**	**₱3,307,055**	**₱64,469,337**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**54,340,243**	–	–	**54,340,243**
Movements in receivable balance (excluding write-offs)	**(49,351,343)**	**861,783**	**(332,276)**	**(48,821,836)**
Transfers to Stage 1	**102,123**	**(36,451)**	**(65,672)**	–
Transfers to Stage 2	**(723,888)**	**723,888**	–	–
Transfers to Stage 3	**(421,886)**	**(87,824)**	**509,710**	–
Amounts written-off	–	–	**(44,997)**	**(44,997)**
Balances at end of year	**₱62,899,728**	**₱3,669,199**	**₱3,373,820**	**₱69,942,747**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱64,344,757	₱11,469	₱2,703,175	₱67,059,401
Newly originated assets that remained in Stage 1 as at December 31, 2020	48,664,247	–	–	48,664,247
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	1,968,142	806,375	2,774,517
Movements in receivable balance (excluding write-offs)	(52,317,599)	(40,435)	(365,945)	(52,723,979)
Transfers to Stage 2	(280,096)	280,096	–	–
Transfers to Stage 3	(1,456,830)	(11,469)	1,468,299	–
Amounts written-off	–	–	(1,304,849)	(1,304,849)
Balances at end of year	₱58,954,479	₱2,207,803	₱3,307,055	₱64,469,337

Home Loans - Group and Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱47,037,282**	**₱1,761,970**	**₱7,949,927**	**₱56,749,179**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**16,285,786**	–	–	**16,285,786**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	**159,704**	**307,106**	**466,810**
Movements in receivable balance (excluding write-offs)	**(13,655,902)**	**(210,604)**	**(1,365,347)**	**(15,231,853)**
Transfers to Stage 1	**3,582,771**	**(954,653)**	**(2,628,118)**	–
Transfers to Stage 2	**(795,608)**	**1,150,360**	**(354,752)**	–
Transfers to Stage 3	**(2,428,614)**	**(562,123)**	**2,990,737**	–
Amounts written off	–	–	**(55,252)**	**(55,252)**
Balances at end of year	**₱50,025,715**	**₱1,344,654**	**₱6,844,301**	**₱58,214,670**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱47,458,702	₱1,193,833	₱2,141,689	₱50,794,224
Newly originated assets that remained in Stage 1 as at December 31, 2020	13,685,023	–	–	13,685,023
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	222,899	423,436	646,335
Movements in receivable balance (excluding write-offs)	(7,701,560)	(126,192)	(487,775)	(8,315,527)
Transfers to Stage 1	225,770	(125,558)	(100,212)	–
Transfers to Stage 2	(1,565,462)	1,591,172	(25,710)	–
Transfers to Stage 3	(5,065,191)	(994,184)	6,059,375	–
Amounts written off	–	–	(60,876)	(60,876)
Balances at end of year	₱47,037,282	₱1,761,970	₱7,949,927	₱56,749,179

Other Retail Products - Group and Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱15,813,547**	**₱201,363**	**₱2,902,499**	**₱18,917,409**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**2,639,472**	–	–	**2,639,472**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	**40,703**	**1,470,415**	**1,511,118**
Movements in receivable balance (excluding write-offs)	**(2,692,576)**	**(55,380)**	**(779,121)**	**(3,527,077)**
Transfers to Stage 1	**270,142**	**(72,844)**	**(197,298)**	–
Transfers to Stage 2	**(85,997)**	**100,658**	**(14,660)**	–
Transfers to Stage 3	**(728,839)**	**(56,306)**	**785,144**	–
Amounts written-off	–	–	**(1,421,269)**	**(1,421,269)**
Balance at end of year	**₱15,215,749**	**₱158,194**	**₱2,745,710**	**₱18,119,653**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱17,357,463	₱360,013	₱2,935,755	₱20,653,231
Newly originated assets that remained in Stage 1 as at December 31, 2020	2,423,613	–	–	2,423,613
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	27,318	507,949	535,267
Movements in receivable balance (excluding write-offs)	(2,439,557)	(121,610)	346,744	(2,214,423)
Transfers to Stage 1	130,955	(50,423)	(80,532)	–
Transfers to Stage 2	(143,577)	163,312	(19,735)	–
Transfers to Stage 3	(1,515,350)	(177,247)	1,692,597	–
Amounts written-off	–	–	(2,480,279)	(2,480,279)
Balance at end of year	₱15,813,547	₱201,363	₱2,902,499	₱18,917,409

CSB Salary Loans - Group

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱45,293,234**	**₱574,243**	**₱2,051,036**	**₱47,918,513**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**30,147,310**	–	–	**30,147,310**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	**1,255,137**	**659,369**	**1,914,506**
Movements in receivable balance (excluding write-offs)	**(35,452,586)**	**(369,310)**	**1,582,285**	**(34,239,611)**
Transfers to Stage 1	**911,862**	**(194,859)**	**(717,003)**	–
Transfers to Stage 2	**(37,811)**	**215,465**	**(177,654)**	–
Transfers to Stage 3	**(60,496)**	**(13,657)**	**74,153**	–
Amounts written-off	–	–	**(115,626)**	**(115,626)**
Balance at end of year	**₱40,801,513**	**₱ 1,467,019**	**₱3,356,560**	**₱45,625,092**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱42,618,304	₱248,767	₱1,436,076	₱44,303,147
Newly originated assets that remained in Stage 1 as at December 31, 2020	32,346,041	–	–	32,346,041
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	85,399	33,312	118,711
Movements in receivable balance (excluding write-offs)	(30,214,318)	337,304	1,125,304	(28,751,710)
Transfers to Stage 1	555,594	(96,993)	(458,601)	–
Transfers to Stage 2	(515)	5,081	(4,566)	–
Transfers to Stage 3	(11,872)	(5,315)	17,187	–
Amounts written-off	–	–	(97,676)	(97,676)
Balance at end of year	₱45,293,234	₱574,243	₱2,051,036	₱47,918,513

Other Receivables from Customers

Other receivables from customers include HR loans, quick loans and home credit receivables.

Group

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱17,255,611**	**₱1,168,124**	**₱2,927,490**	**₱21,351,225**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**13,696,054**	–	–	**13,696,054**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	**353,981**	**744,502**	**1,098,483**
Movements in receivable balance (excluding write-offs)	**(7,258,012)**	**(1,103,107)**	**1,548,988**	**(6,812,131)**
Transfers to Stage 1	**1,042,701**	**(237,164)**	**(805,537)**	–
Transfers to Stage 2	**(97,747)**	**590,787**	**(493,040)**	–
Transfers to Stage 3	**(254,621)**	**(76,655)**	**331,276**	–
Amounts written-off	–	–	**(22,213)**	**(22,213)**
Balance at end of year	**₱24,383,986**	**₱695,966**	**₱4,231,466**	**₱29,311,418**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱23,430,905	₱573,550	₱2,371,494	₱26,375,949
Newly originated assets that remained in Stage 1 as at December 31, 2020	3,545,134	–	–	3,545,134
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	13,434	72,227	85,661
Effects of business combination (Note 15)	2,158,105	6,453	41,321	2,205,879
Movements in receivable balance (excluding write-offs)	(11,331,576)	482,385	875,259	(9,973,932)
Transfers to Stage 1	6,254	(6,254)	–	–
Transfers to Stage 2	(118,843)	124,381	(5,538)	–
Transfers to Stage 3	(434,368)	(25,825)	460,193	–
Amounts written-off	–	–	(887,466)	(887,466)
Balance at end of year	₱17,255,611	₱1,168,124	₱2,927,490	₱21,351,225

Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱7,791,314**	**₱120,023**	**₱663,586**	**₱8,574,923**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**6,400,214**	–	–	**6,400,214**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	**47,850**	**147,633**	**195,483**
Movements in receivable balance (excluding write-offs)	**(913,541)**	**(43,935)**	**(178,760)**	**(1,136,236)**
Transfers to Stage 1	**63,328**	**(47,373)**	**(15,955)**	–
Transfers to Stage 2	**(49,553)**	**105,654**	**(56,101)**	–
Transfers to Stage 3	**(217,444)**	**(44,997)**	**262,441**	–
Amounts written-off	–	–	**(12,181)**	**(12,181)**
Balance at end of year	**₱13,074,318**	**₱137,222**	**₱810,663**	**₱14,022,203**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱16,291,795	₱42,469	₱1,145,970	₱17,480,234
Newly originated assets that remained in Stage 1 as at December 31, 2020	3,545,134	–	–	3,545,134
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	13,434	72,227	85,661
Movements in receivable balance (excluding write-offs)	(11,498,658)	(28,182)	(121,800)	(11,648,640)
Transfers to Stage 1	6,254	(6,254)		–
Transfers to Stage 2	(118,843)	124,381	(5,538)	–
Transfers to Stage 3	(434,368)	(25,825)	460,193	–
Amounts written-off	–	–	(887,466)	(887,466)
Balance at end of year	₱7,791,314	₱120,023	₱663,586	₱8,574,923

Investments and Placements

Movements in 2021 and 2020 for investments and placements follow. The balances presented include accrued interest receivables:

Group

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱358,045,051**	**₱3,468,879**	**₱–**	**₱361,513,930**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**183,649,821**	–	–	**183,649,821**
Newly originated assets that moved to Stage 2 as at December 31, 2021	–	**2,778,897**	–	**2,778,897**
Movements in the balance (excluding write-offs)	**(134,175,321)**	**(3,468,879)**	–	**(137,644,200)**
Balance at end of year	**₱407,519,551**	**₱2,778,897**	**₱–**	**₱410,298,448**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱313,685,985	₱3,658,807	₱–	₱317,344,792
Newly originated assets that remained in Stage 1 as at December 31, 2020	78,803,785	–	–	78,803,785
Effects of business combination (Note 15)	1,148,525	–	–	1,148,525
Movements in the balance (excluding write-offs)	(35,593,244)	(189,928)	–	(35,783,172)
Balance at end of year	₱358,045,051	₱3,468,879	₱–	₱361,513,930

Parent

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱331,383,580**	**₱3,468,879**	**₱–**	**₱334,852,459**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**167,543,598**	**–**	**–**	**167,543,598**
Movements in the balance (excluding write-offs)	**(134,772,755)**	**(689,982)**	**–**	**(5,462,737)**
Balance at end of year	**₱364,154,423**	**₱2,778,897**	**₱–**	**₱367,933,320**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱305,551,425	₱3,658,807	₱–	₱309,210,232
Newly originated assets that remained in Stage 1 as at December 31, 2020	76,492,061	–	–	76,492,061
Movements in the balance (excluding write-offs)	(50,659,906)	(189,928)	–	(50,849,834)
Balance at end of year	₱331,383,580	₱3,468,879	₱–	₱334,852,459

Modification

In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial circumstance. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges.

On March 24, 2020, Republic Act No. 11469 or the "Bayanihan to Heal as One Act" (Bayanihan 1) was enacted declaring a state of national emergency over the entire country to control the spread of the Coronavirus Disease 2019 (COVID-19). Among the provisions of Bayanihan 1 is the implementation of a 30-day grace period for all loans with principal and/or interest falling due within the period of the Enhanced Community Quarantine without incurring interest on interest, penalties, fees and other charges. Further, on September 11, 2020, Republic Act No. 11494 or the "Bayanihan to Recover as One Act" (Bayanihan 2) was enacted and provided for the implementation of a one-time 60-day grace period to be granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interest, penalties, fees and other charges, thereby extending the maturity of said loans. In addition, Bayanihan 2 allows loans and interest due during the Bayanihan 2 period to be settled on a staggered basis without interest on interests, penalties, fees or other charges until December 31, 2020 or as may be agreed upon by both parties. The Bank also provided additional grace period to the borrowers .

In 2020, the impact of loan modifications as a result of the Bayanihan 1 and Bayanihan 2 Acts amounted to a loss of ₱506.70 million for the Group and ₱377.08 million for the Parent Bank. For the years ended December 31, 2021 and 2020, the net impact of the loan modifications (i.e., after subsequent accretion of the modified loans) amounted to income of ₱101.37 million and loss of ₱423.87 million for the Group , respectively, and income of ₱51.84 million and loss of ₱346.01 million for the Parent Bank, respectively.

Collateral Held as Security and Other Credit Enhancements

The Group holds collateral against loans and other receivables from customers in order to mitigate risk. The collateral may be in the form of mortgages over real estate property, chattels, inventory, cash, securities and/or guarantees. The Bank regularly monitors and updates the fair value of the collateral depending on the type of credit exposure. Estimates of the fair value of collateral are considered in the review and assessment of the adequacy of allowance for credit losses. In general, the Bank does not require collateral for loans and advances to other banks, except when securities are held as part of reverse repurchase agreements.

An estimate of the fair value of collateral and other security enhancements held by the Group and the Parent Bank against loans and other receivables as of December 31, 2021 and 2020 is shown below:

	Group				
	Exposure before collateral	Property	Deposits	Others	Exposure after financial effect of collateral
As of December 31, 2021	**₱375,124,575**	**₱29,047,280**	**₱652,973**	**₱31,995,877**	**₱313,428,445**
As of December 31, 2020	₱352,583,919	₱31,294,142	₱658,275	₱15,629,399	₱305,002,103

	Parent Bank				
	Exposure before collateral	Property	Deposits	Others	Exposure after financial effect of collateral
As of December 31, 2021	**₱301,776,749**	**₱27,477,392**	**₱617,608**	**₱30,759,192**	**₱242,922,557**
As of December 31, 2020	₱282,176,601	₱29,642,564	₱619,434	₱14,801,878	₱237,112,725

The Group's manner of disposing the collateral for impaired loans and receivables is normally through sale of the assets after foreclosure proceedings have taken place.

Liquidity Risk

Liquidity risk is the risk that there are insufficient funds available to adequately meet the credit demands of the Group's customers and repay deposits on maturity. The Asset and Liability Committee (ALCO) and the Treasurer of the Group ensure that sufficient liquid assets are available to meet short-term funding and regulatory requirements. Liquidity is monitored by the Group on a daily basis and under stressed situations. A contingency plan is formulated to set out the amount and the sources of funds (such as unused credit facilities) that are available to the Group and the circumstances under which the Group may use such funds.

Liquidity ratios are used to monitor and manage the Bank's liquidity. The MRC approves the ratios to be used for monitoring the performance of the Bank and for mapping out areas where improvements are needed. These ratios include Liquid Assets to Deposits Ratio, Liquidity ratio, Leverage Ratio and Intermediation Ratio.

The Group also manages its liquidity risks through the use of a Maximum Cumulative Outflow (MCO) limit which regulates the outflow of cash on a cumulative basis and on a tenor basis. To maintain sufficient liquidity in foreign currencies, the Group has also set an MCO limit for certain designated foreign currencies. The MCO limits are endorsed by the MRC and approved by the BOD. The Bank has separate limits for the short term (generally less than 30 days) and the medium term tenor (from 30 days to one year).

The table below shows the financial assets and financial liabilities' liquidity information which includes coupon cash flows categorized based on the contractual date on which the asset will be realized and the liability will be settled. For financial assets at FVTPL, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the expected date the assets will be realized (amounts in millions).

	Group						
	2021						
	On Demand	Up to 1 month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 year	Total
Financial assets							
Cash and other cash items	₱8,905	₱–	₱–	₱–	₱–	₱–	₱8,905
Due from BSP	47,439	55,981	–	–	–	–	103,420
Due from other banks	54,258	–	–	–	–	–	54,258
Interbank loans receivable	–	17,495	–	–	–	–	17,495
	110,602	73,476	–	–	–	–	184,078
Financial assets at FVTPL							
Derivative assets	–	85	239	253	139	677	1,393
Debt securities	–	4,575	–	–	–	–	4,575
Equity securities	–	–	–	–	–	–	–
Financial assets at FVOCI							
Debt securities	–	25,000	26,695	32,734	22	275	84,726
Equity securities	–	–	–	–	–	42	42
Financial assets at amortized cost	186	3,117	1,087	1,005	3,853	225,532	234,780
	186	32,777	28,021	33,992	4,014	226,526	325,516
Loans and other receivables	2,704	74,117	34,881	19,958	29,879	266,905	428,444
Other receivables							
Accounts receivable	–	–	–	–	–	10,326	10,326
Accrued interest receivable	–	7,276	–	–	–	–	7,276
Sales contract receivable	–	41	70	95	141	2,075	2,422
	2,704	81,434	34,951	20,053	30,020	279,306	448,468
Other financial assets							
Returned checks and other cash items	–	169	–	–	–	–	169
Sundry debits	–	432	–	–	–	–	432
	–	601	–	–	–	–	601
Total assets	₱113,492	₱188,288	₱62,972	₱54,045	₱34,034	₱505,832	₱958,663
Non-derivative liabilities							
Deposit liabilities							
Demand	₱204,561	₱–	₱–	₱–	₱–	₱–	₱204,561
Savings	136,430	–	–	–	–	–	136,430
Time and LTNCD	2,796	131,090	30,147	4,077	12,678	53,842	234,630
	343,787	131,090	30,147	4,077	12,678	53,842	575,621
Bills payable	–	8,551	12,475	1,475	15,380	15,152	53,033
Notes and bonds payable	–	432	239	6,635	26,842	46,179	80,327
Manager's checks	6,864	–	–	–	–	–	6,864
Accrued interest payable	–	787	–	–	–	–	787
Accounts payable	–	5,799	–	–	–	–	5,799
Other liabilities	–	8,775	–	–	–	1,081	9,856
	350,651	155,434	42,861	12,187	54,900	116,254	732,287
Derivative Liabilities	1	383	94	106	129	598	1,311
Total liabilities	₱350,652	₱155,817	₱42,955	₱12,293	₱55,029	₱116,852	₱733,598

	Group						
	2020						
	On Demand	Up to 1 month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 year	Total
Financial assets							
Cash and other cash items	₱8,958	₱–	₱–	₱–	₱–	₱–	₱8,958
Due from BSP	43,972	59,913	–	–	–	–	103,885
Due from other banks	68,532	–	–	–	–	–	68,532
Interbank loans receivable	–	–	–	–	–	–	–
	121,462	59,913	–	–	–	–	181,375
Financial assets at FVTPL							
Derivative assets	–	145	60	196	213	573	1,187
Debt securities	–	15,050	–	–	–	–	15,050
Equity securities	–	2,754	–	–	–	–	2,754
Financial assets at FVOCI							
Debt securities	–	21,830	18,032	–	20	162	40,044
Equity securities	–	–	–	–	–	42	42
Financial assets at amortized cost	–	4,982	1,579	1,539	4,636	235,912	248,648
	–	44,761	19,671	1,735	4,869	236,689	307,725

(Forward)

	Group						
	2020						
	On Demand	Up to 1 month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 year	Total
Loans and other receivables	₱145	₱67,357	₱35,251	₱21,919	₱30,426	₱230,262	₱385,360
Other receivables	–	–	–	–	–	–	–
Accounts receivable	–	–	–	–	–	5,416	5,416
Accrued interest receivable	–	6,912	–	–	–	–	6,912
Sales contract receivable	–	51	90	99	134	2,052	2,426
	145	74,320	35,341	22,018	30,560	237,730	400,114
Other financial assets							
Returned checks and other cash items	–	249	–	–	–	–	249
Sundry debits	–	(13)	–	–	–	–	(13)
	–	236	–	–	–	–	236
Total assets	₱121,607	₱179,230	₱55,012	₱23,753	₱35,429	₱474,419	₱889,450
Non-derivative liabilities							
Deposit liabilities							
Demand	₱159,784	₱–	₱–	₱–	₱–	₱–	₱159,784
Savings	98,958	–	–	–	–	–	98,958
Time and LTNCD	1,718	155,721	74,158	6,823	4,046	33,140	275,606
	260,460	155,721	74,158	6,823	4,046	33,140	534,348
Bills payable	–	15,695	13,350	5,719	4,083	16,583	55,430
Notes and bonds payable	–	–	239	826	1,073	64,146	66,284
Manager's checks	6,925	–	–	–	–	–	6,925
Accrued interest payable	–	758	–	–	–	–	758
Accounts payable	–	5,028	–	–	–	–	5,028
Other liabilities	–	9,323	–	–	–	1,081	10,404
	267,385	186,525	87,747	13,368	9,202	114,950	679,177
Derivative Liabilities	–	73	123	205	261	484	1,146
Total liabilities	₱267,385	₱186,598	₱87,870	₱13,573	₱9,463	₱115,434	₱680,323

	Parent Bank						
	2021						
	On Demand	**Up to 1 month**	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Beyond 1 year**	**Total**
Financial assets							
Cash and other cash items	**₱7,989**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱7,989**
Due from BSP	**45,228**	**22,253**	–	–	–	–	**67,481**
Due from other banks	**51,309**	–	–	–	–	–	**51,309**
Interbank loans receivable	–	**17,495**	–	–	–	–	**17,495**
	104,526	**39,748**	–	–	–	–	**144,274**
Financial assets at FVTPL							
Derivative assets	–	**85**	**239**	**253**	**139**	**677**	**1393**
Debt securities	–	**4,506**	–	–	–	–	**4,506**
Equity securities	–	–	–	–	–	–	–
Financial assets at FVOCI							
Debt securities	–	**25,000**	**26,678**	**32,733**	–	–	**84,411**
Equity securities	–	–	–	–	–	**42**	**42**
Financial assets at amortized cost	**186**	**3,058**	**968**	**874**	**3,623**	**221,731**	**230,440**
	186	**32,649**	**27,885**	**33,860**	**3,762**	**222,450**	**320,792**
Loans and other receivables	–	**66,028**	**33,975**	**18,913**	**25,499**	**199,943**	**344,358**
Other receivables							
Accounts receivable	–	–	–	–	–	**5,948**	**5,948**
Accrued interest receivable	–	**5,396**	–	–	–		**5,396**
Sales contract receivable	–	**33**	**65**	**90**	**130**	**2,008**	**2,326**
	–	**71,457**	**34,040**	**19,003**	**25,629**	**207,899**	**358,028**
Other financial assets							
Returned checks and other cash items	–	**169**	–	–	–	–	**169**
Sundry debits	–	**431**	–	–	–	–	**431**
	–	**600**	–	–	–	–	**600**
Total assets	**₱104,712**	**₱144,454**	**₱61,925**	**₱52,863**	**₱29,391**	**₱430,349**	**₱823,694**
Non-derivative liabilities							
Deposit liabilities							
Demand	**₱206,254**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱206,254**
Savings	**132,075**	–	–	–	–	–	**132,075**
Time and LTNCD	**67**	**78,729**	**23,604**	**1,741**	**9,532**	**45,205**	**158,878**
	338,396	**78,729**	**23,604**	**1,741**	**9,532**	**45,205**	**497,207**
Bills payable	–	**5,546**	**10,468**	**30**	**7,726**	**5,295**	**29,065**
Notes and bonds payable	–	**432**	**239**	**6,635**	**26,842**	**46,179**	**80,327**
Manager's checks	**6,864**	–	–	–	–	–	**6,864**
Accrued interest payable	–	**627**	–	–	–	–	**627**
Accounts payable	–	**4,827**	–	–	–	–	**4,827**
Other liabilities	–	**7,627**	–	–	–	**1,081**	**8,708**
	345,260	**97,788**	**34,311**	**8,406**	**44,100**	**97,760**	**627,625**
Derivative liabilities	**1**	**383**	**94**	**106**	**129**	**598**	**1311**
Total liabilities	**₱345,261**	**₱98,171**	**₱34,405**	**₱ 8,512**	**₱44,229**	**₱98,358**	**₱628,936**

	Parent Bank 2020						
	On Demand	Up to 1 month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 year	Total
Financial assets							
Cash and other cash items	₱7,815	₱–	₱–	₱–	₱–	₱–	₱7,815
Due from BSP	42,167	41,711	–	–	–	–	83,878
Due from other banks	64,764	–	–	–	–	–	64,764
	114,746	41,711	–	–	–	–	156,457
Financial assets at FVTPL							
Derivative assets	–	145	60	196	213	573	1187
Debt securities	–	15,012	–	–	–	–	15,012
Equity securities	–	2,716	–	–	–	–	2,716
Financial assets at FVOCI							
Debt securities	–	21,829	18,032	–	–	–	39,861
Equity securities	–	–	–	–	–	42	42
Financial assets at amortized cost	–	4,980	1,578	1,448	4,636	231,922	244,564
	–	44,682	19,670	1,644	4,849	232,537	303,382
Loans and other receivables	–	60,447	34,229	20,241	25,145	177,032	317,094
Other receivables							
Accounts receivable	–	–	–	–	–	2,251	2,251
Accrued interest receivable	–	5,591	–	–	–	–	5,591
Sales contract receivable	–	42	84	86	125	2,006	2,343
	–	66,080	34,313	20,327	25,270	181,289	327,279
Other financial assets							
Returned checks and other cash items	–	249	–	–	–	–	249
Sundry debits	–	11	–	–	–	–	11
	–	260	–	–	–	–	260
Total assets	₱114,746	₱152,733	₱53,983	₱21,971	₱30,119	₱413,826	₱787,378
Non-derivative liabilities							
Deposit liabilities							
Demand	₱160,883	₱–	₱–	₱–	₱–	₱–	₱160,883
Savings	93,564	–	–	–	–	–	93,564
Time and LTNCD	66	118,775	68,651	2,756	2,061	21,310	213,619
	254,513	118,775	68,651	2,756	2,061	21,310	468,066
Bills payable	–	15,695	8,841	582	70	10,420	35,608
Notes and bonds payable	–	–	239	801	1,049	64,078	66,167
Manager's checks	6,925	–	–	–	–	–	6,925
Accrued interest payable	–	625	–	–	–	–	625
Accounts payable	–	3,949	–	–	–	–	3,949
Other liabilities	–	8,428	–	–	–	1,081	9,509
	261,438	147,472	77,731	4,139	3,180	96,889	590,849
Derivative liabilities	–	73	123	205	261	484	1,146
Total liabilities	₱261,438	₱147,545	₱77,854	₱4,344	₱3,441	₱97,373	₱591,995

BSP Reporting

Liquidity Coverage Ratio (LCR)

BSP Circular No. 905 provides the implementing guidelines on LCR and disclosure standards that are consistent with Basel III framework. The LCR is calculated as the ratio of stock of high quality liquid assets (HQLA) over the total net cash outflows over the next 30 calendar days, which should not be lower than 100%. Compliance with the LCR minimum requirement commenced on January 1, 2018 with the prescribed minimum ratio of 90.00% for 2018 and 100.00% effective January 1, 2019. The Group is required to disclose information related to the liquidity coverage ratio (LCR) in a single currency and on solo and consolidated basis starting 2019.

The Group's and the Parent Bank's LCR as of December 31, 2021 and 2020 follows (amounts in millions):

	December 31, 2021	
	Group	**Parent Bank**
Total HQLA	**₱296,558**	**₱247,494**
Total net cash outflows	**109,038**	**79,124**
LCR Ratio	**271.98%**	**312.79%**

	December 31, 2020	
	Group	Parent Bank
Total HQLA	₱246,291	₱216,505
Total net cash outflows	118,718	97,842
LCR Ratio	207.46%	221.28%

Net Stable Funding Ratio (NSFR)
On June 6, 2018, the BSP issued BSP Circular No.1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR). The NSFR is aimed to promote long-term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short term resilience of a bank's liquidity profile. Banks shall maintain an NSFR of at least 100 percent (100%) at all times. The implementation of the minimum NSFR shall be phased in to help ensure that covered banks can meet the standard through reasonable measures without disrupting credit extension and financial market activities. An observation period was set from July 1 to December 31, 2018. Effective, January 1, 2019, banks shall comply with the prescribed minimum ratio of 100%. As of December 31, 2021 and 2020, the NSFR was at 148.88% and 133.22%, respectively, for the Group, and 150.21% and 135.97%, respectively, for the Parent Bank.

Market Risk
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either trading book or banking book. The market risk for the trading portfolio is managed and monitored based on a Value-at-Risk (VaR) methodology. Meanwhile, the market risk for the non-trading positions are managed and monitored using other sensitivity analyses.

The Parent Bank applies a VaR methodology to assess the market risk of positions held and to estimate the potential economic loss based upon a number of parameters and assumptions for various changes in market conditions. VaR is a method used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon.

The Parent Bank uses the historical VaR approach in assessing the possible changes in the market value of investment securities based on historical data for a rolling one-year period. The VaR models are designed to measure market risk in a normal market environment. The models assume that any changes occurring in the risk factors affecting the normal market environment will have the same distribution as they had in the past. This involves running the portfolio across a set of historical price changes, thus creating a distribution of changes in portfolio value which may or may not be normal. The historical approach does not make any assumptions regarding the distribution of the risk factors and therefore can accommodate any type of distribution. The Bank uses the maximum between the 1st and 99th percentile of historical changes in asset returns in the calculation of volatility as this is a more conservative approach as any potential gain may reverse to a loss.

VaR may also be underestimated or overestimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level.

The VaR figures are backtested daily against actual and hypothetical profit and loss of the trading book to validate the robustness of the VaR model. To supplement the VaR, the Parent Bank performs stress tests wherein the trading portfolios are valued under extreme market scenarios not covered by the confidence interval of the Parent Bank's VaR model.

Since VaR is an integral part of the Parent Bank's market risk management, VaR limits are established annually for all financial trading activities and exposures against the VaR limits and are monitored on a daily basis. Limits are based on the tolerable risk appetite of the Parent Bank.

A summary of the Parent Bank's VaR position at December 31, 2021 and 2020 follows (amounts in millions of Philippine pesos)

	Foreign Exchange	Interest Rate	Equity	Total VaR
2021	**₱24.6**	**₱2,868.8**	**₱–**	**₱2,893.4**
Average daily	**35.9**	**3,025.5**	**116.9**	**3,178.3**
Highest	**103.8**	**6,694.7**	**176.8**	**6,916.3**
Lowest	**8.3**	**1,962.0**	–	**2,139.0**
2020	₱23.7	₱5,675.8	₱142.5	₱5,842.0
Average daily	29.1	4,212.6	149.4	4,391.0
Highest	69.6	6,248.7	160.9	6,422.3
Lowest	7.5	285.8	141.0	447.7

The high and low of the total portfolio may not equal to the sum of the individual components as the highs and lows of the individual portfolios may have occurred on different trading days.

Interest Rate Risk

Interest rate risk in the banking book (IRRBB) is the current and prospective risk to earnings and capital arising from adverse movements in interest rates that affect the bank's banking book positions. When interest rates change, the present value and timing of future cash flows change. This, in turn, changes the underlying value of the Bank's assets, liabilities and off-balance sheet items, and hence its economic value. On the other hand, changes in interest rates also affect the Bank's earnings by altering interest rate-sensitive income and expenses, affecting its net interest income (NII). The ALCO establishes appropriate asset and liability pricing in support of the Bank's balance sheet objectives.

The Group employs "gap analysis" to measure rate-sensitivity of the income and expenses, also known as Earnings-at-Risk (EaR). This sensitivity analysis is performed at least every month. The EaR measures the impact on the net interest income for any mismatch between the amounts of interest-earning assets and interest-bearing liabilities within a one-year period. The EaR is calculated by first distributing the interest sensitive assets and liabilities into tenor buckets based on time remaining to the next repricing date or the time remaining to maturity if there is no repricing and then subtracting the liabilities from the assets to obtain the repricing gap. The repricing gap per tenor bucket is then multiplied by the assumed interest rate movement and appropriate time factor to derive the EaR per tenor. The Bank uses one-year differences in the term structure of the different benchmark curves as the bases for the calculation of interest rate risk factor across all currencies. The total EaR is computed as the sum of the EaR per tenor

within one year. To manage the interest rate risk exposure, BOD-approved EaR limits were established.

Non-maturing or repricing assets or liabilities are considered to be non-interest rate sensitive and are not included in the measurement.

A positive gap occurs when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities while a negative gap occurs when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. Accordingly, during a period of rising interest rates, an entity with a positive gap will have more interest rate sensitive assets repricing at a higher interest rate than interest rate sensitive liabilities which will be favorable to it. During a period of falling interest rates, an entity with a positive gap will have more interest rate sensitive assets repricing at a lower interest rate than interest rate sensitive liabilities, which will be unfavorable to it.

The asset-liability gap position of the Group and Parent Bank at carrying amounts follows (amounts in millions of Philippine pesos):

	Group			
	2021			
	Up to Six Months	**Beyond Six Months To One Year**	**Beyond One Year**	**Total**
Resources				
Loans	**₱161,687**	**₱39,162**	**₱158,926**	**₱359,775**
Placements	**127,719**	**–**	**47,439**	**175,158**
Investments	**1,544**	**2,448**	**232,617**	**236,609**
	290,950	**41,610**	**438,982**	**771,542**
Liabilities				
Deposit liabilities	**167,478**	**11,577**	**388,445**	**567,500**
Bills payable	**29,303**	**7,582**	**14,283**	**51,168**
Notes and bonds payable	**13,380**	**25,500**	**30,975**	**69,855**
	210,161	**44,659**	**433,703**	**688,523**
Asset-Liability Gap	**₱80,789**	**(₱3,049)**	**₱5,279**	**₱83,019**

	Group			
	2020			
	Up to Six Months	Beyond Six Months To One Year	Beyond One Year	Total
Resources				
Loans	₱118,867	₱24,860	₱195,490	₱339,217
Placements	128,429	–	43,972	172,401
Investments	4,448	1,040	199,279	204,767
	251,744	25,900	438,741	716,385
Liabilities				
Deposit liabilities	238,353	7,941	281,491	527,785
Bills payable	39,099	7,656	7,468	54,223
Notes and bonds payable	–	107	59,747	59,854
	277,452	15,704	348,706	641,862
Asset-Liability Gap	(₱25,708)	₱10,196	₱90,035	₱74,523

	Parent Bank			
	2021			
	Up to Six Months	**Beyond Six Months To One Year**	**Beyond One Year**	**Total**
Resources				
Loans	**₱142,490**	**₱28,877**	**₱119,680**	**₱291,047**
Placements	**91,052**	–	**45,228**	**136,280**
Investments	**1,450**	**2,428**	**228,138**	**232,016**
	234,992	**31,305**	**393,046**	**659,343**
Liabilities				
Deposit liabilities	**104,038**	**8,472**	**380,549**	**493,059**
Bills payable	**23,011**	**1**	**5,566**	**28,578**
Notes and bonds payable	**13,380**	**25,500**	**30,910**	**69,790**
	140,429	**33,973**	**417,025**	**591,427**
Asset-Liability Gap	**₱94,563**	**(₱2,668)**	**(₱23,979)**	**₱67,916**

	Parent Bank			
	2020			
	Up to Six Months	Beyond Six Months To One Year	Beyond One Year	Total
Resources				
Loans	₱104,811	₱21,422	₱146,880	₱273,113
Placements	106,464	–	42,167	148,631
Investments	4,354	1,020	196,535	201,909
	215,629	22,442	385,582	623,653
Liabilities				
Deposit liabilities	190,042	1,930	273,257	465,229
Bills payable	33,183	1	1,319	34,503
Notes and bonds payable	–	–	59,747	59,747
	223,225	1,931	334,323	559,479
Asset-Liability Gap	(₱7,596)	₱20,511	₱51,259	₱64,174

EAR is complemented by stress tests which are conducted quarterly. It involves subjecting the total interest rate sensitive assets and liabilities within one year to probable short-term and medium-term interest rate movements, assuming parallel and non-parallel (flatteners and steepeners) in the yield curve.

Additionally, the Bank also monitors long-term sensitivity to interest rate risk of the Bank's balance sheet through the Economic Value of Equity (EVE) method. EVE measures the economic value which provides a more comprehensive view of potential long-term effects of changes in interest rates.

The Bank's interest rate sensitive asset and liability positions are analyzed based on its cash flows, and its present value are computed using appropriate market rates which include the current risk-free rate plus the corresponding margin. On the other hand, the present values of non-interest sensitive assets and liabilities will be kept at their carrying values.

The Bank's risk management program includes measuring and monitoring the risks associated with fluctuations in market interest rates on its net interest income and capital ensuring that the exposures in interest rates are kept within acceptable limits.

The following table sets out the impact of changes in interest rates on the Group's and Parent Bank's net interest income (amounts in millions of Philippine pesos):

	Group		Parent Bank	
Increase (decrease) in interest rates (in basis points)	**100**	**(100)**	**100**	**(100)**
2021				
Change in annualized net interest income	**(₱346)**	**₱346**	**(₱173.4)**	**₱173.4**
As a percentage of net interest income	**(0.95%)**	**0.95%**	**(0.67%)**	**0.67%**
2020				
Change in annualized net interest income	(₱711)	₱711	(₱710)	₱710
As a percentage of net interest income	(1.84%)	1.84%	(2.42%)	2.42%

This sensitivity analysis is performed for risk management purposes and assumes no other changes in the repricing structure. Actual changes in net interest income may vary from the Bank's internal model.

Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates.

The Group's net foreign exchange exposure, taking into account any spot or forward exchange contracts, is computed as foreign currency assets less foreign currency liabilities. The foreign exchange exposure is limited to the day-to-day, over-the-counter buying and selling of foreign exchange in the Group's branches, as well as foreign exchange trading with corporate accounts and other financial institutions. The Group is permitted to engage in proprietary trading to take advantage of foreign exchange fluctuations.

The breakdown of the financial resources and financial liabilities of the Group and the Parent Bank as to foreign currency-denominated balances (excluding FCDU USD-denominated financial resources and liabilities, which functional currency is in USD), translated to Philippine pesos as of December 31, 2021 and 2020 is shown below:

	Group		
	2021		
	U.S. Dollars	**Other Foreign Currencies**	**Total**
Resources:			
Cash and other cash items	**₱–**	**₱155,222**	**₱155,222**
Due from other banks	**3,534,375**	**2,068,406**	**5,602,781**
Financial assets at FVTPL	**296,385**	**297**	**296,682**
Financial assets at amortized cost	**–**	**1,819,081**	**1,819,081**
Loans and other receivables	**3,596,552**	**77,288**	**3,673,840**
	7,427,312	**4,120,294**	**11,547,606**
Liabilities:			
Deposit liabilities	**–**	**11,214,955**	**11,214,955**
Bills payable	**17,533,771**	**2,617**	**17,536,388**
Notes and bonds payable	**6,363,928**	**–**	**6,363,928**
Derivative liabilities	**282,180**	**1,621**	**283,801**
Accrued interest and other expenses	**34,781**	**308**	**35,089**
Other liabilities	**71**	**78,055**	**78,126**
	24,214,731	**11,297,556**	**35,512,287**
Currency swaps and forwards	**6,811,745**	**(401,366)**	**6,410,379**
Net exposure	**(₱9,975,674)**	**(₱7,578,628)**	**(₱17,554,302)**

	Group		
	2020		
	U.S. Dollars	Other Foreign Currencies	Total
Resources:			
Cash and other cash items	₱–	₱87,819	₱87,819
Due from other banks	2,449,894	2,240,902	4,690,796
Financial assets at FVTPL	263,732	1,695	265,427
Financial assets at amortized cost	–	1,839,183	1,839,183
Loans and other receivables	1,580,907	99,932	1,680,839
	4,294,533	4,269,531	8,564,064
Liabilities:			
Deposit liabilities	–	2,895,830	2,895,830
Bills payable	22,031,028	24,276	22,055,304
Derivative liabilities	263,958	763	264,721
Accrued interest and other expenses	32,417	305	32,722
Other liabilities	120,079	171,085	291,164
	22,447,482	3,092,259	25,539,741
Currency swaps and forwards	12,861,233	(959,562)	11,901,671
Net exposure	(₱5,291,716)	₱217,710	(₱5,074,006)

	Parent Bank		
	2021		
	U.S. Dollars	**Other Foreign Currencies**	**Total**
Resources:			
Cash and other cash items	**₱–**	**₱155,222**	**₱155,222**
Due from other banks	**3,404,899**	**2,068,406**	**5,473,305**
Financial assets at FVTPL	**296,385**	**297**	**296,682**
Financial assets at amortized cost	**–**	**1,819,081**	**1,819,081**
Loans and other receivables	**3,593,305**	**77,288**	**3,670,593**
	7,294,589	**4,120,294**	**11,414,883**
Liabilities:			
Deposit liabilities	**–**	**11,214,955**	**11,214,955**
Bills payable	**17,533,771**	**2,617**	**17,536,388**
Notes and bonds payable	**6,363,928**	**–**	**6,363,928**
Derivative liabilities	**282,180**	**1,621**	**283,801**
Accrued interest and other expenses	**34,781**	**308**	**35,089**
Other liabilities	**71**	**78,055**	**78,126**
	24,214,731	**11,297,556**	**35,512,287**
Currency swaps and forwards	**6,811,745**	**(401,366)**	**6,410,379**
Net exposure	**(₱10,108,397)**	**(₱7,578,628)**	**(₱17,687,025)**

	Parent Bank		
	2020		
	U.S. Dollars	Other Foreign Currencies	Total
Resources:			
Cash and other cash items	₱–	₱87,819	₱87,819
Due from other banks	1,942,160	2,240,902	4,183,062
Financial assets at FVTPL	263,732	1,695	265,427
Financial assets at amortized cost	–	1,839,183	1,839,183
Loans and other receivables	1,580,583	99,932	1,680,515
	3,786,475	4,269,531	8,056,006
Liabilities:			
Deposit liabilities	–	2,895,830	2,895,830
Bills payable	22,031,028	24,276	22,055,304
Derivative liabilities	263,958	763	264,721
Accrued interest and other expenses	32,417	305	32,722
Other liabilities	15,606	171,085	186,691
	22,343,009	3,092,259	25,435,268
Currency swaps and forwards	12,861,233	(959,562)	11,901,671
Net exposure	(₱5,695,301)	₱217,710	(₱5,477,591)

The Parent Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Parent Bank believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for a financial institution engaged in the type of business in which the Parent Bank is involved.

The following table illustrates the sensitivity of the net results and capital funds to the changes in foreign exchange rates on the Parent Bank's financial assets and financial liabilities in the RBU. The percentages change (increase and decrease) have been determined based on the average market volatility in exchange rates in the previous 12 months, using a confidence level of 99%. The sensitivity analysis is based on the Parent Bank's foreign currency-denominated financial instruments held at each reporting date, including currency swaps and forwards.

	2021		2020	
	% Change	**Effect on Net Profit For the Year**	% Change	Effect on Net Profit For the Year
U.S. dollars	**1.0%**	**(182,679)**	1.0%	(51,581)
Japanese yen	**2.5%**	**822**	2.5%	(6,292)
Euros	**2.0%**	**2,122**	2.0%	4,540
Others	**1.6%**	**1,384**	1.6%	4,711

Operational Risk

BSP Circular 900, Guidelines on Operational Risk Management, serve as the groundwork for the Bank's Operational Risk Management (ORM) framework. This is to standardize the approach undertaken by the Bank in order to facilitate consistently strong ORM practices across the organization.

Operational risk is defined as the risk of loss arising from direct or indirect loss from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Direct loss being the result primarily from an operational failure while an indirect loss relates to the impact of operational risk on other risks such as market, credit or liquidity risk.

Each specific unit of the Bank has its roles and responsibilities in the management of operational risk and these are clearly stated in the ORM framework. At the BOD level, an ORMC was formed to provide overall direction in the management of operational risk, aligned with the overall business objectives. Key to the effective implementation of the operational risk management framework is a governance structure that transparently defines the lines of responsibility from the BOD down to the Business and Functional Units level.

The ORMC was formed and given the mandate to build and lead the roadmap in developing the foundations and systems necessary for the effective implementation of an Operational Risk Management Framework. The ORM, together with all other Risk Units, reports directly to the Chief Risk Officer.

In managing products, services and systems, these are implemented only after a thorough operational risk evaluation. As part of the product and systems approval process, product owners and managers ensure that risks are clearly identified and adequately controlled and mitigated. For existing products, services and systems, regular reviews are conducted and controls are assessed to determine continued effectiveness. The Parent Bank, as part of its continuing effort to manage operational risk, has ensured that the basic controls to manage exposure to operational risk have been embedded in its processes.

Legal Risk and Regulatory Risk Management

Legal risk pertains to the Parent Bank's exposure to losses arising from cases decided not in favor of the Parent Bank where significant legal costs have already been incurred, or in some instances, where the Parent Bank may be required to pay damages. The Parent Bank is often involved in litigation in enforcing its collection rights under loan agreements in case of borrower default. The Parent Bank may incur significant legal expenses as a result of these events, but the Parent Bank may still end up with non-collection or non-enforcement of claims. The Parent Bank has established measures to avoid or mitigate the effects of these adverse decisions and engages several qualified legal advisors, who were endorsed to and carefully approved by senior management. At year-end, the Parent Bank also ensures that material adjustments or disclosures are made in the financial statements for any significant commitments or contingencies which may have arisen from legal proceedings involving the Parent Bank.

Regulatory risk refers to the potential risk for the Parent Bank and its subsidiaries to suffer financial loss due to changes in the laws, monetary, tax, or other governmental regulations of the country. Compliance risk is the Bank's potential exposure to legal penalties, financial forfeiture and material loss, resulting from its failure to act in accordance with industry laws and regulations, internal policies or prescribed best practices. The monitoring of the Parent Bank's and subsidiaries' compliance with these regulations is the primary responsibility of the entity's CCO. The study of the potential impact of new laws and regulations is coordinated by the CCO with the Legal Group. The CCO is responsible for communicating and disseminating new rules and regulations to all units, analyzing and addressing compliance issues, performing periodic compliance testing, and regularly reporting to the CGC and the BOD.

5. Capital Management

Regulatory Capital

As the Parent Bank's regulator, the BSP sets and monitors capital requirements of the Parent Bank.

In implementing current capital requirements, the BSP requires the Group and the Parent Bank to maintain a minimum capital amount and a prescribed ratio of qualifying capital to risk-weighted assets, known as the "capital adequacy ratio" (CAR). Risk-weighted assets is the aggregate value of assets weighted by credit risk, market risk, and operational risk, based on BSP-prescribed formula provided under BSP Circular No. 360 and BSP Circular No. 538 which contain the implementing guidelines for the revised risk-based capital adequacy framework to conform to Basel II recommendations.

Effective January 1, 2014, the BSP has adopted the new risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for the Philippine banking system in accordance with the Basel III standards through BSP Circular No. 781. The adopted Basel III risk-based capital adequacy framework requires the Group to maintain:

(a) Common Equity Tier 1 (CET1) 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; and,
(d) Capital Conservation Buffer of 2.5% of risk-weighted assets, comprised of CET1 Capital.

On November 29, 2018, the BSP amended the requirements of Subsection X115.1 of the Manual for Regulations for Banks (MORB) through BSP Circular No. 1024. The amendment requires the Group and the Parent Bank to maintain, with respect to the CET 1 requirement, in addition to the minimum, the following capital buffers:

(a) Capital conservation buffer (CCB) of 2.5%; and
(b) Countercyclical capital buffer (CCyB) of 0% subject to upward adjustment to a rate determined by the MB when systemic conditions warrant but not to exceed to 2.5%.

The Group's and the Parent Bank's regulatory capital position as of December 31, 2021 and 2020, as reported to the BSP, follow (amounts in millions):

	Group		Parent Bank	
	2021	2020	**2021**	2020
Common Equity Tier 1 Capital				
Paid-up common stock	**₱12,194**	₱12,185	**₱12,194**	₱12,185
Common stock dividends distributable	**3,048**	–	**3,048**	–
Additional paid in capital	**14,215**	14,215	**14,215**	14,215
Surplus free	**68,301**	63,778	**69,543**	65,216
Undivided profits	**12,913**	11,671	**12,754**	11,513
Other comprehensive income/(loss)	**(2,887)**	(1,806)	**(2,807)**	(1,658)
Minority interest in financial allied subsidiary	**796**	802	**–**	–
Sub-total	**108,580**	100,845	**108,947**	101,471
Less Regulatory Adjustments:				
Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI, and unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates	**441**	378	**330**	267
Deferred income tax	**6,478**	6,970	**5,172**	5,858
Goodwill	**13,936**	13,377	**7,887**	7,887
Other intangible assets	**2,233**	1,554	**1,723**	1,013

(Forward)

	Group		Parent Bank	
	2021	2020	**2021**	2020
Defined benefit pension fund assets	**₱15**	₱8	**₱–**	₱–
Un-booked valuation reserves	**2,435**	2,318	**2,019**	1,888
Investments in equity of consolidated subsidiary banks and quasi banks, and other financial allied undertakings	–	–	**22,722**	21,777
Other equity investments in non-financial allied and non-allied undertakings	**–**	–	**–**	–
Total regulatory adjustments to Common Equity Tier 1 capital	**25,538**	24,605	**39,853**	38,690
Total Common Equity Tier 1 capital	**83,042**	76,240	**69,094**	62,781
Total Tier 1 capital	**₱83,042**	₱76,240	**₱69,094**	₱62,781
Tier 2 Capital				
General loan loss provision	**₱3,820**	₱3,627	**₱2,588**	₱2,602
Unsecured subordinated debt	**6,800**	6,800	**6,800**	6,800
Total Tier 2 capital	**10,620**	10,427	**9,388**	9,402
Net Tier 1 capital	**83,042**	76,240	**69,094**	62,781
Net Tier 2 capital	**10,620**	10,427	**9,388**	9,402
Total qualifying capital	**93,662**	86,667	**78,482**	72,183
Credit risk-weighted assets	**451,323**	451,416	**381,172**	381,932
Market risk-weighted assets	**4,619**	12,046	**4,361**	12,046
Operational risk-weighted assets	**52,642**	46,175	**40,009**	33,903
Total risk-weighted assets	**₱508,584**	₱509,637	**₱425,542**	₱427,881
Capital ratios:				
Total regulatory capital expressed as percentage of total risk weighted assets	**18.42%**	**17.01%**	**18.44%**	16.87%
Total Tier 1 expressed as percentage of total risk-weighted assets	**16.33%**	**14.96%**	**16.24%**	14.67%
Total Common Equity Tier 1 expressed as percentage of total risk-weighted assets	**16.33%**	**14.96%**	**16.24%**	14.67%
Conservation buffer	**10.33%**	**8.96%**	**10.24%**	8.67%

The Group and the Parent Bank have fully complied with the CAR requirements of the BSP.

The breakdown of credit risk-weighted assets, market risk-weighted assets and operational risk-weighted assets follow (amounts in millions):

	Group		Parent Bank	
	2021	2020	**2021**	2020
On-books assets	**₱436,531**	₱439,066	**₱366,398**	₱369,587
Off-books assets	**10,699**	8,196	**10,681**	8,191
Counterparty risk-weighted assets in the banking books	**2,830**	3,383	**2,830**	3,383
assets in the trading books	**1,263**	771	**1,263**	771
Total Credit Risk-Weighted Assets	**₱451,323**	₱451,416	**₱381,172**	₱381,932
Capital Requirements	**₱45,132**	₱45,142	**₱38,117**	₱38,193
Interest rate exposures	**₱3,511**	₱6,261	**₱3,511**	₱6,261
Equity exposures	–	5,156	–	5,156
Foreign exchange exposures	**1,108**	629	**850**	629
Total Market Risk-Weighted Assets	**₱4,619**	₱12,046	**₱4,361**	₱12,046
Capital Requirements	**₱462**	₱1,205	**₱436**	₱1,205
Total Operational Risk-Weighted Assets - Basic indicator	**₱52,642**	₱46,175	**₱40,009**	₱33,903
Capital Requirements	**₱5,264**	₱4,618	**₱4,001**	₱3,390

The total credit exposure broken down by type of exposures and risk weights follow (amounts in millions):

	Group					
	2021					
	Credit Risk Total Credit Risk Exposure	Total Credit Risk Exposure after Risk Mitigation	0%-50%	75%-100%	150%	Total Weighted Assets
Risk-Weighted On-Books Assets						
Cash on hand	**₱8,893**	**₱8,893**	**₱8,893**	**₱ –**	**₱ –**	**₱ –**
Checks and other cash items	**10**	**10**	**10**	**–**	**–**	**2**
Due from BSP	**103,413**	**103,413**	**103,413**	**–**	**–**	**–**
Due from other banks	**54,287**	**54,287**	**52,378**	**1,909**	**–**	**27,510**
Financial assets at FVTPL	**38**	**38**		**38**	**–**	**38**
Financial assets at FVOCI	**66,230**	**48,510**	**27,306**	**21,204**	**–**	**21,925**
Financial assets at amortized cost	**169,602**	**169,602**	**150,330**	**19,272**	**–**	**26,753**
Loans and receivables	**340,587**	**340,465**	**44,197**	**288,980**	**7,288**	**318,599**
SPURRA	**23,421**	**4,684**	**4,684**	**–**	**–**	**–**
Sales contract receivable (SCR)	**1,421**	**1,421**	**–**	**134**	**1,286**	**2,064**
ROPA	**5,891**	**5,891**	**–**	**–**	**5,891**	**8,837**
Other assets	**27,058**	**27,058**	**2**	**27,056**	**–**	**27,056**
Total risk-weighted on-books assets not covered by CRM	**800,851**	**764,272**	**391,213**	**358,593**	**14,465**	**432,784**
Total risk-weighted on-books assets covered by CRM	**–**	**36,579**	**36,579**	**1**	**–**	**3,747**
	₱800,851	**₱800,851**	**₱427,792**	**₱358,594**	**₱14,465**	**₱436,531**
Risk-Weighted Off-Books Assets						
Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances)	**₱2,884**	**₱–**	**₱–**	**₱2,884**	**₱–**	**₱2,884**
Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions)	**2,656**	**–**	**–**	**1,328**	**–**	**1,328**
Trade-related contingencies arising from movements of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one year	**32,436**	**–**	**–**	**6,487**	**–**	**6,487**
	₱37,976	**₱–**	**₱–**	**₱10,699**	**₱–**	**₱10,699**
Counterparty Risk-Weighted Assets in the Banking Books						
Repo-style Exposure	**₱23,575**	**₱4,902**	**₱4,144**	**₱758**	**₱–**	**₱2,830**
Counterparty Risk-Weighted Assets in the Trading Books						
Interest Rate Contracts	**₱2,550**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Exchange Rate Contracts	**59,150**	**1,764**	**1,010**	**754**	**–**	**1,249**
Credit Derivatives	**512**	**27**	**27**	**–**	**–**	**14**
Total	**₱62,212**	**₱1,791**	**₱1,037**	**₱754**	**₱–**	**₱1,263**

	Group					
	2020					
	Credit Risk Total Credit Risk Exposure	Total Credit Risk Exposure after Risk Mitigation	0%-50%	75%-100%	150%	Total Weighted Assets
Risk-Weighted On-Books Assets						
Cash on hand	₱8,755	₱8,755	₱8,755	₱ –	₱ –	₱ –
Checks and other cash items	30	30	30	–	–	6
Due from BSP	103,879	103,879	103,879	–	–	–
Due from other banks	68,723	68,723	66,663	2,060	–	31,492
Financial assets at FVTPL	37	37	–	37	–	37
Financial assets at FVOCI	31,174	28,645	16,740	11,905	–	12,554
Financial assets at amortized cost	165,005	164,234	124,601	39,633	–	54,557
Loans and receivables	311,159	311,013	23,192	279,348	8,473	303,654
SPURRA	16,745	3,349	3,349	–	–	–
Sales contract receivable (SCR)	1,443	1,443	–	113	1,330	2,108
ROPA	5,619	5,619	–	–	5,619	8,428
Other assets	24,937	24,937	157	24,780	–	24,781
Total risk-weighted on-books assets not covered by CRM	737,506	720,664	347,366	357,876	15,422	437,617
Total risk-weighted on-books assets covered by CRM	–	16,841	16,837	4	–	1,449
	₱737,506	₱737,505	₱364,203	₱357,880	₱15,422	₱439,066
Risk-Weighted Off-Books Assets						
Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances)	₱1,357	₱ –	₱ –	₱1,357	₱ –	₱1,357
Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions)	3,330	–	–	1,665	–	1,665
Trade-related contingencies arising from movements of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one year	25,870	–	–	5,174	–	5,174
	₱30,557	₱ –	₱ –	₱8,196	₱ –	₱8,196
Counterparty Risk-Weighted Assets in the Banking Books						
Repo-style Exposure	₱30,745	₱6,421	₱5,615	₱806	₱ –	₱3,383
Counterparty Risk-Weighted Assets in the Trading Books						
Interest Rate Contracts	₱4,010	₱550	₱278	₱272	₱ –	₱411
Exchange Rate Contracts	47,517	576	387	189	–	360
Total	₱51,527	₱1,126	₱665	₱461	₱ –	₱771

	Parent Bank					
	2021					
	Credit Risk Total Credit Risk Exposure	Total Credit Risk Exposure after Risk Mitigation	0%-50%	75%-100%	150%	Total Weighted Assets
Risk-Weighted On-Books Assets						
Cash on hand	**₱7,989**	**₱7,989**	**₱7,989**	**₱ –**	**₱ –**	**₱ –**
Due from BSP	**67,480**	**67,480**	**67,480**	**–**	**–**	**–**
Due from other banks	**51,337**	**51,337**	**50,924**	**413**	**–**	**25,287**
Financial assets through other comprehensive income	**66,083**	**48,363**	**27,159**	**21,204**	**–**	**21,906**
Financial assets at amortized cost	**165,377**	**165,377**	**146,105**	**19,272**	**–**	**26,735**
Loans and receivables	**284,490**	**284,424**	**42,890**	**237,699**	**3,834**	**261,484**
SPURRA	**15,541**	**3,108**	**3,108**	**–**	**–**	**–**
SCR	**1,352**	**1,352**	**–**	**101**	**1,251**	**1,977**
ROPA	**4,359**	**4,359**	**–**	**–**	**4,359**	**6,538**
Other assets	**18,731**	**18,731**	**–**	**18,731**	**–**	**18,731**
Total risk-weighted on-books assets not covered by CRM	**682,739**	**652,520**	**345,655**	**297,420**	**9,444**	**362,658**
Total risk-weighted on-books assets covered by CRM	**–**	**30,220**	**30,219**	**1**	**–**	**3,740**
	₱682,739	**₱682,740**	**₱375,874**	**₱297,421**	**₱9,444**	**₱366,398**
Risk-Weighted Off-Books Assets						
Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances)	**₱2,884**	**₱–**	**₱–**	**₱2,884**	**₱–**	**₱2,884**
Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions)	**2,656**	**–**	**–**	**1,328**	**–**	**1,328**
Trade-related contingencies arising from movements of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one year	**32,345**	**–**	**–**	**6,469**	**–**	**6,469**
	₱37,885	**₱–**	**₱–**	**₱10,681**	**₱–**	**₱10,681**
Counterparty Risk-Weighted Assets in the Banking Books						
Repo-style Exposure	**₱23,575**	**₱4,902**	**₱4,144**	**₱758**	**₱–**	**₱2,830**
Counterparty Risk-Weighted Assets in the Trading Books						
Interest Rate Contracts	**₱2,550**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Exchange Rate Contracts	**59,150**	**1,764**	**1,010**	**754**	**–**	**1,249**
Credit Derivatives	**512**	**27**	**27**	**–**	**–**	**14**
Total	**₱62,212**	**₱1,791**	**₱1,037**	**₱754**	**₱–**	**₱1,263**

	Parent Bank 2020					
	Credit Risk Total Credit Risk Exposure	Total Credit Risk Exposure after Risk Mitigation	0%-50%	75%-100%	150%	Total Weighted Assets
Risk-Weighted On-Books Assets						
Cash on hand	₱7,815	₱7,815	₱7,815	₱ –	₱ –	₱ –
Due from BSP	83,875	83,875	83,875	–	–	–
Due from other banks	64,783	64,783	64,463	320	–	28,652
Financial assets through other comprehensive income	30,983	28,454	16,558	11,896	–	12,519
Financial assets at amortized cost	162,363	161,592	121,959	39,633	–	54,549
Loans and receivables	255,260	255,171	21,938	227,728	5,505	246,955
SPURRA	10,373	2,075	2,075	–	–	–
SCR	1,364	1,364	–	73	1,291	2,010
ROPA	4,038	4,038	–	–	4,038	6,057
Other assets	17,400	17,400	–	17,400	–	17,400
Total risk-weighted on-books assets not covered by CRM	638,254	626,567	318,683	297,050	10,834	368,142
Total risk-weighted on-books assets covered by CRM	–	11,687	11,683	4	–	1,445
	₱638,254	₱638,254	₱330,366	₱297,054	₱10,834	₱369,587
Risk-Weighted Off-Books Assets						
Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances)	₱1,357	₱ –	₱ –	₱1,357	₱ –	₱1,357
Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions)	3,330	–	–	1,665	–	1,665
Trade-related contingencies arising from movements of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one year	25,841	–	–	5,169	–	5,169
	₱30,528	₱ –	₱ –	₱8,191	₱ –	₱8,191
Counterparty Risk-Weighted Assets in the Banking Books						
Repo-style Exposure	₱30,745	₱6,421	₱5,615	₱806	₱ –	₱ 3,383
Counterparty Risk-Weighted Assets in the Trading Books						
Interest Rate Contracts	₱4,010	₱550	₱278	₱272	₱ –	₱411
Exchange Rate Contracts	47,517	576	387	189	–	360
Total	₱51,527	₱1,126	₱665	₱461	₱ –	₱771

Risk weighted on-balance sheet assets covered by credit risk mitigants were based on collateralized transactions as well as guarantees by the Philippine National Government and those guarantors and exposures with the highest credit rating.

Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on the ratings by Standard & Poor's, Moody's, Fitch and Philratings on exposures to Sovereigns, Multilateral Development Banks, Banks, Local Government Units, Government Corporations and Corporates.

Minimum Capital Requirement

Under the relevant provisions of current BSP regulations, the required minimum capitalization of a universal bank is ₱20.0 billion both as of December 31, 2021 and 2020. As of those dates, the Bank is in compliance with these regulations.

Basel III Leverage Ratio (BLR)
BSP Circular Nos. 881 and 990 cover the implementing guidelines on the BLR framework designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.00%. The monitoring period has been set every quarter starting December 31, 2014 and extended until June 30, 2018. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

The details of the BLR as of December 31, 2021 and 2020 follow (amounts in millions, except for percentages):

	Consolidated		**Parent Bank**	
	2021	2020	**2021**	2020
Tier 1 Capital	**₱83,042**	₱76,240	**₱69,094**	₱62,780
Exposure Measure	**820,457**	763,706	**702,738**	664,873
BLR	**10.12%**	9.98%	**9.83%**	9.44%

Under the framework, BLR is defined as the capital measure divided by the exposure measure. Capital measure is Tier 1 capital. Exposure measure is the sum of on-balance sheet exposures, derivative exposures, security financing exposures and off-balance sheet items.

Ensuring Sufficient Capital
On January 15, 2009, the BSP issued Circular No. 639, which articulates 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, as well as maintain capital adequate to support these risks. This is intended to complement the current regulatory capital requirement of at least 10% of risk assets, which only covers credit, market and operational risks. On December 29, 2009, the BSP issued Circular No. 677 that effectively extends the implementation of the ICAAP from January 2010 to January 2011.

Cognizant of the importance of a strong capital base to meet strategic and regulatory requirements, the Parent Bank has adopted a robust ICAAP on a group-wide level that is consistent with its risk philosophy and risk appetite. The ICAAP Document embodies the Group's risk philosophy, risk appetite, and risk governance framework and structure, and integrates these with: (a) the Group's strategic objectives and long-term strategies; (b) the five-year financial and business plans; and,(c) the capital plan and dividend policy.

The ICAAP's objective is to ensure that the BOD and senior management actively and promptly identify and manage the material risks arising from the general business environment, and that an appropriate level of capital is maintained to cover these risks.

On January 4, 2018, the BSP issued Circular No. 989 which mandates the conduct of stress testing exercise of banks. The Group's ICAAP Document considered the impact of severe but plausible scenarios on the Group's capital position. The results are thoroughly discussed during RMC meetings, and reported to the Board. In the course of its discussions, the BOD and senior management may request for additional stress testing scenarios or revisions to the test assumptions in order to better align these to current trends and forecasts.

The Group has a cross-functional ICAAP technical team, comprised of representatives from the core risk management units - credit, market, operational, information technology, and emerging risks; corporate planning; financial controllership; treasury; internal audit; and compliance. This ensures a well-coordinated approach to the development, documentation, implementation, review, improvement, and maintenance of the various sub-processes included in the ICAAP.

The key members of the ICAAP technical team are enrolled in further training as well as various fora and briefings to enhance their knowledge and expertise particularly on the subjects of ICAAP, Basel III, and their interface with PFRS.

The Group's ICAAP Document is subjected each year to an independent review by the Internal Audit Division (IAD) to provide reasonable assurance that the Group has met the regulatory requirements. For the 2022 ICAAP Document submission, the results of the audit assessment were presented to the Audit Committee and the BOD.

Based on IAD's assessment of the ICAAP document, its related supporting documents, and existing processes and structures, IAD reported that the Group has satisfactorily complied with the minimum requirements prescribed in BSP Circular No. 639. Presence of a proper governance and oversight function of the ICAAP, comprehensive risk management framework, and sound capital management process were verified in the audit process. For 2021, the Group and Parent Bank's ICAAP Document was submitted to the BSP on April 6, 2021.

6. Segment Reporting

Business Segments

The Group's main operating businesses are organized and managed separately according to the nature of products and services provided and the different markets served, with each segment representing a strategic business unit. These are also the basis of the Group in reporting to its chief operating decision-maker for its strategic decision-making activities. The Group's main business segments are presented below.

(a) Consumer Banking
This segment principally handles individual customers' deposits and provides consumer type loans, such as automobiles and mortgage financing, credit card facilities and funds transfer facilities.

(b) Corporate and Commercial Banking
This segment principally handles loans and other credit facilities and deposit and current accounts for corporate, institutional, small and medium enterprises, and middle market customers.

(c) Treasury and Trust
This segment is principally responsible for managing the Bank's liquidity and funding requirements, and handling transactions in the financial markets covering foreign exchange, fixed income trading and investments, and derivatives. The segment also includes trust, asset management and fiduciary services provided by the Bank to its customers.

(d) Headquarters
This segment includes corporate management, support and administrative units not specifically identified with Consumer Banking, Corporate and Commercial Banking or Treasury.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis.

Segment resources and liabilities comprise operating resources and liabilities including items such as taxation and borrowings. Revenues and expenses that are directly attributable to a particular business segment and the relevant portions of the Group's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

Analysis of Segment Information

Segment information of the Group as of and for the years ended December 31, 2021, 2020 and 2019 follow (amounts in millions):

	Consumer Banking	**Corporate and Commercial Banking**	**Treasury**	**Headquarters**	**Total**
December 31, 2021					
Results of operations					
Net interest income and other income	**₱19,574**	**₱10,070**	**₱14,078**	**₱1,394**	**₱45,116**
Other expenses	**(11,314)**	**(2,754)**	**(1,870)**	**(8,382)**	**(24,320)**
Income before credit losses and income tax	**₱8,260**	**₱7,316**	**₱12,208**	**(₱6,988)**	**20,796**
Provision for credit losses					**(5,811)**
Tax expense					**(2,407)**
Net income					**₱12,578**
Segment resources	**₱225,696**	**₱211,258**	**₱343,716**	**₱50,425**	**₱831,095**
Segment liabilities	**₱397,983**	**₱132,848**	**₱121,784**	**₱66,267**	**₱718,882**
Other information:					
Depreciation and amortization	**₱995**	**₱9**	**₱9**	**₱611**	**₱1,624**
Capital expenditures	**398**	**342**	**7**	**2,583**	**3,330**

	Consumer Banking	Corporate and Commercial Banking	Treasury	Headquarters	Total
December 31, 2020					
Results of operations					
Net interest income and other income	₱17,244	₱10,776	₱14,558	(₱481)	₱42,097
Other expenses	(9,839)	(2,556)	(2,046)	(6,932)	(21,373)
Income before credit losses and income tax	₱7,405	₱8,220	₱12,512	(₱7,413)	20,724
Provision for credit losses					(8,382)
Tax expense					(781)
Net income					₱11,561
Segment resources	₱198,004	₱191,700	₱263,197	₱121,558	₱774,459
Segment liabilities	₱325,529	₱142,167	₱137,240	₱64,371	₱669,307
Other information:					
Depreciation and amortization	₱984	₱3	₱7	₱413	₱1,407
Capital expenditures	370	163	19	1,030	1,582

	Consumer Banking	Corporate and Commercial Banking	Treasury	Headquarters	Total
December 31, 2019					
Results of operations					
Net interest income and other income	₱15,279	₱6,810	₱14,476	₱116	₱36,681
Other expenses	(8,813)	(2,044)	(1,687)	(7,781)	(20,325)
Income before credit losses and income tax	₱6,466	₱4,766	₱12,789	(₱7,665)	16,356
Provision for credit losses					(1,857)
Tax expense					(495)
Net income					₱14,004
Segment resources	₱177,147	₱255,308	₱279,820	₱58,513	₱770,788
Segment liabilities	₱283,771	₱135,677	₱183,904	₱69,419	₱672,771
Other information:					
Depreciation and amortization	₱714	₱14	₱15	₱635	₱1,378
Capital expenditures	377	491	12	1,667	2,547

7. Fair Value Measurement and Offsetting of Financial Assets and Financial Liabilities

Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and 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;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource 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 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 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 the 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.

For assets and liabilities that are recognized at fair value in the statement of financial position on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are grouped into the fair value hierarchy as follows:

a) Financial instruments measured at fair value

Group

	December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Resources				
Financial assets at FVTPL				
Debt securities	**₱4,334,697**	**₱30,343**	**₱–**	**₱4,365,040**
Equity securities	**37,735**	**140,800**	**31,000**	**209,535**
Derivative assets	**–**	**1,017,236**	**48,194**	**1,065,430**
Trust fund assets	**62,802**	**–**	**–**	**62,802**
Financial assets at FVOCI				
Debt securities	**65,475,025**	**–**	**–**	**65,475,025**
Equity securities	**–**	**–**	**197,585**	**197,585**
Liabilities				
Derivative liabilities	**–**	**750,009**	**–**	**750,009**

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Resources				
Financial assets at FVTPL				
Debt securities	₱15,012,469	₱–	₱–	₱15,012,469
Equity securities	2,586,451	138,490	28,775	2,753,716
Derivative assets	–	637,082	45,382	682,464
Trust fund assets	65,833	–	–	65,833
Financial assets at FVOCI				
Debt securities	31,148,586	–	–	31,148,586
Equity securities	–	–	41,673	41,673
Liabilities				
Derivative liabilities	–	747,310	–	747,310

Parent Bank

	December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Resources				
Financial assets at FVTPL				
Debt securities	**₱4,334,697**	**₱30,343**	**₱–**	**₱4,365,040**
Equity securities	**–**	**140,800**	**–**	**140,800**
Derivative assets	**–**	**1,017,236**	**48,194**	**1,065,430**
Financial assets at FVOCI				
Debt securities	**65,329,018**	**–**	**–**	**65,329,018**
Equity securities	**–**	**–**	**41,673**	**41,673**
Liabilities				
Derivative liabilities	**–**	**750,009**	**–**	**750,009**

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Resources				
Financial assets at FVTPL				
Debt securities	₱15,012,469	₱–	₱–	₱15,012,469
Equity securities	2,577,881	138,490	–	2,716,371
Derivative assets	–	637,082	45,382	682,464
Financial assets at FVOCI				
Debt securities	30,967,368	–	–	30,967,368
Equity securities	–	–	41,673	41,673
Liabilities				
Derivative liabilities	–	747,310	–	747,310

b) Financial instruments measured at amortized cost and investment properties for which fair value is disclosed

Group

	December 31, 2021				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Resources					
Financial Assets					
Financial assets at amortized cost	**₱166,362,179**	**₱164,087,461**	**₱–**	**₱–**	**₱164,087,461**
Loans and other receivables	**359,774,631**	**–**	**–**	**368,384,627**	**368,384,627**
Nonfinancial Assets					
Investment properties	**8,673,344**	**–**	**–**	**17,735,995**	**17,735,995**
Liabilities					
Financial Liabilities					
Deposit liabilities	**570,500,892**	**–**	**–**	**570,599,091**	**570,599,091**
Bills payable	**51,168,138**	**–**	**50,737,318**	**–**	**50,737,318**
Notes and bonds payable	**69,853,986**	**–**	**70,223,779**	**–**	**70,223,779**

	December 31, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total
Resources					
Financial Assets					
Financial assets at amortized cost	₱155,810,967	₱176,826,261	₱–	₱–	₱176,826,261
Loans and other receivables	339,536,830	–	–	344,060,281	344,060,281
Nonfinancial Assets					
Investment properties	8,922,366	–	–	15,052,499	15,052,499
Liabilities					
Financial Liabilities					
Deposit liabilities	527,785,026	–	–	527,967,468	527,967,468
Bills payable	54,223,543	–	54,550,042	–	54,550,042
Notes and bonds payable	59,853,656	–	72,725,976	–	72,725,976

Parent Bank

	December 31, 2021				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Resources					
Financial assets at amortized cost	**₱162,139,448**	**₱159,885,712**	**₱–**	**₱–**	**₱159,885,712**
Loans and other receivables	**291,118,202**	**–**	**–**	**299,728,198**	**299,728,198**
Investment properties	**7,435,877**	**–**	**–**	**16,498,528**	**16,498,528**
Liabilities					
Deposit liabilities	**493,059,181**	**–**	**–**	**493,157,380**	**493,157,380**
Bills payable	**28,577,774**	**–**	**28,146,954**	**–**	**28,146,954**
Notes and bonds payable	**69,789,836**	**–**	**70,159,629**	**–**	**70,159,629**

	December 31, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total
Resources					
Financial assets at amortized cost	₱153,171,111	₱176,223,481	₱–	₱–	₱176,223,481
Loans and other receivables	273,339,863	–	–	277,863,314	273,284,331
Investment properties	7,662,547	–	–	13,792,680	13,792,680
Liabilities					
Deposit liabilities	465,228,619	–	–	465,411,061	465,411,061
Bills payable	34,502,421	–	34,828,920	–	34,828,920
Notes and bonds payable	59,746,857	–	72,619,177	–	72,619,177

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years. Certain disclosures required for financial instruments measured at fair value and classified as Level 3 are not presented as these financial instruments are comprised of derivative assets and unquoted equity securities that are not material to the financial statements.

Below information provided about how the fair values of the Group's classes of financial instruments are determined.

(a) *For Cash and other cash items, Due from BSP and other banks, Interbank loans receivable, SPURRA (included under loans and other receivable) and Returned checks and other cash items, and Other liabilities such as Manager's checks, Bills purchased, Accounts payable, Accrued interest payable, Payment orders payable and Due to Treasurer of the Philippines*
Management considers that the carrying amounts approximate their fair value due to their short-term nature. Accordingly, these are not presented in the tables above.

(b) *Debt securities*
Fair values of debt securities under Level 1, composed of government securities issued by the Philippine government and other foreign governments and private debt securities, are determined based on quoted prices at the close of business as appearing on Bloomberg. Fair values of debt securities under Level 2 composed of government securities, determined based on observable input prices of similar securities appearing on Bloomberg.

(c) *Derivatives*
The fair values of derivative financial instruments that are not quoted in an active market are determined through valuation techniques using the net present value computation (see Note 3). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

(d) *Equity securities*
Instruments included in Level 1 comprise equity securities classified as financial assets at FVTPL. These securities are valued based on their closing prices published by the Philippine Stock Exchange.

Club shares classified as financial assets at FVTPL 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.

Equity instruments included in Level 3 are UIC's investment in unquoted equity securities valued using the adjusted net asset method. The adjusted net asset method involves deriving the fair value of the investee's equity instruments by reference to the fair value of its assets and liabilities. Adjustments in the fair value of the investee's net assets, such as discount for the lack of liquidity, were also considered in the valuation. The Level 3 unquoted equity instruments are not material to the consolidated financial statements.

(e) *Loans and receivables, Deposit liabilities and Bills payable*
The Group maximizes the use of observable market data where it is available and rely 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.

(f) *Notes and bonds payable*
Fair values of notes and bonds payable under Level 2 are determined based on quoted prices at the close of business as appearing on PDEx and Bloomberg. These are classified as Level 2 due to absence of an active market.

(g) Investment properties

The fair values of the Group's investment properties are determined on the basis of the appraisals performed by internal appraisers (for investment properties with values below ₱5 million) and independent appraisal companies acceptable to the BSP (for investment properties with fair values above ₱5 million), with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation process is conducted by the appraisers with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, appraisal companies take into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management's assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair values of investment properties are determined using the market data approach that reflects observable and recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable property in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable and recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value will be the lower level of the hierarchy or Level 3. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value.

There has been no change to the valuation techniques used by the Group during the year for its investment properties.

Offsetting Financial Assets and Financial Liabilities

Certain financial assets and financial liabilities of the Group and the Parent Bank with amounts presented in the statements of financial position as of December 31, 2021 and 2020 are subject to offsetting, enforceable master netting arrangements and similar agreements. However, there were no financial assets and financial liabilities presented at net in the statements of financial position.

Presented below is the financial assets and financial liabilities subject to offsetting but the related amounts are not set-off in the statements of financial position.

	Group							
	December 31, 2021				December 31, 2020			
	Net amount presented in the statement of financial position	**Related amounts not set off in the statement of financial position**			Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		
		Financial Instruments	**Collateral Received**	**Net Exposure**		Financial Instruments	Collateral Received	Net Exposure
Financial assets								
Derivative assets								
Currency forwards	**₱468,358**	**₱344,744**	**₱–**	**₱123,614**	₱104,488	₱40,800	₱–	₱63,688
Cross currency interest rate swaps	**547,012**	**88,973**	**–**	**458,039**	532,594	488,217	–	44,377
Loans and receivables	**23,841,824**	**–**	**24,096,716**	**–**	17,902,216	–	16,796,554	1,105,662
Total financial assets	**₱24,857,194**	**₱433,717**	**₱24,096,716**	**₱581,653**	₱18,539,298	₱529,017	₱16,796,554	₱1,213,727
Financial liabilities								
Derivative liabilities								
Currency forwards	**₱260,235**	**₱344,744**	**₱–**	**(₱84,509)**	₱258,434	₱40,800	₱–	₱217,634
Cross currency swaps	**489,774**	**88,973**	**–**	**400,801**	488,876	488,217	–	659
Deposit liabilities	**585,863**	**421,082**	**–**	**164,781**	1,649,048	1,157,126	–	491,922
Bills Payable	**23,420,742**	**23,697,462**	**–**	**–**	16,745,090	16,745,090	–	–
Total financial liabilities	**₱24,756,614**	**₱24,552,261**	**₱–**	**₱481,073**	₱19,141,448	₱18,431,233	₱–	₱710,215

	Parent Bank							
	December 31, 2021				December 31, 2020			
	Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position			Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		
		Financial Instruments	Collateral Received	Net Exposure		Financial Instruments	Collateral Received	Net Exposure
Financial assets								
Derivative assets								
Currency forwards	**₱468,358**	**₱344,744**	**₱–**	**₱123,614**	₱104,488	₱40,800	₱–	₱63,688
Cross currency interest rate swaps	**547,012**	**88,973**	**–**	**458,039**	532,594	488,217	–	44,377
Loans and receivables	**15,964,079**	**–**	**16,222,799**	**–**	11,497,771	–	10,424,758	1,073,013
Total financial assets	**₱16,979,449**	**₱433,717**	**₱16,222,799**	**₱581,653**	₱12,134,853	₱529,017	₱10,424,758	₱1,181,078
Financial liabilities								
Derivative liabilities								
Currency forwards	**₱260,235**	**₱344,744**	**₱–**	**(₱84,509)**	₱258,434	₱40,800	₱–	₱217,634
Cross currency swaps	**489,774**	**88,973**	**–**	**400,801**	488,876	488,217	–	659
Deposit liabilities	**564,035**	**404,783**	**–**	**159,252**	1,595,483	1,124,477	–	471,006
Bills Payable	**15,541,296**	**15,541,296**	**–**	**–**	10,373,294	10,373,294	–	–
Total financial liabilities	**₱16,855,340**	**₱16,379,796**	**₱–**	**₱475,544**	₱12,716,087	₱12,026,788	₱–	₱689,299

8. Cash and Balances with the BSP

These accounts are composed of the following as of December 31:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Cash and other cash items	**₱8,904,903**	₱8,958,042	**₱7,988,517**	₱7,814,917
Due from BSP				
Mandatory reserves	**₱46,511,088**	₱42,730,160	**₱44,334,946**	₱40,953,821
Non-mandatory reserves	**56,896,858**	61,139,610	**23,143,443**	42,913,613
	₱103,407,946	₱103,869,770	**₱67,478,389**	₱83,867,434

Cash consists primarily of funds in the form of Philippine currency notes and coins in the Group and the Parent Bank's vault and those in the possession of tellers, including ATMs. Other cash items include cash items (other than currency and coins on hand) such as checks drawn on other banks or other branches that were received after the Group and the Parent Bank's clearing cut-off time until the close of the regular banking hours.

Mandatory reserves represent the balance of the deposit account maintained with the BSP to meet reserve requirements and to serve as clearing account for interbank claims (see Note 21). Due from BSP bears annual interest rates ranging from 1.50% to 2.00% in 2021, from 1.50% to 4.30% in 2020, from 3.50% to 5.15% in 2019, except for the amounts within the required reserve as determined by the BSP. Total interest income on Due from BSP recognized by the Group amounted to ₱665,311, ₱962,515, and ₱63,730, in 2021, 2020, and 2019 respectively, while the total interest income on Due from BSP recognized by the Parent Bank amounted to ₱325,236, ₱709,244, and ₱38,644, in 2021, 2020, and 2019, respectively.

Under Section 254 of the MORB, a bank shall keep its required reserves in the form of deposits placed in the bank's demand deposit account with the BSP. Section 254.1 of the MORB further provides that such deposit account with the BSP is not considered as a regular current account as drawings against such deposits shall be limited to: (a) settlement of obligation with the BSP, and (b) withdrawals to meet cash requirements.

9. Due from Other Banks

The balance of this account consists of regular deposits with the following:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Foreign banks	**₱51,138,501**	₱64,419,921	**₱51,009,025**	₱64,419,921
Local banks	**3,119,964**	4,112,297	**299,958**	343,847
	₱54,258,465	₱68,532,218	**₱51,308,983**	₱64,763,768

The breakdown of this account as to currency follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
U.S. dollars	**₱48,927,115**	₱62,691,820	**₱48,946,007**	₱62,184,086
Philippine pesos	**3,262,944**	3,599,496	**294,570**	338,779
Other currencies	**2,068,406**	2,240,902	**2,068,406**	2,240,903
	₱54,258,465	₱68,532,218	**₱51,308,983**	₱64,763,768

Annual interest rates on these deposits range from 0.00% to 2.00% in 2021, from 0.00% to 3.00% in 2020, and from 0.80% to 6.13% in 2019. Total interest income on Due from other banks earned by the Group amounted to ₱14,429, ₱59,459, and ₱124,356 in 2021, 2020, and 2019, respectively, while total interest income earned by the Parent Bank amounted to ₱7,634, ₱46,791, and ₱89,010 in 2021, 2020 and 2019, respectively.

Due from other banks is net of allowance for credit losses amounting to ₱32,407 and ₱23,108, as of December 31, 2021 and 2020, respectively.

10. Interbank Loans Receivable

Interbank loans receivable consists of foreign currency-denominated loans granted to other banks with terms ranging from 3 to 63 days in 2021 and from 1 to 67 days in 2020.

Interest income on interbank loans amounted to ₱23,256, ₱95,857, and ₱247,478, in 2021, 2020, and 2019, respectively, for the Group, and ₱22,170, ₱95,451, and ₱247,039, in 2021, 2020, and 2019, respectively, for the Parent Bank. Annual interest rates on interbank loans receivable range from 0.01% to 2.00% in 2021, 0.01% to 4.00% in 2020, and from 0.60% to 4.69% in 2019.

11. Financial Assets at Fair Value through Profit or Loss

The Group's and Parent Bank's financial assets at FVTPL as of December 31, 2021 and 2020 consist of the following:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Debt securities held for trading	**₱4,365,040**	₱15,012,469	**₱4,365,040**	₱15,012,469
Equity securities designated at FVTPL	**209,535**	2,753,716	**140,800**	2,716,371
Derivative assets	**1,065,430**	682,464	**1,065,430**	682,464
	₱5,640,005	₱18,448,649	**₱5,571,270**	₱18,411,304

The breakdown of this account as to currency follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
U.S. dollars	**₱4,514,447**	₱3,468,444	**₱4,514,447**	₱3,468,444
Philippine pesos	**1,125,261**	14,978,510	**1,056,526**	14,941,165
Others	**297**	1,695	**297**	1,695
	₱5,640,005	₱18,448,649	**₱5,571,270**	₱18,411,304

The Group recognized fair value gains (losses) on financial assets at FVTPL amounting to (₱440,044), ₱809,253, and ₱1,275,384 in 2021, 2020, and 2019, respectively, while the Parent Bank recognized fair value gains (losses) on financial assets at FVTPL amounting to (₱440,453), ₱811,217, and ₱1,276,966 in 2021, 2020, and 2019, respectively, and included as part of Gains (losses) on trading and investment securities at FVTPL and FVOCI in the statement of income.

Interest income generated from these financial assets amounted to ₱244,587, ₱524,261, and ₱423,688, in 2021, 2020, and 2019, respectively, of both the Group and the Parent Bank. In 2021, annual interest rates on these financial assets range from 2.38% to 4.62% and from 1.38% to 10.63% for securities denominated in Philippine peso and U.S. dollars, respectively. In 2020, annual interest rates on these financial assets range from 1.38% to 5.88% and from 0.96% to 7.03% for securities denominated in Philippine peso and U.S. dollars, respectively.

Derivative instruments include foreign exchange forwards and swaps and cross-currency interest rate swaps. These derivative instruments represent commitments to purchase/sell/exchange foreign currency or bonds on a future date at an agreed price, exchange rate and/or interest rates.

Equity securities include PSE listed securities, club shares and unquoted equity securities.

The aggregate contractual or notional amount of derivative financial instruments and the total fair values of derivative financial assets and liabilities of the Group and the Parent Bank (see Note 24) are set out below.

	December 31, 2021		
	Notional	**Fair Values**	
	Amount	**Assets**	**Liabilities**
Currency forwards			
Bought	**₱31,946,925**	**₱ 466,591**	**₱36,806**
Sold	**22,392,884**	**1,767**	**223,429**
Cross currency interest rate swaps			
Payer	**2,548,063**	**296,467**	**207,593**
Receiver	**2,540,260**	**250,545**	**282,181**
Warrants	**7,649,850**	**50,060**	–
	₱67,077,982	**₱1,065,430**	**₱750,009**

	December 31, 2020		
	Notional	Fair Values	
	Amount	Assets	Liabilities
Currency forwards			
Bought	₱30,396,594	₱1,066	₱130,134
Sold	19,533,966	103,422	128,300
Cross currency interest rate swaps			
Payer	1,738,473	268,843	263,956
Receiver	1,738,673	263,751	224,920
Warrants	4,322,070	45,382	–
	₱57,729,776	₱682,464	₱747,310

12. Financial Assets at Amortized Cost

The Group's and the Parent Bank's financial assets at amortized cost as of December 31, 2021 and 2020 consist of the following:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Government bonds and other debt securities	**₱163,748,924**	₱151,811,690	**₱159,616,193**	₱149,211,834
Private bonds and commercial papers	**2,862,393**	4,338,979	**2,772,393**	4,298,979
	166,611,317	156,150,669	**162,388,586**	153,510,813
Allowance for impairment (Note 20)	**(249,138)**	(339,702)	**(249,138)**	(339,702)
	₱166,362,179	₱155,810,967	**₱162,139,448**	₱153,171,111

Investment securities of both the Group and the Parent Bank with an aggregate principal amount of ₱23,664,920 and ₱26,606,840 as of December 31, 2021 and 2020, respectively, were pledged as collaterals for bills payable under repurchase agreements (see Note 22).

The breakdown of this account as to currency as of December 31, 2021 and 2020 follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Philippine pesos	**₱133,898,721**	₱79,245,005	**₱129,675,990**	₱76,605,149
U.S. dollars	**30,644,377**	74,726,779	**30,644,377**	74,726,779
Others	**1,819,081**	1,839,183	**1,819,081**	1,839,183
	₱166,362,179	₱155,810,967	**₱162,139,448**	₱153,171,111

Financial assets at amortized cost denominated in Philippine pesos have fixed interest rates ranging from 1.03% to 18.25% per annum in 2021, from 1.69% to 18.25% per annum in 2020, and from 3.38% to 18.25% per annum in 2019, while financial assets at amortized cost denominated in U.S. dollars and Euros have fixed interest rates ranging from 3.25% to 9.5% per annum in 2021, from 2.31% to 7.11% per annum in 2020, and from 2.25% to 9.63% per annum in 2019. These bonds have remaining maturities of 1 year to 31 years and 1 year to 29 years as at December 31, 2021 and 2020, respectively.

Interest income generated from these financial assets, including amortization of premium or discount, amounted to ₱5,865,798, ₱7,202,846, and ₱9,138,830 in 2021, 2020, and 2019, respectively, by the Group, and ₱5,777,352, ₱7,061,489, and ₱9,138,830 in 2021, 2020, and 2019, respectively, by the Parent Bank. This is shown as part of Interest income on investment securities at amortized cost and FVOCI account in the statement of income.

The Parent Bank sold investment securities classified as Investment securities at amortized cost with carrying amount of ₱47.4 billion, ₱57.8 billion and ₱53.5 billion in 2021, 2020, and 2019, respectively, resulting in gains totaling ₱8.45 billion, ₱5.11 billion and ₱7.07 billion in 2021, 2020, and 2019, respectively (see Note 3).

Government bonds with aggregate face value of ₱1,000,000 and ₱800,000 as of December 31, 2021, and 2020, respectively, are deposited with BSP as security for the Bank's faithful compliance with its fiduciary obligations (see Note 31).

13. Financial Assets at Fair Value Through Other Comprehensive Income

The Group's and the Parent Bank's financial assets at FVOCI as of December 31, 2021 and 2020 consist of the following:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Debt securities:				
Government bonds	**₱47,097,138**	₱20,237,695	**₱47,046,877**	₱20,185,986
Private bonds and commercial papers	**18,377,887**	10,910,891	**18,282,141**	10,781,382
Equity securities	**197,585**	41,673	**41,673**	41,673
	₱65,672,610	₱31,190,259	**₱65,370,691**	₱31,009,041

The breakdown of this account as to currency as of December 31, 2021 and 2020 follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
U.S. dollars	**₱46,793,028**	₱22,949,310	**₱46,637,115**	₱22,949,310
Philippine pesos	**18,879,582**	8,240,949	**18,733,576**	8,059,731
	₱65,672,610	₱31,190,259	**₱65,370,691**	₱31,009,041

The Group has designated the above equity securities as at FVOCI because they are held for long-term investments and are neither held-for-trading nor designated as at FVTPL. Unquoted equity securities pertain to golf club shares and investments in non-marketable equity securities.

Debt securities denominated in Philippine pesos have interest rates ranging from 2.88% to 6.88% per annum for 2021, from 3.70% to 5.33% per annum for 2020, and from 5.75% to 8.00% per annum for 2019, while debt securities denominated in U.S. dollars have interest rates ranging from 1.13% to 9.63% per annum in 2021, from 1.03% to 8.43% per annum in 2020, and from 1.63% to 7.38% per annum in 2019. Interest income, including amortization of premium or discount, amounted to ₱1,840,975 and ₱1,833,323 in 2021 for the Group and Parent Bank, respectively, ₱881,817 and ₱875,707 in 2020 for the Group and Parent Bank, respectively, and ₱353,060 in 2019 for both the Group and Parent Bank, and is shown as part of Interest income on investment securities at amortized cost and FVOCI account in the statement of income.

In 2021, 2020 and 2019, the Group and the Parent Bank recognized gains from the sale of investments securities at FVOCI amounting to ₱0.66 billion, ₱3.0 billion, and ₱1.1 billion, respectively. The amounts are included under Gains on trading and investments securities at FVTPL and FVOCI in the statement of income.

As of December 31, 2021 and 2020, allowance for credit losses credited against other comprehensive income amounted to ₱12,031 and ₱4,928, respectively.

14. Loans and Other Receivables

The Group's and the Parent Bank's loans and other receivables as of December 31, 2021 and 2020 consist of the following:

	Group		Parent Bank	
	December 31		December 31	
	2021	2020	**2021**	2020
Receivables from customers:				
Loans and discounts	**₱325,222,919**	₱313,440,863	**₱265,140,532**	₱253,976,998
Customers' liabilities under acceptances and trust receipts	**11,051,652**	7,525,880	**11,051,652**	7,525,880
Bills purchased	**458,312**	1,002,263	**458,312**	1,002,263
Accrued interest receivable	**3,155,283**	4,173,094	**2,323,363**	2,942,144
	339,888,166	326,142,100	**278,973,859**	265,447,285
Unearned discounts	**(1,417,089)**	(1,529,187)	**(158,506)**	(133,458)
Allowance for impairment (Note 20)	**(13,435,022)**	(10,473,864)	**(10,035,885)**	(7,691,647)
	325,036,055	314,139,049	**268,779,468**	257,622,180
Other receivables:				
SPURRA	**23,420,742**	16,745,090	**15,541,296**	10,373,294
Accounts receivable	**7,106,075**	5,416,251	**2,742,044**	2,251,211
Accrued interest receivable	**3,186,024**	2,739,153	**3,072,794**	2,648,608
Sales contracts receivable	**1,518,579**	1,536,891	**1,446,756**	1,456,203
Unquoted debt securities classified as loans	**1,538**	191	**–**	–
Installment contracts receivable	**3,451**	4,243	**–**	–
	35,236,409	26,441,819	**22,802,890**	16,729,316
Allowance for impairment (Note 20)	**(497,833)**	(1,044,038)	**(464,156)**	(1,011,633)
	34,738,576	25,397,781	**22,338,734**	15,717,683
	₱359,774,631	₱339,536,830	**₱291,118,202**	₱273,339,863

As of December 31, 2021 and 2020, SPURRA that were classified as cash and cash equivalents amounted to ₱23,420,742 and ₱16,745,090, respectively, for the Group, and ₱15,541,296 and ₱10,373,294, respectively, for the Parent Bank.

Restructured loans amounted to ₱1,307,006 and ₱756,326 as of December 31, 2021 and 2020, respectively, for the Group, and ₱1,250,276 and ₱653,761 as of December 31, 2021 and 2020, respectively, for the Parent Bank. Interest income on these restructured loans amounted to ₱38,733, ₱9,067, and ₱11,942 in 2021, 2020, and 2019, respectively, for the Group, and ₱25,189, ₱6,126, and ₱9,796 in 2021, 2020, and 2019, respectively, for the Parent Bank.

The maturity profile of loans and other receivables (net of unearned discounts) follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Less than one year	**₱126,166,158**	₱111,744,275	**₱105,451,961**	₱90,445,312
One year to less than five years	**147,755,010**	132,122,394	**97,636,022**	84,911,197
Beyond five years	**99,786,318**	107,188,063	**98,530,260**	106,686,634
	₱373,707,486	₱351,054,732	**₱301,618,243**	₱282,043,143

Loans and other receivables bear annual interest ranging from 4.00% to 14.00% in 2021 and 2020, and from 4.00% to 18.00% in 2019.

The breakdown of loans (receivable from customers excluding accrued interest receivable) as to type of interest rate follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Variable interest rates	**₱248,928,907**	₱239,823,493	**₱248,924,378**	₱239,823,493
Fixed interest rates	**87,803,976**	82,145,513	**27,726,118**	22,681,648
	₱336,732,883	₱321,969,006	**₱276,650,496**	₱262,505,141

The amounts of interest income per type of loans and receivables for each reporting period are as follows:

	Group		
	2021	2020	2019
Receivables from customers	**₱24,686,931**	₱28,287,521	₱27,391,437
Other receivables:			
SPURRA	**300,764**	444,275	439,331
Sales contracts receivable	**101,402**	118,611	172,600
Installment contracts receivable	**318**	514	614
Others	**2,583,798**	18	31
	₱27,673,213	₱28,850,939	₱28,004,013

	Parent Bank		
	2021	2020	2019
Receivables from customers	**₱17,402,061**	₱19,689,313	₱18,885,639
Other receivables:			
SPURRA	**204,381**	273,324	185,145
Sales contracts receivable	**95,200**	113,383	166,339
	₱17,701,642	₱20,076,020	₱19,237,123

15. Investments in Subsidiaries and Associates

Investment in Subsidiaries

This account in the Parent Bank's financial statements pertains to investments in the following subsidiaries, which are accounted for using the equity method:

	% Interest	**2021**	2020
Acquisition costs:			
CSB	99.79%	**₱6,746,861**	₱6,746,861
UBX	100%	**1,100,000**	600,000
Union Digital (Note 1)	100%	**1,000,000**	–
UIC	100%	**924,861**	924,861
FUPI	100%	**290,002**	290,002
UBPSI	100%	**5,000**	5,000
UDC	100%	**3,125**	3,125
UBPIBI	–	–	2,500
UCBC	–	–	1,000
		₱10,069,849	₱8,573,349

The movement of investments in subsidiaries is shown below:

	2021	2020	2019
Acquisition costs:			
Beginning balances	**₱8,573,349**	₱7,870,847	₱7,383,347
Additional investments (Note 1)	**1,500,000**	702,502	487,500
Others	**(3,500)**	–	–
	10,069,849	8,573,349	7,870,847
Accumulated equity in total comprehensive income:			
Beginning balances	**13,294,638**	12,652,786	11,517,277
Share in net profit (Note 28)*	**1,173,016**	953,082	1,222,595
Dividends	**(1,496,811)**	–	–
Impairment on investment in FUPI (Note 28)	**–**	(290,002)	–
Share in other comprehensive income (loss) (Note 29)	**38,774**	(21,228)	(87,086)
Others	**3,489**	–	–
	13,013,106	13,294,638	12,652,786
Net investment in subsidiaries	**₱23,082,955**	₱21,867,987	₱20,523,633

**The share in net profit for CSB in 2021 and 2020 is net of goodwill impairment charge of ₱529.6 million and ₱223.2 million, respectively.*

The Parent Bank's direct subsidiaries are all incorporated in the Philippines. The principal place of business of these subsidiaries is in Metro Manila, Philippines except for CSB, which has its principal place of operations in Cebu, Philippines.

Purchase of preferred shares issued by FUPI
In October 2020, the Parent Bank subscribed to FUPI's non-voting, non-cumulative and redeemable preferred shares for a total consideration of ₱290 million. The subscription was used to support FUPI in meeting its maturing pre-need plans during 2020. As of December 31, 2020, the Parent Bank assessed that the preferred shares will not be redeemed or settled in the foreseeable future, as FUPI will not be generating additional income or revenues moving forward. In 2020, the Parent Bank provided a full valuation allowance of ₱290 million, presented under Miscellaneous expense (see Note 28). This transaction is eliminated in the consolidation and has no impact on the consolidated financial statements.

Acquisition of Bangko Kabayan
In February 2019, CSB and UIC acquired 70% ownership, with CSB owning 49% and UIC owning 21% (See Note 1). For convenience purposes, the Group used March 31, 2020 as the date of business combination.

The fair values of the identifiable assets and liabilities acquired at the date of acquisition are as follows (amounts in thousands):

	Final fair values
Assets	
Cash and other cash items	₱70,628
Due from BSP	323,440
Due from other banks	325,770
Investment securities	328,132
Loans and receivables	1,953,472

(Forward)

	Final fair values
Bank premises, furniture and fixtures, and equipment	₱183,352
Investment properties	253,400
Other resources	41,224
Total assets	3,479,418
Liabilities	
Deposit liabilities	2,546,758
Other liabilities	124,651
Total liabilities	2,671,409
Net assets acquired	₱808,009

The acquisition resulted in goodwill as follows (amounts in thousands):

Purchase price		₱681,745
Share in fair value of net assets acquired:		
Provisional fair values of net assets acquired	808,009	
Less: Proportionate share of non-controlling interest	242,403	565,606
Final Goodwill		₱116,139

The goodwill arising from the acquisition is attributed to expected synergies in the operations of the Group and Bangko Kabayan and the planned expansion of network to rural areas and extend the digital products offered by the Parent Bank. None of the goodwill recognized is expected to be deductible for income tax purposes.

The fair value of the loans and receivables acquired as part of the business combination amounted to ₱1.95 billion, with gross contractual amount of ₱2.04 billion. Net cash outflow related to the acquisition of Bangko Kabayan amounted to ₱38.09 million, net of cash acquired.

Acquisition of PBI
On January 5, 2018, CSB and UIC acquired 75% ownership of PBI (see Note 1).

The fair values of the identifiable assets and liabilities acquired at the date of acquisition are as follows (amounts in thousands):

	Final fair values
Assets	
Cash and other cash items	₱27,285
Due from BSP	12,994
Due from other banks	158,189
Loans and receivables	252,407
Bank premises, furniture and fixtures, and equipment	41,771
Investment properties	4,595
Other resources	22,917
Total assets	520,158
Liabilities	
Deposit liabilities	387,633
Other liabilities	21,471
Total liabilities	409,104
Net assets acquired	₱111,054

The acquisition resulted in a gain on bargain purchase as follows (amounts in thousands):

Purchase price		₱58,000
Share in fair value of net assets acquired:		
Provisional fair values of net assets acquired	₱111,054	
Less: Proportionate share of non-controlling interest	27,763	83,291
Gain on Bargain Purchase (Note 28)		₱25,291

The fair value of the loans and receivables acquired as part of the business combination amounted to ₱252.41 million, with gross contractual amount of ₱360.56 million. Net cash inflow related to the acquisition of PBI amounted to ₱140.47 million, net of cash acquired.

Union Digital Bank
On July 19, 2021, the BSP approved the application for authority to establish a digital bank, to be known as Union Digital Bank (UnionDigital), a wholly-owned subsidiary of the Bank, subject to regulatory conditions. On November 25, 2021, SEC approved UnionDigital's Articles of Incorporation and its By-Laws and issued its Certificate of Incorporation. The Parent Bank subscribed to 100,000,000 new common shares of UnionDigital at par value ₱10 per share totaling ₱1.0 billion.

UBX and UBX SG Investment Transactions
On February 11, 2019, the BSP approved the Parent Bank's incorporation of UBX. The Parent Bank subscribed and paid ₱400.0 million for the capital stock of UBX.

In October 2018, UIC incorporated UBX SG. UBX then entered into a share purchase agreement with UIC, also a wholly owned subsidiary of the Parent Bank, to purchase 100 ordinary shares of UBX SG for a total consideration amounting to SGD100.

On November 27, 2020, the Parent Bank's BOD approved the additional capital infusion of ₱500 million into UBX. The capital infusion was approved by the BSP on February 15, 2021. The additional capital is intended to grow UBX' business operations and venture platforms.

Investments in Shiptek Solutions Corporation
On May 9, 2019, UBX acquired 30% of Shiptek Solutions Corporation's (Shiptek) outstanding capital stock for a total consideration amounting to ₱80.0 million. Shiptek is incorporated in the Philippines to operate, conduct and maintain the business of developing, marketing, selling, distributing and/or licensing the logistics solution technology known as XLOG. Shiptek is accounted for as an investment in associate in the Group's financial statements.

Investments in Pacific Payments Pte. Ltd
On February 21, 2020, UBX SG acquired 25% of Pacific Payments Pte. Ltd. (PPPL)'s outstanding capital for a total consideration amounting to $1.6 million (₱50.0 million). PPPL is a holding company that was incorporated in Singapore in November 2014.

On June 18, 2021, UBX SG sold its 25% stake in PPPL for a total consideration of $5.4 million (₱262.4 million) resulting in a gain on sale of investment in associate amounting to $3 million (₱156.0 million). UBX SG will use the proceeds to pursue growth and investments opportunities.

Investments in Integra Partners' Fund
On January 31, 2021, UBX SG subscribed $2.5 million in Integra Partners' Fund II as a Limited Partner. Out of the $2.5 million subscribed, UBX SG has paid $286 thousands (₱13.7 million) or around 10% ownership. Integra Partners is a venture Capital (VC) firm based out of Singapore and is considered one of SE Asia's premier Fintech and Healthtech VC funds. UBX SG's investment in the fund indicates its commitment to invest in the fintech space and drive healthcare and financial inclusion in Southeast Asia. Additionally, the partnership further cements the existing strategic relationship with Integra Partners.

Investments in CC Mobile Financial Services Philippines, Inc.
On September 6, 2019, UBX acquired 35% of CC Mobile Financial Services Philippines, Inc. (CCPH) outstanding capital stock for a total consideration amounting to ₱50.0 million. CCPH was incorporated in the Philippines to engage in the business of a financing company by extending credit facilities, by discounting or factoring commercial paper or accounts receivable, by sales finance, by buying and selling contracts, leases, chattel mortgages, or other evidences of indebtedness, or by financial or operating leasing of movable as well as immovable property, and real estate mortgages, without engaging in quasi-banking functions or trust operations. CCPH is accounted for as an investment in associate in the Group's financial statements.

On June 11, 2021, UBX sold its 35% equity ownership in CC Mobile Financial Services Philippines, Inc. to Fintech Platform Ventures Pte Ltd. (FPV) pursuant to a corporate restructuring of the Finscore Group intended to consolidate the ownership of all its subsidiaries under one Singaporean holding company – FPV. UBX PH has agreed to assign the receivable from FPV arising from the sale to UBX SG. In exchange, UBX SG issued 64,760 Class A Redeemable Preferred Shares (RPS) ("UBX shares") at an issue price of $1.04 million (₱53.03 million) to UBX PH. UBX SG has, in turn, entered into a Subscription and Shareholders' Agreement dated June 4, 2021 wherein it subscribed to 1,350,000 shares (31.98% equity ownership) in FPV, free from any encumbrances, for the aggregate subscription consideration of $1.39 million (₱70.88 million). As of December 31, 2021, UBX SG has 31.98% ownership in FPV, which in turn has 100% ownership in CC Mobile Financial Services Philippines, Inc.

Investments with NYK Ventures Pte Ltd.
On August 2, 2021, UBX SG subscribed to 811 non-cumulative, non-convertible preference shares of NYK Ventures Pte Ltd. (NYK) at a price of $317.79 per share or a total of $0.26 million (₱12.80 million) in addition to its exiting interest in NYK. This additional subscription was an exercise of UBX SG's pro rata rights to maintain an equity stake in NYK's wholly-owned subsidiary, PDAX, Inc. of 2.58%.

Investment in Associates
As of December 31, 2021 and 2020, the Group has investment in associates with aggregate carrying amounts of ₱142,355 and ₱255,342, respectively. The aggregate share in losses on these associates amounted to ₱14,186, ₱3,665, and ₱464 for the years ended December 31, 2021, 2020, and 2019, respectively.

Summarized Financial Information

The following table presents the financial information for CSB, FAIR Bank, PETNET, UIC and UBX, Bangko Kabayan and PBI as of and for the years ended December 31, 2021 and 2020:

	Assets	Liabilities	Revenues	Net Profit (Loss)
2021				
CSB	**₱119,142,549**	**₱102,472,266**	**₱10,748,877**	**₱1,142,631**
FAIR Bank	**359,699**	**244,493**	**70,863**	**(28,314)**
PETNET	**1,323,318**	**221,018**	**762,178**	**125,231**
UIC	**1,134,027**	**128,363**	**134,682**	**53,708**
UBX	**1,034,660**	**170,004**	**338,857**	**64,032**
Bangko Kabayan	**3,357,782**	**2,870,298**	**336,203**	**46,706**
PBI	**243,553**	**289,492**	**70,698**	**(114,293)**
Union Digital	**1,000,000**	**29,000**	**–**	**(29,000)**
2020				
CSB	₱99,152,408	₱82,144,535	₱9,262,926	₱1,229,886
FAIR Bank	414,799	270,220	81,701	(78,111)
PETNET	1,444,374	456,684	581,823	17,278
UIC	1,313,549	318,940	153,123	(19,467)
UBX	406,144	107,602	86,761	(206,660)
Bangko Kabayan	3,477,142	2,854,077	274,504	23,165
PBI	423,972	355,310	78,293	(19,090)

16. Bank Premises, Furniture, Fixtures and Equipment

The gross carrying amounts and accumulated depreciation and amortization of bank premises, furniture, fixtures and equipment as of December 31, 2021 and 2020 are shown below.

	Group					
	Land	Buildings	Furniture, Fixtures and Equipment	Right-of-use Asset	Leasehold Rights and Improvements	Total
December 31, 2021						
Cost	**₱850,660**	**₱3,061,143**	**₱4,946,472**	**₱2,817,848**	**₱1,748,553**	**₱13,424,676**
Accumulated depreciation and amortization	**–**	**(814,284)**	**(3,095,504)**	**(1,623,221)**	**(1,125,896)**	**(6,658,905)**
Net carrying amounts	**₱850,660**	**₱2,246,859**	**₱1,850,968**	**₱1,194,627**	**₱622,657**	**₱6,765,771**
December 31, 2020						
Cost	₱859,082	₱3,090,141	₱4,644,666	₱2,160,838	₱1,646,529	₱12,401,256
Accumulated depreciation and amortization	–	(758,245)	(2,713,265)	(1,034,218)	(1,000,760)	(5,506,488)
Net carrying amounts	₱859,082	₱2,331,896	₱1,931,401	₱1,126,620	₱645,769	₱6,894,768

	Parent Bank					
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Right-of-use Asset**	**Leasehold Rights and Improvements**	**Total**
December 31, 2021						
Cost	**₱248,301**	**₱2,621,552**	**₱3,650,598**	**₱2,177,921**	**₱824,212**	**₱9,522,584**
Accumulated depreciation and amortization	**–**	**(596,994)**	**(2,027,948)**	**(1,221,229)**	**(340,087)**	**(4,186,258)**
Net carrying amounts	**₱248,301**	**₱2,024,558**	**₱1,622,650**	**₱956,692**	**₱484,125**	**₱5,336,326**
December 31, 2020						
Cost	₱248,301	₱2,621,552	₱3,470,711	₱1,746,750	₱792,390	₱8,879,704
Accumulated depreciation and amortization	–	(537,368)	(1,738,353)	(810,804)	(267,813)	(3,354,338)
Net carrying amounts	₱248,301	₱2,084,184	₱1,732,358	₱935,946	₱524,577	₱5,525,366

A reconciliation of the carrying amounts at the beginning and end of 2021 and 2020 of this account (including right-of-use assets) is shown below:

	Group					
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Right-of-Use Assets**	**Leasehold Rights and Improvements**	**Total**
Balances at January 1, 2021, net of accumulated depreciation and amortization	**₱859,082**	**₱2,331,896**	**₱1,931,401**	**₱1,126,620**	**₱645,769**	**₱6,894,768**
Additions	**–**	**2,202**	**400,807**	**666,029**	**102,596**	**1,171,634**
Disposals	**(8,422)**	**(9,833)**	**(19,024)**	**–**	**–**	**(37,279)**
Reclassifications/adjustments	**–**	**(12,761)**	**(4,003)**	**(385)**	**(572)**	**(17,721)**
Depreciation and amortization charges for the year	**–**	**(64,645)**	**(458,213)**	**(597,637)**	**(125,136)**	**(1,245,631)**
Balances at December 31, 2021, net of accumulated depreciation and amortization	**₱850,660**	**₱2,246,859**	**₱1,850,968**	**₱1,194,627**	**₱622,657**	**₱6,765,771**
Balances at January 1, 2020, net of accumulated depreciation and amortization	₱765,374	₱2,157,306	₱1,837,504	₱1,261,207	₱479,252	₱6,500,643
Additions	–	153,345	582,113	386,508	290,905	1,412,871
Disposals	–	–	(21,058)	–	–	(21,058)
Reclassifications/adjustments	–	15,312	(29,718)	(23,118)	(4,960)	(42,484)
Depreciation and amortization charges for the year	–	(60,910)	(466,683)	(521,521)	(131,213)	(1,180,327)
Effect of business combinations (Note 15)	93,708	66,843	29,243	23,544	11,785	225,123
Balances at December 31, 2020, net of accumulated depreciation and amortization	₱859,082	₱2,331,896	₱1,931,401	₱1,126,620	₱645,769	₱6,894,768

	Parent Bank					
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Right-of-Use Assets**	**Leasehold Rights and Improvements**	**Total**
Balances at January 1, 2021, net of accumulated depreciation and amortization	**₱248,301**	**₱2,084,184**	**₱1,732,358**	**₱935,946**	**₱524,577**	**₱5,525,366**
Additions	**–**	**–**	**285,567**	**431,171**	**31,824**	**748,562**
Disposals	**–**	**–**	**(13,643)**	**–**	**–**	**(13,643)**
Reclassifications/adjustments	**–**	**(15,062)**	**–**	**170**	**–**	**(14,892)**
Depreciation and amortization charges for the year	**–**	**(44,564)**	**(381,632)**	**(410,595)**	**(72,276)**	**(909,067)**
Balances at December 31, 2021, net of accumulated depreciation and amortization	**₱248,301**	**₱2,024,558**	**₱1,622,650**	**₱956,692**	**₱484,125**	**₱5,336,326**
Balances at January 1, 2020, net of accumulated depreciation and amortization	₱248,301	₱1,959,388	₱1,695,872	₱1,029,614	₱361,420	₱5,294,595
Additions	–	152,528	479,720	376,639	235,442	1,244,329
Disposals	–	–	(11,903)	–	–	(11,903)
Reclassifications/adjustments	–	15,275	(47,434)	(31,996)	–	(64,155)
Depreciation and amortization charges for the year	–	(43,007)	(383,897)	(438,311)	(72,285)	(937,500)
Balances at December 31, 2020, net of accumulated depreciation and amortization	₱248,301	₱2,084,184	₱1,732,358	₱935,946	₱524,577	₱5,525,366

The Group has leases for branch offices, parking lots, stalls for specific events, signage and computer equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the consolidated statement of financial position as a ROU asset and a lease liability.

Generally, the Group is restricted from assigning and subleasing the leased assets. The lease contracts are cancellable upon mutual agreement of the parties or renewable under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5% to 10%. As of December 31, 2021 and 2020, the Group has neither a contingent rent payable nor an asset restoration obligation in relation with these lease agreements.

The Group's leasing activities qualified to recognize ROU assets mainly comprise of branch offices and parking lots with remaining lease terms ranging from 1 to 10 years.

The details of depreciation and amortization in the consolidated statements of income follow:

	Group		
	2021	2020	2019
Bank premises, furniture, fixtures and equipment*	**₱647,994**	₱658,806	₱707,917
Investment properties (Note 17)	**406,421**	358,351	371,529
Computer software (Note 19)	**405,150**	286,680	216,112
Foreclosed machineries and chattel	**164,114**	103,063	82,636
	₱1,623,679	₱1,406,900	₱1,378,194

**Excluding depreciation of ROU asset presented in Occupancy amounting to ₱597,637 and ₱521,521 in 2021 and 2020, respectively.*

	Parent Bank		
	2021	2020	2019
Bank premises, furniture, fixtures and equipment*	**₱498,472**	₱499,189	₱414,629
Investment properties (Note 17)	**394,241**	350,290	356,583
Computer software (Note 19)	**253,745**	159,428	133,738
	₱1,146,458	₱1,008,907	₱904,950

**Excluding depreciation of ROU asset presented in Occupancy amounting to ₱410,595 and ₱438,311 in 2021 and 2020, respectively.*

In 2021, 2020 and 2019 depreciation charges amounted to ₱597.64 million, ₱521.52 million and ₱504.84 million, respectively, for the ROU asset of the Group and ₱410.60 million, ₱438.31 million, ₱403.55 million, respectively, for ROU of the Parent Bank. This is shown as part of Occupancy in the consolidated and parent bank statements of income.

Under BSP rules, investments in bank premises, furniture, fixtures and equipment should not exceed 50% of the Parent Bank's unimpaired capital. As of December 31, 2021 and 2020, the Parent Bank has satisfactorily complied with this requirement.

17. Investment Properties

The Group's and the Parent Bank's investment properties include several parcels of land and buildings held for rentals and foreclosed properties. The composition of and movements in this account under the cost model are shown below.

	Group		Parent	
	As at December 31		As at December 31	
	2021	2020	**2021**	2020
Cost	**₱11,700,174**	₱11,723,974	**₱10,288,745**	₱10,299,738
Accumulated depreciation	**(2,930,403)**	(2,640,589)	**(2,756,443)**	(2,476,117)
Accumulated impairment loss	**(96,427)**	(161,019)	**(96,425)**	(161,074)
Net carrying amounts	**₱8,673,344**	₱8,922,366	**₱7,435,877**	₱7,662,547

The movements in the Group's and the Parent Bank's investment properties are shown below.

	Group		
	2021		
	Building Held for Lease	**Foreclosed Properties**	**Total**
Cost			
Balances at January 1	**₱2,506,566**	**₱9,217,408**	**₱11,723,974**
Reclassifications / adjustments	**–**	**(785)**	**(785)**
Additions	**27,000**	**303,167**	**330,167**
Disposals	**–**	**(353,182)**	**(353,182)**
Balances at December 31	**2,533,566**	**9,166,608**	**11,700,174**
Accumulated depreciation and amortization			
Balances at January 1	**684,038**	**1,956,551**	**2,640,589**
Reclassifications / adjustments	**(20)**	**(66)**	**(86)**
Depreciation	**52,535**	**353,886**	**406,421**
Disposals	**–**	**(116,521)**	**(116,521)**
Balances at December 31	**736,553**	**2,193,850**	**2,930,403**
Accumulated impairment losses			
Balance at January 1	**–**	**161,019**	**161,019**
Reclassifications / adjustments	**–**	**57**	**57**
Reversals on provision for impairment	**–**	**(64,649)**	**(64,649)**
Balances at December 31	**–**	**96,427**	**96,427**
Net book values	**₱1,797,013**	**₱6,876,331**	**₱8,673,344**

	Group		
	2020		
	Building Held for Lease	Foreclosed Properties	Total
Cost			
Balances at January 1	₱2,505,383	₱9,117,501	₱11,622,884
Effects of business combination (Note 15)	893	257,102	257,995
Reclassifications / adjustments	290	(290)	–
Additions	–	201,247	201,247
Disposals	–	(358,152)	(358,152)
Balances at December 31	2,506,566	9,217,408	11,723,974
Accumulated depreciation and amortization			
Balances at January 1	632,008	1,683,737	2,315,745
Reclassifications / adjustments	(290)	16,549	16,259
Depreciation	52,320	306,031	358,351
Disposals	–	(49,766)	(49,766)
Balances at December 31	684,038	1,956,551	2,640,589
Accumulated impairment losses			
Balance at January 1	–	179,558	179,558
Disposals	–	(18,539)	(18,539)
Balances at December 31	–	161,019	161,019
Net book values	₱1,822,528	₱7,099,838	₱8,922,366

	Parent Bank		
	2021		
	Building Held for Lease	**Foreclosed Properties**	**Total**
Cost			
Balances at January 1	**₱2,171,110**	**₱8,128,628**	**₱10,299,738**
Additions	**27,000**	**261,438**	**288,438**
Disposals	**–**	**(299,431)**	**(299,431)**
Balances at December 31	**2,198,110**	**8,090,635**	**10,288,745**
Accumulated depreciation and amortization			
Balances at January 1	**557,796**	**1,918,321**	**2,476,117**
Depreciation	**45,631**	**348,610**	**394,241**
Disposals	**–**	**(113,915)**	**(113,915)**
Balances at December 31	**603,427**	**2,153,016**	**2,756,443**
Accumulated impairment losses			
Balances at January 1 and December 31	**–**	**161,074**	**161,074**
Reversals on provision for impairment	**–**	**(64,649)**	**(64,649)**
Balances at December 31	**–**	**96,425**	**96,425**
Net book values	**₱1,594,683**	**₱5,841,194**	**₱7,435,877**

	Parent Bank		
	2020		
	Building Held for Lease	Foreclosed Properties	Total
Cost			
Balances at January 1	₱2,171,110	₱8,209,141	₱10,380,251
Additions	–	189,929	189,929
Disposals	–	(270,442)	(270,442)
Balances at December 31	2,171,110	8,128,628	10,299,738
Accumulated depreciation and amortization			
Balances at January 1	512,610	1,662,448	2,175,058
Depreciation	45,186	305,104	350,290
Disposals	–	(49,231)	(49,231)
Balances at December 31	557,796	1,918,321	2,476,117
Accumulated impairment losses			
Balances at January 1 and December 31	–	161,074	161,074
Net book values	₱1,613,314	₱6,049,233	₱7,662,547

Real property taxes related to these investment properties paid by the Group and recognized as expense for the years ended December 31, 2021, 2020, and 2019 totaled ₱33,676, ₱44,653, and ₱34,110, respectively, and are presented as part of Taxes and licenses account under Other expenses in the statements of income.

Rent income earned by the Group on its investment properties under operating leases amounted to ₱108,047, ₱142,033, and ₱156,407 in 2021, 2020, and 2019, respectively, and is included as part of Rental account under Miscellaneous income in the statements of income (see Note 28).

The gain from foreclosure of loan collaterals, presented as part of Miscellaneous income in the statements of income (see Note 28), amounted to ₱135.31 million, ₱153.88 million, and ₱221.21 million in 2021, 2020, and 2019, respectively, for the Group, and ₱135.31 million, ₱153.88 million, and ₱208.23 million in 2021 2020, and 2019, respectively, for the Parent Bank.

The gain (loss) on disposal of foreclosed properties, presented as part of Miscellaneous income in the statements of income (see Note 28), amounted to (₱43.69 million), ₱229.15 million, and ₱200.08 million in 2021, 2020, and 2019, respectively, for the Group, and ₱207.36 million, ₱195.47 million, and ₱251.70 million in 2021, 2020, and 2019, respectively, for the Parent Bank.

Information about the fair value of investment properties is presented in Note 7.

18. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value arising from the acquisitions of (a) former iBank's in April 2006; (b) CSB in January 2013, (c) PR Savings Bank by CSB in June 2018, (d) PETNET in December 2018 and (e) Bangko Kabayan in March 2020 (see Note 1).

None of the goodwill recognised is expected to be deductible for income tax purposes.

For impairment testing purposes, the goodwill of the Group acquired through business combination is allocated to the following CGUs:

a. With respect to acquisition of iBank, to the Parent Bank's Consumer Banking and Parent Bank's Corporate and Commercial Banking.
b. With respect to the goodwill from the acquisition of CSB and PR Savings Bank, to CSB's DepEd salary loans business and motorcycle loans business, respectively;
c. With respect to the goodwill from the acquisition of PETNET, the separate cash generating unit of PETNET at entity level; and,
d. With respect to the goodwill from the acquisition of Bangko Kabayan, the separate cash generating unit of Bangko Kabayan at entity level.

The following presents the movement of goodwill of the Group for 2021 and 2020:

	Group	
	2021	2020
Beginning balance	**₱15,348,531**	₱15,455,564
Acquisition of subsidiaries (Note 15)*	–	116,139
Impairment during the year (Note 28)	**(529,599)**	(223,172)
Ending balance	**₱14,818,932**	₱15,348,531

**Based on final fair values of Bangko Kabayan*

The goodwill of the Group is allocated to the following CGUs:

	Group		Parent Bank	
	2021	2020	**2021**	2020
iBank				
Parent Bank's Corporate and Commercial Banking	**₱3,208,998**	₱3,208,998	**₱3,208,998**	₱3,208,998
Parent Bank's Consumer Banking	**4,677,900**	4,677,900	**4,677,900**	4,677,900
	7,886,898	7,886,898	**7,886,898**	7,886,898
CSB				
CSB's DepEd Salary Loans Business*	**3,371,353**	3,371,353	–	–
CSB's Motorcycle Loans Business**	**2,729,424**	3,259,023	–	–
	6,100,777	6,630,376	–	–
PETNET	**715,118**	715,118	–	–
Bangko Kabayan	**116,139**	116,139	–	–
	₱14,818,932	₱15,348,531	**₱7,886,898**	₱7,886,898

**Arising from the acquisition of CSB amounting to ₱3.37 billion*
***Arising from the acquisition of PR Savings Bank amounting to ₱3.48 billion. Goodwill impairment recognized for CBS's motorcycle loans business amounted to ₱529.60 million and ₱223.17 million in 2021 and 2020, respectively.*
Refer to Note 15 for the discussions on the acquisition of and merger with PR Savings Bank and acquisition of Bangko Kabayan.

The Group performed its annual impairment test in December of each year, unless indicators for impairment warrant earlier reassessment. The Group considers various internal and external sources of information in assessing whether there is any indication that goodwill is impaired including if there are significant changes with an adverse effect on the CGUs that have taken place during the period in the technological, market, economic or legal environment in which the Group operates. As a result of the ongoing economic uncertainty brought about by the COVID-19 pandemic, the results of the motorcycle lending business were lower than expected. The volume of loan releases was lower and the motorcycle loans reported higher NPLs, indicating a potential impairment of goodwill.

The recoverable amount of the motorcycle loans CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. Key assumptions in VIU calculation of CGUs are most sensitive to loan growth rate and discount rate. Future cash flows and growth rates were based on historical experiences and strategies developed, including assessment of impact of the COVID-19 pandemic. The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to a comparable entity, market observable inputs and assumptions consistent with the valuation practice. Refer to Note 3 for the disclosure of assumptions used in the impairment assessment.

As a result of this analysis, management has recognized an impairment charge of ₱529.6 million against goodwill with a carrying amount of ₱3,259.0 million as of December 31, 2020 and ₱223.2 million against goodwill with a carrying amount of ₱3,482.2 million as of December 31, 2019, for the years ended December 31, 2021 and 2020, respectively. The impairment charge is recorded under Miscellaneous expenses in the statement of income.

19. Other Resources

The composition of Other resources account as of December 31 follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Deferred tax assets (Note 30)	**₱7,046,605**	₱7,453,580	**₱5,677,282**	₱6,256,296
Software under development	**3,366,928**	2,710,227	**3,366,928**	2,710,227
Computer software – net	**2,335,558**	1,495,492	**1,722,139**	1,013,475
Advances and other investments	**1,640,920**	1,135,403	**1,597,023**	1,090,830
Creditable withholding taxes	**1,114,195**	861,860	**1,061,256**	808,283
Prepaid expenses	**701,181**	340,911	**427,183**	228,012
Documentary stamps	**406,610**	229,881	**222,117**	221,598
Deferred charges	**378,832**	217,950	–	–
Non-current assets held for sale	**333,917**	370,333	–	–
Returned checks and other cash items	**169,164**	248,744	**169,164**	248,744
Net retirement asset (Note 29)	**62,899**	70,411	–	–
Trust fund assets	**62,802**	66,164	–	–
Miscellaneous	**1,628,501**	1,586,449	**1,091,950**	1,043,475
	19,248,112	16,787,405	**15,335,042**	13,620,940
Allowance for impairment (Note 20)	**(66,449)**	(95,910)	**(26,964)**	(61,171)
	₱19,181,663	₱16,691,495	**₱15,308,078**	₱13,559,769

Trust fund assets are maintained to cover pre-need liabilities of FUPI for pre-need plans computed based on the provisions of PAS 37 as required by the IC and validated by a qualified actuary in compliance with the rules and regulations of the IC based on the amended PNUCA. The trust fund assets are managed by the Parent Bank's Trust and Investment Services Group (TISG).

The details of FUPI's trust fund assets as of December 31 follow:

	2021	2020
Due from other banks*	**₱16,241**	₱–
Financial assets at FVTPL	**33,519**	50,314
Financial assets at FVOCI	**14,450**	15,882
Financial assets at amortized cost	–	318
Miscellaneous – net	**(1,408)**	(350)
	₱62,802	₱66,164

**As of December 31, 2021 and 2020, due from other banks included under trust fund assets comprising placements with the Parent Bank and not included in the above amounted to ₱17.05 million and ₱0.94 million, respectively.*

Financial assets at FVTPL comprise of investments in shares of listed companies, government securities and other corporate debt instruments. The trust fund generated income (loss) of ₱0.21 million, (₱15.0 million), and ₱72.5 million in 2021, 2020, and 2019, respectively (see Note 28).

The movements in the Computer software account follow:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Balance at beginning of year	**₱1,495,492**	₱1,238,896	**₱1,013,475**	₱1,084,355
Additions	**1,255,269**	551,490	**962,409**	93,596
Amortization charges for the year	**(405,150)**	(286,680)	**(253,745)**	(159,428)
Effect of business combinations (Note 15)	–	2,370	–	–
Reclassifications	**(10,053)**	(10,584)	–	(5,048)
Balance at end of year	**₱2,335,558**	₱1,495,492	**₱1,722,139**	₱1,013,475

Miscellaneous includes foreclosed machineries, chattels, motorcycle and automobiles, security deposits and ongoing improvements on the Group's and the Parent Bank's branches and offices.

20. Allowance for Impairment

The breakdown of allowance for impairment is shown in the table below:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Receivable from customers (Note 14)	**₱13,435,022**	₱10,473,864	**₱10,035,885**	₱7,691,647
Other receivables (Note 14)	**497,833**	1,044,038	**464,156**	1,011,633
Investments and placements (Note12)	**293,576**	367,738	**289,455**	363,617
Others	**162,876**	256,929	**123,389**	222,245
	₱14,389,307	₱12,142,569	**₱10,912,885**	₱9,289,142

Allowance for impairment of investments and placements include the Group's and the Parent Bank's financial assets at amortized cost, debt financial assets at FVOCI, due from other banks and interbank loans receivable. The ECL allowance for financial assets at FVOCI amounted to ₱12.03 million and ₱4.93 million as of December 31, 2021 and 2020, respectively. Others refer to allowance for impairment of investment properties and other resources.

With the foregoing level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance for any losses that the Group may incur from the non-collection or nonrealization of its receivables and other risk assets.

The reconciliation of allowance for the total receivables from customers follows.

Total Receivables from Customers - Group

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱1,789,161**	**₱784,234**	**₱7,900,469**	**₱10,473,864**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**969,433**	–	–	**969,433**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	**101,461**	**1,927,323**	**2,028,784**
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	**(1,922,757)**	**(400,158)**	**2,445,450**	**122,535**
Amounts written-off	–	–	**(1,659,357)**	**(1,659,357)**
Transfers to Stage 1	**1,383,303**	**(61,985)**	**(1,321,318)**	–
Transfers to Stage 2	**(32,285)**	**490,466**	**(458,181)**	–
Transfers to Stage 3	**(88,197)**	**(59,047)**	**147,244**	–
Impact on ECL of exposures transferred between stages	**(637,731)**	**6,942**	**2,130,552**	**1,499,763**
Balances at end of year	**₱1,460,927**	**₱861,913**	**₱11,112,182**	**₱13,435,022**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱1,328,881	₱100,502	₱5,442,522	₱6,871,905
Newly originated assets that remained in Stage 1 as at December 31, 2020	735,703	–	–	735,703
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	150,948	1,046,269	1,197,217
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(442,643)	35,075	3,208,586	2,801,018
Transfers to Stage 1	347,466	(64,376)	(283,090)	–
Transfers to Stage 2	(13,532)	147,232	(133,700)	–
Transfers to Stage 3	(109,928)	(118,547)	228,475	–
Impact on ECL of exposures transferred between stages	(56,244)	577,026	2,792,012	3,312,794
Amounts written-off	(542)	(43,626)	(4,400,605)	(4,444,773)
Balances at end of year	₱1,789,161	₱784,234	₱7,900,469	₱10,473,864

Total Receivables from Customers – Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱695,641**	**₱696,176**	**₱6,299,830**	**₱7,691,647**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**421,378**	**–**	**–**	**421,378**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	**4,296**	**1,381,647**	**1,385,943**
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	**(537,120)**	**22,868**	**1,085,105**	**570,853**
Transfers to Stage 1	**639,247**	**(55,944)**	**(583,303)**	–
Transfers to Stage 2	**(31,408)**	**126,184**	**(94,776)**	–
Transfers to Stage 3	**(27,600)**	**(42,423)**	**70,023**	–
Impact on ECL of exposures transferred between stages	**(637,732)**	**6,942**	**2,130,553**	**1,499,763**
Amounts written-off	–	–	**(1,533,699)**	**(1,533,699)**
Balances at end of year	**₱522,406**	**₱758,099**	**₱8,755,380**	**₱10,035,885**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱746,340	₱62,225	₱4,498,625	₱5,307,190
Newly originated assets that remained in Stage 1 as at December 31, 2020	356,525	–	–	356,525
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	79,376	886,468	965,844
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(287,668)	127,235	2,325,418	2,164,985
Transfers to Stage 1	57,453	(16,039)	(41,414)	–
Transfers to Stage 2	(11,516)	28,006	(16,490)	–
Transfers to Stage 3	(108,707)	(118,027)	226,734	–
Impact on ECL of exposures transferred between stages	(56,244)	577,026	2,792,012	3,312,794
Amounts written-off	(542)	(43,626)	(4,371,523)	(4,415,691)
Balances at end of year	₱695,641	₱696,176	₱6,299,830	₱7,691,647

Reconciliation of the allowance for impairment by class follows:

Corporate Loans - Group and Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱120,932**	**₱511,583**	**₱781,968**	**₱1,414,483**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**89,983**	–	–	**89,983**
Newly originated assets that moved to Stage 3 as at December 31, 2021	–	–	–	–
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	**(73,593)**	**(35,708)**	**401,514**	**292,213**
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	**(27,478)**	**49,144**	(21,666)	–
Transfers to Stage 3	(20)	–	20	–
Impact on ECL of exposures transferred between stages	–	**70,290**	275,156	**345,446**
Amounts written-off	–	–	–	–
Balances at end of year	**₱109,824**	**₱595,309**	**₱1,436,992**	**₱2,142,125**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱267,666	₱–	₱78,358	₱346,024
Newly originated assets that remained in Stage 1 as at December 31, 2020	79,466	–	–	79,466
Newly originated assets that moved to Stage 3 as at December 31, 2020	–	4,561	50,269	54,830
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(198,742)	(1)	8,759	(189,984)
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	(4,116)	4,116	–	–
Transfers to Stage 3	(23,342)	–	23,342	–
Impact on ECL of exposures transferred between stages	–	502,907	670,735	1,173,642
Amounts written-off	–	–	(49,495)	(49,495)
Balances at end of year	₱120,932	₱511,583	₱781,968	₱1,414,483

In 2021, there were no write-offs for corporate loans.

Commercial Loans - Group and Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱171,096**	**₱60,333**	**₱1,808,878**	**₱2,040,307**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**230,047**	–	–	**230,047**
Newly originated assets that moved to Stage 3 as at December 31, 2021	–	–	–	–
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	**(163,661)**	**81,053**	**191,398**	**108,790**
Transfers to Stage 1	**28,653**	**(15)**	**(28,638)**	–
Transfers to Stage 2	**(57)**	**57**		–
Transfers to Stage 3	**(1,183)**	**(953)**	**2,136**	–
Impact on ECL of exposures transferred between stages	**(28,295)**	**62**	**273,770**	**245,537**
Amounts written-off	–	–	**(44,997)**	**(44,997)**
Balances at end of year	**₱236,600**	**₱140,537**	**₱2,202,547**	**₱2,579,684**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱188,656	₱54	₱1,890,935	₱2,079,645
Newly originated assets that remained in Stage 1 as at December 31, 2020	164,461	–	–	164,461
Newly originated assets that moved to Stage 3 as at December 31, 2020	–	59,278	351,591	410,869
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions)	(175,198)	90,346	371,521	286,669
Transfers to Stage 1	3	(3)	–	–
Transfers to Stage 2	–	–	–	–
Transfers to Stage 3	(6,824)	(89,342)	96,166	–
Impact on ECL of exposures transferred between stages	(2)	–	403,514	403,512
Amounts written-off	–	–	(1,304,849)	(1,304,849)
Balances at end of year	₱171,096	₱60,333	₱1,808,878	₱2,040,307

Home Loans - Group and Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱44,774**	**₱49,512**	**₱1,503,801**	**₱1,598,087**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**18,009**	–	–	**18,009**
Newly originated assets that moved to Stage 3 as at December 31, 2021	–	**1,470**	**49,035**	**50,505**
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	**(33,025)**	**(5,794)**	**336,434**	**297,615**
Transfers to Stage 1	**509,549**	**(26,268)**	**(483,281)**	–
Transfers to Stage 2	**(376)**	**63,544**	**(63,168)**	–
Transfers to Stage 3	**(1,877)**	**(16,321)**	**18,198**	–
Impact on ECL of exposures transferred between stages	**(508,891)**	**(52,633)**	**841,529**	**280,005**
Amounts written-off	–	–	**(55,252)**	**(55,252)**
Balances at end of year	**₱28,163**	**₱13,510**	**₱2,147,296**	**₱2,188,969**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱9,301	₱10,764	₱88,056	₱108,121
Newly originated assets that remained in Stage 1 as at December 31, 2020	29,515	–	–	29,515
Newly originated assets that moved to Stage 3 as at December 31, 2020	–	10,482	80,313	90,795
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	8,711	(5,832)	776,740	779,619
Transfers to Stage 1	19,674	(2,590)	(17,084)	–
Transfers to Stage 2	(879)	5,043	(4,164)	–
Transfers to Stage 3	(1,959)	(1,925)	3,884	–
Impact on ECL of exposures transferred between stages	(19,589)	33,570	634,636	648,617
Amounts written-off	–	–	(58,580)	(58,580)
Balances at end of year	₱44,774	₱49,512	₱1,503,801	₱1,598,087

Other Retail Products - Group and Parent Bank

Other Retail Products include auto loans, business line, and credit cards.

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱286,507**	**₱64,162**	**₱1,699,675**	**₱2,050,344**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**6,257**	–	–	**6,257**
Newly originated assets that moved to Stage 3 as at December 31, 2021	–	**256**	**1,257,487**	**1,257,743**
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	**(249,073)**	**(15,855)**	**217,392**	**(47,536)**

(Forward)

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Transfers to Stage 1	**₱94,047**	**(₱25,223)**	**(₱68,823)**	**₱–**
Transfers to Stage 2	**(2,165)**	**8,374**	**(6,209)**	**–**
Transfers to Stage 3	**(17,393)**	**(20,053)**	**37,445**	**–**
Impact on ECL of exposures transferred between stages	**(93,858)**	**(6,929)**	**646,997**	**546,210**
Amounts written-off	**–**	**–**	**(1,421,269)**	**(1,421,269)**
Balances at end of year	**₱24,322**	**₱4,732**	**₱2,362,695**	**₱2,391,749**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱184,610	₱49,977	₱1,385,272	₱1,619,859
Newly originated assets that remained in Stage 1 as at December 31, 2020	68,674	–	–	68,674
Newly originated assets that moved to Stage 3 as at December 31, 2020	–	3,377	307,615	310,992
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	98,547	43,558	1,078,119	1,220,224
Transfers to Stage 1	37,561	(13,231)	(24,330)	–
Transfers to Stage 2	(2,708)	14,988	(12,280)	–
Transfers to Stage 3	(63,137)	(26,454)	89,591	–
Impact on ECL of exposures transferred between stages	(36,498)	35,573	966,047	965,122
Amounts written-off	(542)	(43,626)	(2,090,359)	(2,134,527)
Balances at end of year	₱286,507	₱64,162	₱1,699,675	₱2,050,344

CSB Salary Loans – Group

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱84,326**	**₱23,036**	**₱272,213**	**₱379,575**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**128,013**	–	–	**128,013**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	**85,014**	**120,267**	**205,281**
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	**(150,515)**	**(47,869)**	**489,963**	**291,579**
Transfers to Stage 1	**153,373**	**(1,469)**	**(151,904)**	–
Transfers to Stage 2	**(428)**	**40,567**	**(40,139)**	–
Transfers to Stage 3	**(56,966)**	**(12,601)**	**69,567**	–
Amounts written-off	–	–	**(115,626)**	**(115,626)**
Balances at end of year	**₱157,803**	**₱86,678**	**₱644,341**	**₱888,822**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱150,341	₱5,824	₱262,206	₱418,371
Newly originated assets that remained in Stage 1 as at December 31, 2020	135,336	–	–	135,336
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2020	–	6,437	4,211	10,648
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(136,878)	5,325	(40,924)	(172,477)
Transfers to Stage 1	(64,243)	6,276	57,967	–
Transfers to Stage 2	6	(583)	577	–
Transfers to Stage 3	(236)	(243)	479	–
Amounts written-off	–	–	(12,303)	(12,303)
Balances at end of year	₱84,326	₱23,036	₱272,213	₱379,575

Other Receivables from Customers

Group

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱1,081,526**	**₱75,608**	**₱1,833,934**	**₱2,991,068**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**497,124**	**–**	**–**	**497,124**
Newly originated assets that moved to Stage 3 as at December 31, 2021	**–**	**14,720**	**500,534**	**515,254**
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	**(1,252,889)**	**(375,985)**	**808,748**	**(820,126)**
Transfers to Stage 1	**597,683**	**(9,010)**	**(588,673)**	**–**
Transfers to Stage 2	**(1,782)**	**328,780**	**(326,998)**	**–**
Transfers to Stage 3	**(10,759)**	**(9,119)**	**19,878**	**–**
Impact on ECL of exposures transferred between stages	**(6,688)**	**(3,849)**	**93,103**	**82,566**
Amounts written-off	**–**	**–**	**(22,213)**	**(22,213)**
Balances at end of year	**₱904,215**	**₱21,145**	**₱2,318,313**	**₱3,243,673**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱528,307	₱33,883	₱1,737,695	₱2,299,885
Newly originated assets that remained in Stage 1 as at December 31, 2020	258,251	–	–	258,251
Newly originated assets that moved to Stage 3 as at December 31, 2020	–	66,813	252,270	319,083
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(39,083)	(98,321)	1,014,371	876,967
Transfers to Stage 1	354,471	(54,828)	(299,643)	–
Transfers to Stage 2	(5,835)	123,668	(117,833)	–
Transfers to Stage 3	(14,430)	(583)	15,013	–
Impact on ECL of exposures transferred between stages	(155)	4,976	117,080	121,901
Amounts written-off	–	–	(885,019)	(885,019)
Balances at end of year	₱1,081,526	₱75,608	₱1,833,934	₱2,991,068

Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱72,332**	**₱10,586**	**₱505,508**	**₱588,426**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**77,082**	**–**	**–**	**77,082**
Newly originated assets that moved to Stage 3 as at December 31, 2021	**–**	**2,569**	**75,125**	**77,694**
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	**(17,766)**	**(828)**	**(61,635)**	**(80,229)**
Transfers to Stage 1	**6,999**	**(4,438)**	**(2,561)**	**–**
Transfers to Stage 2	**(1,333)**	**5,065**	**(3,732)**	**–**
Transfers to Stage 3	**(7,128)**	**(5,096)**	**12,224**	**–**
Impact on ECL of exposures transferred between stages	**(6,688)**	**(3,849)**	**93,103**	**82,566**
Amounts written-off	**–**	**–**	**(12,181)**	**(12,181)**
Balances at end of year	**₱123,498**	**₱4,009**	**₱605,851**	**₱733,358**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱96,107	₱1,430	₱1,056,004	₱1,153,541
Newly originated assets that remained in Stage 1 as at December 31, 2020	14,409	–	–	14,409
Newly originated assets that moved to Stage 3 as at December 31, 2020	–	1,678	96,680	98,358
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(20,986)	(836)	90,279	68,457
Transfers to Stage 1	215	(215)	–	–
Transfers to Stage 2	(3,813)	3,859	(46)	–
Transfers to Stage 3	(13,445)	(306)	13,751	–
Impact on ECL of exposures transferred between stages	(155)	4,976	117,080	121,901
Amounts written-off	–	–	(868,240)	(868,240)
Balances at end of year	₱72,332	₱10,586	₱505,508	₱588,426

Investments and Placements

Group

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱47,489**	**₱320,249**	**₱–**	**₱367,738**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**22,046**	–	–	**22,046**
Effect of collections and other movements in receivable balance (excluding write-offs)	–	**235,311**	–	**235,311**
Impact of changes in ECL model and assumptions	**(11,270)**	**(320,249)**	–	**(331,519)**
Balances at end of year	**₱58,265**	**₱235,311**	**₱–**	**₱293,576**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱11,878	₱102,033	₱–	₱113,911
Newly originated assets that remained in Stage 1 as at December 31, 2020	7,788	–	–	7,788
Effect of collections and other movements in receivable balance (excluding write-offs)	35,189	218,216	–	253,405
Impact of changes in ECL model and assumptions	(7,366)	–	–	(7,366)
Balances at end of year	₱47,489	₱320,249	₱–	₱367,738

Parent Bank

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at beginning of year	**₱43,368**	**₱320,249**	**₱–**	**₱363,617**
Newly originated assets that remained in Stage 1 as at December 31, 2021	**22,046**	**–**	**–**	**22,046**
Newly originated assets that moved to Stage 2 as at December 31, 2021	**–**	**235,311**	**–**	**235,311**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(11,270)**	**(320,249)**	**–**	**(331,519)**
Amounts written-off	**–**	**–**	**–**	**–**
Impact of changes in ECL model and assumptions	**–**	**–**	**–**	**–**
Balances at end of year	**₱54,144**	**₱235,311**	**₱–**	**₱289,455**

	2020			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱11,878	₱102,033	₱–	₱113,911
Newly originated assets that remained in Stage 1 as at December 31, 2020	7,788	–	–	7,788
Effect of collections and other movements in receivable balance (excluding write-offs)	31,068	218,216	–	249,284
Amounts written-off	–	–	–	–
Impact of changes in ECL model and assumptions	(7,366)	–	–	(7,366)
Balances at end of year	₱43,368	₱320,249	₱–	₱363,617

In 2021 and 2020, there were no transfers to Stage 1 and Stage 3. There were also no write-offs for investments and placements during the year.

21. Deposit Liabilities

The breakdown of deposit liabilities account follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Due to banks:				
Demand	**₱1,678,258**	₱1,194,495	**₱1,677,428**	₱1,194,495
Savings	**248,022**	306,575	**218,560**	306,575
Time	**283,161**	1,492,866	**241,148**	1,438,700
Long-term certificate of deposits	**10,000**	10,000	**10,000**	10,000
	2,219,441	3,003,936	**2,147,136**	2,949,770
Due to customers:				
Demand	**202,882,728**	158,589,051	**204,576,762**	159,688,958
Savings	**136,181,999**	98,651,270	**131,856,271**	93,257,817
Time	**226,226,724**	264,550,769	**151,489,012**	206,342,074
Long-term certificate of deposits	**2,990,000**	2,990,000	**2,990,000**	2,990,000
	568,281,451	524,781,090	**490,912,045**	462,278,849
	₱570,500,892	₱527,785,026	**₱493,059,181**	₱465,228,619

The breakdown of deposit liabilities account as to currency follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Philippine pesos	**₱474,511,262**	₱403,740,094	**₱397,069,551**	₱341,183,687
Foreign currencies	**95,989,630**	124,044,932	**95,989,630**	124,044,932
	₱570,500,892	₱527,785,026	**₱493,059,181**	₱465,228,619

Deposit liabilities bear annual interest at rates ranging from 0.00% to 8.00% in 2021, from 0.00% to 9.5% in 2020, and from and 0.00% to 8.5% in 2019 for the Group and from 0.00% to 5.75% in 2021, from 0.39% to 1.65% in 2020, and from 0.0% to 5.54% in 2019 for the Parent Bank. Demand and savings deposits usually have either fixed or variable interest rates while time deposits have fixed interest rates.

Long Term Negotiable Certificate of Deposits (LTNCD)
On December 12, 2017, the MB of the BSP approved the Parent Bank's issuance of up to ₱20,000,000 of Long-term Negotiable Certificate of Deposits (LTNCD). Out of the approved amount, ₱3,000,000 were issued on February 21, 2018 at a fixed coupon rate of 4.375% per annum, payable quarterly and will mature on August 21, 2023. The net proceeds were utilized to further improve the Parent Bank's maturity profile and support business expansion plans.

Interest expense on the deposit liabilities amounted to ₱2,967,692, ₱5,616,821, and ₱10,160,322 in 2021, 2020, and 2019, respectively, in the Group's statements of income, and ₱1,805,424, ₱4,256,480, and ₱8,069,749 in 2021, 2020, and 2019, respectively, in the Parent Bank's statements of income.

Under existing BSP regulations, non-FCDU deposit liabilities of the Bank are subject to unified reserve requirement equivalent to 14.0% (under BSP Circulars 1041, 1056 and 1063) as at December 31, 2019. In 2020, BSP Circulars 1082 and 1092 were issued reducing the reserve requirement to 12.0%, 3.0% and 2.0% for universal and commercial banks, thrift banks, and rural banks, respectively. BSP Circulars 1083, 1087, and 1100 were issued in 2020 to provide guidelines allowing the use of eligible loans to MSME and large enterprises for alternative compliance to required reserves for deposit liabilities.

LTNCDs are subject to required reserves of 4.0% if issued under BSP Circular 304 and 7.0% if issued under BSP Circular 842. As of December 31, 2021 and 2020, the Group is in compliance with such regulations.

Regular reserves as of December 31, 2021 and 2020 amounted to ₱46,511,088 and ₱42,730,160, respectively, for the Group, and ₱44,334,946 and ₱40,953,821, respectively, for the Parent Bank (see Note 8).

22. Bills Payable

Bills payable consist of borrowings from:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Banks, other financial institutions and individuals	**₱47,399,884**	₱52,686,077	**₱26,323,437**	₱33,928,852
Others	**3,768,254**	1,537,466	**2,254,337**	573,569
	₱51,168,138	₱54,223,543	**₱28,577,774**	₱34,502,421

Bills payable to banks and other financial institutions consist mainly of amortized cost balance of short-term borrowings. Certain bills payable to banks and other financial institutions are collateralized by investment securities (see Notes 12 and 38).

Other bills payable of the Group mainly pertain to availments of short-term loan lines from certain related parties (see Note 32).

The breakdown of bills payable as to currency follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Foreign currencies	**₱28,569,107**	₱34,486,628	**₱28,569,107**	₱34,486,628
Philippine pesos	**22,599,031**	19,736,915	**8,667**	15,793
	₱51,168,138	₱54,223,543	**₱28,577,774**	₱34,502,421

The breakdown of interest expense on bills payable, which is presented as part of Interest expense on bills payable and other liabilities account in the statements of income, follows:

	Group			Parent Bank		
	2021	2020	2019	**2021**	2020	2019
Banks, other financial institutions and individuals	**₱1,229,757**	₱1,628,474	₱3,234,392	**₱175,039**	₱702,463	₱2,142,488
BSP	**21**	52,614	217,472	**21**	52,614	217,472
Others	**762**	1,211	1,694	**762**	1,211	1,694
	₱1,230,540	₱1,682,299	₱3,453,558	**₱175,822**	₱756,288	₱2,361,654

The range of interest rates of bills payable per currency follows:

	Group and Parent Bank		
	2021	2020	2019
Philippine pesos	**1.00% to 8.28%**	3.34% to 4.50%	3.75% to 8.28%
Foreign currencies	**0.10% to 3.05%**	0.04% to 3.05%	1.69% to 3.35%

23. Notes and Bonds Payable

The Group's and the Parent Bank's notes and bonds payable as of December 31, 2021 and 2020 consist of the following:

	Coupon	Principal	Outstanding Balance				
	Interest	Amount	**December 31, 2021**	December 31, 2020	Issue Date	Maturity Date	Redemption Date
USD Senior Medium Term Notes Due 2022	3.369%	₱25,499,500	**₱25,488,553**	₱23,983,972	November 29, 2017	November 29, 2022	
USD Senior Medium Term Notes Due 2025	2.125%	15,299,700	**15,219,465**	14,311,227	October 22, 2020	October 22, 2025	
Peso Senior Series C Bonds Due 2023	2.75%	8,115,000	**8,073,690**	8,055,828	December 9, 2020	December 9, 2023	December 9, 2023
USD Social Bonds Due 2028	1.154%	7,649,850	**7,589,032**	–	July 23, 2021	July 23, 2028	
Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025	5.250%	6,800,000	**6,750,838**	6,745,110	February 24, 2020	May 24, 2030	May 24, 2030
Peso Senior Series B Bonds Due 2022	6.000%	5,800,000	**5,790,951**	5,772,252	June 3, 2019	June 3, 2022	June 3, 2022
Peso Senior Series D Bonds Due 2026	3.375%	885,000	**877,307**	878,468	December 9, 2020	March 9, 2026	March 9, 2026
Total for Parent Bank		70,049,050	**69,789,836**	59,746,857			
Loans payable	5.750%	150,000	**64,150**	106,799	May 31, 2018	May 31, 2023	
Total for Group		₱70,199,050	**₱69,853,986**	₱59,853,656			

USD Senior Medium Term Notes Due 2022

The USD500 million Senior Medium Term Notes Due 2022 were issued under the Parent Bank's USD One Billion Medium Term Note (MTN) Programme and were rated Baa2 by Moody's.

The Notes were listed on the Singapore Exchange Securities Trading Limited (SGX-ST) and constitute direct, unconditional, unsubordinated and unsecured obligations of the Parent Bank and will rank *pari passu* among themselves and equally with all other unsecured obligations of the Parent Bank from time to time outstanding.

USD Senior Medium Term Notes Due 2025

These USD300 million Senior Medium Term Notes Due 2025 were issued under the updated USD 2 Billion MTN Programme of the Parent Bank and were also rated Baa2 by Moody's. The Notes were also listed on the SGX-ST.

The Notes will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions of the issuance) unsecured obligations of the Parent Bank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Parent Bank from time to time outstanding.

Peso Senior Series C Bonds Due 2023

The ₱8.12 billion worth of fixed rate Senior Series C Bonds were issued as part of the dual-tranche issuance of the Bank on December 9, 2020 under its existing ₱39 Billion Bond Program. The bonds were listed on the PDEx.

The Bank may, at its sole option and subject to the Terms and Conditions of the issuance, redeem the Bonds at par plus accrued interest (if any), without premium or penalty, as of but excluding the Early Redemption Date.

The Bonds constitute direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, enforceable according to the Terms and Conditions of the Bonds, and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves, and at least *pari passu* with all other present and future direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, except for any obligation enjoying a statutory preference or priority established under Philippine laws.

USD Social Bonds Due 2028

The International Finance Corporation (IFC) invested in a USD 150 million social bond issued by the Bank under its sustainable finance framework. The social bond carries an interest rate of 1.15% and is unsecured. It is the first social bond by the Parent Bank and its longest-term USD-denominated bond to date. Proceeds from the bond will be used to finance loans to micro, small and medium-sized enterprises (MSMEs).

The Parent Bank shall at all times maintain, and abstain from any action which may result in the breach of, several financial parameters provided in the subscription agreement with IFC.

Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025

The Basel III-compliant Unsecured Subordinated Tier 2 Notes were issued by the Parent Bank under its BSP-approved issuance of ₱20.0 Billion Unsecured Subordinated Notes Qualifying as Tier 2 Capital.

Unless the Notes are previously redeemed, the Initial Interest Rate will be reset at the equivalent of the Initial Spread per annum plus the Benchmark as of Reset Date as defined in the Terms and Conditions of the Notes. Subject to certain conditions, the BSP Guidelines, and the Terms and Conditions, the Parent Bank may redeem the Notes in whole and not only in part on the Redemption Option Date at 100% of the face value of the Notes, plus accrued and unpaid interest as of but excluding the Redemption Option Date.

The Notes have a loss absorption feature which means the Notes are subject to a Non-Viability Write-Down in case of a Non- Viability Trigger Event. A Non-Viability Trigger Event is deemed to have occurred when the Issuer is considered non-viable as determined by the BSP.

The Tier II Notes constitute a direct, unconditional, fixed, unsecured and subordinated obligation of the Bank. Claims in respect of the Tier II Notes will rank: (a) junior to the claims of holders of all deposits and general creditors of the Bank; (b) *pari passu* with obligations of the Bank that are, expressly or by applicable laws, subordinated so as to rank *pari passu* with claims in respect of securities constituting "Tier 2" capital of the Bank; and (c) senior to (i) the claims for payment of any obligation that, expressly or by applicable law, is subordinated to the Tier II Notes, (ii) the claims in respect of securities constituting "Tier 1" capital of the Bank, and (iii) the rights and claims of holders of equity shares of the Bank.

Peso Senior Series B Bonds Due 2022

These ₱5.8 Billion worth of Senior Corporate Series B Bonds were issued under the Parent Bank's ₱39 Billion Corporate Bonds Program. These fixed rate Bonds were issued in scripless form and were listed in the PDEx.

The Bonds constitute direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, enforceable according to the Terms and Conditions of the Bonds, and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves, and at least *pari passu* with all other present and future direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, except for any obligation enjoying a statutory preference or priority established under Philippine laws.

The Bonds shall be redeemed at par on maturity date which is on June 3, 2022. The Bank may redeem the Bonds in whole and not only in part on the Early Redemption Date at the face value of the Bonds, plus accrued and unpaid interest as of but excluding the Early Redemption Date.

Peso Senior Series D Bonds Due 2026

These fixed rate Senior Series Bonds Due 2026 worth ₱885.0 million formed part of the Bank's dual-tranche issuance on December 9, 2020. The Bonds were issued under the existing ₱39 Billion Corporate Bonds Program of the Bank.

The Bank may, at its sole option and subject to the Terms and Conditions of the issuance, redeem the Bonds at par plus accrued interest (if any), without premium or penalty, as of but excluding the Early Redemption Date.

The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Bank.

Loans Payable
On May 31, 2018, UIC availed of a term loan in the amount of ₱150,000 with a certain local bank. The loan is unsecured and carries a fixed interest rate of 5.75% per annum payable semi-annually. The term of the loan is five (5) years and is payable in seven (7) equal semi-annual amortization commencing at the end of the second year from availment.

The interest expense on notes and bonds payable amounted to ₱2,197,668, ₱2,431,837, and ₱2,314,974 in 2021, 2020, and 2019, respectively, for the Group, and ₱2,173,188, ₱2,408,257, and ₱2,294,444 in 2021, 2020, and 2019, respectively, for the Parent Bank. These are included under Interest Expense on Bills payable and other liabilities account in the statements of income.

As of December 31, 2021 and 2020, the Group is in compliance with all the debt covenants on the above notes and bonds.

24. Other Liabilities

Other liabilities consist of the following as of December 31:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Manager's checks	**₱6,894,499**	₱6,925,159	**₱6,894,499**	₱6,925,159
Accounts payable	**5,799,285**	5,027,797	**4,827,329**	3,949,136
Accrued taxes and other expenses	**5,663,843**	5,277,334	**4,611,427**	4,326,945
Other dormant credits	**2,330,284**	1,437,600	**2,235,569**	1,409,147
Lease liabilities	**1,382,880**	1,219,584	**1,043,850**	1,004,057
Post-employment defined benefit obligation (Note 29)	**1,026,250**	1,181,752	**893,028**	1,105,044
Derivative liabilities (Note 11)	**750,009**	747,310	**750,009**	747,310
Unearned income - bancassurance (Note 32)	**733,333**	733,333	**733,333**	733,333
Payment orders payable	**485,268**	2,343,479	**485,268**	2,343,479
Bills purchased - domestic and foreign	**458,312**	1,002,263	**458,312**	1,002,263
Withholding taxes payable	**183,284**	209,751	**142,249**	170,523
Pre-need reserves	**15,127**	26,710	–	–
Miscellaneous	**1,636,843**	1,312,538	**1,357,936**	1,121,965
	₱27,359,217	₱27,444,610	**₱24,432,809**	₱24,838,361

The unearned income represents the unamortized portion of the Exclusive Access Fees (EAF) arising from the Parent Bank's bancassurance agreement with a related party (see Note 32).

Set out below is the carrying amount of lease liabilities and the movements during the year:

	Group		Parent Bank	
	2021	2020	**2021**	2020
As at January 1	**₱1,219,584**	₱1,337,296	**₱1,004,057**	₱1,064,941
Additions	**673,608**	392,602	**431,142**	348,608
Effect of business combination (Note 15)	**–**	22,933	**–**	–
Payments	**(579,065)**	(613,498)	**(446,112)**	(477,197)
Accretion of interest (Note 34)	**68,753**	80,251	**54,763**	67,705
As at December 31	**₱1,382,880**	₱1,219,584	**₱1,043,850**	₱1,004,057

Accretion of interest is included as part of Interest expense on bills payable and other liabilities account in the statements of income.

As at December 31, 2021 and 2020, the Group has not committed to leases which had not yet commenced.

The breakdown of Accrued taxes and other expenses account follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Accrued interest payable	**₱787,447**	₱757,580	**₱626,544**	₱624,736
Accrued income and other taxes	**613,119**	711,003	**330,028**	386,730
Accrued sick and vacation leave benefits	**465,964**	574,160	**464,222**	573,308
Other accruals	**3,797,313**	3,234,591	**3,190,633**	2,742,171
	₱5,663,843	₱5,277,334	**₱4,611,427**	₱4,326,945

Other accruals represent mainly fringe and other personnel benefits.

25. Capital Funds

Capital Stock

The Parent Bank's capital stock as of December 31, 2021 and 2020 consists of the following:

	Shares		Amount	
	2021	2020	**2021**	2020
Common – ₱10 par value				
Authorized	**2,530,785,238**	1,311,422,420	**₱25,307,852**	₱13,114,224
Issued and outstanding	**1,219,362,818**	1,218,471,467	**12,193,628**	12,184,715
Preferred – ₱100 par value, non-voting				
Authorized	**100,000,000**	100,000,000	**₱10,000,000**	₱10,000,000
Issued and outstanding	–	–	–	–

On June 29, 1992, the Parent Bank was originally listed with the then Makati Stock Exchange, now PSE. A total of 89.7 million shares were issued at an issue price of ₱22.50. As of December 31, 2021 and 2020, there are 1,219.4 million shares and 1,218.5 million shares listed at the PSE. The number of holders and the closing price of the said shares is 4,949 and ₱99.50 per share as of December 31, 2021, respectively, and 4,953 and ₱71.90 per share as of December 31, 2020, respectively.

On January 29, 2021, January 24, 2020 and March 1, 2019, the Parent Bank issued 891,351, 861,906 and 460,049 common shares to qualified employees under the Parent Bank's Employee Stock Payment Plan, respectively.

Surplus Free

On August 11, 2021, the Parent Bank held a special stockholders meeting and approved the following matters:

a. Amendment of the Parent Bank's Articles of Incorporation (AOI) to increase the authorized capital stock from ₱23.1 billion to ₱35.3 billion, with the increase of ₱12.2 billion equivalent to 1,219,362,818 common shares with a par value of ₱10.00.

b. Declaration of 25% stock dividends in the amount of ₱3.0 billion equivalent to 304,840,705 common shares with a par value of ₱10.00, to comply with the required 25% subscription of the increase in authorized capital stock.

The stock dividend is presented as Stock dividend distributable in the statement of financial position as of December 31, 2021.

On October 14, 2021 and November 17, 2021, the Parent Bank obtained the BSP and the SEC approval, respectively, for the increase in the authorized capital stock and for the issuance of common shares to stockholders of record as of December 9, 2021 and payment date on January 5, 2022 (see Note 36).

Fractional shares resulting from the stock dividend declaration will be paid in cash based on the closing rate of ₱74.90 as of June 25, 2021, the date of approval by the BOD of the stock dividend declaration and computed up to two (2) decimal places.

The following is a summary of the cash dividends declared and distributed by the Parent Bank in 2021, 2020, and 2019:

Date of Declaration	Date of Record	Date of BSP Approval	Date of Payment	Dividend per Share	Outstanding Shares	Total Amount
January 29, 2021	**February 15, 2021**	N/A	**March 4, 2021**	**₱3.50**	**1,219,362,818**	**₱4,267,770**
January 24, 2020	February 7, 2020	N/A	February 24, 2020	3.50	1,218,471,467	4,264,650
January 25, 2019	February 11, 2019	N/A	February 28, 2019	1.90	1,217,149,512	2,312,584

In compliance with BSP regulations, the Parent Bank ensures that adequate reserves are in place for future bank expansion requirements. The foregoing cash dividend declarations were made within the BSP's allowable limit of dividends.

Surplus Reserves

The amended PNUCA requires that the portion of retained earnings representing Trust fund income of FUPI be automatically restricted to payments of benefits of plan holders and related payments as allowed in the amended PNUCA. The accumulated Trust Fund income, net of releases representing the amount of Trust fund income that pertains to the matured and pre-terminated plans of planholders which have been withdrawn from the trust fund during the year, should be appropriated and presented separately as Surplus Reserves in the statements of changes in capital funds. FUPI transferred out ₱0.66 million, ₱1,458.7 million, and ₱112.1 million from appropriated reserves for the years ended December 31, 2021, 2020, and 2019, respectively.

In compliance with BSP regulations, a portion of the Group's income from trust operations is setup as Surplus Reserves. For the years ended December 31, 2021, 2020, and 2019, the Group and the Parent Bank appropriated ₱24.0 million, ₱17.1 million, and ₱16.1 million, respectively.

Included in this account is the difference between the 1% general loan loss provision (GLLP) over the computed ECL allowance for credit losses related to Stage 1 accounts, as a required BSP appropriation. As of December 31, 2021 and 2020, surplus reserves related to the difference between GLLP over ECL allowance amounted to ₱2.44 billion and ₱2.30 billion, respectively, for the Group and, ₱2.02 billion and ₱1.89 billion, respectively, for the Parent Bank.

26. Maturity Profile of Assets and Liabilities

The following tables show an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the statement of financial position date:

	Group					
	2021			2020		
	Due within one year	**Due beyond one year**	**Total**	Due within one year	Due beyond one year	Total
Financial Assets						
Cash and other cash items	**₱8,904,903**	**₱–**	**₱8,904,903**	₱8,958,042	₱–	₱8,958,042
Due from BSP	**103,407,946**	**–**	**103,407,946**	103,869,770	–	103,869,770
Due from other banks	**54,290,872**	**–**	**54,290,872**	68,555,326	–	68,555,326
IBLR	**17,492,657**	**–**	**17,492,657**	–	–	–
Trading and investment securities						
at FVTPL	**5,640,005**	**–**	**5,640,005**	18,448,649	–	18,448,649
at amortized cost - gross	**3,956,003**	**162,655,314**	**166,611,317**	3,542,411	152,608,258	156,150,669
at FVOCI	**36,405**	**65,636,205**	**65,672,610**	19,522	31,170,737	31,190,259
Loans and receivables - net of unearned discounts	**126,166,158**	**247,541,328**	**373,707,486**	111,744,275	239,310,457	351,054,732
Other resources	**233,374**	**1,702,411**	**1,935,785**	314,939	1,205,783	1,520,722
	320,128,323	**477,535,258**	**797,663,581**	315,452,934	424,295,235	739,748,169
Nonfinancial Assets						
Investment in associates	**–**	**142,355**	**142,355**	–	255,342	255,342
Bank premises, furniture, fixtures and equipment	**–**	**13,424,676**	**13,424,676**	–	12,401,256	12,401,256
Investment properties	**–**	**11,700,174**	**11,700,174**	–	11,723,974	11,723,974
Goodwill	**–**	**14,818,932**	**14,818,932**	–	15,348,531	15,348,531
Other resources	**2,653,680**	**14,658,647**	**17,312,327**	1,419,237	13,847,447	15,266,684
	2,653,680	**54,744,784**	**57,398,464**	1,419,237	53,576,550	54,995,787
	₱322,782,003	**₱532,280,042**	**₱855,062,045**	₱316,872,171	₱477,871,785	₱794,743,956
Allowance for credit losses and impairment (Notes 20)			**14,377,276**			12,137,642
Accumulated depreciation (Notes 16 and 17)			**9,589,308**			8,147,077
			23,966,584			20,284,719
			₱831,095,461			₱774,459,237
Financial Liabilities						
Deposit liabilities	**₱509,088,972**	**₱61,411,920**	**₱570,500,892**	₱504,349,110	₱23,435,916	₱527,785,026
Bills payable	**37,518,356**	**13,649,782**	**51,168,138**	35,631,769	18,591,774	54,223,543
Notes and bonds payable	**31,279,504**	**38,574,482**	**69,853,986**	–	59,853,656	59,853,656
Other liabilities	**20,074,647**	**1,787,707**	**21,862,354**	21,381,423	1,711,596	23,093,019
	597,961,479	**115,423,891**	**713,385,370**	561,362,302	103,592,942	664,955,244
Nonfinancial Liabilities						
Accrued income and other taxes	**613,119**	**–**	**613,119**	711,003	–	711,003
Other liabilities	**183,284**	**4,700,460**	**4,883,744**	209,751	3,430,837	3,640,588
	796,403	**4,700,460**	**5,496,863**	920,754	3,430,837	4,351,591
	₱598,757,882	**₱120,124,351**	**₱718,882,233**	₱562,283,056	₱107,023,779	₱669,306,835

	Parent Bank					
	2021			2020		
	Due within one year	**Due beyond one year**	**Total**	Due within one year	Due beyond one year	Total
Financial Assets						
Cash and other cash items	**₱7,988,517**	**₱–**	**₱7,988,517**	₱7,814,917	₱–	₱7,814,917
Due from BSP	**67,478,389**	**–**	**67,478,389**	83,867,434	–	83,867,434
Due from other banks	**51,337,269**	**–**	**51,337,269**	64,782,755	–	64,782,755
IBLR	**17,492,657**	**–**	**17,492,657**	–	–	–
Trading and investment securities						
at FVTPL	**5,571,270**	**–**	**5,571,270**	18,411,304	–	18,411,304
at amortized cost - gross	**3,877,699**	**158,510,888**	**162,388,587**	3,450,996	150,059,817	153,510,813
at FVOCI	**–**	**65,370,691**	**65,370,691**	–	31,009,041	31,009,041
Loans and receivables - net of unearned discounts	**105,451,961**	**196,166,281**	**301,618,242**	90,445,312	191,597,831	282,043,143
Other resources	**169,164**	**1,597,023**	**1,766,187**	248,744	1,090,830	1,339,574
	259,366,926	**421,644,883**	**681,011,809**	269,021,462	373,757,519	642,778,981
Nonfinancial Assets						
Investment in subsidiaries	**–**	**23,082,955**	**23,082,955**	–	21,867,987	21,867,987
Bank premises, furniture, fixtures and equipment	**–**	**9,522,584**	**9,522,584**	–	8,879,704	8,879,704
Investment properties	**–**	**10,288,745**	**10,288,745**	–	10,299,738	10,299,738
Goodwill	**–**	**7,886,898**	**7,886,898**	–	7,886,898	7,886,898
Other resources	**2,141,413**	**11,427,442**	**13,568,855**	1,269,214	11,012,152	12,281,366
	2,141,413	**62,208,624**	**64,350,037**	1,269,214	59,946,479	61,215,693
	₱261,508,339	**₱483,853,507**	**₱745,361,846**	₱270,290,676	₱433,703,998	₱703,994,674
Allowance for credit losses and impairment			**10,900,854**			9,284,214
Accumulated depreciation (Notes 16 and 17)			**6,942,701**			5,830,455
			17,843,555			15,114,669
			₱727,518,291			₱688,880,005
Financial Liabilities						
Deposit liabilities	**443,573,142**	**49,486,039**	**₱493,059,181**	₱445,768,872	₱19,459,747	₱465,228,619
Bills payable	**23,646,105**	**4,931,669**	**28,577,774**	22,060,529	12,441,892	34,502,421
Notes and bonds payable	**31,279,504**	**38,510,332**	**69,789,836**	–	59,746,857	59,746,857
Other liabilities	**18,271,686**	**1,362,008**	**19,633,694**	19,579,840	1,436,824	21,016,664
	516,770,437	**94,290,048**	**611,060,485**	487,409,241	93,085,320	580,494,561
Nonfinancial Liabilities						
Accrued income and other taxes	**330,028**	**-**	**330,028**	386,730	–	386,730
Other liabilities	**142,249**	**4,326,838**	**4,469,087**	170,523	3,264,444	3,434,967
	472,277	**4,326,838**	**4,799,115**	557,253	3,264,444	3,821,697
	₱517,242,714	**₱98,616,886**	**₱615,859,600**	₱487,966,494	₱96,349,764	₱584,316,258

27. Service Charges, Fees and Commissions

This account is broken down as follows:

	Group			Parent Bank		
	2021	2020	2019	**2021**	2020	2019
Service charges	**₱2,817,479**	₱1,402,768	₱1,169,886	**₱1,850,655**	₱1,040,199	₱1,000,367
Bank commissions	**189,630**	190,677	206,408	**157,510**	128,194	143,569
Others	**766,202**	753,194	579,924	**484,191**	555,227	278,780
	₱3,773,311	₱2,346,639	₱1,956,218	**₱2,492,356**	₱1,723,620	₱1,422,716

Others include commission income and other fees earned by the Parent Bank on the insurance policies sold under the bancassurance deal with Insular Life (see Note 32).

28. Miscellaneous Income and Expenses

Miscellaneous Income

Miscellaneous income is composed of the following:

	Group		
	2021	2020	2019
Foreign exchange gains - net	**₱1,295,539**	₱535,536	₱682,371
Income from trust operations (Note 31)	**239,994**	171,271	160,929
Fines and penalties	**175,877**	209,382	131,537
Gain on sale of investments in associates and subsidiary (Note 15)	**167,332**	–	–
Recoveries from charged-off assets	**164,270**	94,523	143,781
Dividend	**145,789**	200,671	202,888
Gain on foreclosure of investment properties (Note 17)	**135,309**	153,876	221,213
Rental (Notes 17 and 34)	**116,450**	154,077	163,730
Gain (loss) on sale of investment properties (Note 17)	**(43,689)**	229,148	200,079
Gain (loss) on sale of property and equipment	**18,108**	(8,641)	679,298
Trust fund income (loss) (Note 19)	**212**	(14,976)	72,534
Gain from bargain purchase (Note 15)	**–**	25,291	–
Others	**446,624**	328,838	309,021
	₱2,861,815	₱2,078,996	₱2,967,381

	Parent Bank		
	2021	2020	2019
Share in net profit of subsidiaries (Note 15)	**₱1,173,016**	₱953,082	₱1,222,595
Foreign exchange gains – net	**869,122**	242,388	398,739
Income from trust operations (Note 31)	**239,994**	171,271	161,078
Gain on sale of investment properties (Note 17)	**207,360**	195,471	251,696
Dividend	**145,789**	200,671	201,858
Gain on foreclosure of investment properties (Note 17)	**135,309**	153,876	208,233
Rental (Notes 17 and 34)	**132,734**	164,177	165,523
Gain on sale of property and equipment	**1,900**	6,236	616,137
Others	**637,604**	477,876	366,987
	₱3,542,828	₱2,565,048	₱3,592,846

Miscellaneous Expenses

The breakdown of miscellaneous expenses follows:

	Group		
	2021	2020	2019
Information technology	**₱1,559,722**	₱1,072,710	₱617,882
Outside services	**1,304,352**	882,658	829,185
Insurance	**1,095,425**	1,085,667	912,531
Advertising and publicity	**1,078,193**	657,220	765,796
Supervision and compliance costs	**597,197**	579,870	541,818
Impairment on goodwill (Note 18)	**529,599**	223,172	–
Card related expenses	**493,255**	326,021	253,815
Communication	**434,029**	279,268	418,923
Management and professional fees	**424,333**	421,616	502,090
Stationery and supplies	**369,415**	221,047	169,668
Provision for impairment of non-current assets held for sale	**383,288**	181,410	–
Transportation and travel	**175,810**	177,591	276,988
Repairs and maintenance	**129,711**	168,584	262,496
Litigation	**73,377**	189,844	148,568
Fines and penalties	**65,679**	49,665	40,873
Reversal of impairment on investment properties (Note 17)	**(64,649)**	–	(13,173)
Representation and entertainment	**43,165**	39,516	57,529
Others	**1,585,169**	1,193,207	1,077,179
	₱10,277,070	₱7,749,066	₱6,862,168

	Parent Bank		
	2021	2020	2019
Information technology	**₱1,475,863**	₱1,015,784	₱600,133
Advertising and publicity	**1,052,145**	619,558	719,042
Insurance	**952,327**	967,995	811,700
Outside services	**706,927**	607,103	647,026
Supervision and compliance costs	**517,116**	553,058	453,467
Card related expenses	**493,255**	326,021	253,815
Management and professional fees	**337,332**	320,891	417,295
Stationery and supplies	**322,034**	173,489	122,257
Communication	**287,329**	143,293	291,884
Repairs and maintenance	**92,144**	122,550	212,122
Transportation and travel	**80,497**	92,934	137,353
Litigation	**69,306**	189,347	145,785
Reversal of impairment on investment properties (Note 17)	**(64,649)**	–	(10,873)
Representation and entertainment	**36,471**	34,107	52,093
Provision for impairment of investment in subsidiaries (Note 15)	–	290,002	–
Others	**789,174**	670,331	480,255
	₱7,147,271	₱6,126,463	₱5,333,354

29. Salaries and Employee Benefits

Salaries and Employee Benefits Expense

Expenses recognized for employee benefits are as follows:

	Group		
	2021	2020	2019
Short-term benefits:			
Salaries and wages	**₱4,378,637**	₱4,042,160	₱3,956,706
Bonuses and fringe benefits	**3,279,091**	2,964,199	3,455,521
Social security costs	**209,543**	172,358	194,438
Other benefits	**250,263**	175,912	126,626
Post-employment and other long-term benefits	**529,168**	454,575	336,957
	₱8,646,702	₱7,809,204	₱8,070,248

	Parent Bank		
	2021	2020	2019
Short-term benefits:			
Salaries and wages	**₱3,167,844**	₱2,958,540	₱2,836,275
Bonuses and fringe benefits	**2,712,001**	2,359,984	3,150,263
Social security costs	**123,634**	101,542	93,198
Other benefits	**160,551**	114,174	107,215
Post-employment and other long-term benefits	**427,390**	376,741	247,801
	₱6,591,420	₱5,910,981	₱6,434,752

Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Group maintains funded, tax-qualified, noncontributory pension plans covering all regular full-time employees that are being administered by appointed trustee banks, including the Parent Bank's TISG, for the Parent Bank, UIC, CSB for FUIFAI, PR Savings Bank and PETNET. Under these pension plans, all covered employees are entitled to cash benefits after satisfying certain age and service requirements.

The Group maintains seven separate retirement plans. Two of which are being maintained for UnionBank and former iBank employees, hence, the Parent Bank presents pension information in its financial statements separately for the two plans. The other five pension plans are for UIC, CSB, FUIFAI, PR Savings Bank and PETNET employees.

UnionBank Plan
The normal retirement age is 60. The plan also provides for an early retirement at age 55, or age 50 with the completion of at least ten years of service. However, late retirement is subject to the approval of the Parent Bank's BOD. Normal retirement benefit is an amount equivalent to 150% of the final monthly salary for each year of credited service.

Former iBank Plan
The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with the completion of at least ten years of service and late retirement subject to the approval of the Parent Bank's BOD on a case-to-case basis. Normal retirement benefit is an amount equivalent to 125% of the final monthly covered compensation for every year of credited service.

UIC Plan
The optional retirement age is 60 and the compulsory retirement age is 65. Both must have a minimum of five years of credited service. Both have retirement benefit equal to one-half month's salary as of the date of retirement multiplied by the employee's year of service. Upon retirement of an employee, whether optional or compulsory, his services may be continued or extended on a case to case basis upon agreement of management and employee.

This is based on the retirement plan benefits provided in the Retirement Law (R.A. No. 7641).

Under the law, unless the parties provide for broader inclusions, the term one-half (1/2) month salary shall mean fifteen (15) days plus one-twelfth (1/12) of the 13th month pay and the cash equivalent of not more than (5) days of service incentive leaves.

CSB Plan
The normal retirement age is 60 or completion of 30 years of service whichever is earlier. The service of any member, however, may be extended from year to year beyond the normal retirement date, provided such an extension of service is with the consent of the member and the express approval of CSB. The plan also provides for an early retirement after completion of at least ten years of service. Normal retirement benefit is an amount equivalent to 100% of the final basic monthly salary multiplied by the number of years of service prior to January 1, 2008 and 150% of the final basic monthly salary for services rendered starting January 1, 2008.

PR Savings Bank Plan
The normal retirement age is 60. Retirement benefit is an amount equivalent to 100%, 150% or 200% of the latest basic monthly salary for each year of credited service if the years of service is 10 years but less than 15 years, 15 years but less than 20 years and 20 years or more, respectively.

FUIFAI Plan
The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of FUIFAI's BOD. Normal retirement benefit is an amount equivalent to 150% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

PETNET Plan
The normal retirement age is 60. The plan also provides for an early retirement at age 50 with the completion of at least ten years of service and late retirement beyond age 60. However, early and late retirement are subject to the approval of the company. Retirement benefit is an amount equivalent to 92% of the final monthly salary for each year of continuous service.

Bangko Kabayan Plan
The normal retirement age is 60 with at least five years of credited service. Retirement benefit is an amount equivalent to 100%, 125% or 150% of the latest basic monthly salary for each year of credited service if the years of service is 10 years but less than 15 years, 15 years but less than 20 years, and 20 years or more, respectively.

PBI Plan
The normal retirement age is 60 with at least five years of credited service. Retirement benefit is an amount equivalent to 22.5 days pay for every year of credited service.

(b) Analysis 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 subsequent pages are based on the actuarial valuation reports obtained from independent actuaries in 2021 and 2020.

The amounts of post-employment defined benefit obligation (net retirement asset) recognized in the statements of financial position are determined as follows (see Notes 19 and 24):

	Group	
	2021	2020
Present value of the obligation	**₱5,285,027**	₱5,225,149
Fair value of plan assets	**4,321,676**	4,113,808
	₱963,351	₱1,111,341

As of December 31, 2021 and 2020, the net retirement obligation amounting to ₱963,351 and ₱1,111,341 is separately shown as Net retirement asset of ₱62,899 and ₱70,411, respectively (see Note 19), and as Post-employment defined benefit obligation of ₱1,026,250 and ₱1,181,752, respectively (see Note 24).

	Parent Bank – UnionBank Plan	
	2021	2020
Present value of the obligation	**₱3,876,193**	₱3,861,379
Fair value of plan assets	**3,017,887**	2,857,169
	₱858,306	₱1,004,210

	Parent Bank – Former iBank Plan	
	2021	2020
Present value of the obligation	**₱638,772**	₱683,325
Fair value of plan assets	**604,050**	582,491
	₱34,722	₱100,834

The movements in the present value of the post-employment benefit obligation recognized in the financial statements are as follows:

	Group		
	2021	2020	2019
Balance at beginning of year	**₱5,225,149**	₱3,912,530	₱3,344,042
Current service cost	**529,168**	456,544	307,103
Interest expense	**158,374**	182,222	226,273
Past service cost	–	(1,969)	29,854
Remeasurements:			
Actuarial losses (gains) arising from			
Changes in financial assumptions	**(524,992)**	747,764	376,639
Experience adjustments	**60,611**	(190)	(25,206)
Changes in demographic assumptions	**977**	4,095	(7,483)
Benefits paid	**(164,260)**	(157,627)	(338,692)
Effects of business combinations (Note 15)	–	81,780	–
Balance at end of year	**₱5,285,027**	₱5,225,149	₱3,912,530

	Parent Bank - UnionBank Plan		
	2021	2020	2019
Balance at beginning of year	**₱3,861,379**	₱2,862,263	₱2,363,016
Current service cost	**393,374**	347,923	220,321
Interest expense	**135,011**	126,301	162,028
Remeasurements:			
Actuarial losses (gains) arising from			
Changes in financial assumptions	**(400,963)**	601,247	270,193
Experience adjustments	**74,233**	7,076	24,637
Changes in demographic assumptions	–	7,660	(3,097)
Benefits paid	**(186,841)**	(91,091)	(174,835)
Balance at end of year	**₱3,876,193**	₱3,861,379	₱2,862,263

	Parent Bank - Former iBank Plan		
	2021	2020	2019
Balance at beginning of year	**₱683,325**	₱550,665	₱482,049
Current service cost	**34,016**	28,818	27,480
Interest expense	**22,387**	24,807	32,881
Remeasurements:			
Actuarial losses (gains) arising from			
Changes in financial assumptions	**(71,578)**	108,630	55,384
Experience adjustments	**6,241**	1,006	(5,842)
Changes in demographic assumptions	**1,134**	(5,280)	1,157
Benefits paid	**(36,753)**	(25,321)	(42,444)
Balance at end of year	**₱638,772**	₱683,325	₱550,665

The movements in the fair value of plan assets are presented below.

	Group		
	2021	2020	2019
Balance at beginning of year	**₱4,113,808**	₱3,572,539	₱3,380,329
Interest income	**118,247**	167,778	235,128
Return on plan asset (excluding amounts included in net interest)	**39,271**	117,046	(218,422)
Contributions to the plan	**219,028**	353,473	514,196
Benefits paid	**(168,678)**	(157,625)	(338,692)
Effects of business combinations (Note 15)	–	60,597	–
Balance at end of year	**₱4,321,676**	₱4,113,808	₱3,572,539

	Parent Bank - UnionBank Plan		
	2021	2020	2019
Balance at beginning of year	**₱2,857,169**	₱2,471,361	₱2,339,889
Interest income	**96,851**	111,781	168,308
Return on plan asset (excluding amounts included in net interest)	**20,665**	109,553	(12,610)
Contributions to the plan	**230,043**	255,565	150,609
Benefits paid	**(186,841)**	(91,091)	(174,835)
Balance at end of year	**₱3,017,887**	₱2,857,169	₱2,471,361

	Parent Bank - Former iBank Plan		
	2021	2020	2019
Balance at beginning of year	**₱582,491**	₱541,311	₱499,545
Interest income	**18,888**	24,212	35,088
Return on plan asset (excluding amounts included in net interest)	**16,291**	22,019	18,856
Contributions to the plan	**23,133**	20,270	30,266
Benefits paid	**(36,753)**	(25,321)	(42,444)
Balance at end of year	**₱604,050**	₱582,491	₱541,311

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	Group	
	2021	2020
Bank deposits	**₱453,805**	₱446,015
Quoted equity securities:		
Financial and insurance activities	**2,114,621**	1,733,124
Real estate activities	**159,786**	34,346
Electricity, gas and water	**15,192**	44,267
Wholesale and retail trade	**7,366**	2,841
Others	**160,451**	71,261
	2,457,416	1,885,839
Debt securities:		
Corporate bonds	**1,123,070**	1,175,874
Philippine government bonds	**132,660**	425,128
	1,255,730	1,601,002
Others	**154,725**	180,952
	₱4,321,676	₱4,113,808

	Parent Bank - UnionBank Plan	
	2021	2020
Bank deposits	**₱382,607**	₱426,857
Quoted equity securities:		
Financial and insurance activities	**1,408,610**	1,006,638
Real estate activities	**130,001**	25,722
Electricity, gas and water	**7,264**	37,214
Wholesale and retail trade	**5,815**	9,030
Others	**137,445**	54,637
	1,689,135	1,133,241
Debt securities:		
Corporate bonds	**867,833**	912,134
Philippine government bonds	**65,640**	369,733
	933,473	1,281,867
Others	**12,672**	15,204
	₱3,017,887	₱2,857,169

	Parent Bank - Former iBank Plan	
	2021	2020
Bank deposits	**₱39,799**	₱2,328
Quoted equity securities:		
Financial intermediation	**350,903**	413,478
Real estate activities	**29,781**	–
Wholesale and retail trade	**1,551**	–
Others	**22,916**	–
	405,151	413,478
Debt securities:		
Corporate bonds	**150,598**	152,295
Philippine government bonds	**7,508**	12,062
	158,106	164,357
Others	**994**	2,328
	₱604,050	₱582,491

Equity securities under the fund are primarily investments in corporations listed in the PSE, which include ₱277,114 and ₱186,210 investments in the shares of stocks of the Parent Bank as of December 31, 2021 and 2020, respectively, while debt securities represent investments in government and corporate bonds, which include ₱479,891 and ₱444,099 investment in the notes of the Parent Bank as of December 31, 2021 and 2020, respectively (see Note 32).

The fair values of the above equity and debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). The retirement fund neither provides any guarantee or surety for any obligation of the Parent Bank nor its investments in the Bank's shares of stocks covered by any restriction and liens. Bank deposits are maintained with reputable financial institutions, which include ₱394,281 and ₱353,597 deposits with the Parent Bank as of December 31, 2021 and 2020, respectively (see Note 32).

Actual returns on plan assets amounted to ₱157,518 in 2021, ₱284,824 in 2020, and ₱16,706 in 2019 for the Group. Actual returns on plan assets amounted to ₱117,517 in 2021, ₱221,334 in 2020, and ₱155,698 in 2019 for UnionBank Plan and ₱35,179 in 2021, ₱46,231 in 2020, and ₱53,944 in 2019 for Former iBank Plan.

The amounts recognized in the statements of income in respect of the post-employment defined benefit plan are as follows:

	Group		
	2021	2020	2019
Current service cost	**₱529,168**	₱456,544	₱307,103
Past service cost	**–**	(1,969)	29,854
Net interest expense (income)	**40,127**	14,444	(8,855)
	₱569,295	₱469,019	₱328,102

	Parent Bank - UnionBank Plan		
	2021	2020	2019
Current service cost	**₱393,374**	₱347,923	₱220,321
Net interest expense (income)	**38,160**	14,520	(6,280)
	₱431,534	₱362,443	₱214,041

	Parent Bank - Former iBank Plan		
	2021	2020	2019
Current service cost	**₱34,016**	₱28,818	₱27,480
Net interest expense (income)	**3,499**	595	(2,207)
	₱37,515	₱29,413	₱25,273

The amounts recognized in other comprehensive income in respect of the post-employment defined benefit plan are as follows:

	Group		
	2021	2020	2019
Actuarial losses (gains) arising from changes in:			
Financial assumption	**(₱524,992)**	₱747,764	₱376,639
Experience adjustments	**60,611**	(190)	(25,206)
Demographic assumptions	**977**	4,095	(7,483)
Return on plan assets (excluding amounts included in net interest)	**(39,271)**	(117,046)	218,423
	(₱502,675)	₱634,623	₱562,373

	Parent Bank - UnionBank Plan		
	2021	2020	2019
Actuarial losses (gains) arising from changes in:			
Financial assumption	**(₱400,963)**	₱601,247	₱270,193
Experience adjustments	**74,233**	7,076	24,637
Demographic assumptions	**–**	7,660	(3,097)
Return on plan assets (excluding amounts included in net interest)	**(20,665)**	(109,553)	12,610
	(₱347,395)	₱506,430	₱304,343

	Parent Bank - Former iBank Plan		
	2021	2020	2019
Actuarial losses (gains) arising from changes in:			
Financial assumption	**(₱71,578)**	₱108,630	₱55,384
Experience adjustments	**6,241**	1,006	(5,842)
Demographic assumptions	**1,134**	(5,280)	1,157
Return on plan assets (excluding amounts included in net interest)	**(16,291)**	(22,019)	(18,856)
	(₱80,494)	₱82,337	₱31,843

In addition to the above items, the Parent Bank also recognized its share of the other comprehensive income of subsidiaries in respect of the post-employment defined benefit plan amounting to ₱38,907 gain, ₱21,228 loss, and ₱87,086 loss in 2021, 2020, and 2019, respectively (see Note 15).

The Group and the Parent Bank expects to contribute ₱494,970 and ₱392,251, respectively, in 2022.

In determining the retirement benefits, the following actuarial assumptions were used:

	Group		
	2021	2020	2019
Retirement age	**60**	60	60
Average remaining working life	**6-27 years**	6-19 years	6-19 years
Discount rate	**3.88%-5.15%**	3.37%-3.98%	4.62%-5.21%
Expected rate of salary increase	**2.00%-6.00%**	3.50%-6.00%	4.00%-10.00%
Employee turnover rate	**0%-22%**	0%-22%	0%-22%

	Parent Bank - UnionBank Plan		
	2021	2020	2019
Retirement age	**60**	60	60
Average remaining working life	**10 years**	10 years	9 years
Discount rate	**5.02%**	3.80%	4.87%
Expected rate of salary increase	**6.00%**	6.00%	5.00%
Employee turnover rate	**0%-18%**	0%-18%	0%-14%

	Parent Bank - Former iBank Plan		
	2021	2020	2019
Retirement age	**60**	60	60
Average remaining working life	**9 years**	9 years	10 years
Discount rate	**4.87%**	3.47%	4.71%
Expected rate of salary increase	**6.00%**	6.00%	5.00%
Employee turnover rate	**0%-15%**	0%-16%	0%-12%

Assumptions regarding future mortality and disability are based on published statistics and mortality tables. 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 to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risk Associated with the Retirement Plan

The plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

- *Investment and Interest Risk*

  The present value of the defined benefit obligation 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 plans are mostly invested in equity securities. Due to the long-term nature of plan obligation, a level of continuing equity investments

is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

- *Longevity and Salary Risks*

  The present value of the defined benefit obligation 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 results in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding pages.

- *Sensitivity Analysis*

  The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31:

Group

		Impact on Post-Employment Defined Benefit Obligation	
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2021			
Discount rate	**+/-1.0%**	**(₱380,097)**	**₱445,039**
Salary growth rate	**+/-1.0%**	**485,262**	**(441,600)**
Turn-over rate	**+/-20.0%**	**(77,292)**	**86,152**
December 31, 2020			
Discount rate	+/-1.0%	(₱420,091)	₱497,098
Salary growth rate	+/-1.0%	530,980	(461,934)
Turn-over rate	+/-10.0%	(70,426)	76,221

UnionBank Plan

		Impact on Post-Employment Defined Benefit Obligation	
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2021			
Discount rate	**+/-1.0%**	**(₱277,799)**	**₱322,564**
Salary growth rate	**+/-1.0%**	**334,843**	**(293,992)**
Turn-over rate	**+/-20.0%**	**(30,641)**	**32,356**
December 31, 2020			
Discount rate	+/-1.0%	(₱306,244)	₱358,795
Salary growth rate	+/-1.0%	366,336	(319,319)
Turn-over rate	+/-10.0%	(47,717)	51,093

Former iBank Plan

		Impact on Post-Employment Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2021			
Discount rate	**+/-1.0%**	**(₱43,844)**	**₱49,790**
Salary growth rate	**+/-1.0%**	**51,843**	**(46,517)**
Turn-over rate	**+/-20.0%**	**(2,388)**	**2,568**
December 31, 2020			
Discount rate	+/-1.0%	(₱51,296)	₱58,722
Salary growth rate	+/-1.0%	59,982	(53,481)
Turn-over rate	+/-10.0%	(3,841)	4,025

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.

- *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Group through its Retirement 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) with maturities that match the benefit payments as they fall due and in the appropriate currency. The 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 assets as of December 31, 2021 and 2020 consists of equity securities and bonds, although the Group also invests in bank deposits. The Group believes that equity securities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a diversified portfolio of investments in corporations listed in the PSE.

There has been no change in the Group's strategies to manage its risks from previous periods.

- *Funding Arrangements and Expected Contributions*

  There is no minimum funding requirement in the country.

  The maturity profile of undiscounted expected benefits payments from the plan follows:

  Group

	2021	2020
Within one year	**₱829,934**	₱738,615
More than one year to five years	**1,732,138**	1,665,568
More than five years to ten years	**2,900,740**	2,488,465
More than ten years to 15 years	**3,232,845**	3,099,137
More than 15 years to 20 years	**3,803,723**	3,194,127
More than 20 years	**8,990,049**	7,793,315
	₱21,489,429	₱18,979,227

  UnionBank Plan

	2021	2020
Within one year	**₱680,507**	₱616,892
More than one year to five years	**1,364,443**	1,279,552
More than five years to ten years	**2,296,339**	1,971,473
More than ten years to 15 years	**2,425,424**	2,333,867
More than 15 years to 20 years	**2,586,973**	2,204,613
More than 20 years	**6,584,739**	5,817,413
	₱15,938,425	₱14,223,810

  Former iBank Plan

	2021	2020
Within one year	**₱92,016**	₱76,355
More than one year to five years	**215,090**	235,414
More than five years to ten years	**345,267**	299,880
More than ten years to 15 years	**328,879**	343,087
More than 15 years to 20 years	**286,944**	265,216
More than 20 years	**156,389**	188,241
	₱1,424,585	₱1,408,193

  The weighted average duration of the defined benefit obligation is 19 years both in 2021 and 2020.

30. Income Taxes

Current and Deferred Income Taxes

The components of income tax expense (benefit) for the years ended December 31, 2021, 2020, and 2019 are as follows:

	Group		
	2021	2020	2019
Reported in profit or loss			
Current tax expense:			
Final tax	**₱1,269,860**	₱1,162,262	₱878,067
Regular corporate income tax (RCIT)	**826,288**	706,944	580,264
MCIT	**74,426**	295,570	225,424
	2,170,574	2,164,776	1,683,755
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	**236,495**	(1,383,396)	(1,189,261)
	₱2,407,069	₱781,380	₱494,494
Reported in other comprehensive income			
Deferred tax expense (benefit) relating to origination and reversal of actuarial gains or losses	**₱193,286**	(₱190,387)	(₱168,712)

	Parent Bank		
	2021	2020	2019
Reported in profit or loss			
Current tax expense:			
Final tax	**₱1,158,225**	₱991,134	₱813,187
MCIT	**74,108**	292,860	221,523
RCIT	**35,941**	18,358	17,488
	1,268,274	1,302,352	1,052,198
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	**420,188**	(1,232,987)	(1,166,440)
	₱1,688,462	₱69,365	(₱114,242)
Reported in other comprehensive income			
Deferred tax expense (benefit) relating to origination and reversal of actuarial gains or losses	**₱174,589**	(₱176,630)	(₱100,856)

The reconciliation of the statutory income tax rate and the effective income tax rate follows:

	Group		
	2021	2020	2019
Statutory income tax rate	**25.00%**	30.00%	30.00%
Adjustment for income subjected to lower income tax rates	**(2.11)**	(3.04)	(3.13)
CREATE related adjustments	**6.25**		
Tax effects of:			
FCDU income before tax	**(17.72)**	(15.04)	(24.17)
Non-taxable income	**(0.76)**	(17.04)	(5.64)
Non-deductible expenses	**3.06**	5.77	2.86
Others	**2.34**	5.69	3.48
Effective income tax rate	**16.06%**	6.34%	3.40%

	Parent Bank		
	2021	2020	2019
Statutory income tax rate	**25.00%**	30.00%	30.00%
Adjustment for income subjected to lower income tax rates	**(1.97)**	(2.94)	(2.45)
CREATE related adjustments	**5.68**		
Tax effects of:			
FCDU income before tax	**(18.79)**	(16.38)	(25.18)
Non-taxable income	**(0.27)**	(18.56)	(5.69)
Non-deductible expenses	**2.07**	5.69	2.82
Others	**(0.23)**	2.80	(0.31)
Effective income tax rate	**11.90%**	0.61%	(0.81%)

The components of the net deferred tax assets presented under Other resources (see Note 19) as of December 31, 2021, and 2020 follow:

	Group	
	2021	2020
Deferred tax assets:		
Allowance for impairment	**₱3,154,151**	₱3,128,789
Net operating loss carry over (NOLCO)	**1,031,132**	1,285,608
Accrued other expenses	**844,124**	883,613
Excess MCIT	**589,621**	528,488
Deferred service fees	**313,598**	411,482
Unrealized foreign exchange loss	**107,845**	399,795
Investment properties	**312,034**	319,366
Others	**860,670**	990,050
	7,213,175	7,947,191
Deferred tax liabilities:		
Unrealized foreign exchange gain	**66,705**	377,630
Capitalized interest	**21,965**	27,456
Others	**77,900**	88,525
	166,570	493,611
Net deferred tax assets	**₱7,046,605**	₱7,453,580

	Parent Bank	
	2021	2020
Deferred tax assets:		
Allowance for credit losses	**₱2,359,049**	₱2,542,622
Net operating loss carry-over (NOLCO)	**1,025,934**	1,273,912
Accrued other expenses	**814,379**	830,886
Excess MCIT	**588,491**	514,383
Unrealized foreign exchange loss	**103,683**	394,868
Investment properties	**301,229**	303,195
Others	**614,327**	830,484
	5,807,092	6,690,350
Deferred tax liabilities:		
Unrealized foreign exchange gain	**66,705**	377,630
Capitalized interest	**21,965**	27,456
Others	**41,140**	28,968
	129,810	434,054
Net deferred tax assets	**₱5,677,282**	₱6,256,296

Other deferred tax asset includes post-retirement obligation and other future deductible items.

The Parent Bank's NOLCO follows:

Year incurred	Amount	Expired	Balances	Availment period
2018	₱644,228	₱644,228	₱–	2019-2021
2019	1,736,818	–	1,736,818	2020-2022
2020	2,211,455	–	2,211,455	2021-2025*
2021	155,461	–	155,461	2022-2026*
	₱4,747,962	₱644,228	₱4,103,734	

**The NOLCO can be carried over as a deduction from gross income for the next five consecutive taxable years from the year it was incurred pursuant to Revenue Regulations No. 25-2020 (RR 25-2020), implementing Section 4(bbbb) of Republic Act No. 11494 or the Bayanihan to Recover as One Act.*

The Parent Bank's MCIT:

Year incurred	Amount	Expired	Balances	Availment period
2018	₱182,501	₱182,501	₱–	2019-2021
2019	221,523	–	221,523	2020-2022
2020	214,453	–	214,453	2021-2023
2021	152,515	–	152,515	2022-2024
	₱770,992	₱182,501	₱588,491	

The Parent Bank's MCIT can be applied against regular corporate income tax liability for the next three consecutive years after the MCIT was incurred.

Relevant Tax Regulations

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

As a result of the changes brought about by CREATE, applicable tax rates for future taxable and deductible amounts for purposes of deferred tax measurement were reduced from 30% to 25%.

This resulted in a reduction in the provision for current income tax in 2021 by ₱156.36 million and by ₱78.41 million for the Group and the Parent Bank, respectively, that is recognized in the 2021 statement of income. In addition, as a result of the change in the tax rate, the deferred tax balances have been remeasured from 30% to 25%, resulting in reduction in net deferred tax asset of ₱1,156.01 million and ₱948.86 million for the Group and the Parent Bank, respectively, increase in provision for deferred income tax by ₱1,088.04 million and ₱881.24 million for the Group and the Parent Bank, respectively, in the 2021 statement of income, and decrease in other comprehensive income by ₱68.01 million and ₱67.62 million for the Group and the Parent Bank, respectively, in the 2021 statement of comprehensive income.

The following are the relevant tax regulations affecting the Group:

Income Tax

(a) MCIT, computed at 1% gross income from July 1, 2020 to June 30, 2023, net of allowable deductions as defined under the tax regulations, or to RCIT of 25% effective July 1, 2020, whichever is higher;
(b) FCDU transactions with non-residents of the Philippines are tax-exempt, while interest income on foreign currency loans from residents other than depository banks under the expanded system is subject to 10% income tax;
(c) Withholding tax of 15% is imposed on interest earned under the expanded foreign currency deposit system; and,
(d) NOLCO can be claimed as deductions against taxable income within three years after NOLCO is incurred. The excess of the MCIT over income tax due may be carried over to the three succeeding taxable years and credited against income tax due provided the Bank is in RCIT position. On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of Bayanihan to Recover as One Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Gross Receipts Tax

Banks are subject to gross receipts tax under Sec. 121 of the National Internal Revenue Code as amended.

Documentary Stamp Tax

Documentary stamp taxes (DST) (at varying rates) are 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 of any of its instrumentalities, deposit substitute debt instruments, certificates of deposits bearing interest and other not payable on sight or demand;

(c) Acceptance of bills of exchange and letters of credit; and,
(d) Bills of lading or receipt.

The significant provisions relating to DST under TRAIN are summarized below:
(a) On every original issue of debt instruments, there shall be collected a DST of 1.50 on each 200 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 1.50 on each 200, or fractional part thereof, of the par value of such stock.
(c) On all bills of exchange (between points within the Philippines) or drafts, there shall be collected a DST of 0.60 on each 200, 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 250,000 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 (as amended by RA No. 9648);
- 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.

Itemized Deduction
In 2021, 2020 and 2019, the Parent Bank opted to claim itemized deductions.

31. Trust Operations

The following securities and other properties held by the Parent Bank in fiduciary or agency capacity (for a fee) for its customers are not included in the accompanying statement of financial position since these are not properties of the Parent Bank.

	2021	2020
Investments	**₱86,667,533**	₱69,674,637
Others	**3,308,879**	4,794,912
	₱89,976,412	₱74,469,549

In compliance with the requirements of the General Banking Act relative to the Parent Bank's trust functions:

(a) Investment in government securities with a total face value of ₱1,000,000 and ₱800,000 as of December 31, 2021 and 2020, respectively, are deposited with BSP as security for the Parent Bank's faithful compliance with its fiduciary obligations (see Note 12); and,

(b) Ten percent of the Parent Bank's trust income is transferred to Surplus reserves. This yearly transfer is required until the surplus reserves for trust function is equivalent to 20% of the Parent Bank's authorized capital stock. No part of such reserves shall at anytime be paid out as dividends, but losses accruing in the course of business may be charged against such surplus. As of December 31, 2021 and 2020, the reserve for trust functions amounted to ₱304,961 and ₱280,961, respectively, and is included as part of Surplus reserves in the statements of financial position (see Note 25).

Income from trust operations of the Group and the Parent Bank amounted to ₱239,994, ₱171,271, and ₱160,929 in 2021, 2020 and 2019, respectively. These are shown as Income from trust operations account under Miscellaneous income in the statements of income (see Note 28).

32. Related Party Transactions

The Group's and Parent Bank's related parties include subsidiaries, stockholders, key management personnel and others as described below.

The summary of the Group's significant transactions with its related parties as of and for the years ended December 31, 2021 and 2020 are as follows:

	2021		2020		
Related Party Category	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance	Terms and Conditions/Nature
Applicable to the Parent Bank					
Subsidiaries					
Lease of properties:					
Lease income	**₱34,069**	**₱–**	₱30,017	₱–	Lease renewed every 5 years
Refundable deposits	**1,959**	**1,959**	4,853	4,853	with 5% escalation rate
Management services	**51,660**	**–**	19,027	–	Project management fee, management services, commission and service charges paid to/by subsidiaries
Deposit liabilities:					
Outstanding balance	**–**	**3,202,201**	–	1,422,254	
Net movements	**1,779,947**	**–**	227,099	–	
Interest expense on deposits	**2,530**	**–**	5,025	–	With interest rate based on average daily bank deposit rate.
Interbank borrowing					
Net movements	–	–	55,000,000	–	
Interest expense	–	–	8,529	–	Short term borrowing with annual fixed rate ranging from 3.34% to 3.78% in 2020.

(Forward)

Related Party Category	2021 Amount of Transaction	2021 Outstanding Balance	2020 Amount of Transaction	2020 Outstanding Balance	Terms and Conditions/Nature
Advances:					
Outstanding balance	**₱–**	**₱71,201**	₱–	₱16,295	Various expenses advanced by the Bank
Net movements	**54,906**	**–**	(32,880)	–	
Other liabilities	**–**	**38,411**	–	11,757	Various expenses and variable fee for credit card related services and security deposits paid
Applicable to the Group and the Parent Bank					
Stockholders and related parties under common ownership					
Deposit liabilities:					
Outstanding balance	**–**	**25,459,765**	–	6,286,620	With interest rate based on
Net movements	**19,173,145**	**–**	170,187	–	average daily bank deposit rate
Interest expense on deposits	**12,714**	**–**	68,676	–	
Bills payable:					
Outstanding balance	**–**	**13,916**	–	13,897	Long term liability with annual
Net movements	**19**	**–**	(1,063,180)	–	fixed rate of 4%
Interest expense	**64,428**	**–**	150,539	–	
Income from bancassurance business:					
Commission income	**230,570**	**–**	148,338	–	Income recognized on sale of insurance policies in accordance with the bancassurance agreement
Unearned income	**–**	**733,333**	–	733,333	Unearned income from Exclusive Access Fees arising from the bancassurance agreement
Loans receivable	**9,738**	**9,738**	11,016	11,016	Secured borrowings with annual interest rate of 8.0% and 12% in 2021 and 9.0% in 2020
Key management personnel	**2,460,301**	**–**	2,213,938	–	Employee benefits related to key management personnel.
Directors, officers and other related interests:					
Loans	**535,780**	**535,780**	538,888	538,888	Employee fringe benefit loans with annual fixed interest rate from 0.00% to 8.0% in 2021 and 0.00% to 6.01% in 2020
Accounts receivable	**144,509**	**144,509**	121,730	121,730	Fringe benefits related to employee cars and laptop lease.
Others	**–**	**–**	10,514	–	Standby LCs

Outstanding receivables from and payables to related parties, if any, arising from lease of properties, management services and advances are unsecured, noninterest-bearing and generally settled in cash within 12 months or upon demand.

Lease of Properties
In February 2014, the Parent Bank entered into a lease agreement with UIC, whereby the latter, as a lessee, leases one of the Parent Bank's investment properties for a period of five years. In October 2019, the lease agreement was amended to reduce the area of UIC's leased premises upon the renewal of the lease agreement. UIC pays the Parent Bank a monthly rent of ₱109 with 5% annual escalation rate, exclusive of VAT.

CSB leases certain investment properties with the Parent Bank with lease term covering five years. CSB pays the Parent Bank a fixed monthly rent for its leases with 5% annual escalation rate. In May 2020, CSB renewed one of its lease agreements for another five years.

In June 2019, the Parent Bank entered into a lease agreement with UBX for a period of five years. UBX pays the Parent Bank a fixed monthly rent with 5% annual escalation rate.

Management Services
The Parent Bank entered into a sales management agreement with FUDC whereby the latter sells UnionBank Visa Credit Cards through its direct selling network. In July 2019, the agreement was amended to pay a fixed monthly service fee of ₱5.6 million plus fixed commission per approved principal credit card (net of applicable taxes and service charges).

In September 2020, the terms of the service agreement were amended to expand the scope of work and services to be provided by FUDC. This also amended the terms to set a fixed monthly service fee of ₱1.1 million, variable fees per sales officer and fixed commission per approved card (net of all applicable taxes).

On May 10, 2021, the Parent Bank and FUDC agreed to terminate the service agreement effective April 1, 2021.

Deposit Liabilities and Interest Expense
The deposit accounts of subsidiaries and stockholders with the Parent Bank generally earn interest based on daily bank deposit rates.

Advances
The Parent Bank also has advances to CSB, FUDC, FUIFAI, Union Digital and UBX as of December 31, 2021 and 2020. These are generally settled in cash upon demand.

Bills Payable and Interest Expense
In 2020, CSB availed of a loan with Aboitiz Foundation, Inc., amounting to ₱14 million which is payable in five years and bears an annual interest rate of 4.0%. This borrowing had an outstanding balance of ₱13.92 million and ₱13.90 million (net of unamortized debt issue costs) as of December 31, 2021 and 2020, respectively.

In 2021 and 2020, CSB availed of short-term borrowings from AEVI, Aboitiz Power Corporation, and Aboitiz and Co., Inc., related parties under common ownership, amounting to ₱3.35 billion, ₱31.87 billion, and ₱12.64 billion, respectively, and ₱5.73 billion, ₱13.44 billion and ₱12.26 billion, respectively. Availments have been paid in full as of end of the reporting period.

Bancassurance Agreement
On January 27, 2017, the Parent Bank and its subsidiary, CSB, entered into a bancassurance partnership (the Agreement) with Insular Life Assurance Company, Ltd. (Insular Life). Under the Agreement, Insular Life paid the Parent Bank an amount representing Exclusive Access Fee

(EAF) with a term of 15 years. In the event that the cumulative annualized premium earned (APE) sold during the first five year period is less than the agreed minimum amount, the Parent Bank shall refund the proportion of EAF that equals the proportion by which the cumulative APE is less the minimum amount. EAF recognized for 2018 is presented as Income from bancassurance business under Miscellaneous Income account in the statements of income. Unearned income arising from this transaction is presented as part of Miscellaneous under Other liabilities account in the statements of financial position (see Note 24).

Under the distribution agreement, Insular Life will have exclusive access to the branch network of the Parent Bank and CSB. Additionally, the Parent Bank's sales force, composed of relationship managers and financial advisors, shall be trained and licensed to sell life insurance products. Under the same Agreement, the Parent Bank shall earn commissions on all insurance policies sold by the Parent Bank. Commissions earned for the years ended December 31, 2021 and 2020 are presented as part of Others under Service charges, fees and commissions account in the statements of income (see Note 27).

Key Management Personnel Compensation

The compensation of key management personnel for the Group and Parent Bank follows:

	Group		
	2021	2020	2019
Short-term benefits	**₱2,298,705**	₱2,097,510	₱1,729,322
Post-employment benefits	**91,915**	103,265	70,011
Other long-term benefits	**69,681**	13,163	27,233
	₱2,460,301	₱2,213,938	₱1,826,566

	Parent Bank		
	2021	2020	2019
Short-term benefits	**₱1,885,566**	₱1,783,964	₱1,466,293
Post-employment benefits	**74,477**	87,882	58,879
Other long-term benefits	**63,703**	7,786	21,306
	₱2,023,746	₱1,879,632	₱1,546,478

Directors' fees incurred by the Group amounted to ₱141,415, ₱91,830 and ₱80,948 in 2021, 2020 and 2019, respectively, and by the Parent Bank amounted to ₱118,039, ₱80,010 and ₱69,274 in 2021, 2020 and 2019, respectively, and are included as part of Salaries and employee benefits account in the statements of income.

Loans and Other Transactions

In the ordinary course of business, the Group has loans, deposits and other transactions with its related parties and with certain DOSRI. Under the Group's existing policies, these transactions are made substantially on the same terms and conditions as transactions with other individuals and businesses of comparable risks. 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 the Group. In the aggregate, loans to DOSRI generally should not exceed the total equity or 15% of the total loan portfolio of the Group, whichever is lower.

The following additional information is presented relative to DOSRI loans:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Total DOSRI loans	**₱545,518**	₱549,904	**₱507,225**	₱430,097
Unsecured DOSRI loans	**247,341**	201,038	**223,880**	106,837
% of DOSRI loans to total loan portfolio	**0.16%**	0.17%	**0.18%**	0.16%
% of unsecured DOSRI loans to total DOSRI loans	**–%**	–%	**–%**	–%
% of past due DOSRI loans to total DOSRI loans	**–%**	–%	**–%**	–%
% of non-accruing DOSRI accounts to total DOSRI loans	**–%**	–%	**–%**	–%

The total unsecured DOSRI loans above represent fringe benefits that are excluded in determining the compliance with the individual ceiling under subsection X330.1 of the MORB. Accordingly, the percentage of unsecured DOSRI loans to total DOSRI loans as presented above is nil.

On January 31, 2007, BSP issued Circular No. 560 which provides the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said circular, the total outstanding exposures to each of the Parent Bank's subsidiaries and affiliates shall not exceed 10% of bank's net worth, the unsecured portion of which shall not exceed 5% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20% of the net worth of the lending bank.

Transactions with the Retirement Plan

The retirement fund of the Group covered under defined benefit post-employment plan maintained for qualified employees is administered by the Retirement Committee. The members of the Retirement Committee are Senior Executives and officers of the Parent Bank as approved by the Chairman/Chief Executive Officer. Through its Retirement Committee, it has appointed TISG as one of its trustees for the retirement fund which is covered by trust agreements.

The composition of the retirement plan assets in the actuarial valuation reports of the Parent Bank and its subsidiaries as of December 31, 2021 and 2020 are disclosed in Note 29. As of December 31, 2021 and 2020, total assets of the retirement plan managed by the TISG of the Parent Bank as contained in the actuarial valuation reports amounted to ₱4.16 billion and ₱3.95 billion, respectively.

As of December 31, 2021 and 2020, the carrying value of the fund is equivalent to its fair value.

The Parent Bank and its subsidiaries' retirement plans have transactions directly and indirectly with the Parent Bank as of December 31, 2021 and 2020 as follows:

	2021		2020	
	Amount of Transaction	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Investment in Parent Bank shares	**₱90,904**	**₱277,114**	₱31,985	₱186,210
Investments in Parent Bank notes payable:				
Outstanding balance	**–**	**479,891**	–	444,099
Net movements	**35,792**	**–**	245,099	–
Interest income	**23,393**	**–**	37,007	–
Accrued interest income	**–**	**2,232**	–	3,987
Deposit liabilities:				
Outstanding balance	**–**	**394,281**	–	353,597
Net movements	**40,684**	**–**	11,188	–
Interest income on deposits	**12,427**	**–**	13,676	–
Dividend income	**9,064**	**–**	9,064	–

The investment in Parent Bank shares are primarily held for re-sale and the Group's retirement fund does not intend to exercise its voting rights over those shares. The terms of the investment in notes payable are discussed in Note 23.

Group Health Insurance from a Related Party

The Parent Bank entered into a contract with Insular Life for its group health insurance. The group health insurance package covering January 2021 to December 2021 amounted to ₱122,774 and the group health insurance package from October 2019 to December 2020 amounted to ₱123,190.

Receivable from Kingswood Project

UIC acts as the project and fund manager of Kingswood Project. As fund manager, UIC is responsible for the treasury and money management as well as arranging the necessary facilities and accounting for the development of the project. UIC also receives a certain percentage of the sales price related to Kingswood Project as sales commission and to compensate for the marketing expenses incurred. As of December 31, 2021 and 2020, the receivable of UIC from Kingswood Project amounted to ₱29.30 million and ₱31.45 million, respectively.

33. Earnings Per Share

In 2021, 2020 and 2019, the Group and the Parent Bank have no outstanding potentially dilutive securities, hence, basic earnings per share are equal to diluted earnings per share.

As a result of the stock dividends declared by the Parent Bank on August 11, 2021 to stockholders of record as of December 9, 2021 and paid on January 5, 2022 (see Notes 25 and 36), the weighted average number of outstanding common shares have been adjusted retrospectively. As required under PFRS, the Bank is required to adjust the weighted average number of shares for purposes of computing the basic earnings per share for all periods presented when there are stock dividends are issued after reporting period but before the financial statements have been authorized for issue.

The basic and diluted earnings per share were computed as follows:

	Group		
	2021	2020	2019
Net profit attributable to Parent Bank's stockholders	**₱12,525,376**	₱11,553,430	₱14,026,128
Divided by:			
Weighted average number of outstanding common shares	**1,219,289**	1,218,400	1,217,605
Adjustment related to stock dividend	**304,839**	304,839	304,839
Weighted average number of outstanding common shares, after adjustment for stock dividends	**1,524,128**	1,523,239	1,522,444
Basic and diluted earnings per share	**₱8.22**	₱7.58	₱9.21

	Parent Bank		
	2021	2020	2019
Net profit	**₱12,525,376**	₱11,263,423	₱14,026,119
Divided by:			
Weighted average number of outstanding common shares	**1,219,289**	1,218,400	1,217,605
Adjustment related to stock dividend	**304,839**	304,839	304,839
Weighted average number of outstanding common shares, after adjustment for stock dividends	**1,524,128**	1,523,239	1,522,444
Basic and diluted earnings per share	**₱8.22**	₱7.39	₱9.21

34. Commitments and Contingent Liabilities

Leases

Group as Lessee

The Group leases various branch premises for an average period of seven years. The lease contracts are cancellable upon mutual agreement of the parties or renewable at the Parent Bank's option under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5%. Some leases include a clause to enable adjustment of the rental charge on an annual basis based on prevailing market rates. As of December 31, 2021 and 2020, the Parent Bank has neither a contingent rent payable nor an asset restoration obligation in relation with these lease agreements.

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2021 and 2020 as required by PFRS 16:

	Group		Parent Bank	
	2021	2020	**2021**	2020
1 year or less	**₱544,131**	₱515,081	**₱422,382**	₱413,646
more than 1 years to 2 years	**432,768**	385,692	**335,421**	320,727
more than 2 years to 3 years	**280,220**	270,194	**214,405**	238,370
more than 3 years to 4 years	**81,764**	136,626	**49,877**	126,699
more than 5 years	**33,895**	54,139	**324**	30,461

The following are the amounts recognized in profit or loss for the years ended December 31, 2021 and 2020:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Amortization expense of ROU assets (Note 16)	**₱597,637**	₱521,521	**₱410,595**	₱438,311
Interest expense on lease liabilities (Note 24)	**68,753**	80,251	**54,763**	67,705
Expenses relating to short term – leases	**130,223**	231,821	**152,513**	133,720
Total amount recognized in profit or loss	**₱796,613**	₱833,593	**₱617,871**	₱639,736

Group as Lessor
The Group has entered into commercial property leases on the Group's surplus offices. These non-cancellable leases have remaining non-cancellable lease terms of one to four years.

Total rent income earned included under Miscellaneous income account in the statements of income (see Note 28) by the Group and the Parent Bank for the years ended December 31, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Group	**₱116,450**	₱154,077	₱163,730
Parent Bank	**132,734**	164,177	165,523

The estimated minimum future annual rentals receivable under non-cancellable operating leases follows:

	Group	
	2021	2020
Within one year	**₱121,058**	₱97,880
Beyond one year but within five years	**242,240**	145,439
	₱363,298	₱243,319

	Parent Bank	
	2021	2020
Within one year	**₱107,316**	₱92,196
Beyond one year but within five years	**229,575**	134,932
	₱336,891	₱227,128

Others

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, which are not reflected in the accompanying financial statements. The 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, 2021, no additional material losses or liabilities are required to be recognized in the accompanying financial statements as a result of the above commitments and transactions.

There are several suits, assessments or notices and claims that remain unsettled. Management believes, based on the opinion of its legal counsels, that the ultimate outcome of such suits, assessments and claims will not have a material effect on the Group's and the Parent Bank's financial position and results of operations.

35. Notes to the Statements of Cash Flows

Presented below is the supplemental information on the Group's and the Parent Bank's liabilities arising from financing activities:

	Group				
	LTNCD	**Bills Payable**	**Notes and Bonds Payable**	**Lease Liabilities***	**Total**
Balances at January 1, 2021	**₱3,000,000**	**₱54,223,543**	**₱59,853,656**	**₱1,219,584**	**₱118,296,783**
Cash flows from financing activities:					
Additions	–	**127,075,530**	**11,057,895**	**673,608**	**138,807,033**
Repayment of borrowings	–	**(131,247,110)**	**(3,473,520)**	**(579,065)**	**(135,299,695)**
Non-cash financing activities:					
Effects of foreign exchange rate changes	–	**1,116,175**	**2,403,418**	–	**3,519,593**
Amortization of debt issue costs and accretion of interest	–		**12,537**	**68,753**	**81,290**
Balances as of December 31, 2021	**₱3,000,000**	**₱51,168,138**	**₱69,853,986**	**₱1,382,880**	**₱125,405,004**

**additions to lease liabilities arising from initial recognition of ROU assets are considered non-cash financing activities*

	Group				
	LTNCD	Bills Payable	Notes and Bonds Payable	Lease Liabilities	Total
Balances at January 1, 2020	₱3,000,000	₱105,087,722	₱49,331,506	₱1,337,296	₱158,756,524
Cash flows from financing activities:					
Additions	–	558,732,399	33,135,900	392,602	592,260,901
Repayment of borrowings	–	(609,512,421)	(21,171,857)	(613,498)	(631,297,776)
Effect of business combination	–	–	–	22,933	22,933
Non-cash financing activities:					
Effects of foreign exchange rate changes	–	(84,157)	(1,360,890)	–	(1,445,047)
Amortization of debt issue costs and accretion of interest	–	–	(81,003)	80,251	(752)
Balances as of December 31, 2020	₱3,000,000	₱54,223,543	₱59,853,656	₱1,219,584	₱118,296,783

	Parent Bank				
	LTNCD	**Bills Payable**	**Notes and Bonds Payable**	**Lease Liabilities**	**Total**
Balances at January 1, 2021	**₱3,000,000**	**₱34,502,422**	**₱59,746,856**	**₱1,004,057**	**₱98,253,335**
Cash flows from financing activities:					
Additions	–	**62,765,158**	**7,650,000**	**431,142**	**70,846,300**
Repayment of borrowings	–	**(69,805,980)**	–	**(446,112)**	**(70,252,092)**
Non-cash financing activities:					
Effects of foreign exchange rate changes	–	**1,116,174**	**2,380,651**	–	**3,496,825**
Amortization of debt issue costs and accretion of interest	–	–	**12,329**	**54,763**	**67,092**
Balances as of December 31, 2021	**₱3,000,000**	**₱28,577,774**	**₱69,789,836**	**₱1,043,850**	**₱102,411,460**

	Parent Bank				
	LTNCD	Bills Payable	Notes and Bonds Payable	Lease Liabilities	Total
Balances at January 1, 2020	₱3,000,000	₱92,149,256	₱49,182,061	₱1,064,941	₱145,396,258
Cash flows from financing activities:					
Additions	–	507,779,097	30,206,900	348,608	538,334,605
Repayment of borrowings	–	(565,341,774)	(18,200,000)	(477,197)	(584,018,971)
Non-cash financing activities:					
Effects of foreign exchange rate changes	–	(84,157)	(1,360,890)	–	(1,445,047)
Amortization of debt issue costs and accretion of interest	–	–	(81,215)	67,705	(13,510)
Balances as of December 31, 2020	₱3,000,000	₱34,502,422	₱59,746,856	₱1,004,057	₱98,253,335

Non-cash investing activities of the Group for the years ended December 31, 2021 and 2020 include additions to investment properties in settlement of loans and receivables amounting to ₱245.00 million and ₱201.25 million, respectively, acquisition by the Group of investment in Fintech Platform Ventures, Inc., and associate, through an assignment of receivable from sale of investment in CC Mobile Financial Services Philippines, Inc., also an associate, with a carrying value of ₱47 million and disposals of properties with carrying values of ₱87.63 million and ₱167.73 million, respectively, through sales contract receivables.

36. Events After the End of the Reporting Period

Acquisition of Citigroup Inc.'s Consumer Banking Business in the Philippines

In a special meeting held on December 23, 2021, the Bank's BOD approved the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The transaction includes the acquisition of Citigroup's credit card, personal loans, wealth management, and retail deposit businesses, as well as the real estate interests in Citibank Square in Eastwood, 3 full-service bank branches, and 5 wealth centers in the Philippines.

To fund the acquisition, the BOD approved the raising of additional capital of up to ₱40.0 billion through the issuance of additional shares from the Bank's unissued authorized capital stock via a stock rights offering (SRO) to all existing shareholders. The acquisition is conditional upon the regulatory approvals from the BSP, Philippine Competition Commission, Philippine Deposit Insurance Corporation, SEC, and Insurance Commission.

Stock Dividends Distribution
On January 5, 2022, the Bank issued 304,838,842 common shares at par value of ₱10 for whole shares and paid ₱0.14 million for 1,862.50 fractional shares in relation to the 25% stock dividends approved by the Bank's BOD and stockholders on June 25, 2021 and August 11, 2021, respectively.

Dividend Declaration
On January 28, 2022, the Parent Bank's BOD approved the declaration of cash dividends at ₱2.80 per share or a total of ₱4,269,771 based on the outstanding common stock of 1,524,918,059 shares as of January 28, 2022. Record date for stockholders entitled to the cash dividend is February 14, 2022 and payment is expected to be made on March 2, 2022.

Employee Stock Plan
The Parent Bank issued 199,964 and 516,435 common shares to qualified employees under the Parent Bank's Employee Stock Plan on January 28, 2022 and February 4, 2022, respectively.

37. Supplementary Information Required Under Revenue Regulations 15-2010

Presented below is the supplementary information required by the Bureau of Internal Revenue (BIR) under RR 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

Gross Receipts Tax
In lieu of the value-added tax (VAT), the Parent Bank is subject to the GRT imposed on all banks and non-bank financial intermediaries pursuant to Section 121 of the Tax Code.

The Parent Bank reported total GRT amounting to ₱1.09 billion in 2021 as shown under Taxes and Licenses account. Total GRT payable as of December 31, 2021 amounted to ₱0.30 billion and is included as part of Accrued taxes and other expenses under Other liabilities account in the 2021 statement of financial position.

Documentary Stamp Tax
The Bank is enrolled under the Electronic DST System. In general, the Parent Bank's DST transactions arise from the execution of debt instruments, security documents, and bills of exchange.

For the year ended December 31, 2021, DST affixed amounted to ₱1.83 billion.

Withholding Taxes
The details of total withholding taxes for the year ended December 31, 2021 are shown below:

Final	₱496,433
Expanded	236,942
Compensation and benefits	977,844
	₱1,711,219

Taxes and Licenses
The details of taxes and licenses in 2021 of the Parent Bank are as follows:

GRT	₱1,086,124
DST	757,790
Real property tax	36,370
Fringe benefit tax (FBT)	42,511
Local and business permits	39,939
Miscellaneous	8,979
Less:	
FBT charged to employee benefits	42,511
	₱1,929,202

Excise Taxes
The Parent Bank does not have excise taxes accrued since it did not have any transactions subject to excise tax.

Claim for Refund
On August 5, 2013, the CTA granted the Bank's claim for refund amounting to ₱90,923 arising from the BIR's denial of the Bank's applications for administrative abatement in 2007. The CTA en banc affirmed this decision in 2014.

In July 2018, the Supreme Court affirmed the CTA decision granting the Bank's claim for refund. The BIR's Motion for Reconsideration of the Supreme Court's Resolution was denied on September 4, 2019.

In September 2020, the CTA granted the Bank's Motion for Issuance of Writ of Execution. The Bank filed with the BIR a claim for refund to execute the judgment in its favor.

Other Required Tax Information
The Parent Bank has not paid or accrued any excise taxes or customs' duties and tariff fees as it had no importation for the year ended December 31, 2021.

The Parent Bank has no pending tax assessment and case in courts or other regulatory bodies outside of the BIR as at and for the year ended December 31, 2021.

38. **Supplementary Information Required Under BSP Circular 1074**

Presented below is the supplementary information required by the BSP under BSP Circular 1074.

Basic quantitative indicators of financial performance

Group	**2021**	2020	2019
Return on average capital funds:			
$\frac{\text{Net profit}}{\text{Average total capital funds*}}$	**11.6%**	11.5%	15.3%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources*}}$	**1.6%**	1.5%	1.9%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest-earning resources*}}$	**4.6%**	4.5%	3.6%
Liquidity ratio:			
$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	**53.9%**	56.3%	56.4%
Debt-to-equity ratio:			
$\frac{\text{Liabilities}}{\text{Equity}}$	**6.4:1**	6.4:1	6.9:1
Asset-to-equity ratio:			
$\frac{\text{Asset}}{\text{Equity}}$	**7.4:1**	7.4:1	7.9:1
Interest rate coverage ratio:			
$\frac{\text{Earnings before interests and taxes}}{\text{Interest expense}}$	**3.3:1**	2.2:1	1.9:1

**Average amount is calculated based on current year-end and previous year-end balances*

Parent Bank	**2021**	2020	2019
Return on average capital funds:			
Net profit / Average total capital funds*	**11.6%**	11.1%	15.3%
Return on average resources:			
Net profit / Average total resources*	**1.6%**	1.6%	2.2%
Net interest margin:			
Net interest income / Average interest-earning resources*	**3.9%**	4.0%	3.1%
Liquidity ratio:			
Current Assets / Current Liabilities	**50.6%**	55.4%	53.9%
Debt-to-equity ratio:			
Liabilities / Equity	**5.5:1**	5.6:1	6.2:1
Asset-to-equity ratio:			
Asset / Equity	**6.5:1**	6.6:1	7.2:1
Interest rate coverage ratio:			
Earnings before interests and taxes / Interest expense	**4.3:1**	2.5:1	2.1:1

**Average amount is calculated based on current year-end and previous year-end balances*

Capital instruments issued

The Parent Bank's capital instruments consist of the following:

Capital stock

As of December 31, 2021 and 2020, the Parent Bank has outstanding capital stock shown below (peso amounts in thousands):

	Shares		**Amounts**	
	2021	2020	**2021**	2020
Common – ₱10 par value				
Authorized	**2,530,785,238**	1,311,422,420	**₱25,307,852**	₱13,114,224
Issued and outstanding	**1,219,362,818**	1,218,471,467	**12,193,628**	12,184,715
Preferred – ₱100 par value, non-voting				
Authorized	**100,000,000**	100,000,000	**₱10,000,000**	₱10,000,000
Issued and outstanding	**–**	–	–	–

Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025

The Basel III-compliant Unsecured Subordinated Tier 2 Notes were issued by the Parent Bank under its BSP-approved issuance of ₱20.0 Billion Unsecured Subordinated Notes Qualifying as Tier 2 Capital.

Unless the Notes are previously redeemed, the Initial Interest Rate will be reset at the equivalent of the Initial Spread per annum plus the Benchmark as of Reset Date as defined in the Terms and Conditions of the Notes. Subject to certain conditions, the BSP Guidelines, and the Terms and Conditions, the Parent Bank may redeem the Notes in whole and not only in part on the Redemption Option Date at 100% of the face value of the Notes, plus accrued and unpaid interest as of but excluding the Redemption Option Date.

The Notes have a loss absorption feature which means the Notes are subject to a Non-Viability Write-Down in case of a Non- Viability Trigger Event. A Non-Viability Trigger Event is deemed to have occurred when the Issuer is considered non-viable as determined by the BSP.

The Tier II Notes constitute a direct, unconditional, fixed, unsecured and subordinated obligation of the Bank. Claims in respect of the Tier II Notes will rank: (a) junior to the claims of holders of all deposits and general creditors of the Bank; (b) *pari passu* with obligations of the Bank that are, expressly or by applicable laws, subordinated so as to rank *pari passu* with claims in respect of securities constituting "Tier 2" capital of the Bank; and (c) senior to (i) the claims for payment of any obligation that, expressly or by applicable law, is subordinated to the Tier II Notes, (ii) the claims in respect of securities constituting "Tier 1" capital of the Bank, and (iii) the rights and claims of holders of equity shares of the Bank.

Unsecured Subordinated Tier 2 Notes Due 2025 Callable in 2020

The ₱7.2 Billion Unsecured Subordinated Tier 2 Notes were issued with a loss absorption feature, which means the Notes were subject to a non-viability write-down in case of a non-viability trigger event.

The Notes constitute direct, unconditional, unsecured and subordinated obligations of the Parent Bank and shall at all times rank *pari passu* and without any preference among themselves.

On February 20, 2020, the Parent Bank exercised its Voluntary Redemption Option to early redeem the Notes in accordance with its Terms and Conditions.

Concentration of credit exposures

An analysis of concentrations of credit risk for loans and other receivables and investment securities (grossed up for any allowance for credit losses and unearned discounts) of the Group and the Parent Bank by industry and by geographic location as of December 31, 2021 and 2020 is shown below (amounts in thousands):

	Group			
	2021			
	Loans and Other Receivables		**Trading and Investment**	
	Amount	**%**	**Securities**	**Total**
Concentration by industry				
Real estate activities	**₱71,096,154**	**19.11**	**₱7,938,117**	**₱79,034,271**
Information and communication	**39,474,234**	**10.61**	**–**	**39,474,234**
Wholesale and retail trade, repair of motor vehicles	**31,380,275**	**8.44**	**–**	**31,380,275**
Financial and insurance activities	**31,360,342**	**8.43**	**369,049,548**	**400,409,890**
Manufacturing	**27,322,891**	**7.34**	**2,531,824**	**29,854,715**
Transportation and storage	**18,861,331**	**5.07**	**2,204,090**	**21,065,421**
Arts, entertainment and recreation	**14,639,649**	**3.94**	**–**	**14,639,649**
Electricity, gas steam and air conditioning supply	**13,690,875**	**3.68**	**25,214,821**	**38,905,696**
Other service activities	**7,918,474**	**2.13**		**7,918,474**
Construction	**4,337,687**	**1.17**	**–**	**4,337,687**
Activities of households as employers and undifferentiated goods and services	**2,384,261**	**0.64**	**–**	**2,384,261**
Agriculture, forestry and fishing	**1,679,982**	**0.45**	**–**	**1,679,982**
Accommodation and food service activities	**1,455,059**	**0.39**	**–**	**1,455,059**
Professional, scientific and technical activities	**702,425**	**0.19**	**–**	**702,425**
Others	**105,701,512**	**28.41**	**3,360,048**	**109,061,560**
	₱372,005,151	**100.00**	**₱410,298,448**	**₱782,303,599**
Concentration by location				
Philippines	**₱372,005,151**	**100.00**	**₱298,874,158**	**₱670,879,309**
Others - Asia	**–**	**–**	**29,545,178**	**29,545,178**
South America	**–**	**–**	**5,622,054**	**5,622,054**
North America	**–**	**–**	**9,725,349**	**9,725,349**
United States	**–**	**–**	**54,686,572**	**54,686,572**
Europe	**–**	**–**	**11,845,137**	**11,845,137**
	₱372,005,151	**100.00**	**₱410,298,448**	**₱782,303,599**

	Group			
	2020			
	Loans and Other Receivables		Trading and Investment	
	Amount	%	Securities	Total
Concentration by industry				
Real estate activities	₱73,062,424	20.72	₱7,554,184	₱80,616,608
Financial and insurance activities	58,326,035	16.54	320,993,329	379,319,364
Information and communication	38,844,291	11.02	–	38,844,291
Wholesale and retail trade, repair of motor vehicles	26,265,571	7.45	–	₱26,265,571
Electricity, gas steam and air conditioning supply	18,299,725	5.19	28,535,139	46,834,864
Manufacturing	11,720,242	3.32	–	11,720,242
Accommodation and food service activities	1,663,091	0.47	–	1,663,091
Transportation and storage	11,891,455	3.37	745,580	12,637,035
Activities of households as employers and undifferentiated goods and services	2,950,691	0.84	–	2,950,691
Construction	10,158,902	2.88	–	10,158,902
Other service activities	7,986,955	2.27	–	7,986,955
Agriculture, forestry and fishing	2,553,855	0.72	–	2,553,855
Professional, scientific and technical activities	538,980	0.15	–	538,980
Arts, entertainment and recreation	12,730,967	3.61	–	12,730,967
Others	75,590,735	21.44	4,653,837	80,244,572
	₱352,583,919	100.00	₱362,482,069	₱715,065,988

	Group			
	2020			
	Loans and Other Receivables		Trading and Investment	
	Amount	%	Securities	Total
Concentration by location				
Philippines	₱351,318,265	99.67	₱217,694,681	₱569,012,946
Others - Asia	703,182	0.20	51,574,765	52,277,947
South America	213,281	0.07	13,900,473	14,113,754
North America	275,925	0.05	7,890,150	8,166,075
United States	43,041	0.01	67,977,986	68,021,027
Europe	30,225	–	3,444,014	3,474,239
	₱352,583,919	100.00	₱362,482,069	₱715,065,988

	Parent Bank			
	2021			
	Loans and Other Receivables		**Trading and Investment**	
	Amount	**%**	**Securities**	**Total**
Concentration by industry				
Real estate activities	**₱70,604,445**	**23.63**	**₱7,938,117**	**₱78,542,562**
Information and communication	**39,469,530**	**13.21**	**–**	**39,469,530**
Financial and insurance activities	**31,284,376**	**10.47**	**325,797,652**	**357,082,028**
Wholesale and retail trade, repair of motor vehicles	**30,431,511**	**10.19**	**–**	**30,431,511**
Manufacturing	**27,198,763**	**9.10**	**2,531,824**	**29,730,587**
Transportation and storage	**18,718,271**	**6.27**	**2,204,090**	**20,922,361**
Arts, entertainment and recreation	**14,638,343**	**4.90**	**–**	**14,638,343**
Electricity, gas steam and air conditioning supply	**13,690,729**	**4.58**	**25,214,821**	**38,905,550**
Other service activities	**7,730,986**	**2.59**		**7,730,986**
Construction	**4,251,467**	**1.42**	**–**	**4,251,467**
Activities of households as employers and undifferentiated goods and services	**2,325,684**	**0.78**	**–**	**2,325,684**
Accommodation and food service activities	**1,285,301**	**0.43**	**–**	**1,285,301**
Professional, scientific and technical activities	**700,048**	**0.23**	**–**	**700,048**
Agriculture, forestry and fishing	**372,018**	**0.12**	**–**	**372,018**
Others	**36,069,083**	**12.08**	**3,246,816**	**39,315,899**
	₱298,770,555	**100.00**	**₱366,933,320**	**₱665,703,875**
Concentration by location				
Philippines	**₱298,770,555**	**100.00**	**₱255,509,030**	**₱554,279,585**
Others - Asia	**–**	**–**	**29,545,178**	**29,545,178**
South America	**–**	**–**	**5,622,054**	**5,622,054**
North America	**–**	**–**	**9,725,349**	**9,725,349**
United States	**–**	**–**	**54,686,572**	**54,686,572**
Europe	**–**	**–**	**11,845,137**	**11,845,137**
	₱298,770,555	**100.00**	**₱366,933,320**	**₱665,703,875**

	Parent Bank			
	2020			
	Loans and Other Receivables		Trading and Investment	
	Amount	%	Securities	Total
Concentration by industry				
Real estate activities	₱72,713,675	25.77	₱7,554,184	₱80,267,859
Financial and insurance activities	45,862,261	16.25	293,363,719	339,225,980
Information and communication	38,840,892	13.76	–	38,840,892
Wholesale and retail trade, repair of motor vehicles	25,325,189	8.97	–	25,325,189
Electricity, gas steam and air conditioning supply	18,298,033	6.48	28,535,139	46,833,172
Manufacturing	11,601,427	4.11	–	11,601,427
Accommodation and food service activities	1,527,243	0.54	–	1,527,243
Transportation and storage	11,698,372	4.15	745,580	12,443,952
Activities of households as employers and undifferentiated goods and services	2,871,791	1.02	–	2,871,791
Construction	10,082,353	3.57	–	10,082,353
Other service activities	7,814,034	2.77		7,814,034
Agriculture, forestry and fishing	1,377,150	0.49	–	1,377,150
Professional, scientific and technical activities	533,400	0.19	–	533,400
Arts, entertainment and recreation	12,729,254	4.51	–	12,729,254
Others	20,901,527	7.41	4,653,837	25,555,364
	₱282,176,601	100.00	₱334,852,459	₱617,029,060

	Parent Bank			
	2020			
	Loans and Other Receivables		Trading and Investment	
	Amount	%	Securities	Total
Concentration by location				
Philippines	₱280,910,947	99.55	₱190,065,071	₱470,976,018
Others - Asia	703,182	0.25	51,574,765	52,277,947
South America	213,281	0.08	13,900,473	14,113,754
North America	275,925	0.10	7,890,150	8,166,075
United States	43,041	0.02	67,977,986	68,021,027
Europe	30,225	0.01	3,444,014	3,474,239
	₱282,176,601	100.00	₱334,852,459	₱617,029,060

Breakdown of total loans as to security and status

As to security

The breakdown of total loans and other receivables (net of unearned discounts) as to secured, with corresponding collateral types, and unsecured loans follows (amounts in thousands):

	Group		Parent Bank	
	2021	2020	**2021**	2020
Secured:				
Real estate	**₱10,306,870**	₱13,380,387	**₱8,781,142**	₱11,616,290
Deposit hold-out	**441,795**	1,189,484	**404,783**	1,124,477
Government securities	**–**	859,245	**–**	–
Chattel mortgage	**484,577**	507,018	**430,580**	–
Others	**35,608,038**	60,642,661	**35,572,532**	50,109,596
	46,841,280	76,578,795	**45,189,037**	62,850,363
Unsecured	**326,866,206**	274,475,937	**256,429,206**	219,192,780
	₱373,707,486	₱351,054,732	**₱301,618,243**	₱282,043,143

The breakdown as to secured and unsecured of non-accruing loans of the Group and the Parent Bank as of December 31 follows:

	Group		Parent Bank	
	2021	2020	**2021**	2020
Secured	**₱4,657,991**	₱6,825,461	**₱4,310,580**	₱6,627,263
Unsecured	**14,291,767**	10,217,302	**8,564,337**	5,665,926
	₱18,949,758	₱17,042,763	**₱12,874,917**	₱12,293,189

As to status

Non-performing loans (NPLs) of the Group and the Parent Bank as of December 31, 2021 and 2020 are presented below, net of the related allowance for credit losses in compliance with BSP Circular 855, respectively (amounts in thousands).

	Group		Parent Bank	
	2021	2020	**2021**	2020
Gross NPLs	**₱18,949,758**	₱17,042,763	**₱12,874,917**	₱12,293,189
Specific allowance for credit losses on NPLs	**(10,072,401)**	(6,324,528)	**(7,529,574)**	(4,726,650)
	₱8,877,357	₱10,718,235	**₱5,345,343**	₱7,566,539

Under BSP Circular 941, an account or exposure is considered non-performing, even without any missed contractual payments, when it is deemed impaired under existing applicable 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, in the case of secured accounts. All other accounts, even if not considered impaired, shall be considered non-performing if any contractual principal and/or interest are past due for more than ninety (90) days, 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.

Non-performing loans, investment, receivables, or any financial asset (and/or any replacement loan) shall remain classified as such until (a) there is a sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.

Information on the amounts of performing and non-performing loans and receivables (gross of allowance for impairment and credit losses) per product line of the Group and Parent Bank are as follows:

	Group					
	2021			2020		
	Performing	**Non-Performing**	**Total**	Performing	Non-Performing	Total
Corporate loans	**₱117,506,723**	**₱1,167,863**	**₱118,674,586**	₱116,712,143	₱24,294	₱116,736,437
Commercial loans	**66,908,763**	**3,033,984**	**69,942,747**	61,881,173	2,588,164	64,469,337
Home loans	**52,407,938**	**5,806,732**	**58,214,670**	49,866,024	6,883,155	56,749,179
CSB salary loans	**42,268,532**	**3,356,560**	**45,625,092**	45,867,477	2,051,036	47,918,513
Other retail products	**15,700,041**	**2,419,612**	**18,119,653**	16,420,153	2,497,256	18,917,409
Other receivables from customers*	**26,146,411**	**3,165,007**	**29,311,418**	18,352,367	2,998,858	21,351,225
Total receivables from customers	**₱320,938,408**	**₱18,949,758**	**₱339,888,166**	₱309,099,337	₱17,042,763	₱326,142,100

**Comprised of HR loans, quick loans and Home Credit receivables*

	Parent Bank					
	2021			2020		
	Performing	**Non-Performing**	**Total**	Performing	Non-Performing	Total
Corporate loans	**₱117,506,723**	**₱1,167,863**	**₱118,674,586**	₱116,712,143	₱24,294	₱116,736,437
Commercial loans	**66,908,763**	**3,033,984**	**69,942,747**	61,881,173	2,588,164	64,469,337
Home loans	**52,407,938**	**5,806,732**	**58,214,670**	49,866,024	6,883,155	56,749,179
Other retail products	**15,700,041**	**2,419,612**	**18,119,653**	16,420,153	2,497,256	18,917,409
Other receivables from customers*	**13,575,477**	**446,726**	**14,022,203**	8,274,603	300,320	8,574,923
Total receivables from customers	**₱266,098,942**	**₱12,874,917**	**₱278,973,859**	₱253,154,096	₱12,293,189	₱265,447,285

**Comprised of HR loans, quick loans and Home Credit receivables*

Related party loans

As of December 31, 2021 and 2020, the Group's and the Parent Bank's related party loans solely consist of DOSRI loans, as shown below (peso amounts in thousands):

	Group		Parent Bank	
	2021	2020	**2021**	2020
Total DOSRI loans	**₱545,518**	₱549,904	**₱507,225**	₱430,097
Unsecured DOSRI loans	**247,341**	201,038	**223,880**	106,837
% of DOSRI loans to total loan portfolio	**0.16%**	0.17%	**0.18%**	0.16%
% of unsecured DOSRI loans to total DOSRI loans	**–%**	–%	**–%**	–%
% of past due DOSRI loans to total DOSRI loans	**–%**	–%	**–%**	–%
% of non-accruing DOSRI accounts to total DOSRI loans	**–%**	–%	**–%**	–%

The total unsecured DOSRI loans above represent fringe benefits that are excluded in determining the compliance with the individual ceiling under subsection X330.1 of the MORB. Accordingly, the percentage of unsecured DOSRI loans to total DOSRI loans as presented above is nil.

Secured liability and assets pledged as security

The Group's and the Parent Bank's bills payable under repurchase agreements amounted to ₱18.67 billion and ₱24.32 billion as of December 31, 2021 and 2020, respectively.

Investment securities of both the Group and the Parent Bank with carrying values of ₱23.47 million and ₱28.82 million as of December 31, 2021 and 2020, respectively, were pledged against bills payable under repurchase agreement.

Commitments and contingencies

Following is a summary of the Parent Bank's commitments and contingent accounts (amounts in thousands):

	Group		Parent Bank	
	2021	2020	**2021**	2020
Trust department accounts	**₱89,976,413**	₱74,469,549	**₱89,976,413**	₱74,469,549
Commitments	**61,930,576**	59,653,709	**61,840,156**	59,624,188
Forward exchange bought	**31,946,925**	30,396,594	**31,946,925**	30,396,594
Forward exchange sold	**22,392,884**	19,533,966	**22,392,884**	19,533,966
Inward bills for collections	**13,342,960**	25,694,563	**13,342,960**	25,694,563
Other derivatives	**12,738,173**	7,799,215	**12,738,173**	7,799,215
Unused standby letters of credit	**5,849,338**	6,724,426	**5,849,338**	6,724,426
Spot exchange bought	**1,332,437**	3,135,021	**1,332,437**	3,135,021
Spot exchange sold	**4,086,222**	2,095,779	**4,086,222**	2,095,779
Outstanding guarantees issued	**1,208,727**	405,927	**1,208,675**	405,927
Other commitment and contingent accounts	**64,607**	72,127	**10,910**	16,236

UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2021

A. Statement of Management's Responsibility for Financial Statements

B. Independent Auditors' Report on the SEC Supplementary Schedules Filed Separately from the Basic Financial Statements

C. List of Supplementary Information

Supplementary Schedules to Financial Statements (Form 17-A, Item 7)

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* These schedules and supplementary information are not included as these are not applicable to Group.

SGV
Building a better working world

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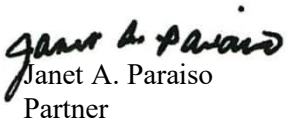
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Union Bank of the Philippines
UnionBank Plaza
Meralco Avenue corner Onyx street and Sapphire Road,
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Union Bank of the Philippines and its Subsidiaries (the Group) and the parent bank financial statements of Union Bank of the Philippines (the Parent Bank) as at December 31, 2021 and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated February 24, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated and parent bank financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Bank's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated and parent bank financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated and parent bank financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated and parent bank financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

February 24, 2022

UNION BANK OF THE PHILIPPINES
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex 68-D (Index D): Reconciliation of Retained Earnings Available for Dividend Declaration

Rule 68-4.H (Index C-II): Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

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- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
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- Schedule G. Capital Stock

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule A - Financial Assets
December 31, 2021

	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Debt Securities				
Asia United Bank Corporation	-	P -	P -	P 21,641
Banco De Oro	15,044,705	15,317,917	15,317,917	449,083
Bharat Petroleum Corp. Ltd.	-	-	-	21,784,483
Bureau of Treasury	2,670,514,526	2,711,941,485	2,711,941,485	107,366,165
Energy Development Corporation	-	-	-	24,741
Filinvest Development Corporation	1,427,972	1,507,224	1,507,224	176,636
FPT FINANCE LTD	66,298,700	69,815,183	69,815,183	7,133,880
International Container Terminal Services, Inc.	51,406,992	56,116,578	56,116,578	3,879,070
Indian Railway Finance Corp. Ltd.	-	-	-	876,574
Indonesian Government	-	-	-	865,011
JG Summit Holdings	40,799,200	42,888,527	42,888,527	3,235,081
Manila Water Company, Inc.	-	-	-	1,015,757
Metropolitan Bank and Trust Company	-	-	-	1,050,747
Megaworld Corporation	150,447,050	157,827,982	157,827,982	4,766,741
Petroleos Mexicanos	-	-	-	3,454,303
Philippine National Bank	50,846,003	51,645,302	51,645,302	3,049,080
Power Finance Corporation Ltd.	152,997,000	157,059,070	157,059,070	5,703,205
Power Sector Asset and Liabilities Management Corp	256,983,961	366,402,592	366,402,592	23,941,657
PT Indonesia Asahan Aluminium (Persero)	305,994,000	328,328,502	328,328,502	22,847,272
PT Pertamina(Persero)	-	-	-	4,502,015
Republic of Philippines	10,199,800	10,004,474	10,004,474	8,868,961

Union Bank of the Philippines and Subsidiaries
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Schedule A - Financial Assets
December 31, 2021

	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
Rizal Commercial Banking Corporation	210,982,863	P 217,027,943	P 217,027,943	P 5,746,961
San Miguel Corp	-	-	-	93,425
Saudi Arabia Sovereign Group	-	-	-	2,307,121
Saudi Arabian Oil Company	-	-	-	463,772
US Treasury/Sovereign Group	-	-	-	12,457
Vista Land and Lifescapes, Inc.(Vista Land)	173,906,590	179,156,559	179,156,559	10,951,158
Total Debt Securities		P 4,365,039,338	P 4,365,039,338	P 244,586,995
Equity Securities				
SMC Series 2C	-	P -	P -	P 145,788,806
Alta Vista Golf & Country Club	1	300,000	300,000	-
Cebu Country Club (certified true copy only)	1	6,500,000	6,500,000	-
Cebu Country Club	1	6,500,000	6,500,000	-
Celebrity (Sports) Plaza, Inc.	1	300,000	300,000	-
Manila Polo Club	5	120,000,000	120,000,000	-
The Metropolitan Club, Inc. - A	10	2,000,000	2,000,000	-
The Metropolitan Club, Inc. - B	13	5,200,000	5,200,000	-
		P 140,800,000	P 140,800,000	**P** -
EMPIRE EAST	5,857,808	P 1,493,741	P 1,493,741	**P** -
ABACORE CAPITAL (ABACUS)	200,000	184,000	184,000	-
GLOBAL ESTATES RESORT (formerly Fil-Estate Land)	760,500	768,105	768,105	-
REPUBLIC GLASS	733,000	2,199,000	2,199,000	-
ANSCOR	31,250	248,438	248,438	-
PETRON	249,100	789,647	789,647	-
SHANG PROP (formerly KOUK)	147,142	384,041	384,041	-
METRO ALLIANCE (formerly Marsman & Company, Inc.)	645,000	767,550	767,550	-

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule A - Financial Assets
December 31, 2021

	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
PROJECT QUEST	8,750,000	P 29,102,174	P 29,102,174	P -
PHILIPPINE DEPOSITORY & TRUST CORP. (formely Phil. Central Depository, Inc.)	5,228	959,171	959,171	-
ABACORE CAPITAL	256,000	235,520	235,520	-
ASIA BEST GROUP INTERNATIONAL, INC.. formerly AGP INDUSTRIAL CORP. ·	4	24	24	-
COSCO Capital formerly ALCORN GOLD RESOURCES – B	99,000	514,800	514,800	-
ARANETA PROP(INT. CHROME) A	544	495	495	-
BENGUET CORP. -A	355	1,811	1,811	-
BENGUET CORP. -B	1,702	8,238	8,238	-
BDO - Equitable PCI Inc	72	8,690	8,690	-
LEISURE & RESORTS WORLD CORP – A	166	247	247	-
IMPERIAL RESOURCES INC – A	30	42	42	-
KEPPEL PHIL. PROPERTIES - A	593	1,785	1,785	-
MABUHAY HOLDINGS, INC.	170,000	63,750	63,750	-
OMICO MINING & INDUSTRIAL CORP.	800	276	276	-
PHILODRILL CORP.- B (CLASS A and B are considered the same)	280,554	2,806	2,806	-
PRIME MEDIA HOLDINGS (FIRST E BANK)	939	1,099	1,099	-
WELLEX INDS., INC.(REPUBLIC RESOURCES)	333	77	77	-
SHIPTEK SOLUTIONS CORP PH	-	31,000,000	31,000,000	-
		P 68,735,524	P 68,735,524	**P** -
Total Equity Securities		P 209,535,524	P 209,535,524	P 145,788,806

Union Bank of the Philippines and Subsidiaries
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Schedule A - Financial Assets
December 31, 2021

	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
Derivative Assets				
Affinity Express Philippines		P 706,969	P 706,969	P -
Australia New Zealand Bank		27,380,632	27,380,632	-
Banco De Oro		93,431,269	93,431,269	-
Bank of the Philippine Islands		19,297,493	19,297,493	-
Barclays Bank		75,940.58	75,940.58	-
BNP Paribas		1,914,692.33	1,914,692.33	-
China Banking Corporation		2,937,822	2,937,822	-
Citibank N A		418,250	418,250	-
Deutsche Bank		6,799,649	6,799,649	-
East West Banking Corporation		21,134	21,134	-
EPL Propack Philippines. Inc.		6,030	6,030	-
INDIVIDUALS		296,467,041	296,467,041	-
ING BANK NV		84,447,311	84,447,311	-
JP Morgan Bank		10,412,586	10,412,586	-
Land Bank of the Philippines		29,888,234	29,888,234	-
Malayan Bank Savings & Mortgage Bank		876,076	876,076	-
Mandarin Securities Corp.		1,474	1,474	-
MayBank Philippines Inc		28,653,423	28,653,423	-
Metropolitan Bank and Trust Company		49,264,076	49,264,076	-
Micro Mechanics Technology International Inc		134,586	134,586	-
Monark Equipment Corporation		13,858	13,858	-

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule A - Financial Assets
December 31, 2021

	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
Morgan Stanley Dean Witter and Company		P 81,774	P 81,774	P -
MUFG Bank, Ltd.		8,664,873	8,664,873	-
Philippine National Bank		22,278,284	22,278,284	-
Republic of the Philippines		48,194,055	48,194,055	-
Rizal Commercial Banking Corporation		27,300,952	27,300,952	-
Security Bank Corporation		25,149,551	25,149,551	-
Standard Chartered Bank		106,919,372	106,919,372	-
Sutherland Global Services Philippines, Inc.		173,617,233	173,617,233	-
Union Bank of Switzerland		53,931	53,931	-
Wells Fargo Bank, NA		21,804	21,804	-
Total Derivative Asssets		P 1,065,430,376	P 1,065,430,376	P -
Total - Financial Assets at Fair Value through Profit or Loss		**P 5,640,005,238**	**P 5,640,005,238**	**P 390,375,802**
FINANCIAL ASSETS AT AMORTIZED COST				
Government bonds and other debt securities				
Abu Dhabi National Energy Co.(TAQA)	407,992,000	P 409,007,773	P 409,007,773	P 13,620,039
Bangko Sentral ng Pilipinas	999,424,332	999,424,332	999,424,332	-
Bharat Petroleum Corp. Ltd.	3,187,437,500	3,089,286,830	3,089,286,830	99,023,730
Brazil Sovereign Group	1,529,970,000	1,805,802,369	1,805,802,369	135,635,331
Bureau of Treasury	132,640,726,911	133,299,463,224	133,299,463,224	4,508,795,996
Colombia Sovereign Group	917,982,000	1,196,157,064	1,196,157,064	36,904,330
Indonesian Government	5,620,089,800	6,051,728,284	6,051,728,284	182,059,732
NTPC Limited	1,019,980,000	1,004,293,709	1,004,293,709	43,835,933
Peru Sovereign Group	1,631,968,000	2,393,788,660	2,393,788,660	41,519,387
Perusahaan Perseroan(Persero) PT Perusahaan Listrik Negara	764,985,000	987,075,090	987,075,090	29,301,290

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule A - Financial Assets
December 31, 2021

	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
Petroleos Mexicanos	6,809,182,484	P 6,738,826,820	P 6,738,826,820	P 387,638,184
Petroliam Nasional Berhad(Petronas)	509,990,000	509,790,688	509,790,688	10,041,961
Power Finance Corporation Ltd.	-	-	-	43,290,348
Qatar Sovereign Group	254,995,000	255,243,586	255,243,586	17,052,725
Saudi Arabia Sovereign Group	356,993,000	379,546,517	379,546,517	37,320,059
Saudi Arabian Oil Company	1,733,966,000	1,744,860,363	1,744,860,363	35,336,647
Sultanate of Oman Sovereign Group	662,987,000	709,490,565	709,490,565	25,203,065
Turkey Sovereign Group	2,039,960,000	2,037,036,812	2,037,036,812	56,980,451
Uruguay Sovereign Group	101,998,000	138,101,046	138,101,046	7,146,071
Total Government bonds and other debt securities		P 163,748,923,733	P 163,748,923,733	P 5,710,705,281
Private bonds and commercial papers				
Hindustan Petroleum Corp. Ltd.	764,985,000	P 738,175,673	P 738,175,673	P 33,210,271
JG Summit Holdings	132,597,400	132,597,400	132,597,400	7,209,582
STI Education Services Group, Inc.	45,370,000	45,370,000	45,370,000	2,892,610
Vista Land and Lifescapes, Inc.(Vista Land)	1,856,250,000	1,856,250,000	1,856,250,000	154,935,352
Aboitiz Power Corporation	50,000,000	50,000,000	50,000,000	1,562,845
SMC Bonds	40,000,000	40,000,000	40,000,000	2,304,520
Total Private bonds and commercial papers		P 2,862,393,073	P 2,862,393,073	P 202,115,180
Less: Allowance for credit losses		(249,138,042)		0
Total - Financial Assets at Amortized Cost		**P 166,362,178,764**	**P 166,611,316,806**	**P 5,912,820,461**

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule A - Financial Assets
December 31, 2021

	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME				
Government and private bonds and other debt securities				
Abu Dhabi National Energy Co.(TAQA)	- P	- P	- P	2,960,998
Banco De Oro	-	-	-	170,282
Bharat Petroleum Corp. Ltd.	-	-	-	13,153,243
Brazil Sovereign Group	-	-	-	29,793,059
Bureau of Treasury	28,891,704,212	28,896,114,127	28,896,114,127	578,634,472
Chile Sovereign Group	-	-	-	556,277
China Petrochemical Corporation Group(SINOPEC)	-	-	-	1,968,338
Colombia Sovereign Group	-	-	-	8,910,659
Del Monte Pacific Limited	2,549,950,000	2,525,980,470	2,525,980,470	5,843,635
Filinvest Development Corporation	2,014,460,500	2,126,263,058	2,126,263,058	101,362,346
FPT FINANCE LTD	1,587,649,869	1,671,858,818	1,671,858,818	122,062,603
Hindustan Petroleum Corp. Ltd.	-	-	-	5,436,783
Indonesian Government	509,990,000	505,588,786	505,588,786	30,970,609
International Container Terminal Services, Inc.	2,121,558,400	2,196,947,774	2,196,947,774	32,980,188
PT Indonesia Asahan Aluminium (Persero)	-	-	-	1,248,932
Indian Railway Finance Corp. Ltd.	-	-	-	2,178,229
JG Summit Holdings	2,642,309,189	2,777,621,843	2,777,621,843	65,841,682
Manila Water Company, Inc.	3,036,582,458	3,140,646,139	3,140,646,139	105,072,923
Megaworld Corporation	2,892,306,287	3,034,202,833	3,034,202,833	89,958,470

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule A - Financial Assets
December 31, 2021

	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
Metropolitan Bank and Trust Company	407,992,000	P 408,640,707	P 408,640,707	P 10,497,283
Mexico Sovereign Group	-	-	-	4,022,937
NTPC Limited	-	-	-	8,869,837
Sultanate of Oman Sovereign Group	-	-	-	3,122,973
Petroleos Mexicanos	-	-	-	31,087,587
Peru Sovereign Group	-	-	-	6,844,082
Petroliam Nasional Berhad(Petronas)	-	-	-	1,416,975
Perusahaan Perseroan(Persero) PT Perusahaan Listrik Negara	-	-	-	14,530,941
Philippine National Bank	414,978,863	421,502,331	421,502,331	8,826,399
Power Finance Corporation Ltd.	1,580,969,000	1,553,475,949	1,553,475,949	59,528,899
Power Sector Asset and Liabilities Management Corp	5,411,605,888	7,419,465,453	7,419,465,453	155,209,956
PT Pertamina(Persero)	652,583,204	666,705,672	666,705,672	11,476,117
Qatar Sovereign Group	-	-	-	14,067,124
Republic of Philippines	-	-	-	44,131,250
Saudi Arabia Sovereign Group	1,223,976,000	1,191,540,636	1,191,540,636	40,328,289
Saudi Arabian Oil Company	-	-	-	5,744,696
Turkey Sovereign Group	-	-	-	12,417,004
Uruguay Sovereign Group	-	-	-	1,009,137
US Treasury/Sovereign Group	6,884,865,000	5,996,366,797	5,996,366,797	167,230,427
Vista Land and Lifescapes, Inc.(Vista Land)	764,985,000	796,096,940	796,096,940	33,858,585
Aboitiz	10,000,000	10,267,537	10,267,537	527,570
Ayala Land	20,000,000	20,399,442	20,399,442	778,300
Bureau of Treasury	50,000,000	50,260,570	50,260,570	1,925,000
Petron	20,000,000	20,095,564	20,095,564	1,564,908
San Miguel Inc.	16,000,000	16,057,046	16,057,046	1,128,719
Vista Land and Lifescapes, Inc.(Vista Land)	30,000,000	28,925,841	28,925,841	1,725,360
Total Government and private bonds and other debt securities		P 65,475,024,333	P 65,475,024,333	P 1,840,974,083

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule A - Financial Assets
December 31, 2021

	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
Equity Securities				
BANCNET	50,000	P 5,000,000	P 5,000,000	P -
BAP CONSULTING , INC.	12,500	1,250,000	1,250,000	-
BAP-Credit Bureau	-	50,000	50,000	-
Coop Society Swift	-	3,139	3,139	-
Cruztelco	90	9,000	9,000	-
Eastern Visayas Tel Co.	100	5,000	5,000	-
Fixed Income Exchange	125,000	1,250,000	1,250,000	-
Local Government Unit Guaranty Corporation	50,000	5,000,000	5,000,000	-
Local Government Unit Guaranty Corporation	50,000	5,000,100	5,000,100	-
Makati Executive Center	1	31,500	31,500	-
Meralco	21,934	219,340	219,340	-
Metropolitan Threater	1	40,000	40,000	-
NAWASA	-	150	150	-
PHIL. CLEARING HOUSE CORP.	21,000	5,000,000	5,000,000	-
PHILAM	2	1,000,000	1,000,000	-
Philam Properties Corp.	-	500,000	500,000	-
Philippine Dealing System Holdings Corporation (formerly Philippine Central Depositor	31,690	3,169,000	3,169,000	-
PILTEL	75	6,000	6,000	-
Rockwell Land Corporation	2	700,000	700,000	-
Steel Asia	-	13,439,870	13,439,870	-
Integra Fund LLP		25,291,497	25,291,497	-
NYK Ventures Pte. Ltd.	4,459	30,921,271	30,921,271	-
Consensys Software Inc.	29,240	99,700,000	99,700,000	-
Total Equity Securities		P 197,585,867	P 197,585,867	P -
Total - Financial Assets at Fair value through OCI		**P 65,672,610,200**	**P 65,672,610,200**	**P 1,840,974,083**
GRAND TOTAL		**P 237,674,794,202**	**P 237,923,932,244**	**P 8,144,170,345**

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Amounts Written-off	Current	Not Current	

RECEIVABLES FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS ARE WITHIN THE ORDINARY COURSE OF BUSINESS OF THE BANK

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected/ Paid	Amounts Written-off	Current	Not Current	
Accounts Receivable from Related Parties							
City Savings Bank, Inc. (Subsidiary)	P -	P 37,631,396	P -	P -	P 37,631,396	P -	P 37,631,396
Union Digital Bank (Subsidiary)	-	29,000,000	-	-	29,000,000	-	29,000,000
UBX Philippines Corporation (Subsidiary)	16,160,946	56,433,189	68,045,891	-	4,548,243	-	4,548,244
First Union Insurance and Financial Agencies, Inc. (Subsidiary)	134,212	369,588	482,804	-	20,995	-	20,995
	P 16,295,158	**P 123,434,173**	**P 68,528,695**	**P -**	**P 71,200,634**	**P -**	**P 71,200,635**
Accounts Payable to Related Parties							
UBX Philippines Corporation (Subsidiary)	P 3,602,369	P 57,433,284	P 23,246,360	P -	P 37,789,293	P -	P 37,789,293
UBP Investments Corporation (Subsidiary)	396,967	-	-	-	396,967	-	396,967
First Union Direct Corporation (Subsidiary)	376,750	-	376,750	-	-	-	-
Bangko Kayaban, Inc. (Bangko Kabayan) (Subsidiary)	7,380,806	21,899,999	29,056,115	-	-	-	224,690
	P 11,756,891	**P 79,333,283**	**P 52,679,225**	**P -**	**P 38,186,259**	**P -**	**P 38,410,949**

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule D - Long-term Debt
December 31, 2021

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 Condition
USD Senior Medium Term Notes Due 2022	P 101,998,000,000	P 25,488,553,316	P -
USD Senior Medium Term Notes Due 2025		-	15,219,464,722
Peso Senior Series B Bonds Due 2022		5,790,950,815	-
Peso Senior Series C Bonds Due 2023	39,000,000,000	-	8,073,690,106
Peso Senior Series D Bonds Due 2026		-	877,306,624
IFC Social Bonds	7,649,850,000	-	7,589,032,826
Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025	20,000,000,000	-	6,750,837,761
Long Term Negotiable Certificate of Deposit 2023	20,000,000,000	-	3,000,000,000
Loans Payable	150,000,000	-	64,149,563

Details:

	Maturity Date	Interest Rate
USD Senior Medium Term Notes Due 2022	November 29, 2022	3.369%
USD Senior Medium Term Notes Due 2025	October 22, 2025	2.125%
Peso Senior Series B Bonds Due 2022	June 3, 2022	6.000%
Peso Senior Series C Bonds Due 2023	December 9, 2023	2.750%
Peso Senior Series D Bonds Due 2026	March 9, 2026	3.375%
IFC Social Bonds	July 23, 2028	1.154%*
Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025	May 24, 2030	5.250%
Long Term Negotiable Certificate of Deposit 2023	August 21, 2023	4.375%
Loans Payable	May 31, 2023	5.750%

**floating rate*

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule G - Capital Stock
December 31, 2021

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Condition Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common Stock	2,530,785,238	1,219,362,818	5,000,000	772,903,912	28,447,372	418,011,534
Preferred Stock	100,000,000	-	-	-	-	-

Annex 68 -D

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2021
(Amounts in Thousands of Philippine Pesos)

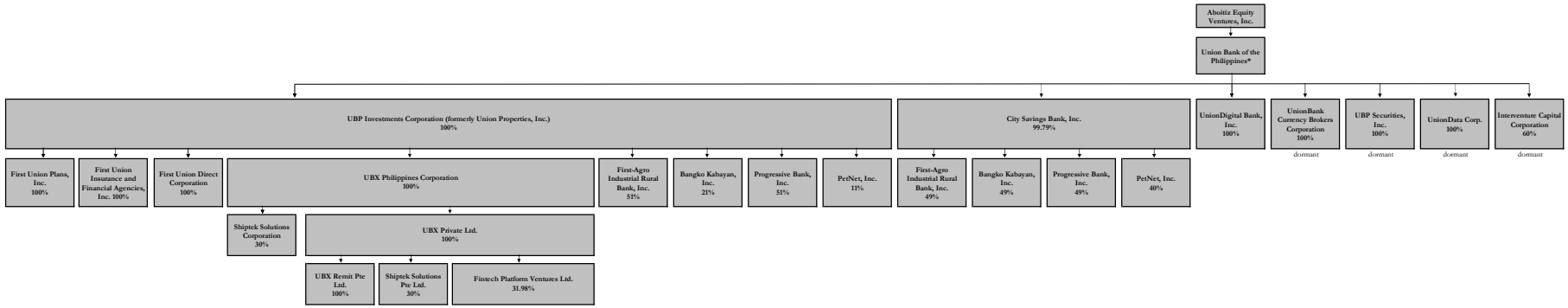
UNION BANK OF THE PHILIPPINES
UnionBank Plaza, Meralco Avenue corner Onyx Street and Sapphire Road
Ortigas Center, Pasig City

Unappropriated Retained Earnings at Beginning of Year, as Previously Reported			P 77,697,363
Prior Years' Outstanding Reconciling Items, net of tax			
Accumulated equity in net profit of subsidiaries			(14,515,305)
Deferred tax assets			(6,284,649)
Unappropriated Retained Earnings, as Adjusted to Available for Dividend Distribution, Beginning of Year			56,897,409
Add: **Net Profit Actually Earned/Realized during the Year**			
Net profit during the period closed to Retained Earnings	P 12,525,376		
Less: **Non-actual/unrealized income, net of tax**			
Benefit from deferred tax asset	129,329		
Share in net profit of subsidiaries, net of dividends received	1,173,016		
Unrealized fair value gains on foreign exchange revaluation	337,774		
Unrealized fair value gains on financial assets at fair value through profit or loss	11,151		
Unrealized gain on foreclosure of investment properties	101,482		
Subtotal	(1,752,752)		
Net Profit Actually Earned/Realized during the Year			10,772,624
Add (Less):			
Dividend declarations during the period	(7,316,158)		
Appropriation of Retained Earnings during the period	(152,092)	(	7,468,250)
Total Retained Earnings, End of the Year Available for Dividend Declaration		**P**	**60,201,783**

UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES
UnionBank Plaza, Meralco Avenue corner Onyx Street and Sapphire Road,
Ortigas Center, Pasig City

Map Showing the Relationship Between and Among the Bank and its Related Entities**
December 31, 2021

CONGLOMERATE MAPPING



* Union Bank of the Philippines (UBP) is effectively 49.66% owned by Aboitiz Equity Ventures, Inc. (AEVI); hence, UBP is an associate of AEVI in accordance with PAS 28, *Investments in Associates*.

** Required by Securities and Exchange Commission, Revised Securities Regulation Code Rule 68, as revised, dated January 6, 2022.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Union Bank of the Philippines
UnionBank Plaza
Meralco Avenue corner Onyx street and Sapphire Road,
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Union Bank of the Philippines (the Bank) and its Subsidiaries (together with the Bank, the Group) and the parent bank financial statements of Union Bank of the Philippines (the Parent Bank) as at December 31, 2021 and for each of the years in the period ended December 31, 2021 and have issued our report thereon dated February 24, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated and parent bank financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Bank's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated and parent bank financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Bank's consolidated and parent bank financial statements as at December 31, 2021 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

February 24, 2022

Annex 68 -E

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Union Bank of the Philippines and Subsidiaries

As of December 31, 2021

Ratio	Formula	Current Year	Prior Year
Current ratio	Current Assets/ Current Liabilities	**53.9%**	56.3%
Acid test ratio	Current Assets/ Current Liabilities	**53.9%**	56.3%
Solvency ratios	Net Profit After Tax, Before Non-cash Expenses/ Liabilities	**3.2%**	3.2%
Debt-to-equity ratio	Liabilities/ Equity	**6.4:1**	6.4:1
Asset-to-equity ratio	Asset/ Equity	**7.4:1**	7.4:1
Interest rate coverage ratio	Earnings before interests and taxes/ Interest expense	**3.3:1**	2.2:1
Return on equity	Net Profit/ Average Total Capital Funds*	**11.6%**	11.5%
Return on assets	Net Profit/ Average Total Resources*	**1.6%**	1.5%
Net interest margin	Net Interest Income/ Average Interest-earning Resources*	**4.6%**	4.5%

**Average amount is calculated based on current year-end and previous year-end balances.*

ANNEX 68-I

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC

Union Bank of the Philippines
For the Period Ended December 31, 2021

1. **Gross and net proceeds as disclosed in the final prospectus**

   Nil

2. **Actual gross and net proceeds**

   Nil

3. **Each expenditure item where the proceeds were used**

   Nil

4. **Balance of the proceeds as at end of reporting period**

   Nil

Note: No offering of securities to the public for the period ended December 31, 2021.

UnionBank

SUSTAINABILITY
REPORT 2021

The cover artwork portrays how sustainability in UnionBank is integrated with the digital transformation strategy. It shows how people, technology, and purpose all contribute to becoming future forward and leaping towards enduring greatness.

In its second year, 'Tech Up Pilipinas' encapsulates UnionBank's sustainability aspirations through innovations.

The financial technological breakthroughs and digital capability programs we have today prove that we can make co-creation of innovations happen, driven by our mission to "tech up" our customers, business partners, and other stakeholders.

UnionBank believes that by empowering and enabling its workforce and our fellow Filipinos with digital skills and capabilities, we can effectively design products, services, and programs that can help care for and sustain our planet.

By championing the kind of innovation that is within the reach of every Filipino, we create a groundswell of communities that will have the capability to hack solutions that can address the wicked challenges of our world today.

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Business Profile
Business Presence and Economic Contribution

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PURPOSE STATEMENT AND BANK DNA

VISION

To become one of the top three universal banks in the Philippines by building a bank of enduring greatness.

PURPOSE

To co-create innovations for a better world.

VALUES

As we co-create the future, we remain rooted to our three core values:

INTEGRITY
I do the right thing at all times. I am trustworthy, transparent, and authentic. I treat everyone with respect. I am fair, honest, and accountable for all my actions.

MAGIS
I am obsessed with the customer. I continuously innovate. I learn fast to build capabilities. I achieve great results with an agile mindset.

UBUNTU
I collaborate. I seek to understand through courageous conversations. I give feedback, real-time, and on-demand. I communicate clearly and openly.

CORPORATE BRAND IDEA

Powering the future of banking.

DISTINGUISHING BELIEFS

Forward thinking. Innovative. Open. Agile.

EMPLOYER BRAND

Own the future. Co-create innovations.

CREDO

We are a dynamic Bank committed to bringing the future of banking to the present by being forward thinking, innovative, open, and agile.

We seek to provide our customers with the best solutions and experiences. We are committed to driving our customers to success by powering our systems with advanced technology and platforms. We are accelerating their growth by connecting them to a whole new world of opportunities.

We are more than a bank. We seek to transform the lives of Filipinos and make their dreams a reality.

Our goal is to co-create innovations for a better world.

BUSINESS PROFILE

Union Bank of the Philippines (UnionBank) is a publicly listed universal bank and a pioneer of digital banking and financial technology in the Philippines. UnionBank's clientele encompasses retail, middle-market, and corporate customers, as well as major government institutions.

The bank, originally known as "Union Savings and Mortgage Bank", was incorporated on August 16, 1968. By 1982, it was given the license to operate as a commercial bank and a decade after, its common shares were listed in the Philippine Stock Exchange. On July 15, 1992 it was granted the license to operate as a universal bank.

For the past 39 years, innovation has been at the forefront of our thrust to continually elevate customer experience while committing to enabling and empowering the underbanked and unbanked segments of the country.

UnionBank's main operating businesses are organized and managed separately according to the nature of products and services provided and the different markets served, with each segment representing a strategic business unit. Our main business segments are as follows:

Consumer Banking
This segment principally handles individual customers' deposits and provides consumer type loans, such as automobiles and mortgage financing, credit card facilities and funds transfer facilities.

Corporate and Commercial Banking
This segment principally handles loans and other credit facilities and deposit and current accounts for corporate, institutional, small and medium enterprises, and middle market customers.

Treasury
This segment is principally responsible for managing the Bank's liquidity and funding requirements, and handling transactions in financial markets covering foreign exchange, fixed income trading and investments and derivatives.

Headquarters
This includes corporate management, support and administrative units not specifically identified with Consumer Banking, Corporate and Commercial Banking or Treasury.

Mass Market and Financial Inclusion

UnionBank leverages on its mass market reach and technology to promote financial inclusion. The bank has two major vehicles to achieve this.

CitySavings is our thrift bank subsidiary and the mass market arm of the banking group. With its basic philosophy of "Simple is Good", CitySavings offers its clients simple and straightforward banking, coupled with warm and helpful customer service reaching the underserved markets in the rural areas of the Philippines. We have retained this "small bank" personality while growing its network mainly through teachers, motorcycle, and microfinance loans. CitySavings is geared towards making the financing experience for its niche customers easy and convenient, ensuring high touch at any level of customer interaction.

With innovation and digital transformation in mind, we launched UBX, our technology arm that houses initiatives, platforms, and investments in fintech companies, with the aim to make banking natural, open, and accessible through embedded banking ecosystems. We want to positively impact financial inclusivity and business growth through technology. We will build platforms that bring businesses and people together, provide access to needed technology and services while creating marketplaces that aggregate supply and demand successfully.

Partnerships

We pursue strategic partnerships with organizations and institutions that align with our advocacy on innovation and digital transformation for social good, which is geared towards bringing to life the bank's Purpose of "co-creating innovations for a better world."

Lombard Odier partnership
In 2016, UnionBank entered into a cooperation agreement with Lombard Odier, a Swiss global wealth and asset manager, to expand its wealth and asset management businesses. UnionBank and Lombard Odier work to offer estate planning solutions, and a global and diversified multi-asset fund customized for high-net-worth and ultra-high-net- worth clients. Both of our organizations are collaborating on developing appropriate and timely sustainability metrics that will not only comply with the regulatory environment but also strengthen the role of sustainable finance in facilitating endeavors that create social good, preserve the environment, and make life better for many people.

Bancassurance partnership
In 2017, UnionBank and CitySavings entered into a bancassurance partnership with Insular Life Assurance Company, Ltd. (Insular Life) for the sale and distribution of Insular Life insurance products across the Bank's and City Savings' respective networks.

BUSINESS PRESENCE & ECONOMIC CONTRIBUTION

Php 831.1B
Total Assets

Php 146.39B
Market Capitalization
(as of March 8, 2022)

7,290
Workforce
(includes CitySavings
and other subsidiaries)

385
Branches nationwide

12.48M
New Customers served

Php 45.12B
Revenue

Php 3.50
Dividends per share

Php 6.81B
Government payment

Php 8.65B
Employees' salaries

Php 11.25B
Suppliers' payment

Php 2.56B
Innovation investment

Php 32.5M
CSR investment

ABOUT THIS REPORT

Reporting Framework:
GRI Standards 2016

Approach to GRI:
In accordance 'Core'

Reporting Scope:
Parent Bank
and subsidiary City Savings Bank

Reporting Period:
January to December 31, 2021

Reporting Cycle: Annual

Previous Report:
UnionBank's 2020 Sustainability Report, "Tech Up Pilipinas," published in April 2021.

Welcome to Union Bank of the Philippines 2021 Sustainability Report. This report covers our business, sustainability strategy, and performance. Its primary purpose is to explain how, over time, we create value for our stakeholders – not only as a provider of banking and other financial services, but also as a responsible employer and an active contributor to society as a whole. Further, we affirm that digital inclusion enables people to co-create innovations with us leading to better products, which ultimately lead to a better planet.

We present our fourth sustainability report that captures the latest development in UnionBank's sustainability journey.

This report provides updates on our progress in environmental, social, and governance performance following the Bank's sustainability policy, framework, and metrics. We work with an inter-departmental technical working group as part of our governance and data management process to meet regulatory and stakeholder reportorial requirements.

Lastly, this report has been prepared in accordance with the GRI Standards: Core option. Additionally, it follows the Sustainability Reporting Guidelines of the Securities and Exchange Commission (SEC) and refers to applicable guidance from the World Economic Forum's Integrated Reporting Document and the United Nations Sustainable Development Goals metrics. This report can also be downloaded at www.unionbankph.com/sustainability.

Scope and Materiality

The report is based on extensive internal reporting. To decide content, we apply a materiality test – i.e. only content that is material to the Bank's strategy, performance, reputation and value creation is included. All content is reviewed by UnionBank's Sustainability Technical Working Group and approved by the Bank's Sustainability Unit. Ultimately, the Management Committee and Board Corporate Governance Committee oversees reporting strategy.

This report presents data primarily on UnionBank's sustainability performance, with additional data on subsidiary, CitySavings. This report follows the GRI Reporting Principles of stakeholder inclusiveness, sustainability context, materiality, completeness, accuracy, balance, clarity, comparability, reliability, and timeliness.

The Board Corporate Governance Committee has the oversight on sustainability. The CSR and Sustainability Unit under the Human Resources Group is the steward of the report, tasked to lead the bank-wide technical working group composed of members coming from units in risk management, compliance and corporate governance, treasury, operations, private banking, information technology, facilities management, and business services.

Reporting Process	Prioritize	Validate and Review
How we applied the GRI process and principles	We engage and consult the key stakeholder groups for the materiality of topics to be disclosed, including the revision of the sustainability policy, framework, and metrics on environmental, social, and governance. We comply with the mandate of Bangko Sentral ng Pilipinas on the development of sustainable finance roadmap, while beefing up our reports and disclosures according to industry best practices and some of the applicable standards of global sustainability raters.	Ranked the importance of identified topics, as informed by the materiality process, based on perceived scale of impact with the reasonable interests of the Bank and our stakeholders. Reviewed the sustainability framework, material topics, and KPIs by the Sustainability Advisory Council and Senior Management in relation to the strategic interests of the Bank and its units. Gathered data and reported on topics considered of interest to stakeholders. Internal review and assessment.
Activities conducted by the Bank	Kick-off meeting, Sustainability learning and working sessions Stakeholder engagement exercise (primarily internal stakeholders) Stakeholder concerns review (utilizing external stakeholder engagement channels)	Consultations (Chairman & CEO, members of the Reputation Council, Unit Heads, and data owners) Story conference One-on-one interviews with business unit heads and subject matter experts

Stakeholder Consultation

Sustainability reporting is an immersive experience requiring a review of significant concerns from our stakeholders—those who are in a position of influence and those who are in a position of vulnerability. We take note of their feedback and determine how to address their concerns effectively.

Below is the summary of the universe of stakeholders that we consult with on a regular basis, as well the modes of engagement. In 2021, we mostly conducted virtual ways to connect with them that allowed the lines of communication to remain open despite the lockdowns.

Stakeholder Group	Top Concerns In 2019	Engagement Channels	Frequency of Engagement	UnionBank Response
Customers	Access to customer service, product-related inquiries	Online channels(Facebook, e-mail, Twitter, Instagram, LinkedIn, Glassdoor, corporate pages) Customer service hotline Consumer complaints are reported at the Board level	Daily	UnionBank operates a 24-hour ISO-certified call center that handles customer relationship and care, including product queries. The Bank also maintains a 24/7 customer service chatbot dubbed "*Rafa*," accessible through Facebook messenger. Branches under UnionBank and its subsidiary CitySavings are evaluated based on customer satisfaction. Scores in 2019 reached above 4, with 5 being the highest possible score.

Stakeholder Group	Top Concerns In 2019	Engagement Channels	Frequency of Engagement	UnionBank Response
Employees	Health and medical benefits; health & safety; loans and government-mandated benefits;inclusion (for example, health and safety includes workers in UnionBank-controlled workplaces)	HR Helpdesk	Daily (HR services), Bi-weekly (Employee Relations initiatives)	Health and medical assistance (outside of PhilHealth) are provided employees Safety audits, ERT training In-house clinics and accredited hospitals *Tutok Kalusugan*, health programs, Annual Physical Exams, Health management policies (including flu, tuberculosis, hepatitis A and B, etc.) Eight employees are members of the Health & Safety committee
Communities	Relevant and continuing community development projects	Assigned account managers per area Website	Immediate feedback (e.g., after a Go Beyond Communities activity is completed)	GBC, UB Xcellerator, UHack MS Ambassadors (Database for Crop Diseases),SSS UMID, Pag-Ibig, i2i rural bank, GlobalLinker
Regulators, LGUs, Government Agencies	Labor issues, occupational health and safety	Reportorial submissions	Annual, or as needed	Sustainability Report DOLE workplace inspections
Shareholders	Risk mitigation and effectiveness of approach	Board and Committee Meetings Financial results briefings	Annual (stockholders' meeting) Quarterly (financial results briefings)	Investor Relations briefs Sustainability Report

Materiality Assessment

For this 2021 Sustainability Report, we revisited our topics and conducted a new materiality exercise facilitated by the Business for Sustainable Development (BSD). From a list of sustainability issues based on multiple frameworks, issues that are material to the company were identified based on impacts, risks, and opportunities. The process also defined a long list of sustainability topics from the Sustainability Reporting Guidelines for Publicly Listed Companies from the Security and Exchange Commission (SEC).

Issues identified in the previous steps were further assessed based on criteria that consider the extent of negative impact of the company to the societal challenge and its capability to effect change, and impact to the Company's value creation.

Previously identified sustainability issues are then grouped into similar themes to identify the Company's strategic areas of action. Societal issues may also be grouped according to its rating on the matrix in the earlier activity. Current sustainability initiatives are matched with corresponding issues—consequently, mapped under a strategic area of action—that it can address.

Finally, the material topics were defined and prioritized based on their impact to UnionBank and their importance to stakeholders. The final list of topics includes those that have significant impact to UnionBank and are of the highest importance to our stakeholders. Employee and customer feedback from 2021 were used to update and prioritize the sustainability topics.

Material Topics

People and Digital Transformation

- Usability and Accessibility
- Customer Experience
- Digital Inclusion
- Digital Capability
- Data Privacy and Integrity
- Cybersecurity and Resilience
- Information Security
- Innovation

Planet and Sustainable Finance

- Climate Change Issues
- Sustainable Finance
- Risk Management
- Risk Management for Sustainability Management

Purpose and Inclusive Prosperity

- Environmental Compliance
- Socioeconomic Compliance
- Employee Experience
- Employment
- Total Wellbeing (Compensation and Benefits)
- Employee Volunteerism
- Community Engagement
- Indirect Economic Performance
- Local enterprise and workforce development
- Diversity and Inclusion
- Labor Standards and Human Rights
- Anti-Corruption Practices
- Business Ethics
- Procurement Practices
- Financial Performance

UN SDGs Contribution

UnionBank supports the United Nations Sustainable Development Goals (UN SDGs) through existing initiatives of the Bank, many of which are tied to broader programs in the Aboitiz Group and in support of the national agenda of the government.

Ultimately, the Bank promotes long-term economic growth by increasing the capacity of individuals and organizations in wealth management, as well as by empowering small-scale businesses and entrepreneurs.

As a responsible company, UnionBank strives to minimize its environmental footprint by adopting the principles of Leadership in Energy and Environmental Design (LEED) design, among other environmental initiatives, to effectively manage the Bank's facilities and resources.

TECH UP PILIPINAS: IGNITING INNOVATIONS TO ELEVATE LIVES

Dear Stakeholders,

The COVID-19 pandemic tested the resiliency and grit of organizations around the world. Despite the risks and uncertainties, one good thing that came of the situation was the opportunity to rethink the way we used to do things. Against this backdrop, the banking industry, much like any other, is experiencing a period of unprecedented change driven by the radical shift in the way we now live and work, which has accelerated the digital tipping point.

For your Bank, that radical shift started many years back with our decision to undergo massive digital transformation to be better equipped to capture opportunities and mitigate headwinds in an uncertain business environment. We are at the forefront of digital banking in the Philippines but, more than ever, the scale of our ambitions requires support from and inclusion of all members of our community. This is the main concept and spirit behind Tech Up Pilipinas, our sustainability mission anchored on our purpose to co-create innovations for a better world.

Fundamentally, any level of advancement must generate meaningful impact on society and Tech Up Pilipinas fills that role through its three focus areas: digital transformation, sustainable finance, and inclusive prosperity.

By equipping Filipinos with digital skills and capabilities, we can effectively design products, services, and programs that promote a sustainable future for our planet and, in the same way, serve as an enabler in the Philippines' push to be a G20 country by 2050. Our Sustainable Finance Framework, meanwhile, provides structure for financing specific initiatives that promote environmental and social benefits. Ultimately, UnionBank's use of technology for social good is demonstrated through education and collaboration under Tech Up Pilipinas and in combination with providing access to globally competitive bank products that promote inclusive prosperity.

Tech Up Pilipinas in the time of pandemic

Gaining advantage from the early rollout of digital initiatives has enabled us to bring others with us in our success. We heeded our higher calling to Tech Up Pilipinas. From enabling local government units (LGUs) with their digital collection and disbursement solutions to offering card solutions and facilitation the distribution of cash assistance to various communities, we ensured that our constituents would be able to use our services despite the lockdowns. We partnered with several institutions, built digital solutions with them, or guided them through their own digital transformation journeys.

Through UBX' platforms, we also enabled MSMEs with the essential solutions—online shop builder, payment gateways, lending facilities, etc.—to more than survive, help them thrive in the new normal world of E-Commerce.

Through sound foresight, execution, and sustainable business strategies, your Bank achieved key strategic milestones and performed beyond expectations. Our acquisition of Citigroup's consumer banking business puts us in prime position to ramp up our growth aspirations—allowing us to increase our credit card business and expand our banking business in the higher end segment of the consumer market.

Likewise, the formation of UnionDigital is a culmination of years of industry leadership in banking innovation, collaboration, and best-in-class digital capabilities. We will leverage on both existing and emerging technologies to support the digital economy and create products and services to ensure ease of use of financial services like payments for the benefit of the unbanked and underserved segments.

We achieved strong financial results and hit key strategic milestones in our digital transformation strategy. Apart from exceeding target earnings, it is our continued resilience and growth amid the pandemic which proves that our digital initiatives are crucial and meaningful. While we were fortunate that the pandemic accelerated the digital behavior, our successes would not have been possible if we did not have the right infrastructure, culture, and people to deliver excellence in the kind of banking experiences that customers expect of us.

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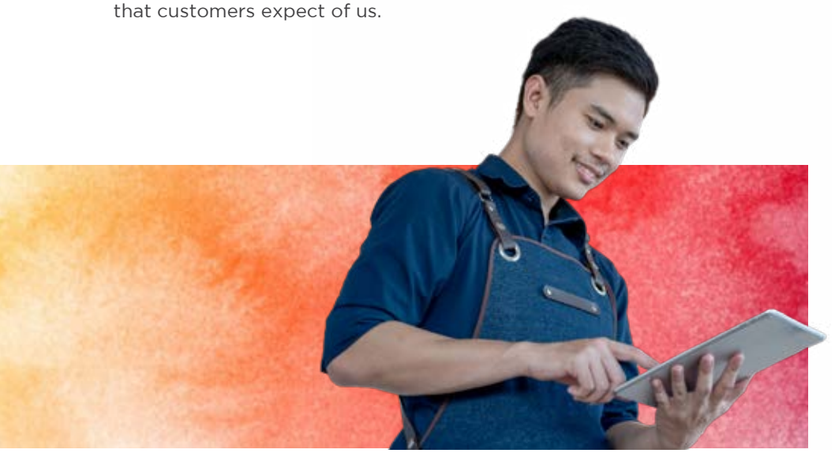


Multi-faceted Tech Up Pilipinas Mission

As we have always maintained, sustainability is more than just compliance with standards—it extends to our culture and operations. We have made great strides over the past year in turning our Tech Up Pilipinas vision into a reality using the power of technology.

We leverage on our digital expertise to promote sustainable finance and extend more financial services to all Filipinos, including MSMEs who comprise about 99% of the country's registered businesses. We promote financial literacy and inclusion while bringing accessibility and banking convenience to the underserved and unbanked. Through the issuance of International Finance Corporation's (IFC) social bonds, UnionBank is further empowered to create positive social outcomes that uplift the Filipino and support the recovery of pandemic-hit sectors.

S&P Corporate Sustainability Performance

Throughout 2020, we spent a significant amount of time and energy on baselining our Sustainability performance. In 2021, we saw the results of what better communication, reporting, and adoption of corporate sustainability practices can do to our overall performance.

We participated for the second time in S&P's ESG Rating Assessment—or global corporate sustainability assessment—and received higher scores on both overall and the dimension-specific areas. These results inspire us as we continue to pursue our sustainability mission of Teching Up Pilipinas through digital transformation, sustainable finance, and inclusive prosperity.

Beyond our successes, we are fortunate to be in a position that allows us to continuously support the communities we serve during disruptive situations. This is all because we had a culture that constantly challenges conventions for the benefit of our stakeholders today and in the future.

This is a tangible proof that the resiliency and sustainability of the organization greatly relies on its people. As we aspire to be an organization that stands the test of time, we also had to make sure that our people are well-equipped to handle challenges and disruptions.

We now enter our fourth decade as trailblazers in the digital space, with our success today a direct result of having the foresight to prepare for the evolution of banking. We recognized early on that we would not compete head-to-head against larger commercial banks in the traditional brick-and-mortar space. Instead, we decided to embark on a blue ocean strategy and focused on becoming one of the best retail banks in the Philippines.

We did not spend on opening new branches; instead, we invested heavily in innovative, digital technology-driven services. This allowed your Bank to continue delivering superior experiences to its customers and, at the same time, fortify its competitive advantage. Doing this was crucial at a time when customers were increasingly making the shift to digital channels, and technological advancements were largely improving financial processes.

We would like to thank you, our stakeholders, for your trust and support of the company's operations at all times. To our Board of Directors, your guidance and direction have been invaluable especially amidst this tumultuous period. Finally, thank you to our customers, partners, and shareholders for your continued loyalty to the Bank.

We will continue to help 'tech up' customers, partners, institutions in line with our Tech Up, Pilipinas aspiration, empowering all of us to weather this pandemic and emerge more resilient than ever. Together, we can be future forward and leap to being a bank of enduring greatness.

ERRAMON I. ABOITIZ
Chairman

EDWIN R. BAUTISTA
President & CEO

SUSTAIN ABILITY
AT A GLANCE

The UnionBank Sustainability Policy outlines our commitment to the collective effort towards sustainable development. This policy is aligned with the Bank's Purpose to co-create innovations for a better world and our sustainability mission is to tech up Filipinos by focusing on digital transformation, sustainable finance, and inclusive prosperity.

Sustainability Policy

UnionBankers contribute to sustainability by pursuing digital transformation and investing in relevant social and environmental programs, which benefit our stakeholders. We power the future of banking by co-creating innovations for a better world. In our day-to-day activities and throughout the banking group, we commit to:

Implement inclusive business programs and initiatives.

Engage internal and external stakeholders for continuous improvement and to promote cooperation.

Uphold, protect, and respect the environment, human rights, and labor standards.

Foster the development of in-house learning, management capacity, and leadership on sustainability issues.

Contribute to enhancing positive social and environmental impacts

Comply with all national laws and regulations.

Provide products and services that contribute to the wellbeing of people, the environment, and the economy; reduce or avoid unsustainable practices; and demonstrate positive impacts to the most important issues of the business.

Communicate transparently about our sustainability performance.

Sustainability Governance

The responsibility for the delivery of our Sustainability Policy is that of all UnionBank employees, with the ultimate responsibility resting with the Chairman and CEO. Furthermore, all sustainability programs will be monitored by the Sustainability Unit and will report to the Environmental, Social, and Governance (ESG) Technical Working Group and Management Committee for support and guidance. Ultimately, the ESG oversight is provided by the Board Committee on Corporate Governance.

Purpose: Co-create innovative solutions for a better world
ESG Mission: Tech Up Pilipinas (People - and innovation driven ESG agenda)

OUR FOCUS AREA

DIGITAL TRANSFORMATION

SUSTAINABLE FINANCE

INCLUSIVE PROSPERITY

CORE VALUES: INTEGRITY, MAGIS, UBUNTU

PEOPLE

PLANET

PURPOSE

OUR THREE PILLARS OF SUSTAINABILITY

UnionBank Sustainability Framework

Our Sustainability Framework complements our Sustainability Policy. It serves to guide us in how we identify, develop, implement, and pursue programs and initiatives that are geared towards promoting the Bank's sustainability performance.

Our framework focuses on three pillars:

Pillar	Our Commitments
PEOPLE	We ensure that our stakeholders are empowered to #OwnTheFuture, fueled by our culture to collaborate with like-minded partners to support sustainable communities. We believe that UnionBank's employees form the lifeblood of the company. We invest in their personal and professional growth by ensuring the highest standards in talent attraction and retention, career development, health and wellness, providing meaningful volunteering opportunities, and building a culture of sustainability so that they become the Bank's ambassadors in the communities we serve.
PLANET	We will push for innovative thinking in designing products and modeling programs that result to a sustainable way of life. We are committed to managing our environmental impact responsibly and delivering meaningful products and services. We recognize the need to operate differently to address the threats of climate change and enable our stakeholders to pursue a sustainable lifestyle.
PURPOSE	We are industry disruptors seeking to transform banking and financial services. Most importantly, we ensure that no one gets left behind in our sustainability and digital transformation journey. We act according to our core values to cultivate long-term relationships with the people that we serve. We believe that we can only aim for enduring greatness if we can engage our customers and business partners with genuine empathy.

UnionBank Sustainability Scorecard 2021 – People, Planet and Purpose metrics

		2019	2020	2021
People	Employee Count (includes CSB)	5,174	5,177	7,290*
	Average Training (in hours)	16.21 (UBP) 25.47 (CSB)	22.79 (UBP) 25.38 (CSB)	27.57 (UBP) 61.64 (CSB)
	Employee Volunteerism (in Hours)	44,386	5,418 The pandemic reduced community visits but sustained reach via digital CSR.	5,800
	Employee Engagement Score	4.24	4.39 for UBP 4.49 for CSB	4.41 for UBP 4.45 for CSB
Planet	Energy (in GJ)	68,825	39,978	47,629**
	GHG (in TCOe)	25,503	466.77	1,384.99**
	Water (in m3)	120,787	68,546	130,321.27
	LEED-Certified Branches	20	22	25
	Paper (in reams)	74,861	44,185	17,800
	Ink Toners (in cartridges) Note: to be retired and replaced with e-waste metric in 2022	11,103	5,131	2,896
Purpose	Customer Service Satisfaction Rating (scale of 5 as the highest)	4.61	UB: 4.904 out of 5 New: CSB 90.80% using a 100 scale as the highest)	UB: 4.91 out of 5 CSB: 91%
	Number of customers served (cumulative recorded deposits and loan accounts)	8.50 million	UBP: 10.44 million New: CSB 9,637 customers	UB: 11.61 million CSB: 871,680 (in loans and deposits)
	CSR Beneficiaries (cumulative)	2,050,373	2,330,703	2,395,107
	GlobalLinker MSME sign ups	40,000	54,035	63,653

**- Included all subsidiaries for 2021; meanwhile, 2019 and 2020 only included CitySavings.*

***-Increase in electricity consumption was due to branches going back to normal operations for most of 2021.*

We also improved our data collection for these metrics this year, covering more branches nationwide. Meanwhile, the increase in diesel oil consumption was due to increased usage by the motorcycle and other sales teams of CitySavings who had to go to clients during the pandemic to process the loans.

UnionBank Sustainability Scorecard 2021 – Tech Up Pilipinas metrics

We built on the three pillars to align our sustainability agenda with the Bank's strategy. The ESG mission of 'Teching Up' the country is expressed through these focus areas:

- **Digital Transformation** – By developing innovative platforms, the Bank is able to contribute through investing in the future of the nation. This is fueled by initiatives in digital capability building through internal and external training as well as through innovation-driven for the communities we serve.
- **Sustainable Finance** – The Bank understands its inherent responsibility of moving capital and taking an active role in mitigating environmental and social risks in all of its financing activities. By lending to an ecosystem engaged in commerce and local economies such as MSMEs and by investing in technologies that enable financial inclusion, it contributes to a higher purpose of co-creating innovations for a better world.
- **Inclusive Prosperity** – This focus area translates to the overall impact of the Bank in terms of Sustainability. From employment generation to digitally enabled Filipinos and a number of communities empowered, this focus area monitors how effective the measures in place are in aligning the Bank's ESG agenda with its business strategy.

All these will differentiate UnionBank from other banks and enable us to truly innovate and improve lives.

TECH UP PILIPINAS METRICS

DIGITAL TRANSFORMATION

Php 2.56 Billion
investment on innovation

- **100 products and platforms** offered to customers

69.96 million transactions
- **65.4 million** UB Online
- **4.56 million** SME App

8.17 million paperless transactions 74.8% of branch transactions

4.1 million (UB Online)
digital platform users
- **873,641** new digital accounts opened

9 partners on digital corporate citizenship
- 427 communities served
- 6,404 beneficiaries
- 2,507 volunteer hours
- (virtual sweat equity)

Php 20.66 Million
Investment on employee development and training

177 programs
on digital learning

27 squads
- 7 in gestation
- 5 launched products
- 15 generating revenues

123 UBPXCELLERATOR PROGRAM
modules offered to the public

SUSTAINABLE FINANCE

SeekCap
Php 499 Million
loans disbursed through online lending platform

CitySavings
Php 50.3 Billion
loans disbursed
- **Php 43.5 Billion** teachers' loans disbursed
- **Php 5.3 Billion** motorcycle loans disbursed
- **Php 1.5 Billion** SME loans disbursed

Php 25.64 Million
investment on LEED-certified branches and buildings

25 LEED-certified
branches and buildings

INCLUSIVE PROSPERITY

Php 33.24 Billion
economic value plowed back to society

61,561 business owners
who are active users of GlobalLinker business management tool

UB | GLOBALLINKER
Php 809 Million in deposits
Php 237.4 Million in loans
via GlobalLinker

bux
105,262 signups on BUX
payment gateway for e-sellers

Sentro
35,408 signups for Sentro
online shop builder

SME
60,593 MSMEs
registered on SME Business Banking Platform (total number of micro and SME customers)

7,290 employees

1,577 outsourced personnel and contractor
employed by the bank

Php 32.5 Million
investment on corporate social responsibility program

9,558 Filipinos
educated by Xcellerator program

PEOPLE AND DIGITAL TRANSFORMATION

> While we learn more about building a virtual-first organization, UnionBankers are prepared for a future that constantly and rapidly evolves. The future of banking will be driven by digital technologies and influenced by unprecedented shifts; but for the Bank, it will continue to be powered by a strong, technologically enabled workforce."
>
> - Michaela Sophia E. Rubio
> Chief Human Resource Officer

Our human capital development strategy focuses on nurturing the social capital that we have built over the years and using this to pivot our people's skills, behavior, and mindset to achieve our digital transformation goal. In these pages, we report on our performance in building the skills of the future, which summarizes our overall approach to human capital development.

Our human capital development program follows a comprehensive approach to identifying skill gaps, measuring human capital management, and developing systems to share knowledge across the company, in a manner that is timely to keep up with the fast changes in the industry. This approach keeps us within our promise not to leave any one behind. We aim to bring everyone to the same level of productivity, performance, and competitiveness.

2021 YEAR-END ENGAGEMENT GRAND MEAN SCORE

4.42

In the 2021 Year End employee engagement survey, the Bank has garnered a score of 4.42, showing a growth of 0.03 from last year's mean score.

The Bank has surpassed global best practice* and its 2021 bankwide target of 4.41, recording an all-time high score.

**based on Gallup's Workgroup Database*

SURVEY PARTICIPATION

3,175 regular and probationary employees hired on or before September 6, 2021 responded to the survey.

OVERALL SATISFACTION

4.51

"How satisfied are you with UnionBank as a place to work?"

PROUD UNIONBANKER

4.68

"I am proud to be a UnionBanker."

Enablers of PeopleTech

To future-proof the Bank, and provide opportunities for UnionBankers to innovate together, UnionBank also created a supportive infrastructure, alongside processes and resources, that serve as organizational enablers.

This is why the Bank began inspiring employees to grow beyond their respective departments by adopting a holistic set of skills, so they can work competently and confidently regardless of the situation. UnionBank does not only look at the demands now, but also prepares its employees for the many "futures of work."

The following are proof points of how UnionBank operationalizes its PeopleTech mission:

Learning Pathways. Supporting the Bank's shift from a competency-based to a capability-based learning philosophy, its internal Human Resources Services platform called 1UHub augmented learning modules to include learning pathways. Through this, UnionBankers are able to avail a curated set of learning tasks that includes articles, books, e-learning videos, in order to build their digital capabilities, among the other channels used by UnionBank University to push learning across the organization including Microsoft Sway and Sharepoint.

Student Mentoring Program. It starts with UnionBank's pre-hire program called Student Mentoring Program, where top-notch students from various universities and institutions are enculturated, trained, and mentored by the Bank's leaders. The Student Mentoring Program (SMP) is a virtual internship experience that provide opportunities for interns to work on specific projects and experience UnionBank's agile and collaborative culture.

Leadership Accelerated Development (LEAD) Management Trainee Program. The Bank also continues its LEAD Management Trainee Program, an accelerated program from future leaders who belong to the top 5% of each graduating class. LEAD Management Trainees are assigned to different units in the Bank where they work on creating solutions, building new products, or improving current organizational processes. Lead management trainees undergo the following: onboarding, residency, and formal training.

UnionBank University. Current employees are also able to benefit from the Bank's capability building programs. Employees are provided the right tools, equipment and training to excel and grow in their respective roles and prepare them for future roles. Learning is democratized, and each employee is not confined within their area of interest or specialization—allowing multi-specialization and talent mobility within the organization.

PeopleTech programs such Data Science and Aritificial Intelligence (DSAI) and Xcellerator have been shaping the capability building initiatives of the Bank by upskilling, retooling, and empowering Filipinos through digital and emerging technology courses.

Through UnionBank University, information on different disciplines, centers of excellence and capabilities may be obtained through self-paced or instructor-led courses. The Bank also evangelizes agile and works with squads and teams. This allows for the creation of cross-functional teams who take on missions to create products, services, and solutions which are commercialized or institutionalized. Leaders are equipped through traditional training programs and immersion labs where they have firsthand experience in running and growing startups. These leaders also become members or leaders of squads and teams creating human-centric solutions for complex and chaotic problems using the design thinking tools and business model canvas.

As a result of UnionBank's digital transformation employees are retooled and upskilled, and new tech and digital related jobs/roles were created. In 2020, around 80% of these roles were filled internally as employees have taken a bold step in transforming their careers from traditional banking into tech, product management and business development.

UnionBank Xcellerator Program. UnionBank embarked on its Agile transformation journey in 2016 with the purpose of going Agile in every aspect of the business. In order to thrive in a flexible, fast changing, and collaborative environment, there was a need to create a program that would help future proof UnionBank talent and create a talent pool of experts on emerging technologies. This was when the UnionBank Xcellerator Program or UBPXCELLERATOR was born – a program that advocates digital for capability building to make innovations happen everywhere. Its purpose – to Tech Up People that will power the future of the country.

The program offers a variety of on-demand learning content and pathways to allow learners, educators, and career-shifters gain Basic, Intermediate, and Advanced knowledge in Blockchain, Data Science, Artificial Intelligences, Robotics and other emerging technologies. Through this, the UBPXcellerator Program created a community of well-versed Blockchain and emerging tech Filipinos building on the capabilities of our fellowmen. With more businesses shifting to digital and contactless business models, the need for talents with capabilities classified as hard skills of the future – Data Science, Artificial Intelligence, Cloud Computing, API Technology, Coding, UI/UX Design, and Blockchain will be in demand.

PeopleTech through the UB Xcellerator Program helps UnionBankers and other interested learners to grow beyond their current capabilities. It allows participants to learn emerging tech and work on innovative projects in an agile environment. Participants receive firsthand coaching and mentoring from experts and the opportunity to work on use cases related to the field that they intend to learn. Based on the experience from the Blockchain Institute and the Data Science and AI Institute, around 30% of the best performers in the group are hired by the Bank while the rest are deployed to partners and subsidiaries.

To date, the program offers free learning courses, and has partnered with schools and organizations in the Philippines and in the Asia Pacific region. UB Xcellerator also provides solutions ranging from program and learning design to creating digital innovations together with its partners.

Graduates from UnionBank's Xcellerator program in a virtual ceremony attended by leaders, menotrs, and participants.

Our workforce at-a-glance

UnionBankers from across the group are the building blocks of our digital transformation strategy, harnessing their talent to power the machinery of our growth. Our setup is a workplace that is agile, collaborative, empowering, and inclusive in nature. We have policies and programs in place for talent attraction and retention, total wellbeing, productivity, recognition, and the potential for innovation.

Demographic Profile

7,290

Workforce total
(bank-wide)

UnionBank : **3,676**
UnionBank subsidiaries (UBX, FUFAI, FUP, UPI): **203**

CitySavings: **1,874**
CitySavings subsidiaries (Petnet, Bangko Kabayan, Fairbank, Progressive Bank): **1,537**

	2019	2020	2021
UnionBank	**3,525**	**3,506**	**3,879**
Head Office	1,740	1795	2,261
Branch Network	1,785	1711	1,618
CitySavings	**3,600**	**3,284**	**3,411**
Head Office	875	958	965
Branch Network	2,725	2,326	2,446
TOTAL	**5,174**	**6,790**	**7,290**

Attrition Rate

Metric	Voluntary Attrition		Involuntary Attrition	
	No. of Separated TMs	Attrition Rate	No. of Separated TMs	Attrition Rate
UnionBank	317	9%	13	0%
UBX, FUFAI, FUP, UPI	34	17%	0	0%
UnionBank and Subsidiaries	**351**		**13**	
CitySavings	184	10.44%	7	0.39%
PETNET	167	22.00%	64	8.43%
Bangko Kabayan	23	6.22%	7	1.89%
Fairbank	38	18.75%	16	8.19%
Progressive Bank	45	22.20%	113	55.80%
CiitySavings and Subsidiaries	**457**		**207**	

Workforce breakdown by Gender, Rank, and Age

Metric	<30		30–50		>50	
	Female	Male	Female	Male	Female	Male
Staff	920	581	484	689	28	43
Supervisors	590	382	1033	707	36	55
Managers	92	94	534	464	114	80
AVP and Up	3	2	116	122	55	66
Total	**1,605**	**1,059**	**2,167**	**1,982**	**233**	**244**

**Includes UnionBank, CitySavings, and its subsidiaries*

Workforce breakdown by Gender, Location and Rank

Metric	Luzon		Visayas		Mindanao		Singapore	
	Female	Male	Female	Male	Female	Male	Female	Male
Staff	1,004	826	268	309	160	178		
Supervisors	1391	948	206	137	75	52		
Managers	631	519	90	76	25	31		
AVP and Up	167	178	8	9	1	1		
Total	**3,193**	**2,471**	**572**	**531**	**261**	**262**	**0**	**0**

**Includes UnionBank, CitySavings, and its subsidiaries*

Workforce breakdown by Tenure and Rank

Metric	<1		1-5		6-10		11-15		16-20		21-25		>25	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Staff	242	319	742	585	305	221	92	110	15	23	13	24	23	31
Supervisors	194	179	569	391	334	246	390	209	92	60	51	26	28	28
Managers	113	106	177	194	110	131	104	77	96	67	68	38	75	26
AVP and Up	19	35	70	63	23	27	15	28	13	18	10	16	21	8
Total	**568**	**639**	**1,558**	**1,233**	**772**	**625**	**601**	**424**	**216**	**168**	**142**	**104**	**147**	**93**

Workforce breakdown by Employment Type

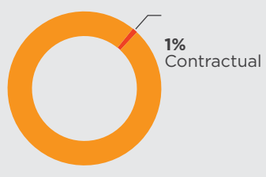
Metric	New Hires		Turnover		Regular / Probationary		Fixed-Term / Project-based	
	Female	Male	Female	Male	Female	Male	Female	Male
UnionBank	280	212	189	154	2,268	1,408	25	14
UBX, FUFAI, FUP, UPI	52	68	11	23	75	128	0	9
UnionBank and Subsidiaries	**332**	**280**	**200**	**177**	**2,343**	**1,536**	**25**	**23**
CitySavings	120	259	69	122	730	1135	26	5
PETNET	139	148	0	0	550	289	3	3
Bangko Kabayan	17	25	14	16	230	143	0	0
Fairbank	6	8	19	35	69	112	0	0
Progressive Bank	15	10	87	71	83	55	0	0
CitySavings and Subsidiaries	**297**	**450**	**189**	**244**	**1,662**	**1,734**	**29**	**8**
TOTAL BANKING GROUP	**629**	**730**	**389**	**421**	**4,005**	**3,270**	**54**	**31**

New HIre Profile

	2021 (Count)	2021 (%)
UnionBank and subsidiaries		
Male	272	46%
Female	320	54%
Below 30	335	57%
30 to 50	242	41%
Above 50	15	3%
Luzon	567	96%
Visayas	14	2%
Mindanao	11	2%
Staff	65	11%
Supervisor	281	47%
Manager	201	34%
AVP and Up	45	8%

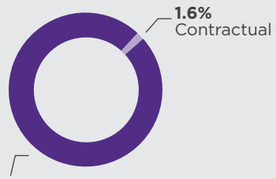
	2021 (Count)	2021 (%)
CitySavings and Subsidiaries		
Male	497	15%
Female	295	9%
Below 30	539	16%
30 to 50	249	7%
Above 50	4	0%
Luzon	528	15%
Visayas	150	4%
Mindanao	114	3%
Staff	662	19%
Supervisor	83	2%
Manager	39	1%
AVP and Up	8	0%

UnionBank



99 %
Regular/Probationary

CitySavings Bank



98.4 %
Regular/Probationary

Workforce covered by Collective Bargaining Agreement

	UBP	CSB
2021	17%	49%
2020	20%	10%

Note: All rank-and-file employees are automatically covered by a CBA as part of their employee union membership

Achieving digital to the core

Internally, we are seeing the same emphasis on digital technology. The need for digital skills within the Bank—in data analytics or digital marketing, for example—is higher than ever. Access to technology has also increased potential competition, particularly from big tech companies that may see opportunities in financial services. For some employees, working from home has been a positive experience; however, we are conscious that, for others, it can be hard, particularly those looking after children or elderly relatives.

Despite this challenge, we carry on guided by the path we laid out in our digital transformation journey, we have been bringing our employees, customers, and other stakeholders to the same level of mindset, attitude, and capability, so that all of us move with the same speed towards building a bank of enduring greatness.

We do this by facilitating super learning in a virtual first workplace. UnionBank's capability framework is instrumental in making this happen, starting with embedding the digital DNA traits in everything that we do. These digital DNA traits enable every employee—not just the IT group, fintech, or product developers—to be truly digital.

The 23 Digital DNA Traits

All UnionBankers, including those not directly working on digital products, are expected to be at least at the effective level where each one is a skilled practitioner who can apply skills to complete problems that may require a new process or approach. After all, digital transformation is not just about developing apps and platforms, it is also using digital technology to make backend operations and customer service more efficient and automated.

From Agile to 'DevSecOps'

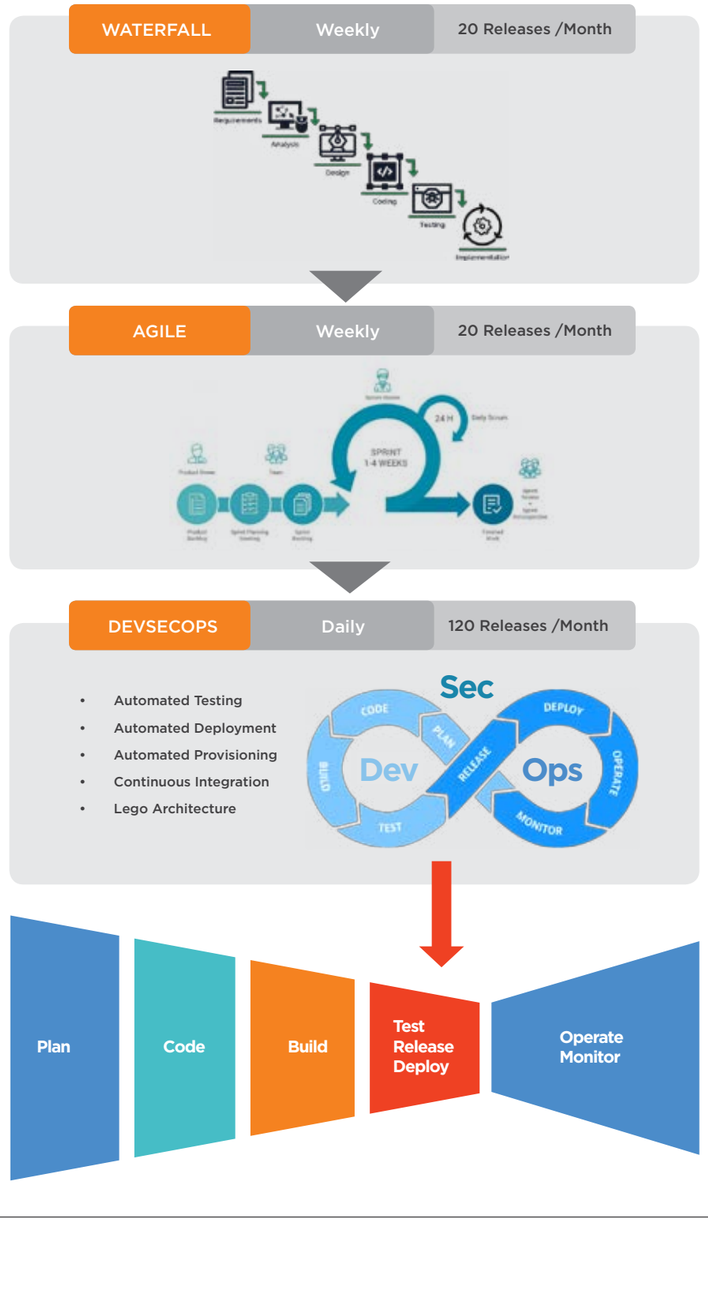
Our rich experience in digital transformation now allows us to embark onto the next phase of our journey. We are evolving the agile way of working to a more seamless interplay of design, operations, and risk management through the 'DevSecOps' way of working.

DevSecOps will enable us to create new solutions for complex product development processes within an agile framework. By embedding IT security early in the process, we will increase shared responsibility in the entirety of the project cycle.

In other words, technology security protocols that are baked into the development process rather than added as a "layer on top" allows our squads to harness the power of agile methodologies—together as a team—without short circuiting the goal of creating secure code.

The benefits of moving into DevSecOps primarily include the ability to respond to change and needs rapidly, better collaboration and communication among teams, more opportunities to unlock automated builds, and our people assets are freed to perform more high-value work.

UnionBank's "Better Normal"
We will progress to DevSecOps to fast track development and testing



Diversity, Equal Opportunities, and Inclusion

With prime focus given to skill sets, UnionBank ensures equal opportunities for all.

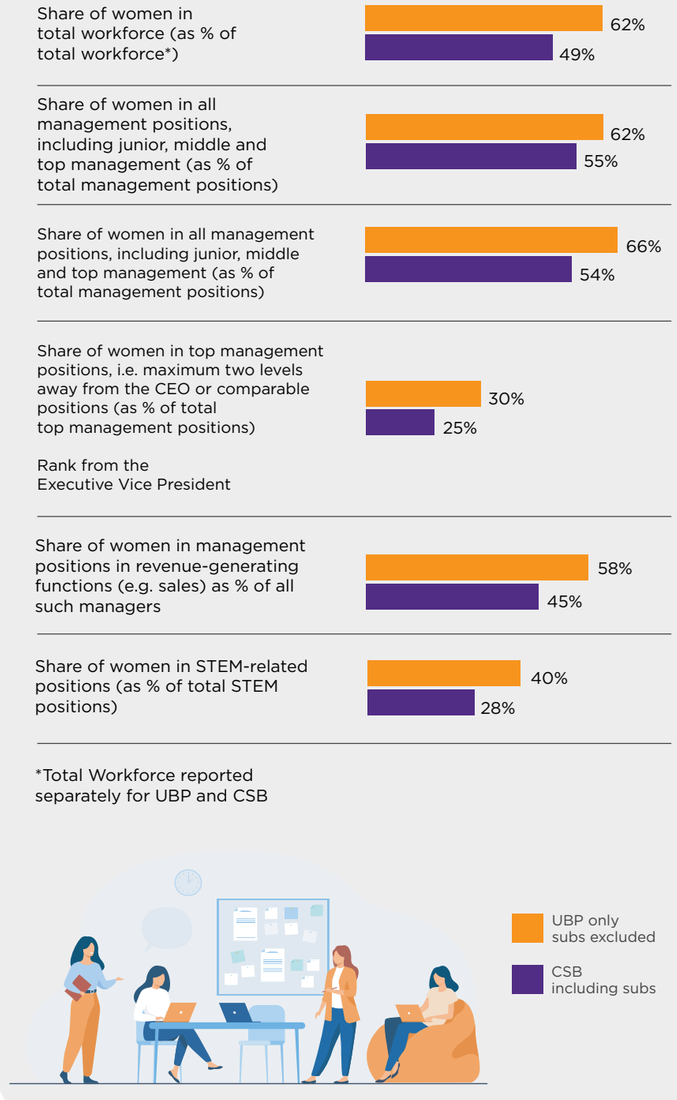
Throughout this natural progression, we continue to provide a fair and non-discriminatory workspace for a future-ready, interdisciplinary workforce. We are committed to enhancing diversity in our workforce as these values are embedded in the Bank's DNA, and thus has zero tolerance to discrimination of any kind.

Inclusion of LGBTQ+ and Common-law Partners as Healthcare Dependents

UnionBank, as part of its commitment to support diversity, equity, and inclusion, includes LGBTQ+ and common-law partners as medical dependents of its team members. This policy also supports the UN Sustainable Development Goals, specifically SDG 5: Reducing Inequalities.

Beginning October 1, 2021, all employees with a legal civil status of "single" have the option of listing their LGBTQ+ or common-law partners as one of their dependents under the health insurance policy of the company. As a listed dependent, these partners are entitled to the same medical coverage as the spouse of a legally married employee.

Women in Workforce



*Total Workforce reported separately for UBP and CSB

Employee Development Programs

Key indicator: Average training hours per employee

Part of our learning delivery approach is the shift to a more prevalent use of digital platforms to train our employees. What used to take around 8 hours of training can now be done efficiently to 2 to 4 hours. When the pandemic resulted to lockdowns, we relied heavily on our virtual trainings through our UnionBank University portal, eliminating the use of physical classrooms and allowing for an on-demand, paced learning approach.

UnionBank

	Restated 2019	2020	2021
Overall - UnionBank Average	16.21	22.79	27.57
Male	14.25	17.17	24.18
Female	17.40	26.28	20.61
Senior Management	13.34	10.79	24.85
Middle Management	16.48	16.95	26.34
Supervisor	19.09	28.16	29.57
Rank-and-File	11.90	30.55	24.38

**Restated 2019 data to standardize formula for all indicated years: Ave. Training Hours = Total training hours / No. of distinct trained employees*

	2020	2021
Total training hours provided to employees, by gender	82,559.10	105,253.50
Female employees	58,730.60	66,379.50
Male employees	23,828.50	37,038.00

As part of UnionBank's drive to promote a culture of security and privacy consciousness, the Information Security Office and Data Protection Office developed 'Selyado' ('sealed' or 'secured'), which connotes the safeguarding of confidentiality and privacy of information that is a vital aspect of the Bank's digital transformation journey.

Selyado 3.0 Webinars

In celebration of Data Privacy week, the Data Privacy Office in coordination with UnionBank University, organized a series of webinars about data lifecycle, ethics of AI, scams and phishing, technology arbitration, intellectual property and open source software, data sharing, digital footprints, and network security framework.

This series of webinars offered to all UnionBankers to ensure that employees are equipped with the right information and knowledge on the different scopes and issues surrounding technology and data privacy as they go about their daily tasks. The program develops not only the digital capabilities of the participants, but also their compliance and risk capabilities. In this way, employees are still up to date on the latest about data and technology, while becoming vigilant towards the risks that come with it.

AWS Cloud Practitioners Essentials

This course is for individuals who seek an overall understanding of the Amazon Web Services (AWS) Cloud, independent of specific technical roles. UnionBankers learned about AWS Cloud concepts, AWS services, security, architecture, pricing, and support to build your AWS Cloud knowledge. This course also helped prepare employees for the AWS Certified Cloud Practitioner exam.

This course was offered to the organization's HR, Compliance, Risk, and Audit enabling support functions in order to build its organizational capabilities relative to the successful adoption of the AWS cloud technology. The program increases the participant's understanding of the cloud technology and their roles in line with the said adoption and the overall goal of DevSecOps transformation.

Key indicator: Average training hours per employee

CitySavings

	2019	2020	2021
Overall - CitySavings Average	25.47	25.73	61.54
By Gender			
Male	22.93	24.08	26.90
Female	28	28.02	83.37
By Employment Category			
Senior Management	11.16	21.21	41.04
Middle Management	26.92	39.45	108.83
Supervisor	N/A	26.55	36.26
Rank-and-File	25.04	22.04	78.81

	2020	2021
Total training hours provided to employees, by gender	42,995	115,198.03*
Female employees	19,589	19,750.37
Male employees	23,406	95,440.66

**-Increase attributable to online self-paced learning, additional leadership programs for Senior Management, increase in mandatory programs thru online learning, introduction of MOOCs*

Key indicator: training and development inputs

UnionBank

	2019	2020	2021
Average hours per FTE of training and development	16.21	22.79	27.57
Average amount spent per FTE on training and development (in PHP)	10,894.08	4,110.47	4,102.11

CitySavings

	2019	2020	2021
Average hours per FTE of training and development	25.47	26.2	61.54
Average amount spent per FTE on training and development (in PHP)	1,305.50	158.23	2,981.51

Key indicator: Percentage of employees receiving regular performance and career development reviews

	2019	2020	2021
By gender			
Male	100%	100%	100%
Female	100%	100%	100%
By employee category			
Senior Management	100%	100%	100%
Middle Management	100%	100%	100%
Supervisor	100%	100%	100%
Rank-and-File	100%	100%	100%

As a result of efforts and initiatives to train and develop employees in 2021, the UnionBank saw an increase in the capability assessment score for core capabilities from 4.89 (Q4 2020) to 5.24 (Q4 2021). This measures the proficiency level of digital capabilities that all employees in the Bank are expected to have (e.g. agile ways of working, customer experience, digital literacy).

Additionally, from the Bank's employee engagement scores, there was an increase in the score related to learning and growth from 4.42 (Q4 2020) to 4.47 (Q4 2021) . This captures employee's perceptions and experiences of having opportunities to learn and grow at work throughout the year.

Health, safety, and wellbeing

The Bank has a dedicated Occupational Health and Safety (OHS) Office, tasked with ensuring regulatory compliance including environmental standards, Philippine Central Bank requirements, and local laws applicable to our branches whose host local governments implement their own ordinances.

This office continually monitors and coordinates with the various branches regarding their status and concerns through the bank-wide committee on safety and occupational health with members including the employee union. To streamline this process, we launched a digital tracking and monitoring system that allows the branches access to their pending OHS concerns.

Beyond our focus and orientation on occupational safety and health, we also implement wellness programs, welfare policies and well-being initiatives, with active participation of our employees across all levels.

Key indicator: Work Safety

	2020		2021	
INJURY PYRAMID	UnionBank	CitySavings	UnionBank	CitySavings
Fatality	0	0	0	0
Lost Time Incidents (LTI)	2	0	0	107 days
Restricted Work Case (RWC)*	3	378	0	1918
Medical Treatment Case (MTC)*	0	27	0	137*
First Aid Case	22	All Branches are located within 5 km radius of a neighboring hospital, the employees are advise to go there whenever they feel unwell	0	All Branches are located within 5 km radius of a neighboring hospital, the employees are advised to go there whenever they feel unwell
OTHER STATISTICS				
Total number of employees	3,506	1,671	3,676	1,871
Number of employees who are members of the Health & Safety Committee	22	159	22	161
Percentage of Employees under Health & Safety Committee	0.63%	9.51%	0.6%	8.6%
Total work hours	7,012,000	3,163,360	7,027,088	3,616,652
Total lost days*	42	Zero	Zero	107 days

Includes COVID-19 cases

Key indicator: Workplace conditions, labor standards, and human rights

	2020		2021	
Disclosure	UnionBank	CitySavings	UnionBank	CitySavings
Safe Man-Hours	3,506,000	3,163,360	7,027,088	3,616,545
No. of work related injuries	2	0	0	3
No of work related fatalities	0	0	0	0
No. of work related ill health	13	No data available	40	0
Number of safety drills	4*	Performed by all 149 branches online (1 representative per branch)	8	4

-2 call tree exercises, 2 evacuation drills

Contractors - UnionBank	
No. of LTI	0
Total Hours Worked	15,012,000
LTIFR (Employees)	
Number of Employees (in this report)	617
Number of Employees (expected)	617
Data Coverage (as % employees)	100%
Contractors - CSB	
No. of LTI	0
Total Hours Worked	0
LTIFR (Employees)	
Number of Employees (in this report)	0
Number of Employees (expected)	0
Data Coverage (as % employees)	100%

GoBeyond Volunteers reached out to communities during the pandemic by supporting UnionBank's advocacies: education, inclusion, environment, and employment and livelihood.

We have in place a wellbeing program that caters to developing the employees' physical, mental, and financial wellness. We actively promote living a healthy and active lifestyle through proper exercise and nutrition, regular health risk assessment, health education, and preventive measures such as immunization.

We maintain the implementation of our mental health activities as part of our mental health policy. This pandemic, we intensified our programs on counseling and providing avenues to destress like stress management campaign, mindfulness exercises, employee assistance programs, and support groups.

We offer financial wellness program to educate employees on financial literacy, which covers retirement and savings plans, and pension funds. To ensure that our employees are well-equipped to achieve their short-term and long-term financial goals, the Bank also organizes forums and retirement fairs.

Our wellbeing activities are good jumping boards to further design activities where the families of our employees can take part. Our family welfare policy outlines how we can align engagement and wellness programs into the family welfare program. Our goal is to help build an enriching organizational culture where our people are highly engaged and thrives in an intrinsically rewarding workplace.

Employee Volunteerism and CSR

UnionBank's corporate social responsibility program is aligned with the Bank's overall digital transformation strategy and is guided by our policies on sustainability and corporate social responsibility. GoBeyond Communities is the Bank's main corporate social responsibility intervention. It is an employee engagement program where employees can promote their personal advocacies by conceptualizing, developing, and implementing community-enriching programs, with funding provided by the Bank.

In 2021, the Bank's employees had recorded 5,800 volunteer hours, 64,404 beneficiaries, reaching a total of 427 communities. The Bank's CSR thrust is focused on its PeopleTech initiatives, which aim to help employees, partners, and other stakeholders develop digital literacy and build the skills to prepare them for the future. The Bank is banking on its inhouse centers of excellence in Data Science and Artificial Intelligence, as well as its Xcellerator program to equip internal and external talents with emerging capabilities.

Further, we see our CSR programs as contributors to the global movement on providing solutions to the Sustainable Development Goals of the United Nations. Our CSR programs will focus on five goals: SDG 1 (No Poverty), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 13 (Climate Action, and SDG 9 (Industry, Innovation, and Infrastructure).

Most importantly, we see our CSR initiatives as incubators of innovation where we both create a positive impact on the community. In 2021, our CSR connected its thrust to the overall sustainability mission to "Tech Up Philippines. The Bank believes that it has a vital role and responsibility in building strong and resilient communities by leveraging on the successes of UnionBank in innovation and digital transformation. The Bank focused in the areas of e-commerce, education tech, and climate tech (community well-being and environment).

On top of this, we also pursued strategic CSR partnerships with organizations and institutions that align with our advocacy on innovation, which is geared towards bringing to life our Group Purpose of “co-creating innovations for a better world.” We achieved more milestones in 2021, namely:

- Sustained the HEROES 2021 partnership with the Department of Education, Akadasia, and Thames International School to build the digital capability of the country's 800,00 public school teachers as part of the shift to blended learning in the country's public education system
- Continued partnering with the Development Academy of the Philippines (DAP) to develop webinars and learning sessions on digital transformation designed to train a new batch of government executives and local government officials
- Partnered with Pasig City in hosting the 2nd global Climathon, which allowed the Bank to support participants in designing solutions to the wicked problems of our society. In 2021, UnionBank awarded innovation prizes to the most innovative solution on key socio economic and environmental problems of the city.

The Bank’s Xcellerator program has also been making impact through developing digital talents, with the aim of building up the capabilities of Filipino workers and making them tech-ready for emergent digital landscapes. UB Xcellerator focuses on educational institutions by enabling education partners to increase talents that will bring about innovations and game-changing products.

UB Xcellerator had provided courses and educational programs on digital skills such as blockchain, data science, and artificial intelligence to 9,558 individuals as of January 19, 2022. As of the same date, UB Xcellerator had 13 educational partners, including colleges and universities in the Philippines.

CSR at-a-glance

Results	2019	2020	2021
Number of Direct and Group Beneficiaries	43,542	280,330	198,469
Amount of CSR allocation	PHP 54 M	PHP 142 M	PHP 38.2 M
Number of CSR Projects	149	911	876
Total Volunteer Hours	54,186 (restated)	5,437	5,800
Total Volunteers	9,337 (restated)	2,150 (Note: Community outreach activities decreased to ensure employee safety amid the pandemic)	1,638

UnionBank builds first-in-industry innovation hub, leading digital transformation in PH

As the Philippines shifts to the new normal, UnionBank is here to help by investing on how to boost digital transformation in the country.

Despite the COVID-19 pandemic, which has caused different kinds of roadblocks to industries, UnionBank still saw an opportunity to push for the groundbreaking of the Innovation Campus located in San Pedro, Laguna where it will serve as a hub for research and development to boost the Bank's digitization. The innovation site is also part of UnionBank's umbrella program for digital transformation and innovation Tech Up Pilipinas. We want to broaden that as our umbrella concept and what we will do at the campus and the programs we will run there are really more about the same idea of 'tech-ing up' the Philippines because we think digital transformation and digitizing the economy is a very important way to make the Philippines more competitive in these days.

> “You can also look at it also as a testament to our commitment to the industry, to the country and to our belief that the Philippines can be competitive... This is like a physical manifestation of the digital world going forward and we really feel by doing so we are making our own part,”

With this investment, UnionBank hopes to develop the campus as a site for training and development, particularly when it comes to upskilling our employees and the talents from across our business partners and communities.The campus will house various centers of innovation within UnionBank, including its institutes on Data Science and Artificial Intelligence, Blockchain, its digital bank EON, as well as the recently-launched Asian Institute of Digital Transformation (AIDT), which is in partnership with Global Learning Solutions Singapore.

"You can also look at it also as a testament to our commitment to the industry, to the country and to our belief that the Philippines can be competitive... This is like a physical manifestation of the digital world going forward and we really feel by doing so we are making our own part," said Ramon Duarte, UnionBank Executive Vice President and Head of Transaction Banking and project lead of the construction of the Innovation Campus.

Yngen Holdings President Eugenio Ynion was also among the key figures who joined the event. A long-time collaborator of UnionBank, Yngen Holdings has helped co-create many solutions that utilize the Bank’s expertise in digital banking. During his message, Ynion said that the Campus is proof of UnionBank’s digital leadership and unwavering commitment to supporting Filipino talent.

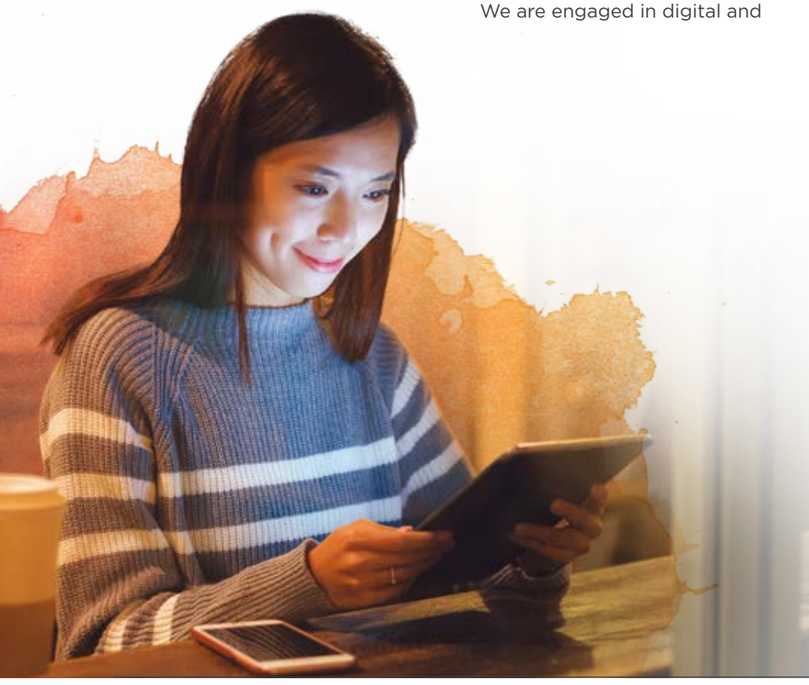
“We celebrate another milestone because the UnionBank Innovation Campus is also the first out of many more establishments that will be part of The San Antonio Digital Hub. Soon to rise is a structure that will not only be a testament to UnionBank’s great leadership but likewise to its commitment in making a difference to the Filipino community,” Ynion said.

PLANET & SUSTAINABLE FINANCE

We will utilize Sustainability to enhance the traditional notion of environmental preservation and protection; we will create a social sustainability model that leverages on UnionBank's strengths in digital technology and innovation. With these in mind, we will pursue sustainable finance efforts that are based on cooperation and cocreation of innovative solutions for our society."

- Jose Emmanuel Hilado
Chief Financial Officer

What we finance has a bearing on the trajectory of the transition to a low-carbon future, and the type of business activities that will shape economic and social development. As a duty to society and shareholders, we support our customers' transition to more sustainable models of doing business. We also recognise that customers who lack the commitment, capacity or capability to mitigate ESG risks can ultimately affect our own credit and reputation risks. We take a long-term view and adopt a balanced approach in supporting sustainable development.



Our approach to environmental management

UnionBank is fully committed to achieve our energy efficiency goal, which is ultimately to mitigate the environmental impact of our operations. This is translated through our digital transformation. Processes and services are updated to continually improve resource management and carbon footprint.

Our aim is to adopt the LEED design wherever applicable to promote the reduction of carbon emissions. We also join the Race to Reduce program of one of our principals, the Aboitiz Group. These initiatives encourage UnionBank branches all over the country to reduce consumption of water, electricity, and paper. We are engaged in digital and tech-driven business and banking services. As such, we do not generate air pollutants in our operations.

Our emerging climate technology program is founded on our desire to enable people to co-create with us solutions and innovations that address the wicked problems including those that affect our environment. The backbone of climate technology is an extension of our sustainable finance program, which will lay down a holistic approach to how the Bank can facilitate the movement of financial capital so that our stakeholders can utilize them for better environmental practices in the conduct of their businesses.

As a mover of capital, UnionBank directly affects economic development, and we are therefore in a position wherein we can promote and inspire the adoption of sustainable business practices, protection of ecosystems, and diversity for its clients. While other environmental topics like ecosystem, biodiversity, air pollutants, and effluents are considered not material to the Bank, we are studying how we can take them into consideration as part of our risk assessment for prospective clients.

In a dedicated section of this report, we outline our sustainable finance framework and the ongoing work on developing our very own environmental and social risk monitoring system which will cover these indirect environmental impacts.

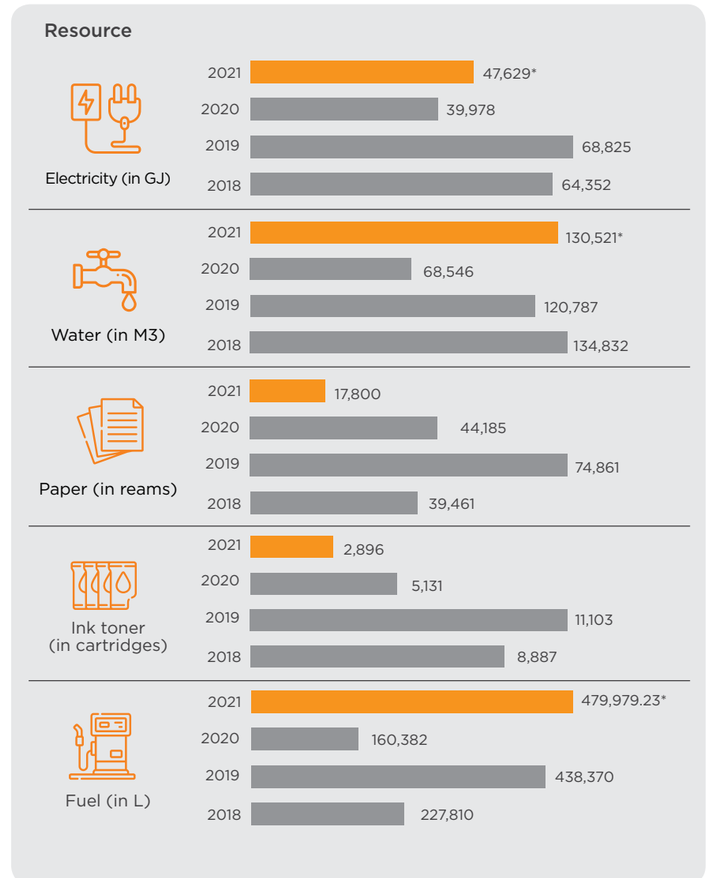
We have an Occupational Safety and Health Division that monitors, enforces, and ensures compliance of national regulations and policies as issued by the Department of Environment and Natural Resources, and other relevant government agencies. We conduct the following initiatives as part of our environmental risk management: conduct monthly meetings with the Environmental, Occupational Safety and Health Committee, and monitor GHG emissions and waste management.

For the former, we are working with our parent company, the Aboitiz Equity Ventures, for the standard formula that we will apply in our GHG tracking program moving forward. For the latter, the volume of waste generated are reflected in the quarterly self-monitoring report that we submit to the environmental management department of the Philippine government. Guidelines and procedures for proper waste management and trainings in collaboration with concerned units were established to provide rules and guidelines for decision-making and consistency across organizational operations.

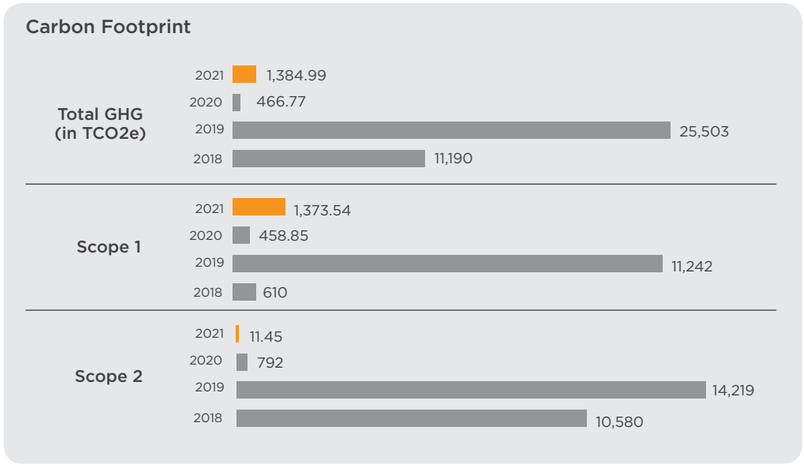
Resource efficiency in our operations

Sustainability is also about the efficient management of finite resources, allowing us to create more with less wastage. Resource efficiency is often a practical, cheap and faster way to address the intermittent uses of our water, electricity and paper resources in the office.

We are fully committed to minimizing our carbon footprint by greening our workspaces and the network of branches where we engage with our customers. UnionBank Plaza, our headquarters, was the first high-rise financial center in the Philippines to operate fully through a renewable energy source in 2017. In 2021, we used 3.4 MW of energy sourced from renewable power.



Note on water: The Bank mostly sources its water from a local water utility. The Bank does not recycle or reuse wastewater.



Note: Realigned computation for diesel under Scope 1, separated computation for Luzon/Visayas sites from Mindanao Sites for Scope 2. Recent coverage includes 47 sites for UnionBank and 150 sites for CitySavings.

**Increase in electricity and water consumption was due to branches going back to normal operations for most of 2021. We also improved our data collection for these metrics this year, covering more branches nationwide. Meanwhile, the increase in diesel oil consumption was due to increased usage by the motorcycle and other sales teams of CitySavings who had to go to clients during the pandemic to process the loans.*

We convey to our customers that digital is another way they can help reduce carbon footprint. In 2021 we continue to manage our environmental footprint by switching 74.8% of our total transactions to paperless or online processing. This alone helped offset almost 263,850 kwH in energy consumption which is equivalent to 1,055 trees.

We have turned our bank branches and workspaces into sustainably designed structures following the principles of Leadership in Energy and Environmental Design (LEED). This thrust complemented our move to convert traditionally structured branches into ARK and ARK Lite centers that are even more resource-efficient while incorporating paperless, digital features.

Even our thrift bank branches outside of the national capital has adopted this resource-efficient way of operating. Some of our CitySavings branches generate their own electricity using a 7.5-kW solar thin film flexi system installed on the roof, which harnesses the sun's rays and converts it to direct electricity (DC). A typical CitySavings branch consumes an average of 1,900 kilowatt-hours of electricity per month. The newly installed solar power generator can produce an estimated 1,125 kilowatt-hours of AC power per month, effectively providing almost 60% of their power needs.

Union Bank of the Philippines to Issue First Social Bond with Investment from IFC

Tens of thousands of jobs are expected to be created over the next seven years through a new social bond to be issued by one of the Philippines' leading banks to help smaller businesses recover from the impacts of COVID-19.

In 2021, IFC invested USD150 M in a seven-year social bond issued by Union Bank of the Philippines. The bond, which was issued under UnionBank's new sustainable finance framework, is the first social bond by the bank and its longest-term USD-denominated bond to date. It also marks only the second social bond of its kind in the Philippines.

Proceeds from the bond are expected to finance over 2,000 loans to micro, small and medium-sized enterprises (MSMEs), which have been disproportionately impacted by COVID-19. IFC's investment will also help UnionBank boost financing for MSMEs through its supply chain financing platform, enabled using digital technologies.

"Our goal in issuing this bond is to support the recovery of MSMEs from the COVID-19 pandemic" said Jose Emmanuel Hilado, Chief Financial Officer of UnionBank. "We are confident that we can achieve this through the use of IFC's long-term funding and by leveraging our supply chain financial platform. It could not have come at a better time, as this market segment has been hit particularly hard by the current crisis."

In the Philippines, MSMEs accounted for over 90 percent of businesses and over 60 percent of jobs pre-COVID-19, but MSME loans only accounted for 6 percent of total bank loans in the country. This makes increasing access to MSME financing critical to fostering a resilient and inclusive recovery.

"In the wake of the COVID-19 crisis, the use of social bonds to generate financing to meet the needs of vulnerable underserved people, including small businesses, will be critical to helping spur the recovery," said Alfonso Garcia Mora, Vice President, Asia and Pacific at IFC, who took part in the signing ceremony for the investment. "This landmark deal marks IFC's first COVID-19 response social bond investment in Asia and will help create jobs, strengthen and deepen the country's capital markets, and contribute to the development of a more resilient, efficient and inclusive financial sector."

The bond is aligned with International Capital Markets Association (ICMA) social bond principles and the ASEAN Social Bond Standards, as confirmed by a second-party opinion provided by ESG research and ratings company Sustainalytics.

ESG Risk Monitoring System

Pursuant to the mandate of Bangko Sentral ng Pilipinas (BSP) to develop a sustainable finance framework among banks, we have made strides with the installation of the environmental and social risk policy.

From an Environmental standpoint, UnionBank adheres to BSP's SFF mandate, learning from AEV's climate value at risk methodology. As the Philippines is not a big carbon emitter, the Bank's environmental due diligence is aligned with the country's national development goals more than the first world ESG standards. Therefore, the Bank's strategy is to observe basic environmental standards while the national agenda on ESG is in transition.

From a Social standpoint, UnionBank's centerpiece strategy is to promote the use of technology for the social good, with the key objective of educating and collaborating to build capacity through digital transformation. The Bank aims to "tech-up" industries, communities, and Filipino individuals by offering globally competitive bank products that promote inclusive prosperity. The Bank also places relevance to establishing sound and efficient credit scoring methodology that encourage small businesses to grow and promote entrepreneurial mindset among its individual customers.

From a Governance standpoint, UnionBank places heavy importance on Cybersecurity, considering "Trust" as an important commodity sought by the Bank's customers. Cybersecurity is of utmost concern as it will directly affect the Bank's digital transformation strategy. To complement this need, UnionBank continuously benchmarks its practices with global standards and adopts the industry's best practices to help customers and suppliers reach a certain level of trust, thereby encouraging them to utilize the Bank's products and services.

At present, UnionBank lends to a wide pool of companies and projects helping the country in its development plan, including those that may have environmental and social impacts and risks. The Bank believes that understanding our clients' approach to E&S issues, while improving their awareness level, is an important component of our risk management process.

This enables us to make informed decisions and provide guidance to our borrowers on good practices as they transition towards sustainable operations. By doing so, we will safeguard our clients' long-term economic viability and the environment in which our clients operate as we work with them to mitigate material E&S risk issues that can impact their future cash flows. Thus, the objective of the Bank's E&S policy is to manage our lending business, and the associated risks, in a manner that balances serving the interests of our clients and protects the Bank's safety and soundness.

Environmental and Social Risk Policy

Our E&S policy is based on a two-pronged strategy. First, to mobilize finance for sustainable development by promoting financial inclusion, providing capital for infrastructure, and providing finance for innovation and digital transformation. Second, to develop a sustainable finance practice by promoting market integrity, assessing risks and proposing mitigation programs to address those risks, analyzing trade-offs, and building sustainable programs and transition plans to help our clients. This is our contribution to the country as the Philippines transitions to a more circular economy as outlined in the Philippine Sustainable Finance Roadmap.

The E&S policy provides an outline as to how the Bank will integrate E&S risk analysis into the evaluation of our wholesale borrowers and monitor how a company's management can successfully address E&S risk issues under the following premises:

- Environmental considerations in financing will be addressed in conjunction with economic and social issues and priorities, granting access to finance activities that promote national development in line with NEDA's *Ambisyon Natin* 2040.
- Measures to promote appropriate sustainable financing of the transition to a green economy should not come at the cost of competitiveness, equity, development, and financial inclusion.
- Financial systems shall be aligned to national strategies and roadmaps, combining market driven approaches, policies, regulations, and standards with the need for sustainable development.
- New business models across the financial systems, such as those enabled by mobile money, blockchain ledgers, and digitization, are deemed to drive inclusive, green economy developments.

Building the Internal ESRMS Capability Action Plan

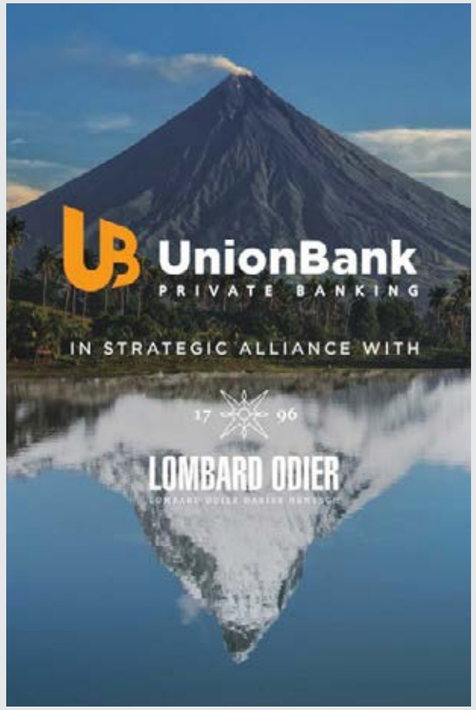
Addressing sustainability issues requires responsibilities and actions to be taken at all levels and across all the key functions of banks. We envision an organization whose employees and stakeholders can embrace a culture of futures thinking built on sustainable revenue generation and income. With this, we have started taking our initial steps to integrate this mindset through the following activities:

E&S Due Diligence
We have integrated key steps in managing E&S risk in our credit-granting activities. For the initial implementation, we have begun to screen selected credit borrowers that fall within our designated threshold. These borrowers are assessed and scored depending on their industry, location, nature of activities, reversibility of impact, and reputational risk. Activities deemed to have higher environmental impact require more extensive due diligence measures.

E&S Approval and Monitoring
We have also set our appetite in funding projects that may have heightened environmental and social impact but have high economic benefits through our customized E&S approving authority. With this new metrics, approving authority will be determined based on the borrower's business model and its corresponding E&S Score. Further, borrowers that present unusual risks and projects that are considered environmentally critical need to seek approval from the Board of Directors. This ensures that our highest decision-making body is aware of the risks that are being taken.

Monitoring
To keep track of the portfolio's performance, we will also be monitoring the E&S Risk Level of the Bank's Wholesale Credit Portfolio. This will be reported regularly to the Risk Management Committee. Further, information on existing and emerging E&S risk shall also be monitored by the E&S Risk Unit and reported to Senior Management regularly.

Sustainability Learning and Appreciation Courses
We are working towards preparing our employees on ESG issues and sustainable finance by developing ESG courses and training programs and by incorporating these into the bank-wide learning and development program for our Board of Directors, senior management, and employees. The roll out and schedules of these trainings are based on priorities according to compliance, operation, and relevance to developments in the market.



UnionBank Private Banking's strategic alliance with Lombard Odier

As a bank that believes in the power of sustainable investing to deliver positive long-term benefits not only on one's portfolio, but more importantly, on society and the environment in general, UnionBank through its Private Banking Group aims to help investors find opportunities to grow and preserve their wealth in ways that are socially and environmentally conscious.

Leveraging on its long-term strategic alliance with Lombard Odier, one of the world's oldest private banking institutions, UnionBank Private Banking is committed to empowering clients to make better investment decisions especially when it comes to sustainable investing. Led by Chief Investment Officer Jun Tarrobago, UnionBank is in the process of re-evaluating internal investment processes and identifying gaps and opportunities to implement a more sustainable way of investing.

UnionBank Private Banking intends to continue shedding light on sustainability and sustainable investments through thought-leadership discussions and webinars. Last September 16, Lombard Odier, in collaboration with UnionBank Private Banking and its other strategic alliances in the region, held its Signature event on sustainability, with former Secretary-General of the United Nations, Ban Ki-moon, as keynote speaker.

PURPOSE AND INCLUSIVE PROSPERITY

“

The bank’s purpose fuels our promise of ‘no one gets left behind’. That is the reason why our digital transformation journey has always aspired for inclusivity for people especially the underbanked segments of our stakeholder universe. With the right support they have the potential to do more, do better, and become great!”

- Henry Rhoel Aguda
  Chief Technology and Operations Officer
  and Chief Transformation Officer

Many people ask us: why are you pursuing digital transformation. Our response: this is how we build a bank of enduring greatness—to blend our financial expertise with innovation and technology to do good for individuals, families, businesses and society. Technology, coupled with people development, becomes a true enabler, because most of what needs to be done using technologies is not just about the knowledge of technology but how the technology can add value to society and how that technology can be a real business case.

Our approach to financial inclusion

Our core business of banking aspires to fulfill the promise of a better future, where economic growth empowers people and businesses, creates new opportunities, and reduces social inequalities. With sustainable banking practices, we operate to achieve growth that is meaningful for everyone who shares our mission to "tech up" our customers and stakeholders.

We dedicate ourselves to providing the most innovative services in banking so that we may continue to be a bank of enduring greatness and to uplift the lives of our patrons and communities. We intend to take the country to the next level by moving forward with purpose: Tech up the Philippines and foster inclusive financial prosperity.

Our goals are clear-cut:

Bring financial services to the rural areas. Financial inclusiveness means finding ways to elevate the lives of fellow men through banking and financial services. Since the country is still predominantly unbanked, this remains as one of the causes of poverty. Remote locations in the country should be targeted for financial inclusivity, as access to technology remains limited within these areas.

Make financial products accessible to more people. In an emerging country like the Philippines, a financial product or service becomes "inclusive" when it can be accessed with the least cost. We invest in the technological infrastructure upon which our services and products are built, and our offerings are meant to be readily usable by all kinds of end-users. These products and services are made available not only in the metropolitan areas, but in the rural provinces—so they don't need to play catch-up anymore.

Reach out to the unbanked and underbanked. UnionBank serves as a channel through which the unbanked/underbanked can suggest how to build on the current products and services of the Company, even as subsidiaries such as UBX and CitySavings provide the financial inclusion delivery of the Bank.

> We recognize that long-established assumptions about wealth creation have changed. Our opportunity is to help our customers achieve a sustainable financial future in this changed environment. This means new paths of wealth creation that are less dependent on debt, supported by new models of education and advice."

Plowing back the economic value generated

We believe that wealth generation should not be the only focus; wealth distribution should also be a priority, in our bid for inclusive prosperity.

Value (in PHP Billions)	2019	2020	2021
Economic value generated	50.84	43.56	45.82
Economic value distributed	36.84	32.00	33.24
Salaries and benefits paid to employees	8.07	7.81	8.65
Payments to suppliers	7.89	8.50	11.25
Occupancy	0.96	0.90	0.89
Depreciation and amortization	1.38	1.41	1.62
Miscellaneous (Others)	5.55	6.19	8.73
Payments to capital providers	16.02	9.85	6.51
Deposit liabilities	10.16	5.62	2.97
Bills payable and other liabilities	5.86	4.23	3.54
Payments to governments	4.83	5.78	6.81
Taxes and licenses	3.05	3.50	2.88
PDIC + Supervision Fees	1.28	1.49	1.52
Tax expense	0.49	0.78	2.41
Donations to communities	0.03	0.06	0.02
Economic value retained	14.00	11.56	12.58

UnionBank, through its subsidiary UBX, and Shiptek Solutions Corp., developer of pioneering on-demand shipping and logistics platform called XLOG, has formed a strategic partnership since 2019.

Innovation and financial inclusion in a digitally connected world

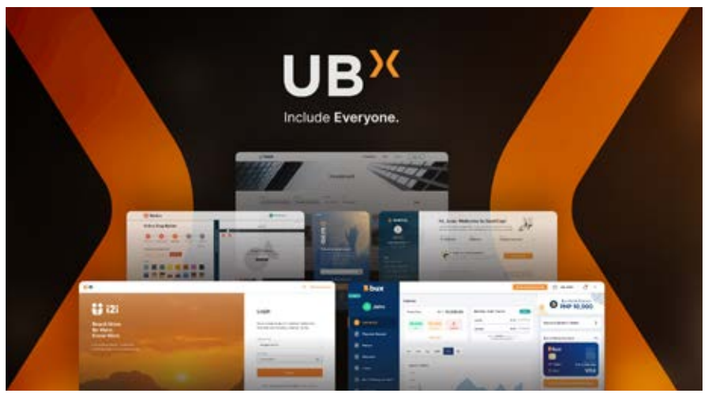
Over the years since the Bank embarked on its digital transformation journey, many sectors in the country as well as entrepreneurs have benefited from the game-changing products and services that came out of UnionBank's innovative thinking.

The driver behind such solid results given these circumstances was the level of preparation afforded to the Bank, thanks to its robust digital strategy. UnionBankers were equipped with digital tools, which allowed for a smooth transition and undisrupted operations during the pandemic.

We managed to keep the majority of our branches open with full banking services, while ensuring that our people were safe and had the resources to continue operating the branches. Our app and digital platforms were also in place, which allowed our customers to continue transacting with us from the safety of their homes.

Our agile mindset allowed us to launch innovations to help address customer pain points during the pandemic – 5G bank on wheels, sending money to remittance centres, mobile cheque depositing, and other services that helped to make banking from home easy," he added. This digital shift motivates us to continue enhancing features across our digital platforms. We recently launched InstaPay 2.0, which enables fund transfers by inputting your mobile number or email address. Also, small businesses can now open their business accounts and perform banking transactions digitally with the launch of our SME Business Banking App.

UnionBank is also collaborating with XLOG to launch the country's first blockchain-enabled supply chain financing, embedded in a logistics platform. This provides buyers and sellers with an efficient way to do business through digital document presentment, settlement, collections, and an instant community-based financing programme.



This partnership enables those with a logistics business to have access to end-to-end logistics technology for operational efficiency, real-time monitoring, online documentation, and flexible payment arrangements on blockchain. We are firm believers in how blockchain technology can bridge gaps in different industries, which we have already seen disrupt the financial industry. With this partnership, we hope to innovate the logistics business by integrating the financial supply chain platform with the already advanced logistics platform of XLOG.

The integration of both technologies means that shippers, freight forwarders and their service providers—e.g. shipping lines and truckers—can facilitate, monitor and complete their transactions in one platform. They can now cover possible gaps in collection and payables with service providers through financing. Shippers can also enjoy extended credit terms while allowing service providers to receive advance payments through discounting.

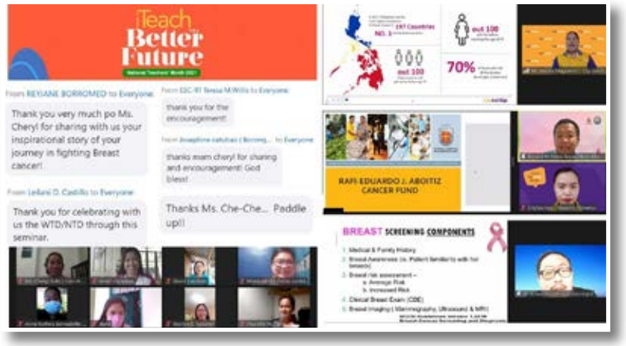
UBX, UnionBank's fintech and corporate venture capital arm, has experienced tremendous growth since it was spun off in 2018, two years after the Bank embarked on digital transformation. UBX is predicated on a future where financial services are invisible, seamlessly embedded into the experiences and activities that truly matter to businesses and people. It leverages compelling ecosystems and data to explore new possibilities, making financial services more instinctive and accessible.

The company continues to build and invest in open platforms, as well as in technologies that allow others to innovate, adding value whether they collaborate or compete. The impact of financial inclusion can unlock the potential of businesses and people.

Furthermore, all UBX platforms are digital, which allowed us to service customers despite the pandemic. For example, i2i is recognised as one of the Philippines' largest and fastest-growing financial networks and facilitates easy transfers across the network of financial institutions. It promotes agency banking amid the pandemic through its mobile ATM service. UBX stepped up to the plate through i2i by digitally transforming community-based financial institutions via i2i, enabling nationwide digital cash transfers for its customers to send funds and payments to over 11,000 locations around the country.

In addition there is Bux, an all-in-one payment platform, which enables easy payments to e-commerce businesses, and Sentro, a free online shopping platform with pre-integrated payment and logistics capabilities, which makes online shop building possible and made MSME products and services accessible during the pandemic. Finally, we have the internationally acclaimed SeekCap, the Philippines' first same-day-approval loan marketplace for MSMEs. It gave MSMEs easy online access to funding sources for their business and operational requirements.

We will continue to help "Tech Up Pilipinas," focusing on promoting wide-scale digital transformation to our customers, partners and institutions. We believe that this will allow all of us to weather this crisis and emerge more resilient than before. Together, we can power the future of banking and help ensure the renaissance of our nation.



Virtual session by CitySavings bank over the pandemic have reached 2,200 participants.

CitySavings Boosts Digital Initiatives in Response to Pandemic

City Savings Bank, Inc. (CitySavings) continues to create innovative solutions for customers amidst the COVID-19 pandemic. The Bank focuses on addressing the urgent need of customers for financial services through its relevant products and digital channels.

"CitySavings has always been very customer-centric and I believe that customer-centricity is essential as one digitally transforms. This is vital in realizing CitySavings' vision to be the leading mass market bank in the Philippines," said Lorenzo Ocampo, President and CEO of City Savings Bank.

CitySavings started the rollout of its own Visa Debit Card last year as a safer and more convenient channel to transact online. To date, more than 75,000 of the Bank's clients have switched to the new Visa Debit card.

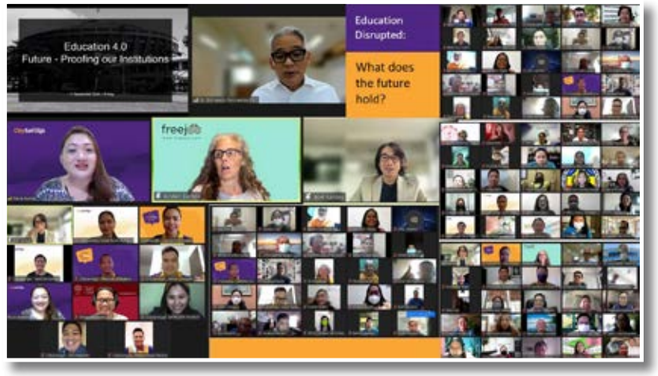
Talk to Maria, CitySavings' official chatbot provides a quick and easy way for new clients to apply for a loan online from the comfort of their own home. Maria, who acts like a 24/7 sales associate, has the ability to provide information on product and service-related inquiries, bank advisories as well as ATM and branch locations.

The Bank also recognizes the huge demand for motorcycle loans needed for socially distanced, convenient, and affordable transportation. It recently launched its 0% interest installment product for education and medical frontliners which allows them to avail of pre-loved motorcycle units at zero interest payable in 12, 18, and 24 months.

Upskilling Our Educators

Our subsidiary CitySavings gave access to many teacher training opportunities to upskill educators as the new academic year begins. These sessions have reached over 2,200 participants composed of teaching and non-teaching personnel, disaster risk reduction coordinators, school administrators, and education leaders.

In October 2021, CitySavings showed its appreciation for teachers through a bank-wide NTM event where branches gave tokens of gratitude to clients, and the #MyTeacherMyFrontlineHero social media campaign featuring inspiring stories during this time of distance learning and about the teaching profession. It sponsored major prizes including e-gift vouchers, teaching tools, and brand new motorcycle units that were raffled off during the virtual NTM celebration.



In response to the Department of Education's (DepEd) call for support from stakeholders, the Bank has pivoted most of its corporate social responsibility (CSR) programs to make them relevant and accessible online. CitySavings continues to enhance its capability-building programs to support educators in transitioning to blended teaching and learning modalities. The Bank currently provides tools and courses to upgrade educators' online teaching skills through Project Agile: Learning Series for Teachers and HEROES 2021 (Help Educators Rise to Online Education SY 2020-2021) in partnership with Thames International School, EduRescue Philippines, and Akadasia Singapore. To date, over 200,000 educators have benefitted from these intensive online training programs.

The Bank is also focused on providing other learning opportunities for educators specifically on financial health as well as physical and mental well-being. One of its core programs, Project Peraparasyon, is instrumental in strengthening the Bank's advocacy on financial literacy to educators and non-teaching personnel across the country. The program highlights the simple steps on saving, building an investment, and managing debt as keys to practical wealth management.

CitySavings partnered with MentalHealthPH and introduced Project #BetterMe, a mental wellness program for our frontliners in education. This initiative aims to help teachers develop self-care strategies and provide practical ways to take better care of their mental well-being amidst the challenges they face in the new normal.

Despite the challenges brought by the pandemic, CitySavings stays true to its promise of straightforward banking through innovative products for its clients and sustainable CSR programs for its communities.

CitySavings also revved up its Motor Moto program that offers education personnel 0% installment for pre-loved motorcycles.

To support DepEd's Basic Education - Learning Continuity Plan (BE-LCP), the Bank donated sanitation essentials, handwashing facilities, printing materials, and learning equipment. This initiative, under DepEd's Brigada Eskwela program, benefited more than 340 schools and division offices across the country.

To complement this, CitySavings gave access to many teacher training opportunities to upskill educators as the new academic year begins. The virtual webinars and workshops include: Project Agile (Managing Virtual Classes), Project Peraparasyon (Practical Wealth Management), Project Pink (Breast Cancer Awareness), Project #BetterMe (Mental Health Awareness), Disaster Risk Reduction 101 in partnership with the Aboitiz Foundation, and Education 4.0: Future Proofing Institutions live casts with Thames International School. These sessions have reached over 2,200 participants composed of teaching and non-teaching personnel, disaster risk reduction coordinators, school administrators, and education leaders.

Bayanihan Para Sa Bayan:

CitySavings donates sanitation essentials, handwashing facilities, and printing materials and learning equipment to more than 340 schools and division offices nationwide under DepEd's Brigada Eskwela.

Scaling up with the Citi acquisition

On Dec. 23, 2021, UnionBank announced the acquisition of Citigroup, Inc. or Citi's banking business and subsidiaries in the Philippines. UB acquires Php 89.5 billion worth of consumer banking business (including loans of Php 59.7 billion), deposits of Php 70 billion, investment AUM (assets under management) of Php 95.0 billion, and close to one million customers, many high-end and Citi card bearing.

There are clear synergistic opportunities in this engagement. We intend to learn from Citi's expertise to enable Union Bank to effectively build on its success and take the business to the next level. As we embark on this journey, we are committed to retain all of Citi's key talents and uphold the superior customer experience that Citi has delivered to its customers over the years.

Approximately 1,750 Citi employees, including senior management, are expected to join UnionBank. We are looking forward to welcoming all employees to the UnionBank family. With the strong cultural similarities between the organizations, we believe Citi's employees will feel at home at UnionBank.

Meanwhile, a unit of Fitch Group expects the move to be credit positive in the long-term but noted the deal's immediate impact on capital. In a commentary, CreditSights said UnionBank will benefit from the injection of its Citi's local consumer assets into its pool, as the latter's 'product expertise' gave it a strong presence in the domestic retail market.

"Citi's local consumer business would be a great complement to any of the smaller banks in general, as its larger scale and greater strength in the upscale consumer market and wealth management businesses would mean few overlaps with the existing retail units of the smaller banks," CreditSights said in a report.

Broken down, the deal would boost UnionBank's retail business, as CreditSights sees it. The Bank's rank in the credit card segment would be catapulted to third or fourth, at the same time, augment its personal loans and wealth management businesses.

GRI Standard	Disclosure Number	Disclosure Title	Page Number	Direct Answer/ Statement Of Omission
ORGANIZATIONAL PROFILE	102-1	Name of the organization	4	
	102-2	Activities, brands, products, and services	4-5, 74-75	
	102-3	Location of headquarters	87	
	102-4	Location of operations	4-5	
	102-5	Ownership and legal form	74	
	102-6	Markets served	4-5, 74-75	
	102-7	Scale of the organization	6-7, 74-75	
	102-8	Information on employees and other workers	24-47	
	102-9	Supply chain		UnionBank supports local enterprises and local populations to honor the mutually beneficial relationship we have with our host community. Our branch network is designed to encourage banking locally. We also do our part by investing in the local market, through our suppliers, and through our championship of small and medium enterprises (SMEs).
	102-10	Significant changes to the organization		There were no significant changes to the organization for the reporting period.
	102-11	Precautionary principle or approach		UnionBank distinguishes itself through technology and innovation, unique branch sales and service culture, and centralized backroom operations. The Bank's technology allows for the delivery of online, real-time business solutions to meet the customers' changing and diverse needs through innovative and customized cash management products and service offerings. We ensure that we are compliant with the relevant laws and take the necessary precautions prior to launching our product and service offerings to prevent any harm to our stakeholders.
	102-12	External initiatives	46, 64-67	
GOVERNANCE	102-13	Membership of associations		See page 6: https://www.unionbankph.com/sites/default/files/2020-05/UB-SR-2019-Digital-0521.pdf
	102-14	Statement from senior decision-maker	12-15	
	102-16	Values, principles, standards, and norms of behavior	2-3	
	102-18	Governance structure		The membership of the Board is made up of a combination of varying core competencies. As a whole, the Board demonstrates integrity and adherence with the principles of good governance and accountability to ensure a high standard of governance and oversight. Individually, members have a spread of skills and experiences that work correspondingly with each other. With the Bank's on-going digital transformation, the Board ensures the security and privacy of the stakeholders' information through laws and adhering to good governance principles. The Bank has established strict laws and policies within the organization to ensure ethical business operations. All employees, management, suppliers, and representatives of the Bank are guided by our principles and norms of behavior. The Bank also undergoes regular self-assessment based on the ASEAN Corporate Governance Scorecard and submits an Integrated Annual Corporate Governance Report (I-ACGR). For more details: https://www.unionbankph.com/about-us/corporate-governance
	102-30	Effectiveness of risk management processes		UnionBank operates according to its established risk philosophy, where the Board is responsible for approving, reviewing, supervising, and overseeing the Bank's risk strategy, risk policies, risk appetite and risk limits. Following the Board's instruction, the Bank's Senior Management and various risk management committees set up independent risk management functions to ensure that risks are properly understood, controlled, and managed, in addition to the risk processes which must be clearly aligned with the Bank's business strategies. The Board will tackle the new mandate of Bangko Sentral ng Pilipinas, whereby it seeks to integrate the Sustainable Finance Policy from Board agenda to the bank's performance appraisal. UnionBank will provide more details in the next report.
	102-32	Highest governance body's role in sustainability reporting	8 (7th paragraph), 19 paragraphs)	

GRI Standard	Disclosure Number	Disclosure Title	Page Number	Direct Answer/ Statement Of Omission
STAKEHOLDER ENGAGEMENT	102-40	List of stakeholder groups	9-10	
	102-41	Collective bargaining agreements	34	Both UnionBank and its subsidiary CitySavings have a recognized employees association. The Bank has a collective bargaining agreement with UBEA and is subject for renewal every 5 years (economic and political) and every 3 years (economic).
	102-42	Identifying and selecting stakeholders	9-11	
	102-43	Approach to stakeholder engagement	9	
	102-44	Key topics and concerns raised	11	
REPORTING PRACTICE	102-45	Entities included in the consolidated financial statements	8	
	102-46	Defining report content and topic Boundaries	8	
	102-47	List of material topics	11	
	102-48	Restatements of information		Statistical employee and other corporate data previously reported in the 2019 and 2020 sustainability reports have been recomputed to include CitySavings data (both Head office and branch network figures), for a more complete picture of our impacts.
	102-49	Changes in reporting		This 2021, alongside the GRI Standards, we continue to adopt the Sustainability Reporting Guidelines for Publicly Listed Companies as mandated by the Philippines Securities and Exchange Commission (SEC).
	102-50	Reporting period		January 2021 to December 2021
	102-51	Date of most recent report		2020 Sustainability Report published in May 2021
	102-52	Reporting cycle		Annual
	102-53	Contact point for questions regarding the report		sustainability@unionbankph.com
	102-54	Claims of reporting in accordance with the GRI Standards		GRI Core
	102-55	GRI content index		This entire section
	102-56	External assurance		This report did not undergo external assurance.
GRI 200: Economic Standards Series 2016				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary		74-75
	103-2	The management approach and its components		Management approaches are stated at the beginning of every section devoted to People (Social), Planet (Environment) and Purpose (Governance).
	103-3	Evaluation of the management approach		Sustainability strategy and management approach are vetted at the Board's Corporate Governance Committee, duly noted by the Board en banc.
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	61	
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	20-23	
	203-2	Significant indirect economic impacts	22-23	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	7	Php 11.25B

GRI Standard	Disclosure Number	Disclosure Title	Page Number	Direct Answer/ Statement Of Omission
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	77-78	
GRI 300: Environmental Standards Series 2016				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	50	
	103-2	The management approach and its components	50	
	103-3	Evaluation of the management approach	50	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	51	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	51	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	52	
	305-2	Energy indirect (Scope 2) GHG emissions	52	
	305-4	GHG emissions intensity		Not yet reported. This will be aligned with the groupwide GHG reporting initiative of the parent company Aboitiz Equity Ventures.
	307-1	Non-compliance with environment laws and regulations		There is one (1) non-monetary sanction for non-compliance with environmental laws and/or regulations
GRI 300: Environmental Standards Series 2018				
GRI 303: Water 2016	303-5	Water consumption	51	
GRI 400: Social Standards Series 2018				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	26-29	
	103-2	The management approach and its components	26	
	103-3	Evaluation of the management approach	30	

GRI Standard	Disclosure Number	Disclosure Title	Page Number	Direct Answer/ Statement Of Omission
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	33	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		In the 2020 benchmarking of the Bank, the result showed that our entry-level employees have higher starting basic pay compared to other banks of similar size. See also, p. 27: https://www.unionbankph.com/sites/default/files/2020-05/UB-SR-2019-Digital-0521.pdf
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	42-43	
GRI 404: Training and Education 2016	404-1	Average training hours	20, 38, 40	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	37	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programs	44-46, 64-67	
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no incidents on non-compliance concerning the health and safety impacts of products and services.
GRI: 417: Marketing and Labeling 2016	417-3	Incidents of non-compliance concerning marketing communications		There were no incidents on non-compliance concerning marketing communications.
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data		There were no substantiated complaints concerning breaches of customer privacy and loss of customer data in 2021.
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic arena		There were no incidents of non-compliance with laws and regulations in the social and economic arena.

ANNEX TOPIC

- Ownership and legal form
- Products and services
- Board diversity
- Codes of Conduct
- Anti-corruption policy
- Customer satisfaction
- Customer health and safety
- Marketing and labeling
- Customer privacy
- Data security

Ownership and Legal Form

As of December 31, 2021, UnionBank's major shareholders are:

Aboitiz Equity Ventures, Inc.: 49. 66%
The Insular Life Assurance Co., Ltd: 13.72%
Social Security System (SSS): 15.30%
Total SSS under PCD Nominee Corporation: 3.58%

Products and Services

- **Cash Management Services**
  - The Portal by UnionBank (Business Banking)
  - Disbursements
  - Collections
  - Payroll
  - Government Payments
  - Cards
  - Supply Chain Financing
  - Liquidity Management
- **UnionBank Online** - Easily transfer funds and pay bills, including sending money to partner remittance centers: Palawan Express, Cebuana Lhuillier, LBC and PeraHub
- UnionBank Online
- Loan products
- SME Banking Solutions
- Trade Services and Products
- Credit Cards
- Debit Cards
- Visa Prepaid Cards
- Deposit Products
- Investment Products
- Investment and Trading Platforms
  - Bonds.Ph
  - U.FX
- Trust Services
- Private Banking
- Fintech Business Group
- Blockchain and API Business Group
- UBX
  - i2i
  - SeekCap
  - BUx
  - Sentro
  - UBX Technology Services
  - Assured
  - Xpanse
  - AKIN
- Digital Banking Services
  - UnionBank Online (Mobile and Web)
  - The Portal (Mobile and Web)
  - EON Bank (Mobile and Web)
  - UnionBank SME Banking (Mobile and Web)
  - POW PH (Mobile)
  - Payment Gateway (Mobile and Web)
- Priority Banking
- Pre-Need First Union Plans
- Real Property Management (UnionBank Investments Corp.)

See the full list of Product and Services in UnionBank's 2021 Annual Report

Corporate Governance

Good Governance Principles

The Bank has established strict laws and policies within the organization to ensure ethical business operations. All employees, management, suppliers, and representatives of the Bank are guided by our principles and norms of behavior. The Bank also undergoes regular self-assessment based on the ASEAN Corporate Governance Scorecard and submits an Integrated Annual Corporate Governance Report (I-ACGR).

UnionBank also aligns itself with the local and international standards for best practices.
These include the guidelines provided by the Code of Corporate Governance issued by the Securities and Exchange Commission, the Bangko Sentral ng Pilipinas Circular No. 969 or the Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions, and the internationally recognized Organization for Economic Cooperation and Development (OECD) principles.

UnionBank Manuals, Government Codes, Governance Evaluation Mechanisms

Revised Manual on Good Corporate Governance, Philippine Financial Reporting Standards 9 (PFRS 9) by the Banko Sentral ng Pilipinas. Internal Audit investigates in aid of administrative or criminal proceedings, and External Audit checks on whether financial statements are fairly presented in accordance with financial reporting standards.

UnionBank Manuals	Government Codes	Governance Evaluation Mechanisms
Revised Manual on Good Corporate Governance	Philippine Financial Reporting Standards 9 (PFRS 9) by the Banko Sentral	Internal Audit – investigates in aid of administrative or criminal proceedings External Audit – checks on whether financial statements are fairly presented in accordance with financial reporting standards
Code of Conduct	Sustainability Reporting Guidelines for Publicly Listed Companies by the Securities and Exchange Commission	Privacy Impact Assessment - manages confidentiality of client information
Ethical Standards and Governance Policies		Information Security, Risk, and Legal Assessments – safeguards and secures customer transactions

Board Diversity Policy

The Bank recognizes the value of board diversity and as such strives to promote the same by non-discrimination on age, gender, religion, socio-political affiliation and status. Diversity in the composition of the members of the board are upheld on a year-on-year basis in alignment with the fit and proper rule of the Bangko Sentral ng Pilipinas.

The membership of the Board is made up of a combination of varying core competencies.
The Board demonstrates integrity and adherence with the principles of good governance and accountability to ensure a high standard of governance and oversight. Individually, members have a spread of skills and experiences that work correspondingly with each other. With the Bank's on-going digital transformation, the Board ensures the security and privacy of the stakeholders' information through laws and adhering to good governance principles.

Our diversity statement alludes to variety in field of expertise and background. It is non-discriminatory in a way that it does not limit diversity to gender, race nor nationality.

Board Gender Diversity

Number of Female Directors
as of December 31, 2021: 3

Codes of Conduct

The following aspects are covered by UnionBank's codes of conduct at a group level:

- Corruption and Bribery
- Confidentiality of Information
- Conflicts of Interest
- Anti-Money Laundering
- Sustainability (Environment, Health, and Safety)
- Whistleblowing

Coverage

- Contractors/Suppliers/Service Providers: Only whistleblowing policy for contractors/suppliers/etc 100% coverage, 100% written acknowledgement, part of bid process
- Subsidiaries: 100% coverage for seconded employees, written acknowledgement, annual refresher course on Code of Conduct. For those regular employees of Subs, they are covered by their respective companies' Code of Conduct.

Systems and Procedures

The following mechanisms are in place to assure effective implementation of these codes of conduct:

- Responsibilities, accountabilities and reporting lines are systemically defined in all divisions and group companies
- Dedicated help desks, focal points, ombudsman, hotlines
- Employee performance appraisal systems integrates compliance/codes of conduct
- Disciplinary actions in case of breach

Anti-Corruption

Which stakeholders are affected?
Employees, customers, business partners, suppliers, stockholders, Board of Directors

What are the risks identified?
Operational and Reputational

The Bank is committed to conducting its business activities in a fair, honest and ethical manner. UnionBank has zero tolerance for bribery and corruption and strives to apply the highest standards of corporate ethics and professionalism in the conduct of its business. This zero tolerance approach also means the Bank is committed to the mitigation, deterrence and detection of bribery, corruption and other unethical practices.

What are the opportunities identified?
Conduct strong and consistent awareness campaign. Regularly update new employees, suppliers, and contractors. As a result, all employees, directors, vendors, related third parties, business partners and other stakeholders must comply with the provisions of the Bank's Anti-Bribery and Corruption Policy

Management Approach

UnionBank requires compliance with applicable Anti-Bribery and Corruption laws in the country.

UnionBank has bank-wide policies on anti-corruption such as its Whistle Blowing Policy and Fair Securities Dealing Policy.

This is part of the Bank's effort to achieve disclosure and transparency. The policy on Anti-Money Laundering is also intended as a way to reduce the risk of entering into transactions that may be exploited and may then result in incidences of bribery or fraud among others.

The Board of Directors is ultimately responsible for the Bank's Anti-Bribery and Corruption Compliance Program, which covers prohibition of receipt of gifts, entertainment and benefits, vendor management, whistleblowing and other related activities.

Training on Anti-Corruption Policies and Procedures

Disclosure	
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated	100%
Percentage of directors and management that have received anti-corruption training	100%
Percentage of employees that have received anti-corruption training	100%

Incidents of Corruption

Number of incidents in which directors were removed or disciplined for corruption	0
Number of incidents in which employees were dismissed or disciplined for corruption	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0

Customer Relationship Management

Customer Satisfaction

Which stakeholders are affected?
Customers (customer protection, satisfaction level, complaints that have been addressed, maintaining the trust given to the bank), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/ divestment), regulators (regulations can be created and/or revised to protect and uphold the rights of customers), general public and media (these two have reputational impact)

What are the risks identified?
Reputation Risks: Unsatisfied customers whose issues have not been resolved can provide negative feedback and public opinion. These can be shared over social media and circulated by the general public.

What are the opportunities identified?
Higher customer satisfaction translates to trust and can ensure customer loyalty. It also attracts potential new customers and therefore, more sales and revenue for the Bank.

The Bank aims to continuously improve its products and services by taking into consideration past complaints, suggestions and feedback from its clients. Digital platforms are also constantly being enhanced and updated to fit the current and immediate needs of UnionBank customers.

Management Approach

The Bank conducts operations and provides quality customer service following our culture and DNA of integrity, magis and ubuntu.

The consumer assistance management system of the bank includes consumer assistance policies and procedures as well as the corporate structure for handling complaints.

The Consumer Affairs Group (CAG) is responsible for the monitoring and oversight of the Bank's Customer Experience in compliance with BSP Circulars 857 and 1048 on Financial Consumer Protection. They shall be responsible for ensuring that the consumer assistance management process is necessary, updated, and conforming to the internal control framework of the Bank and complied with by all affected units. They are responsible for performing monitoring and oversight over the Bank's Consumer Assistance.

The group keeps track, identifies and analyzes trends about the nature of the complaints and, when needed, recommends solutions to avoid recurrence or improve processes to deliver standout Customer Experience. CAG reports and escalates issues and concerns to Senior Management or to the Operational Risk Management Committee on a monthly basis about persistent "complaints against the Bank or UnionBankers" that have been received.

Moreover, our Public Relations unit monitors feedback from traditional and social media to identify customer concerns; customer research; alignment with Consumer Protection; assessment for reputational risk and where it is being regularly reported to.

Customer Satisfaction Score

UnionBank puts importance in upholding the rights of its customers throughout its business operations and the entire organization. This has resulted in positive customer satisfaction ratings. In our 2021 customer satisfaction survey, respondents provided the following:

- Overall Rating - Branch customers' rating on their level of satisfaction with the overall service they have received from UnionBank, as a whole
- Branch Service Rating - Branch customers' rating on their level of satisfaction with the overall service they have received from their "most-often visited" UnionBank branch, given their experience for the last 3 months
- Customer Engagement Questions - Branch customers' average rating on the Gallup Customer Engagement Perception Questions Note: The scale used in this survey is 1 to 5 (with 5 being the highest).

	Total Number of Customers Served	Customer Satisfaction Rating
UnionBank	2.62 M deposit accounts and loans opened in 2021 8.99 M current and existing deposit accounts and loans as of 12/31/2021	4.91 (out of 5) 211,965 respondents
CitySavings	871,680 (in loans and deposits)	91%

Customer Health and Safety

Which stakeholders are affected?
Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

What are the risks identified?
UnionBank's financial products and services do not directly cause risks to the health and safety of its customers. Our customers' products and services can, however, indirectly cause health and safety risks to their own clients.

What are the opportunities identified?
As lenders of capital and intermediaries in financial transactions, the Bank can promote sustainable business practices (including health and safety) to its clients and customers.

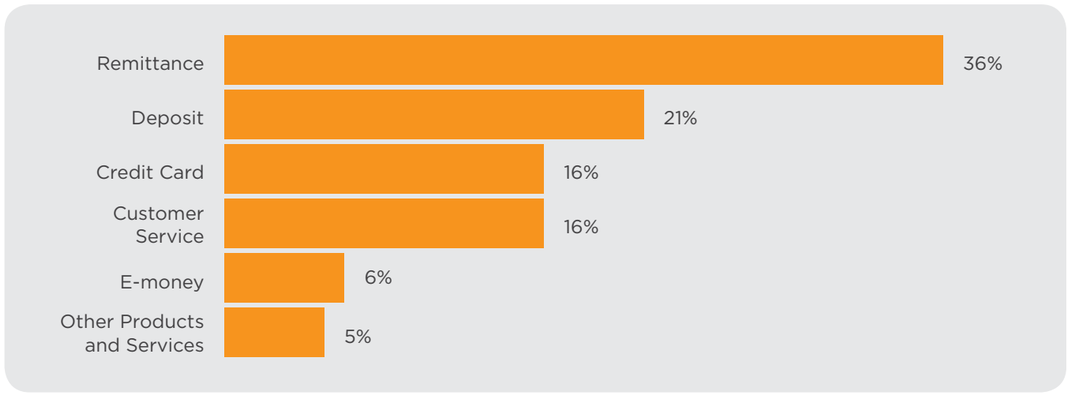
Management Approach

UnionBank's Sustainability Policy is aligned with its vision and brand promise and describes its ambition to neither cause nor contribute to adverse social and environmental impacts. By way of commitments, the Bank's statement addresses the (potential) direct impacts which it could create because of its operations and the products and services which it offers to the market.

As part of its ESG strategy, the Bank is preparing to develop its Environmental and Social Risk Management System (ESRMS), which will require that all environmental and social risks inherent or through its relationships, products, and services are reviewed and vetted with these considerations. This will guide the Bank in its risk assessment process to evaluate the negative and positive effects of a project that the Bank could finance.

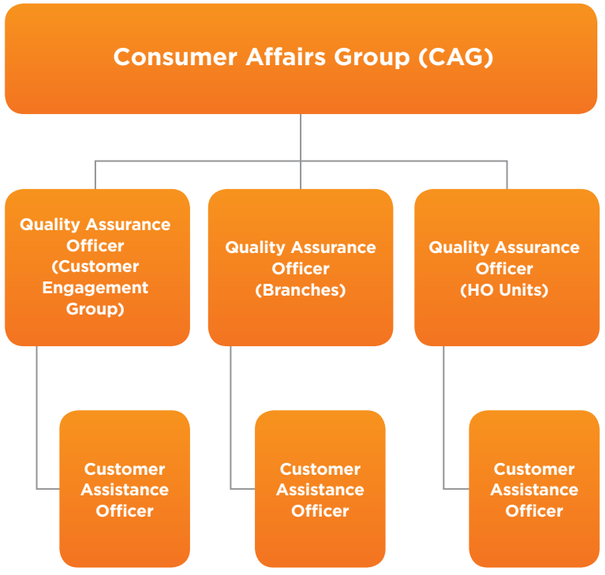
The Bank's Sustainability Policy guides decision-making at all levels, providing a frame of reference for our contributions to sustainable development, while managing risks and opportunities of a changing world.

This table summarizes the number of overall customer concerns in 2021:



These concerns went through the Bank's formal communication channels. A Consumer Assistance Officer (CAO) receives and acknowledges a customer's complaint/request/inquiry through any but not limited to the following channels: web-portal, walk-in or personal branch visit, letter, e-mail and telephone. The CAO performs initial investigation to identify concerned unit/s in charge of resolving the complaint/request/inquiry and logs the same into the Bank's central repository system. The client will receive notifications via email in acknowledgement of concern and upon resolution of the case.

The Quality Assurance Officer (QAO) monitors the progress of investigation to ensure compliance with the prescribed turnaround time and conducts follow-up as deemed necessary. The Resolving Consumer Assistance Officer assesses and investigates the request/complaint then completes the investigation within the required turnaround time based on the type of complaint and communicates the resolution to the customer in simple and clear language.



Marketing and Labelling

Which stakeholders are affected?
Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

What are the risks identified?
UnionBank adheres to national regulations on labelling and providing information about its financial products and services. Non-compliance can be subject to regulatory penalties. Transparent and responsible approach to various means and channels of communications, especially on any risks associated with the use of such products and services.

What are the opportunities identified?
Innovative updates and approaches on marketing and labelling can result in better customer satisfaction ratings. The Bank strives to carefully assess and review all marketing campaigns, materials, and digital platforms (including the mobile app and website).

Management Approach

The Bank is able to provide consumer protection and satisfaction by being able to uphold the rights of its customers to the security of its products and services. This is part of the organization's primary Business.

The Bank also strives to be transparent and accurate in providing its customers access to information. The Bank provides information on the effects of subscribing to its products and services, including any economic, environmental or social impact. This is incorporated in its labelling and marketing communication aspects.

Topic	Quantity
Number of substantiated complaints on marketing and labelling?	None
Number of complaints addressed	None

Customer Privacy

Which stakeholders are affected?
Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

What are the risks identified?
Breaches in customer privacy and loss of customer data can lead to regulatory penalties and reputational risks.

UnionBank ensures that it informs all data processors as how to the bank protects personal information of clients following the privacy-by-design principles. All customers would also be notified as to how their personal data is being processed.

What are the opportunities identified?
Improvement to the Bank's customer privacy processes and measures can ensure customer satisfaction. This will allow customers to trust the Bank and continue to drive revenues and new clients along the way.

Conduct trainings for employees, management, and subcontractors to continuously update everyone on customer privacy regulations, market changes, and risks.

Compliance courses on customer privacy for employees and awareness campaigns remind everyone in the organization to remain vigilant to changes and can therefore improve processes and mitigate risks better.

Topic	Number
Number of substantiated complaints on customer privacy	0
Number of complaints addressed	0
No. of customers, users, and account holders whose information is used for secondary purposes	100% We monitor the percentage of users whose customer data is used for secondary purposes. 100% of customers' data is used for secondary purposes. These are processed for secondary purposes other than banking products and services, subject to the Bank's privacy policy.

Management Approach

UnionBank respects and values our clients' right to privacy with utmost importance. We would like to inform you that we are taking the necessary steps for the protection and security of your personal information and of your use of our services.

As provided by the Data Privacy Act of 2012 ("DPA"), its Implementing Rules and Regulations ("IRR"), and issuances by the National Privacy Commission, the Bank guarantees that we are compliant with all the requirements mandated by law, as well as with the generally accepted global data protection standards and regulations.

The Bank ensures continued protection of your personal information with our organizational, physical, and technical measures for data protection, including policies for evaluation, monitoring, and review of operations and security risks. This Privacy Policy informs you of updates in our corporate policies regarding the collection, use, storage, disclosure, and disposal of personal information we receive and collect from the Bank customers, payees, users, and any individual who communicate, raise inquiries and concerns, as well as transact with us through our authorized representatives, bank branches, official websites and platforms, and web-based applications and channels.

This Privacy Policy shall be subject to changes in our policies and the law. We shall notify you of the changes by posting in our website and other means of communication for your information and reference.

Data Security

UnionBank places a high value in the security of our clients' data, information and assets ensuring its integrity, reliability, and security across the organization.

Which stakeholders are affected?
Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

What are the risks identified?
Cybersecurity breaches, including customer data leakage or theft may occur in the Bank. To mitigate these risks, the Bank implemented a robust cybersecurity control such as:

- Information security policy which is continuously updated and internally available to all employees
- Various education and awareness campaigns through different channels such as web-based learnings, social media posts and email blasts to further strengthen the awareness of our employees to information security.
- An identity and access management process including review and clean-up of access to systems making sure that the right people have the right access at the right time.
- Layered security controls from the network, application, and endpoint such as firewall, encryption mechanism and database monitoring solution.
- Vulnerability assessments, compliance reviews, red teaming exercises to uncover vulnerabilities, issues or lapses on all Bank's systems and processes that could be compromised by cyber criminals.
- 24/7 incident response capabilities to monitor, detect and respond to cybersecurity attacks.

What are the opportunities identified?
As UnionBank continuously improves its information security measures to combat cybersecurity threats, it can demonstrate to the stakeholders the Bank's commitment in providing a secured and future forward banking experience. This can lead to better customer satisfaction and ultimately, better revenues for the Bank.

Topic	Number
Number of data breaches, including leaks, thefts and losses of data	None

Management Approach

The Bank ensures continued protection of customer's personal information. We continually inform customers on updates in our corporate policies regarding the collection, use, storage, disclosure, and disposal of personal information.

Under the Data Privacy Act of 2012, our customers have the following rights:

1. Right to be informed – you may demand the details as to how your personal information is being processed or have been processed by the Bank, including the existence of automated decision-making and profiling systems.
2. Right to access – upon written request, you may demand reasonable access to your personal information, which may include the contents of your processed personal information, the manner of processing, sources where they were obtained, recipients and reason of disclosure.
3. Right to dispute – you may dispute inaccuracy or error in your personal information in the Bank systems through our contact center representatives.
4. Right to object – you may suspend, withdraw, and remove your personal information in certain further processing, upon demand, which include your right to opt-out to any commercial communication or advertising purposes from the Bank.
5. Right to data erasure – based on reasonable grounds, you have the right to suspend, withdraw or order blocking, removal or destruction of your personal data from the Bank's filing system, without prejudice to the Bank's continuous processing for commercial, operational, legal, and regulatory purposes.
6. Right to secure data portability – you have the right to obtain from the Bank your personal information in an electronic or structured format that is commonly used and allows for further use.
7. Right to be indemnified for damages – as data subject, you have every right to be indemnified for any damages sustained due to such violation of your right to privacy through inaccurate, false, unlawfully obtained or unauthorized use of your information.
8. Right to file a complaint – you may file your complaint or any concerns with our Data Protection Office at 44/F UnionBank Plaza, Meralco Avenue corner Onyx Road, Pasig City, 1600, Metro Manila, Philippines or dpo@unionbankph.com and/or with the National Privacy Commission through www.privacy.gov.ph

Editorial

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Sustainability Technical Working Group and Sustainability Data Stewards

Artificial Intelligence and Data Policy
Branch Channel Management
Compliance and Corporate Governance Office
Corporate Media and Reputation Management
Corporate Planning
Corporate Product Management
Customer Experience
Customer Segment Management
Facilities Management
Financial Reporting and Accounting Standards
Human Resource Group
Information Security Office
Legal Division
Operations Group
Private Banking
Procurement
Resiliency
Risk
Treasury

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