COVER SHEET

SEC Registration Number

A	S	0	9	4	-	0	0	2	7	3	3

Company Name

EAST WEST BANKING CORPORATION

Principal Office (No./Street/Barangay/City/Town/Province)

The Beaufort, 5th Avenue cor
23rd Street, Fort Bonifacio
Global City, Taguig City

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
ATTY. BENEDICTO M. VALERIO, JR	BMValerio@eastwestbanker.com	+632 8575-3871	

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	**MSRD**	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
106	**April 21**	

To be accomplished by SEC Personnel concerned

File Number

LGU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2022

2. SEC Identification Number ASO94-002733

3. BIR Tax Identification No. 003-921-057

4. Exact name of issuer as specified in its charter EAST WEST BANKING CORPORATION

5. Metro Manila, Philippines
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. The Beaufort, 5th Avenue, corner 23rd Street, Fort Bonifacio Global City, Taguig City
   Address of principal office

8. +632 8575-3888
   Issuer's telephone number, including area code

9. Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares	**2,249,975,411**

11. Are any or all of these securities listed on a Stock Exchange.

    Yes [X]   No [ ]

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

    The above common shares are listed in the Philippine Stock Exchange (PSE)

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 25 and 177 of The Revised 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. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

Shares Held by Non-Affiliates as of March 31, 2023	Market Value per Share as of March 31, 2023	Total Market Value as of March 31, 2023
424,156,292 shares	₱7.00	₱2,969,094,044.00

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 16 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders;

(b) Any information statement filed pursuant to SRC Rule 20;

(c) Any prospectus filed pursuant to SRC Rule 8.1.

EAST WEST BANKING CORPORATION
TABLE OF CONTENTS
SEC FORM 17-A

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Overview of the Bank

East West Banking Corporation (the "Bank", "EW", "EastWest" or "the Parent Company") is a universal bank in the Philippines that provides a wide array of products and services catering to the financial needs of consumers, middle market corporates, and the mass affluent. Through its vast network of stores nationwide, it offers a wide range of banking products and services, as well as allied financial services: non-life insurance brokerage, bancassurance, and leasing..

EW was registered with the Securities and Exchange Commission ("SEC") as a domestic corporation on March 22, 1994 and was granted authority by the Bangko Sentral ng Pilipinas ("BSP") to operate as a commercial bank under Monetary Board Resolution No. 101 dated July 6, 1994, and commenced operations on July 8, 1994. EastWest was also granted authority by the BSP to operate an expanded foreign currency deposit unit under MB Resolution No. 832 dated August 31, 1994. On July 26, 2012, the Bank received the approval of the BSP to operate as a universal bank under Monetary Board Resolution No. 1696 dated 25 November 2010. EastWest's ultimate parent company is A.L. Gotianun, Inc. EastWest's head office is located at The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

EW has been listed on the Philippine Stock Exchange ("PSE") since May 7, 2012. Its market capitalization as of December 31, 2022, was ₱15.1 billion. EW is approximately 77.9% owned by Filinvest Development Corporation ("FDC"). FDC is the listed holding company of the Filinvest Group, one of the largest conglomerates in the Philippines with interests in banking, real estate, hospitality and tourism, power generation and sugar. FDC, incorporated on April 27, 1973, started out as a consumer finance and banking business established by FDC's patriarch, Andrew L. Gotianun, Sr.

On March 12, 2009 (acquisition date), the Bank effectively obtained control of the following entities: a) AIG Philam Savings Bank (AIGPASB) b) PhilAm Auto Finance and Leasing, Inc. (PAFLI) c) PFL Holdings, Inc. (PFLHI) The acquisition date was determined through the execution of a Deed of Absolute Sale of Shares with the American International Group, Inc. (AIG) and certain AIG subsidiaries, including the Philippine American Life and General Insurance Company and AIG Consumer Finance Group.

Merger with AIGPASB, PAFLI and PFLHI On January 23, 2009, the Bank and American International Group, Inc. (AIG) and certain AIG subsidiaries, including The Philippine American Life and General Insurance Company and AIG Consumer Finance Group, entered into a Share Sale Agreement for the Bank to acquire all of the shares of AIGPASB, PAFLI and PFLHI (collectively referred to as 'AIGPASB Group').

On March 27, 2009, the Plan of Merger was made and executed. Considering that AIGPASB, PAFLI and PFLHI are wholly-owned subsidiaries of the Bank, their respective BOD and stockholders deemed it necessary and advisable to merge the Constituent Companies into one.

The merger was approved by the BSP and the SEC on August 6, 2009 and September 3, 2009, respectively.

On 19 August 2011, EastWest entered into a deed of assignment for the purchase of majority of the outstanding shares and control of Green Bank (A Rural Bank), Inc. ("GBI"). Consequently, GBI became a subsidiary of EastWest. The GBI acquisition enabled EastWest to significantly expand its branch network by adding 46 branches.

On 15 June 2012, the BSP Monetary Board approved the application of EastWest to acquire up to 100.0% of the outstanding shares of Finman Rural Bank, Inc. ("FRBI"), subject to certain conditions, a rural bank engaged in the business of extending credit to farmers, tenants, and rural enterprises. EW subsequently increased its ownership in FRBI to 100.0% through additional share acquisitions and capital contributions in 2012 and 2013. In May 2013, FRBI changed its name to East West Rural Bank, Inc. ("EWRB") and entered into an asset purchase agreement with GBI, effectively consolidating all of the Bank's rural banking business in EWRB.

In May 2013, EWRB and GBI entered into an asset purchase agreement with assumption of liabilities, in which EWRB will acquire selected loan portfolio, licenses for GBI's branches, and various assets necessary for branch business and operations, as well as assume the deposits and other liabilities incidental to the branch business and operations. The transfer of these assets and liabilities took effect on 31 October 2013.

On 17 February 2014, the SEC approved the application of EastWest to change its registration from a Government Securities Eligible Dealer (with Broker/Dealer of securities functions) to an Underwriter of Securities Engaged in Dealing Government Securities (with Broker/Dealer of securities functions), in accordance with the Securities Regulation Code and its implementing rules, as well as, other pertinent laws, rules and regulations applicable, with validity until 31 December 2018.

On March 28 and June 5, 2014, the BSP and the SEC respectively, approved the proposed merger between EW and GBI. On July 31, 2014, the merger between EW and GBI was completed.

On January 29, 2015, the BOD approved the common shares rights offering, subsequently, the BOD approved the application of the bank to list up to 371,574,000 common shares with par value of ₱10 per share to cover its stock rights offering. On May 8, 2015, a total of 371,574,000 common shares were listed at the PSE with ₱10 par value per share. The total proceeds raised by the Bank from the sale of the said shares amounted to P8.0 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱7.9 billion.

On May 18, 2015, the BSP approved EastWest's initial equity investment amounting to ₱30.0 million in East West Brokerage, Inc. ("EWIB"), a proposed wholly-owned insurance Brokerage insurance company of EastWest. EWIB was registered with the SEC on July 6, 2015.

On September 21, 2015, the BSP approved the request of the Bank for initial equity investment amounting to ₱500.0 million in East West Ageas Life Insurance Corporation ("EWAL"), a proposed joint venture with Ageas Insurance International N.V. The joint venture company, EWAL, shall be primarily engaged in life insurance business. EWAL was registered with the SEC on October 20, 2015.

On May 6, 2016, EW entered into an asset and share transfer agreement with Standard Chartered Bank ("SCB") and SCMB Overseas Limited for the acquisition of SCB Philippines' retail banking business (including all of SCB Philippines' three branches) and the transfer of 100.0% ownership of the entities, namely: QMIS and ASIA. The acquisition was approved by the BSP on August 8, 2016. On November 25, 2016, after satisfying all the conditions under the asset and share transfer agreement, the transfer of assets and liabilities was completed.

In 2016, the BSP approved and confirmed the initial equity investment in East West Leasing and Finance Corporation (“EWLF”) of ₱100.0 million. It was registered with the SEC in October 2016 with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations. The principal place of business of EWLFC is at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

On July 13, 2017, the BOD approved the following: (1) the Bank’s increase in authorized capital stock from ₱20.0 billion to ₱50.0 billion and (2) the subsequent declaration of a 50% Stock Dividend or 750,000,000 common shares to cover the minimum required subscription and payment for the said increase in authorized capital stock. On April 16, 2018, a total of 749,991,801 common shares were listed at the PSE.

On June 19, 2019, the Philippine Competition Commission (“PCC”) approved the Bank’s purchase of the dealer-generated auto-lending portfolio held by Philippine Bank of Communications (“PBCom”).

Securities Issuances

Debt Issuances

On February 20, 2017, EW’s subsidiary, EWRB, issued 5.5% Lower Tier 2 unsecured subordinated notes with par value of ₱1.25 billion maturing on August 20, 2027 but callable on August 20, 2022.

On June 24, 2022, the EWRB’s Board of Directors unanimously approved under Resolution No. 002-007 EWRB 2022 the exercise of the Call Option for TIER2 on August 22, 2022. Issued principal is 1.25 Billion at 5.5% coupon rate with 385 noteholders. On August 1, 2022, BSP approved the exercise of the call option. Redemption date was on August 20, 2022 and was settled on August 22, 2022.

On February 10, 2020, EW issued 4.50% fixed-rate bonds with issue price at 100.00% face value. The bonds will bear interest at the rate of 4.50% per annum from and including February 21, 2020 to but excluding: (a) February 21, 2023, such date being the maturity date (if the pre-termination option is not exercised); or (b) the pre-termination date (if the pre-termination option is exercised), and the interest will be payable quarterly in arrears at the end of each interest period on February 21, August 21 and November 21 of each year commencing on 2020.

Equity Issuances

On February 1, 2019, the BSP approved the following amendments to the Parent Company’s Articles of Incorporation, which were approved and confirmed by the Parent Company’s BOD at its special meeting on July 13, 2017, to provide flexibility for future capital requirements:

a. Increase of the Parent Company’s authorized capital stock from ₱20.00 billion to ₱50.00 billion consisting of 4.50 billion common shares with par value of ₱10.00 per share or a total par value of ₱45.00 billion and ₱0.50 billion preferred shares with par value of ₱10.00 per share or a total par value of ₱5.00 billion.

b. Declaration of 50.00% stock dividends equivalent to ₱7.50 billion from the Parent Company's unrestricted retained earnings as of December 31, 2016 to meet the required subscribed and paid amount of capital stock per Corporation Code after the increase in the authorized capital of the Parent Company. The increase in the Parent Company's authorized capital stock and stock dividend declaration were subsequently approved by BSP on September 29, 2017 and by SEC on February 28, 2019.

On April 16, 2018, a total of 749,991,801 common shares were listed at the PSE.

LTNCDs

Long-Term Negotiable Certificates of Deposits due 2022 (LTNCD Series 4)
In 2017, the Parent Company issued unsecured LTNCD which matured on September 21, 2022. The first tranche of the LTNCD amounting to ₱2.70 billion was issued in March 2017. The second to fifth tranches of the LTNCD aggregating to ₱7.30 billion were issued in April to August 2017. The debt issue costs related to the issuance of the LTNCD in 2017 amounted to ₱49.94 million. As of December 31, 2022 and 2021, the related unamortized debt issue cost amounted to nil and ₱7.40 million, respectively.

Long-Term Negotiable Certificates of Deposits due 2023 (LTNCD Series 5)
In 2018, the Parent Company issued unsecured LTNCD maturing on December 7, 2023. The first tranche of the LTNCD amounting to ₱2.45 billion was issued in June 7, 2018. The debt issue costs related to the issuance of the LTNCD in 2018 amounted to ₱18.38 million. As of December 31, 2022 and 2021, the outstanding unamortized debt issue cost amounted to ₱3.47 million and ₱7.03 million, respectively.

Subsidiaries and Affiliate
East West Banking Corporation and its subsidiaries and affiliate (the Group) as of December 31, 2022 includes the following:

Name	Principal Activities	Effective Percentage of Ownership
East West Rural Bank, Inc. (EWRB)	Consumer banking	100.00%
East West Insurance Brokerage, Inc. (EWIB)	Non-life insurance brokerage	100.00%
East West Leasing and Finance Corporation (EWLF)	Finance and leasing	100.00%
Quest Marketing and Integrated Services Inc. (QMIS)	Sales and marketing	100.00%
Assurance Solutions Insurance Agency (ASIA)	General insurance and marketing	100.00%
East West Ageas Life Insurance Corporation (EWAL)	Life insurance	50.00%

East West Rural Bank, Inc.

East West Rural Bank, Inc. (formerly Finman Rural Bank, Inc.) was incorporated and registered with Philippine SEC on November 5, 1997 for the purpose of accumulating deposits and granting loans to various individuals and corporate entities as well as government and private employees. The Bank was granted authority by the Bangko Sentral ng Pilipinas (BSP) to operate as a rural bank and commenced operations in March 1998. Its principal office is located at 3rd and 4th Floors, East West Bank Building, J.P. Laurel Avenue corner Iñigo Street, Bajada, Davao City.

East West Insurance Brokerage, Inc.

East West Insurance Brokerage, Inc. (EWIB) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 6, 2015 primarily to act as an insurance broker in soliciting, negotiating, and forwarding applications for fire insurance, motor car insurance, engineering insurance, personal accident insurance, travel insurance, bonds & surety, directors and officer's liability insurance, aviation insurance, marine cargo insurance and other non-life insurance services. On September 23, 2015, EWIB received its license to act as an insurance broker from the Insurance Commission ("IC"). It started its commercial operations on September 24, 2015. Its principal place of business is located at The Beaufort, 5th avenue corner 23rd street, Bonifacio Global City, Taguig City.

East West Leasing and Finance Corporation

East West Leasing and Finance Corporation (EWLF) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 6, 2016, primarily to engage in general financing and investment business, with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations. Its place of business is located at The Beaufort, 5th avenue corner 23rd street, Bonifacio Global City, Taguig City.

Quest Marketing and Integrated Services Inc. (formerly known as Price Solutions Philippines, Inc.)

On November 25, 2016, SCMB Overseas Ltd., a wholly owned subsidiary of SCB Philippines, completed the transfer of its 100% ownership of Quest Marketing and Integrated Services Inc. (QMIS) as part of the asset and share transfer agreement by and between SCB Philippines and SCMB.

QMIS was registered with the SEC on July 17, 2007 primarily to engage in:

- sales and marketing services for financial institutions;
- providing marketing facilities and consultancy;
- providing management and staffing services for sales and marketing requirements; and
- providing debt collection and customer service facilities to financial institutions.

The principal place of business is at 7th Floor, Global Trade Center, 1024 EDSA, Quezon City.

Assurance Solutions Insurance Agency, Inc.

On November 25, 2016, SCMB Overseas Ltd., a wholly owned subsidiary of SCB Philippines, completed the transfer of its 100% ownership of Assurance Solutions Insurance Agency (ASIA) as part of the asset and share transfer agreement by and between SCB Philippines and SCMB. ASIA was registered the Philippine Securities and Exchange Commission (SEC) on July 17, 2007 primarily to engage in general insurance agency business. The principal place of business is at 6th Floor, 6788 Sky Plaza Building, Ayala Avenue, Makati City.

Investment in a Joint Venture

East West Ageas Life Insurance Corporation

On May 28, 2015, the Parent Company and Ageas Insurance International N.V. ("Ageas") entered into a joint venture agreement to form EW Ageas Life. EW Ageas Life, which is primarily engaged in the life insurance business, was incorporated with a capitalization of ₱2.01 billion and with ultimate ownership interest of the Parent Company of 50.00% less 1 share. The Parent Company's initial investment amounted to P=500.00 million. The joint venture agreement provided certain conditions that should be satisfied for the consummation of the agreement, which include among others, obtaining all the required regulatory approvals. EW Ageas Life was incorporated and registered with the SEC on October 20, 2015. Its primary purpose is to undertake and write insurance upon the life of individuals, and every insurance appertaining thereto or connected therewith; to make contracts of insurance providing for all risks, hazards, guarantees and contingencies to which life, accident, or health insurance is applicable; to indemnify against legal liability; to compute endowments and grant, purchase or dispose of annuities; to procure re-insurance of its risks; to issue policies stipulated to be with or without participation in profits; and to purchase for its own benefit any policy of insurance or other obligation as well as claims of policyholders.

On December 22, 2015, EW Ageas Life obtained from the Insurance Commission (IC) a license to operate as a life insurance business. The Certificate of Authority was granted effective from January 1, 2016 to December 31, 2018 and renewed every two years. The latest renewal happened on December 16, 2021 with certificate No. 22/19-R effective from January 1, 2022 to December 31, 2024.

EW Ageas Life started its commercial operations on February 1, 2016. On March 28, 2016, the Parent Company and Ageas entered into a Deed of Sale for the transfer of 1,666,655 shares from Parent Company to Ageas. The resulting shareholder structure became 50% less one share for Parent Company and 50% plus one share for Ageas. The Parent Company and Ageas control EW Ageas Life through a Joint Venture Agreement. Its registered office is at One World Place, 32nd Street, Bonifacio Global City, Taguig City.

In 2017, additional capital aggregating to ₱1.33 billion was solely contributed by Ageas to EW Ageas Life. This increased the Parent Company's investment in the joint venture by ₱665.00 million in 2017 which was recognized as gain on capital transaction. Under the joint venture agreement, within a period of seven (7) years from consummation, the joint venture entity may at any time request for additional funding from the Parent Company and Ageas. Parent Company and Ageas each infused additional capital to EW Ageas Life amounting to ₱575.00 million in 2022 and ₱200.00 million in 2021.

Principal Business Activities

Retail Banking

The retail banking segment mainly covers traditional branch banking products and services such as deposits, back-to-back loans and other over-the-counter ("OTC") transactions. It also caters to the needs of high net-worth clients for alternative investment and cash management requirements of mid-market corporates. It includes entire transaction processing, service delivery and infrastructure consisting of the Bank’s network of branch stores and ATMs

Deposit Products
The Bank offers a comprehensive range of deposit products consisting primarily of Peso demand, savings and time deposits. Offered also are US Dollar and 3rd currency savings and time deposits. The Bank offers varying interest rates on its deposit products based on prevailing market interest rates.

Access to Investment Products
The Bank also offers investors access to investment products such as treasury bills and bonds, fixed rate treasury notes and retail treasury bonds. Customers can also invest in long-term fixed income debt instruments issued by public and private entities.

Access to Bancassurance Products
The Bank also offers both traditional and non-traditional/variable life insurance products through our bancassurance partner – EastWest Ageas Life Insurance Corp to potential investors. Customers can invest via one time or recurring modal payment available in local currency.

Cash Management Services
The Bank offers a wide range of cash management solutions to assist mid-market corporates, composed primarily of entrepreneurial and family-owned businesses, including (i) a facility for payroll preparation and crediting, (ii) an interest-earning checking account that provides a customized standalone check-writing facility and a comprehensive accounts payable system, (iii) an end-to-end automated solution for the creation, disbursement and monitoring of checks, (iv) a check depot service whereby the Bank retains a corporate customer‘s post-dated checks for immediate deposit to the customer‘s account on the same date indicated on the checks, (v) a bill collection service whereby the Bank acts as a collecting agent and transmits consolidated payments to the customer online or via electronic file transfer and (vi) deposit pickup services, in which the Bank sends an armored vehicle to pick up cash and check deposits at the customer‘s premises.

Consumer Lending

The Bank offers various types of consumer lending products to individuals, which consist principally of credit cards, auto loans, residential mortgage loans and personal loans. The Bank reviews various factors in evaluating prospective clients, including but not limited to the capacity of the borrower to repay the loan. The Bank also considers various factors in pricing its loans such as but not limited to the delinquency rates of particular market segments, the funding costs of the portfolio, direct and indirect expenses related to granting consumer loans and the target spread of the loan portfolio. Loan terms are differentiated according to factors such as a customer’s financial condition, age, loan purpose, collateral and quality of relationship with the Bank. The Bank focuses its core business towards consumer financing where it has a competitive advantage. Several product lines were launched to ascertain that its target market is reached.

Credit Cards
Since 2004, EastWest has grown its credit product offerings to address the evolving customer needs and wants. Through the years, EastWest credit card has enabled compelling customer experience through

optimization of its financial capabilities, stronger synergies with payment networks, Mastercard, Visa and JCB, as well with extensive merchant alliances.

Segmented portfolio initiatives have brought expansive payment card benefits and value-laden promotions to its customers, which resulted from 10,000 credit card base in 2004, to more than one million issued credit cards by end of 2022. This translates to 9% of the total market share for credit cards in the Philippines as of December 31, 2022 based on data from the Credit Card Association of the Philippines. On the same year-end report, EastWest ranks 6th in Issuing Billings, with the 43.6% growth from P40.85 billion in 2021, to P58.66 billion. On the other hand, Accounts Receivable growth has posted a 28.33% increase from P30.94 billion, in previous year, to P39.71 billion.

EastWest credit card will continue to differentiate its usage and distribution presence to effectively address the dynamism in the payment landscape, whether online and in-store. Stronger merchant partnerships, deeper institutional alliances and constant innovation focused on the customers essential needs and diverse lifestyles are the formidable factors to its sustained growth.

Auto Loans

The Bank's auto loans are offered through car dealerships (including second-hand car dealers), independent sales agents and the Bank's stores. The Bank provides incentives to car dealerships and independent sales agents based on each booked auto loan amount. A key competitive factor in the automotive loan business is the speed by which a bank can process an automotive loan, as dealers will offer a loan to multiple banks and the Bank offers a 1 to 3-day auto loan approval process, which the Bank believes is an important aspect to its success in growing its auto loan portfolio. The Bank's auto loan business also engages in strategic partnerships with major car brands to develop exclusive programs. Additionally, the Bank cross-sells its auto loans with the products of other units and offers special plans for existing and repeat customers.

All of the Bank's auto loans are secured by a chattel mortgage over the car being purchased. In addition to being subject to the Bank's internal credit checks, the Bank generally requires the borrower to make a minimum down payment of 20.0% - 30.0% of the purchase price. Depending on whether the car being purchased is new or second-hand, the interest rate of the Bank's auto loans can range from 8.5% to 18.0%, with an average maturity of 57 months. Generally, when an installment payment falls 90 days past due, the Bank may commence foreclosure proceedings. Foreclosed cars are generally sold by the Bank through public auction.

Residential Home Mortgage Loans

The large majority of EW's residential mortgage loans are extended to property buyers in the Philippines who intend to occupy residential units in the form of house and lot, townhouse or condominiums, with a small proportion being extended to individuals purchasing lots for investment purposes or for future dwelling via house construction loans. All of EW's home mortgage loans are secured by a first mortgage on the property and each applicant undergoes a stringent credit evaluation process. EW requires its borrowers to make a minimum down payment of 20% of the total contract price, or appraised value for the various loan purposes. EW also refinances existing housing loans. EW uses its store network as a key distribution channel and maintains marketing campaigns to attract property buyers independently from real estate developers, which serve as distribution channels for mortgage loan providers. The average maturity of EW's home mortgage loans is 15 years. In line with industry practice in the Philippines, interest rate on EW's home mortgage loan portfolio has several fixing rates such as 1 year fixing, 2-3 year fixing and 5- year fixing. Upon expiry of the initial period, the interest rate is repriced at a fixed annual rate.

When a borrower falls in arrears with its mortgage payments, the buyer can either agree to a voluntary disposition of the property to EW, or EW may commence foreclosure proceedings. EW sells mortgaged collateral that has been foreclosed, primarily in public auctions or by brokers on behalf of EW. Foreclosure of the mortgaged collateral generally takes between 16 and 20 months.

EW currently offers various home financing products with differentiating features, which include a mix of competitive interest rates and what the Bank believes to be the longest payment term in the market of up to 30 years. As most residential mortgage loans available in the market only allow up to a maximum payment term of 20 years, EW's longer payment term means lower and consequently lighter amortization payments for the borrower. EW also gives the borrowers the option to adopt a fixed-term pricing scheme to protect borrowers against the risk of fluctuating interest rates.

Personal Loans

The Bank's personal loans business provides unsecured, uncollateralized consumer loans to qualified individuals for multi-purpose personal use. The primary distribution channel for personal loans is the Bank's stores and third-party sales agencies. The Bank offers personal loans to employed and self-employed individuals with gross (basic) monthly income of at least ₱15,000 or basic annual income of not less than ₱180,000. The monthly nominal interest rates for a personal loan ranges from 1.49% to 1.89% and is payable in fixed equal monthly installments from 12 to 36 months.

Corporate Banking

The Corporate Banking Group is responsible for the overall management and development of the Bank's corporate relationships. Although the activities of the EW group are primarily focused on the working capital, term funding and project finance requirements of its core mid-market customer base, which is predominantly comprised of entrepreneurial or family-owned businesses, it also has relationships with large corporate accounts. The Corporate Banking Group also offers the entire array of the Bank's products and services which includes cash management services, foreign exchange and deposit and investment products to its corporate customers. The Bank believes that successfully identifying and offering holistic solutions to the banking needs of its corporate client base is essential to placing EW at the top of its clients' minds in their choice of a banking relationship.

Credit Products

The Bank provides a wide range of loan products and services to its corporate customers, including revolving credit lines, domestic and foreign bills purchase, acceptances, trade finance facilities, bank guarantees and term loans. In line with its strategy to create a balanced and diversified portfolio, the Bank's corporate customers are engaged in various industries and located in key geographical areas in the Philippines. Credit facilities offered to corporate customers include both secured and unsecured loan products, depending on the credit risks associated with the customer and its business.

The Bank intends to continue to expand its corporate banking portfolio by increasing its share of its existing customers' working capital requirements as well as supporting their expansion projects. The Bank also aims to continue to enlarge its client base by targeting new corporate customers through the Bank's expanded combined customer network.

Rural Banking

To extend its reach to underserved segments of the market that have the potential for growth, the Bank has established a rural bank arm. Backed by the strong track record of its predecessor entities, EWRB is capable of catering to the banking needs of customers outside the urban areas in the country and provide wider access to innovative products and delivery channels. In addition to DepEd teachers' loans, EWRB currently offers small business loans, which are intended for small to medium enterprises, with a maximum loan limit of ₱5.0 million, and social security system ("SSS") pensioners' loans, which are intended for all SSS retirees and survivorship pensioners whose SSS pension is directly credited to savings accounts with EWRB and EW.

Treasury and Trust

Treasury

The Bank's Treasury Group has primary responsibility for managing the Bank's liquidity, interest rate, and foreign exchange exposures. The Bank manages its liquidity position by regularly reviewing its cash flow position, debt maturity profiles, and available credit facilities. This ensures that the bank has stable sources of funding to service client requirements and its daily operations. The Bank's Treasury Group also actively participates in the financial markets to hedge exposures as well as seek opportunities that could augment the bank's other revenue sources. It trades local and foreign-currency-denominated treasury bills and Bonds, as well as foreign exchange products. The Bank is an accredited Government Securities Eligible Dealer.

Trust

The Bank offers a range of trust products and services, including fund management, investment management services, safekeeping~~,~~ escrow agency services, personal management trust services and employee benefit trust services. In addition to offering trust services to corporate and high net-worth individual customers (customers with a total relationship balance of ₱2.5 million), the Bank provides retail customers with various investment opportunities through its Unit Investment Trust Funds (UITFs), which are available in Peso and U.S. dollar-denominated UITFs. In a UITF, funds of various investors are pooled and invested in a diversified portfolio of liquid securities, term deposits, money market instruments or stocks in accordance with the investment objectives and restrictions stated in the Declaration of Trust.

Principal Products and Services

The Bank offers a comprehensive range of deposit products, consisting primarily of Peso demand, savings and time deposits. The Bank also offers U.S. dollar and other third currency savings and time deposits. The Bank's loan offerings include consumer loans – auto, mortgage and personal as well as corporate loans. The Bank also offers payment facilities such as debit, prepaid and credit cards.

The Bank also offers a suite of electronic channels such as internet banking for individuals and corporates, mobile banking, phone banking and ATMs.

Below lists out the various products and services of the Bank:

Deposit Products and Related Services

- *Savings Accounts:* Passbook Savings Account, Passbook Savings Account with Debit Card, Basic Savings, Kiddie Savings Account, ATM Savings Account, ATM Savings Account for SSS Pensioners, Super Saver.

- *Checking Accounts:* Regular Checking Account, ChequeMax, ChequeMax Rewards, Chequemax Plus, Basic Checking.

- *Time Deposit Accounts:* Peso Time Deposit, 5-year Time Deposit, Online Peso Time Deposit.

- *USD and 3rd Currency Accounts:* US Dollar Savings Account, US Dollar Time Deposit, Online Dollar Time Deposit, Chinese Yuan Savings and Time Deposit Account, Euro Savings and Time Deposit Account, Japanese Yen Savings and Time Deposit Account, Singapore Dollar Savings and Time Deposit Account, Australian Dollar Savings and Time Deposit Account, British Pound Savings Account, Hongkong Dollar Savings Account, New Zealand Dollar Savings Account.

- *Debit and Prepaid Cards:* Classic Debit Card, Priority Platinum Debit Card, General Purpose Prepaid Card, Personal Loan Prepaid Card, Gift Card, Travel Money Card.

Consumer Loans and Related Services

- *Auto Loan:* Auto Loan, Fleet Financing, Refinancing
- *Home Loan:* Top-Up Loan, Home Equity, Home Construct, Reimbursement, Home Acquire/ Condo Acquire, Lot Acquire
- *Personal Loan*
- *Salary Loan*

Credit Cards

- *Elite Credit Cards:* EastWest Priority Visa Infinite, EastWest Platinum Mastercard, EastWest Visa Platinum, EastWest JCB Platinum, EastWest EveryDay Titanium Mastercard, EastWest Dolce Vita Titanium Mastercard
- Core Credit Cards: EastWest Classic and Gold Mastercard, EastWest Visa Classic and Gold, EastWest JCB Gold, EastWest Practical Mastercard, EastWest 1st Mastercard
- *Co-brand and Affinity Cards:* EastWest Singapore Airlines KrisFlyer World Mastercard, EastWest Singapore Airlines KrisFlyer Platinum Mastercard

Investment Banking

- *Securities Underwriting*
- *Financial Advisory*

Corporate Credit Facilities

- *Working Capital Loans and Facilities:* Short Term Loan, Revolving Promissory Note Facility, Trade Check Discounting Facility
- *Floor Stock Financing:* Floor Stock Facility
- *Trade Finance:* Import and Domestic Letters of Credit, Document Against Payment, Documents Against Acceptance and Open Account, Trust Receipt Loan, Export Advance Facility, Export Bills Purchase
- *Guarantees:* Foreign and Domestic Standby Letters of Credit (SLBC), Bank Guarantees, Committed Credit Line
- *Bills Purchase:* Domestic Bills Purchase Line, Foreign Bills Purchase Line
- *Term Financing:* Long Term Loans, Project Financing

Hedging Products

- *Foreign Exchange:* Spot, Forwards, FX Swaps

Investment Products

- *Fixed Income:* Peso Government and Corporate Securities, USD-denominated Government and Corporate Securities

Trust Products

- *Corporate Solutions:* Employee Benefit Trust/Retirement Account, Fund Management
- *Wealth Management:* Personal Management Trust, Investment Management Account
- *Investment Funds:* EW Peso Money Market Fund, EW Peso Intermediate Term Bond Fund, EW Peso Long Term Bond Fund, EW Dollar Intermediate Term Bond Fund, EW PSEi Tracker Fund, EW PhilEquity Feeder Fund, EW S&P 500 Index Feeder Fund
- *Other Fiduciary:* Escrow Agency

Cash Management Services

- *Collection Services:* Auto Debit Arrangement, Bills Collect, Check Deposit Pick-up, Check Warehousing, Payment Gateway
- *Disbursement Services:* Check-writing, Electronic Invoice Payment & Presentment, Bulk Intra Bank and Inter Bank Funds Transfer, Corporate Bills Payment
- *Liquidity Management Services:* Account Sweeping, Reverse Account Sweeping
- *Payroll Services:* Payroll Crediting, Payroll System with HRIS (Human Resource Information System)
- *Other Services:* Government Payments, Electronic Invoice Presentment and Payment (EIPP), Inventory Management System (IMS)

Small and Medium Enterprise Banking / Business Loans

- *Revolving Credit Facility*
- *Term Loans*
- *Omnibus Line*
- *Promissory Note Line (PNL)*
- *Trade Checks Discounting Line (TCDL)/Receivables Purchase Line*
- *Export Advance Loan Line*
- *Letters of Credit (Import/Domestic)*
- *Standby Letter of Credit (Foreign/Domestic)*

- *Trust Receipt Line*
- *Domestic Bills Purchase*
- *Export Bills Purchase*

Distribution Network

EastWest's products and services are made available across multiple distribution and delivery channels. As of December 31, 2022, EastWest has a total of 392 branches, with 213 of these branches in Metro Manila. For the rest of the country, the Bank has 100 branches in other parts of Luzon, 40 branches in Visayas, and 39 branches in Mindanao. ATM network is at 582, composed of 475 on-site ATMs and 107 off-site ATMs.

The Bank's subsidiary rural bank has a total of 76 branches bringing the group branch store network total to 468.

Status of Publicly-Announced New Product or Service

All publicly-announced new products or services of the Bank are in commercial distribution.

Competition

The banking industry in the Philippines is composed of universal banks, commercial banks, savings banks, savings and mortgage banks, private development banks, stock savings and loan associations, rural banks cooperative banks and Islamic banks.

As of March 2023, the banking sector consisted of 45 universal and commercial banks, of which 22 were universal banks and 23 were commercial banks. Of the 22 universal banks, 13 were private domestic banks, 3 were government banks, and 6 were branches of foreign banks. Of the 23 commercial banks, 3 were private domestic banks, 2 were subsidiaries of foreign banks, and 18 were branches of foreign banks.

Commercial banks have all the general powers incident to corporations and are organized primarily to accept drafts and to issue letters of credit, to discount and negotiate promissory notes, drafts, bills of exchange and other evidences of indebtedness, accept or create demand deposits, receive other types of deposits and deposit substitutes, buy and sell foreign exchange and gold and silver bullion, and extend credit on a secured or unsecured basis. Universal banks are banks that have authority, in addition to commercial banking powers, to exercise the powers of investment houses, to invest in the equity of businesses not related to banking, and to own up to 100.0% of the equity in a thrift bank, a rural bank, or a financial allied or non-allied enterprise. A publicly listed universal or commercial bank may own up to 100.0% of the voting stock of only one other universal or commercial bank.

As of December 31, 2022, the 10 largest universal and commercial banks accounted for approximately 86.4% of total assets and 87.5% of total deposits of the universal and commercial banking system based on published statements of condition.

Customer Concentration

The Bank has a diversified customer base and there is no concentration of business in major customer groups. As such, the Bank is not dependent upon a single customer or a few customers

Transactions with and/or Dependence on Related Parties
In the ordinary course of business, the Bank has loan transactions with some subsidiaries and with certain directors, officers, stockholders and related interests. Under the Bank's policies, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks. Refer to Note 28 of the attached Audited Financial Statements of EastWest for the details of related party transactions.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements Held
In 1994, EW obtained a Certificate of Registration and bank license from the Philippine SEC to operate under the corporate name "East West Banking Corporation."

EW uses a variety of names and marks, including the name "East West Banking Corporation" and EW's logo, in connection with its business. The Bank has registered such names and marks with the Intellectual Property Office of the Philippines.

On January 25, 2012, the Bank obtained a certification from the BSP on a US-based bank using a similar name. As certified by BSP, the US-based bank has not been issued a license to operate as a banking institution in the Philippines. The BSP also certified that the Bank is among the commercial banks it supervises. On October 10, 2013, the Intellectual Property Office of the Philippines issued a decision in favor of the Bank, cancelling the mark "EAST WEST BANK & COMPASS LOGO" previously registered in the name of a US-based bank.

Need for Government Approval of Principal Products or Services
The Bank's principal products and services are offered to customers only upon receipt of the necessary regulatory approvals or clearances. The Bank strictly complies with the related regulatory requirements such as reserves, liquidity position, loan exposure limits, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other reportorial requirements.

Effect of Existing or Probable Governmental Regulations on the Business
The Bank strictly complies with the Bangko Sentral ng Pilipinas (BSP) requirements in terms of capitalization reserves, liquidity position, limits on loan exposure, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other reportorial requirements as well as other regulatory agencies such as the Securities and Exchange Commission, Philippine Stock Exchange, Philippine Deposit Insurance Corporation and the Bureau of Internal Revenues, among others.

Amount Spent on Research and Development Activities
The Bank's research and development activities are mainly driven towards market research and technology-related projects and initiatives. EastWest's businesses are heavily dependent on the ability to timely and accurately collect and process a large amount of financial and other information across numerous and diverse markets and products at its various branches, at a time when transaction processes have become increasingly complex with increasing volume.

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

Year	Amount	% of Revenue
2022	₱1.00	-
2021	₱0.36	-
2020	₱3.24	0.01%

Costs and Effects of Compliance with Environmental Laws
This is not relevant to the operations of the Bank.

Employees
As at December 31, 2022, EastWest had 5,787 full-time employees compared to 5,866 in 2021. The following table categorizes EastWest's full-time employees rank, as of December 31, 2022 and 2021:

	2022	2021
Executives	277	238
Managers	2,438	2,483
Rank and File	3,072	3,145
Total	**5,787**	**5,866**

The subsidiaries have 1,388 officers/staff, bringing the combined manpower of 7,175.

There is no existing collective bargaining agreement between EastWest and any of its employees, and EastWest's employees are not part of any labor union.

Financial Risk Management Objectives and Policies

Risk Management

To ensure that corporate goals and objectives, and business and risk strategies are achieved, the Parent Company utilizes a risk management process that is applied throughout the organization in executing all business activities. Employees' functions and roles fall into one of the three categories where risk must be managed: business units, operating units and governance units.

The Parent Company's activities are principally related to the use of financial instruments and are exposed to credit risk, liquidity risk, operational risk and market risk, the latter being subdivided into trading and non-trading risks. Forming part of a coherent risk management system are the risk concepts, control tools, analytical models, statistical methodologies, historical research and market analysis, which are being employed by the Parent Company. These tools support the key risk process that involves identifying, measuring, controlling, and monitoring risks.

<u>Risk Management Structure</u>

a. *Board of Directors (BOD)*
   The Parent Company's risk culture is practiced and observed across the Group, putting the prime responsibility on the BOD. It establishes the risk culture and the risk management organization

and incorporates the risk process as an essential part of the strategic plan of the Group. The BOD approves the Parent Company's articulation of risk appetite which is used internally to help management understand the tolerance for risk in each of the major risk categories, its measurement and key controls available that influence the Parent Company's level of risk taking. All risk management policies and policy amendments, risk-taking limits such as but not limited to credit and trade transactions, market risk limits, counterparty limits, trader's limits and activities are based on the Parent Company's established approving authorities which are approved by the Parent Company's BOD. At a high level, the BOD also approves the Parent Company's framework for managing risk.

b. *Executive Committee*

This is a BOD level committee, which reviews the bankwide credit strategy, profile and performance. It approves the credit risk-taking activities based on the Parent Company's established approving authorities and likewise reviews and endorses credit-granting activities, including the Internal Credit Risk Rating System.

c. *Loan and Investments Committee*

This committee is headed by the Chairman of the Parent Company and whose primary responsibility is to: oversee the Parent Company's credit risk-taking activities and overall adherence to the credit risk management framework; review business/credit risk strategies, quality and profitability of the Parent Company's credit portfolio; and recommend changes to the credit evaluation process, credit risk acceptance criteria and the minimum and target return per credit or investment transaction. All credit risk-taking activities based on the Parent Company's established approving authorities are evaluated and approved by this committee. It establishes infrastructure by ensuring business units have the right systems, and adequate and competent manpower support to effectively manage its credit risk.

d. *Asset-Liability Management Committee (ALCO)*

ALCO, a management level committee, meets on a weekly basis and is responsible for the over-all management of the Parent Company's market, liquidity, and financial position related risks. It monitors the Parent Company's liquidity position and reviews the impact of strategic decisions on liquidity. It is responsible for managing liquidity risks and ensuring exposures remain within established tolerance levels. The ALCO's primary responsibilities include, among others, (a) ensuring that the Parent Company and each business unit holds sufficient liquid assets of appropriate quality and in appropriate currencies to meet short-term funding and regulatory requirements, (b) managing financial position and ensuring that business strategies are consistent with its liquidity, capital and funding strategies, (c) establishing asset and/or liability pricing policies that are consistent with the financial position objectives, (d) recommending market and liquidity risk limits to the Risk Management Committee and BOD, and (e) approving the assumptions used in contingency and funding plans. It also reviews cash flow forecasts, stress testing scenarios and results, and implements liquidity limits and guidelines.

e. *Risk Management Committee (RMC)*

RMC is a BOD level committee that convenes monthly and is primarily responsible in assisting the

BOD in managing the Parent Company's risk-taking activities. This is performed by the Committee by institutionalizing risk policies and overseeing the Parent Company's risk management system. It develops and recommends risk appetite and tolerances for the Parent Company's major risk exposures to the BOD. Risk management principles, strategies, framework, policies, processes, and initiatives and any modifications and amendments thereto are reviewed and approved by RMC. It oversees and reports to the BOD the effectiveness of the risk management system, overall risk profile, and compliance with the risk appetite and tolerances that the BOD approved.

f. *Risk Management Subcommittee (RMSC)*
RMSC is a management level committee that convenes, at least twice in a year, and is responsible to assist RMC in fulfilling its responsibilities in managing the Parent Company's risk-taking activities. This is performed by the committee through the implementation of risk management principles, strategies, framework, policies, processes, and initiatives across the Parent Company. It leads the effective conduct of risk and capital management. It oversees and directs the management of the Parent Company's overall risk profile. The committee likewise oversees risk incidents, control gaps, and control deficiencies and management actions in implementing the corresponding corrective actions.

g. *Audit Committee (Audit Com)*
The Audit Com is a BOD level committee that assists the BOD in fulfilling its responsibilities for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide reasonable assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It is tasked to discuss with management the Parent Company’s major risk exposures and ensures accountability on the part of management to monitor and control such exposures including the Parent Company’s risk assessment and risk management policies. The Audit Com oversees the internal audit function and is responsible for monitoring and reviewing its effectiveness while ensuring its independence.

h. *Corporate Governance and Compliance Committee (CGCC)*
The CGCC is a BOD level committee that leads the Parent Company in defining and fulfilling the corporate governance policies and attaining best practices while overseeing the implementation of the Parent Company’s compliance program, money laundering and terrorist financing prevention program and ensuring that regulatory compliance issues are resolved expeditiously. In addition to its governance role, the CGCC also assumes the nomination function whereby it reviews and evaluates the qualifications of all persons nominated to the BOD, all direct reports of the President and Chief Executive Officer (CEO), Heads of Governance Units regardless of rank, and other positions of the Parent Company requiring appointment by the BOD. The committee oversees the annual performance evaluation of the BOD, its committees, and individual directors and conducts an annual self-evaluation of its performance as prescribed under and in accordance with the Corporate Governance Manual and Securities and Exchange Commission (SEC) Code of Corporate Governance for Publicly Listed Companies.

i. *Related Party Transactions (RPT) Committee*

The RPT Committee is a BOD level committee that assists the BOD in ensuring that the transactions with related parties of the Parent Company are handled in a sound and prudent manner, with integrity and in compliance with the applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. It also ensures that related party transactions are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged by such transactions.

j. *Asset Impairment Committee (AIC)*

AIC is a management level committee that convenes at least two times in a year and shall officially represent the Parent Company's source of experienced credit judgement insofar as the asset impairment exercise is concerned. This experienced credit judgment is tapped to provide guidance under the conditions that include, but are not limited to the following: 1) The result of the calculation is assessed to be unreasonable such that it is considered as not fairly representative of the Parent Company's historical experience, current, and prospective credit condition or other conditions deemed relevant in reasonably determining the recoverable value of the Parent Company's assets; 2) There is an adverse change in the prevailing or foreseen prospective economic condition relative to the embedded presumption in the existing impairment framework; and 3) The data set in the calculation parameters is not available or insufficient to complete the calculation.

k. *Risk Management Division (RMD)*

RMD performs an independent risk governance function within the Parent Company. RMD is tasked with identifying, measuring, controlling, and monitoring existing and emerging risks inherent in the Parent Company's overall portfolio (on- or off-balance sheet). RMD develops and employs risk assessment tools to facilitate risk identification, analysis and measurement. It is responsible for developing and implementing the framework for policies and practices to assess and manage enterprise-wide market, credit, operational, and all other risks of the Parent Company.

It also develops and endorses risk tolerance limits for BOD approval, as endorsed by the RMC, and monitors compliance with approved risk tolerance limits. Finally, it regularly apprises the BOD, through the RMC, the results of its risk monitoring.

l. *Internal Audit (IA)*

IA provides an independent assessment of the adequacy of the Parent Company's internal controls, risk management, governance framework and execution/operational practices. Internal audit activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA) and the Code of Ethics. IA has adopted a risk assessment methodology, which provides a sound basis in the selection of areas of coverage and frequency of audit for the preparation of the annual audit plan. IA employs a risk-based audit approach that examines both the adequacy of the policies and the Parent Company's compliance with the procedures while assuring audit coverage of the areas identified as representing the greatest current risk. It discusses the results of assessments with management, and reports its findings and recommendations to the Audit Com. IA's activities are suitably designed to provide the BOD with reasonable assurance that significant financial and operating information is materially complete, reliable and accurate; internal resources are adequately protected; and employee performance is in compliance with the Parent Company's policies, standards, procedures and applicable laws and regulations.

m. *Compliance Division*
Compliance Division is vested with the responsibility of overseeing the design of the Parent Company's Compliance Program and coordinating its effective implementation towards the sound management of Business and Compliance Risks. It also manages the implementation of the Money Laundering and Terrorist Financing Program. Its mandate is to ensure that the Parent Company is compliant with relevant and applicable laws, rules, regulations, codes of conduct and standards of good practice while avoiding an overly risk-averse environment that inhibits business growth. It serves as the Parent Company's central point of contact with banking regulators.

The major risk types identified by the Group are disclosed in the following section:

Credit Risk
Credit risk refers to the potential loss of earnings or capital arising from an obligor/s, customer/s or counterparty's failure to perform and/or to meet the terms of any contract with the Group. Credit risk may last for the entire tenor of the exposure, may be set at the full amount of the transaction and in some cases, may exceed the original principal exposure. The risk may arise from lending, trade financing, trading, investments and other activities undertaken by the Group. To identify and assess this risk, the Group has: 1) approval process per borrower, business and/or product segment; and 2) structured and standardized credit rating for corporate, credit cards, auto, mortgage and personal loans, and risk acceptance criteria for other consumer loans. For large corporate credit transactions, the Parent Company has a comprehensive procedure for credit evaluation, risk assessment, and well-defined concentration limits that are established for each borrower. The Group's credit risk is managed at the portfolio level, which may be on an overall perspective or according to product type.

Credit Concentration
Excessive concentration of lending plays a significant role in the weakening of asset quality. The Group reduces this risk by diversifying its loan portfolios across various sectors and borrowers. The Group believes that good diversification across economic sectors and geographic areas, among others, will enable it to ride through business cycles without causing undue harm to its asset quality.

The Group's loan portfolio is in line with the Group's policy of not having significant concentrations of exposure to specific industries or group of borrowers. Management of risk concentration is by client/counterparty, by industry sector, and by geographical location. For risk concentration monitoring purposes, the financial assets are broadly categorized into loans and receivables, loans and advances to banks, and investment securities. The Group ensures compliance with BSP's limit on exposure to any single person or group of connected persons by closely monitoring large exposures and top 20 borrowers for both single and group accounts.

Aside from ensuring compliance with BSP's limit on exposures to any single person or group of connected persons, it is the Parent Company's policy to keep the expected loss (determined based on the credit risk rating of the account) of large exposure accounts to, at most, one percent (1.00%) of their aggregate outstanding balance. This is to maintain the quality of the large exposures within the Group's risk appetite. With this, accounts with better risk grades are given priority in terms of being granted a bigger share in the Group's loan facilities.

Aligned with the Manual of Regulations for Banks definition, the Group considers its loan portfolio concentrated if it has exposures of more than thirty percent (30.00%) to an industry.

Internal Credit Risk Rating System

The Parent Company employs a credit scoring system for borrowers to assess risks relating to the borrower and the loan exposure. Borrower risk is evaluated by considering (a) quantitative factors, such as financial condition and (b) qualitative factors, such as management quality and industry outlook.

For corporate loans, the financial condition assessment focuses on profitability, liquidity, working capital management, and leverage. Management quality determination is based on the borrower's strategies, management competence and skills, and management of banking relationship while industry outlook is evaluated based on its importance to the economy, growth, industry structure and relevant government policies. Based on these factors, each borrower is assigned a Borrower Risk Rating (BRR), that ranges from 1 to 6. A borrower may be downgraded when it exhibits the characteristics of a classified account described below, in which case it will be assigned a risk rating ranging from 7 to 10.

Consideration is also given to security arrangements in computing for the final BRR. Depending on certain requisites, an account secured by real estate mortgages and hold-out on deposits or guarantees may be upgraded to better risk classifications.

The BRR for each borrower is reviewed annually. A more frequent review is warranted in cases where the borrower has a higher risk profile or when there are extraordinary or adverse developments affecting the borrower, the industry and/or the Philippine economy.

The following is a brief explanation of the Parent Company's risk grades:

Rating	Description	Account/Borrower Characteristics
1	Excellent	• low probability of going into default within the coming year; very high debt service capacity and balance sheets show no sign of any weakness • has ready access to adequate funding sources • high degree of stability, substance and diversity • of the highest quality under virtual economic conditions

Rating	Description	Account/Borrower Characteristics
2	Strong	• low probability of going into default in the coming year • access to money markets is relatively good • business remains viable under normal market conditions • strong market position with a history of successful financial performance • financials show adequate cash flows for debt servicing and generally conservative balance sheets
3	Good	• sound but may be susceptible, to a limited extent, to cyclical changes in the markets in which they operate • financial performance is good and capacity to service debt remains comfortable • cash flows remain healthy and critical balance sheet ratios are at par with industry norms • reported profits in the past three years and expected to sustain profitability in the coming year
4	Satisfactory	• clear risk elements exist and probability of going into default is somewhat greater, as reflected in the volatility of earnings and overall performance • normally have limited access to public financial markets • able to withstand normal business cycles, but expected to deteriorate beyond acceptable levels under prolonged unfavorable economic period • combination of reasonably sound asset and cash flow protection
5	Acceptable	• risk elements for the Parent Company are sufficiently pronounced, but would still be able to withstand normal business cycles • immediate deterioration beyond acceptable levels is expected given prolonged unfavorable economic period • there is sufficient cash flow either historically or expected in the future in spite of economic downturn combined with asset protection
5B	Acceptable	• financial condition hard to ascertain due to weak validation of financial statements coupled by funding leakages to other business interests whose financial condition is generally unknown • continuous decline in revenues and margins due to competition • substantial or unexplained build-up in borrowings with banks financing bulk of working capital and capex requirements coupled by substantial dividends pay-outs • chronically tight cash flows with operating income negative or barely enough for debt servicing • with past record of past due loans with other banks, cancelled credit cards and court cases

Rating	Description	Account/Borrower Characteristics
6	Watchlist	• with identified disruptions that may negatively affect performance but are likely to be resolved within the year • deteriorating revenue, net income, margins, and sustained increase in debt levels despite a slowdown in business activity • diversion of fund to non-core or start-up businesses and other investments that are known to be unprofitable or high risk • past due on interest and/or principal for ≤30 days and the delinquency is deemed temporary in nature • account is still in current status but already restructured but no payment experience yet or requesting for payment deferments or loan restructuring • with temporary cashflow pressures arising from unexpected circumstances but are likely to be resolved once these adverse events are mitigated or resolved.
7	Special Mention	• past due on interest and/or principal payments up to 90 days and the delinquency is not temporary in nature • intermittent delays or inadequate repayment of principal, interest or amortizations • past due account that is already requesting for payment deferments or loan restructuring • restructured account that has yet to meet the required track record of sustained payments • continuous renewal/extension without reduction in principal and lines with all creditors maxed-out and no clear source of repayment due to chronic tightness in cashflows • prolonged contraction in the business brought by adverse economic or market conditions resulting in net losses and affecting its capacity to pay • deficiency in documentation which have not been rectified within an agreed period of time unless for justifiable reasons

Rating	Description	Account/Borrower Characteristics
8	Substandard	• NPL or with chronic delays in payment because of unstable cashflow or with no definite commitment to pay or restructure • loans have already been restructured but conditions have not been fully met or tenor has been renegotiated • net loss for the last 2 years that have wiped out capital and business sustainability is a concern unless a major turnaround in business occurs. • due to difficulty in generating cashflows to service debt, repayment of the loans depends on non-operating sources such as collateral, personal funds or other assets • breach of key financial covenants that will have a significant effect on the borrower's capacity to pay
9	Doubtful	• business heavily affected by environmental, economic, health, regulatory issues to the point that closure or bankruptcy is becoming imminent • business is almost bankrupt and the only possible solution are either merger, acquisition, capital infusion or refinancing plans which are still being worked-out • business closure is imminent due to challenging business conditions such as substantial loss of market share, unsalable products due to obsolescence, tight competition and influx of cheap substitutes • with uncertainty if the Parent Company could find leviable assets or if there are other assets that can be liquidated, full recovery of principal remains uncertain due to marketability and other outstanding claims • client is difficult to coordinate with and is non-responsive to demand letters sent • Legal cases filed
10	Loss	• business is non-operational and loans are considered absolutely uncollectible due to presence of fraud and major build-up of claims and litigation • borrower's whereabouts unknown or insolvent or earning power-impaired and guarantors are insolvent or guarantee not financially supported

It is the Parent Company's policy to maintain accurate and consistent risk ratings across the corporate credit portfolio. This facilitates a focused management of the applicable risk and the comparison of credit exposures across all lines of businesses, geographic regions, and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Parent Company's rating policy. The risk ratings are assessed and updated regularly.

The consumer loan portfolio of the Group is composed of the following product lines: credit cards, auto, mortgage, salary, personal and branch loans. Each of these products have established credit risk guidelines and systems for managing credit risk across all businesses. For credit cards, auto, mortgage and personal loans, application and behavioral scoring models are in place that primarily consider demographic variables and payment behavior, respectively, for the assessment of the likelihood of default by the borrower. For the other consumer loans, minimum risk acceptance criteria were set for each portfolio according to the nature of the product and the target market and is used for the evaluation of the credit quality of borrowers at origination.

For purposes of comparison of different exposure types, the credit portfolios (corporate and consumer) of the Parent Company are benchmarked against marketable corporate debt securities (using the Standard & Poor's (S&P) global study on corporate exposures) based on credit risk rating and corresponding PDs (i.e., Investment Grade – BRR 1 to 4, Standard Grade – BRR 5, Substandard Grade – BRR 5B to 6, Nonperforming – BRR 7 to10).

The Parent Company assigns credit risk using the following credit score master scale:

Credit quality	Description	Credit rating
Investment Grade	These accounts are of the highest quality and are likely to meet financial obligations.	AAA to AA+
		AA
		AA–
		A+
		A
		A–
		BBB+
		BBB
Standard Grade	These accounts may be vulnerable to adverse business, financial and economic conditions but are expected to meet financial obligations.	BBB–
		BB+
		BB
		BB–
		B+
		B
		B–
Substandard Grade	These accounts are vulnerable to non-payment but for which default has not yet occurred.	CCC+ to C–
Non-Performing	These refer to accounts which are in default or those that demonstrate objective evidence of impairment.	Default

External Ratings

The Group also uses external ratings, such as S&P's, Moody's, and Fitch, to evaluate its counterparties and in its assignment of credit risk weights to its banking book exposures. Transactions falling under this category are normally of the following nature: placements with other banks, money market lending, debt security investments, and to some extent, equity security investments.

Liquidity Risk

Liquidity risk is the risk that sufficient funds are unavailable to adequately meet all maturing liabilities, including demand deposits and off-balance sheet commitments. The main responsibility of daily asset liability management lies with the Parent Company's Treasury Group, specifically the Liquidity Desk, which are tasked to manage the balance sheet and have thorough understanding of the risk elements involved in the respective businesses. Only the Parent Company and EWRB are potentially exposed to liquidity risk exposures, where their liquidity risk management are monitored by their respective ALCOs. Resulting analysis of the balance sheet along with the recommendation is presented during the weekly ALCO meeting where deliberations, formulation of actions and decisions are made to minimize risk and maximize returns. Discussions include actions taken in the previous ALCO meeting, economic and market status and outlook, liquidity risk, pricing and interest rate structure, limit status and utilization. To ensure that both the Parent Company and EWRB have sufficient liquidity at all times, the respective ALCO formulates a contingency funding plan which sets out the amount and the sources of funds (such as unutilized credit facilities) available to both entities and the circumstances under which such funds will be used.

By way of the Maximum Cumulative Outflow (MCO) limit, the Group is able to manage its long-term liquidity risks by placing a cap on the outflow of cash on a cumulative basis. The Group takes a multi-tiered approach to maintaining liquid assets. The Group's principal source of liquidity is comprised of Cash and other cash items, Due from BSP, Due from other banks and Interbank loans receivables and SPURA with maturities of less than one year. In addition to regulatory reserves, the Parent Company maintains a sufficient level of secondary reserves in the form of liquid assets such as short-term trading and investment securities that can be realized quickly.

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 rates, foreign exchange rates, and equity prices. The Parent Company treats exposures to market risk as either for trading or accrual or balance sheet exposure. The market risk for the trading portfolio is measured using Value at Risk (VaR). Interest rate risk of accrual portfolios in the Banking Book are measured using Earnings at Risk (EaR).

Market risk in the trading book

The BOD has set limits on the level of market risk that may be accepted. VaR limits are applied at the instrument level and approved by the BOD based on, among other things, a business unit's capacity to manage price risks, the size and distribution of the aggregate exposure to price risks and the expected return relative to price risks.

The Parent Company applies the VaR methodology to assess the market sensitive positions held for trading and to estimate the potential economic loss based on parameters and assumptions. VaR is a method used in measuring market 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.

Objectives and limitations of the VaR Methodology

The Parent Company utilizes the VaR models of Bloomberg Portfolio Analytics based on one-year historical data set to assess possible changes in the market value of the fixed income and equities trading portfolio. Meanwhile, VaR estimates for the US treasury futures and foreign exchange contracts are computed using internally developed Excel spreadsheets, utilizing historical simulation and parametric approach, respectively.

The VaR models are designed to measure market risk in a normal market environment. Hence, it should be complemented by stress testing which simulates the potential loss impact on market risk positions assuming extreme market conditions, such as risk factor movements based on historical financial market stress conditions and scenarios adopted from the uniform stress testing framework of the BSP.

Other limitations of VaR include the use of correlations and volatilities in market prices derived based on historical data and thus, may not clearly predict the future changes or modifications of the risk factors not yet observed in the past. Furthermore, parametric and Monte Carlo VaR assume that future price movements will follow a statistical distribution which may not be true. As a result, the probability of large market moves may be underestimated. VaR may also be under or overestimated due to assumptions placed on risk factors and the relationship between such factors for specific instruments.

Finally, even though trading positions change throughout the day, VaR is only computed based on the portfolio at the close of each business day, and hence, it does not account for any losses that may occur during the day.

In practice, actual trading gains or losses will differ from those estimated by the VaR model. To ascertain the continued reliability of the VaR estimates, hypothetical and actual backtesting are done where the former serves as the primary basis for the model performance assessment.

VaR assumptions
The VaR that the Parent Company uses for majority of its trading exposures is at 99% confidence level, while FX uses a confidence level of 90% with a premise that this potential loss estimate is not expected to be exceeded if the current market risk positions were to be held unchanged for a given holding period. Foreign exchange and US Treasury Futures VaR is measured using one (1) day holding period while fixed income VaR has a holding period of five (5) days. The use of a 99% confidence level means that within the set time horizon, losses exceeding the VaR figure should occur, on average, not more than once every hundred days.

VaR is an integral part of the Parent Company's market risk management and encompasses investment positions held for trading. VaR exposures form part of the market risk monitoring which is reviewed daily against the limit approved by the BOD. The trading activities are controlled through the Market Risk Limit (MRL), which is a dynamic risk limit anchored on the principle of risk and return which is adjusted by net trading gains (added in half) or losses subtracted in whole. RMD reports compliance to the MRL and trader's VaR limits daily. If the MRL or individual trader's limit is exceeded, such occurrence is promptly reported to the Treasurer, President, Chief Risk Officer and the Chief Executive Officer, and further to the BOD through the RMC.

Foreign Currency Risk

The Bank holds foreign currency denominated assets and liabilities, thus, foreign exchange rate fluctuations can affect the financials and cash flows of the Bank. Managing the foreign exchange exposure is important for banks with exposures in foreign currencies. For the Bank, this includes purchase or sell of foreign currency to control the impact of changes in exchange rates on its financial position.

The Parent Company's foreign currency exposures emanate from its net open spot and forward FX purchase and sell transactions and net foreign currency income accumulated over the years of its operations. Foreign currency-denominated deposits are generally used to fund the Parent Company's foreign currency-denominated loan and investment portfolios in the FCDU.

In the FCDU books, BSP requires banks to match the foreign currency assets with the foreign currency liabilities. Thus, banks are required to maintain at all times a 100.00% cover for their foreign currency liabilities held through FCDU.

Total foreign currency position is monitored through the daily BSP FX position reports, which are subject to the overbought and oversold limits set by the BSP at 25.00% of unimpaired capital or US$150.00 million, whichever is lower. Internal limits regarding the intraday trading and end-of-day trading positions in FX, which consider the trading desk and the branch FX transactions, are also monitored.

Market Risk in the Banking Book

Interest rate risk

Interest rate risk in the banking book (IRRBB) is inherent in the Groups' traditional banking activities that include taking deposits to invest or grant loans. The future cash flows from these activities are exposed to variations in interest rates, largely from mismatch in tenors and prices. The Bank employs two perspectives in measuring IRRBB a) through economic perspective with Change in Economic Value of Equity (EVE) and b) through earnings perspective with Earnings-at-Risk (EaR) and VaR specifically for fixed income instruments categorized as fair value through other comprehensive income (FVOCI). EVE is an economic measure or indicator of net cash flow calculated by taking the present value of all asset cash flows and subtracts the present value of all liability cash flows. It is the net present value (NPV) or prevailing value of the Bank's balance sheet cash flows. With the use of EVE, impact to equity may be determined by subjecting the Bank's balance sheet cashflows to shocked rates. Such measure can be used for asset-liability management and in determining the impact of interest rate risk relative to equity. Respectively, EaR measures the net interest income movement due to changes in prevailing interest rates and the balance sheet re-pricing profile of the Group. The EaR limit is set as a function of the Group's net interest margin (NIM). The EaR limit preserves the Group's capital and competitive position by restricting the impact of interest rate sensitivities to NIM within the corridor of above average and within the first quartile of its peer banks. In measuring EaR, the Group's interest re-pricing assets and liabilities are matched by re-pricing (or maturity if non-repricing) buckets covering tenors within a one-year horizon, and corresponding gaps determined. If positive gap is noted, it implies that an increase in interest rates will positively affect the net interest income. Conversely, a negative gap implies that an increase in interest rates will negatively affect the net interest income. The estimated nominal impact to the Bank's earnings is derived by multiplying the volatility of benchmark yields for each tenor bucket to the repricing gap profile. The result is compared vis-a-vis EaR limit to monitor the compliance with the limit and is reported to the RMC on a monthly basis. Additionally, EaR limit is reviewed and updated annually to ensure its continued relevance and alignment with the Group's financial targets, strategies, and overall risk appetite. To complement EaR and provide Management a more holistic view, the Group performs forward looking scenario and sensitivity analysis as well as stress testing activities to identify any vulnerabilities. The Bank employs three (3) methodologies in the conduct of stress testing a) economic/historical stress test which assumes a parallel shift in interest yield curves of 660.00 basis points for PhP-denominated assets and liabilities and 270.00 basis points for USD-denominated, b) uniform stress test, a regulatory-prescribed stress test, has three (3) scenarios with assumed parallel shift in interest rates for both PhP (from 300.00 bps to 500.00 bps) and USD (from 100.00 bps to 300.00 bps), c) reverse stress test, which primarily measures the highest swing in interest rates that can potentially wipe out the Banks targeted net income and net interest income.

In April 2021, the Bank employed the Value-at-Risk (VaR) measurement for debt instruments categorized as fair value through other comprehensive income (FVOCI) to manage the potential threat of market fluctuation to its earnings and capital. Fixed income instruments at FVOCI are assets whose objective fall under both to collect contractual cash flows and/or sell the assets. Since fair value changes from items booked at FVOCI directly impact the equity, it is prudent to monitor and manage said risk where capital stability is sustained.

All IRRBB reports are also presented to the ALCO. The ALCO deliberates on matters pertaining to the management of the Bank's assets and liabilities, such as achieving optimum asset and liability mix, pricing, liquidity levels, repricing gap positions, and asset quality. The Bank's ALCO meets on a weekly basis.

The Bank manages its IRRBB through effective diversification of funding sources. By offering various deposit, investment and loan products with differing maturities, the Bank is able to meet its short, medium and long-term obligations, optimize returns, and provide options that cater to differing preferences of its target market. The Bank's target funding mix is aligned with the Bank's overall growth plans. While the Bank mainly manages IRRBB through careful planning of its cashflows, it also has access to various derivative products that provide flexibility in responding to more abrupt market developments.

Operational Risk

Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal, compliance and reputational risks but excludes strategic risk.

Other Risk Exposures

Group risk exposures other than credit, market, liquidity and operational, while existent, are deemed insignificant relative to the mentioned risks and if taken in isolation. Hence, management of these risks are instead collectively performed and made an integral part of the Group's internal capital adequacy assessment process (ICAAP) and enterprise risk management initiatives.

Item 2. Properties

EastWest's head office is located at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City, Philippines.

The list of branch premises owned and leased, including the name of lessors, is filed as part of this Form 17-A as Annex A.

The Bank believes all its facilities and properties are currently in good condition. As of date of this report, there are no liens or encumbrances on any of the properties of EW. The Bank may consider encumbering some of its properties as part of its normal supplementary funding operations. The Bank will continue to reconfigure the mix of its branches and adjust to the needs of its customers.

Rentals

Banking and Financial Services

The Bank leases several premises occupied by its branches with annual escalation of 5.0% to 10.0% and for periods ranging from 5 to 15 years, renewable upon mutual agreement of both parties. EW has 468 branches as of December 31, 2022 including its rural bank branches. For the years ended December 31, 2022 and 2021, the total rentals of the banking and financial services charged to operations amounted to P 258.41 million and P259.72 million, respectively.

Item 3. Legal Proceedings

To the best of the Bank's knowledge and belief and after due inquiry, none of the Bank's directors, nominees for election as director, or executive officer have in the five-year period prior to the date of this Report:

1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time;
2) convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses;
3) subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or
4) found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

The Bank has been, and may in the future be, implicated in lawsuits in connection with the ordinary course of its business. However, neither the Bank nor any of its subsidiaries have been subject to any order, judgment, or decree, or violated any securities or commodities law for the last five years, or are involved in any litigation or arbitration proceedings that may have, or have had, a material adverse effect on it or its subsidiaries' financial condition, nor, so far as any of them is aware, is in any such proceeding pending or threatened.

All legal proceedings involving the Bank are efficiently and competently attended to and managed by a group of eleven (11) in-house counsels who are graduates of reputable law schools in the country. As its external counsels, the Bank retains or engages the services on case to case basis the following respected law firms: Sycip Salazar Hernandez & Gatmaitan Law Office, Angara Abello Concepcion Regala & Cruz, Sobreviñas Hayudini Navarro and San Juan Law Offices, Valerio and Associates, Vera Law Office, Alvarez Nuez Galang and Espina Lopez, Law Firm of Tagamolila & Margarico, Nietes-Gengos Laborte-Ildesa Panigbatan-Nafarrete Law Offices, Cantago and Partners, Quitain Law Office, Atty. Remie Calatrava, Atty. Fillmore Gomos, Atty. Henri S. Cariño and Atty. Romeo Guillermo, among others.

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

All matters or actions that will require the vote of the security holders will be submitted in the meeting.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

The Company do not issue any security other than Common Shares

The common shares of EastWest have been listed on the PSE on May 7, 2012 under the ticker "EW". The table below shows the high and low prices of EastWest shares transacted at the PSE since 2019:

Year Ended December 31, 2022	**High**	**Low**
1st Quarter – 2022	8.47	8.40
2nd Quarter – 2022	7.03	7.00
3rd Quarter – 2022	6.17	5.90
4th Quarter – 2022	6.70	6.60

Year Ended December 31, 2021	**High**	**Low**
1st Quarter – 2021	9.78	9.68
2nd Quarter – 2021	10.44	9.98
3rd Quarter – 2021	9.06	8.92
4th Quarter – 2021	9.84	9.53

Year Ended December 31, 2020	**High**	**Low**
1st Quarter – 2020	7.97	7.53
2nd Quarter – 2020	7.36	7.17
3rd Quarter – 2020	8.64	8.36
4th Quarter – 2020	10.86	10.64

High and Low price of the Registrant's shares as of April 13, 2023 (last practicable trading day) were ₱7.08 and ₱7.00, respectively.

Holders

EastWest's top 20 shareholders as of December 31, 2022 are as follows:

Name of Stockholder	**Number of Shares**	**Percent**
1. Filinvest Development Corporation	900,136,017	40.01%
2. FDC Forex Corporation	851,517,164	37.85%
3. PCD Nominee Corporation (Filipino)	408,466,303	18.15%
4. PCD Nominee Corporation (Non-Filipino)	52,515,177	2.33%
5. F. Yap Securities Inc.	22,905,600	1.02%
6. La Filipina Uy Gongco Corporation	6,057,300	0.27%
7. Jonathan D. Co	1,200,000	0.05%
8. Berit Holdings Corporation	1,048,410	0.05%
9. Albarracin Trinidad M. Or Albarracin Mario M.	1,000,000	0.04%
10. Alfredo B. Catapang &/or Carmina P. Catapang	1,000,000	0.04%
11. Teh Alfonso S.	750,000	0.03%

12. Team Gladiola Inc.	745,930	0.03%
13. Susmerano Gerardo	480,000	0.02%
14. Jacqueline S. Fernandez	359,455	0.02%
15. Manuel A. Santiago &/Or Ella C. Santiago	330,600	0.01%
16. Herrera Victoria S.	161,000	0.01%
17. Cheng Joshua	150,000	0.01%
18. Miriam Cheng Bona Itf Mark Jericho C. Bona	150,000	0.01%
19. Gotauco Quirino Cheong	131,598	0.01%
20. Uy Ivy B.	112,500	0.01%
TOTAL	**2,249,317,679**	**99.97%**

Total number of shareholders as of December 31, 2022 is 106, of which 90 are owning at least 100 shares.

Equity Ownership of Foreigners on Common Shares as of December 31, 2022 is as follows:

Nationality	Number of Stockholders	Number of Shares	%
Filipino	99	2,197,189,383	97.65%
Foreign	3	52,524,028	2.34%
American	2	201,250	0.01%
Indian	1	60,750	0.00%
Total	**105**	**2,249,975,411**	**100.00%**

Free Float Level

Based on the Public Ownership Report of the Bank as of December 31, 2022, 18.85% of the total outstanding shares are owned by the public.

Recent Sale of Unregistered Securities

There were no recent sales of unregistered or exempt securities, including issuance of securities constituting an exempt transaction.

Declaration of Dividends

Dividends may be declared from the surplus profits arising from the business of the Bank at such time and in such percentage as the Board of Directors may deem proper. No dividends may be declared that will impair the Bank's capital below regulatory prescriptions. Stock dividends shall be declared in accordance with the law. The Board in principle, has set 20% to 30% of earnings will be declared as dividends. This policy has been put on hold in the meantime that the Bank is in a 'full speed' growth plan. The decision was made in lieu of making a capital call.

The Board of Directors of the Bank, in its special meeting on April 22, 2022, approved the declaration of cash dividends amounting to ₱0.40 per share or around ₱900 million to stockholders on record as of May 11, 2022. The dividends were paid on May 31, 2022.

Likewise, as approved by the Board of Directors of Eastwest Rural Bank, a fully owned subsidiary of the Bank, in its meeting on June 3, 2022, a ₱40.00 per share cash dividend was declared to stockholders on record as of June 14, 2022 and paid on July 8, 2022. As of December 31,2022, cash dividend declared was ₱2.00 billion.

There were no issuance of capital stocks in 2022 and 2021.

No dividends were declared and paid by the Bank in 2021 and 2020.

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

<u>December 31, 2022 vs. December 31, 2021</u>

Financial Performance Highlights

EastWest Bank (the Bank or EW) ended 2022 with a net income of ₱4.6 billion, higher than last year's ₱4.5 billion. While net results showed no significant change, the drivers of revenues did. The increase in the Bank's core revenues was driven by the increase in loan releases and build-up of fixed-income securities during the second half of the year in line with the country's economic recovery. Excluding one-off items in 2021, the Bank's net income surged 42% on the back of its improved earning capacity. Meanwhile, return on equity (ROE) was at 7.7%. Total assets ended at ₱421.4 billion, 4% higher than the previous year.

Net interest income (NII) was 11% higher at ₱23.3 billion due to the steady increase in the levels of loans and securities that manifested through the increased earning capacity of the Bank that is almost back to pre-pandemic levels. Interest income grew by 12% or ₱2.8 billion. Interest income on loans, accounted for the ₱1.3 billion increase, driven by the resumption of loan bookings in the second half of 2022. Interest expense, on the other hand, increased by 26% to ₱2.8 billion, mainly from the impact of monetary policy tightening on interest rates. Net interest margin (NIM) stood at 7.1%, 62 basis points (bps) higher from the previous year driven mainly by the shift in asset proportion in favor of higher-earning loans.

Non-interest income was lower by 18% to ₱4.9 billion due to lower trading income by ₱1.8 billion. In 2021, trading income was above normal levels due to the accommodative monetary policy that drove interest rates to very low levels. Core revenues, excluding trading income, ended at ₱28.1 billion, 12% higher than the previous year's ₱25.1 billion.

Operating expenses increased by 3% to ₱17.0 billion as the Bank invests on IT systems to help improve its digital services to prime it for faster digital innovations.

Provisions for losses were higher by ₱801.2 million, or 19% to ₱5.0 billion from the combined impact of higher loan volumes and residual effects of the pandemic on the consumer portfolio. The Bank's current level of provisions remains adequate.

The Bank's total assets ended at ₱421.4 billion, 4% higher than previous year though the balance sheet structure changed significantly. Gross loans and fixed-income securities grew by 20% and 24%, respectively. The Bank deployed the excess liquidity accumulated during the pandemic, which were at higher than normal levels, to fund increases in loans and fixed income securities. It also paid-off time deposit maturities. The shifting balance sheet structure is what will allow the Bank to return to its pre-pandemic earning capacity this year.

Total deposits were steady at ₱329.2 billion. While CASA ratio improved to 79% from the previous year's 75%, deposit cost has increased mainly from the consecutive policy rate hikes in the last quarter of 2022, and that is still expected to continue this year. We see BSP continuing their efforts to control inflation that is expected to result in tighter financial conditions. The Bank expects CASA growth to be challenged this year as depositors shift to higher yielding time deposits. The industry's CASA growth in the last quarter of 2022 has also showed this trend as the year-on year double digit growth in 2021 last year has since declined to a single digit in the second half. Loan rates, however, are expected to increase and should compensate for higher deposit costs for banks that have more variable rate assets.

EW's capital ratios stood at 13.8% and 13.0% for Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) ratio, respectively. These were well above regulatory requirements. The Bank aims to maintain a CET1 ratio of 12 to 13 percent, which it deems appropriate given its business model.

Despite the global slowdown, the Philippine economy exceeded government expectations as GDP growth for 2022 ended at 7.6%, the highest in more than 4 decades. The increase can be attributed largely to strong demand, rise in jobs and "revenge" spending driven by the full reopening and lifting of pandemic restrictions. Despite persistent inflationary pressures and its impact to interest rates, the government still sees growth for 2023 ending at a still healthy range of 6 – 7%. The Bank remains optimistic that the economic backdrop will continue to be supportive of its growth initiatives. This will push earning capacity further and drive profitability closer to pre-pandemic levels.

Financial Position

Loans

Total gross loans increased by 20% to ₱258.7 billion, mainly from consumer lending in line with the economy's recovery. Business loans grew by 13% or ₱8.2 billion to ₱68.7 billion. Consumer loans that account for 73% of the Bank's total loan portfolio, grew by 22% driven by the improvement in teacher's loans and credit cards, growing by 96% and 24%, respectively. The teacher's loans portfolio grew as private lending institutions were allowed by DepEd to start offering 5-year term loan to teachers (from 3 years previously). Meanwhile, credit cards portfolio growth was driven by consumer spending that drove retail and installment billings up. In contrast, auto and mortgage loans declined by ₱652.5 million combined from last year, as new loan releases were still not enough to cover for maturities. Personal loans, however, have started growing again towards the end of the year, growing by 9%, driven by demand and normalization of credit policies.

Securities

The Bank's total securities portfolio increased by 24% to ₱82.3 billion. Hold-To-Collect (HTC) securities portfolio increased by ₱42.7 billion to ₱63.5 billion. The Bank continues to be cautious in investments and trading as it continues to weigh the post pandemic adjustments. The build-up however, has started supporting core income growth for the year.

Deposits

Total deposits stood at ₱329.2 billion, flat from the previous year as CASA growth of 6% or ₱15.9 billion was enough for the Bank's funding requirements. In contrast, time deposits declined by 17% or ₱13.6 billion from maturities of time deposits and ₱10.0 billion of long-term negotiable certificates of deposits (LTNCD) that the Bank chose to settle with its excess liquidity to avoid higher interest expenses. CASA ratio improved to 79% from the previous year's 75%.

Capital

The Bank's Capital Adequacy Ratio (CAR) under Basel III remained more than adequate at 13.8% as of December 31, 2022, while CET-1 ratio stood at 13.0%. The Bank's Tier 1 capital is composed entirely of common equity. Capital ratios continue to be above BSP standards.

Credit Quality

The Bank's total non-performing loans (NPL) to total gross loans, stood at 7.1% as of end-December, an improvement from last year's 11.1%. Through its credit and impairment policy, the Bank ensures that the expected credit losses of its loan portfolio are adequately provisioned for and aligned with regulatory standards.

Result of Operations

Net Interest Income

Net interest income stood at ₱23.3 billion, an increase of 11% or ₱2.3 billion from last year's ₱21.0 billion. The interest income increase of 12% or ₱2.9 billion, was partly offset by the increase in interest expense of 26% or ₱569.3 million. Interest income on loans increased by 6% to ₱22.4 billion mainly from the higher volume of teacher's salary loans and credit cards portfolio. Interest income on securities, meanwhile, doubled to ₱3.2 billion driven by accrual portfolio build-up.

Fees and Other Income excluding Trading Gains

Fees and other income, excluding trading gains, were at ₱4.7 billion which was 17% higher than previous years, mainly due to gains on sale of real and other properties acquired (ROPA).

Trading Income/(Loss)

Securities trading and foreign exchange activities posted a gain of ₱175.5 million compared to the ₱1.9 billion gain last year. Securities trading losses were at ₱395.6 million, significantly lower than the ₱1.0 billion gain from last year. The wide variance was a result of the base effect as trading income for 2021 was higher than usual due to the sale of hold-to-collect investment securities amounting to ₱1.9 billion. Also, in 2021, the trading gains were higher than the long-term average as low interest rates were maintained after the substantial reduction early in the pandemic. In 2022, interest rates moved higher resulting to the unusual trading losses. Foreign Exchange gains, meanwhile, ended at ₱571.2 million, from previous year's ₱929.7 million from lower gains on swap transactions.

Operating Expenses excluding Provisions for Losses

Total operating expenses, excluding provisions for losses, increased by 3% to ₱17.0 billion. Manpower expenses were higher by 5% at ₱6.0 billion, while other operating expenses increased by 2% to ₱11.0 billion.

Provisions for Losses

Provisions for losses, were higher by 19% to ₱5.0 billion from the ₱4.1 billion provisions booked in 2021. Provisions as a percentage of gross loans (or credit cost) was at 2.1%, compared to 1.8% in the same period last year.

Overall, the 19% year-on-year increase in provisions was attributable to portfolio growth and change in the model, net of improvement in credit quality.

Summary of Key Financials and Ratios

Balance Sheet (in Php billions)	December 31, 2022	December 31, 2021	YoY Growth %
Assets	421.4	404.8	4%
Consumer Loans	190.0	155.3	22%
Corporate Loans	68.7	60.6	13%
CASA Deposits	260.9	245.0	6%
Term Deposits	68.3	81.9	-17%
Capital	61.0	59.3	3%

Profitability (in ₽ millions)	December 31, 2022	December 31, 2021	YoY Growth %
Net Interest Income	23,325.1	21,026.6	11%
Trading Income / (Loss)	175.5	1,938.8	-91%
Fees & Other Income	4,743.6	4,045.1	17%
Fees	3,780.8	3,725.7	2%
Other Income	962.8	319.4	201%
Net Revenues	28,244.2	27,010.4	5%
Operating Expenses	17,006.4	16,519.6	3%
Provision for Losses	4,950.6	4,149.4	19%
Provision for Taxes	1,433.3	1,590.2	-10%
Net Income After Tax	4,625.3	4,515.0	2%

Key Financial Ratios	December 31, 2022	December 31, 2021	Variance b/(w)
Return on Equity[1]	7.7%	7.9%	-0.2%
Return on Assets[2]	1.1%	1.1%	0.0%
Net Interest Margin[3]	7.1%	6.5%	0.6%
Cost-to-Income Ratio[4]	60.2%	61.2%	-0.9%
Capital Adequacy Ratio[5]	13.8%	15.6%	-1.8%
Tier-1 Ratio[6]	13.0%	14.5%	-1.5%

[1] *Net Income divided by average total equity*
[2] *Net Income divided by average total assets*
[3] *Net Interest Income divided by average interest-earning assets*
[4] *Operating expenses divided by net revenues*
[5] *Total qualifying capital divided by total risk-weighted assets*
[6] *Net tier-1 capital divided by total risk-weighted assets*

Business Segment Performance

EastWest's industry leading net interest margin (NIM) was a result of its higher proportion of higher yielding consumer loans. The Bank's NIM has improved to 7.1% as consumer loans continued to increase, coupled with the increase in high-yielding fixed income securities that the Bank has accumulated.

Consumer Lending was up by 22% YoY to ₱190.0 billion driven mainly by credit cards and salary loans. Corporate Banking, posted an increase of 13% to ₱68.7 billion.

December 31, 2021 vs. December 31, 2020

Financial Performance Highlights

EastWest Bank (the Bank or EW) ended 2021 with a net income of ₱4.5 billion, 31% lower than the ₱6.5 billion in 2020. The lower income was mainly due to lower loan volumes, the full year impact of the rate cap on credit cards, lower trading gains, and write-off of deferred tax assets for the year. Return on equity (ROE) was at 7.9%. Total assets ended at ₱404.8 billion.

Total revenues for the year declined by ₱6.4 billion or 19% to ₱27.0 billion, as the impact of pandemic induced slowdown in credit growth, particularly on auto loans manifested fully. Lower loan volumes and the interest rate cap on credit cards lead to lower net interest income (NII). Trading gains started to normalize as interest rates remained steady for most of the year.

NII or the difference between interest income and interest expense, was down by ₱5.5 billion or 21% to ₱21.0 billion. For the second year, the Bank booked substantially lower loan volumes compared to pre-pandemic levels. With the lower bookings and run-offs of existing loans running its course, interest income declined by 24% from 2020. The Bank also felt the full impact of the interest rate cap on credit cards in 2021. The effect is rather more felt by EW as credit card receivables account for about 15% of total loans. The slower recovery of consumer loans had more effect on EW because of its unique loan structure where more than 70% of its loans are in consumer loans.

The Bank's total loans declined by 12% as it took a more measured credit risk taking stance while beefing up liquidity. While CASA increased, the improvement in funding costs were not enough to cover the drop in interest income. While earning assets declined, the Bank maintained its industry leading net interest margin (NIM) of 6.5%.

Trading gains amounted to ₱1.9 billion, lower by 65% as interest rates steadied. In 2020, monetary authorities, particularly in the Philippines and the US, where EW primarily invest in fixed income securities, adopted accommodative policies that pushed interest rates lower resulting in significantly higher trading gains. The impact of low interest rates on trading gains was not as pronounced in 2021. Fees and commissions income, meanwhile, was flat at ₱3.7 billion as transactions levels continued to be subdued.

Operating expenses, on the other hand, grew marginally by 2% to ₱16.5 billion. Manpower expenses were generally maintained from 2020 at ₱5.7 billion. Organizational units largely remained intact and are prepared to resume business development efforts when the situation allows. Other operating expenses, meanwhile, grew by 3% to ₱10.8 billion mainly on enhanced collection efforts and strategic investments to improve the Bank's digital offerings.

Provisions for losses were lower by 58% to ₱4.1 billion. This is still on the high side at 1.8% of total loans. The Bank believes that pandemic-induced loan losses in 2020 and 2021 are largely accounted for and expect lower loan provisions on the existing portfolio.

Lastly, taxes increased mainly from the one-time adjustment as a result of the CREATE bill that reduced the corporate income tax rate from 30% to 25%. Deferred tax assets (DTA) from its accumulated provisions booked under the old tax rate of 30% had to be adjusted down by ₱1.01 billion to reflect the new tax rate.

EW's total loans were lower by 12% to ₱213.6 billion, mostly from the consumer segments' weak demand and the Bank's stance on lending during the pandemic. This resulted to consumer loan run-offs overtaking new loan bookings. Deposits, meanwhile, had a slight decline of 1% to ₱326.8 billion as funding requirements for assets declined. This was mainly from the higher-cost time deposits, which declined by 18% to end at ₱81.9 billion. CASA deposits, however, increased by 7% to ₱245.0 billion. CASA ratio improved to 75%, from the previous year's 70%.

With the decline in risk assets and additional capital from earnings, EW's capital ratios improved to 15.6% and 14.5% for Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) ratio, respectively. This is well above regulatory minimums. The Bank expects to deploy its excess capital as it rebuilds its loans portfolio. EW targets CET1 ratio of between 12 to 13%.

For 2022, the Bank's main agenda is to rebuild its loan volumes. With capital more than adequate, its organization intact, and the pandemic situation improving, the Bank is projecting a reversal of the last two years decline in its loan portfolio. However, with interest rates at historical lows, inflation likely to go higher, and the economy on its way to recover its pre-pandemic output, the Bank expects fixed income trading opportunities to be scarce. Moreover, there is a normal lag for interest income growth as the Bank rebuild its loan levels in the course of the year. Net income is expected to recover fully in 2023 with 2022 income expected to be near 2021 levels.

Financial Position

Loans

Total gross loans decreased by 12% to ₽215.9 billion, due to the prudent risk-taking of the Bank resulting from its pandemic response and the overall weak demand from businesses and households.

Securities

The Bank's total securities portfolio increased by 15% to ₽66.5 billion. Hold-To-Collect (HTC) securities portfolio was relatively flat at ₽20.8 billion. The Bank continues to be cautious in securities trading given the volatility in the market, with its trading portfolio accounting for only 6% of the total securities portfolio and only 1% of the Bank's total assets.

Deposits

Total deposits stood at ₽326.8 billion or 1% lower from the same period last year. This was driven by time deposits declining by 18% to ₽81.9 billion from the lower funding requirements of the Bank. In contrast, CASA deposits increased by 7% to ₽245.0 billion as the low interest rate environment prompted the build-up of idle funds due to lack of higher-earning alternatives. CASA ratio improved to 75%, from the previous year's 70%.

Capital

The Bank's Capital Adequacy Ratio (CAR) under Basel III, remained more than adequate at 15.6% as of December 31, 2021 while CET-1 ratio stood at 14.5%. The Bank's Tier 1 capital is composed entirely of common equity. Capital ratios continue to be above BSP standards.

Credit Quality

The Bank's total non-performing loans (NPL) to total gross loans, stood at 11.1% as of end-December, from last year's 8.4% due to the impact of the pandemic to borrowers in meeting their obligations and the overall decline of the Bank's total loan portfolio. NPLs are off the highs and expected losses are on a declining trend. Through its credit and impairment policy, the Bank ensures that the expected credit losses of its loan portfolio are adequately provisioned for and aligned with regulatory standards.

Result of Operations

Revenues

Revenues declined by 19% to ₱27.0 billion from ₱33.4 billion in the same period last year. Net interest income stood at ₱21.0 billion, declining by 21% or ₱5.5 billion from last year's ₱26.5 billion. The 24% or ₱7.5 billion decline in interest income was partly offset by the reduction in interest expense of 47% or ₱2.0 billion. Fees and other income, excluding trading gains, increased by 190% to ₱4.0 billion. Securities and foreign exchange trading gains, on the other hand, was at ₱1.9 billion, or 65% lower than last year's.

Fees and Other Income excluding Trading Gains

Fees and other income, excluding trading gains, was at ₱4.0 billion which was 190% higher than last year's. This was mainly driven by the recognition of modification losses last year resulting from loan payment deferments brought about by Bayanihan Acts 1 and 2. Fee income, on the other hand, was flat at ₱3.7 billion.

Trading Income/(Loss)

Securities trading and foreign exchange gains were at ₱1.9 billion compared to ₱5.5 billion last year. Securities trading gains ended at ₱1.0 billion, lower by ₱4.1 billion from last year, due to lower gains on sale and mark-to-market losses on the Bank's trading portfolio. Foreign Exchange gains ended at ₱929.7 million, from the ₱346.1 million gain last year. The sharp increase in Foreign Exchange gains was caused by higher income on FX derivative transactions from increased volume including revaluation gains on the Bank's open FX position.

Operating Expenses excluding Provisions for Losses

Total operating expenses, excluding provisions for losses, grew by 2% to ₱16.5 billion. Manpower expenses was flat at ₱5.7 billion while other operating expenses grew by 3% to ₱10.8 billion, mainly from pandemic-related collection costs and warehouse rent, offset by lower costs of doing business including gross receipts tax (GRT) and less advertising and marketing campaigns.

Provisions for Losses

Provisions for losses, dropped by 58% to ₱4.1 billion from the ₱9.8 billion provisions booked last year. Provisions as a percentage of gross loans (or credit cost) is currently at 1.8%, compared to 3.8% in the same period last year.

Summary of Key Financials and Ratios

Balance Sheet (in Php billions)	December 31, 2021	December 31, 2020	YoY Growth %
Assets	404.8	408.2	-1%
Consumer Loans	155.3	186.7	-17%
Corporate Loans	60.6	58.8	3%
Low-Cost Deposits (CASA)	245.0	228.8	7%
High-Cost Deposits	81.9	100.3	-18%
Capital	59.3	55.5	7%

Profitability (in ₱ millions)	December 31, 2021	December 31, 2020	YoY Growth %
Net Interest Income	21,026.6	26,503.2	-21%
Trading Income / (Loss)	1,938.8	5,485.3	-65%
Fees & Other Income	4,045.1	1,394.8	191%
Fees	*3,725.7*	*3,710.8*	*0%*
Other Income	*319.4*	*-2,316.0*	*-114%*
Net Revenues	27,010.4	33,383.4	-19%
Operating Expenses	16,519.6	16,230.3	2%
Provision for Losses	4,149.4	9,834.4	-58%
Provision for Taxes	1,590.2	510.2	227%
Net Income After Tax	4,515.0	6,507.8	-31%

Key Financial Ratios	December 31, 2021	December 31, 2020	Variance b/(w)
Return on Equity[1]	7.9%	12.3%	-4.4%
Return on Assets[2]	1.1%	1.6%	-0.5%
Net Interest Margin[3]	6.5%	8.1%	-1.6%
Cost-to-Income Ratio[4]	61.2%	48.6%	-12.6%
Capital Adequacy Ratio[5]	15.6%	13.8%	1.7%
Tier-1 Ratio[6]	14.5%	12.6%	1.9%

[1] *Net Income divided by average total equity*
[2] *Net Income divided by average total assets*
[3] *Net Interest Income divided by average interest-earning assets*
[4] *Operating expenses divided by net revenues*
[5] *Total qualifying capital divided by total risk-weighted assets*
[6] *Net tier-1 capital divided by total risk-weighted assets*

Business Segment Performance

EastWest's industry leading net interest margin (NIM) is a result of its position in the high margin Consumer Lending segment. Despite lower volumes, NIM was at 6.6% as of reporting period.

Consumer Lending was down by 17% to ₱155.4 billion as run-offs outpaced new loan releases due to weak demand and prudent risk-taking. Corporate Banking, posted an increase of 3% to ₱60.6 billion.

December 31, 2020 vs. December 31, 2019

Financial Performance Highlights

EastWest (the Bank or EW) ended the year with a net income of ₱6.5 billion, 4% higher than last year's ₱6.2 billion. Return on Equity (ROE) was at 12.3%. Total Assets marginally grew by 0.5% at ₱408.2 billion from ₱406.3 billion in 2019.

The pandemic defined the Bank's operating results in 2020. Lockdowns, social distancing, and limited mobility resulted to the economy contracting by 9.5% and appropriately prompted the monetary authorities to loosen financial conditions.

For the Bank, this meant lower growth as the uncertainties put resiliency at the top of its agenda. It also resulted in lower volume of new business, lower transactions across all businesses, and higher provisions for loan losses. On the other hand, lower rates and the consequent lower funding costs resulted in higher net interest margins and higher trading gains. These offsetting tendencies drove the flattish operating results of the Bank. Below are the highlights of these trends.

1. Net Interest Income (NII) increased by 23% or by ₱5.0 billion to ₱26.5 billion as net interest margins increased to 8.1% from 6.9% even as loan volumes were lower.
    a. Total loans were lower by 9%, with business loans down 18% and consumer loans down 6%. On the other hand, loan yields generally held at 11.6% from 11.1% in 2019 as consumer loans which account for 76% of total loans carry fixed rates.
    b. Total interest costs on deposits and other borrowings were lower by 49% or by ₱4.1 billion ending at ₱4.2 billion from ₱8.3 billion in 2019, even as deposit volume were higher by ₱24.3 billion or 8% ending at ₱329.1 billion,
2. Securities trading gains was at ₱5.1 billion from ₱965.7 million in 2019. The Bank sold off part of its fixed income securities booked as Hold To Collect to build capital buffers for the challenges of the pandemic.
3. Fees and Commissions were lower by 29% or by ₱1.5 billion from lower business volumes and the impact of regulations, particularly, Bayanihan 1 and 2. The Bank also incurred modification losses of ₱ 2.7 billion largely as a result of the said Bayanihan programs.
4. Provisions for losses were at ₱9.8 billion or 2.4x higher than the ₱4.0 billion booked in 2019. This represents 4% of total loans.
5. Operating expenses, excluding provisions for losses, decreased by 1% or ₱174.8 million to ₱16.2 billion.

Overall, net revenues of the Bank stood at ₱33.4 billion, higher by 16% or ₱4.7 billion from the ₱28.7 billion in 2019. Core income, excluding securities trading and foreign exchange gains, increased by 2% to ₱27.9 billion from ₱27.3 billion the previous year.

With net income at ₱6.5 billion and lower risk assets, the Bank's capital buffers improved, with CET1 ratio at 12.6% from 10.4% in 2019. This puts the Bank at a better position to face the continuing challenges of the pandemic.

The pandemic imposed a heavy toll on the economy. With banking tied to the fortunes of the economy, it cannot be helped that it was adversely affected. The lower asset growth in 2020 will have future consequences as lower loan volumes mean lower interest income.

For 2021, the Bank expects the challenges to shift. The interest rate cap on credit cards will have significant impact on earnings. There is also a non-trivial probability that the road to normalization may come with some upward adjustments in interest rates. Hefty trading gains are not likely to happen in 2021. On the other hand, the Bank expects provisions for loan losses to be lower due to the preemptive provisions booked in 2020 and with the vaccines coming. While the Bank has been among the top 3 most profitable banks in the last four (4) years, the prospect of a five-peat is uncertain for 2021. The shifting contours of the coronavirus make it difficult to pin down a 2021 income guidance. Fortunately, the Bank with its higher capital buffers, puts it in a good position to face the remaining pandemic challenges and the rebuilding that will follow the vaccines.

Financial Position

Loans

Total gross loans declined by 9% to ₱245.5 billion, mainly due to maturities, changes to credit policies resulting from its pandemic response and lower demand as businesses and households held off borrowing. Business loans accounted for a bigger share of the decline, attributable mainly to contractual maturities and pay-offs.

Securities

The Bank's total securities portfolio decreased by 18% to ₱57.9 billion. Hold-To-Collect (HTC) securities portfolio decreased by 58% to ₱20.9 billion as the Bank sold a portion of the portfolio to build capital buffers for the challenges of the pandemic.

Deposits

Deposits stood at ₱329.1 billion as of December 31, 2020, up by 8% from the same period last year. CASA deposits increased by 22% or ₱42.0 billion to ₱228.8 billion while term deposits went down by 15% or ₱ 17.7 billion to ₱100.3 billion as the growth in CASA coupled with less need for incremental funding, allowed maturities to be paid-off.

Capital

The Bank's Capital Adequacy Ratio (CAR) under Basel III, remains adequate at 13.8% as of December 31, 2020 while CET-1 ratio stood at 12.6%. The Bank's Tier 1 capital is composed entirely of common equity. Capital ratios have remained within BSP standards.

Credit Quality

The Bank's total non-performing loans (NPL) to total gross loans stood at 8.4% on December 31, 2020, higher from last year's 4.6% due to the impact of the pandemic to borrowers in meeting their obligations. Despite the fact that a big portion of the loan portfolio is secured, the Bank's NPL cover improved to 57% from 50% last year owing to more prudence in its pandemic response. Through its credit and impairment policy, the Bank ensures that the expected credit losses of its loan portfolio are adequately provisioned for and aligned with regulatory standards.

Result of Operations

<u>Revenues</u>

Revenues rose by 16% to ₱33.4 billion from ₱28.7 billion in the same period last year. Securities and foreign exchange trading gains were at ₱5.5 billion compared to ₱1.4 billion the previous year. Fees and other income, excluding trading gains, decreased by 76% to ₱1.9 billion. Net interest income stood at ₱26.5 billion, growing by 23% from last year's ₱21.5 billion. The 3% growth in interest income from earning assets was complemented with the 49% drop in interest expenses as cost of funding decreased sharply, reversing the challenges in 2019.

<u>Fees and Other Income ex. Trading Income</u>

Fees and other income, excluding trading gains, was at ₱1.4 billion which was 76% lower than the ₱5.8 billion posted in the same period last year. The decrease primarily came from lower fees and commissions brought about by lower transactions from its loan portfolio. Other non-interest income, meanwhile, was lower as the impact of losses from the modified payment schemes brought about by Bayanihan Acts 1 & 2 were reflected in December 2020. This is in compliance with PFRS9 to reflect the new contractual obligation of the modified loan.

<u>Trading Income/(Loss)</u>

Securities trading and foreign exchange gains were at ₱5.5 billion compared to ₱1.4 billion last year. Securities trading gains ended at ₱5.1 billion, higher by ₱4.2 billion from ₱965.7 million last year. Foreign Exchange gains ended at ₱246.1 million, lower by 19% or ₱80.9 million from ₱427.1 million last year.

<u>Operating Expenses ex. Provisions for Losses</u>

Total operating expenses, excluding provisions for losses, decreased by 1% to ₱16.2 billion during the period. Compensation-related expenses increased by 2% to ₱5.7 billion, while other operating expenses were down 2% to ₱10.5 billion resulting from lower consumer loans-related expenses and regulatory expenses.

<u>Provisions for Losses</u>

Provisions for losses increased to ₱9.8 billion, 2.4x or ₱5.8 billion higher than the previous year as the Bank continues to be prudent on account of the uncertainties brought by the COVID-19 pandemic. Provisions as a percentage of gross loans (credit cost) amounted to 3.8%, one of the highest in the industry.

Summary of Key Financials and Ratios

Balance Sheet (in Php billions)	December 31, 2020	December 31, 2019	YoY Growth %
Assets	408.2	406.3	0%
Consumer Loans	186.7	197.8	-6%
Corporate Loans	58.8	71.3	-18%
Low Cost Deposits (CASA)	228.8	186.8	22%
High Cost Deposits	100.3	117.9	-15%
Capital	55.5	49.1	13%

Profitability (in ₱ millions)	December 31, 2020	December 31, 2019	YoY Growth %
Net Interest Income	26,503.2	21,466.9	23%
Trading Income	5,485.3	1,392.8	294%
Fees & Other Income	1,394.8	5,838.0	-76%
Net Revenues	33,383.4	28,697.7	16%
Operating Expenses	16,230.3	16,405.1	-1%
Provision for Losses	9,834.4	4,042.5	143%
Provision for Taxes	510.2	1,668.6	-69%
Net Income After Tax	6,507.8	6,241.9	4%

Key Financial Ratios	December 31, 2020	December 31, 2019	Variance b/(w)
Return on Equity[1]	12.3%	13.7%	(1.4%)
Return on Assets[2]	1.6%	1.6%	0.0%
Net Interest Margin[3]	8.1%	6.9%	1.2%
Cost-to-Income Ratio[4]	48.6%	57.2%	8.5%
Capital Adequacy Ratio[5]	13.8%	13.0%	0.9%

[1] *Net Income divided by average total equity*

[2] *Net Income divided by average total assets*

[3] *Net Interest Income divided by average interest-earning assets*

[4] *Operating expenses divided by net revenues*

[5] *Total qualifying capital divided by total risk-weighted assets*

Business Segment Performance

The Bank's recurring income base continues to expand from its Consumer Lending/Retail Banking segments. Net interest margin (NIM) remains at an industry leading 8.1% as of reporting period. This recurring income is largely attributable to the customer base and market share of the Bank.

Consumer Lending was down by 6% to ₱186.7 billion from last year as run-offs out-paced loan releases due to weak demand. Corporate Banking, similarly, posted a decline of 18% to ₱58.8 billion as some long-term (wholesale) loans matured and business loans were paid off coupled with the generally weak demand.

Other Information:

As of December 31, 2022, EastWest Bank has a total of 392 stores, with 213 of these stores in Metro Manila. For the rest of the country, the Bank has 100 stores in other parts of Luzon, 40 branches in Visayas, and 39 stores in Mindanao. The total ATM network is 582, composed of 475 on-site ATMs and 107 off-site ATMs. Total headcount of EastWest is 5,787.

The Bank's subsidiaries have a total of 76 stores and 1,388 officers/staff, bringing the group store network total to 468 with 582 ATMs and a combined manpower complement of 7,175.

Known trends, demands, commitments, events or uncertainties
There are no known demands, commitments, events or uncertainties that will have a material impact on the Bank's liquidity within the next twelve (12) months.

Events that will trigger direct or contingent financial obligation
There are no events that will trigger direct or contingent financial obligation that is material to the Bank, including any default or acceleration of an obligation.

Material off-balance sheet transactions, arrangements or obligations
There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Bank with unsolicited entities or other persons created during the reporting period other than those disclosed in the financial statements.

Capital Expenditures
The Bank's has commitments for capital expenditures mainly for Bank's implementation of IT projects. These are not expected to significantly affect the Bank's cash or liquidity position.

Significant Elements of Income or Loss
Significant elements of the consolidated net income of the Bank for the twelve (12) months ended December 31, 2022 and 2021 came from its continuing operations.

Seasonal Aspects
There are no seasonal aspects that had a material effect on the Bank's financial condition and results of operations.

Vertical and Horizontal Analysis of Material Changes for the Period
The term "material" in this section shall refer to changes or items amounting to five percent (5%) of the relevant accounts or such lower amount, which the Bank deems material on the basis of other factors.

I. **Statements of Financial Position – December 31, 2022 vs. December 31, 2021**
- Cash and other cash items increased by 13% to ₱8.7 billion due to the liquidity build-up given the timing of the year-end holidays.
- Due from BSP decreased by 39% to ₱36.1 billion due to lower deposits with the BSP in the Term Deposit Auction Facility (TDAF).
- Due from other banks decreased by 77% to ₱4.5 billion due to lower nostro placements in foreign currency accounts and placed to higher yielding assets.
- Interbank loans receivable decreased by 43% to ₱10.0 billion as more funds were placed in higher yielding assets.
- Financial assets at fair value through profit and loss decreased by 52% to ₱2.0 billion due to movements in the Bank's proprietary trading portfolio shifting to build-up the Bank's accrual portfolio in line with the Bank's business models.
- Financial assets at fair value through other comprehensive income decreased by 60% to ₱16.7 billion due to movements in the Bank's proprietary trading portfolio shifting to build-up the Bank's accrual portfolio in line with the Bank's business models.
- Investment Securities at Amortized Cost increased by 205% to ₱63.5 billion in line with the Bank's balance sheet business models.

- Investment in a Joint Venture increased by 51% to ₱929.0 million due to additional capital investment offset by the proportionate share of the Bank in its net loss and other comprehensive income.
- Property and equipment increased by 27% to ₱5.6 billion due to renewal of various lease contracts increasing value of Right-of-Use (ROU) assets.
- Investment properties decreased by 9% to ₱840.2 million due to sale of various foreclosed real estate mortgage properties.
- Deferred tax assets decreased by 6% to ₱3.9 billion due to the utilization of the 2021 tax benefit on the excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT).
- Other assets decreased by 20% to ₱3.5 billion due to sale of various repossessed vehicles.
- Bills and acceptance payables increased by ₱6.7 billion mainly from the higher volume of repo borrowings.
- Accrued taxes, interest, and other expenses increased by 17% to ₱3.5 billion mainly from year-end accrual of expenses.
- Cashier's check and demand drafts payable increased by 89% to ₱1.4 billion due to higher volume of checks issued.
- Income tax payable decreased by 11% to ₱126.2 million due to lower taxable income from the Bank's subsidiaries.
- Lease liability increased by 41% to ₱4.4 billion due to renewal of various lease contracts from ROU.

II. Statements of Financial Position – December 31, 2021 vs. December 31, 2020

- Due from BSP increased by 20% to ₽58.8 billion due to deposits with the BSP in the Overnight Deposit Facility (ODF) and Term Deposit Auction Facility (TDAF).
- Due from other banks increased by 70% to ₽19.3 billion due to nostro placements in foreign currency accounts.
- Financial assets at fair value through profit and loss decreased by 46% to ₽4.1 billion due to movements in the Bank's proprietary trading portfolio.
- Financial assets at fair value through other comprehensive income increased by 41% to ₽ 41.7 billion due to movements in the Bank's proprietary trading portfolio.
- Investment in a Joint Venture decreased by 8% to ₱614.5 billion. The decrease represents the proportionate share of the Bank in the net loss of the Joint Venture with Ageas.
- Property and equipment decreased by 13% to ₽4.4 billion due to depreciation of right-of-use assets.
- Investment Properties decreased by 5% to ₱928.0 million from depreciation of repossessed assets.
- Deferred tax assets decreased by 20% to ₽4.2 billion mainly from the reversal of previously booked deferred taxes set-up using the 30% tax rate with the implementation of CREATE bill and lower recognition of tax benefits on provisions, net of write-offs during the period.
- Other assets increased by 85% to ₽4.3 billion on account of repossessed vehicles.
- Bills and acceptance payables decreased by 97% to ₽98.1 million mainly from lower volume of interbank borrowings and repo borrowings.
- Cashier's checks and demand draft payable increased by 8% to ₽730.7 million on account of higher level of outstanding manager's check issued.

- Income tax payable decreased by 65% to ₱141.3 million due to the impact of the CREATE bill and lower taxable income this year.
- Lease liability decreased by 10% to ₱3.1 billion due to lease payments made during the year.
- Other liabilities decreased by 14% to ₱6.6 billion mainly due to decline in credit exposure default on unused credit lines.

III. Statements of Financial Position – December 31, 2020 vs. December 31, 2019

- Cash and cash equivalents increased by 9% to ₱8.1 billion due to the liquidity build-up given the timing of the year-end holidays.
- Due from BSP went up by 43% to ₱48.9 billion due to required reserves on the higher deposit volume and placement of excess funds for liquidity management, in the BSP's Overnight Deposit Facility (ODF).
- Due from other banks increased to ₱11.4 billion due to higher level of placements and working balances with counterparty banks.
- Interbank loans receivable increased to ₱17.1 billion as excess funds for liquidity management, were lent to BSP under reverse repo.
- Financial assets at fair value through profit and loss decreased by 55% to ₱7.5 billion due to movements in the Bank's proprietary trading portfolio.
- Financial Assets at Fair Value through Other Comprehensive Income increased to ₱29.5 billion due to movements in the Bank's proprietary trading portfolio.
- Investment Securities at Amortized Cost decreased by 58% to ₱20.9 billion due to the sale of Investment Securities at Amortized Cost to build capital buffers for the challenges of the pandemic.
- Property and equipment decreased by 6% to ₱5.1 billion primarily due to amortization.
- Deferred tax assets increased by 83% to ₱5.2 billion on account of provisions set-up, net of write-offs during the period.
- Other assets decreased by 26% to ₱2.3 billion on account of loan related settlements.
- Bills and acceptances payables decreased by 89% to ₱3.6 billion mainly from lower volume of interbank borrowings and repo borrowings.
- Unsecured subordinated debt decreased by 80% to ₱1.2 billion due to redemption.
- Cashier's checks and demand draft payable decreased by 49% to ₱678.8 million on account of lower level of outstanding manager's check issued.
- Income tax payable decreased by 32% to ₱402.3 million due to lower income before tax.
- Lease liability increased by 5% to ₱3.5 billion due to contract renewals.

IV. Statement of Income – December 31, 2022 vs. December 31, 2021

- Securities trading losses were at ₱395.6 million due to mark-to-market losses on the Bank's trading portfolio.
- Foreign exchange income amounted to ₱571.2 million due to income on FX swap and spot transactions from increased volume including revaluation gains on the Bank's open FX position.
- Trust income increased by 21% to ₱121.2 million due to the growth in assets under management.
- Gain on sale of acquired assets and foreclosures ended higher at ₱95.9 million due to higher disposals from repossessed assets and lower foreclosure losses.

- Miscellaneous income decreased by 23% to ₱745.7 million mainly from loan modification gains last year.
- Compensation and fringe benefits increased by 5% to ₱6.0 billion on account of normal annual increases to compensate for inflation.
- Depreciation and amortization decreased by 10% to ₱2.2 billion mainly from lower repossessed vehicle inventory due to disposal.
- Miscellaneous expenses increased by 7% to ₱6.7 billion mainly due to IT-related expenses.

V. Statement of Income – December 31, 2021 vs. December 31, 2020

- Interest income decreased by 24% to ₱23.3 billion primarily due to a lower asset base brought about by muted lending activities as well as the full year impact of the credit cards rate cap.
- Interest expense decreased by 47% to ₱2.2 billion primarily due to lower interest rates and shift towards low-cost deposits.
- Securities trading gains were at ₱1.0 billion due to lower gains on sale and mark-to-market losses on the Bank's trading portfolio.
- Foreign exchange income amounted to ₱929.7 million due to higher income on FX derivative transactions from increased volume including revaluation gains on the Bank's open FX position.
- Trust income increased by 26% to ₱99.8 million due to the growth in the Bank's assets under management.
- Loss on sale of acquired assets and foreclosures ended at ₱748.4 million due to the higher number of units sold for the period.
- Miscellaneous income ended at ₱968.0 million mainly from recoveries of written-off assets and reversals of modification loss as some accounts opted out of loan deferments.
- Taxes and licenses decreased by 26% to ₱1.9 billion on account of lower transaction taxes such as Gross Receipts Tax and Documentary Stamp Tax.
- Rent increased by 186% to ₱259.7 million due to additional warehouse leases for storage of auto ROPA as foreclosures were higher this year.
- Miscellaneous expenses increased by 10% to ₱6.3 billion mainly from collections expenses.

VI. Statement of Income – December 31, 2020 vs. December 31, 2019

- Interest expense decreased by 49% to ₱4.2 billion due to decreasing interest rates and growth in low-cost deposits.
- Service charges, fees and commissions decreased by 29% to ₱3.7 billion due to lower loan-related fees and charges.
- Securities trading gains amounted to ₱5.1 billion, higher by ₱4.2 billion from the previous year due to lower interest rates and sale of investment securities.
- Foreign exchange gains decreased by 19% to ₱346.1 million due to gains from third currency swap transactions last year and lower income from transaction flows this year (i.e. spread trading and credit cards fx fees).
- Trust income increased by 12% to ₱79.3 million due to the growth in the Bank's assets under management.
- Loss on sale of assets and foreclosures increased by 25% ending at ₱131.4 million due to more assets sold for the year.

- Miscellaneous loss was at ₱2,263.8 million due mainly to the impact of losses from the modified payment schemes brought about by Bayanihan Acts 1 & 2 which were reflected in December 2020.
- Miscellaneous expenses decreased by 5% to ₱5.7 billion due to lower business-related expenses.

Below are the financial ratios that are relevant to the Group for the year ended December 31, 2022 and 2021:

	2022	2021
Current ratio(1)	**49.94%**	64.86%
Asset-to-debt ratio(2)	**116.94%**	117.18%
Debt-to-equity(3)	**5.90**	5.82
Asset-to-equity(4)	**6.90**	6.82
Interest rate coverage ratio(5)	**216.76%**	274.31%
Profitability ratio		
Return on asset(6)	**1.12%**	1.11%
Return on equity(7)	**7.68%**	7.86%
Net profit margin(8)	**7.13%**	6.47%
Gross profit margin(9)	**89.30%**	90.43%

1 Current assets divided by current liabilities
2 Total assets divided by total liabilities
3 Total liabilities divided by total equity
4 Total assets divided by total equity
5 Income before income taxes divided by interest expense
6 Net income divided by average total assets.
7 Net income attributable to equity holders of the Parent Company divided by average total equity attributable to equity holders of the Parent Company.
8 Income before income tax over total interest income
9 Net interest income over total interest income

Item 7. Financial Statements

The consolidated financial statements of the Bank are filed as part of this Form 17-A as Annex B.

Item 8. Information on Independent Accountant and Changes in disagreements With Accountants on Accounting and Financial Disclosure

Sycip Gorres Velayo & Co. (SGV & Co.), a member firm of Ernst & Young Global Limited, has been the Bank's independent accountant for more than 25 years and is again recommended for appointment at the scheduled annual stockholders' meeting.

There are no changes in or disagreements with external auditors on accounting and financial disclosures.

The Bank has paid the following fees to SGV & Co relative to the regular and special engagements rendered by the latter that are reasonably related to the performance of the audit or review of the Bank's financial statements:

Fiscal Year	Audit Fees (Group)	Tax and Other Related Fees
2022	₱5,941,228	₱2,258,928
2021	₱5,394,900	₱2,972,849
2020	₱3,422,160	₱4,866,297

The Bank's Audit Committee approves the audit fees and fees for non-audit services of external auditors, if any, as stated in the Audit Charter.

The Audit Committee is composed of Messrs. Gregorio Kilayko (Chairman), Ms. Josephine Gotianun-Yap, Armando L. Suratos, Jose Maria G. Hofileña and Cristina Q. Orbeta

Per SGV & Co.'s representation during the Audit Committee meeting on March 23, 2023, they confirm that they did not have any disagreement with Management that could be significant to the Bank's financial statements or their auditor's report. Further, there are no matters that in their professional judgment may reasonably be thought to bear on their independence or that they gave consideration to in reaching the conclusion that independence has not been impaired.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

(a) Incumbent Directors

The Registrant is overseen by its Board of Directors (BOD) consisting of six regular members and five Independent Directors. The members of the Board are elected annually by the stockholders and shall each serve a term of one (1) year until the election and qualification of a new set of BOD. Furthermore, the BOD shall elect among themselves a Chairman and a Vice-Chairman.

The current list of the Bank's members of the Board is as follows:

Name	Age (as of 2023 ASM)	Citizenship
Jonathan T. Gotianun	70	Filipino
Antonio C. Moncupa, Jr.	64	Filipino
Jacqueline S. Fernandez	60	Filipino
Lourdes Josephine Gotianun-Yap	67	Filipino

Isabelle Therese G. Yap	35	Filipino
Wilson L. Sy	70	Filipino
Imelda B. Capistrano*	67	Filipino
Jose Maria G. Hofileña*	61	Filipino
Gregorio U. Kilayko*	68	Filipino
Cristina Q. Orbeta*	71	Filipino
Armando L. Suratos*	77	Filipino

**Independent Director*

Name	Profile
Jonathan T. Gotianun Chairman	• Chairman of the Board since April 2007 • Concurrent positions: Chairman of Filinvest Development Corporation, Filinvest Land, Inc., EastWest Rural Bank, Inc., East West Leasing and Finance Corporation, East West Ageas Life Insurance Corporation, Pacific Sugar Holdings Corporation, Cotabato Sugar Central Co., Inc., Davao Sugar Central Co., Inc., FDC Utilities, Inc., FDC Misamis Power Corporation, Countrywide Water Services, Inc., Director of Filinvest Alabang, Inc. and Filinvest Hospitality Corporation • Past position: Vice Chairman of EastWest from 1994 to 2007 • Education: Management Eng. (Completed 4 Years Out Of The Required 5 Years For This Course) - Ateneo De Manila University; Bachelor Of Science Of Commerce- Sta. Clara University, Sta. Clara; Masters In Management - Kellogg School Of Management, Northwestern University
Antonio C. Moncupa, Jr. Vice-Chairman	• Years of experience: Over 32 years of banking experience • Concurrent positions: Chairman of April 21 Development, Inc., and Rafael B. Buenaventura Micro Finance Foundation Inc., Director of Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corp., Philippine Securities Settlement Corp. and Philippine Payments Management, Inc. • Past positions: CEO and President of East West Bank, EVP & CFO of International Exchange Bank • Education: Graduate of De La Salle University, double degrees in Economics and Accounting, and University of Chicago, Masters in Business Administration
Jacqueline S. Fernandez President, Director	• Years of experience: Over 33 years of banking experience • Concurrent positions: President of East West Bank • Past positions: Chief Lending Officer of East West Bank, Head of Consumer Credit of Standard Chartered Bank Philippines • Education: Graduate of the University of the Philippines Diliman, AB Economics, Cum Laude and Masters in Business Administration

Name	Profile
Lourdes Josephine Gotianun-Yap Director	• Concurrent positions: Chairman of Mactan Seascapes Services, Inc., Quest Restaurants, Inc., Mimosa Cityscapes, Inc., Chairman and President of Filinvest Alabang, Inc., Filinvest Hospitality Corporation • Education: Business Management degree from the Ateneo de Manila University and Masters in Business Administration, Major in Finance degree from the University of Chicago
Isabelle Therese G. Yap Director	• Concurrent positions: Special Projects Officer and Director of EastWest Bank, Chairman of F(dev) Digital Innovations and Ventures, Inc., Director of AL Gotianun Inc., and Andremerc Holdings Inc. • Past positions: Previously worked in multinational companies like McKinsey & Company, Razorfish, SingTel, Credit Suisse and HSBC • Education: Business Management, Double Major Finance and Marketing degree from Singapore Management University, with a Masters degree in Business Administration from Harvard Business School
Wilson L. Sy Director	• Concurrent positions: Chairman & Director of Wealth Securities, Inc.; Chairman of Manila Stock Exchange Found, Inc.; Director of Philippine Stock Exchange, Vantage, Securities, Inc., Philequity Management, Inc., Vantage Financial Corp., Leisure & Resorts World Corp. • Past positions: Chairman of the Philippine Stock Exchange from 1996-1998 and Director of Yehey! Corporation and International Exchange Bank • Education: Management Engineering degree from the Ateneo de Manila University
Imelda B. Capistrano Independent Director	• Past positions: Director and Country Manager at Wells Fargo Bank, Senior Vice President and Country Manager of Wachovia Bank, N.A., Manila Representative Office • Education: Graduate of University of the Philippines, Diliman, Bachelor's Degree in Business Economics and Master's in Business Administration
Jose Maria G. Hofileña Independent Director	• Concurrent positions: Dean at Ateneo de Manila School of Law, Board of Trustees of Advancement for Rural Kids Philippines Inc. and Philippine Association of Law Schools • Past positions: Partner at Sycip Salazar Hernandez & Gatmaitan • Education: Bachelor of Arts degree with Honors from Ateneo de Manila University, and Bachelor of Laws at Ateneo de Manila School of Law; Master of Laws from Harvard University Law School • Lawyer
Gregorio U. Kilayko Independent Director	• Concurrent positions: Independent Director of Philequity Funds • Past positions: Chairman and CEO of ABN-Amro Bank (Philippines), Country Representative of James Capel Securities (Philippines), President of ING Baring Securities (Philippines) and ABN-Amro Securities (Philippines) • Education: B.S. Industrial Management Engineering degree at De La Salle University, with a Masters Degree in Energy Management and Business Administration from University of Pennsylvania

Name	Profile
Cristina Q. Orbeta Independent Director	• Concurrent positions: Consultant in World Bank: assigned as Deposit Insurance Expert to Laos • Past positions: Executive Director in the Central Bank Board of Liquidators; Director at Management of External Debt Department of Central Bank, President and Vice Chairperson of the Board of Philippine Deposit Insurance Corporation, Adviser and Board of Directors in United Coconut Planters Bank • Education: Graduate of University of the East, Bachelor's Degree in Mathematics – magna cum laude, and Master's in Economics; Master in Public Administration from Harvard University
Armando L. Suratos Independent Director	• Concurrent positions: Chairman of Supervisory Committee, ABF Philippine Bond Index Fund, Vice Chairman of Mary Johnston College of Nursing Scholarship Foundation, Inc., Resources for the Blind, Inc., Kapatiran Kaunlaran Foundation, Inc. • Past positions: Independent Director – Philippine Trust Company; Independent Director– Manila Bulletin Publishing Corporation; Monetary Board Member – Bangko Sentral ng Pilipinas and Board of Director – International Association of Currency Affairs • Education: BSBA in University of the Philippines; ll. b. (8th placer in the 1971 bar examinations) Ateneo de Manila Law School and investment Negotiation Course Georgetown university • Lawyer

The Bank held its Annual Stockholders Meeting on April 22, 2022.

The Bank held twelve (12) Regular Board Meetings from January to December 2022; four (4) Special Board Meetings; two (2) Executive Sessions and one (1) Organizational Meeting of the Board held on April 22, 2022 or a total of Nineteen (19) Board Meetings.

Board of Directors	No. of Meetings Attended	Percent Present
Jonathan T. Gotianun	18	95 %
Antonio C. Moncupa Jr.	19	100 %
L. Josephine T. Gotianun Yap	19	100 %
Mercedes T. Gotianun*	11	100 %
Isabelle Therese G. Yap	18	95 %
Wilson L. Sy	19	100 %
Gregorio U. Kilayko	19	100 %
Jose Maria G. Hofileña	19	100 %
Armando L. Suratos	19	100 %
Cristina Q. Orbeta**	18	100 %
Imelda B. Capistrano**	18	95 %
Jacqueline S. Fernandez***	8	100 %

** resigned as of June 30, 2022*

*** joined the bank as of January 27, 2022*
**** joined as Director starting July 1, 2022*

A certification on the qualifications of the Independent Directors is attached herewith as Annex B.

(b) Executive Officers

The following is the list of Key Executive Officers of the Bank as of April 13, 2023:

Name	Rank	Age (as of 2023 ASM)	Citizenship
Jerry G. Ngo	Chief Executive Officer	53	Singaporean
Jacqueline S. Fernandez	President	60	Filipino
Rafael S. Algarra, Jr.	Senior Executive Vice President	53	Filipino
Gerardo Susmerano	Senior Executive Vice President	57	Filipino
Lawrence L. Lee	Executive Vice President	52	Filipino
Cecilio Frederick M. Pusag	Executive Vice President	53	Filipino
Juan Alfonso D. Suarez	Executive Vice President	50	Filipino
Ivy B. Uy	Senior Vice President	49	Filipino
Richard Chester C. Tamayo	Senior Vice President	44	Filipino
Mylene C. Subido	Senior Vice President	51	Filipino
Salvador R. Serrano	Senior Vice President	56	Filipino
Norman Martin C. Reyes	Senior Vice President	57	Filipino
Grace N. Ang	Senior Vice President	45	Filipino
Amy Belen R. Dio	First Vice President	60	Filipino
Emma B. Co	First Vice President	59	Filipino

Name	Profile
Jerry G. Ngo Chief Executive Officer	• Years of experience: more than 20 years of extensive experience in banking, finance consultancy and digital • Concurrent positions: Managing Director and Founder, Ora et Labora Capital Partners Pte Ltd.; Vice Chairman for Asia, Delta Capita; Consultant, Filinvest Development Corporation • Past position: Former Group Chief Financial Officer & Board Director at PT Saratoga Investama Sedaya Tbk in Indonesia • Education: Completed Advanced Management Program from Harvard Business School, MBA (Hons) from University of Chicago – Booth School of Business, Master in Management (Distinction) from University of San Jose- Recolletos, BS Medical Technology (cum Laude) from Velez College, Philippines
Rafael S. Algarra, Jr. SEVP, Financial Markets and Wealth Management Head, Treasurer	• Years of experience: Over 27 years of banking experience • Past positions: Former EVP & Head of Financial Markets in Security Bank • Education: Graduate of Ateneo de Manila University, BS Management Engineering and Asian Institute of Management, Masters in Business Management

Name	Profile
Gerardo Susmerano SEVP, Retail Banking Head	• Years of experience: Over 22 years of banking experience • Past positions: Former Center Head of International Exchange Bank • Education: Graduate of the University of Sto. Tomas, BS Accounting, and Asian Institute of Management, Masters in Business Administration
Lawrence L. Lee EVP, Consumer Lending Head	• Years of experience: Over 30 years of experience in banking and finance • Past positions: Former Director of Regional Credit Operations for Asia, Australia, Europe at Citibank • Education: Graduate of University of the Philippines, Bachelor of Science in Business Economics; Master in Applied Business Economics from University of Asia and the Pacific
Cecilio Frederick M. Pusag EVP, Chief Information Officer, Information Technology Head	• Years of experience: over 20 years of evolving experiences in Information Technology • Past positions: Former SVP and Chief Information Officer of Security Bank • Education: Graduate of California Polytechnic University Pomona, Bachelor of Science, Business Administration/ Computer Information Systems
Juan Alfonso D. Suarez EVP, Human Resources Group Head	• Years of experience: more than 20 years of experience in Human Resources from various industries such as Telecommunications, Insurance, Technology, Consumer and Power • Past positions: Former Senior Vice President & Group Chief Human Resources Officer at Aboitiz Equity Ventures (AEV), former First Vice President & Chief Human Resources Officer at Aboitiz Power (AP); and former Head of HR Business Partnering and Centers of Expertise at PLDT and Smart Communications • Education: Graduate of Bachelor of Arts in Behavioral Science and Bachelor of Science in Commerce, and Masters in Business Administration at DLSU; Obtained Bachelor of Laws at Arellano University Law School – Executive Program
Ivy B. Uy SVP, Regional Branch Banking Head	• Years of experience: over 20 years of banking experience • Past positions: Former Center Head-Manila Area of International Exchange Bank • Education: Graduate of the University of Sto Tomas, Hotel and Restaurant Management, and Asian Institute of Management, Management Development Program

Name	Profile
Richard Chester C. Tamayo SVP, Wealth Management Head	• Years of experience: over 20 years of experience in banking and finance • Past positions: Former Vice President and Head of Ortigas Branch of Standard Chartered Bank • Education: Graduate of Ateneo de Manila University, Bachelor of Arts, Major in Economics • Certified Public Accountant
Mylene C. Subido SVP, Securities, Derivatives, Foreign Exchange Distribution Head	• Years of experience: over 20 years of experience in banking and finance • Past positions: Former Executive Director at Accion Capital Management; former Senior Vice President and Head of Institutional Accounts and Wealth Management at Hongkong & Shanghai Banking Corp (HSBC) • Education: Graduate of from De La Salle University, Bachelor of Science in Commerce Major in Accounting, Master's in Business Administration and Master of Early Childhood Education • Certified Public Accountant
Salvador R. Serrano SVP, Central Branch Operations Head	• Years of experience: Almost 30 years of banking experience, specifically on audit and bank operations • Past positions: Former SVP & Head of Operations in One Network Bank • Education: Graduate of University of Sto. Tomas, Bachelor of Science in Commerce, Major in Accounting, Master in Business Administration from De La Salle University
Norman Martin C. Reyes SVP, Bank Marketing and Corporate Communications Head	• Years of experience: over 20 years of experience in the Banking and Health industry handling several positions in Product Development, Sales, Digital innovation, and Marketing • Past positions: Former Digital Transformation Advisor at Medicard Philippines; former Chief Marketing Officer and Digital Innovations Head at Philippine National Bank • Education: Graduate of from University of the Philippines, Bachelor of Arts; Master's degree in Business Management at Asian Institute of Management (AIM)
Grace N. Ang SVP, Chief Risk Officer	• Years of experience: 20 years of banking experience • Past positions: Former Senior Manager of International Exchange Bank • Education: Graduate of De La Salle University, B.S. Accountancy • Certified Public Accountant

Name	Profile
Amy Belen R. Dio FVP, Chief Compliance Officer	• Years of experience: over 30 years of experience in banking and finance • Past positions: Former Chief Compliance Officer (CCO) & Compliance Division Head of BPI Family Savings Bank (BFSB) • Education: Graduate of Ateneo de Manila University, Economics (Honors Program); received her law degree from the University of the Philippines • Lawyer
Emma B. Co FVP, Chief Audit Executive	• Years of experience: over 30 years of accounting, banking and audit experience • Past Positions: Former Chief Audit Executive (CAE) at Philippine Savings Bank (PSBank) • Education: Graduate of University of Sto. Tomas, Bachelor's degree in Accounting; Lyceum of the Philippines University, Bachelor of Laws. Master of Science in Information Management from Ateneo De Manila University • Lawyer and a Certified Public Accountant

None of the above-named Directors and Executive Officers of the Bank works for the government.

(c) Nominees for election as Directors and Independent Directors for 2023-2024

The Corporate Governance and Compliance Committee ("CGCC") serves as the Nomination Committee of the Bank. In its meeting held on March 14, 2023, the CGCC has reviewed and evaluated the qualifications of nominated directors (including independent directors) in accordance with the Bank's By-Laws and Manual on Corporate Governance and relevant rules and regulations. The nominees for the independent directors have no relationship / affiliation with FDC and FDC Ventures, Inc. (formerly FDC Forex Corp.) The CGCC nominees for election as Directors and Independent Directors are enumerated below:

Name	Citizenship	Nominated as
Jonathan T. Gotianun	Filipino	Director
L. Josephine G. Yap	Filipino	Director
Jacqueline S. Fernandez	Filipino	Director
Isabelle Therese G. Yap	Filipino	Director
Joseph M. Yap	Filipino	Director
Francis Nathaniel C. Gotianun	Filipino	Director
Jose Maria G. Hofileña	Filipino	Independent Director
Gregorio U. Kilayko	Filipino	Independent Director
Armando L. Suratos	Filipino	Independent Director
Imelda B. Capistrano	Filipino	Independent Director
Cristina Q. Orbeta	Filipino	Independent Director

Mr. Joseph M. Yap is the Chairman of Filinvest REIT Corporation, Philippine DCS Corporation, PROMEI, FDC Green Energy Corporation, FDC Casesnan Hydro Power Corporation, and FDC Renewables Corporation. He is also a member of the Board of Directors of Lipad Corporation, Chroma Hospitality Inc., Entrata Hotel

Services, Inc., Filinvest Hospitality Corporation, Quest Restaurants, Inc., ProPlus, Inc., Filinvest Corporate City Foundation. He served as the Ambassador Extraordinary and Plenipotentiary to the Republic of Singapore from January 5, 2018 to June 30, 2022 and Special Envoy of the President to Singapore for Business and Investment. Prior to his government positions, he was President and CEO of Filinvest Land, Inc., Cyberzone Properties, Inc., Filinvest Asia Corporation, Filinvest-BCDA Clark, Inc. He finished his Bachelor of Science Degree in Management Engineering (Honorable Mention) from the Ateneo de Manila University, Candidate for Degree of Master of Science in Industrial Engineering with concentration in Operations Research, from University of the Philippines, and Master's in Business Administration (MBA), major in Finance in Harvard Business School.

Mr. Francis Nathaniel C. Gotianun is a Director of Filinvest Land, Inc., Filinvest REIT Corporation, Filinvest Mimosa, Inc. and Corporate Technologies, Inc. He is also the Chairman of Filinvest Corporate City Association, Inc., ProOffice Work Services, Inc., Pro-Excel Property Managers, Inc., Nature Specialists, Inc.; Chairman and CEO of Property Specialists Resources, Inc. He serves as Director, President, and CEO of The Palms Country Club, Inc., Mimosa Cityscapes, Inc., Boracay Seascapes, Inc., Chinatown Cityscapes, Inc., Cubao Cityscapes, Inc., Dumaguete Cityscapes, Inc., Dauin Seascapes, Inc., Duawon Seascapes, Inc., Princesa Seascapes, Inc., Quest Restaurants, Inc., Zamboanga Cityscapes, Inc., Mactan Seascapes Services, Inc., Baguio Mountainscapes, Inc., GenSan Cityscapes, Inc.; Director, and SVP in Filinvest Hospitality Corporation; President and CEO of Fora Restaurants, Inc. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra in 2010.

The Corporate Governance and Compliance Committee, in addition to the certification of the nominees, has determined that the nominees possess all the qualifications and none of the disqualifications for Directors as set forth in the Revised Manual on Corporate Governance. The nominees for the independent directors have no relationship / affiliation with FDC and FDC Ventures, Inc. (formerly FDC Forex Corporation).

A certification on the qualifications of the Independent Directors is attached herewith as Annex B.

The CGCC is composed of Ms. Cristina Q. Orbeta as Chairman, Mr. Jonathan T. Gotianun, Atty. Armando L. Suratos and Atty. Jose Maria G. Hofileña, as members.

(d) Family Relationships

Mr. Jonathan T Gotianun and Mrs. Lourdes Josephine Gotianun-Yap are siblings. Mr. Joseph M. Yap is the husband of Mrs. Lourdes Josephine Gotianun-Yap and their daughter is Ms. Isabelle Therese G. Yap. Mr. Francis Nathaniel C. Gotianun is the son of Mr. Jonathan T. Gotianun.

(e) Involvement in Legal Proceedings

To the best of the Bank's knowledge and belief and after due inquiry, none of the Bank's directors, nominees for election as director, or executive officer have in the five-year period prior to the date of this Report:

5) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time;

6) convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses;
7) subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or
8) found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

The Bank has been, and may in the future be, implicated in lawsuits in connection with the ordinary course of its business. However, neither the Bank nor any of its subsidiaries have been subject to any order, judgment, or decree, or violated any securities or commodities law for the last five years, or are involved in any litigation or arbitration proceedings that may have, or have had, a material adverse effect on it or its subsidiaries' financial condition, nor, so far as any of them is aware, is in any such proceeding pending or threatened.

All legal proceedings involving the Bank are efficiently and competently attended to and managed by a group of eleven (11) in-house counsels who are graduates of reputable law schools in the country. As its external counsels, the Bank retains or engages the services on case to case basis the following respected law firms: Sycip Salazar Hernandez & Gatmaitan Law Office, Angara Abello Concepcion Regala & Cruz, Sobreviñas Hayudini Navarro and San Juan Law Offices, Valerio and Associates, Vera Law Office, Alvarez Nuez Galang and Espina Lopez, Law Firm of Tagamolila & Margarico, Nietes-Gengos Laborte-Ildesa Panigbatan-Nafarrete Law Offices, Cantago and Partners, Quitain Law Office, Atty. Remie Calatrava, Atty. Fillmore Gomos, Atty. Henri S. Cariño and Atty. Romeo Guillermo, among others.

Item 10. Executive Compensation

The following table identifies and summarizes the aggregate compensation of EastWest's CEO and the four most highly compensated executive officers of the Bank in 2020, 2021 and 2022:

In million pesos:

Name	Year	Salary	Bonus	Others	Total
Antonio C. Moncupa, Jr. Jacqueline S. Fernandez Rafael S. Algarra, Jr. Gerardo Susmerano Cecilio Frederick M. Pusag	**2022**	₱78.9	₱75.3	₱57.7	₱211.9
	2021	₱73.8	₱82.1	₱-	₱155.9
	2020	₱75.3	₱86.1	₱-	₱161.4

Aggregate compensation paid to all officers and Directors as a group unnamed (in millions)	2022	₱3,895
	2021	₱3,652
	2020	₱3,373

The growth in aggregate compensation of the CEO and the four most highly compensated executive officers of the Bank for 2023 is estimated to be the same as that of the prior year.

There are no actions to be taken as regards any bonus, profit sharing, pension or retirement plan, granting of extension of any option warrant or right to purchase any securities between the Bank and its directors and officers.

Standard Arrangement
Non-executive directors and directors who are not directors or officers of Filinvest Development Corporation receive per diem of ₱60,000 for every committee or special board meeting and ₱120,000 for every regular board meetings.

Executive directors and directors who are officers or directors of Filinvest Development Corporation do not receive per diem as the same has been considered in their compensation.

Other Arrangement
The Bank does not have any agreement to pay additional compensation to its directors other than the above but may, without any obligation, grant additional compensation if certain performance driven goals are met.

Each member of the Board of Directors received the following as Directors for the year 2022:

Name of Directors	Amount
Jonathan T. Gotianun*	₱ -
Antonio C. Moncupa, Jr.*	-
Jacqueline S. Fernandez*	-
Lourdes Josephine Gotianun-Yap*	-
Isabelle G. Yap*	-
Wilson L. Sy	2,920,000.00
Imelda B. Capistrano	2,220,000.00
Jose Maria G. Hofileña	4,360,000.00
Gregorio U. Kilayko	4,180,000.00
Cristina Q. Orbeta	3,480,000.00
Armando L. Suratos	4,780,000.00
Total	**₱ 21,940,000.00**

**Executive directors do not receive per diem as the same has been considered in their compensation*

Item 11. Security Ownership of Certain Beneficial Owners and Management

Record and beneficial owners holding 5% or more of voting securities as of December 31, 2022

Title of Class	Name, Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	%
Common	Filinvest Development Corporation 6/F The Beaufort, 5th Ave. cor, 23rd St., Fort Bonifacio Global City, Taguig City	A.L. Gotianun, Inc. (Parent Corporation of FDC)	Filipino	900,136,017	40.0%

	(Stockholder)				
Common	FDC Ventures, Inc. (formerly FDC Forex Corporation) 6/F The Beaufort, 5th Ave. cor, 23rd St., Fort Bonifacio Global City, Taguig City (Stockholder)	Filinvest Development Corporation (Parent Corporation of EW, owns 100% of FDC Ventures, Inc.)	Filipino	851,517,164	37.8%
Common	PCD Nominee Corporation 37th Floor, Tower I, The Enterprise Center,6766 Ayala Ave. corner Paseo de Roxas, Makati City	Various stockholders/clients	Filipino	408,466,303	18.2%
Common	PCD Nominee Corporation 37th Floor, Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City	Various stockholders/clients	Non-Filipino	52,515,177	2.3%

Based on the list provided by the Philippine Depository and Trust Corp. to the Bank's transfer agent, Stock Transfer Service, Inc., as of December 31, 2022, none among the stockholders under the PCD Nominee Corporation holds 5% or more of the Bank's securities.

Filinvest Development Corporation (FDC) is the record and beneficial owner of 40.0% of the outstanding capital stock of the Bank. It is also the beneficial owner – through registered owner FDC Ventures, Inc. (formerly FDC Forex Corporation) of 37.8% of the shares of the Bank. FDC is majority owned by A.L. Gotianun, Inc. The Bank and FDC's ultimate parent Corporation is A.L. Gotianun, Inc.

Lourdes Josephine Gotianun-Yap is the proxy holder and authorized to vote on behalf of Filinvest Development Corporation and FDC Ventures, Inc. (formerly FDC Forex Corporation) with 77.9% shareholding in the Corporation.

Except as stated above, the Bank has no knowledge of any person holding more than 5% of the Bank's outstanding shares under a voting trust or similar agreement. The Bank is likewise not aware of any arrangement which may result in a change in control of the Bank, or of any additional shares which the above-listed beneficial or record owners have the right to acquire within thirty (30) days, from options, warrants, rights, conversion privilege or similar obligation, or otherwise.

Directors and Management as of December 31, 2022:

Title of Class	Name	Position	Citizenship	Nature of Beneficial Ownership	No. of Shares Held	Percent of Ownership
Common	Jonathan T. Gotianun	Chairman of the Board	Filipino	Direct / Indirect	22,777,406	1.0123%
Common	Antonio C. Moncupa, Jr.	Vice-Chairman	Filipino	Direct	7,333,554	0.3259%
Common	Josephine Gotianun-Yap	Director	Filipino	Direct / Indirect	22,293,626	0.9908%
Common	Jacqueline S. Fernandez	President / Director	Filipino	Direct	359,455	0.0160%
Common	Isabelle Therese G. Yap	Director	Filipino	Direct / Indirect	209,205	0.0093%
Common	Wilson L. Sy	Director	Filipino	Direct / Indirect	712,365	0.0317%
Common	Imelda B. Capistrano	Independent Director	Filipino	Direct	5	0.0000%
Common	Jose Maria G. Hofileña	Independent Director	Filipino	Direct	5	0.0000%
Common	Gregorio U. Kilayko	Independent Director	Filipino	Direct	5	0.0000%
Common	Cristina Q. Orbeta	Independent Director	Filipino	Direct	5	0.0000%
Common	Armando L. Suratos	Independent Director	Filipino	Direct	5	0.0000%
		Subtotal			**53,685,636**	**2.3861%**
Common	Jerry G. Ngo	Chief Executive Officer	Singaporean	Direct	19,095,900	0.8487%
Common	Gerardo Susmerano	Senior Executive Vice President	Filipino	Direct	750,558	0.0334%
Common	Rafael S. Algarra, Jr.	Senior Executive Vice President	Filipino	Direct	185,000	0.0082%
Common	Ivy B. Uy	Senior Vice President	Filipino	Direct	299,088	0.0133%
Common	Richard Chester C. Tamayo	Senior Vice President	Filipino	Direct	9,000	0.0004%
Common	Grace N. Ang	Senior Vice President	Filipino	Direct / Indirect	137,256	0.0061%
		Subtotal			**20,476,802**	**0.9101%**
		Total			**74,162,438**	**3.2961%**

Voting trust holders of 5% or more

To the extent known to the Bank, there is no person or group of persons holding more than 5% of the common shares by virtue of a voting trust or similar agreement as there has been no voting trust which has been filed with the Bank and the Securities and Exchange Commission.

Change in Control

There have been no arrangements that have resulted in a change of control of the Bank during the period covered by this report.

Item 12. Certain Relationships and Related Transactions

The Bank and its subsidiaries and affiliates in their normal course of business, have certain related party transactions. Kindly refer to Note 28 of the Notes to the Audited Consolidated Financial Statements for the summary of related-party transactions among members of the Filinvest Group.

There were no other transactions during the last two years, or any proposed transactions, to which the Bank was or is to be a party, in which any director or executive officer, any nominee for election as a director, any security holder or any member of the immediate family of any of the foregoing persons, had or is to have a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

The Bank is guided by the Board approved Manual on Corporate Governance which is the framework of rules, systems, and process that governs the performance of the Board of Directors and Management in the performance of their duties and responsibilities. The Manual on Corporate Governance outlines the Board governance processes which defines, among others, the corporate governance, board of directors, nomination and election, meetings, and quorum requirements. The Manual also enumerates the duties expected from the Board members, Board committees, and key officers and employees. It also features a disclosure system which highlights adherence to the principles of transparency, accountability and fairness.

Evaluation System and Compliance

Each Board Committee regularly reports to the Board of Directors. On an annual basis, the Bank also accomplishes and submits to the SEC the Integrated Annual Corporate Governance Report (I-ACGR) to determine extent of compliance with the recommendations provided under the Code of Corporate Governance for Publicly Listed Companies.

In addition to the examination mandated by law or regulation, the corporate governance process is also subjected to the review of Internal Audit Division of the Bank. Review was primarily focused on the execution of BOD's governance responsibilities, appropriateness of BOD and Board-level committees' structure and composition, soundness of existing Board processes (e.g., board meetings and attendance, board diversity, board appointments and re-election, and remuneration matters), adherence to disclosure and transparency requirements, adequacy of internal control system and risk management framework, and active promotion and protection of stakeholders' rights.

The Chief Compliance Officer is tasked with the formulation of specific measures to determine the level of compliance with the Corporate Governance Manual by the Board members, officers and employees. There has been no deviation from the Manual on Corporate Governance standards as of the date of this Report. Any violation of the Bank's Corporate Governance Manual shall be subjected to the provisions of the Bank's Code of Discipline and Ethics.

Training and Continuing Education

The Bank held the annual Corporate Governance Seminar on December 9, 2022 conducted by Center for Global Best Practices as part of EWBC's initiative to have a competent Board of Directors and Senior Management effectively instilling a clear strategy in protecting the rights of its stakeholders at the same time operating the business profitably. The seminar focused on updates on corporate governance, costs of non-compliance to laws and regulations, money laundering/terrorist financing fundamentals, preventive measures, obligations of covered persons, targeted financial sanctions, and AMLC latest regulatory issuances, best practices for effective boards particularly on key roles and core practices founded on timeless governance themes and how boards become effective through collaborative leadership, and lastly, mindfulness in the workplace for senior management.

Board Committees

To support the effective performance of the Board's functions and fulfill the principles of good corporate governance, the Board created each of the following committees and appointed Board members thereto.

Executive Committee

The Executive Committee is empowered to direct the business of the Bank vested by law in the Board of Directors insofar as such powers and authority may be lawfully delegated to the Executive Committee, including the power to review and approve proposals and transactions related to credit in amounts within the limits of its delegated authority.

The Executive Committee shall have five (5) regular members that meets weekly or as often as it may be necessary to address all matters referred to it. In 2022, twenty-nine (29) regular meetings were conducted and attended by at least a majority of the Committee members.

Name	Role	Meetings attended	% Present
Jonathan T. Gotianun	Chairman	28	97%
Antonio C. Moncupa Jr.	Member	28	97%
Josephine Gotianun-Yap	Member	27	93%
Isabelle Therese G. Yap	Member	26	90%
Jacqueline S. Fernandez	Member	24	83%
Total Meetings Held		**29**	

Corporate Governance and Compliance Committee (CGCC)

The Corporate Governance and Compliance Committee leads the Bank and assists the Board of Directors in defining and fulfilling the corporate governance policies and attaining best practices while overseeing the implementation of compliance program, money laundering prevention program and ensuring that regulatory compliance issues are resolved expeditiously. In addition to its governance role, the CGCC also assumes the nomination function whereby it reviews and evaluates the qualifications of all persons nominated to the Board, all direct reports of the CEO and the President, regardless of rank, heads of Governance Units and other positions of the Bank requiring appointment by the Board of Directors. The Committee oversees the annual performance evaluation of the Board, its committees, and individual directors in accordance with the Corporate Governance Manual.

The Committee, composed of four (4) members of the Board of Directors, three of whom are independent directors, including the Chairperson, meets every other month or when necessary. In 2022, fourteen (14) meetings (regular and special) were conducted and attended by Committee members.

Name	Role	Meetings attended	% Present
Cristina Q. Orbeta*	Chairman	13	100%
Jonathan T. Gotianun	Chairman	13	93%
Jose Maria G. Hofileña	Member	13	93%
Armando L. Suratos	Member	14	100%
Total Meetings Held		**14**	

** Membership from March to December 2022*

Related Party Transaction Committee (RPT Committee)
The RPT Committee assists the Board in ensuring that transactions with related parties of the Bank are handled in a sound and prudent manner, with integrity and in compliance with the applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. It also ensures that related party transactions are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged by such transactions.

The RPT Committee, composed of three (3) members of the Board of Directors, two of whom are independent directors, including the Chairperson, meets every other month or when necessary. In 2022, eight (8) meetings (regular and special) were conducted and attended by Committee members.

Name	Role	Meetings attended	% Present
Jose Maria G. Hofileña	Chairman	8	100%
Jonathan T. Gotianun	Member	7	88%
Imelda B. Capistrano*	Member	7	100%
Total Meetings Held		**8**	

** Membership from February to December 2022*

Audit Committee
The Audit Committee assists the Board of Directors in overseeing the Bank's financial reporting process, system of internal controls and the process for monitoring compliance with laws and regulations and the code of conduct. It also provides reasonable assurance to the Board on the overall management of risks of the Bank. It is responsible for setting up the Internal Audit, and for appointing the Chief Audit Executive and an independent external auditor who both report to the Audit Committee. It monitors and evaluates the effectiveness and accuracy of the internal control system established throughout the Bank, through the Internal Audit.

The Internal Audit provides independent, objective assurance and consulting services designed to add value and improve the Bank's operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach in evaluating and improving the effectiveness of risk management, internal control and governance processes. It functionally reports to the Audit Committee and administratively to the Chief Executive Officer. Internal Audit is independent to the Bank's other organizational units of as well as of the personnel subject to audit.

The Audit Committee, which consists of five (5) members, four of whom are independent directors, including the Chairman, meets once a month. In 2022, twelve (12) regular meetings were conducted and attended by majority of the Committee members. The Audit Committee also had special meetings with Internal Audit, executive session with the external auditor, and a separate meeting with the heads of the governance units, namely Internal Audit, Compliance and Risk Management, without any executive director or senior management present. These meetings were attended by majority of the Committee members, including the Chairman.

Name	Role	Meetings attended	% Present
Gregorio U. Kilayko	Chairman	13	100%
Jose Maria G. Hofileña	Member	13	100%
Josephine Gotianun-Yap	Member	12	92%
Armando L. Suratos	Member	13	100%
Cristina Q. Orbeta*	Member	12	100%
Total Meetings Held		**13**	

** Starting February 2022*

Risk Management Committee

The Risk Management Committee (RMC) assists the Board in fulfilling its responsibilities in managing the Bank's risk-taking activities. The RMC reviews principles, policies, strategies, processes and control frameworks pertaining to risk management. It also recommends to the Board any necessary modifications or amendments to strategies and policies relative to risk management. Its functions include identifying and evaluating the Bank's risk exposures, estimating its impact to the organization and assessing the magnitude, direction and distribution of risks across the Bank, which it uses as basis in determining risk tolerances that it subsequently recommends to the Board for approval. RMC reports to the Board the overall risk exposures as well as the effectiveness of its risk management practices and processes while recommending further policy revisions when necessary. Members of the Committee possess adequate knowledge and understanding of the institution's risk exposures and expertise in developing appropriate risk policies and strategies.

The Risk Management Committee, which meets every month is composed of three (3) independent directors, including the Chairperson. In 2022, twelve (12) regular meetings and one (1) special meeting were conducted and attended by the Committee members.

Name	Role	Meetings attended	% Present
Armando L. Suratos	Chairman*	13	100%
Gregorio U. Kilayko	Member**	13	100%
Cristina Q. Orbeta	Member***	12	100%
Total Meetings Held		**13**	

**Committee member and Chairman since April 2021*
***Chairman up to March 2021 and Committee member thereafter*
****Committee member since February 2022*

Rewards and Talent Management Committee

The Rewards and Talent Management Committee carries out responsibilities relating to the following:

a. Development and succession of key executives;
b. Compensation principles and practices;
c. Other strategic Human Resource items as the committee may deem appropriate

The Committee, shall be composed of at least three (3) members of the Board of Directors with at least one (1) independent director that meets at least once a year or when necessary. In 2022, one (1) meeting was conducted and attended by all of the Committee members.

Name	Role	Meetings attended	% Present
Josephine Gotianun-Yap	Chairman	1	100%
Jonathan T. Gotianun	Member	1	100%
Antonio C. Moncupa Jr.	Member	1	100%
Imelda B. Capistrano	Member	1	100%
Gregorio U. Kilayko	Member	1	100%
Total Meetings Held		1	

Trust Committee
The Trust Committee assists the Board in fulfilling its responsibilities to oversee the proper management and administration of trust and other fiduciary business. Duly constituted and authorized by the Board, the Committee acts within the sphere of authority as provided in the Bank's By-laws and/or as may be delegated by the Board. It undertakes such responsibilities but not limited to the following:

1) Ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practice;
2) Ensure that policies and procedures that translate the board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant; comprehensive and effective;
3) Oversee the implementation of the risk management framework and ensure that internal controls are in place to the fiduciary activities;
4) Adopt an appropriate organizational structure/staffing pattern and operating budgets that shall enable the trust department to effectively carry out its functions;
5) Oversee and evaluate performance of the trust officer;
6) Conduct regular meetings at least once a quarter, or more frequently as necessary, depending on the size and complexity of the fiduciary business; and
7) Report regularly to the board of directors on matters arising from fiduciary activities.

The Trust Committee is composed of five (5) members, namely the President, Trust Officer and three directors. It meets once every quarter or more frequently as circumstances may warrant. In 2022, four (4) regular meetings and two (2) special meetings were conducted and attended by at least a majority of the Committee members

Name	Role	Meetings attended	% Present
Wilson L. Sy	Chairman	5	83%
Jonathan T. Gotianun	Member	3	50%
Antonio C. Moncupa Jr.	Member	6	100%
Imelda B. Capistrano	Member	6	100%
Raul Victor M. De Guzman	Member	6	100%
Total Meetings Held		6	

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

ANNEX A – List of Owned and Leased Branches
ANNEX B – Audited Consolidated Financial Statements
ANNEX C – 2022 Sustainability Report

(b) Reports on SEC Form 17-C

The following reports have been submitted by the Bank during the year 2022 through official disclosure letters:

REPORT	DATE REPORTED
SEC Form 17-C Resignation of Mr. Francis Jardeleza	1/11/2022
SEC Form 17-C Appointment Ms. Cristina Orbeta	2/3/2022
SEC Form 17-C Appointment Ms. Imelda Capistrano	2/3/2022
SEC Form 17-C Notice Annual Stockholders Meeting	3/4/2022
SEC Form 17-C Resignation Angel Marie L. Pacis	3/4/2022
SEC Form 17-C Amendment of By Laws	3/4/2022
SEC Form 17-C Press Release	3/24/2022
SEC Form 17-C Declaration of Cash Dividends	4/26/2022
SEC Form 17-C Result of Annual Stockholders' Meeting and Organizational Meeting 2022	4/26/2022
SEC Form 17-C East West income drops, maintains income guidance for 2022	5/23/2022
SEC Form 17-C Change in Directors and Officers	6/2/2022
SEC Form 17-C East West 2Q 2022 income doubles	8/30/2022
SEC Form 17-C Resignation Pierre Monserrate	9/29/2022
SEC Form 17-C BSP Approval Amendments of By Laws	9/29/2022
SEC Form 17-C SEC Approval Amendments of By Laws	10/7/2022
SEC Form 17-C East West 3Q 2022 income continues recovery	11/16/2022
SEC Form 17-C EW Press Release - Filinvest Group Co-founder Mercedes Gotianun passes away at 94	12/12/2022
SEC Form 17-C Appointment (Martin Reyes and Juan Alfonso Suarez)	12/22/2022

SIGNATURES

Pursuant to the requirements of Section 16 of the Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of _______________________on_________, 2023.

By:

JERRY G. NGO
Chief Executive Officer

MINDA L. CAYABYAB
Controller

ATTY. BENEDICTO M. VALERIO, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ 14 day of ________ APR 2023 affiants exhibiting to me his/their proof of identification, as follows:

NAMES	PROOF OF IDENTIFICATION	DATE OF ISSUE	PLACE OF ISSUE
JERRY G. NGO	PP No. K2328354B	Nov 02, 2021	Ministry of Home Affairs, Singapore
MINDA L. CAYABYAB	PP No. P2730616C	Dec 21, 2022	DFA Manila
ATTY. BENEDICTO M. VALERIO, JR.	PP No. P0258129B	Jan 16, 2019	NCR South

DOC. NO. 181
PAGE NO 37
BOOK NO XI
SERIES OF 2023

Notary Public

LOURDES A. ONA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-066until December 31, 2023
MCLE Compliance No. VII-0025815 valid until April 14, 2025
Office Address: 2264Pasong Tamo Extension Makati City
Roll No. 38397/IBP Lifetime No. 02701
PTR No. 9563589 January3, 2023 MakatiCity

ANNEX A

Branches Owned as of December 31, 2022

Branch	Location
1. The Fort - Beaufort	The Beaufort, 5th ave. corner 23rd St., Bonifacio Global City, Taguig City
2. Betterliving - Dona Soledad	100 Doña Soledad Ave., Betterliving Subd., Brgy. Don Bosco,
3. Davao - Lanang	Lot 6 Blk 5, Insular Village, Pampanga Buhangin, Lanang Davao City
4. Pioneer	UG-09 Pioneer Pointe Condominium, Pioneer St., Mandaluyong City
5. Tandang Sora	Lot 80-A Kalaw Hills Subd., Brgy. Culiat, Tandang Sora

Branches and Buildings Leased as of December 31, 2022

Official Store Name	Commencement Date	Expiration Date	Monthly Rent as of December 31, 2022
Gil Puyat-Metro House	1-Jan-22	31-Dec-31	443,423.26
Cubao-P. Tuazon	1-Jan-21	31-Dec-30	106,876.29
F. Ortigas Jr.	1-Jul-20	30-Jun-25	392,588.88
Las Piñas-Pamplona	27-Mar-13	26-Mar-23	151,864.51
EDSA-Kalookan	1-Jun-18	31-May-28	198,878.50
Roosevelt-Frisco	1-Mar-20	28-Feb-30	244,386.26
Pasig-Shaw Blvd.	1-Apr-15	31-Mar-25	243,847.18
Pasig-Caruncho	1-Jun-21	31-Mar-29	224,336.00
Ayala Ave.-Herrera	1-Oct-22	30-Sep-32	323,167.04
Imus	5-Nov-20	30-Nov-30	133,293.84
Taytay-Ortigas Ext.	15-Apr-16	14-Apr-26	110,049.50
Congressional Ave.	1-Jul-12	30-Jun-27	141,835.72
Anonas	16-Apr-12	15-Apr-27	146,600.52
President's Avenue	1-Jun-21	31-May-31	123,200.00
Antipolo-Marcos Hi-way	15-Oct-15	14-Oct-30	125,151.11
Regalado	28-Sep-20	27-Sep-30	212,036.05
Bagumbayan	1-Apr-15	31-Mar-25	226,249.77
Bacoor-Aguinaldo Hi-way	1-May-21	30-Apr-26	246,400.00
Padre Faura	1-Mar-13	28-Feb-23	210,127.00
Sto. Cristo	1-Jan-16	31-Dec-25	165,124.01
Pasong Tamo Extension	1-Jul-14	30-Jun-24	296,387.59
Mandaluyong-Shaw Blvd.	1-Apr-19	31-Mar-24	194,042.92
Quezon Ave-Sct Santiago	21-Feb-17	20-Feb-27	79,419.97
Katipunan-St. Ignatius	1-Oct-22	30-Sep-32	362,602.99
Escolta	1-Jun-17	31-May-27	272,273.40
Quezon Ave.-Banawe	1-Apr-19	31-Mar-24	201,991.83
Festival Mall Level 2	1-Feb-19	31-Jan-24	495,407.47
Annapolis	1-Apr-18	31-Mar-28	326,728.08
San Fernando-Dolores	16-Feb-12	15-Feb-22	197,170.09
Cabanatuan-Melencio	16-Jan-12	15-Jan-27	109,461.72
Lucena City	20-Sep-16	19-Sep-26	70,000.00

Calamba	1-Feb-20	31-Jan-30	119,141.99
Alabang-Westgate	1-Aug-17	31-Jul-22	419,381.76
Dagupan-Perez	16-Jul-13	15-Jul-28	107,207.65
Cagayan de Oro-Velez	12-Apr-22	11-Apr-33	100,800.00
Zamboanga-NS Valderrosa	1-Nov-13	30-Oct-23	160,811.48
Baguio-Rizal Monument	15-May-14	14-May-24	249,000.49
Cebu-N. Escario	1-Jun-20	31-May-30	225,560.17
Tomas Morato	16-May-14	15-May-24	168,106.55
Sucat-NAIA	16-Nov-13	16-Nov-23	180,444.91
Pampanga-Angeles City	1-Nov-13	31-Oct-28	122,523.03
Valenzuela-Marulas	1-Nov-16	31-Oct-26	135,081.64
Greenhills-West	1-Sep-13	31-Aug-23	198,520.90
Valero	1-Nov-18	31-Oct-23	310,738.82
Salcedo	1-Aug-21	31-Jul-26	198,990.71
Tektite	1-Oct-13	29-Sep-23	427,758.53
Festival Mall Level 1	1-Nov-21	31-Oct-23	356,308.96
Tarlac-F. Tañedo	19-Feb-13	17-Feb-23	118,196.44
T. Alonzo	16-Sep-17	15-Sep-27	294,106.63
Batangas City	1-May-22	30-Apr-32	114,167.00
West Avenue	1-Mar-20	28-Feb-30	296,352.00
Cebu-Mandaue Subangdaku	1-Nov-13	31-Dec-23	105,206.77
Naga City	26-Apr-14	25-Apr-24	123,480.00
Laoag City	23-Aug-14	22-Aug-24	90,054.42
Cebu-Banilad	1-Jun-22	31-May-32	80,048.38
Cebu-Magallanes	1-Jan-18	31-Dec-22	152,790.47
La Union-San Fernando	1-Oct-22	30-Sep-27	125,851.06
Cotabato City	10-Feb-22	9-Feb-32	78,400.00
Isabela-Santiago	1-Jun-15	31-May-25	141,406.89
New Manila	1-Aug-15	31-Jul-25	331,004.05
Intramuros	30-Oct-17	29-Oct-22	252,047.38
Davao-Sta. Ana	15-May-08	14-Jan-23	185,953.12
Del Monte	1-Feb-17	31-Jan-27	291,721.50
Grace Park-8th Ave.	16-Dec-16	15-Dec-26	269,642.71
Binondo	1-Oct-18	30-Sep-28	746,131.54
Paseo de Roxas-Legaspi	1-Nov-22	31-Oct-27	330,047.75
Baliuag	16-Nov-17	15-Nov-32	92,610.00
Davao-Matina	1-Jul-18	30-Jun-28	107,207.99
Lipa City	1-Mar-21	28-Feb-41	112,002.24
The Fort-Marajo Tower	1-Sep-18	14-Jan-26	437,396.33
Iloilo-Ledesma	1-Nov-18	31-Oct-28	125,789.71
Urdaneta City	1-Jan-19	31-Dec-28	112,021.06
Paso De Blas	1-Jul-21	30-Apr-33	78,400.00
Isabela-Cauayan	1-May-09	30-Apr-24	117,501.14

Malabon-Gov. Pascual	1-Sep-09	31-Aug-24	65,248.79
Bacolod-Lacson	1-Jan-17	31-Dec-26	190,569.51
Divisoria	1-Apr-19	31-Mar-24	120,407.89
Paseo-Philam Tower	1-Oct-20	30-Sep-30	530,070.61
San Miguel Ave.	1-May-18	30-Apr-23	221,147.58
Alabang Madrigal	15-Jun-14	14-Jun-24	265,353.77
UN Avenue	1-Mar-14	29-Feb-24	190,880.67
Chino Roces-Dela Rosa	1-Aug-19	31-Jul-24	321,764.00
Baclaran	1-Oct-21	30-Sep-26	302,144.26
Balintawak-A. Bonifacio	1-Jul-20	30-Apr-30	108,266.56
Paco	1-Jan-22	31-Dec-31	126,076.19
Soler	15-May-21	31-May-31	128,286.94
San Juan	6-Jul-21	5-Jul-26	164,437.14
Legaspi-Rufino	1-May-20	30-Apr-30	204,868.85
Ayala Ave.-Makati Sky Plaza	1-Nov-20	31-Oct-25	960,272.18
Carmona	1-May-10	30-Apr-25	122,427.03
Olongapo City	1-Jun-10	31-May-25	186,583.29
Quezon Ave-Sct Albano	1-Sep-10	31-Dec-22	224,000.00
Novaliches-Gulod	1-Aug-22	31-Jul-32	134,400.00
Iligan City	15-Jul-10	14-Jul-33	137,094.70
Ortigas-Emerald	1-Jul-21	31-Jul-22	172,869.31
C. Raymundo Ave.	1-Dec-20	30-Nov-30	87,968.83
Roxas Boulevard	1-Dec-21	30-Sep-31	283,500.00
Cebu Mactan	1-Aug-20	31-Jul-30	140,964.71
Malabon-Potrero	1-Dec-20	30-Sep-30	148,176.00
General Santos-Santiago	1-Oct-10	30-Sep-32	81,016.07
Evangelista	1-Oct-20	30-Sep-30	124,106.25
Mandaluyong-Libertad	1-Dec-20	30-Nov-30	185,662.96
Bataan-Balanga	1-Aug-10	31-Jul-25	104,249.25
Navotas-North Bay	1-Aug-20	31-Jul-30	82,096.28
Muntinlupa	1-Oct-20	30-Sep-30	104,249.26
Butuan City	1-Apr-21	31-Mar-31	100,317.12
General Trias	1-Aug-21	31-Jul-31	111,014.40
The Fort-Burgos Circle	1-Apr-21	31-Mar-31	515,246.55
Ozamiz City	1-Apr-11	31-Mar-26	113,144.66
San Pablo	11-May-11	10-May-26	121,507.53
San Pedro	1-Nov-21	30-Oct-31	107,558.76
Las Piñas-BF Resort	1-May-11	30-Apr-26	113,249.09
168 Mall	1-Feb-21	31-Jan-26	218,888.29
Iloilo-Iznart	1-Jun-21	31-May-31	132,380.01
Paseo de Magallanes	1-Apr-21	31-Mar-31	119,452.27
Cebu-Mandaue North Road	1-Oct-21	30-Sep-31	125,079.99

Davao-Toril	7-Dec-11	6-Dec-26	60,011.92
Antipolo-ML Quezon	1-Dec-11	30-Nov-26	77,760.81
Tuguegarao City	1-Aug-21	31-Jul-31	164,725.95
Marikina-Gil Fernando	3-Dec-21	2-Dec-26	157,500.00
Greenhills Shopping Center	16-Feb-17	15-Feb-23	238,868.18
Cebu-Grand Cenia	1-Mar-12	28-Feb-22	362,833.13
Gil Puyat - F. B. Harrison	11-Apr-14	10-Apr-29	50,030.24
Taft-Nakpil	1-Feb-14	31-Mar-24	196,994.06
Acropolis	1-Aug-15	31-Jul-25	326,653.40
Taytay - Manila East	16-Aug-14	15-Aug-24	160,817.12
Caloocan-A. Mabini	1-Apr-14	31-Mar-24	177,567.18
Iloilo-Molo	1-Nov-13	31-Oct-23	193,898.06
Alabang-Commerce Ave.	17-Feb-14	31-Jan-24	193,737.72
Metropolitan Avenue	1-Jun-21	31-May-24	155,676.04
Ortigas-Rockwell	1-Apr-19	31-Mar-24	161,817.40
Pangasinan-San Carlos	1-Oct-13	30-Sep-23	116,745.42
Pasig Boulevard	5-Sep-11	4-Sep-26	72,974.48
Mayon	5-Nov-21	4-Nov-31	222,231.28
Tagum City	1-Dec-21	30-Nov-31	93,610.56
Don Antonio Heights	17-Dec-11	16-Dec-26	178,378.17
City Place Square	1-Nov-22	31-Oct-25	249,963.36
Baesa Town Center	1-Dec-21	30-Nov-31	68,136.16
Banawe-Sct. Alcaraz	17-Dec-21	16-Dec-31	167,232.15
Timog Ave.	1-Jan-22	31-Dec-26	150,471.94
West Service Road	15-Aug-11	14-Aug-26	109,816.13
Wilson	1-Dec-21	30-Nov-31	201,044.41
Chino Roces-Bagtikan	1-Oct-19	30-Sep-24	194,316.26
Sucat-Evacom	1-Oct-21	30-Sep-31	131,148.83
Banawe-N. Roxas	1-Sep-19	31-Aug-27	228,438.00
Baguio City-Session Rd.	16-Jan-22	15-Jan-27	175,032.90
EDSA Howmart	5-Jan-22	4-Jan-32	147,686.45
E. Rodriguez Ave.	12-Jan-22	11-Jan-27	200,224.76
Jose Abad Santos-Tayuman	1-Jun-22	31-May-27	180,377.12
Pampanga-Apalit	16-Jul-12	15-Jul-27	123,436.96
Ayala Ave-SGV	16-May-22	15-May-27	319,058.33
Marikina-Concepcion	1-Apr-22	31-Mar-32	177,877.53
Angeles-Balibago	7-Aug-22	6-Aug-32	277,297.89
Better Living-Peru	9-Jul-22	8-Jul-32	196,994.06
Ilocos Sur-Candon	16-Jun-22	15-Jun-32	156,800.00
Cebu-A.S. Fortuna	1-Jul-22	30-Jun-23	179,200.00
Cebu-M. Velez	1-Aug-22	31-Jul-23	137,675.20
Greenhills-Connecticut	1-Jan-21	31-Dec-25	323,147.69
Davao-C.M. Recto	15-May-12	14-May-22	55,158.34

EDSA-Muñoz	1-Jun-22	31-May-24	123,569.00
Kamias	5-Jan-12	4-Jan-27	111,132.00
Koronadal City	1-Aug-22	31-Jul-32	146,314.75
Pasay-D. Macapagal Blvd	1-Jun-19	29-Feb-24	310,459.13
Bacolod-Mandalagan	1-Apr-22	31-Mar-32	141,441.07
Las Piñas-Marcos Alvarez	1-Jul-22	30-Jun-32	105,000.00
Masambong	1-Aug-22	31-Jul-32	182,000.00
Masangkay	15-May-22	14-May-32	157,201.26
Gil Puyat-Pacific Star	16-May-22	15-May-25	151,343.10
Pagadian City	10-Jul-12	9-Jul-27	110,745.32
Palawan	15-Jul-12	14-Jul-27	204,935.75
Cebu-Park Mall	1-Aug-22	31-Jul-27	127,351.22
Rada	16-May-22	15-May-32	255,985.70
Roosevelt-Sto. Niño	1-Jul-12	30-Jun-27	124,106.26
San Fernando-Sindalan	15-Jul-12	14-Jul-27	236,392.87
Sucat-Kingsland	1-Aug-22	31-Jul-27	198,240.00
Taft Avenue	16-Jul-22	15-Jul-32	236,392.89
Tomas Mapua-Lope de Vega	1-Jul-22	30-Jun-32	78,618.94
T.M. Kalaw	1-Jul-22	30-Jun-32	285,172.36
UP Village	15-Jul-22	14-Jul-32	124,417.31
Benavidez	1-Dec-21	30-Nov-31	158,856.01
G. Araneta Ave.	1-Mar-12	28-Feb-22	174,493.40
Quiapo	1-Aug-21	30-Apr-31	143,360.00
999 Shopping Mall	21-Nov-22	20-Nov-27	281,293.72
Amorsolo-Queensway	10-Oct-22	10-Oct-27	148,176.00
Makati Ave.-Juno	1-Jan-19	31-Dec-25	342,464.12
Eastwood City	1-Mar-22	31-Jan-27	500,254.72
North EDSA	16-May-22	14-May-32	218,792.72
BF Homes-Aguirre	1-Sep-12	29-Aug-27	83,977.39
Quezon Ave-Dr. Garcia	16-Apr-22	15-Apr-32	256,132.80
J.P. Rizal	1-Mar-22	28-Feb-32	132,487.57
Grace Park-7th Ave.	21-May-22	20-May-32	145,667.00
Bacoor-Molino	10-Aug-22	9-Aug-27	156,418.08
Davao-Bajada	1-May-12	30-Apr-27	842,030.97
Pasay-Libertad	1-Mar-22	28-Feb-32	157,595.24
Ayala Ave-Rufino	1-Sep-22	31-Aug-27	226,436.00
Batangas-Bauan	1-Jul-22	30-Jun-32	139,954.08
Alabang Entrata	1-May-18	30-Apr-23	341,117.21
Boni Avenue	1-Jul-12	30-Jun-22	155,132.82
Boracay	16-Apr-16	15-Apr-26	221,327.30
Pangasinan-Rosales	1-Oct-12	30-Sep-22	140,653.76
Cagayan de Oro-Cogon	21-May-22	20-May-32	235,514.03
Mindoro-Calapan	1-Aug-22	31-Jul-32	122,782.45

Cavite-Naic	1-Aug-12	31-Jul-24	72,974.48
Cavite-Tanza	1-Aug-12	31-Jul-27	28,142.01
Cebu-Fuente Osmeña	1-Sep-22	31-Aug-32	226,555.04
Cebu IT Park	30-Sep-22	29-Sep-32	116,950.40
Cebu-Colon	15-Apr-21	14-Apr-31	182,432.10
Cebu-Minglanilla	16-Sep-22	15-Sep-32	102,105.36
Cebu-Talisay	1-Oct-22	30-Sep-27	78,400.00
Cebu-A.C. Cortes	16-Aug-22	15-Aug-32	122,047.79
Cebu-Basak Pardo	1-Aug-22	31-Jul-32	118,720.00
Cebu-Freedom Park	16-Sep-22	15-Sep-32	121,502.01
Commonwealth	1-Nov-22	31-Oct-32	112,000.00
Cubao-Araneta Center	2-Sep-22	1-Sep-24	337,379.06
Dagupan-A.B. Fernandez	1-Nov-12	31-Oct-27	115,743.15
Dasmariñas	1-Aug-22	31-Jul-32	135,724.88
Davao-J.P. Laurel	7-Sep-12	20-Nov-27	99,293.07
Davao-Panabo City	8-Jun-22	7-Jun-32	100,800.00
H.V. Dela Costa	15-Jul-17	14-Jul-27	137,345.08
Legaspi-Dela Rosa	1-Oct-22	30-Sep-24	440,343.72
Bataan-Dinalupihan	1-Nov-12	31-Oct-27	80,549.46
Dumaguete City	1-Jul-22	30-Jun-32	185,220.00
ElCano	1-Jul-12	30-Jun-32	219,951.04
Fairview	15-Jun-22	14-Jun-32	118,492.67
Pampanga-Guagua	1-Nov-22	31-Oct-32	139,050.00
Bacolod-Hilado	1-Aug-22	31-Jul-27	54,730.85
Iloilo-Jaro	1-Jul-22	30-Jun-32	101,123.76
Julia Vargas	1-Sep-22	31-Aug-32	348,114.41
Benguet-La Trinidad	1-Oct-22	30-Sep-32	246,400.00
Lagro	1-Jul-12	30-Jun-27	100,591.39
Loyola Heights-Katipunan	1-Nov-22	31-Oct-23	208,164.11
Malabon-Rizal Avenue	1-Sep-12	31-Aug-27	64,827.13
Marikina-J.P. Rizal	16-Jun-22	15-Jun-32	252,000.00
Meycauayan-Malhacan	1-Sep-22	31-Aug-32	337,361.92
Ormoc City	1-Sep-22	31-Aug-27	130,541.40
Ortigas-Garnet	15-Jul-22	14-Jul-32	236,784.81
Tarlac-Paniqui	1-Nov-12	31-Oct-32	58,935.68
San Lorenzo-A. Arnaiz	8-Oct-22	7-Oct-32	459,200.00
Silver City	1-Jan-22	31-Mar-29	165,732.00
Pasig Rosario	15-Jul-12	14-Jul-22	114,614.73
Pasig-Santolan	1-Jul-22	30-Jun-32	93,036.99
The Fort-South of Market	16-Sep-14	15-Sep-24	239,181.29
Nueva Ecija-San Jose	1-Apr-22	31-Mar-32	67,200.00
Nueva Vizcaya-Solano	1-Sep-12	31-Aug-27	78,186.94
Surigao City	1-Sep-22	31-Aug-32	127,187.69

Tagbilaran City	1-Jan-17	31-Dec-26	112,817.16
Novaliches-Talipapa	1-Oct-22	30-Sep-32	227,520.48
Batangas-Tanauan	1-Sep-12	31-Aug-27	47,656.80
The Fort-F1 Center	1-Sep-22	31-Aug-32	492,652.80
Vigan	1-Nov-22	31-Oct-32	151,200.00
Zamboanga-L Arcada	12-Sep-22	11-Sep-32	160,188.00
Las Piñas-Almanza	1-Aug-12	31-Jul-27	168,081.39
Greenhills-North	15-Feb-13	14-Feb-23	436,266.98
Mandaluyong - Wack-Wack	1-Jun-16	31-May-26	121,502.00
Sucat-Kabihasnan	1-Oct-22	30-Sep-32	229,930.19
Gil Puyat-Dian	28-Jan-13	27-Jan-23	141,748.01
A. Bonifacio-Balingasa	1-Feb-13	31-Jan-23	124,957.69
Bicutan-East Service Rd	27-Feb-13	26-Feb-23	202,474.24
Kalentong	1-Nov-12	31-Dec-22	148,927.51
Juan Luna-Pritil	1-Oct-22	30-Sep-32	98,560.00
Visayas Avenue	15-Feb-13	14-Feb-23	231,665.01
Bukidnon-Valencia	5-Mar-13	4-Mar-23	112,622.07
Bulacan-Plaridel	1-Mar-13	29-Feb-28	88,431.55
Laguna - Cabuyao	1-Mar-14	29-Feb-24	168,852.06
Cavite City	18-Feb-13	17-Feb-28	59,098.22
Davao-Buhangin	25-Jan-13	24-Jan-23	148,927.51
Grace Park-11th Ave.	1-Oct-12	30-Sep-22	319,633.18
Legazpi City	1-Jul-14	30-Jun-24	171,449.20
Nueva Ecija-Gapan	1-Feb-13	31-Jan-28	97,558.96
Valenzuela-Dalandanan	1-Nov-22	31-Dec-32	177,271.51
Alabang Hills	20-Dec-12	3-Feb-23	185,163.60
Marikina-Parang	25-Feb-13	24-Feb-23	125,583.71
Navotas-M. Naval	1-Aug-13	31-Jul-33	65,135.35
Ongpin	1-Mar-13	31-May-23	341,230.15
Ylaya-Padre Rada	1-Jun-13	31-May-23	182,181.62
Banawe-Kaliraya	17-Aug-13	16-Aug-23	248,212.51
Pangasinan-Lingayen	1-Oct-13	30-Sep-23	87,908.60
Bulacan-Balagtas	1-Jun-13	31-May-28	77,760.81
Subic Bay	1-May-13	31-Jul-23	202,622.46
Cavite-Trece Martires	25-Apr-13	24-Apr-23	190,296.27
Laguna-Biñan	27-Mar-13	26-Mar-23	133,149.07
Batangas-Lemery	16-Apr-13	15-Apr-23	136,446.10
Bacolod-Araneta	26-Sep-13	25-Sep-23	54,149.73
Roxas City	1-Jul-13	31-Jul-23	60,812.07
Kalibo	19-Apr-13	18-Apr-23	99,285.01
Tacloban City-Marasbaras	30-May-13	30-Jul-23	108,434.69
Davao-Digos	25-Apr-13	24-Jun-23	100,982.78
Perea	16-Apr-13	15-Apr-23	286,652.74

General Luis-Kaybiga	11-Aug-13	10-Aug-28	53,603.83
Antique-San Jose	5-Aug-13	18-Oct-23	78,797.62
Batangas-Rosario	17-Jul-13	16-Jul-23	118,196.44
Grace Park-3rd Ave.	1-Oct-13	30-Sep-23	95,295.69
Isabela-Ilagan	1-Oct-13	30-Sep-33	80,498.88
La Union-Agoo	1-Dec-13	30-Nov-28	79,241.97
Ilocos Norte-San Nicolas	16-Sep-13	15-Sep-23	105,258.42
San Fernando-JASA	20-Oct-13	19-Oct-28	178,001.32
Cavite-Silang	21-Jul-13	20-Jul-23	110,568.83
Davao-Agdao	8-Aug-13	6-Oct-23	82,737.50
Davao-McArthur Matina	10-Jul-13	22-Sep-23	77,571.08
Project 8-Shorthorn	1-Oct-13	30-Sep-23	165,707.79
Jupiter-Paseo de Roxas	15-Jul-13	14-Jul-23	330,950.02
Dipolog City	20-Nov-13	19-Sep-23	128,649.18
General Santos-Pioneer	25-Jul-13	22-Sep-23	160,659.89
Tordesillas	11-Jul-13	10-Jul-23	142,207.99
Blumentritt-Rizal Ave	1-Aug-13	31-Jul-23	140,653.76
Greenhills-Promenade	1-Oct-18	30-Sep-23	362,513.93
Chino Roces-La Fuerza	31-Oct-13	30-Oct-23	283,955.12
Gil Puyat-Salcedo Vill.	16-Sep-13	15-Sep-23	141,748.01
Catbalogan City	13-Aug-13	11-Oct-23	88,647.33
Batangas-Nasugbu	22-Aug-13	21-Aug-23	92,058.25
Juan Luna-Binondo	16-Sep-13	15-Sep-23	191,123.64
Leviste	1-Nov-13	31-Oct-23	352,206.18
Paz M. Guazon	1-Dec-13	30-Nov-23	164,385.07
Sampaloc-J. Figueras	1-Apr-14	31-Mar-24	189,114.30
Del Monte-D. Tuazon	15-Feb-14	14-Feb-24	170,557.63
Valenzuela-Gen. T. De Leon	1-Jan-14	31-Dec-24	67,540.82
E. Rodriguez Ave.-Cubao	15-Nov-13	14-Nov-23	120,560.36
MIA Road	29-Oct-13	28-Oct-23	138,127.73
Las Pinas- J. Aguilar Ave.	18-Mar-14	17-Mar-24	208,677.87
Malolos	25-Dec-13	24-Dec-23	59,098.22
Nueva Ecija-Talavera	1-Jan-14	31-Dec-28	49,703.81
Zambales-Iba	25-Dec-13	24-Dec-28	60,223.92
Kawit-Centennial	14-Apr-14	13-Apr-24	82,647.35
Batangas-Sto. Tomas	7-Apr-14	6-Apr-29	53,603.83
Sorsogon City	26-Sep-13	25-Sep-23	150,095.98
Silay	6-Oct-13	17-Oct-28	76,449.45
Davao-Quirino	1-Oct-13	30-Sep-23	122,984.40
Davao-Magsaysay	17-Sep-13	16-Sep-28	40,202.87
Cagayan de Oro-Carmen	29-Jan-14	28-Jan-24	140,710.04
Cagayan de Oro-Lapasan	5-Nov-13	18-Nov-23	110,809.16
Kidapawan	13-Sep-13	11-Nov-23	84,426.03

Batangas - Balayan	7-Mar-14	6-Mar-29	60,186.75
General Santos City-Calumpang	1-Feb-14	31-Jan-24	86,248.11
The Fort-Active Fun	23-Mar-14	22-Mar-24	544,008.89
Pasay-Oceanaire	1-Aug-14	30-Sep-24	257,298.36
Pateros	16-Mar-14	15-Mar-24	131,475.38
Bulacan-San Jose Del Monte	1-Jun-14	31-May-29	130,488.86
Sta. Rosa	1-May-19	30-Apr-24	269,529.12
Pedro Gil	16-Jun-22	15-Jun-32	300,181.42
Mayon-Dapitan	1-Sep-14	31-Aug-24	138,987.06
Bataan-Mariveles	1-May-14	30-Apr-29	12,973.24
Kamuning	20-May-14	19-May-24	118,392.64
E. Rod.-Welcome Rotonda	15-May-14	14-May-24	126,076.20
Xavierville	21-Jun-16	20-Jun-24	178,858.10
Tabaco City	19-May-14	18-May-24	134,893.14
Ortigas-ADB Avenue	1-Oct-14	30-Sep-24	324,127.09
A. Mabini-R. Salas	15-Aug-14	14-Aug-24	236,392.87
P. Ocampo Avenue	11-Sep-14	10-Sep-24	149,715.48
Montalban-Rizal	1-Sep-14	31-Aug-24	105,786.60
Timog-Mother Ignacia	1-Oct-14	30-Sep-24	254,924.92
Aurora Blvd.-Anonas	4-Sep-14	3-Sep-24	149,715.49
Boni Serrano Ave.	10-Nov-14	9-Nov-24	146,210.33
Cabanatuan-Maharlika	5-Jan-15	15-Apr-30	86,920.77
Kalayaan-Matalino	1-Mar-15	28-Feb-35	218,499.40
Legaspi-Aguirre	15-Apr-15	28-Apr-25	369,973.60
Tarlac-Concepcion	1-May-15	30-Apr-30	69,644.67
Bulacan-Sta. Maria	1-May-15	30-Apr-25	134,009.56
Tarlac-McArthur Highway	1-May-15	30-Apr-30	62,182.74
Pangasinan-Mangaldan	1-Jun-15	31-May-25	159,824.03
Batangas City-Pallocan	1-Jun-15	31-May-25	93,806.69
Isabela-Roxas	16-Jan-16	15-Jan-26	69,457.50
Laguna-Sta. Cruz	19-Oct-15	18-Oct-25	94,493.54
Calamba-National Road	1-Sep-15	31-Aug-25	194,481.00
Bacolod-East	1-Aug-15	31-Jul-25	136,204.72
Davao-Diversion Road	16-Jun-15	15-Aug-25	67,240.64
Pangasinan-Alaminos	1-Jul-15	30-Jun-25	133,508.44
Candelaria	11-Aug-15	10-Aug-30	60,775.31
Iloilo-Diversion	1-Jun-16	31-May-26	84,275.10
Baguio-Legarda	16-Sep-15	15-Sep-25	280,738.97
Tacloban City-J. Romualdez	19-Oct-15	18-Oct-25	168,026.11
Butuan-P. Burgos	1-Sep-15	31-Aug-25	164,615.78
San Mateo	16-Sep-15	15-Sep-30	80,607.25
Cavite-Rosario	26-Oct-15	25-Oct-25	178,679.42
Davao-Ma-a	1-Mar-16	28-Feb-26	85,766.12

The Fort-BGC Corporate Center	15-Apr-16	31-Dec-21	315,047.55
Pampanga-Clark	1-Sep-16	31-Aug-26	$ 2,297.31
Tacurong	1-May-16	30-Apr-26	113,308.74
Cebu-SRP Il Corso	1-Aug-19	31-Jul-29	158,255.55
Tagaytay	16-Feb-17	30-Apr-27	201,570.62
Alabang-Frabelle	15-Nov-16	15-Nov-26	635,409.03
The Fort - Seven Neo	1-Jul-21	30-Jun-31	467,516.64
Ortigas-Orient Square	1-Apr-17	31-Mar-27	837,248.87
Cagayan de Oro-Pueblo de Oro	29-May-17	28-May-27	157,696.31
The Fort-PSE Tower	15-Jan-18	14-Dec-27	305,813.86
Festival Mall-Expansion Wing	15-Mar-18	30-Apr-23	340,523.12
Gil Puyat-Washington	1-Dec-19	31-Jan-25	360,478.72
The Fort-Brilliance Center	1-Oct-20	30-Sep-30	736,977.06
Alabel	October 15, 2018	October 15, 2023	21,994.88
Bacolod	February 01, 2022	January 31, 2027	71,208.50
Baguio	June 16, 2020	June 16, 2025	121,881.70
Baler	December 15, 2022	March 14,2023	13,000.00
Bantayan	July 30, 2020	July 29, 2025	63,393.57
Batangas	February 01, 2020	January 14, 2025	112,155.06
Bayawan	March 30, 2021	March 29, 2031	44,444.97
Baybay	April 01, 2021	March 31, 2026	41,618.93
Bogo	November 15, 2019	November 14, 2024	61,732.05
Borongan	October 15, 2022	October 14, 2026	46,189.24
Butuan	July 01, 2020	June 30, 2025	123,959.01
Cabadbaran	October 15, 2018	October 15, 2023	34,129.18
Cabanatuan	August 15, 2020	August 14, 2024	103,640.91
Cadiz (Bacolod)	August 01, 2021	July 31, 2026	10,392.57
Cagayan de Oro	March 15, 2020	March 14, 2025	143,390.24
Cainta	July 31, 2022	July 30, 2027	153,153.76
Cainta SS2	July 31, 2022	July 30, 2027	47,500.00
Calbayog	December 15, 2015	December 15, 2023	83,121.63
Camiguin (Gingoog)	April 15, 2021	April 14, 2024	28,712.55
Carcar	February 16, 2021	February 15, 2026	84,872.73
Catarman	April 01, 2021	March 31, 2026	62,590.28
Cebu City	July 01, 2020	June 30, 2025	188,300.06
Culasi (Iloilo)	March 15,2023	September 14, 2023	5,249.99
Daet	August 15, 2022	August 14, 2024	129,734.02
Dagupan	February 15, 2022	February 14, 2027	93,480.01
Danao (Mandaue)	September 30, 2021	September 29, 2026	51,243.48
Dasmarinas	November 15, 2020	November 14, 2024	127,975.78
Davao	November 15, 2019	November 14, 2024	314,417.63
Digos	June 01, 2021	May 31, 2026	40,202.84
Dinagat (Surigao)	June 15, 2020	June 14, 2025	22,000.00

Dipolog	January 01, 2020	December 31, 2024	37,933.50
General Santos	August 20, 2021	July 19, 2026	41,195.00
Gingoog	May 31, 2021	May 31, 2026	91,881.61
Guimaras, Jordan	September 15, 2018	September 15, 2023	17,364.37
Gumaca	August 01, 2020	July 31, 2025	108,944.75
Iloilo	June 15, 2020	June 14, 2025	44,669.85
Ipil	September 15, 2020	September 14, 2023	97,102.50
Iriga (Naga)	June 01, 2021	May 31, 2026	41,726.85
Irosin	August 01, 2020	July 31, 2025	71,662.50
Isulan	July 15, 2020	July 14, 2025	80,405.72
Jagna (Tagbilaran)	October 15, 2021	October 14, 2026	18,232.57
Kabacan	June 01, 2019	June 01, 2024	93,478.22
Kabankalan	August 01, 2020	July 31, 2025	82,541.67
Kitcharao	January 04, 2014	December 03, 2033	12,500.00
Koronadal	July 01, 2019	June 30, 2024	72,031.67
La Carlota	February 15, 2022	February 14, 2027	13,370.54
Larena	February 15, 2022	June 14, 2025	65,029.58
Legazpi	August 01, 2019	August 31, 2024	72,083.41
Lucena	July 01, 2020	June 30, 2025	178,605.00
Maasin	October 20, 2019	October 19, 2024	71,250.00
Madrid	April 01, 2019	April 01, 2024	26,000.00
Malita	September 30, 2018	September 30, 2023	34,728.74
Mandaue	September 15, 2019	September 14, 2024	101,858.24
Maramag	October 15, 2020	October 14, 2025	75,867.00
Masbate	September 01, 2021	August 31, 2025	99,295.66
Mati	May 15, 2018	May 15, 2023	42,011.39
Meycauayan	October 15, 2020	October 14, 2025	110,435.57
Midsayap	August 15, 2017	August 15, 2027	64,882.13
Molave	May 01, 2021	April 30, 2026	80,250.00
Nabunturan	April 01, 2022	March 31, 2027	63,235.09
Naga	July 15, 2019	July 15, 2024	68,281.07
Narra	August 15, 2020	August 15, 2025	71,695.12
Naval (Ormoc)	June 15, 2022	June 14, 2024	26,353.76
Ormoc	February 01, 2019	February 01, 2024	52,956.79
Ozamis	March 15, 2020	March 14, 2025	52,255.92
Pagadian	May 15, 2019	May 14, 2024	84,422.59
Pampanga	October 01, 2019	September 30, 2024	132,689.92
Panabo	July 01, 2020	June 30, 2025	60,304.29
Passi (Roxas)	August 02, 2021	August 01, 2026	29,918.16
Puerto Princesa	February 15, 2020	February 15, 2025	167,766.57
Roxas	November 15, 2022	November 14, 2027	50,043.06
San Carlos	July 15, 2020	July 14, 2025	52,150.36
San Fernando, La Union	April 15, 2020	April 14, 2025	81,937.28

San ildefonso	July 15, 2019	July 14, 2024	20,865.00
Sogod	September 15, 2020	September 14, 2026	82,958.29
Sta. Rosa	June 15, 2022	June 14, 2027	150,218.33
Support Center	July 29, 2013	August 29, 2028	748,704.17
Surigao	October 15, 2018	October 14, 2023	108,271.27
Tacloban	September 01, 2019	August 31, 2024	107,099.57
Tagbilaran	September 15, 2018	September 14, 2023	28,981.85
Tagoloan	April 01, 2014	April 01, 2025	47,767.86
Tagum	June 01, 2020	June 30, 2025	125,466.45
Talibon	November 15, 2019	November 14, 2024	43,017.07
Tanay	June 15, 2020	July 14, 2025	118,518.70
Tandag	April 15, 2013	April 15, 2023	14,250.00
Tanjay	February 15, 2021	April 14, 2026	80,000.00
Tarlac	December 01, 2019	November 30, 2024	116,379.09
Toledo	October 15, 2022	October 14, 2027	42,800.00
Tubigon	October 01, 2021	September 30, 2026	29,172.13
Tuguegarao	April 01, 2020	March 31, 2025	102,884.54
Valencia	October 15, 2022	October 14, 2027	65,364.39
Virac	June 01, 2021	May 31, 2026	49,459.65
Zamboanga City	October 15, 2020	October 14, 2025	119,394.31

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To Dela Pena, Francis Solomon P.
Cc Dela Pena, Francis Solomon P.

Thu 4/13/2023 8:46 PM

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Submission Date/Time: **Apr 13, 2023 08:45 PM**
Company TIN: **003-921-057**

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **East West Banking Corporation and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group's financial reporting process.

The Board of Directors reviews and approves the consolidated 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, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman

JERRY G.NGO
Chief Executive Officer

MINDA L. CAYABYAB
Financial Controller

Signed this March 27, 2023

EAST WEST BANKING CORPORATION
EastWest Bank Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig, M.M.
Telephone number 8575-3888 | Email: service@eastwestbanker.com | www.eastwestbanker.com
A member of the F I L I N V E S T Group

SUBSCRIBED AND SWORN to before me on this 27 MAR 2023 at Makati City City, affiant exhibited to me his/her ID ________________ issued at ________________ on ________________

DOC. NO.: 705
PAGE NO.: 41
BOOK NO.: VI
SERIES NO.: 2023

ATTY. MA. ANNA LOURDES D. MARANO-PAMFILO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-124 until December 31, 2023
MCLE Compliance No. VII-0023162 valid until April 14, 2025
Office Address: 2264 Pasong Tamo Extension, Makati City
Roll No. 38260/ IBP Lifetime No. 07083
PTR No. 9563590, January 3, 2023, Makati City

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	4	-	0	0	2	7	3	3

C O M P A N Y   N A M E

EAST WEST BANKING CORPORATION

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

THE BEAUFORT, 5TH AVENUE COR. 23RD ST. BONIFACIO GLOBAL CITY TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
www.eastwestbanker.com	**8575-3888**	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
107	**April 22**	**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
Minda L. Cayabyab	**MLCayabyab@eastwestbanker.com**	**8575-3390**	

CONTACT PERSON's ADDRESS

The Beaufort, 5th Avenue cor. 23rd Street, Fort Bonifacio Global City, Taguig 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.*

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 Stockholders and the Board of Directors
East West Banking Corporation
East West Corporate Center
The Beaufort, 5th Avenue corner 23rd Street
Fort Bonifacio Global City
Taguig City

Report on the Audit of the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of East West Banking Corporation (the Parent Company) and its subsidiaries (the Group) and the parent company financial statements of the Parent Company, which comprise the consolidated and parent company statements of financial position as at December 31, 2022 and 2021 and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2022 and 2021, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards (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 Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company 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 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 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 financial statements.

Adequacy of allowance for credit losses on loans and receivables

The 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 Bank's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset and expected recoveries from defaulted accounts, and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information (called overlays) in calculating ECL.

Allowance for credit losses on loans and receivables of the Group and the Parent Company as of December 31, 2022 amounted to ₱12.23 billion and ₱11.58 billion, respectively. Provision for credit losses on loans and receivables of the Group and the Parent Company in 2022 amounted to ₱4.81 billion and ₱4.57 billion, respectively.

The disclosures related to the allowance for credit losses on loans and receivables are included in Note 15 to the financial statements.

Audit response

We obtained an understanding of the board-approved methodologies and models used for the Bank's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the 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 and credit risk management policies and practices in place; (c) tested the Bank's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Bank's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries including the timing, related direct costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Bank's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.

Further, we compared the data used in the ECL models from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/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 involved our internal specialists in the performance of the above procedures. We reviewed the completeness of the disclosures made in the financial statements.

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

Other Information

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

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

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Consolidated and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company 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 company 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 company 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 the Parent Company’s internal control.

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

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Parent Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and parent company 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company 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 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 company 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.

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Notes 36 and Revenue Regulations No. 15-2010 in Note 37 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Parent Company. 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 Veronica Mae A. Arce.

SYCIP GORRES VELAYO & CO.

Veronica Arce

Veronica Mae A. Arce
Partner
CPA Certificate No. 0117208
Tax Identification No. 234-282-413
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 0117208-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. 08-001998-135-2021, November 10, 2021, valid until November 9, 2024
PTR No. 9369772, January 3, 2023, Makati City

March 27, 2023

EAST WEST BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Amounts are presented in thousands of Philippine Pesos)

	Consolidated		Parent Company	
	As of December 31			
	2022	2021	**2022**	2021
ASSETS				
Cash and Other Cash Items	**₱8,713,151**	₱7,705,729	**₱8,636,012**	₱7,641,626
Due from Bangko Sentral ng Pilipinas (Notes 7 and 16)	**36,114,397**	58,842,366	**35,723,579**	58,425,477
Due from Other Banks (Note 7)	**4,529,635**	19,335,182	**4,345,763**	19,292,742
Interbank Loans Receivables and Securities Purchased Under Resale Agreements (Note 7)	**10,009,266**	17,518,984	**10,009,266**	17,518,984
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 8 and 17)	**1,958,310**	4,056,851	**1,958,310**	4,056,851
Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI) (Note 8 and 17)	**16,746,386**	41,660,568	**16,746,386**	41,660,568
Investment Securities at Amortized Cost (Note 8 and 17)	**63,546,191**	20,815,382	**61,907,103**	19,137,174
Loans and Receivables (Note 9, 15 and 28)	**258,089,075**	213,562,586	**238,438,474**	188,800,600
Investment in Subsidiaries (Note 10)	–	–	**5,753,689**	5,919,095
Investment in a Joint Venture (Note 10)	**928,977**	614,494	**928,977**	614,494
Property, Equipment and Right-of-Use Assets (Note 11)	**5,599,958**	4,422,355	**5,220,333**	4,016,329
Investment Properties (Note 12 and 15)	**840,242**	927,988	**839,545**	927,291
Deferred Tax Assets (Note 25)	**3,906,672**	4,160,134	**3,515,512**	3,719,088
Goodwill and Other Intangible Assets (Note 13)	**6,896,471**	6,795,374	**6,862,669**	6,756,211
Other Assets (Note 14 and 15)	**3,492,802**	4,343,837	**3,351,106**	4,274,746
TOTAL ASSETS	**₱421,371,533**	₱404,761,830	**₱404,236,724**	₱382,761,276
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 16 and 28)				
Demand	**₱124,767,617**	₱120,321,094	**₱125,486,700**	₱120,746,901
Savings	**136,126,924**	124,667,522	**120,275,702**	104,766,430
Time	**65,824,377**	69,420,051	**65,824,377**	69,420,051
Long-term Negotiable Certificates of Deposits	**2,447,204**	12,436,238	**2,447,204**	12,436,238
	329,166,122	326,844,905	**314,033,983**	307,369,620
Bills and Acceptances Payable and Securities Sold Under Repurchase Agreements (Note 17)	**6,761,456**	98,150	**6,761,456**	98,150
Accrued Taxes, Interest and Other Expenses (Note 18)	**3,478,980**	2,975,265	**3,011,883**	2,623,040
Cashier's Checks and Demand Draft Payable	**1,381,537**	730,702	**1,381,537**	730,702
Bonds Payable (Note 19)	**3,698,439**	3,687,686	**3,698,439**	3,687,686
Subordinated Debt (Note 20)	–	1,241,964	–	–

(Forward)

	Consolidated		Parent Company	
	As of December 31			
	2022	2021	**2022**	2021
Income Tax Payable	**126,208**	141,255	**62,113**	31,745
Lease Liability (Note 27)	**4,378,945**	3,106,320	**4,107,058**	2,791,079
Other Liabilities (Note 21)	**11,345,276**	6,585,949	**10,145,685**	6,079,620
TOTAL LIABILITIES	**360,336,963**	345,412,196	**343,202,154**	323,411,642
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Common Stock (Note 23)	**22,499,754**	22,499,754	**22,499,754**	22,499,754
Additional Paid-in Capital (Note 23)	**5,065,059**	5,065,059	**5,065,059**	5,065,059
Surplus Reserves (Note 29)	**958,741**	946,618	**958,741**	946,618
Surplus (Note 29)	**35,298,878**	31,585,667	**35,298,878**	31,585,667
Fair Value Reserves on Financial Assets at Fair Value Through Other Comprehensive Income (Note 8)	**(2,139,544)**	(138,821)	**(2,139,544)**	(138,821)
Remeasurement Gains (Losses) on Retirement Plans (Note 26)	**(437,667)**	(211,495)	**(437,667)**	(211,495)
Cumulative Translation Adjustment	**(210,651)**	(397,148)	**(210,651)**	(397,148)
TOTAL EQUITY	**61,034,570**	59,349,634	**61,034,570**	59,349,634
TOTAL LIABILITIES AND EQUITY	**₱421,371,533**	₱404,761,830	**₱404,236,724**	₱382,761,276

See accompanying Notes to Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
STATEMENT OF INCOME

(Amounts are presented in thousands of Philippine Pesos)

	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	**2022**	2021	2020
INTEREST INCOME						
Loans and receivables (Notes 9 and 28)	**₱22,410,380**	₱21,101,535	₱28,004,471	**₱18,662,563**	₱18,256,166	₱25,310,235
Financial assets at fair value through other comprehensive income and investment securities at amortized cost (Note 8)	**3,018,589**	1,213,865	1,901,083	**2,966,337**	1,163,139	1,870,948
Financial assets at fair value through profit or loss (Note 8)	**163,904**	345,017	497,556	**163,904**	345,017	497,556
Due from BSP and other banks and interbank loans receivables and securities purchased under resale agreement (Note 7)	**527,239**	591,800	307,094	**528,097**	589,816	305,682
	26,120,112	23,252,217	30,710,204	**22,320,901**	20,354,138	27,984,421
INTEREST EXPENSE						
Deposit liabilities (Note 16)	**2,261,514**	1,767,942	3,560,879	**1,928,060**	1,542,017	3,120,465
Bills and acceptances payable and SSURA, bonds payable, subordinated debt and other borrowings (Notes 17, 19 and 20)	**293,185**	238,072	406,568	**248,474**	168,143	336,703
Lease liability (Note 27)	**240,354**	219,636	239,565	**220,357**	191,562	214,146
	2,795,053	2,225,650	4,207,012	**2,396,891**	1,901,722	3,671,314
NET INTEREST INCOME	**23,325,059**	21,026,567	26,503,192	**19,924,010**	18,452,416	24,313,107
OTHER INCOME (LOSSES)						
Service charges, fees and commissions (Note 24)	**3,780,805**	3,725,738	3,710,792	**3,141,503**	3,317,183	3,245,073
Foreign exchange gain	**571,168**	929,741	346,100	**571,169**	929,741	346,100
Trust income (Note 29)	**121,233**	99,828	79,271	**121,233**	99,828	79,271
Gain (loss) on sale of assets (Notes 9, 11,12 and 14)	**105,349**	(223,613)	20,740	**111,073**	(226,724)	20,740
Gain on sale of investment securities at amortized cost (Note 8)	**–**	1,850,425	3,675,195	**–**	1,850,425	3,675,195
Loss on asset foreclosure and dacion transactions	**(9,446)**	(524,816)	(152,135)	**(9,446)**	(524,816)	(152,135)
Trading and securities gain (loss) (Note 8)	**(395,638)**	(841,415)	1,464,031	**(395,638)**	(841,415)	1,464,031
Miscellaneous Income (Note 24)	**745,696**	967,961	(2,263,831)	**708,806**	934,290	(2,295,810)
TOTAL OPERATING INCOME	**28,244,226**	27,010,416	33,383,355	**24,172,710**	23,990,928	30,695,572
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 26 and 28)	**5,960,407**	5,671,448	5,710,743	**5,455,848**	5,204,372	5,275,037
Provision for impairment and credit losses (Notes 9, 12, 14 and 15)	**4,950,614**	4,149,431	9,834,418	**4,718,914**	4,099,408	9,583,646
Depreciation and amortization (Notes 11, 12 and 14)	**1,985,179**	2,228,766	1,957,499	**1,857,453**	2,081,750	1,800,366
Taxes and licenses	**1,888,695**	1,903,738	2,583,184	**1,574,635**	1,596,088	2,281,045
Rent (Note 27)	**258,413**	259,723	90,810	**256,425**	271,857	84,606
Amortization of intangible assets (Note 13)	**181,433**	168,298	186,275	**176,585**	157,745	179,667
Miscellaneous (Note 24)	**6,732,261**	6,287,660	5,701,811	**6,293,643**	5,882,686	5,350,032
TOTAL OPERATING EXPENSES	**21,957,002**	20,669,064	26,064,740	**20,333,503**	19,293,906	24,554,399
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARIES AND JOINT VENTURE	**6,287,224**	6,341,352	7,318,615	**3,839,207**	4,697,022	6,141,173
SHARE IN NET INCOME OF SUBSIDIARIES (Note 10)	**–**	–	–	**1,819,713**	1,160,738	783,241
SHARE IN NET LOSS OF A JOINT VENTURE (Note 10)	**(228,619)**	(236,077)	(300,623)	**(228,619)**	(236,077)	(300,623)
INCOME BEFORE INCOME TAX	**6,058,605**	6,105,275	7,017,992	**5,430,301**	5,621,683	6,623,791
PROVISION FOR INCOME TAX (Note 25)	**1,433,280**	1,590,239	510,158	**804,976**	1,106,647	115,957
NET INCOME	**₱4,625,325**	₱4,515,036	₱6,507,834	**₱ 4,625,325**	₱4,515,036	₱6,507,834
Basic and Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)	**2.06**	2.01	2.89	**2.06**	2.01	2.89

See accompanying Notes to Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(Amounts are presented in thousands of Philippine Pesos)

	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	**2022**	2021	2020
NET INCOME FOR THE YEAR	**₱4,625,325**	₱4,515,036	₱6,507,834	**₱4,625,325**	₱4,515,036	₱6,507,834
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX						
Items that will not be reclassified to profit or loss in subsequent periods:						
Change in remeasurement losses of retirement liability (Note 26)	**(226,172)**	191,166	(277,872)	**(232,519)**	170,214	(269,109)
Change in fair value reserves on equity securities at FVTOCI (Note 10)	**(30,092)**	(16,548)	21,822	–	–	–
Share in changes in remeasurement loss of retirement liabilities of subsidiaries and joint venture (Notes 10 and 26)	–	–	–	**6,347**	20,952	(8,763)
Share in changes in fair value reserves on equity securities at FVTOCI of a joint venture (Note 10)	–	–	–	**(30,092)**	(16,548)	21,822
Items that may be reclassified to profit or loss in subsequent periods:						
Change in fair value reserves on debt securities at FVTOCI (Note 8)	**(1,970,632)**	(312,209)	139,786	**(1,970,632)**	(312,209)	139,786
Cumulative translation adjustment	**186,497**	(510,354)	23,641	**186,497**	(510,354)	23,641
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**(2,040,399)**	(647,945)	(92,623)	**(2,040,399)**	(647,945)	(92,623)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**₱2,584,926**	₱3,867,091	₱6,415,211	**₱2,584,926**	₱3,867,091	₱6,415,211

See accompanying Notes to Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
(Amounts are presented in thousands of Philippine Pesos)

	Consolidated							
	Year Ended December 31, 2022							
	Equity Attributable to Equity Holders of the Parent Company							
	Common Stock	**Additional Paid in Capital**	**Surplus Reserves**	**Surplus**	**Fair Value Reserves on Financial Assets at FVTOCI**	**Remeasurement Losses on Retirement Plan**	**Cumulative Translation Adjustment**	**Total Equity**
Balance at January 1, 2022	**₱22,499,754**	**₱5,065,059**	**₱946,618**	**₱31,585,667**	**(₱138,821)**	**(₱211,495)**	**(₱397,148)**	**₱59,349,634**
Net income	–	–	–	**4,625,325**	–	–	–	**4,625,325**
Other comprehensive income	–	–	–	–	**(2,000,723)**	**(226,172)**	**186,497**	**(2,040,398)**
Total comprehensive income	–	–	–	**4,625,325**	**(2,000,723)**	**(226,172)**	**186,497**	**2,584,927**
Transfer to surplus reserves (Note 29)	–	–	**12,123**	**(12,123)**	–	–	–	–
Appropriations during the year (Note 23)	–	–	–	–	–	–	–	–
Dividends declaration (Note 23)	–	–	–	**(899,991)**	–	–	–	**(899,991)**
Balance at December 31, 2022	**₱22,499,754**	**₱5,065,059**	**₱958,741**	**₱35,298,878**	**(₱2,139,544)**	**(₱437,667)**	**(₱210,651)**	**₱61,034,570**
Balance as at January 1, 2021	₱22,499,754	₱5,065,059	₱936,635	₱27,080,614	₱189,936	(₱402,661)	₱113,206	₱55,482,543
Net income	–	–	–	4,515,036	–	–	–	4,515,036
Other comprehensive income	–	–	–	–	(328,757)	191,166	(510,354)	(647,945)
Total comprehensive income	–	–	–	4,515,036	(328,757)	191,166	(510,354)	3,867,091
Transfer to surplus reserves (Note 29)	–	–	9,983	(9,983)	–	–	–	–
Appropriations during the year (Note 23)	–	–	–	–	–	–	–	–
Dividends declaration (Note 23)	–	–	–	–	–	–	–	–
Balance at December 31, 2021	₱22,499,754	₱5,065,059	₱946,618	₱31,585,667	(₱138,821)	(₱211,495)	(₱397,148)	₱59,349,634
Balance as at January 1, 2020, as restated	₱22,499,754	₱5,065,059	₱928,708	₱20,580,707	₱28,328	(₱124,788)	₱89,565	₱49,067,333
Net income	–	–	–	6,507,834	–	–	–	6,507,834
Other comprehensive income	–	–	–	–	161,608	(277,873)	23,641	(92,624)
Total comprehensive income	–	–	–	6,507,834	161,608	(277,873)	23,641	6,415,210
Transfer to surplus reserves (Note 29)	–	–	7,927	(7,927)	–	–	–	–
Appropriations during the year (Note 23)	–	–	–	–	–	–	–	–
Dividends declaration (Note 23)	–	–	–	–	–	–	–	–
Balance at December 31, 2020	₱22,499,754	₱5,065,059	₱936,635	₱27,080,614	₱189,936	(₱402,661)	₱113,206	₱55,482,543

See accompanying Notes to Financial Statements.

Parent Company

Year Ended December 31, 2022

	Common Stock	Additional Paid in Capital	Surplus Reserves	Surplus	Fair Value Reserves on Financial Assets at FVTOCI	Remeasurement Losses on Retirement Plan	Cumulative Translation Adjustment	Total Equity
Balance at January 1, 2022	**₱22,499,754**	**₱5,065,059**	**₱946,618**	**₱31,585,667**	**(₱138,821)**	**(₱211,495)**	**(₱397,148)**	**₱59,349,634**
Net income	–	–	–	**4,625,325**	–	–	–	**4,625,325**
Other comprehensive income	–	–	–	–	**(2,000,723)**	**(226,172)**	**186,497**	**(2,040,398)**
Total comprehensive income	**–**	**–**	**-**	**4,625,325**	**(2,000,723)**	**(226,172)**	**186,497**	**2,584,927**
Transfer to surplus reserves (Note 29)	–	–	**12,123**	**(12,123)**	–	–	–	–
Appropriations during the year (Note 23)	–	–	–	**–**	–	–	–	–
Dividends declaration (Note 23)	–	–	–	**(899,991)**	**–**	**–**	**–**	**(899,991)**
Balance at December 31, 2022	**₱22,499,754**	**₱5,065,059**	**₱958,741**	**₱35,298,878**	**(₱2,139,544)**	**(₱437,667)**	**(₱210,651)**	**₱61,034,570**
Balance at January 1, 2021	₱22,499,754	₱5,065,059	₱936,635	₱27,080,614	₱189,936	(₱402,661)	₱113,206	₱55,482,543
Net income	–	–	–	4,515,036	–	–	–	4,515,036
Other comprehensive income	–	–	–	–	(328,757)	191,166	(510,354)	(647,945)
Total comprehensive income	–	–	–	4,515,036	(328,757)	191,166	(510,354)	3,867,091
Transfer to surplus reserves (Note 29)	–	–	9,983	(9,983)	–	–	–	0
Appropriations during the year (Note 23)	–	–	–	–	–	–	–	0
Dividends declaration (Note 23)	–	–	–	–	–	–	–	0
Balance at December 31, 2021	₱22,499,754	₱5,065,059	₱946,618	₱31,585,667	(₱138,821)	(₱211,495)	(₱397,148)	₱59,349,634
Balance at January 1, 2020, as restated	₱22,499,754	₱5,065,059	₱928,708	₱20,580,707	₱28,328	(₱124,788)	₱89,565	₱49,067,333
Net income	–	–	–	6,507,834	–	–	–	6,507,834
Other comprehensive income	–	–	–	–	161,608	(277,873)	23,641	(92,624)
Total comprehensive income	–	–	–	6,507,834	161,608	(277,873)	23,641	6,415,210
Transfer to surplus reserves (Note 29)	–	–	7,927	(7,927)	–	–	–	–
Appropriations during the year (Note 23)	–	–	–	–	–	–	–	–
Dividends declaration (Note 23)	–	–	–	–	–	–	–	–
Balance at December 31, 2020	₱22,499,754	₱5,065,059	₱936,635	₱27,080,614	₱189,936	(₱402,661)	₱113,206	₱55,482,543

See accompanying Notes to Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(Amounts are presented in thousands of Philippine Pesos)

	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱6,058,604**	₱6,105,275	₱7,017,992	**₱5,430,300**	₱5,621,683	₱6,623,792
Adjustments for:						
Provision for impairment and credit losses (Note 15)	**4,950,614**	4,149,431	9,834,418	**4,718,914**	4,099,408	9,583,646
Depreciation and amortization (Notes 11, 12 and 14)	**1,985,178**	2,228,766	1,957,499	**1,857,453**	2,081,750	1,800,366
Share in net loss of a joint venture (Note 10)	**228,619**	236,077	300,623	**228,619**	236,077	300,623
Amortization of intangible assets (Note 13)	**181,433**	168,298	186,275	**176,585**	157,745	179,667
Loss on asset foreclosure and dacion transactions (Note 33)	**9,445**	524,816	152,135	**9,445**	524,816	152,135
Gain on sale of assets (Notes 11, 12 and 14)	**105,349**	223,613	(20,740)	**111,073**	226,724	(20,740)
Net amortization of debt issuance cost and discount from subordinated debt	–	1,179	(15,801)	–	–	(16,915)
Amortization of bond issuance cost	**10,753**	10,252	8,421	**10,753**	10,252	8,421
Amortization of premium on financial assets at fair value through other comprehensive income and investment securities at amortized cost	**(5,435,965)**	(1,340,345)	1,277,479	**(5,363,414)**	(1,378,292)	1,255,102
Accretion of lease liabilities	**240,354**	219,636	239,565	**220,357**	191,562	214,146
Share in net income of subsidiaries (Note 10)	–	–	–	**(1,819,713)**	(1,160,738)	(783,241)
Gain on sale of investment securities at amortized cost (Note 8)	–	(1,850,425)	(3,675,195)	–	(1,850,425)	(3,675,195)
Loss on modification of loans (Note 24)	–	(346,769)	2,718,323	–	(346,769)	2,717,808
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Loans and receivables	**(54,170,528)**	18,723,310	9,510,605	**(59,053,325)**	19,731,051	7,770,790
Financial assets at FVTPL	**2,098,541**	3,466,741	9,317,117	**2,098,541**	3,466,741	9,317,117
Other assets	**(1,259,991)**	(673,601)	473,930	**791,899**	(702,497)	532,626
Increase (decrease) in the amounts of:						
Deposit liabilities	**2,321,217**	(2,211,045)	24,329,795	**6,664,363**	(1,811,619)	25,499,024
Cashier's checks and demand draft payable	**650,835**	51,907	(641,441)	**650,835**	51,907	(641,441)
Accrued taxes, interest and other expenses	**503,715**	28,015	(85,783)	**388,843**	(19,558)	(110,709)
Other liabilities	**4,521,616**	(822,726)	178,232	**3,828,353**	(892,215)	489,788
Net cash generated from (used in) operations	**(37,000,211)**	28,892,405	63,063,449	**(39,050,120)**	28,237,603	61,196,810
Income taxes paid	**(1,227,531)**	(951,059)	(2,876,894)	**(600,067)**	(519,096)	(2,473,072)
Dividends received from investment in subsidiaries (Note 10)	–	–	–	–	–	27,716
Net cash provided by (used in) operating activities	**(38,227,742)**	27,941,346	60,186,555	**(39,650,187)**	27,718,507	58,751,454

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2022	2021	2020	2022	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of:						
Investment properties and other repossessed assets (Notes 12 and 14)	**6,375,723**	4,310,145	1,581,566	**6,375,723**	4,307,144	1,581,566
Financial assets at FVOCI (Note 8)	**235,817,583**	189,123,604	22,149,989	**235,817,584**	189,123,603	22,149,989
Property and equipment (Note 11)	**38,743**	23,656	12,606	**35,416**	22,304	12,382
Proceeds from maturity of investment securities at amortized cost	**111,672**	601,788	394,118	–	601,788	394,118
Proceeds from sale of investment securities at amortized cost	–	13,879,335	31,568,521	–	13,879,335	31,568,521
Acquisitions of:						
Investment securities at amortized cost	**(₱38,371,279)**	(₱12,246,156)	(₱1,639,187)	**(₱38,371,279)**	(₱12,146,811)	₱–
Financial assets at FVOCI	**(211,908,930)**	(200,565,241)	(46,299,305)	**(211,908,930)**	(200,565,241)	(46,299,305)
Property and equipment (Note 11)	**(440,645)**	(268,576)	(175,948)	**(386,943)**	(253,795)	(158,340)
Capitalized software (Note 13)	**(283,645)**	(170,780)	(81,668)	**(283,042)**	(171,727)	(65,105)
Additional capital infusion in a joint venture	**(575,000)**	(200,000)	(250,000)	**(575,000)**	(200,000)	(250,000)
Net cash provided by (used in) investing activities	**(9,235,778)**	(5,512,225)	7,260,692	**(9,296,472)**	(5,403,400)	8,933,826
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills and acceptances payable	**6,663,306**	–	417,064,715	**6,663,306**	–	417,064,715
Payments of bills and acceptances payable	–	(3,470,653)	(444,445,665)	–	(3,470,653)	(444,445,665)
Proceeds from bonds payable	–	–	3,669,013	–	–	3,669,013
Payment of lease liability (Note 27)	**(1,093,643)**	(1,100,975)	(1,065,852)	**(980,866)**	(975,971)	(961,816)
Payment of subordinated debt (Note 20)	**(1,241,964)**	–	(4,962,425)	–	–	(4,962,425)
Dividends paid	**(899,991)**	–	–	**(899,991)**	–	
Net cash provided by (used in) financing activities	**3,427,708**	(4,571,628)	(29,740,214)	**4,782,449**	(4,446,624)	(29,636,178)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(44,035,812)**	17,857,493	37,707,033	**(44,164,209)**	17,868,483	38,049,102
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**7,705,729**	8,148,882	7,454,625	**7,641,626**	8,076,124	7,354,474
Due from Bangko Sentral ng Pilipinas	**58,842,366**	48,892,706	34,287,302	**58,425,477**	48,469,521	33,590,486
Due from other banks	**19,335,182**	11,392,088	3,403,926	**19,292,742**	11,353,609	3,324,402
Interbank loans receivables and securities purchased under resale agreement	**17,518,984**	17,111,092	2,691,882	**17,518,984**	17,111,092	2,691,882
	103,402,261	85,544,768	47,837,735	**102,878,829**	85,010,346	46,961,244

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**8,713,151**	7,705,729	8,148,882	**8,636,012**	7,641,626	8,076,124
Due from Bangko Sentral ng Pilipinas	**36,114,397**	58,842,366	48,892,706	**35,723,579**	58,425,477	48,469,521
Due from other banks	**4,529,635**	19,335,182	11,392,088	**4,345,763**	19,292,742	11,353,609
Interbank loans receivables and securities purchased under resale agreement	**10,009,266**	17,518,984	17,111,092	**10,009,266**	17,518,984	17,111,092
	₱59,366,449	₱103,402,261	₱85,544,768	**₱58,714,620**	₱102,878,829	₱85,010,346

NET OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS						
Interest received	**₱26,534,264**	₱24,666,193	₱25,372,930	**₱22,693,961**	₱21,590,294	₱22,897,457
Interest paid	**2,639,903**	2,277,268	4,598,331	**2,250**	1,945,378	4,028,537
Dividend received	**736**	663	8,834	**736**	663	8,834

See accompanying Notes to Financial Statements.

1. Corporate Information

East West Banking Corporation (EW or the Bank or the Parent Company) is a domestic universal bank which was registered with the SEC on March 22, 1994. The Bank was granted authority by the Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank and operate an expanded foreign currency deposit unit in 1994. Subsequently in 2012, the Parent Company was authorized by the BSP to operate as a universal bank. The Parent Company's common shares were listed and commenced trading in the Philippine Stock Exchange (PSE) on May 7, 2012 (Note 23).

As of December 31, 2022 and 2021, the Parent Company is effectively 77.85%, owned by Filinvest Development Corporation (FDC). The Parent Company's ultimate parent company is A.L. Gotianun, Inc. The Parent Company's head office is located at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

Through its network of 468 branches as of December 31, 2022 and 2021, the Bank and its subsidiaries (the Group) provide a wide range of financial services to consumer and corporate clients, which includes deposit-taking, loan and trade finance, treasury, trust services, credit cards, cash management, custodial services, insurance services and leasing and finance.

2. Summary of Significant Accounting Policies

Basis of Presentation
The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI) and derivative financial instruments that have been measured at fair value. The financial statements are presented in Philippine peso (₱) and all values are rounded to the nearest thousand except when otherwise indicated.

The financial statements of the Parent Company include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of the RBU and the FCDU is the Philippine peso 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 Philippine peso, which is the Parent Company's presentation currency (accounting policy on Foreign Currency Transactions and Translation). The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

The functional currency of all subsidiaries and the joint venture is the Philippine peso.

Statement of Compliance
The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Presentation of Financial Statements
The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 22.

Basis of Consolidation
The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies. The following are the wholly-owned subsidiaries of the Parent Company as of December 31, 2022 and 2021:

	Principal Activities
East West Rural Bank, Inc. (EWRB)	Consumer banking
East West Insurance Brokerage, Inc. (EWIB)	Non-life insurance brokerage
Quest Marketing and Integrated Services, Inc. (Q iMIS)	Sales and marketing
Assurance Solutions Insurance Agency (ASIA)*	General insurance and marketing
East West Leasing and Finance Corporation (EWLFC)*	Finance and leasing

** Non-operational since 2017*

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in the consolidated financial statements.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continues to be consolidated until the date when control ceases. Control is achieved when the Parent Company is exposed, or has rights, to variable return from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company has power over the entity when it has existing rights that give it the current ability to direct relevant activities (i.e., activities that significantly affect the entity's returns). Consolidation of subsidiaries ceases when control is transferred out of the Parent Company. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

Adoption of New and Amended PFRS

The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these financial statements.

Other amendments and interpretations apply for the first time in 2022, but do not have an impact on the Group's consolidated financial statements.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from Bangko Sentral ng Pilipinas (BSP) and other banks, and interbank loans receivables and SPURA with original maturities of three months or less from dates of placements and that are subject to insignificant risks of changes in value. Due from BSP includes the statutory reserves required by the BSP which the Group considers as cash equivalents wherein withdrawals can be made to meet the Group's cash requirements as allowed by the BSP.

Foreign Currency Transactions and Translation
The financial statements are presented in PHP, which is the Group's functional and presentation currency. The book of accounts of RBU are maintained in PHP, while those of the FCDU are maintained in USD.

RBU
For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Philippine Dealing System (PDS) closing rate prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rate at the date of transaction. Foreign exchange differences

arising from revaluation and translation of foreign currency-denominated assets and liabilities of the RBU are credited to or charged against operations in the period in which the rates change.

Non-monetary items that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU
As at the reporting date, the assets and liabilities of the FCDU of the Parent Company are translated into the Parent Company's presentation currency (the Philippine Peso) at PDS closing rate prevailing at the statement of financial position date, and their income and expenses are translated at Bankers Association of the Philippines (BAP) weighted average rate for the year. Exchange differences arising on translation are taken to the statement of comprehensive income under 'Cumulative translation adjustment'. Upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statement of comprehensive income is recognized in the statement of income in the RBU books.

Fair Value Measurement
The Group measures certain financial instruments such as financial assets at FVTPL, financial assets at FVTOCI and derivative financial instruments at fair value at each statement of financial position date. Also, fair values of financial instruments carried at amortized cost and investment properties carried at cost are measured for disclosure purposes.

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.

A fair value measurement of a non-financial asset takes into account a 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 as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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 statement of financial position date.

External appraisers are involved for valuation of significant non-financial assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are adhered to.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy (Note 5).

SPURA
Securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognized in the balance sheet. The corresponding cash paid including accrued interest, is recognized in the balance sheet as SPURA. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the EIR method.

Financial Instruments - Initial Recognition and Subsequent Measurement
Date of recognition
The Group recognizes financial instruments when, and only when, the Group becomes a party to the contractual terms of the financial instruments.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date, i.e., the date that an asset is delivered to or by the Group. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group. Securities transactions and related commission income and expense are recorded also on a settlement date basis. Deposits, amounts due to banks and customers, and loans and receivables are recognized when cash is received by the Group or advanced to the borrowers.

Derivatives are recognized on trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Initial recognition of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing 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 cost are added in, or subtracted from this amount. When the fair value of financial instrument at initial recognition differs from the transaction price, the Group accounts for 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 from 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 fair value (a 'Day 1' difference) in the statement of income. In cases where the 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.

<u>Financial Instruments - Classification, Reclassification and Subsequent Measurement</u>
Financial assets are measured at FVTPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Bank may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (SPPI test).

Contractual cash flow characteristics test
The Group assesses the contractual terms of financial assets to identify whether they meet the 'solely payments of principal and interest' (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.

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 judgment 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 basis 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.

Business model assessment
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-on-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

- 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.

Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:
- the contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding; and
- the asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows.

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 allowance for credit losses, with the calculated interest recognized as 'Interest income in the statement of income.

The Group's financial assets at amortized cost are presented in the statement of financial positions as 'Due from BSP', 'Due from other banks', 'Interbank loans receivables and SPURA', 'Investment securities at amortized cost', 'Loans and receivables' and other financial assets (i.e., security deposits, deposit to suppliers and returned cash and other cash items) under 'Other assets'.

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 that would arise had the financial asset been measured at amortized cost. As of December 31, 2022 and 2021, the Group has not made such designation.

Financial assets at FVTOCI
Financial assets at FVTOCI include debt and equity securities.

Debt securities at FVTOCI
Debt securities at FVTOCI are those that meet both of the following conditions:
- the contractual terms of the financial asset give rise to cash flows that are SPPI on the outstanding principal amount;
- the asset is held within a business model whose objective is both to sell or hold the financial asset in order to both collect contractual cash flows.

Debt securities at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income as 'Change in net unrealized gains (losses) on debt securities at FVTOCI'. The effective yield component and foreign exchange gains (losses) of debt securities at FVTOCI are reported on the statement of income. The ECL arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision on credit and impairment losses' in the statement of income.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Equity securities at FVTOCI
Equity securities designated as at FVTOCI are those that the Group made an irrevocable election to present in OCI the subsequent changes in fair value. The designation is made on instrument-by-instrument basis. Equity securities at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income as 'Change in fair value reserves on equity securities at FVTOCI'. When the asset is disposed of, the cumulative gain or loss previously recognized in 'Change in fair value reserves on equity securities at FVTOCI' is not reclassified to profit or loss, but is reclassified directly to 'Surplus'. Equity securities at FVTOCI are not subject to impairment assessment.

Dividends earned on holding these equity instruments are recognized in the statement of income when the Group's right to receive the dividends is established, unless the dividends clearly represent recovery of a part of the cost of the investment. Dividends earned are recognized in the statement of income under 'Miscellaneous income'.

Financial assets at FVTPL
Debt instruments that do not meet the amortized cost or FVTOCI criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at FVTOCI at initial recognition. Derivative assets classified as at FVTPL are those that are not designated under hedge accounting treatment.

The Group's financial assets at FVTPL include government securities, private bonds, equity securities held for trading purposes and derivative assets.

Financial assets at FVTPL are initially measured at fair value without considering transaction costs. Subsequently, financial assets at FVTPL are re-measured fair value, and fair value gains and losses on these instruments are recognized as 'Trading and securities gain' in the statement of income. Interest earned on these investments is reported in the statement of income under 'Interest income' while dividend income is reported in the statement of income under 'Miscellaneous income' when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If quoted market prices are not available, their fair values are estimated based on inputs provided by the BSP, Bureau of Treasury and investment bankers. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques.

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the PDS closing rate at the statement of financial position date. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at FVTPL, the foreign exchange component is recognized in the statement of income. For equity financial assets designated as at FVTOCI, any foreign exchange component is recognized in OCI. For foreign currency-denominated debt instruments classified as at amortized cost and as at FVTOCI, the foreign exchange gains and losses are determined based on the amortized cost of the asset and are recognized in the statement of income.

Reclassification of financial assets
Subsequent to initial recognition, the Group may reclassify financial assets only if the objective of its business model for managing those financial assets changes.

The Group is required to reclassify the following financial assets:
- from amortized cost or FVTOCI to FVTPL, if the objective of the business model changes so that the amortized cost or FVTOCI criteria are no longer met
- from FVTPL to amortized cost or FVTOCI, if the objective of the business model changes so that the amortized cost or FVTOCI criteria start to be met and the characteristics of the instruments contractual cash flows are SPPI
- from amortized cost to FVTOCI if the business model changes so that the objective becomes both to collect contractual cash flows and to sell or from FVTOCI to amortized cost if the business model becomes solely for the collection of contractual cash flows.

Reclassification of financial assets designated as at FVTPL or equity financial assets at FVTOCI at initial recognition is not permitted.

A change in the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the reporting period following the change in the business model.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at FVTPL.

A financial liability is held for trading if:
- it has been incurred principally for the purpose of repurchasing it in the near term; or
- 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 a financial guarantee.

Management may designate a financial liability at FVTPL upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:
- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows, or it is clear, with little or no analysis, that it would not be separately recorded.

Financial liabilities at FVTPL are initially measured at fair value without considering transaction costs. Subsequently, financial liabilities at FVTPL are re-measured fair value, and fair value gains and losses on these instruments are recognized as 'Trading and securities gain' in the statement of income. Interest earned on these investments is reported in the statement of income under 'Interest income' while dividend income is reported in the statement of income under 'Miscellaneous income' when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If quoted market prices are not available, their fair values are estimated based on inputs provided by the BSP, Bureau of Treasury and investment bankers. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques.

As of December 31, 2022 and 2021, the Group's financial liabilities at FVTPL include derivative liabilities.

Financial liabilities at amortized cost
Issued financial instruments or their components, which are not designated as at FVTPL, are classified as financial liabilities at amortized cost under deposit liabilities, bills and acceptances payable, subordinated debt or other appropriate financial liability accounts, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, financial liabilities not qualified and not designated as FVTPL are subsequently measured at amortized cost using the effective interest amortization method. Amortized cost is calculated by taking into account any discount or premium on the issuance and fees that are an integral part of the effective interest rate (EIR).

Impairment of Financial Assets
PFRS 9 requires the Group to record ECL for all loans and other debt financial assets not classified as at FVTPL, together with irrevocable loan commitments and financial guarantee contracts.

Expected credit loss methodology
ECL represent credit losses that reflect an unbiased and probability-weighted amount which is based on reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, and the time value of money. The objective of the new impairment model is to record lifetime losses on all financial instruments which have experienced a significant increase in credit risk (SICR) since their initial recognition. As a result, ECL allowances are now measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a 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 next 12 months after the reporting date. Lifetime ECLs are credit losses that result from all possible default events over the expected life of a financial instrument.

Staging assessment
For non-credit-impaired financial instruments:
- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. The Group recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced SICR since initial recognition, evidenced by missed payments (for monthly amortizing exposures) and/or the significant increase in the likelihood of default. The Group 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 the financial asset. The ECL model requires that lifetime ECL be recognized for credit-impaired financial instruments.

For the movement of accounts to better stages (i.e. from Stage 2 or 3 to Stage 1 or 2):

- Financial instruments are moved to better stages when there is significant improvement to the credit risk such that the criteria for assessment of the better stage are met and there is consistent evidence of good credit behavior by the borrower.

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired (POCI) assets. These are recorded at fair value at initial recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECL is only recognized or released to the extent that there is a subsequent change in the ECLs.

Definition of "default" and "cure"
For the calculation of ECL, 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: 1) 91 days past due for amortizing exposures; or 2) non-collection of full amounts at maturity date for non-amortizing loans or bullet-payment loans. As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate likelihood of non-payment when an account is under litigation. 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., cured) when it no longer meets any of the default criteria and there is sufficient evidence to support full collection thru payments received for at least 6 months.

Credit risk at initial recognition
The Group has an internal credit assessment process to determine the credit risk of exposures at initial recognition. The Group has separate models for its key portfolios in which the customers are rated using internal credit rating grades. The models incorporate both qualitative and quantitative information.

Significant increase in credit risk (SICR)
The Group monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Group assesses whether there has been a SICR since initial recognition. A set of defined empirical-based rules and expert judgment that discriminate good and bad credit make up the SICR model. For corporate loans and investments to debt-type instruments, accounts are considered to have a SICR if the equivalent Probability of default (PD) exceeds the Group's set threshold. The Group also considers an account to have a SICR if contractual payments are more than thirty (30) days past due or the account is considered "watchlist".

To capture the impact of the pandemic to the credit portfolios, the Bank performed the following: 1) updated the macroeconomic forecasts to reflect the downturn caused by the pandemic and the outlook on the recovery; and 2) identified borrower segments that are likely to experience income disruption due to the community quarantine restrictions and factor adjustments are applied to the expected loss parameters based on the estimated potential increase to defaults and/or difficulty in recoveries as determined through expert credit judgment.

Restructuring
In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to create 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. Accounts subjected to distressed restructuring with indications of unlikeliness to pay are categorized as impaired accounts and are initially moved to Stage 3.

Assessment of ECL on a collective basis
The Group calculates ECL either on an individual or collective basis. The Group performs collective impairment by grouping exposures into smaller homogenous portfolios based on a combination of borrower and account characteristics. Accounts with similar attributes (i.e., type of facility) are pooled together for calculating provisions based on the ECL models.

ECL parameters and methodologies
ECL is a function of the PD, Exposure at default (EAD) and Loss given default (LGD), with consideration for the expected timing of the loss, and is estimated by incorporating forward-looking economic information through the use of statistical techniques and/or 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 within the remaining life of the exposure for Stage 2. The PD for each individual instrument is modelled based on historical data and is adjusted for current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristics of the portfolio, behavior of the accounts and materiality of the portfolio as compared to the total portfolio.

EAD is modelled on historical 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 from irrevocable committed credit lines, EAD includes an estimate of any further amounts to be drawn at the time of default (i.e., credit conversion factor). LGD is the amount that may not be recovered in the event of default and is modelled based on historical net cash flow recoveries from collections and the sale of foreclosed assets.

Economic overlays
The Group incorporates economic overlays into its assessment of SICR and its measurement of ECL. A broad range of economic overlays are considered as economic inputs, such as GDP growth, inflation rates, unemployment rates and interest rates. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect these, quantitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group's loans and receivables consists of different portfolios, such as auto, corporate, credit card receivables, mortgage loans, as well as other receivables (e.g., personal, branch, emerging enterprise lending, and Department of Education (DepEd) loans). In compliance with PFRS 9, the Group has developed ECL parameters and methodologies for each portfolio, using historical data as well as forward-looking inputs and assumptions.

Undrawn Loan Commitments
Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. Starting January 1, 2019, these contracts are in the scope of the ECL requirements where the Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and undrawn amounts of irrevocable loan commitments is recognized in 'Other liabilities'.

Financial guarantees
Financial guarantees are initially recognized at fair value. Subsequent to initial recognition, the Group's liability under each financial guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement and the amount of related ECL.

Restructured loans
Loan restructuring may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subjected to an individual or collective impairment assessment, calculated using the loan's original EIR. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original EIR, is recognized in 'Provision for impairment and credit losses' in the statement of income.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
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 rights to receive cash flows from the asset have expired or transferred;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets are written off either partially or fully only when the Group has stopped pursuing the recovery. If a write-off is later recovered, any amounts formerly charged are credited to 'Recovery on charged-off assets' under 'Miscellaneous income' in the statements of income.

Modification of financial assets
In certain circumstances, the Group modifies the original terms and condition of a credit exposure to form a new loan agreement on payment schedule. The modification can be given on the borrower's or counterparty's current or expected financial difficulty. The modification may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of period 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 Bank considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Bank considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Bank also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Bank 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).

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 Bank 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.

If the modification does not result in cash flows that are substantially different, as set out above, then it does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a

new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

SSURA

Securities sold under agreements to repurchase at a specified future date (‘repos’) are not derecognized from the statement of financial position. The corresponding cash received, including accrued interest, is recognized in the statement of financial position as SSURA included in ‘Bills and acceptances payable and SSURA’ and is considered as a loan to the Group, reflecting the economic substance of such transaction.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Property and Equipment

Land is stated at cost less any impairment in value and depreciable properties including buildings, leasehold improvements and furniture, fixtures and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs, and maintenance are normally charged against operations in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the assets. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any accumulated impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives (EUL) of the property, equipment and ROU assets.

	Group	Parent
Buildings	25-40 years	30-40 years
Major furniture, fixtures and equipment	3-5 years	3-5 years
ROU asset	6-10 years	6-10 years

The EUL of the vaults of EWRB is 20 years. The cost of the leasehold improvements is amortized over the shorter of the covering lease term or the EUL of the improvements of 10 years.

The estimated useful life and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the statement of income in the period the asset is derecognized.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at the 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 recorded as 'Investment properties' upon: (a) entry of judgment in case of judicial foreclosure; (b) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or (c) notarization of the Deed of Dacion in case of dation in payment (dacion en pago). Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value. Investment properties comprise completed property and property under construction or re-development (land, buildings and malls) that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment properties also include right-of-use assets involving real properties that are subleased to other entities.

For those right-of-use assets that qualify as investment properties, i.e., those land and buildings that are subleased by the Group, these are classified under investment properties in accordance with paragraph 48 of PFRS 16. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the statement of income under 'Gain on sale of assets' in the year of retirement or disposal.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed 10 years for both buildings and condominium units.

Foreclosed properties of land or building are classified under Investment properties from foreclosure date.

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.

Other repossessed assets

Other repossessed assets comprise of repossessed vehicles which are measured at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis using the remaining useful life from the time of acquisition of the asset. The useful life of other repossessed assets is estimated to be five (5) years.

The carrying values of other properties acquired are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts (see accounting policy on Impairment of Nonfinancial Assets).

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed in the statement of income.

When the Group acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Investments in Subsidiaries
Investments in subsidiaries in the Parent Company's separate financial statements are accounted for under the equity method.

Under the equity method, an investment in subsidiary is carried in the statement of financial position at cost plus post-acquisition changes in the Parent Company's share of the net assets of the subsidiary. Post-acquisition changes in the share of net assets of the subsidiaries include the share in the: (a) income or losses; and (b) remeasurement of retirement plans. Dividends received are treated as a reduction in the carrying amount of the investments. The statement of income reflects the share of the results of operations of the subsidiary. Where there has been a change recognized directly in the equity of the subsidiary, the Parent Company recognizes its share of any changes and thus, when applicable, discloses in the statement of changes in equity. If the Parent Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Parent Company discontinues recognizing its share in further losses.

Investment in a Joint Venture
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in a joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. The statement of income reflects the Group's share of the results of operations of the joint venture. Any change in OCI of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of income and represents profit or loss after tax.

On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as 'Share in net income (loss) of joint venture' in the statement of income.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill and branch licenses, are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually or more frequently, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized.

Intangible assets include goodwill, branch licenses, customer relationship, core deposits and capitalized software (Note 13).

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Branch licenses

Branch licenses are determined to have indefinite useful lives. These are tested for impairment annually either individually or at the CGU level. Such intangible assets are not amortized. The useful life is reviewed annually to determine whether indefinite useful life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Customer relationship and core deposits
Customer relationship and core deposits are the intangible assets acquired by the Group through business combination. These intangible assets are initially measured at their fair value at the date of acquisition. The fair value of these intangible assets reflects expectations about the probability that the expected future economic benefits embodied in the asset will flow to the Group.

Following initial recognition, customer relationship and core deposits are measured at cost less accumulated amortization and any accumulated impairment losses. Customer relationship related to the credit cards business is amortized on a straight-line basis over its useful life of 40 years while the customer relationship related to the auto loans business and core deposits are amortized on a straight-line basis over its useful life of 13 and 10 years, respectively (Note 13).

Capitalized software
Capitalized software acquired separately is measured at cost on initial recognition. Following initial recognition, capitalized software is carried at cost less accumulated amortization and any accumulated impairment losses. The capitalized software is amortized on a straight-line basis over its estimated useful life of 5-10 years.

<u>Card Acquisition Costs</u>
Card acquisition costs represent capitalized commissions paid to third-party brokers for successfully originated credit card accounts, which are amortized over two years, the average relationship life with customers.

<u>Impairment of Nonfinancial Assets</u>
An assessment is made at each statement of financial position date whether there is any indication of impairment of property and equipment, investment properties, other repossessed assets and intangible assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use or its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against the statement of income in the period in which it arises, unless the asset is carried at a revalued amount in which case the impairment loss is charged against the revaluation increment of the said asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations, unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the said asset.

The following criteria are also applied in assessing impairment of specific assets:

Property and equipment, investment properties and other repossessed assets
The carrying values of the property and equipment and investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or CGUs are written down to their recoverable amounts.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Branch licenses
Branch licenses are tested for impairment annually at the statement of financial position date either individually or at the CGU level, as appropriate.

Other intangible assets
Other intangible assets such as customer relationship, core deposits and capitalized software are assessed for impairment whenever there is an indication that they may be impaired.

Revenue Recognition
Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

The following specific recognition criteria must also be met before revenue is recognized:

Service charges and penalties
Service charges and penalties earned over a period of time are accrued over that period as the customer simultaneously receives and consumes the benefits provided by the Group. Service charges and penalties are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer and excludes amounts collected on behalf of third parties.

Customer loyalty programmes
Award credits under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The Parent Company allocates a portion of the consideration received from interchange from credit cards to the reward points. This allocation is based on the estimated stand-alone selling prices. The amount allocated to the customer loyalty program is deferred, and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. Income generated from customer loyalty programmes is recognized as part of 'Service charges, fees and commissions' in the statement of income.

Interest income
Under PFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost, interest rate derivatives for which hedge accounting is applied and the related amortisation/recycling effect of hedge accounting. Interest income on interest bearing financial assets at FVOCI under PFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that

exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognized at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

The IBOR reform Phase 2 amendments allow as a practical expedient for changes to the basis for determining contractual cash flows to be treated as changes to a floating rate of interest, provided certain conditions are met. The conditions include that the change is necessary as a direct consequence of IBOR reform and that thetransition takes place on an economically equivalent basis.

Dividend income
Dividend income is recognized when the Group's right to receive payment is established.

Commissions earned on credit cards
Commissions earned on credit cards are taken up 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 credit cardholders, collectible on an installment basis, are recorded at the cost of the items purchased plus certain percentage of cost. The excess over cost is credited to Unearned discount and is shown as a deduction from Loans and receivables in the statement of financial position.

The unearned discount is taken to income over the installment terms and is computed using the effective interest method.

Gain on sale of assets
Income from sale of assets include any gains or losses on the retirement or disposal of property and equipment, investment properties, and other repossessed assets. The gain or loss arising from the derecognition is recognized in the statement of income in the year of retirement or disposal.

Other income
Income from sale of services or properties is recognized when control of such services or properties 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.

Expense Recognition
Expenses are recognized in the statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the statement of income:
- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when the expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the statement of income are presented using the nature of expense method. General and administrative expenses are cost attributable to administrative and other business activities of the Group.

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.

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 right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized adjusted by lease payments made at or before the commencement date and lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the depreciable assets. The depreciation expense is presented under 'Depreciation and Amortization' in the statement of income.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of Nonfinancial Assets.

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 the 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 expenses in the period in 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 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.

Short-term leases and low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of ATM sites (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 sites that are considered to be low value. 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.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Retirement Cost</u>
Defined benefit plan
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets (excluding net interest on defined benefit asset) and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements are recognized in other comprehensive income account. Remeasurement gains (losses) on retirement plan are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlement to annual leave is recognized as a liability when the employees render the services that increase their annual leave entitlement. The cost of accumulating annual leave is measured as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and where, appropriate, the risk specific to the liability. Where discounting is used, the

increase in the provision due to the passage of time is recognized as Interest expense in the statement of income.

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

Debt Issue Costs
Issuance, underwriting and other related expenses incurred in connection with the issuance of debt instruments (other than debt instruments designated at FVTPL) are deferred and amortized over the terms of the instruments using the effective interest method. Unamortized debt issuance costs are included in the measurement of the related carrying value of the debt instruments in the statement of financial position.

Income Taxes
Current taxes
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

Deferred taxes
Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Current tax and deferred tax relating to items recognized directly in equity is recognized in other comprehensive income and not in the statement of income.

Deferred tax assets and liabilities are measured at the tax rates that are applicable 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 statement of financial position date.

Equity
Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to Additional paid in capital account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid in capital' account. If additional paid-in capital is not sufficient, the excess is charged against 'Surplus'.

Surplus represents accumulated earnings of the Group less dividends declared.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when declared and approved by the Board of Directors (the Board or BOD) of the Parent Company and approved by the BSP. Dividends for the year that are declared and approved after the statement of financial position date, if any, are dealt with as an event after the financial reporting date and disclosed accordingly.

Earnings Per Share (EPS)
Basic EPS is determined by dividing the net income for the year attributable to common shares by the weighted average number of common shares outstanding during the year while diluted EPS is computed by dividing net income for the year attributable to common shares by the weighted average number of outstanding and dilutive potential common shares. Basic and diluted EPS are given retroactive adjustments for any stock dividends declared and stock rights exercised in the current year, if any. The Group does not have dilutive potential common shares.

Segment Reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is one that provides products or services within a particular economic environment that is subject to risks and returns that are different from those segments operating in other economic environments.

The Group's operations are organized according to the nature of products and services provided. Financial information on business segments is presented in Note 6.

Events after the Financial Reporting Date
Post year-end events that provide additional information about the Group's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material to the financial statements.

Fiduciary Activities
Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Parent Company acts in a fiduciary capacity such as nominee, trustee or agent.

3. Significant Accounting Judgments and Estimates

The preparation of the Group's financial statements in compliance with PFRS requires the management to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as these become reasonably determinable.

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 judgements and estimates apply as of and for the years ended December 31, 2022, 2021 and 2020:

<u>Judgments</u>

a) *Determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates*
   Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its tax compliance review, that it is probable that its income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

b) *Determination of the lease term for lease contracts with renewal and termination options (Bank as a 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 applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

   Upon adoption of PFRS 16, 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.

c) *Contingencies*
   The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsels handling the Group's defense in these matters and is based upon an analysis of potential results.

The Group currently does not believe that these proceedings will have a material adverse effect on its financial position.

It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Note 30).

d) *Evaluation of business model in managing financial assets and sale of investment securities at amortized cost*
The Group manages its financial assets based on business models that maintain adequate level of financial assets to match expected cash outflows and maintain adequate level of high-quality liquid assets while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

The Group's business model allows for financial assets to be held to collect contractual cash flows even when sales of certain financial assets occur. PFRS 9, however, emphasizes that if more than infrequent and more than insignificant sales are made out of a portfolio of financial assets carried at amortized cost, the 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 the following 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 reason for those sales and why those sales do not reflect a change in the Group's objective for the business model:

- sales or derecognition of debt instrument under any of the circumstances spelled out under the relevant BSP Circulars on PFRS 9;
- sales in preparation for funding a potential aberrant behavior in the depositors' withdrawal pattern triggered by news of massive withdrawals or massive withdrawal already experienced by other systemically important banks in the industry;
- sales attributable to an anticipated or in reaction to major events in the local and/or international arena that may adversely affect the collectability of the debt instrument and seen to prospectively affect adversely the behavior of deposits or creditors; and
- sales that the Asset-Liability Management Committee (ALCO) deems appropriate to be consistent with managing the Group's balance sheet based upon but are not limited to the set risk limits and target ratios that have been approved by the BOD.

In 2021, the Parent Company sold investment securities at amortized cost and assessed that the disposal was not inconsistent with the hold-to-collect (HTC) business model (see Note 8).

e) *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 these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest 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.

f) *Determination of joint control over EW Ageas Life*
Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is presumed to exist when the investors contractually agree on the sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Based on the provisions of the joint venture arrangement between the Parent Company and Ageas (Note 10), both parties have to agree in order for any resolution to be passed relating to the joint venture entity's relevant activities. This joint arrangement is classified as a joint venture since the parties have rights to the net assets of the joint venture entity.

Estimates

a) *Estimating the incremental borrowing rate*
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR for lease liabilities is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The IBR therefore reflects what the Parent Company and EWRB 'would have to pay', which requires estimation where no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Parent Company and EWRB estimate their respective IBRs for lease liabilities using observable inputs (by reference to prevailing risk-free rates) adjusted to take into account the entity's credit risk (i.e., credit spread).

The carrying amount of the lease liabilities as of December 31, 2022 and 2021 is disclosed in Note 27.

b) *Fair values of derivatives*
Management applies valuation techniques to determine the fair value of derivatives that are not quoted in active market. Valuation techniques are used to determine fair values which are validated and periodically reviewed by qualified independent personnel. All models are reviewed before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, the models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to develop estimates and assumptions. Changes in assumptions about these factors could affect reported fair values of derivatives. The Group uses judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Fair value measurements of financial instruments (including derivatives) as of December 31, 2022 and 2021 are disclosed in Note 5.

a) *Estimation of expected credit losses on financial assets*
The ongoing recovery from the COVID-19 pandemic, the war in Ukraine and the global cost of living crisis are the prevailing events that continue to contribute to the uncertainty in the global economy. In response to these external events, the Group made changes in the methodology used in calculating for the expected credit losses.

In 2022, the Group made some enhancements and updates in the ECL model of the Group as follows:

- updating of the coverage data for the historical components of the model, thus, incorporating the impact of the pandemic, and partially, the subsequent recovery; and

- updating of the “house view” or the economic outlook of the Group to account for the implications of the war in Ukraine and the global cost of living crisis to the economic recovery.

The former is used as basis for establishing the relationship between economic conditions, and the default and recovery experience of the Group, and the latter is used as input for estimating the forward-looking expected loss.

The measurement of credit losses under PFRS 9 across all categories of financial assets requires significant 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 SICR. 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 interdependencies. Significant elements of the models include, among others:
- segmenting the Group’s credit risk exposures;
- the Group’s definition of default;
- determining the method to estimate ECL;
- identifying exposures with significant deterioration in credit quality;
- determining assumptions to be used in the ECL model such as the counterparty credit risk rating;
- the expected life of the financial asset and expected recoveries from defaulted accounts; and
- incorporating forward-looking information (called overlays) in calculating ECL.

The carrying values of loans and receivables and the related allowance are disclosed in Notes 9 and 15, while the carrying values of debt financial assets at FVTOCI and amortized cost and their related allowances are disclosed in Notes 8 and 15.

b) *Impairment of non-financial assets (excluding goodwill and branch licenses)*
The Group assesses impairment on non-financial assets and considers the following impairment indicators:
- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Except for investment properties where recoverable amount is determined based on fair value less cost to sell, the recoverable amount of all other non-financial assets is determined based on the assets’ value in use computation which considers the present value of estimated future cash flows expected to be generated from the continued use of the asset. The

Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

The carrying values of the investment in subsidiaries and joint venture, property and equipment, investment properties, intangible assets (excluding goodwill and branch licenses), and other non-financial assets recorded in 'Other Assets' of the Group and the Parent Company are disclosed in Notes 10, 11, 12, 13, and 14.

c) *Impairment of goodwill and branch licenses*
The Group determines whether goodwill and branch licenses are impaired at least on an annual basis. Goodwill and branch licenses are written down for impairment where the net present value of the forecasted future cash flows from the CGUs is insufficient to support its carrying value. The Group has used the cost of equity as the discount rate for the value in use (VIU) computation. The Group determined the cost of equity using the capital asset pricing model.

The recoverable amount of the CGU has been determined based on a VIU calculation using cash flow projections from financial budgets approved by the BOD covering a five-year period. Future cash flows from the CGU are estimated based on the theoretical annual income of the CGU. Average growth rate was derived from the average increase in annual income during the last 5 years. The discount rate applied reflects the current market assessment of the risk specific to each CGU. Key assumptions in VIU calculation of CGUs are most sensitive to the following assumptions: a) interest margin; b) discount rates; c) market share during the budget period; and d) projected growth rates used to extrapolate cash flows beyond the budget period.

The carrying values of goodwill and branch licenses of the Group and the Parent Company are disclosed in Note 13.

d) *Recognition of deferred tax assets*
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable income 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 profits together with future tax planning strategies.

Key assumptions used in forecast of future taxable income include loan portfolio and deposit growth rates.

The Group believes it will be able to generate sufficient taxable income in the future to utilize its deferred tax assets. Taxable income is sourced mainly from interest income, and earnings from service charges, fess, commissions and trust activities.

The recognized and unrecognized net deferred tax assets of the Group and of the Parent Company are disclosed in Note 25.

e) *Retirement obligation*
The cost of defined benefit retirement plans, and the present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the

appropriate discount rate, management considers the interest rates of government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases, and pension increases are based on historical annual merit, market and promotional increase and future inflation rates.

The present value of the defined benefit obligation of the Group and of the Parent Company and details about the assumptions used are disclosed in Note 26.

4. Financial Risk Management Objectives and Policies

Risk Management

To ensure that corporate goals and objectives, and business and risk strategies are achieved, the Parent Company utilizes a risk management process that is applied throughout the organization in executing all business activities. Employees' functions and roles fall into one of the three categories where risk must be managed: business units, operating units and governance units.

The Parent Company's activities are principally related to the use of financial instruments and are exposed to credit risk, liquidity risk, operational risk and market risk, the latter being subdivided into trading and non-trading risks. Forming part of a coherent risk management system are the risk concepts, control tools, analytical models, statistical methodologies, historical research and market analysis, which are being employed by the Parent Company. These tools support the key risk process that involves identifying, measuring, controlling, and monitoring risks.

Risk Management Structure

a. *Board of Directors (BOD)*
The Parent Company's risk culture is practiced and observed across the Group, putting the prime responsibility on the BOD. It establishes the risk culture and the risk management organization and incorporates the risk process as an essential part of the strategic plan of the Group. The BOD approves the Parent Company's articulation of risk appetite which is used internally to help management understand the tolerance for risk in each of the major risk categories, its measurement and key controls available that influence the Parent Company's level of risk taking. All risk management policies and policy amendments, risk-taking limits such as but not limited to credit and trade transactions, market risk limits, counterparty limits, trader's limits and activities are based on the Parent Company's established approving authorities which are approved by the Parent Company's BOD. At a high level, the BOD also approves the Parent Company's framework for managing risk.

b. *Executive Committee*
This is a BOD level committee, which reviews the bankwide credit strategy, profile and performance. It approves the credit risk-taking activities based on the Parent Company's established approving authorities and likewise reviews and endorses credit-granting activities, including the Internal Credit Risk Rating System.

c. *Loan and Investments Committee*
This committee is headed by the Chairman of the Parent Company and whose primary responsibility is to: oversee the Parent Company's credit risk-taking activities and overall adherence to the credit risk management framework; review business/credit risk strategies, quality and profitability of the Parent Company's credit portfolio; and recommend changes to the

credit evaluation process, credit risk acceptance criteria and the minimum and target return per credit or investment transaction. All credit risk-taking activities based on the Parent Company's established approving authorities are evaluated and approved by this committee. It establishes infrastructure by ensuring business units have the right systems, and adequate and competent manpower support to effectively manage its credit risk.

d. *Asset-Liability Management Committee (ALCO)*
ALCO, a management level committee, meets on a weekly basis and is responsible for the overall management of the Parent Company's market, liquidity, and financial position related risks. It monitors the Parent Company's liquidity position and reviews the impact of strategic decisions on liquidity. It is responsible for managing liquidity risks and ensuring exposures remain within established tolerance levels. The ALCO's primary responsibilities include, among others, (a) ensuring that the Parent Company and each business unit holds sufficient liquid assets of appropriate quality and in appropriate currencies to meet short-term funding and regulatory requirements, (b) managing financial position and ensuring that business strategies are consistent with its liquidity, capital and funding strategies, (c) establishing asset and/or liability pricing policies that are consistent with the financial position objectives, (d) recommending market and liquidity risk limits to the Risk Management Committee and BOD, and (e) approving the assumptions used in contingency and funding plans. It also reviews cash flow forecasts, stress testing scenarios and results, and implements liquidity limits and guidelines.

e. *Risk Management Committee (RMC)*
RMC is a BOD level committee that convenes monthly and is primarily responsible in assisting the BOD in managing the Parent Company's risk-taking activities. This is performed by the Committee by institutionalizing risk policies and overseeing the Parent Company's risk management system. It develops and recommends risk appetite and tolerances for the Parent Company's major risk exposures to the BOD. Risk management principles, strategies, framework, policies, processes, and initiatives and any modifications and amendments thereto are reviewed and approved by RMC. It oversees and reports to the BOD the effectiveness of the risk management system, overall risk profile, and compliance with the risk appetite and tolerances that the BOD approved.

f. *Risk Management Subcommittee (RMSC)*
RMSC is a management level committee that convenes, at least twice in a year, and is responsible to assist RMC in fulfilling its responsibilities in managing the Parent Company's risk-taking activities. This is performed by the committee through the implementation of risk management principles, strategies, framework, policies, processes, and initiatives across the Parent Company. It leads the effective conduct of risk and capital management. It oversees and directs the management of the Parent Company's overall risk profile. The committee likewise oversees risk incidents, control gaps, and control deficiencies and management actions in implementing the corresponding corrective actions.

g. *Audit Committee (Audit Com)*
The Audit Com is a BOD level committee that assists the BOD in fulfilling its responsibilities for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide reasonable assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It is tasked to discuss with management the Parent Company's major risk exposures and ensures accountability on the part of management to monitor and control such exposures including the Parent Company's risk assessment and risk management policies. The Audit Com

oversees the internal audit function and is responsible for monitoring and reviewing its effectiveness while ensuring its independence.

h. *Corporate Governance and Compliance Committee (CGCC)*
The CGCC is a BOD level committee that leads the Parent Company in defining and fulfilling the corporate governance policies and attaining best practices while overseeing the implementation of the Parent Company's compliance program, money laundering and terrorist financing prevention program and ensuring that regulatory compliance issues are resolved expeditiously. In addition to its governance role, the CGCC also assumes the nomination function whereby it reviews and evaluates the qualifications of all persons nominated to the BOD, all direct reports of the President and Chief Executive Officer (CEO), Heads of Governance Units regardless of rank, and other positions of the Parent Company requiring appointment by the BOD. The committee oversees the annual performance evaluation of the BOD, its committees, and individual directors and conducts an annual self-evaluation of its performance as prescribed under and in accordance with the Corporate Governance Manual and Securities and Exchange Commission (SEC) Code of Corporate Governance for Publicly Listed Companies.

i. *Related Party Transactions (RPT) Committee*
The RPT Committee is a BOD level committee that assists the BOD in ensuring that the transactions with related parties of the Parent Company are handled in a sound and prudent manner, with integrity and in compliance with the applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. It also ensures that related party transactions are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged by such transactions.

j. *Asset Impairment Committee (AIC)*
AIC is a management level committee that convenes at least two times in a year and shall officially represent the Parent Company's source of experienced credit judgement insofar as the asset impairment exercise is concerned. This experienced credit judgment is tapped to provide guidance under the conditions that include, but are not limited to the following: 1) The result of the calculation is assessed to be unreasonable such that it is considered as not fairly representative of the Parent Company's historical experience, current, and prospective credit condition or other conditions deemed relevant in reasonably determining the recoverable value of the Parent Company's assets; 2) There is an adverse change in the prevailing or foreseen prospective economic condition relative to the embedded presumption in the existing impairment framework; and 3) The data set in the calculation parameters is not available or insufficient to complete the calculation.

k. *Risk Management Division (RMD)*
RMD performs an independent risk governance function within the Parent Company. RMD is tasked with identifying, measuring, controlling, and monitoring existing and emerging risks inherent in the Parent Company's overall portfolio (on- or off-balance sheet). RMD develops and employs risk assessment tools to facilitate risk identification, analysis and measurement. It is responsible for developing and implementing the framework for policies and practices to assess and manage enterprise-wide market, credit, operational, and all other risks of the Parent Company.

It also develops and endorses risk tolerance limits for BOD approval, as endorsed by the RMC, and monitors compliance with approved risk tolerance limits. Finally, it regularly apprises the BOD, through the RMC, the results of its risk monitoring.

l. *Internal Audit (IA)*
IA provides an independent assessment of the adequacy of the Parent Company's internal controls, risk management, governance framework and execution/operational practices. Internal audit activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA) and the Code of Ethics. IA has adopted a risk assessment methodology, which provides a sound basis in the selection of areas of coverage and frequency of audit for the preparation of the annual audit plan. IA employs a risk-based audit approach that examines both the adequacy of the policies and the Parent Company's compliance with the procedures while assuring audit coverage of the areas identified as representing the greatest current risk. It discusses the results of assessments with management, and reports its findings and recommendations to the Audit Com. IA's activities are suitably designed to provide the BOD with reasonable assurance that significant financial and operating information is materially complete, reliable and accurate; internal resources are adequately protected; and employee performance is in compliance with the Parent Company's policies, standards, procedures and applicable laws and regulations.

m. *Compliance Division*
Compliance Division is vested with the responsibility of overseeing the design of the Parent Company's Compliance Program and coordinating its effective implementation towards the sound management of Business and Compliance Risks. It also manages the implementation of the Money Laundering and Terrorist Financing Program. Its mandate is to ensure that the Parent Company is compliant with relevant and applicable laws, rules, regulations, codes of conduct and standards of good practice while avoiding an overly risk-averse environment that inhibits business growth. It serves as the Parent Company's central point of contact with banking regulators.

The major risk types identified by the Group are disclosed in the following section:

Credit Risk
Credit risk refers to the potential loss of earnings or capital arising from an obligor/s, customer/s or counterparty's failure to perform and/or to meet the terms of any contract with the Group. Credit risk may last for the entire tenor of the exposure, may be set at the full amount of the transaction and in some cases, may exceed the original principal exposure. The risk may arise from lending, trade financing, trading, investments and other activities undertaken by the Group. To identify and assess this risk, the Group has: 1) approval process per borrower, business and/or product segment; and 2) structured and standardized credit rating for corporate, credit cards, auto, mortgage and personal loans, and risk acceptance criteria for other consumer loans. For large corporate credit transactions, the Parent Company has a comprehensive procedure for credit evaluation, risk assessment, and well-defined concentration limits that are established for each borrower. The Group's credit risk is managed at the portfolio level, which may be on an overall perspective or according to product type.

Credit Concentration
Excessive concentration of lending plays a significant role in the weakening of asset quality. The Group reduces this risk by diversifying its loan portfolios across various sectors and borrowers. The Group believes that good diversification across economic sectors and geographic areas, among others, will enable it to ride through business cycles without causing undue harm to its asset quality.

The Group's loan portfolio is in line with the Group's policy of not having significant concentrations of exposure to specific industries or group of borrowers. Management of risk concentration is by client/counterparty, by industry sector, and by geographical location. For risk concentration monitoring purposes, the financial assets are broadly categorized into loans and receivables, loans and advances to banks, and investment securities. The Group ensures compliance with BSP's limit on exposure to any single person or group of connected persons by closely monitoring large exposures and top 20 borrowers for both single and group accounts.

Aside from ensuring compliance with BSP's limit on exposures to any single person or group of connected persons, it is the Parent Company's policy to keep the expected loss (determined based on the credit risk rating of the account) of large exposure accounts to, at most, one percent (1.00%) of their aggregate outstanding balance. This is to maintain the quality of the large exposures within the Group's risk appetite. With this, accounts with better risk grades are given priority in terms of being granted a bigger share in the Group's loan facilities.

Aligned with the Manual of Regulations for Banks definition, the Group considers its loan portfolio concentrated if it has exposures of more than thirty percent (30.00%) to an industry.

Credit Concentration Profile as of December 31, 2022 and 2021

Maximum exposure to credit risk

The tables below provide the analysis of the maximum exposure to credit risk of the Group and the Parent Company's financial instruments, excluding those where the carrying values are reflected in the statement of financial position and related notes already represent the financial instrument's maximum exposure to credit risk, before and after taking into account collateral held or other credit enhancement:

	Consolidated							
	2022				2021			
	Maximum Exposure to Credit Risk [A]	**Fair Value of Collateral [B]**	**Financial Effect of Collateral [C]**	**Net Exposure [D] = [A] – [C]**	Maximum Exposure to Credit Risk [A]	Fair Value of Collateral [B]	Financial Effect of Collateral [C]	Net Exposure [D] = [A] – [C]
Securities purchased under resell agreement (SPURA)	**₱–**	**₱–**	**₱–**	**₱–**	₱15,800,317	₱15,800,317	₱15,800,317	₱–
Loans and receivables:								
Receivables from customers								
Corporate lending	**68,811,837**	**29,960,135**	**8,279,263**	**60,532,574**	60,660,458	23,239,516	7,393,026	53,267,432
Consumer lending	**189,920,377**	**77,529,015**	**64,563,550**	**125,356,827**	155,205,608	81,773,992	68,747,156	86,458,452
	₱258,732,214	**₱107,489,150**	**₱72,842,813**	**₱185,889,401**	₱231,666,383	₱120,813,825	₱91,940,499	₱139,725,884

	Parent Company							
	2022				2021			
	Maximum Exposure to Credit Risk [A]	**Fair Value of Collateral [B]**	**Financial Effect of Collateral [C]**	**Net Exposure [D] = [A] – [C]**	Maximum Exposure to Credit Risk [A]	Fair Value of Collateral [B]	Financial Effect of Collateral [C]	Net Exposure [D] = [A] – [C]
Securities purchased under resell agreement (SPURA)	**₱–**	**₱–**	**₱–**	**₱–**	₱15,800,317	₱15,800,317	₱15,800,317	₱–
Loans and receivables:								
Receivables from customers*								
Corporate lending	**68,745,390**	**29,824,688**	**8,230,933**	**60,514,457**	60,588,661	23,129,413	7,342,379	53,246,282
Consumer lending	**169,930,472**	**77,518,761**	**64,558,998**	**105,371,474**	130,252,619	81,763,664	68,741,543	61,511,076
	₱238,675,862	**₱107,343,449**	**₱72,789,931**	**₱165,885,931**	₱206,641,597	₱120,693,394	₱91,884,239	₱114,757,358

Credit risk, in respect of derivative financial products, is limited to those with positive fair values which are included under financial assets at FVTPL (Note 5). As a result, the maximum credit risk is limited to the amounts on the statements of financial position plus commitments to customers such as unused commercial letters of credit, outstanding guarantees and others as disclosed in Note 36 to the financial statements.

For off-balance sheet items, the figures presented below summarize the Group’s and the Parent Company’s maximum exposure to credit risk:

	2022					2021				
	Notional Principal Amount	**Credit Conversion Factor**	**Credit Equivalent Amount**	**Credit Risk Mitigation**	**Net Credit Exposure**	Notional Principal Amount	Credit Conversion Factor	Credit Equivalent Amount	Credit Risk Mitigation	Net Credit Exposure
Off-balance sheet items*										
Direct credit substitutes	**₱618,749**	**100%**	**₱618,749**	**–**	**₱618,749**	₱981,418	100%	₱981,418	–	₱981,418
Transaction-related contingencies	**2,843,341**	**50%**	**1,421,671**	**–**	**1,421,671**	2,503,695	50%	1,251,848	–	1,251,848
Trade-related contingencies arising from movement of goods and commitments with an original maturity of up to one (1) year						–	–	–	–	–
Guarantees	**–**	**20%**	**–**	**–**	**–**	300,820	20%	60,164		60,164
Letters of credit	**608,805**	**20%**	**121,761**	**–**	**121,761**	1,776,663	20%	355,333	–	355,333
	₱4,070,895		**₱2,162,181**		**₱2,162,181**	₱5,562,505		₱2,648,762	₱–	₱4,094,864

*For all other off-balance sheet exposures (see Note 30), credit conversion factor is 0.00%.

Collateral and other credit enhancements

Collaterals are taken into consideration during the loan application process as they offer an alternative way of collecting from the client should a default occur. The percentage of loan value attached to the collateral offered is part of the Group’s lending guidelines. Such percentages take into account safety margins for foreign exchange rate exposure/fluctuations, interest rate exposure, and price volatility.

Collaterals are valued according to existing credit policy standards and following the latest appraisal report, serve as the basis for the secured amount of the loan facility. Premium security items are collaterals that have the effect of reducing the estimated credit risk for a facility. The primary consideration for enhancements falling under such category is the ease of converting them to cash.

The Group is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. It is the Group’s policy to dispose foreclosed assets in an orderly fashion. The proceeds of the sale of the foreclosed assets, included under ‘Investment Properties’, are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use.

As part of the Group’s risk control on security/collateral documentation, standard documents are made for each security type and deviation from the pro-forma documents are subject to legal review prior to implementation.

Credit collaterals profile

The table below provides the collateral profile of the outstanding loan portfolio of the Group and the Parent Company:

	Consolidated				**Parent Company**			
	2022		2021		**2022**		2021	
	Gross Amount	**%**	Gross Amount	%	**Gross Amount**	**%**	Gross Amount	%
Loans secured by:								
Chattel	**₱66,580,479**	**25.73**	₱68,733,473	31.84	**₱66,318,606**	**27.79**	₱68,733,473	36.02
Real estate	**25,113,211**	**9.71**	24,827,272	11.5	**25,058,827**	**10.50**	24,774,042	12.98
Others*	**15,972,417**	**6.17**	11,659,198	5.4	**15,966,016**	**6.68**	11,385,562	5.97
	107,666,107	**41.61**	105,219,943	48.74	**107,343,449**	**44.97**	104,893,077	54.97
Unsecured	**151,066,107**	**58.39**	110,646,123	51.26	**131,332,413**	**55.03**	85,948,203	45.03
	₱258,732,214	**100.00**	₱215,866,066	100	**₱238,675,862**	**100**	₱190,841,280	100

**Consists of government securities, corporate bonds, shares of stock, hold-out on deposits, assignment of receivables etc.*

The credit exposures, after due consideration of the allowed credit enhancements, are considered the maximum credit exposure to any client or counterparty.

As for the computation of credit risk weights, hold-out on deposits with the Parent Company, Home Guaranty cover, and Philippine sovereign guarantees are the only credit risk mitigants considered as eligible.

Large exposures and top 20 borrowers
The table below summarizes the top 20 borrowers and large exposures of the Group and the Parent Company:

	2022			
	Top 20 Borrowers		**Large Exposures***	
	Single Borrowers	**Group Borrowers**	**Single Borrowers**	**Group Borrowers**
Aggregate Exposure	**₱27,788,038**	**₱33,087,135**	**₱12,350,277**	**₱19,167,735**
Composite Risk Rating	**2.89**	**3.12**	**1**	**2.01**
Total Credit Loss/Aggregate Exposure	**2.21%**	**2.05%**	**0.01%**	**0.39%**

**Large exposures refer to exposures to a counterparty or a group of related counterparties equal to or greater than 5.00% of the Parent Company's qualifying capital.*

	2021			
	Top 20 Borrowers		Large Exposures*	
	Single Borrowers	Group Borrowers	Single Borrowers	Group Borrowers
Aggregate Exposure	25,784,739	28,765,380	13,304,419	16,579,678
Composite Risk Rating	2.91	3.16	1.76	2.17
Total Credit Loss/Aggregate Exposure	0.35%	0.44%	0.24%	0.24%

**Large exposures refer to exposures to a counterparty or a group of related counterparties equal to or greater than 5.00% of the Parent Company's qualifying capital.*

Concentration by industry
The tables below show the distribution of the Group and the Parent Company's financial assets before taking into account any collateral or other credit enhancements analyzed by industry sector as of December 31, 2022 and 2021:

	Consolidated					
	2022					
	Loans and Receivables		**Loans and Advances to Banks***	**Investment Securities****	**Other Financial Assets*****	**Total**
	Amount	**%**				
Private households with employed persons	**₱170,124,373**	**65.54**	**₱-**	**₱-**	**₱-**	**₱170,124,373**
Financial intermediaries	**10,465,267**	**3.87**	**50,654,495**	**2,390,243**	**-**	**63,510,005**
Government and foreign sovereign	**1,161,282**	**0.43**	**-**	**72,077,196**	**-**	**73,238,478**
Real estate, renting and business activity	**26,645,121**	**9.86**	**-**	**15,068**	**-**	**26,660,189**
Wholesale and retail trade, repair of motor vehicles	**22,551,473**	**8.35**	**-**	**-**	**-**	**22,551,473**
Manufacturing	**9,714,244**	**3.59**	**-**	**130**	**-**	**9,714,374**
Electricity, gas, steam and air-conditioning supply	**8,504,601**	**3.15**	**-**	**2,416,589**	**-**	**10,921,190**
Other service activities	**3,106,516**	**1.16**	**-**	**1,007,572**	**-**	**4,114,088**
Accommodation and food service activities	**2,468,071**	**0.91**	**-**	**501,711**	**-**	**2,969,782**
Holding	**72,706**	**0.03**	**-**	**3,853,659**	**-**	**3,926,365**
Transportation and storage	**2,514,589**	**0.93**	**-**	**-**	**-**	**2,514,589**
Construction	**2,223,701**	**0.82**	**-**	**-**	**-**	**2,223,701**
Administrative and support service activities	**422,712**	**0.16**	**-**	**-**	**-**	**422,712**
Agriculture, fisheries and forestry	**814,372**	**0.30**	**-**	**-**	**-**	**814,372**
Others****	**9,530,597**	**0.90**	**-**	**-**	**415,173**	**9,945,770**
	270,319,625	**100**	**50,654,495**	**82,262,168**	**415,173**	**403,651,461**
Allowance for credit losses (Note 15)	**12,230,550**		**1,197**	**11,280**		**12,243,027**
Total	**₱258,089,075**		**₱50,653,298**	**₱82,250,888**	**₱415,173**	**₱391,408,434**

** Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
*** Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
**** Includes other financial assets presented under 'Other assets' (Note 14)*
***** Includes Arts and recreation activities, mining and quarrying, human health and social activities, education, and information and communication.*

	Consolidated 2021					
	Loans and Receivables		Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
	Amount	%				
Private households with employed persons	₱138,747,581	61.33	₱-	₱-	₱-	₱138,747,581
Financial intermediaries	7,476,554	3.30	95,701,081	2,268,089	-	105,445,724
Government and foreign sovereign	448,403	0.20	-	56,765,532	-	57,213,935
Real estate, renting and business activity	27,879,851	12.32	-	1	-	27,879,852
Wholesale and retail trade, repair of motor vehicles	17,804,479	7.87	-	-	-	17,804,479
Manufacturing	7,306,052	3.23	-	125	-	7,306,177
Electricity, gas, steam and air-conditioning supply	5,909,564	2.61	-	964,826	-	6,874,390
Other service activities	2,742,660	1.21	-	1,900,078	-	4,642,738
Accommodation and food service activities	3,326,412	1.47	-	540,767	-	3,867,179
Holding	66,504	0.03	-	4,105,002	-	4,171,506
Transportation and storage	2,322,920	1.03	-	-	-	2,322,920
Construction	1,699,176	0.75	-	-	-	1,699,176
Administrative and support service activities	1,486,993	0.66	-	-	-	1,486,993
Agriculture, fisheries and forestry	892,731	0.39	-	-	-	892,731
Others****	8,128,030	3.60	-	-	501,729	8,629,759
	226,237,910	100.00	95,701,081	66,544,420	501,729	388,985,140
Allowance for credit losses (Note 15)	12,675,324		4,549	11,619	-	12,691,492
Total	₱213,562,586		₱95,696,532	₱66,532,801	₱501,729	₱376,293,648

* *Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
** *Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
*** *Includes other financial assets presented under 'Other assets' (Note 14)*
**** *Includes Arts and recreation activities, mining and quarrying, human health and social activities, education, and information and communication.*

	Parent Company 2022					
	Loans and Receivables		Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
	Amount	%				
Private households with employed persons	**₱157,079,482**	**62.83**	**₱-**	**₱-**	**₱-**	**₱157,079,482**
Financial intermediaries	**10,507,965**	**4.20**	**50,079,806**	**2,390,243**	-	**62,978,014**
Government and foreign sovereign	**1,108,003**	**0.44**	-	**70,438,107**	-	**71,546,110**
Real estate, renting and business activity	**26,610,686**	**10.64**	-	**15,068**	-	**26,625,754**
Wholesale and retail trade, repair of motor vehicles	**22,542,818**	**9.02**	-	-	-	**22,542,818**
Manufacturing	**9,705,828**	**3.88**	-	**130**	-	**9,705,958**
Electricity, gas, steam and air-conditioning supply	**8,503,985**	**3.40**	-	**2,416,589**	-	**10,920,574**
Other service activities	**3,041,973**	**1.22**	-	-	-	**3,041,973**
Accommodation and food service activities	**2,466,471**	**0.99**	-	**501711**	-	**2,968,182**
Holding	**72,706**	**0.03**	-	**3,853,659**	-	**3,926,365**
Transportation and storage	**2,514,589**	**1.01**	-	-	-	**2,514,589**
Construction	**2,220,848**	**0.89**	-	-	-	**2,220,848**
Administrative and support service activities	**422,712**	**0.17**	-	-	-	**422,712**
Agriculture, fisheries and forestry	**797,314**	**0.32**	-	-	-	**797,314**
Others****	**2,418,504**	**0.96**	-	**1,007,572**	**390,900**	**3,816,976**
	250,013,884	**100**	**50,079,806**	**80,623,079**	**390,900**	**381,107,669**
Allowance for credit losses (Note 15)	**11,575,411**		**1,197**	**11,280**	-	**11,587,888**
Total	**₱238,438,473**	**100**	**₱50,078,609**	**₱80,611,799**	**₱390,900**	**₱369,519,781**

* *Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
** *Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
*** *Includes other financial assets presented under 'Other assets' (Note 14)*
**** *Includes Arts and recreation activities, mining and quarrying, human health and social activities, education, and information and communication.*

	Parent Company 2021					
	Loans and Receivables*		Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
	Amount	%				
Private households with employed persons	₱118,672,972	59.09	₱-	₱-	₱-	₱118,672,972
Financial intermediaries	7,424,539	3.70	95,241,752	2,268,089	-	104,934,380
Government and foreign sovereign	394,938	0.20	-	55,087,325	-	55,482,263
Real estate, renting and business activity	27,856,517	13.87	-	1	-	27,856,518
Wholesale and retail trade, repair of motor vehicles	17,795,690	8.86	-	-	-	17,795,690
Manufacturing	7,297,635	3.63	-	125	-	7,297,760
Electricity, gas, steam and air-conditioning supply	5,908,949	2.94	-	964,825	-	6,873,774
Other service activities	2,676,852	1.33	-	1,900,078	-	4,576,930
Holding	66,504	0.03	-	4,105,002	-	4,171,506
Accommodation and food service activities	3,324,811	1.66	-	540,767	-	3,865,578
Transportation and storage	2,322,920	1.16	-	-	-	2,322,920
Construction	1,693,806	0.84	-	-	-	1,693,806
Administrative and support service activities	1,486,993	0.74	-	-	-	1,486,993
Agriculture, fisheries and forestry	875,639	0.44	-	-	-	875,639
Others****	3,041,080	1.51	-	-	494,998	3,536,078
	200,839,845	100.00	95,241,752	64,866,212	494,998	361,442,807
Allowance for credit losses (Note 15)	12,039,245		4,549	11,619	-	12,055,413
Total	₱188,800,600		₱95,237,203	₱64,854,593	₱494,998	₱349,387,394

* *Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
** *Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
*** *Includes other financial assets presented under 'Other assets' (Note 14)*
**** *Includes Arts and recreation activities, mining and quarrying, human health and social activities, education, and information and communication*

Geographic Segmentation

The distribution of the Group's and Parent Company's financial assets by geographic region as of December 31, 2022 and 2021 follows:

	Consolidated 2022				
	Loans and Receivables	**Loans and Advances to Banks***	**Investment Securities****	**Other Financial Assets*****	**Total**
Philippines	**₱269,993,182**	**₱47,699,301**	**₱66,558,599**	**₱414,978**	**₱384,666,060**
Asia (excluding Philippines)	**256,671**	**331,094**	**12,446,222**	**57**	**13,034,044**
Australia	-	**401,322**	-	-	**401,322**
Europe	**21,683**	**500,408**	**2,005,361**	**138**	**2,527,590**
North America	**48,089**	-	**1,251,986**	-	**1,300,075**
South America	-	-	-	-	**-**
USA	-	**1,722,370**	-	-	**1,722,370**
	270,319,625	**50,654,495**	**82,262,168**	**415,173**	**403,651,461**
Allowance for credit losses (Note 15)	**12,230,550**	**1,197**	**11,280**		**12,243,027**
	₱258,089,075	**₱50,653,298**	**₱82,250,888**	**₱415,173**	**₱ 391,408,434**

* *Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
** *Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
*** *Includes other financial assets presented under 'Other assets' (Note 14)*

	Consolidated 2021				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
Philippines	₱226,149,364	₱78,862,947	₱45,529,043	₱425,324	₱350,966,678
Asia (excluding Philippines)	31,369	190,914	2,348,428	782	2,571,493
Australia	-	4,518,059	-	-	4,518,059
Europe	26,960	1,529,485	2,992,667	12,259	4,561,371
North America	30,217	-	1,395,435	-	1,425,652
South America	-	-	-	-	-
USA	-	10,599,676	14,278,847	63,364	24,941,887
	226,237,910	95,701,081	66,544,420	501,729	388,985,140
Allowance for credit losses (Note 15)	12,675,324	4,549	11,619	-	12,691,492
	₱213,562,586	₱95,696,532	₱66,532,801	₱501,729	₱376,293,648

* *Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
** *Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
*** *Includes other financial assets presented under 'Other assets' (Note 14)*

	Parent Company				
	2022				
	Loans and Receivables	**Loans and Advances to Banks***	**Investment Securities****	**Other Financial Assets*****	**Total**
Philippines	**₱249,687,441**	**₱47,124,611**	**₱64,919,511**	**₱390,705**	**₱ 362,122,268**
Asia (excluding Philippines)	**256,671**	**331,094**	**12,446,222**	**57**	**13,034,044**
Australia	**-**	**401,322**	**-**	**-**	**401,322**
Europe	**21,684**	**500,408**	**2,005,361**	**138**	**2,527,591**
North America	**48,088**	**-**	**1,251,985**	**-**	**1,300,074**
South America	**-**	**-**	**-**	**-**	**-**
USA	**-**	**1,722,371**	**-**	**-**	**1,722,371**
	250,013,884	**50,079,806**	**80,623,079**	**390,900**	**381,107,669**
Allowance for credit losses (Note 15)	**11,575,411**	**1,197**	**11,280**	**-**	**11,587,888**
	₱238,438,473	**₱50,078,609**	**₱80,611,799**	**₱390,900**	**₱369,519,781**

** Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
*** Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
**** Includes other financial assets presented under 'Other assets' (Note 14)*

	Parent Company				
	2021				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
Philippines	₱200,751,299	₱78,403,617	₱43,850,835	₱418,593	₱323,424,344
Asia (excluding Philippines)	31,369	190,914	2,348,428	782	2,571,493
Australia	-	4,518,059	-	-	4,518,059
Europe	26960	1,529,485	2,992,667	12,259	4,561,371
North America	30,217	-	1,395,435	-	1,425,652
South America	-	-	-	-	-
USA	-	10,599,676	14,278,847	63,364	24,941,887
	200,839,845	95,241,751	64,866,212	494,998	361,442,806
Allowance for credit losses (Note 15)	12,039,245	4549	11,619	0	12,055,413
	₱188,800,600	₱95,237,202	₱64,854,593	₱494,998	₱349,387,393

** Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
*** Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
**** Includes other financial assets presented under 'Other assets' (Note 14)*

The following summarizes the Group's credit risk management practices and the relevant quantitative and qualitative financial information regarding the credit exposures according to the Group's portfolios:

<u>Internal Credit Risk Rating System</u>
The Parent Company employs a credit scoring system for borrowers to assess risks relating to the borrower and the loan exposure. Borrower risk is evaluated by considering (a) quantitative factors, such as financial condition and (b) qualitative factors, such as management quality and industry outlook.

For corporate loans, the financial condition assessment focuses on profitability, liquidity, working capital management, and leverage. Management quality determination is based on the borrower's strategies, management competence and skills, and management of banking relationship while industry outlook is evaluated based on its importance to the economy, growth, industry structure and relevant government policies. Based on these factors, each borrower is assigned a Borrower Risk Rating (BRR), that ranges from 1 to 6. A borrower may be downgraded when it exhibits the characteristics of a classified account described below, in which case it will be assigned a risk rating ranging from 7 to 10.

Consideration is also given to security arrangements in computing for the final BRR. Depending on certain requisites, an account secured by real estate mortgages and hold-out on deposits or guarantees may be upgraded to better risk classifications.

The BRR for each borrower is reviewed annually. A more frequent review is warranted in cases where the borrower has a higher risk profile or when there are extraordinary or adverse developments affecting the borrower, the industry and/or the Philippine economy.

The following is a brief explanation of the Parent Company's risk grades:

Rating	Description	Account/Borrower Characteristics
1	Excellent	• low probability of going into default within the coming year; very high debt service capacity and balance sheets show no sign of any weakness • has ready access to adequate funding sources • high degree of stability, substance and diversity • of the highest quality under virtual economic conditions
2	Strong	• low probability of going into default in the coming year • access to money markets is relatively good • business remains viable under normal market conditions • strong market position with a history of successful financial performance • financials show adequate cash flows for debt servicing and generally conservative balance sheets
3	Good	• sound but may be susceptible, to a limited extent, to cyclical changes in the markets in which they operate • financial performance is good and capacity to service debt remains comfortable • cash flows remain healthy and critical balance sheet ratios are at par with industry norms • reported profits in the past three years and expected to sustain profitability in the coming year
4	Satisfactory	• clear risk elements exist and probability of going into default is somewhat greater, as reflected in the volatility of earnings and overall performance • normally have limited access to public financial markets • able to withstand normal business cycles, but expected to deteriorate beyond acceptable levels under prolonged unfavorable economic period • combination of reasonably sound asset and cash flow protection
5	Acceptable	• risk elements for the Parent Company are sufficiently pronounced, but would still be able to withstand normal business cycles • immediate deterioration beyond acceptable levels is expected given prolonged unfavorable economic period • there is sufficient cash flow either historically or expected in the future in spite of economic downturn combined with asset protection

Rating	Description	Account/Borrower Characteristics
5B	Acceptable	• financial condition hard to ascertain due to weak validation of financial statements coupled by funding leakages to other business interests whose financial condition is generally unknown • continuous decline in revenues and margins due to competition • substantial or unexplained build-up in borrowings with banks financing bulk of working capital and capex requirements coupled by substantial dividends pay-outs • chronically tight cash flows with operating income negative or barely enough for debt servicing • with past record of past due loans with other banks, cancelled credit cards and court cases
6	Watchlist	• with identified disruptions that may negatively affect performance but are likely to be resolved within the year • deteriorating revenue, net income, margins, and sustained increase in debt levels despite a slowdown in business activity • diversion of fund to non-core or start-up businesses and other investments that are known to be unprofitable or high risk • past due on interest and/or principal for ≤30 days and the delinquency is deemed temporary in nature • account is still in current status but already restructured but no payment experience yet or requesting for payment deferments or loan restructuring • with temporary cashflow pressures arising from unexpected circumstances but are likely to be resolved once these adverse events are mitigated or resolved.
7	Special Mention	• past due on interest and/or principal payments up to 90 days and the delinquency is not temporary in nature • intermittent delays or inadequate repayment of principal, interest or amortizations • past due account that is already requesting for payment deferments or loan restructuring • restructured account that has yet to meet the required track record of sustained payments • continuous renewal/extension without reduction in principal and lines with all creditors maxed-out and no clear source of repayment due to chronic tightness in cashflows • prolonged contraction in the business brought by adverse economic or market conditions resulting in net losses and affecting its capacity to pay • deficiency in documentation which have not been rectified within an agreed period of time unless for justifiable reasons

Rating	Description	Account/Borrower Characteristics
8	Substandard	• NPL or with chronic delays in payment because of unstable cashflow or with no definite commitment to pay or restructure • loans have already been restructured but conditions have not been fully met or tenor has been renegotiated • net loss for the last 2 years that have wiped out capital and business sustainability is a concern unless a major turnaround in business occurs. • due to difficulty in generating cashflows to service debt, repayment of the loans depends on non-operating sources such as collateral, personal funds or other assets • breach of key financial covenants that will have a significant effect on the borrower's capacity to pay
9	Doubtful	• business heavily affected by environmental, economic, health, regulatory issues to the point that closure or bankruptcy is becoming imminent • business is almost bankrupt and the only possible solution are either merger, acquisition, capital infusion or refinancing plans which are still being worked-out • business closure is imminent due to challenging business conditions such as substantial loss of market share, unsalable products due to obsolescence, tight competition and influx of cheap substitutes • with uncertainty if the Parent Company could find leviable assets or if there are other assets that can be liquidated, full recovery of principal remains uncertain due to marketability and other outstanding claims • client is difficult to coordinate with and is non-responsive to demand letters sent • Legal cases filed
10	Loss	• business is non-operational and loans are considered absolutely uncollectible due to presence of fraud and major build-up of claims and litigation • borrower's whereabouts unknown or insolvent or earning power-impaired and guarantors are insolvent or guarantee not financially supported

It is the Parent Company's policy to maintain accurate and consistent risk ratings across the corporate credit portfolio. This facilitates a focused management of the applicable risk and the comparison of credit exposures across all lines of businesses, geographic regions, and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Parent Company's rating policy. The risk ratings are assessed and updated regularly.

The consumer loan portfolio of the Group is composed of the following product lines: credit cards, auto, mortgage, salary, personal and branch loans. Each of these products have established credit risk guidelines and systems for managing credit risk across all businesses. For credit cards, auto, mortgage and personal loans, application and behavioral scoring models are in place that primarily consider demographic variables and payment behavior, respectively, for the assessment of the likelihood of default by the borrower. For the other consumer loans, minimum risk acceptance criteria were set for each portfolio according to the nature of the product and the target market and is used for the evaluation of the credit quality of borrowers at origination.

For purposes of comparison of different exposure types, the credit portfolios (corporate and consumer) of the Parent Company are benchmarked against marketable corporate debt securities (using the Standard & Poor's (S&P) global study on corporate exposures) based on credit risk rating and corresponding PDs (i.e., Investment Grade – BRR 1 to 4, Standard Grade – BRR 5, Substandard Grade – BRR 5B to 6, Nonperforming – BRR 7 to10).

The Parent Company assigns credit risk using the following credit score master scale:

Credit quality	Description	Credit rating
Investment Grade	These accounts are of the highest quality and are likely to meet financial obligations.	AAA to AA+ AA AA- A+ A A- BBB+ BBB
Standard Grade	These accounts may be vulnerable to adverse business, financial and economic conditions but are expected to meet financial obligations.	BBB- BB+ BB BB- B+ B B-
Substandard Grade	These accounts are vulnerable to non-payment but for which default has not yet occurred.	CCC+ to C-
Non-Performing	These refer to accounts which are in default or those that demonstrate objective evidence of impairment.	Default

External Ratings
The Group also uses external ratings, such as S&P's, Moody's, and Fitch, to evaluate its counterparties and in its assignment of credit risk weights to its banking book exposures. Transactions falling under this category are normally of the following nature: placements with other banks, money market lending, debt security investments, and to some extent, equity security investments.

Credit rating grades of gross carrying amounts of financial assets
The credit quality by class of the Group's loans and receivables (gross of allowance for credit losses and unamortized premium) as of December 31, 2022 and 2021 are as follows:

	2022			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Investment Grade	**₱28,670,120**	**₱197,000**	**₱–**	**₱28,867,120**
Standard Grade	**2,428,006**	**34,707,284**	**–**	**37,135,290**
Substandard Grade	**1**	**76,144**	**–**	**76,145**
Non-Performing	**–**	**–**	**2,723,335**	**2,723,335**
	31,098,127	**34,980,428**	**2,723,335**	**68,801,890**
Auto loans				
Investment Grade				
Standard Grade	**46,171,339**	**7,618,244**	**–**	**53,789,583**
Substandard Grade	**–**	**2,200,461**	**–**	**2,200,461**
Non-Performing	**–**	**–**	**8,204,735**	**8,204,735**
	46,171,339	**9,818,705**	**8,204,735**	**64,194,779**
Credit cards				
Investment Grade				
Standard Grade	**32,648,161**	**3,629,241**	**–**	**36,277,402**
Substandard Grade	**877,157**	**1,623,553**	**–**	**2,500,710**
Non-Performing	**–**	**–**	**2,271,862**	**2,271,862**
	33,525,318	**5,252,794**	**2,271,862**	**41,049,974**
Mortgage loans				
Investment Grade				
Standard Grade	**16,028,733**	**1,090,230**	**–**	**17,118,963**
Substandard Grade	**–**	**718,820**	**–**	**718,820**
Non-Performing	**–**	**–**	**1,724,913**	**1,724,913**
	16,028,733	**1,809,050**	**1,724,913**	**19,562,696**
Other consumer loans**				
Investment Grade	**–**	**5**	**–**	**5**
Standard Grade	**56,517,878**	**52,082**	**–**	**56,569,959**
Substandard Grade	**66,881**	**2,362,086**	**–**	**2,428,967**
Non-Performing	**–**	**–**	**2,777,940**	**2,777,940**
	56,584,759	**2,414,173**	**2,777,939**	**61,776,871**
Other receivables***				
Investment Grade	**1,358,618**	**318**	**–**	**1,358,936**
Standard Grade	**5,952,419**	**1,132,745**	**–**	**7,085,164**
Substandard Grade	**27,442**	**648,744**	**–**	**676,186**
Non-Performing	**–**	**–**	**2,467,125**	**2,467,125**
	7,338,479	**1,781,807**	**2,467,125**	**11,587,411**
Total	**₱190,746,755**	**₱56,056,957**	**₱20,169,909**	**₱266,973,621**

**Include Corporate loans, Emerging Enterprise Loaans and Branch Loans*
***Include DepEd loans, Employee loans, Salary loans, Personal loans,*
**** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

	2021			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Investment Grade	₱24,959,273	₱15,000	₱–	₱24,974,273
Standard Grade	2,740,566	30,872,894	–	33,613,460
Substandard Grade	–	20,375	–	20,375
Non-Performing	–	–	2,148,172	2,148,172
	27,699,839	30,908,269	2,148,172	60,756,280
Auto loans				
Investment Grade	–	–	–	–
Standard Grade	36,807,928	16,793,578	–	53,601,506
Substandard Grade	–	5,335	–	5,335
Non-Performing	–	-	11,619,771	11,619,771
	36,807,928	16,798,913	11,619,771	65,226,612
Credit cards				
Investment Grade	85,514	21725	–	107,239
Standard Grade	22,474,517	4,697,266	–	27,171,783
Substandard Grade	671,741	1,881,498	–	2,553,239
Non-Performing	–	–	3,373,766	3,373,766
	23,231,772	6,600,489	3,373,766	33,206,027
Mortgage loans				
Investment Grade	–	–	–	–
Standard Grade	13,318,939	2,892,664	–	16,211,603
Substandard Grade	2,267	1,359,978	–	1,362,245
Non-Performing	–	–	2,325,687	2,325,687
	13,321,206	4,252,642	2,325,687	19,899,535
Other consumer loans**				
Investment Grade	67	96	–	163
Standard Grade	27,829,140	268,972	–	28,098,112
Substandard Grade	77,903	2,255,139	–	2,333,042
Non-Performing	–	–	3,671,193	3,671,193
	27,907,110	2,524,207	3,671,193	34,102,510
Other receivables***				
Investment Grade	587,936	274	–	588,210
Standard Grade	4,975,649	2,407,100	–	7,382,749
Substandard Grade	28,094	111,148	–	139,242
Non-Performing	–	–	2,261,643	2,261,643
	5,591,679	2,518,522	2,261,643	10,371,844
Total	₱134,559,534	₱63,603,042	₱25,400,232	₱223,562,808

**Include Corporate loans and emerging enterprise loans*
***Include Branch loans, DepEd loans, Employee loans, Salary loans, Personal loans,*
**** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

The credit quality by class of the Parent Company's loans and receivables (gross of allowance for credit losses and unamortized premium) as of December 31, 2022 and 2021 are as follows:

	2022			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Investment Grade	₱28,670,120	₱197,000	₱–	28,867,120
Standard Grade	2,411,213	34,707,284	–	37,118,497
Substandard Grade	1	76,144	–	76,145
Non-Performing	–	–	2,673,449	2,673,449
	31,081,334	34,980,428	2,673,449	68,735,211
Auto loans				
Investment Grade	–	–	–	–
Standard Grade	46,171,339	7,618,244	–	53,789,584
Substandard Grade	–	2,200,461	–	2,200,461
Non-Performing	–	–	8,204,735	8,204,735
	46,171,339	9,818,705	8,204,735	64,194,780
Credit cards				
Investment Grade	–	–	–	–
Standard Grade	32,648,161	3,629,241	–	36,277,402
Substandard Grade	877,157	1,623,553	–	2,500,710
Non-Performing	–	–	2,271,862	2,271,862
	33,525,318	5,252,794	2,271,862	41,049,973
Mortgage loans				
Investment Grade	–	–	–	–
Standard Grade	16,028,733	1,090,230	–	17,118,963
Substandard Grade	–	718,820	–	718,820
Non-Performing	–	–	1,724,913	1,724,913
	16,028,733	1,809,050	1,724,913	19,562,696
Other Consumer Loans**				
Investment Grade	–	5	–	4.75
Standard Grade	39,431,938	51,944	–	39,483,881
Substandard Grade	66,881	55,186	–	122,066
Non-Performing	–	–	969,761	969,761
	39,498,819	107,134	969,761	40,575,714
Other receivables***				
Investment Grade	1,326,054	318	–	1,326,372
Standard Grade	5,752,873	1,132,745	–	6,885,618
Substandard Grade	27,442	628,139	–	655,582
Non-Performing	–	–	2,470,450	2,470,450
	7,106,369	1,761,202	2,470,450	11,338,022
Total	₱173,411,912	₱53,729,315	₱18,315,171	₱245,456,397

**Include Corporate loans, Emerging Enterprise Loaans and Branch Loans*
***Include DepEd loans, Employee loans, Salary loans, Personal loans,*
**** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

	2021			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Investment Grade	₱24,959,273	₱15,000	₱–	₱24,974,273
Standard Grade	2,721,158	30,872,894	–	33,594,052
Substandard Grade	–	20,104	–	20,104
Non-Performing	–	–	2,095,723	2,095,723
	27,680,431	30,907,998	2,095,723	60,684,152
Auto loans				
Investment Grade	–	–	–	–
Standard Grade	36,807,928	16,793,578	–	53,601,506
Substandard Grade	–	5,335	–	5,335
Non-Performing	–	-	11,619,771	11,619,771
	36,807,928	16,798,913	11,619,771	65,226,612
Credit cards				
Investment Grade	85,514	21725	–	107,239
Standard Grade	22,474,517	4,697,266	–	27,171,783
Substandard Grade	671,741	1,881,498	–	2,553,239
Non-Performing	–	–	3,373,766	3,373,766
	23,231,772	6,600,489	3,373,766	33,206,027
Mortgage loans				
Investment Grade	–	–	–	–
Standard Grade	13,318,939	2,892,664	–	16,211,603
Substandard Grade	2,267	1,359,978	–	1,362,245
Non-Performing	–	–	2,325,687	2,325,687
	13,321,206	4,252,642	2,325,687	19,899,535
Other Consumer Loans**				
Investment Grade	67	96	–	163
Standard Grade	5,382,471	268,972	–	5,651,443
Substandard Grade	77,903	302,574	–	380,477
Non-Performing	–	–	1,740,001	1,740,001
	5,460,441	571,642	1,740,001	7,772,084
Other receivables***				
Investment Grade	555,449	274	–	555,723
Standard Grade	4,701,403	2,407,100	–	7,108,503
Substandard Grade	28,094	89,930	–	118,024
Non-Performing	–	–	2,216,315	2,216,315
	5,284,946	2,497,304	2,216,315	9,998,565
Total	₱111,786,724	₱61,628,988	₱23,371,263	₱196,786,975

**Include Corporate loans, Emerging Enterprise Loaans and Branch Loans*
***Include DepEd loans, Employee loans, Salary loans, Personal loans,*
**** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

The credit quality by class of the Group's financial assets other than loans and receivables (gross of allowance for credit losses) as of December 31, 2022 and 2021 are as follows:

	2022			
	Gross carrying amount			
Credit Score	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Due from BSP				
Investment Grade	**₱36,114,397**	**–**	**–**	**₱36,114,397**
	36,114,397	**–**	**–**	**36,114,397**
Due from other banks				
Investment Grade	**4,529,635**	**–**	**–**	**4,529,635**
	4,529,635	**–**	**–**	**4,529,635**
Interbank loans receivables and SPURA				
Investment Grade	**10,009,266**	**–**	**–**	**10,009,266**
	10,009,266	**–**	**–**	**10,009,266**
Financial assets at FVTPL				
Investment Grade	**1,958,310**	**–**	**–**	**1,958,310**
	1,958,310	**–**	**–**	**1,958,310**
Financial assets at FVTOCI				
Investment Grade	**14,430,399**	**–**	**–**	**14,430,399**
Standard Grade	**823,962**	**1,492,025**	**–**	**2,315,987**
	15,254,361	**1,492,025**	**–**	**16,746,386**
Investment securities at amortized cost				
Investment Grade	**62,004,503**	**–**	**–**	**62,004,503**
Standard Grade	**–**	**1,552,968**	**–**	**1,552,968**
	62,004,503	**1,552,968**	**–**	**63,557,471**
Other financial assets (Note 14)				
Standard Grade	**18,750**	**–**	**–**	**18,750**
Non-Performing	**–**	**–**	**486,871**	**486,871**
	18,750	**–**	**486,871**	**505,621**
Total	**₱129,889,222**	**₱3,044,993**	**₱486,871**	**₱133,421,086**

**Includes security deposits, derivative assets, deposit to suppliers, returned cash and other cash items (RCOCI)*

	2021			
	Gross carrying amount			
Credit Score	Stage 1	Stage 2	Stage 3	Total
Due from BSP				
Investment Grade	₱58,842,366	₱–	₱–	58,842,366
	58,842,366	–	–	58,842,366
Due from other banks				
Investment Grade	19,339,731	–	–	19,339,731
	19,339,731	–	–	19,339,731
Interbank loans receivables and SPURA				
Investment Grade	17,518,984	–	–	17,518,984
	17,518,984	–	–	17,518,984
Financial assets at FVTPL				
Investment Grade	4,056,851	–	–	4,056,851
	4,056,851	–	–	4,056,851
Financial assets at FVTOCI				
Investment Grade	30,403,129	–	–	30,403,129
Standard Grade	9700042	1,557,397	–	11,257,439
	40,103,171	1,557,397	–	41,660,568
Investment securities at amortized cost				
Investment Grade	20,317,052	–	–	20,317,052
Standard Grade	–	509,950	–	509,950
	20,317,052	509,950	–	20,827,002
Other financial assets (Note 14)				
Standard Grade	15,407	–	–	15,407
Non-Performing	–	–	486,322	486,322
	15,407	–	486,322	501,729
Total	₱160,178,155	₱2,067,347	₱486,322	₱162,747,231

The credit quality by class of the Parent Company's financial assets other than loans and receivables (gross of allowance for credit losses) as of December 31, 2022 and 2021 are as follows:

	2022			
	Gross carrying amount			
Credit Score	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Due from BSP				
Investment Grade	**₱35,723,579**	**₱–**	**₱–**	**₱35,723,579**
	35,723,579	**–**	**–**	**35,723,579**
Due from other banks				
Investment Grade	**4,345,763**	–	–	**4,345,763**
	4,345,763	–	–	**4,345,763**
Interbank loans receivables and SPURA				
Investment Grade	**10,009,266**	–	–	**10,009,266**
	10,009,266	–	–	**10,009,266**
Financial assets at FVTPL				
Investment Grade	**1,958,310**	–	–	**1,958,310**
	1,958,310	–	–	**1,958,310**
Financial assets at FVTOCI				
Investment Grade	**14,430,399**	–	–	**14,430,399**
Standard Grade	**823,962**	**1,492,025**	–	**2,315,987**
	15,254,361	**1,492,025**	–	**16,746,386**
Investment securities at amortized cost				
Investment Grade	**60,365,415**	–	–	**60,365,415**
Standard Grade	–	**1,552,968**	–	**1,552,968**
	60,365,415	**1,552,968**	–	**61,918,383**
Other financial assets (Note 14)				
Standard Grade	**18,750**	**–**	**–**	**18,750**
Non-Performing	**–**	**–**	**461,783**	**461,783**
	18,750	**–**	**461,783**	**480,533**
Total	**₱127,675,444**	**₱3,044,993**	**₱461,783**	**₱131,182,220**

	2021			
	Gross carrying amount			
Credit Score	Stage 1	Stage 2	Stage 3	Total
Due from BSP				
Investment Grade	₱58,425,477	₱–	₱–	₱58,425,477
		–	–	58,425,477
Due from other banks				
Investment Grade	19,297,291	–	–	19,297,291
	19,297,291	–	–	19,297,291
Interbank loans receivables and SPURA				
Investment Grade	17,518,984	–	–	17,518,984
	17,518,984	–	–	17,518,984
Financial assets at FVTPL				
Investment Grade	4,056,851	–	–	4,056,851
	4,056,851	–	–	4,056,851
Financial assets at FVTOCI				
Investment Grade	30,403,129	–	–	30,403,129
Standard Grade	9,700,042	1,557,397	–	11,257,439
	40,103,171	1,557,397	–	41,660,568

(Forward)

Credit Score	2021 Gross carrying amount Stage 1	Stage 2	Stage 3	Total
Investment securities at amortized cost				
Investment Grade	₱18,638,844	₱–	₱–	₱18,638,844
Standard Grade	–	509,950	–	509,950
	18,638,844	509,950	–	19,148,794
Other financial assets (Note 14)				
Standard Grade	15,407	–	–	15,407
Non-Performing	–	–	479,592	479,592
	15,407	–	479,592	494,998
Total	₱148,355,983	₱2,067,347	₱479,592	₱160,602,963

Total credit risk exposure after risk mitigation

The table below shows the different credit risk exposures of the Group and of the Parent Company after credit risk mitigation, by risk weight applied in accordance with BSP Circular No. 538:

	Consolidated 2022							
	Capital Deduction	**Risk Buckets 0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Total**
Credit risk exposure after risk mitigation								
On-balance sheet assets	**₱12,034,253**	**₱69,707,065**	**₱12,915,763**	**₱61,328,039**	**₱10,977,483**	**₱232,500,896**	**₱11,451,744**	**₱398,880,990**
Off-balance sheet assets	–	–	–	–	–	**2,162,181**	–	**2,162,181**
Counterparty in the banking book (derivatives and repo-style transactions)	–	–	**443,113**	–	–	–	–	**443,113**
Counterparty in the trading book (derivatives and repo-style transactions)	–	–	–	–	–	–	–	–
Credit-linked notes in the banking book	–	–	–	–	–	–	–	–
Securitization exposures	–	–	–	–	–	–	–	–
	₱12,034,253	**₱69,707,065**	**₱13,358,876**	**₱61,328,039**	**₱10,977,483**	**₱234,663,077**	**₱11,451,744**	**₱401,486,284**
Credit Risk Weighted Assets	**₱–**	**₱–**	**₱2,671,775**	**₱30,664,020**	**₱8,233,113**	**₱234,663,077**	**₱17,177,617**	**₱293,409,601**

	Consolidated 2021							
	Capital Deduction	Risk Buckets 0%	20%	50%	75%	100%	150%	Total
Credit risk exposure after risk mitigation								
On-balance sheet assets	₱11,832,469	₱124,906,148	₱4,356,913	₱41,001,943	₱7,697,654	₱184,400,298	₱18,435,292	₱380,798,248
Off-balance sheet assets	–	–	–	–	–	4,094,863	–	4,094,863
Counterparty in the banking book (derivatives and repo-style transactions)	–	–	–	–	–	–	–	–
Counterparty in the trading book (derivatives and repo-style transactions)	–	–	–	–	–	–	–	–
Credit-linked notes in the banking book	–	–	–	–	–	–	–	–
Securitization exposures	–	–	–	–	–	–	–	–
	₱11,832,469	₱124,906,148	₱4,356,913	₱41,001,943	₱7,697,654	₱188,495,161	₱18,435,292	₱384,893,111
Credit Risk Weighted Assets	₱–	₱–	₱871,383	₱20,500,972	₱5,773,241	₱188,495,161	₱27,652,938	₱243,293,695

	Parent Company							
	2022							
	Capital	**Risk Buckets**						**Total**
	Deduction	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	
Credit risk exposure after risk mitigation								
On-balance sheet assets	**₱16,971,627**	**₱67,567,731**	**₱12,915,578**	**₱61,328,039**	**₱10,977,483**	**₱213,755,386**	**₱9,760,973**	**₱376,305,190**
Off-balance sheet assets	**–**	**–**	**–**	**–**	**–**	**2,162,181**	**–**	**2,162,181**
Counterparty in the banking book (derivatives and repo-style transactions)	**–**	**–**	**443,113**	**–**	**–**	**–**	**–**	**443,113**
Counterparty in the trading book (derivatives and repo-style transactions)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Credit-linked notes in the banking book	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Securitization exposures	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	₱16,971,627	**₱67,567,731**	**₱13,358,691**	**₱61,328,039**	**₱10,977,483**	**₱215,917,567**	**₱9,760,973**	**₱378,910,484**
Credit Risk Weighted Assets	**₱–**	**₱–**	**₱2,671,738**	**₱30,664,020**	**₱8,233,113**	**₱215,917,567**	**₱14,641,460**	**₱272,127,897**

	Parent Company							
	2021							
	Capital	Risk Buckets						Total
	Deduction	0%	20%	50%	75%	100%	150%	
Credit risk exposure after risk mitigation								
On-balance sheet assets	₱17,090,420	₱122,714,535	₱4,356,853	₱41,001,943	₱7,697,654	₱160,643,610	₱16,634,387	₱353,048,982
Off-balance sheet assets	–	–	–	–	–	4,094,863	–	4,094,863
Counterparty in the banking book (derivatives and repo-style transactions)	–	–	–	–	–	–	–	–
Counterparty in the trading book (derivatives and repo-style transactions)	–	–	–	–	–	–	–	–
Credit-linked notes in the banking book	–	–	–	–	–	–	–	–
Securitization exposures	–	–	–	–	–	–	–	–
	₱17,090,420	₱122,714,535	₱4,356,853	₱41,001,943	₱7,697,654	₱164,738,473	₱16,634,387	₱357,143,845
Credit Risk Weighted Assets	₱–	₱–	₱871,371	₱20,500,972	₱5,773,241	₱164,738,473	₱24,951,581	₱216,835,638

Liquidity Risk

Liquidity risk is the risk that sufficient funds are unavailable to adequately meet all maturing liabilities, including demand deposits and off-balance sheet commitments. The main responsibility of daily asset liability management lies with the Parent Company’s Treasury Group, specifically the Liquidity Desk, which are tasked to manage the balance sheet and have thorough understanding of the risk elements involved in the respective businesses. Only the Parent Company and EWRB are potentially exposed to liquidity risk exposures, where their liquidity risk management are monitored by their respective ALCOs. Resulting analysis of the balance sheet along with the recommendation is presented during the weekly ALCO meeting where deliberations, formulation of actions and decisions are made to minimize risk and maximize returns. Discussions include actions taken in the previous ALCO meeting, economic and market status and outlook, liquidity risk, pricing and interest rate structure, limit status and utilization. To ensure that both the Parent Company and EWRB have sufficient liquidity at all times, the respective ALCO formulates a contingency funding plan which sets out the amount and the sources of funds (such as unutilized credit facilities) available to both entities and the circumstances under which such funds will be used.

By way of the Maximum Cumulative Outflow (MCO) limit, the Group is able to manage its long-term liquidity risks by placing a cap on the outflow of cash on a cumulative basis. The Group takes a multi-tiered approach to maintaining liquid assets. The Group's principal source of liquidity is comprised of Cash and other cash items, Due from BSP, Due from other banks and Interbank loans receivables and SPURA with maturities of less than one year. In addition to regulatory reserves, the Parent Company maintains a sufficient level of secondary reserves in the form of liquid assets such as short-term trading and investment securities that can be realized quickly.

Analysis of financial assets and liabilities by remaining contractual maturities

The tables below present the maturity profile of the financial assets and liabilities of the Group and of the Parent Company (reflected in thousands) which it uses to manage its liquidity risk. It is based on its internal methodology to determine the expected date the financial asset will be realized, or the financial liability will be settled. This is done through cash flow measurement and projections using contractual undiscounted cash flows or derived from the behavioral assumptions for the assets or liabilities. This approach is used to properly estimate future cash flows and enable the Group to proactively manage its liquidity requirement.

	Consolidated						
	2022						
	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 cash equivalents*	**₱49,358,380**	**₱10,009,266**	**₱–**	**₱–**	**₱–**	**₱–**	**₱59,367,646**
Investments and trading securities**	**–**	**332,066**	**4,979,350**	**1,265,331**	**1,758,488**	**126,707,211**	**135,042,446**
Loans and receivables***	**28,009,889**	**38,546,227**	**18,168,450**	**16,754,291**	**19,426,924**	**230,939,244**	**351,845,025**
Other assets	**4,203**	**59,460**	**–**	**–**	**–**	**354,275**	**417,938**
	₱77,372,472	**₱48,947,019**	**₱23,147,800**	**₱18,019,622**	**₱21,185,412**	**₱358,000,730**	**₱546,673,055**
Financial Liabilities							
Deposit liabilities****	**261,334,116**	**39,745,420**	**13,894,855**	**3,201,122**	**5,516,825**	**6,223,742**	**329,916,080**
Bills and acceptances payable	**–**	**6,761,805**	**–**	**10,694**	**–**	**–**	**6,772,499**
Bonds payable	**–**	**14,135**	**3,708,014**	**–**	**–**	**–**	**3,722,149**
Subordinated debt	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Lease liability	**3,807,407**	**183,186**	**149,499**	**217,106**	**414,478**	**4,425,223**	**9,196,899**
Other liabilities	**–**	**–**	**–**	**–**	**9,569,763**	**3,613,110**	**13,182,873**
Contingent liabilities*****	**–**	**6,208,867**	**11,511,382**	**8,068,226**	**4,521,734**	**–**	**30,310,209**
	265,141,523	**52,913,413**	**29,263,750**	**11,497,148**	**20,022,800**	**14,262,075**	**393,100,709**

*Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA
**Consists of financial assets at FVTPL, investment securities at amortized cost, financial assets at FVTOCI and interest receivables from investment securities at amortized cost
***Consists of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts and other assets classified as financial assets
****Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities
***** Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

	Consolidated						
	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 cash equivalents*	₱85,887,825	₱17,518,984	₱–	₱–	₱–	₱–	₱103,406,809
Investments and trading securities**	–	12,265,206	10,490,666	1,704,237	1,375,689	61,627,544	87,463,342
Loans and receivables***	23,846,838	30,051,949	13,148,516	15,887,244	22,195,948	187,426,674	292,557,169
Other assets	3,698	118,445	1,013	–	–	315,210	438,366
	₱109,738,361	₱59,954,584	₱23,640,195	₱17,591,481	₱23,571,637	₱249,369,428	₱483,865,686
Financial Liabilities							
Deposit liabilities****	₱245,923,876	₱43,853,454	₱13,451,370	₱5,492,893	₱11,179,215	₱8,630,446	₱328,531,254
Bills and acceptances payable	–	–	–	–	–	–	–
Bonds payable	–	14,094	26,824	41,373	83,655	3,711,327	3,877,273
Subordinated debt	–	5,802	11,042	17,030	34,435	1,524,928	1,593,237
Lease liability	2,831,696	171,982	183,585	268,234	437,321	2,683,424	6,576,242
Other liabilities	–	–	–	–	4,526,168	41,029	4,567,197
Contingent liabilities*****	–	4,614,807	6,492,196	3,174,738	3,191,088	–	17,472,829
	₱248,755,572	₱48,660,139	₱20,165,017	₱8,994,268	₱19,451,882	₱16,591,154	₱362,618,032

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***** Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

	Parent Company						
	2022						
	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 cash equivalents*	**₱48,706,552**	**₱10,009,266**	**₱–**	**₱–**	**₱–**	**₱–**	**₱58,715,818**
Investments and trading securities**	**–**	**322,815**	**4,961,743**	**1,238,175**	**1,703,578**	**124,498,327**	**132,724,638**
Loans and receivables***	**27,408,511**	**38,915,929**	**17,819,290**	**16,115,485**	**17,884,622**	**206,880,630**	**325,024,467**
Other assets	**3,388**	**59,460**	**–**	**–**	**–**	**330,001**	**392,849**
	₱76,118,451	**₱49,307,470**	**₱22,781,033**	**₱17,353,660**	**₱19,588,200**	**₱331,708,958**	**₱516,857,772**
Financial Liabilities							
Deposit liabilities****	**₱246,201,977**	**₱39,745,420**	**₱13,894,855**	**₱3,201,122**	**₱5,516,825**	**₱6,223,742**	**₱314,783,941**
Bills and acceptances payable	**–**	**6,761,805**	**–**	**10,694**	**–**	**–**	**6,772,499**
Bonds Payable	**–**	**14,135**	**3,708,014**	**–**	**–**	**–**	**3,722,149**
Subordinated debt	**–**	**–**	**–**	**–**	**–**	**–**	**-**
Lease liability	**3,807,407**	**183,186**	**149,499**	**217,106**	**414,478**	**4,425,223**	**9,196,899**
Other liabilities	**–**	**–**	**–**	**–**	**8,364,829**	**3,421,497**	**11,786,326**
Contingent liabilities*****	**–**	**6,208,867**	**11,511,382**	**8,068,226**	**4,521,734**	**–**	**30,310,209**
	250,009,384	**52,913,413**	**29,263,750**	**11,497,148**	**18,817,866**	**14,070,462**	**376,572,023**

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***** Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

	Parent Company						
	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 cash equivalents*	₱85,364,394	₱17,518,984	₱–	₱–	₱–	₱–	₱102,883,378
Investments and trading securities**	–	12,255,723	10,472,617	1,676,399	1,319,402	59,254,342	84,978,483
Loans and receivables***	23,273,522	30,259,980	12,579,371	14,970,268	19,538,320	159,784,861	260,406,322
Other assets	2,935	118,445	1,013	–	–	309,242	431,635
	₱108,640,851	₱60,153,132	₱23,053,001	₱16,646,667	₱20,857,722	₱219,348,445	₱448,699,818
Financial Liabilities							
Deposit liabilities****	₱225,514,103	₱43,853,454	₱13,451,370	₱5,492,893	₱11,179,215	₱8,630,446	₱308,121,481
Bills and acceptances payable	–	–	–	–	–	–	–
Bonds Payable	–	14,094	26,824	41,373	83,655	3,711,327	3,877,273
Subordinated debt	–	–	–	–	–	–	–
Lease liability	2,831,696	162,941	165,800	241,554	385,453	2,431,223	6,218,667
Other liabilities	–	–	–	–	4,097,451	41,029	4,138,480
Contingent liabilities*****	**-**	**4,614,807**	**6,492,196**	**3,174,738**	**3,191,088**	–	**17,472,829**
	₱228,345,799	**₱48,645,296**	**₱20,136,190**	**₱8,950,558**	**₱18,936,862**	**₱14,814,025**	**₱339,828,730**

* Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA
** Consists of financial assets at FVTPL, investment securities at amortized cost, financial assets at FVTOCI and interest receivables from investment securities at amortized cost
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**** Consists of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities
******* Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

The Parent Company manages liquidity by maintaining sufficient liquid assets in the form of cash and cash equivalents, investment securities and loan receivables. As of December 31, 2022, and 2021, ₱118.14 billion (36.35%) and ₱100.62 billion (38.64%) respectively, of the Parent Company's loans and receivables (including interest) had remaining maturities of less than one (1) year. The total portfolio of trading and investment securities is comprised mostly of sovereign-issued securities that have high market liquidity. With the above presented liquidity profile, the Group remains to be inhibited from liquidity risk that it cannot adequately manage.

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 rates, foreign exchange rates, and equity prices. The Parent Company treats exposures to market risk as either for trading or accrual or balance sheet exposure. The market risk for the trading portfolio is measured using Value at Risk (VaR). Interest rate risk of accrual portfolios in the Banking Book are measured using Earnings at Risk (EaR).

Market risk in the trading book

The BOD has set limits on the level of market risk that may be accepted. VaR limits are applied at the instrument level and approved by the BOD based on, among other things, a business unit's capacity to manage price risks, the size and distribution of the aggregate exposure to price risks and the expected return relative to price risks.

The Parent Company applies the VaR methodology to assess the market sensitive positions held for trading and to estimate the potential economic loss based on parameters and assumptions. VaR is a method used in measuring market 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.

Objectives and limitations of the VaR Methodology
The Parent Company utilizes the VaR models of Bloomberg Portfolio Analytics based on one-year historical data set to assess possible changes in the market value of the fixed income and equities trading portfolio. Meanwhile, VaR estimates for the US treasury futures and foreign exchange contracts are computed using internally developed Excel spreadsheets, utilizing historical simulation and parametric approach, respectively.

The VaR models are designed to measure market risk in a normal market environment. Hence, it should be complemented by stress testing which simulates the potential loss impact on market risk positions assuming extreme market conditions, such as risk factor movements based on historical financial market stress conditions and scenarios adopted from the uniform stress testing framework of the BSP.

Other limitations of VaR include the use of correlations and volatilities in market prices derived based on historical data and thus, may not clearly predict the future changes or modifications of the risk factors not yet observed in the past. Furthermore, parametric and Monte Carlo VaR assume that future price movements will follow a statistical distribution which may not be true. As a result, the probability of large market moves may be underestimated. VaR may also be under or overestimated due to assumptions placed on risk factors and the relationship between such factors for specific instruments.

Finally, even though trading positions change throughout the day, VaR is only computed based on the portfolio at the close of each business day, and hence, it does not account for any losses that may occur during the day.

In practice, actual trading gains or losses will differ from those estimated by the VaR model. To ascertain the continued reliability of the VaR estimates, hypothetical and actual backtesting are done where the former serves as the primary basis for the model performance assessment.

VaR assumptions
The VaR that the Parent Company uses for majority of its trading exposures is at 99% confidence level, while FX uses a confidence level of 90% with a premise that this potential loss estimate is not expected to be exceeded if the current market risk positions were to be held unchanged for a given holding period. Foreign exchange and US Treasury Futures VaR is measured using one (1) day holding period while fixed income VaR has a holding period of five (5) days. The use of a 99% confidence level means that within the set time horizon, losses exceeding the VaR figure should occur, on average, not more than once every hundred days.

VaR is an integral part of the Parent Company's market risk management and encompasses investment positions held for trading. VaR exposures form part of the market risk monitoring which is reviewed daily against the limit approved by the BOD. The trading activities are controlled through the Market Risk Limit (MRL), which is a dynamic risk limit anchored on the principle of risk and return which is adjusted by net trading gains (added in half) or losses subtracted in whole. RMD reports compliance to the MRL and trader's VaR limits daily. If the MRL or individual trader's limit is exceeded, such occurrence is promptly reported to the Treasurer, President, Chief Risk Officer and the Chief Executive Officer, and further to the BOD through the RMC.

The table below pertains to interest rate risk of the Parent Company's fixed income trading portfolio:

	2022	2021
Year-end VaR	**₱60,302**	₱129,284
Average VaR	**81,430**	348,949
Highest VaR	**168,303**	713,226
Lowest VaR	**48,199**	128,870

The year-end VaR for 2022 was based on the Parent Company's fixed income trading book valued at ₱1.17 billion with average yields of 5.01% and 7.16% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 7 years and 10 months for the peso portfolio and 27 years and 1 month for the foreign currency portfolio.

The year-end VaR for 2021 was based on the Parent Company's fixed income trading book valued at ₱3.82 billion with average yields of 3.56% and 2.56% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 5 years and 9 months for the peso portfolio and 14 years and 6 months for the foreign currency portfolio.

The market risk in the Parent Company's US treasury futures trading positions is shown in the table below:

	2022	2021
Year-end VaR	**₱–**	₱–
Average VaR	**2,938**	9,734
Highest VaR	**27,691**	41,236
Lowest VaR	**–**	2,251

The interest rate risk in the Parent Company's FX forwards positions is shown in the table below:

	2022	2021
Year-end VaR	**₱3,064**	₱3,842
Average VaR	**7,403**	5,192
Highest VaR	**17,698**	14,290

Foreign Currency Risk
The Parent Company holds foreign currency denominated assets and liabilities, thus, foreign exchange rate fluctuations can affect the financials and cash flows of the Parent Company. Managing the foreign exchange exposure is important for banks with exposures in foreign currencies. For the Parent Company, this includes purchase or sell of foreign currency to control the impact of changes in exchange rates on its financial position.

The table below pertains to the foreign exchange risk of the Parent Company:

	2022	2021
Year-end VaR	**₱11,832**	₱15,836
Average VaR	**21,991**	22,419
Highest VaR	**56,921**	36,924
Lowest VaR	**4,504**	3,206

The Parent Company's foreign currency exposures emanate from its net open spot and forward FX purchase and sell transactions and net foreign currency income accumulated over the years of its operations. Foreign currency-denominated deposits are generally used to fund the Parent Company's foreign currency-denominated loan and investment portfolios in the FCDU.

In the FCDU books, BSP requires banks to match the foreign currency assets with the foreign currency liabilities. Thus, banks are required to maintain at all times a 100.00% cover for their foreign currency liabilities held through FCDU.

Total foreign currency position is monitored through the daily BSP FX position reports, which are subject to the overbought and oversold limits set by the BSP at 25.00% of unimpaired capital or US$150.00 million, whichever is lower. Internal limits regarding the intraday trading and end-of-day trading positions in FX, which consider the trading desk and the branch FX transactions, are also monitored.

The tables below summarize the exposure to foreign currencies of the Parent Company as of December 31, 2022 and 2021:

	2022					
	USD	**CNY**	**EUR**	**JPY**	**Other Currencies***	**Total**
Assets						
Gross FX assets	**$1,050,415**	**$26,377**	**$150,028**	**$8,390**	**$16,206**	**$1,251,416**
Contingent FX assets	**216,232**	**2,899**	**–**	**–**	**–**	**$219,131**
	1,266,647	**29,276**	**150,028**	**8,390**	**16,206**	**1,470,547**
Liabilities						
Gross FX liabilities	**1,071,118**	**26,827**	**12,624**	**9,219**	**16,764**	**$1,136,552**
Contingent FX liabilities	**249,569**	**706**	**138,669**	**–**	**–**	**$388,944**
	1,320,687	**27,533**	**151,293**	**9,219**	**16,764**	**1,525,496**
Net exposure	**($54,040)**	**$1,743**	**($1,265)**	**($829)**	**($558)**	**($54,949)**

**Other currencies include GBP, HKD, AUD, NZD and SGD.*

	2021					
	USD	SGD	JPY	EUR	Other **Currencies***	Total
Assets						
Gross FX assets	$894,734	$18,009	$184,365	$5,099	$92,027	$1,194,234
Contingent FX assets	408,834	–	91040	–	–	$499,874
	1,303,568	18,009	275,405	5,099	92,027	1,694,108
Liabilities						
Gross FX liabilities	990,057	21,269	10,363	6,275	10,625	$1,038,589
Contingent FX liabilities	327,552	–	267,430	–	83410	$678,392
	1,317,609	21,269	277,793	6,275	94,035	1,716,981
Net exposure	($14,041)	($3,260)	($2,388)	($1,176)	($2,008)	($22,873)

**Other currencies include GBP, HKD, AUD, CNY and NZD.*

The Parent Company's positions in other currencies are not individually significant.

The tables below indicate the sensitivity of the currencies which the Parent Company had significant exposures as of December 31, 2022 and 2021:

Foreign currency appreciates	**2022**			
(depreciates)	**USD**	**CNY**	**EUR**	**JPY**
10.00%	(₱301,298)	₱9,720	(₱7,050)	(₱4,622)
-10.00%	₱301,298	(₱9,720)	₱7,050	₱4,622

Foreign currency appreciates	**2021**			
(depreciates)	**USD**	**CNY**	**EUR**	**JPY**
10.00%	(₱71,610)	(₱16,628)	(₱12,175)	(₱5,993)
-10.00%	₱71,610	₱16,628	₱12,175	₱5,993

The analysis calculates the effect of a reasonably possible movement of the foreign currency rate against Peso, with all other variables held constant, on the statements of income and equity. A negative amount reflects a potential net reduction in statements of income and equity while a positive amount reflects a net potential increase. The Parent Company manages FX exposures that both impact the statements of income and equity.

Market Risk Weighting

The table below shows the different market risk-weighted assets of the Parent Company using the standardized approach which is based on the standard weight per segment or asset class:

Type of Market Risk Exposure	**2022**	2021
Interest rate exposures	**₱1,614,511**	₱3,834,493
Foreign exchange exposures	**3,163,629**	1,166,421
	₱4,778,140	₱5,000,914

Only the Parent Company has a trading book portfolio.

Market Risk in the Banking Book

Interest rate risk

Interest rate risk in the banking book (IRRBB) is inherent in the Groups' traditional banking activities that include taking deposits to invest or grant loans. The future cash flows from these activities are exposed to variations in interest rates, largely from mismatch in tenors and prices. The Bank employs two perspectives in measuring IRRBB a) through economic perspective with Change in Economic Value of Equity (EVE) and b) through earnings perspective with Earnings-at-Risk (EaR) and VaR specifically for fixed income instruments categorized as fair value through other comprehensive income (FVOCI). EVE is an economic measure or indicator of net cash flow calculated by taking the present value of all asset cash flows and subtracts the present value of all liability cash flows. It is the net present value (NPV) or prevailing value of the Bank's balance sheet cash flows. With the use of EVE, impact to equity may be determined by subjecting the Bank's balance sheet cashflows to shocked rates. Such measure can be used for asset-liability management and in determining the impact of interest rate risk relative to equity. Respectively, EaR measures the net interest income movement due to changes in prevailing interest rates and the balance sheet re-pricing profile of the Group. The EaR limit is set as a function of the Group's net interest margin (NIM). The EaR limit preserves the Group's capital and competitive position by restricting the impact of interest rate sensitivities to NIM within the corridor of above average and within the first quartile of its peer banks. In measuring EaR, the Group's interest re-pricing assets and liabilities are matched by re-pricing (or maturity if non-repricing) buckets covering tenors within a one-year horizon, and corresponding gaps determined. If positive gap is noted, it implies that an increase in interest rates will positively affect the net interest income. Conversely, a negative gap implies that an increase in interest rates will negatively affect the net interest income. The estimated nominal impact to the Bank's earnings is derived by multiplying the volatility of benchmark yields for each tenor bucket to the repricing gap profile. The result is compared vis-a-vis EaR limit to monitor the compliance with the limit and is reported to the RMC on a monthly basis. Additionally, EaR limit is reviewed and updated annually to ensure its continued relevance and alignment with the Group's financial targets, strategies, and overall risk appetite.

To complement EaR and provide Management a more holistic view, the Group performs forward looking scenario and sensitivity analysis as well as stress testing activities to identify any vulnerabilities. The Bank employs three (3) methodologies in the conduct of stress testing a) economic/historical stress test which assumes a parallel shift in interest yield curves of 660.00 basis points for PhP-denominated assets and liabilities and 270.00 basis points for USD-denominated, b) uniform stress test, a regulatory-prescribed stress test, has three (3) scenarios with assumed parallel shift in interest rates for both PhP (from 300.00 bps to 500.00 bps) and USD (from 100.00 bps to 300.00 bps), c) reverse stress test, which primarily measures the highest swing in interest rates that can potentially wipe out the Banks targeted net income and net interest income.

In April 2021, the Bank employed the Value-at-Risk (VaR) measurement for debt instruments categorized as fair value through other comprehensive income (FVOCI) to manage the potential threat of market fluctuation to its earnings and capital. Fixed income instruments at FVOCI are assets whose objective fall under both to collect contractual cash flows and/or sell the assets. Since fair value changes from items booked at FVOCI directly impact the equity, it is prudent to monitor and manage said risk where capital stability is sustained.

All IRRBB reports are also presented to the ALCO. The ALCO deliberates on matters pertaining to the management of the Bank's assets and liabilities, such as achieving optimum asset and liability mix, pricing, liquidity levels, repricing gap positions, and asset quality. The Bank's ALCO meets on a weekly basis.

The Bank manages its IRRBB through effective diversification of funding sources. By offering various deposit, investment and loan products with differing maturities, the Bank is able to meet its short, medium and long-term obligations, optimize returns, and provide options that cater to differing preferences of its target market. The Bank's target funding mix is aligned with the Bank's overall growth plans. While the Bank mainly manages IRRBB through careful planning of its cashflows, it also has access to various derivative products that provide flexibility in responding to more abrupt market developments.

The following tables provide the average interest rates by period of re-pricing (or by period of maturity if there is no re-pricing) of the Group as of December 31, 2022 and 2021:

	2022				
	Up to 1 month	**>1 month to 3 months**	**>3 months to 6 months**	**>6 months to 12 moths**	**>12 months**
RBU					
Financial assets:					
Cash and cash equivalents*	**4.51%**	–	–	–	–
Investment securities**	**4.90%**	–	–	–	**4.96%**
Loans and receivables	**6.12%**	**6.60%**	**10.87%**	**11.51%**	**10.69%**
Financial liabilities:					
Deposit liabilities	**3.45%**	**3.98%**	**4.35%**	**3.20%**	**2.79%**
Bills payable and SSURA	–	–	–	–	–
Bonds payable	–	–	–	–	**4.50%**
Subordinated debt	–	–	–	–	–
FCDU					
Financial assets:					
Cash and cash equivalents*	**0.81%**	–	–	–	–
Investment securities**	**5.67%**	**0.51%**	–	–	**4.11%**
Loans and receivables	**4.78%**	**4.06%**	**5.37%**	**4.86%**	**7.52%**
Financial liabilities:					
Deposit liabilities	**2.78%**	**2.92%**	**2.84%**	**2.04%**	**2.70%**
Bills payable and SSURA	**4.84%**	–	–	–	–

**Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA*
***Pertain to financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost*

	2021				
	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 moths	>12 months
RBU					
Financial assets:					
Cash and cash equivalents*	1.83%	–	–	–	–
Investment securities**	1.13%	–	–	–	4.91%
Loans and receivables	5.21%	6.17%	7.30%	8.58%	11.54%
Financial liabilities:					
Deposit liabilities	0.45%	0.66%	0.71%	3.86%	0.89%
Bills payable and SSURA	–	–	–	–	–
Bonds payable	–	–	–	–	4.50%
Subordinated debt	–	–	–	–	5.50%
FCDU					
Financial assets:					
Cash and cash equivalents*	0.01%	–	–	–	–
Investment securities**	0.93%	–	5.76%	5.13%	2.97%
Loans and receivables	2.78%	2.41%	3.79%	-	7.52%
Financial liabilities:					
Deposit liabilities	0.49%	0.63%	0.53%	0.72%	2.67%
Bills payable and SSURA	–	–	–	–	–

**Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA*
***Pertain to financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost*

The following tables provide the average interest rates by period of re-pricing (or by period of maturity if there is no re-pricing) of the Parent Company as of December 31, 2022 and 2021:

	2022				
	Up to 1 month	**>1 month to 3 months**	**>3 months to 6 months**	**>6 months to 12 moths**	**>12 months**
RBU					
Financial assets:					
Cash and cash equivalents*	**5.50%**	–	–	–	–
Investment securities**	**4.90%**	–	–	–	**4.96%**
Loans and receivables	**6.12%**	**6.59%**	**11.31%**	**12.46%**	**12.19%**
Financial liabilities:					
Deposit liabilities	**3.83%**	**3.92%**	**4.35%**	**3.20%**	**1.14%**
Bills payable and SSURA	–	–	–	–	–
Bonds payable	–	–	–	–	**4.50%**
Subordinated debt	–	–	–	–	–
FCDU					
Financial assets:					
Cash and cash equivalents*	**0.81%**	–	–	–	–
Investment securities**	**5.67%**	**0.51%**	–	–	**4.11%**
Loans and receivables	**4.78%**	**4.06%**	**5.37%**	**4.86%**	**7.52%**
Financial liabilities:					
Deposit liabilities	**2.78%**	**2.92%**	**2.84%**	**2.04%**	**2.70%**
Bills payable and SSURA	**4.84%**	–	–	–	–

**Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA*
***Pertain to financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost*

	2021				
	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 moths	>12 months
RBU					
Financial assets:					
Cash and cash equivalents*	1.90%	–	–	–	–
Investment securities**	1.13%	–	–	–	4.91%
Loans and receivables	5.21%	6.16%	7.30%	8.72%	12.75%
Financial liabilities:					
Deposit liabilities	0.51%	0.64%	0.71%	3.86%	4.44%
Bills payable and SSURA	–	–	–	–	–
Bonds payable	–	–	–	–	4.50%
Subordinated debt	–	–	–	–	–
FCDU					
Financial assets:					
Cash and cash equivalents*	0.01%	–	–	–	–
Investment securities**	0.93%	–	5.76%	5.13%	2.97%
Loans and receivables	2.78%	2.41%	3.79%	–	7.52%
Financial liabilities:					
Deposit liabilities	0.49%	0.63%	0.53%	0.72%	2.67%
Bills payable and SSURA	–	–	–	–	–

**Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA*
***Pertain to financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost*

The following tables set forth the interest rate re-pricing gap of the Group as of December 31, 2022 and 2021:

	2022					
	Up to 1 month	**> 1 to 3 months**	**> 3 to 6 months**	**>6 to 12 months**	**>12 months**	**Total**
Financial assets:						
Cash and cash equivalents	**₱10,009,266**	**–**	**–**	**–**	**–**	**₱10,009,266**
Investment securities	**18,396,545**	**476,417**	**–**	**–**	**63,312,243**	**82,185,205**
Loans and receivables	**28,491,083**	**20,872,326**	**16,133,321**	**23,233,963**	**109,484,059**	**198,214,752**
Contingent assets*	**40,822**	**24,025**	**-**	**-**	**-**	**64,847**
Total financial assets	**56,937,716**	**21,372,768**	**16,133,321**	**23,233,963**	**172,796,302**	**290,474,070**
Financial liabilities:						
Deposit liabilities	**88,756,021**	**8,628,164**	**4,847,751**	**85,205,679**	**5,642,033**	**193,079,648**
Bills payable and SSURA	**6,705,236**	**–**	**–**	**–**	**–**	**6,705,236**
Bonds Payable	**–**	**3,698,439**	**–**	**–**	**–**	**3,698,439**
Subordinated debt	**–**	**-**	**–**	**–**	**–**	**-**
Other Liabilities	**–**	**14,602**	**–**	**–**	**–**	**14,602**
Contingent liabilities**	**–**	**-**	**–**	**–**	**–**	**-**
Total financial liabilities	**95,461,257**	**12,341,205**	**4,847,751**	**85,205,679**	**5,642,033**	**203,497,925**
Asset-liability gap	**(₱38,523,541)**	**₱9,031,563**	**₱11,285,570**	**(₱61,971,716)**	**₱167,154,269**	**₱86,976,145**

** Consist of Foreign Currency Swap and Forward Exchange*
***Consist of Foreign Currency Swap and Forward Exchange*

	2021					
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	Total
Financial assets:						
Cash and cash equivalents	₱41,518,984	–	–	–	–	₱41,518,984
Investment securities	31,481,040	–	798,375	–	34,382,282	66,661,697
Loans and receivables	21,893,935	16,775,720	16,844,549	24,194,730	75,842,360	155,551,294
Contingent assets*	163,670	31,767	–	–	–	195,437
Total financial assets	95,057,629	16,807,487	17,642,924	24,194,730	110,224,642	263,927,412
Financial liabilities:						
Deposit liabilities	96,011,514	13,989,685	5,431,343	91,688,660	8,133,027	215,254,229
Bills payable and SSURA	–	–	–	–	–	–
Bonds Payable					3,687,686	3,687,686
Subordinated debt	–	–	–	–	1,250,000	1,250,000
Other Liabilities	–	–	–	–	14,602	14,602
Contingent liabilities**	–	–	–	–	–	–
Total financial liabilities	96,011,514	13,989,685	5,431,343	91,688,660	13,085,315	220,206,517
Asset-liability gap	(₱953,885)	₱2,817,802	₱12,211,581	(₱67,493,930)	₱97,139,327	₱43,720,895

**Consist of Foreign Currency Swap and Forward Exchange*
***Consist of Foreign Currency Swap and Forward Exchange*

The following tables set forth the interest rate re-pricing gap of the Parent Company as of December 31, 2022 and 2021:

	2022					
	Up to 1 month	**> 1 to 3 months**	**> 3 to 6 months**	**>6 to 12 months**	**>12 months**	**Total**
Financial assets:						
Cash and cash equivalents	**₱10,009,266**	**₱–**	**₱–**	**₱–**	**₱–**	**₱10,009,266**
Investment securities	**18,396,545**	**476,417**	**–**	**–**	**61,673,155**	**80,546,117**
Loans and receivables	**28,015,175**	**19,984,313**	**14,884,659**	**21,046,052**	**95,234,507**	**179,164,706**
Contingent assets*	**40,822**	**24,025**	**–**	**–**	**–**	**64,847**
Total financial assets	**56,461,808**	**20,484,755**	**14,884,659**	**21,046,052**	**156,907,662**	**269,784,936**
Financial liabilities:						
Deposit liabilities	**88,756,021**	**8,628,164**	**4,847,751**	**85,205,679**	**5,642,033**	**193,079,648**
Bills payable and SSURA	**6,705,236**	**–**	**–**	**–**	**–**	**6,705,236**
Bonds payable	**–**	**3,698,439**	**–**	**–**	**–**	**3,698,439**
Subordinated debt	**–**	**–**	**–**	**–**	**–**	**–**
Other Liabilities	**–**	**14,602**	**–**	**–**	**–**	**14,602**
Contingent liabilities**	**–**	**–**	**–**	**–**	**–**	**–**
Total financial liabilities	**95,461,257**	**12,341,205**	**4,847,751**	**85,205,679**	**5,642,033**	**203,497,925**
Asset-liability gap	**(₱38,999,449)**	**₱8,143,550**	**₱10,036,908**	**(₱64,159,627)**	**₱151,265,629**	**₱66,287,011**

**Consist of Foreign Currency Swap and Forward Exchange*
***Consist of Foreign Currency Swap and Forward Exchange*

	2021					
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	Total
Financial assets:						
Cash and cash equivalents	₱41,518,984	₱–	₱–	₱–	₱–	₱41,518,984
Investment securities	31,481,040	–	798,375	–	32,704,074	64,983,489
Loans and receivables	20,988,464	14,976,673	14,175,989	19,043,082	62,515,573	131,699,781
Contingent assets*	163,670	31,767	–	–	–	195,437
Total financial assets	94,152,158	15,008,440	14,974,364	19,043,082	95,219,647	238,397,691
Financial liabilities:						
Deposit liabilities	79,029,895	13,409,736	5,420,998	91,684,875	8,133,027	197,678,531
Bills payable and SSURA	–	–	–	–	–	–
Bonds payable					3,687,686	3,687,686
Subordinated debt	–	–	–	–	–	–
Other Liabilities	–	–	–	–	14,602	14,602
Contingent liabilities**	–	–	–	–	–	–
Total financial liabilities	79,029,895	13,409,736	5,420,998	91,684,875	11,835,315	201,380,819
Asset-liability gap	₱15,122,263	₱1,598,704	₱9,553,366	(₱72,641,793)	₱83,384,332	₱37,016,872

*** Consist of Foreign Currency Swap and Forward Exchange
****Consist of Foreign Currency Swap and Forward Exchange

The Group also monitors its exposure to fluctuations in interest rates by using scenario analysis to estimate the impact of interest rate movements on its interest income. This is done by modeling the impact to the Group's interest income and interest expenses of different parallel changes in the interest rate curve, assuming the parallel change only occurs once and the interest rate curve after the parallel change does not change again for the next twelve months.

The following table sets forth, for the period indicated, the impact of changes in interest rates on the Group's non-trading net interest income. There is no other impact on the Group's equity other than those already affecting the statements of income.

Change in basis points	2022	2021
+100.00 bps	**(₱378,315)**	(₱78,072)
-100.00 bps	**378,315**	78,072

The following table sets forth, for the period indicated, the impact of changes in interest rates on the Parent Company's non-trading net interest income. There is no other impact on the Parent Company's equity other than those already affecting the statements of income.

Change in basis points	2022	2021
+100.00 bps	**(₱403,550)**	₱36,348
-100.00 bps	**403,550**	(36,348)

Change in Economic Value of Equity (Δ EVE)
In April 2021, the Bank employed change in EVE Model to measure the net present value (NPV) or prevailing value of the Bank's balance sheet cash flows at different interest rate shocks and stress scenarios. Δ EVE is calculated by deducting the Base EVE which is the NPV of the Bank's balance sheet cashflows using the effective yield per contract from Shock EVE which is calculated using the BSP prescribed parallel shift in interest rates and the existing economic stress scenario as well as scenarios internally developed by the Parent Company.

Considering the various prescribed interest rate shift scenarios, the Group's ΔEVE observed ranges from ₱4 billion to ₱22 billion and from ₱3.9 billion to ₱21.79 billion reduction in capital in 2022 and 2021, respectively. The Group's ΔEVE, under the worst interest rate shift scenario, stands at ₱16 billion reduction or 24% markdown in capital as of December 31, 2022 and at ₱19.09 billion reduction or 29% markdown in capital as of December 31, 2021.

Operational Risk
Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal, compliance and reputational risks but excludes strategic risk.

Adopting the Basic Indicator Approach below, where computation is based on a percentage (in accordance with BSP-prescribed capital charge) of the average gross income for the past three years, it shows the total operational risk-weighted assets of the Group and Parent Company.

	2022	2021
Group	**₱70,780,936**	₱70,435,381
Parent Company	**65,101,904**	65,769,543

Other Risk Exposures
Group risk exposures other than credit, market, liquidity and operational, while existent, are deemed insignificant relative to the mentioned risks and if taken in isolation. Hence, management of these risks are instead collectively performed and made an integral part of the Group's internal capital adequacy assessment process (ICAAP) and enterprise risk management initiatives.

5. Fair Value Measurement

The Group has assets and liabilities in the consolidated and Parent Company statements of financial position that are measured at fair value on a recurring and non-recurring basis after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized on the statements of financial position at the end of the year. These include financial assets and liabilities at FVTPL and Financial assets at FVTOCI.

The methods and assumptions used by the Group in estimating the fair values of the financial instruments are:

Cash and other cash items, due from BSP and other banks, Interbank loans receivables and SPURA and accrued interest receivables – The carrying amounts approximate their fair values in view of the relatively short-term maturities of these instruments.

Debt securities - Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using the discounted cash flow methodology.

Equity securities - Fair values of quoted equity securities are based on quoted market prices.

Derivative instruments (presented as other financial assets and liabilities in 'Other assets' and 'Other liabilities') - Fair values of derivative instruments, mainly currency forwards and swaps and interest rate swaps, are valued using a valuation technique using market observable inputs. The valuation technique applied includes forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, yield curves of the respective currencies and interest rate curves prevailing at the statement of financial position date. For futures, these are valued considering the prevailing futures prices on the exchange as of the statement of financial position date.

Receivable from customers and unquoted debt securities classified as loans - Fair values of loans and receivables are estimated using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of loans and receivables.

Accounts receivable, sales contract receivable and other financial assets included in other assets – quoted market prices are not readily available for these assets. These are reported at cost and are not significant in relation to the Group's total portfolio of securities

Investment properties – Fair value of investment properties are determined by independent or in-house appraisers using the market data approach. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made, and comparability of similar properties sold with the property being valued. Significant unobservable inputs in determining fair values include the following:

- **Location**: Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
- **Size**: Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
- **Time element**: An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time, in which case, the current data is superior to historic data.
- **Discount**: Generally, asking prices in advertisements posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Deposit liabilities (demand, savings and time) – For demand and savings deposit, carrying amounts approximate fair values considering that these are due and demandable. Fair value of time deposit liabilities is estimated using the discounted cash flow methodology using the Group's incremental borrowing rates for similar borrowing with maturities consistent with those for the liabilities being valued.

LTNCDs and subordinated debt - Fair values of LTNCD and subordinated debt are estimated using adjusted quoted market prices of comparable investments. The adjustments on market quoted prices are unobservable inputs.

Bonds Payable – Fair value of Bonds Payable are measured using the Present Value (PV) of the computed cash flows by the PV factor.

Lease Liabilities – Fair value of lease liabilities are measured using the Bloomberg valuation (Bval) rate as of the reporting period plus the spread which is the derived difference between the actual market rate and the Bval rate.

Bills and acceptances payable, cashier's checks and demand draft payable – Carrying amounts approximate fair values due to the short-term nature of the accounts.

Other financial liabilities included in 'Other liabilities' – Quoted market prices are not readily available for these liabilities. These are reported at cost and are not significant in relation to the Group's total portfolio.

The following tables provide the fair value hierarchy of the Group's and of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	Consolidated				
	2022				
		Fair Value			
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL:					
Government securities	**₱1,903,956**	**₱1,903,956**	**₱1,903,956**	**₱–**	**₱–**
Private bonds	**44,011**	**44,011**	**44,011**	–	–
Equity securities	**10,343**	**10,343**	**10,343**	–	–
	1,958,310	**1,958,310**	**1,958,310**	–	–
Derivative assets*	**18,750**	**18,750**	–	**18,750**	-
Financial assets at FVTOCI:					
Government securities	**10,220,132**	**10,220,132**	**10,220,132**	–	–
Private bonds	**6,511,186**	**6,511,186**	**6,511,186**	–	–
Equity Securties	**15,068**	**15,068**	**15,068**	–	–
	16,746,386	**16,746,386**	**16,746,386**	–	–
	18,723,446	**18,723,446**	**18,704,696**	**18,750**	–
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	**59,942,557**	**59,953,107**	**59,953,107**	–	–
Private bonds	**3,603,634**	**3,604,364**	**3,604,364**	–	–
	63,546,191	**63,557,471**	**63,557,471**	–	–
Loans and receivables					
Receivable from customers:					
Corporate lending	**66,545,827**	**67,875,565**	–	–	**67,875,565**
Consumer lending	**181,408,629**	**199,950,590**	–	–	**199,950,590**
Other receivables	**10,134,620**	**11,587,411**	–	–	**11,587,411**
	258,089,076	**279,413,566**	–	–	**279,413,566**
Other financial assets*	**486,871**	**486,871**	–	–	**486,871**
Non-financial assets					
Investment properties	**840,242**	**2,221,628**	–	–	**2,221,628**
	₱341,685,826	**₱364,402,982**	**₱82,262,167**	**₱18,750**	**₱282,122,065**
Financial liabilities					
Derivative liabilities**	**₱107,835**	**₱107,835**	**₱–**	**₱107,835**	**₱–**
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Demand	**124,767,617**	**124,767,617**	–	–	**124,767,617**
Savings	**136,126,924**	**136,126,924**	–	–	**136,126,924**
Time	**65,824,377**	**65,750,292**	–	–	**65,750,292**
LTNCD	**2,447,204**	**4,888,686**	–	–	**4,888,686**
	₱329,166,122	**₱331,533,519**	–	–	**₱331,533,519**
Lease liability	**4,376,310**	**4,163,693**	–	–	**4,163,693**
Accrued interest payable	**293,743**	**293,743**	–	–	**293,743**
Other financial liabilities	**8,696,093**	**8,696,093**	–	–	**8,696,093**
Bills and acceptances payable and SSURA	**6,761,456**	**6,761,456**	–	–	**6,761,456**
Bonds payable	**3,698,439**	**3,698,439**	–	–	**3,698,439**
	₱353,099,998	**₱355,254,778**	**₱–**	**₱107,835**	**₱355,146,943**

	Consolidated 2021				
		Fair Value			
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL:					
Government securities	₱4,006,261	₱4,006,261	₱4,006,261	₱ –	₱–
Private bonds	40,257	40,257	40,257	–	–
Equity securities	10,333	10,333	10,333	–	–
	4,056,851	4,056,851	4,056,851	–	–
Derivative assets*	15,407	15,407	–	15,407	–
Financial assets at FVTOCI:					
Government securities	33,771,291	33,771,291	33,771,291	–	–
Private bonds	7,889,276	7,889,276	7,889,276	–	–
Equity Securties	1	1	1	–	–
	41,660,568	41,660,568	41,660,568	–	–
	45,732,826	45,732,826	45,717,419	15,407	
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	₱18,976,453	₱18,987,980	₱18,987,980	₱–	₱–
Private bonds	1,838,929	1,839,022	1,839,022	–	–
	20,815,382	20,827,002	20,827,002	–	–
Loans and receivables					
Receivable from customers:					
Corporate lending	58,846,591	61,776,194	–	–	61,776,194
Consumer lending	145,922,140	176,353,593	–	–	176,353,593
Other receivables	8,793,855	10,371,844			10,371,844
	213,562,586	248,501,631	–	–	248,501,631
Other financial assets	486,322	486,322	–	–	486,322
Non-financial assets					
Investment properties	927,988	2,051,873	–	–	2,051,873
	₱281,525,104	₱317,599,654	₱66,544,421	₱15,407	₱251,039,826
Financial liabilities					
Derivative liabilities**	₱212,691	₱212,691	₱–	₱212,691	₱–
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Demand	120,321,094	120,321,094	–	–	120,321,094
Savings	124,667,522	124,667,522	–	–	124,667,522
Time	69,420,051	69,538,087	–	–	69,538,087
LTNCD	12,436,238	15,203,855	–	–	15,203,855
	326,844,905	329,730,558	–	–	329,730,558
Lease liability	3,106,320	3,225,162	–	–	3,225,162
Accrued interest payable	138,592	138,592	–	–	138,592
Other financial liabilities	4,354,505	4,354,505	–	–	4,354,505
Bills and acceptances payable and SSURA	98,150	98,150	–	–	98,150
Bonds payable	3,687,686	3,687,686	–	–	3,687,686
Subordinated debt	1,241,964	1,322,667	–	–	1,322,667
	₱339,472,122	₱342,557,320	₱–	₱212,691	₱342,557,320

Presented under 'Other Assets'

***Presented under 'Other Liabilities'*

	Parent Company				
	2022				
		Fair Value			
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL:					
Government securities	**₱1,903,956**	**₱1,903,956**	**₱1,903,956**	–	–
Private bonds	**44,011**	**44,011**	**44,011**	–	–
Equity securities	**10,343**	**10,343**	**10,343**	–	–
	1,958,310	**1,958,310**	**1,958,310**	–	–
Derivative assets*	**18,750**	**18,750**	–	**18,750**	–
Financial assets at FVTOCI:					
Government securities	**10,220,132**	**10,220,132**	**10,220,132**	–	–
Private bonds	**6,511,186**	**6,511,186**	**6,511,186**	–	–
Equity securities	**15,068**	**15,068**	**15,068**	–	–
	16,746,386	**16,746,386**	**16,746,386**	–	–
	₱18,723,446	**₱18,723,446**	**₱18,704,696**	**₱18,750**	–
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	**₱58,303,469**	**₱58,314,019**	**₱58,314,019**	–	–
Private bonds	**3,603,634**	**3,604,364**	**3,604,364**	–	–
	61,907,103	**61,918,383**	**61,918,383**	–	–
Loans and receivables					
Receivable from customers:					
Corporate lending	**66,529,470**	**67,808,852**	–	–	**67,808,852**
Consumer lending	**161,982,636**	**180,099,001**	–	–	**180,099,001**
Other receivables	**9,926,368**	**11,338,023**	–	–	**11,338,023**
	238,438,474	**259,245,876**	**-**	**-**	**259,245,876**
Other financial assets*	**461,783**	**461,783**	–	–	**461,783**
Non-financial assets					
Investment properties	**839,545**	**2,220,637**	–	–	**2,220,637**
	₱320,370,351	**₱342,570,125**	**₱80,623,079**	**₱18,750**	**₱261,928,296**
Liabilities measured at fair value					
Financial liabilities					
Derivative liabilities**	**₱107,835**	**₱107,835**	**-**	**₱107,835**	**-**
Liabilities for which **fair values are disclosed**					
Financial liabilities					
Deposit liabilities					
Demand	**125,486,700**	**125,486,700**	–	–	**125,486,700**
Savings	**120,275,702**	**120,275,702**	–	–	**120,275,702**
Time	**65,824,377**	**65,750,292**	–	–	**65,750,292**
LTNCD	**2,447,204**	**4,888,686**	–	–	**4,888,686**
	314,033,983	**316,401,380**	–	–	**316,401,380**
Lease liability	**4,107,058**	**3,897,427**	–	–	**3,897,427**
Accrued interest payable	**273,750**	**273,750**	–	–	**273,750**
Other financial liabilities	**7,571,433**	**7,571,433**	–	–	**7,571,433**
Bills and acceptances payable and SSURA	**6,761,456**	**6,761,456**	–	–	**6,761,456**
Bonds payable	**3,698,439**	**3,698,439**	–	–	**3,698,439**
	₱336,553,954	**₱338,711,720**	–	**₱107,835**	**₱338,603,885**

Presented under 'Other Assets'
***Presented under 'Other Liabilities'*

	Parent Company				
	2021				
			Fair Value		
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTPL:					
Government securities	₱4,006,261	₱4,006,261	₱4,006,261	₱-	₱-
Private bonds	40,257	40,257	40,257	–	–
Equity securities	10,333	10,333	10,333	–	–
	4,056,851	4,056,851	4,056,851	–	–
Derivative assets*	15,407	15,407	–	15,407	–
Financial assets at FVTOCI:					
Government securities	33,771,291	33,771,291	33,771,291	–	–
Private bonds	7,889,276	7,889,276	7,889,276	–	–
Equity securities	1	1	1	–	–
	41,660,568	41,660,568	41,660,568	–	–
	₱45,732,826	₱45,732,826	₱45,717,419	₱15,407	₱-
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	₱17,298,245	₱17,309,772	₱17,309,772	₱–	₱–
Private bonds	1,838,929	1,839,022	1,839,022	–	–
	19,137,174	19,148,794	19,148,794	–	–
Loans and receivables					
Receivable from customers:					
Corporate lending	58,827,504	61,701,770	–	–	61,701,770
Consumer lending	121,506,837	147,209,595	–	–	147,209,595
Other receivables	8,466,259	9,998,564			9,998,564
	188,800,600	218,909,929	-	-	218,909,929
Other financial assets	479,591	479,591	-	-	479,591
Non-financial assets					
Investment properties	927,291	2,050,959	–	–	2,050,959
	₱255,077,482	₱286,322,099	₱64,866,213	₱15,407	₱221,440,479
Liabilities measured at fair value					
Financial liabilities					
Derivative liabilities**	₱212,691	₱212,691	₱–	₱212,691	₱–
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Demand	120,746,901	120,746,901	–	–	120,746,901
Savings	104,766,430	104,766,430	–	–	104,766,430
Time	69,420,051	69,538,087	–	–	69,538,087
LTNCD	12,436,238	15,203,855	–	–	15,203,855
	307,369,620	310,255,273	–	–	310,255,273
Lease liability	2,791,079	2,900,961	–	–	2,900,961
Accrued interest payable	126,679	126,679	–	–	126,679
Other financial liabilities	3,925,789	3,925,789	–	–	3,925,789
Bills and acceptances payable and SSURA	98,150	98,150	–	–	98,150
Bonds payable	3,687,686	3,687,686	–	–	3,687,686
	₱318,211,694	₱320,994,538	₱–	₱212,691	₱320,994,538

**Presented under 'Other Assets'*
***Presented under 'Other Liabilities'*

In 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Derivative Financial Instruments
The Parent Company's freestanding derivative financial instruments, which mainly consist of foreign currency forwards, foreign currency swaps, US Treasury futures and interest rate swaps, are transactions not designated as accounting hedges. The tables below set out information about the Parent Company's derivative financial instruments and their related fair values as of December 31, 2022 and 2021:

Foreign Currency Forwards and Swaps	**2022**	2021
Notional amount	**$470,282**	$736,385
Derivative assets	**₱18,750**	₱15,407
Derivative liabilities	**107,835**	212,691

The net movements in fair values of all derivative instruments are as follows:

	2022	2021
Derivative liabilities - net at beginning of year	**(₱197,284)**	(₱67,006)
Changes in fair value of derivatives	–	(1,872)
Fair value of settled instruments	**108,199**	(128,406)
Derivative liabilities - net at end of year	**(₱89,085)**	(₱197,284)

Fair value changes of foreign currency forwards and swaps are recognized as 'foreign exchange gain' in the statements of income while fair value changes of interest rate swaps and futures are recognized as part of 'trading and securities gain (loss)' in the statements of income (Note 8).

In 2022 and 2021, the Parent Company recognized total foreign exchange gain from foreign currency forwards and swaps amounting to ₱187.64 million and ₱152.6 million, respectively, with corresponding notional amounts of US$13.77 billion and US$13.21 billion, respectively.

6. Segment Reporting

The Group's main operating businesses are organized and managed primarily according to the current organizational structure. Each segment represents a strategic business unit that caters to the Group's identified markets. The Group's business segments are:

(a) *Retail banking* - this segment mainly covers traditional branch banking products and services such as deposits, back-to-back/emerging market loans and other over-the-counter (OTC) transactions. It likewise caters to the needs of high net-worth clients for alternative investment channels. It includes entire transaction processing, service delivery and infrastructure consisting of the Group's network of branches, automated teller machines as well as its internet banking platform;

(b) *Corporate banking* - this segment handles lending and trade financing for both large corporations and middle market clients;

(c) *Consumer banking* - this segment primarily caters to loans for individuals; and

(d) *Treasury and Trust* - this segment consists of Treasury and Trust operations of the Group. Treasury focuses on providing money market, trading and treasury services, as well as the management of the Group's funding operations through debt securities, placements and acceptances with other banks. Trust includes fund management, investment management services, custodianship, administration and collateral agency services, and stock and transfer agency services. In addition, the Parent Company through Trust, provides retail customers with alternative investment opportunities through its unit investment fund products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment assets are those operating assets employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is no longer presented. The Group has no significant customers which contribute 10.00% or more of the consolidated revenue, net of interest expense.

The segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to the business units based on a pool rate which approximates the marginal cost of funds.

Segment information of the Group as of and for the years ended December 31, 2022, 2021 and 2020 follow:

	2022					
	Retail Banking	**Corporate Banking**	**Consumer Banking**	**Treasury and Trust**	**Elimination Items**	**Total**
Statement of Income						
Net Interest Income:						
Third Party	**₱8,033**	**₱713**	**₱14,330**	**(₱425)**	**₱623**	**₱23,274**
Intersegment	**–**	**4**	**(96)**	**444**	**(300)**	**52**
	8,033	**717**	**14,234**	**19**	**323**	**23,326**
Non-interest Income	**1,491**	**256**	**3,179**	**239**	**(475)**	**4,690**
Revenue - Net of Interest Expense	**9,524**	**973**	**17,413**	**258**	**(152)**	**28,016**
Non-interest Expense	**(7,284)**	**(365)**	**(12,717)**	**(779)**	**(813)**	**(21,958)**
Income Before Income Tax	**2,240**	**608**	**4,696**	**(521)**	**(965)**	**6,058**
Provision for Income Tax	**(704)**	**(62)**	**(546)**	**142**	**(264)**	**(1,434)**
Net Income for the Year	**₱1,536**	**₱546**	**₱4,150**	**(₱379)**	**(₱1,229)**	**₱4,624**
Statement of Financial Position						
Total Assets	**47,170**	**20,987**	**224,279**	**42,531**	**86,405**	**421,372**
Total Liabilities	**316,544**	**994**	**59,905**	**36,632**	**(53,738)**	**360,337**
Statement of Income	**–**	**–**	**–**	**–**	**–**	**–**
Depreciation and Amortization	**1,071**	**72**	**821**	**44**	**158**	**2,166**
Provision for Impairment and Credit Losses	**7**	**(52)**	**4,766**	**(0)**	**230**	**4,951**

	2021					
	Retail Banking	Corporate Banking	Consumer Banking	Treasury and Trust	Elimination Items	Total
Statement of Income						
Net Interest Income:						
Third Party	₱6,663	₱1,451	₱11,363	₱5	₱1,544	₱21,026
Intersegment	–	745	–	355	(1,100)	–
	6,663	2,196	11,363	360	444	21,027
Non-interest Income	1,180	190	2,700	153	1,526	5,749
Revenue - Net of Interest Expense	7,843	2,386	14,063	513	1,970	26,775
Non-interest Expense	(6,796)	(1,264)	(11,173)	(740)	(697)	(20,670)
Income Before Income Tax	1,047	1,122	2,890	(227)	1,273	6,105
Provision for Income Tax	(436)	(281)	(113)	71	(832)	(1,591)
Net Income for the Year	₱611	₱841	₱2,777	(₱156)	₱441	₱4,514
Statement of Financial Position						
Total Assets	41,396	65,353	134,788	115,233	47,992	404,762
Total Liabilities	297,689	53,306	5,028	36,257	(46,869)	345,411
Statement of Income						
Depreciation and Amortization	1,046	22	1,090	52	187	2,397
Provision for Impairment and Credit Losses	31	655	3,411	14	39	4,150

	2020					
	Retail Banking	Corporate Banking	Consumer Banking	Treasury and Trust	Elimination Items	Total
Statement of Income						
Net Interest Income:						
Third Party	₱6,349	₱1,134	₱14,166	(₱106)	₱4,960	₱26,503
Intersegment	–	987	–	506	(1,493)	–
	6,349	2,121	14,166	400	3467	26,503
Non-interest Income	1,462	25	(84)	5570	(393)	6,580
Revenue - Net of Interest Expense	7,811	2,146	14,082	5970	3,074	33,083
Non-interest Expense	(6,843)	(1,119)	(15,812)	(980)	(1,311)	-26,065
Income Before Income Tax	968	1,027	(1,730)	4990	1,763	7,018
Provision for Income Tax	(470)	(264)	1,039	(323)	(492)	(510)
Net Income for the Year	₱498	₱763	(₱691)	₱4,667	₱1,271	₱6,508
Statement of Financial Position						
Total Assets	₱43,722	₱63,468	₱166,817	₱88,436	₱45,759	₱ 408,202
Total Liabilities	299,993	45,389	5,254	41,069	(38,986)	352,719
Statement of Income						
Depreciation and Amortization	1,088	21	779	61	195	2,144
Provision for Impairment and Credit Losses	82	519	8,770	29	434	9,834

The 'Elimination Items' includes the Group's executive office and elimination items related to the Group's segment reporting framework.

Non-interest income consists of service charges, fees and commissions, gain on sale of assets, gain (loss) on asset foreclosure and dacion transactions, trading and securities gain (loss), gain on sale of investment securities at amortized cost, foreign exchange gain, trust income, share in net loss of a joint venture and miscellaneous income. The share in net loss of a joint venture has been presented as part of the elimination items in the Group's segment reporting framework. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, depreciation and amortization, rent, amortization of intangible assets, provision for impairment and credit losses, and miscellaneous expenses.

7. Due from BSP, Due from Other Banks and Interbank Loans Receivables and SPURA

Due from BSP

This account consists of:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Demand deposit account	**₱35,762,265**	₱34,736,750	**₱35,371,447**	₱34,319,861
Term deposit auction facilty Account	**–**	24,000,000	**–**	24,000,000
Special deposit account	**352,132**	105,616	**352,132**	105,616
	₱36,114,397	₱58,842,366	**₱35,723,579**	₱58,425,477

The annual interest rates of due from BSP range from 1.50% to 6.35% in 2022, 1.50% to 2.05% in 2021, from 1.50% to 4.50% in 2020.

Due from Other Banks

This comprises of deposit accounts with:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Foreign banks	**₱3,798,713**	₱18,789,118	**₱3,798,713**	₱18,789,118
Local banks	**732,119**	550,613	**548,247**	508,173
	4,530,832	19,339,731	**4,346,960**	19,297,291
Allowance for credit losses (Note 15)	**(1,197)**	(4,549)	**(1,197)**	(4,549)
	₱4,529,635	₱19,335,182	**₱4,345,763**	₱19,292,742

The annual interest rates of due from other banks range from 0.01% to 2.60% in 2022, 0.01% to 0.75% % in 2021, from 0.05% to 0.25% in 2020.

Interbank Loans Receivables and SPURA

This accounts consist of:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Interbank loans receivables	**₱10,009,266**	₱1,718,667	**₱10,009,266**	₱1,718,667
SPURA	**–**	15,800,317	**–**	15,800,317
	₱10,009,266	₱17,518,984	**₱10,009,266**	₱17,518,984

SPURA are lending to counterparties collateralized by government securities ranging from one to six days. These government securities, with fair value amounting to ₱15.80 billion as of December 31, 2021 were pledged in favor of the Bank as collateral for SPURA equivalent to the fair value of government securities. The Bank is not permitted to sell or repledge the related collateral in the absence of default by counterparty.

SPURA of the Bank bears annual interest rate of 2.00% in 2021 and from 2.00% to 4.00% in 2020. The annual interest rates of interbank call loans receivables range from 1.81% to 5.50% in 2022, 1.00% to 2.00% in 2021, from 1.88% to 3.88% in 2020.

Interest Income on Due from BSP, Due from Other Banks, Interbank Loans Receivables and SPURA
This account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	**2022**	2021	2020
Interbank Loans receivables and SPURA	**₱269,135**	₱287,432	₱173,268	**₱272,872**	₱287,466	₱175,212
Due from BSP	**235,342**	293,426	119,325	**235,342**	293,426	119,325
Due from other banks	**22,762**	10,942	14,501	**19,883**	8,924	11,145
	₱527,239	₱591,800	₱307,094	**₱528,097**	₱589,816	₱305,682

8. Trading and Investment Securities

The Group and the Parent Company have the following trading and investment securities:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Financial assets at FVTPL	**₱1,958,310**	₱4,056,851	**₱1,958,310**	₱4,056,851
Financial assets at FVTOCI	**16,746,386**	41,660,568	**16,746,386**	41,660,568
Investment securities at amortized cost	**63,546,191**	20,815,382	**61,907,103**	19,137,174
	₱82,250,887	₱66,532,801	**₱80,611,799**	₱64,854,593

Financial assets at FVTPL
Financial assets at FVTPL of the Group and of the Parent Company consist of:

	2022	2021
Government securities	**₱1,903,956**	₱4,006,261
Private bonds	**44,011**	40,257
Equity securities	**10,343**	10,333
	₱1,958,310	₱4,056,851

As of December 31, 2022 and 2021, financial assets at FVTPL include net unrealized losses of ₱294.18 million and net unrealized losses of ₱174.57 million, respectively.

In 2022, 2021 and 2020, the yield rates ranges from 3.04% to 7.77%, 0.55% to 7.16% and 1.45% to 7.16% respectively.

Financial assets at FVTOCI
Financial assets at FVTOCI of the Group and of the Parent Company consists of:

	2022	2021
Government debt securities	**₱10,220,132**	₱33,771,291
Private bonds	**6,511,186**	7,889,276
Private equity securities	**15,068**	1
	₱16,746,386	₱41,660,568

In 2022, 2021 and 2020, the interest rates of financial assets at FVTOCI range from 0.13% to 8.32%, 0.03% to 8.32%, and 0.07% to 8.32% respectively.

As of December 31, 2022 and 2021, the ECL on financial assets at FVTOCI of the Group and the Parent Company (included in 'Fair value reserves on financial assets at FVTOCI') amounted to ₱37.80 million and ₱33.81 million (Note 15), respectively.

Movements in the fair value reserves on financial assets at FVTOCI investments of the Group and the Parent Company follow:

	2022	2021
Balance at beginning of year	**(₱138,821)**	₱189,936
Loss from sale of financial assets at FVTOCI realized in profit or loss	**104,576**	100,098
Changes in allowance for ECL (Note 15)	**3,982**	33,813
Changes in fair values of debt securities	**(2,079,189)**	(446,120)
Share in changes in fair value reserves on equity securities at FVTOCI of a joint venture (Note 10)	**(30,092)**	(16,548)
Balance at end of year	**(₱2,139,544)**	(₱138,821)

The private equity securities were designated as at FVTOCI on the basis that these are not held for trading. These include shares in a real estate company and a golf club. No dividend income was recognized in 2022 and 2021 for these securities.

As of December 31, 2022, the Group and Parent Company's change in fair value reserves on financial assets at FVTOCI debt and equity securities amounting to (₱2.08 billion) and (₱30.09 million), respectively.

As of December 31, 2021, the Group and Parent Company's change in fair value reserves on financial assets at FVTOCI debt and equity securities amounting to (₱446.12 million) and (₱16.55 million), respectively.

Investment securities at amortized cost

Investment securities at amortized cost of the Group and of the Parent Company consist of:

	Consolidated		**Parent Company**	
	2022	2021	**2022**	2021
Government securities	**₱59,953,107**	₱18,987,980	**₱58,314,019**	₱17,309,772
Private bonds	**3,604,364**	1,839,021	**3,604,364**	1,839,021
Carrying value, gross of allowance for impairment losses	**63,557,471**	20,827,001	**61,918,383**	19,148,793
Allowance for impairment losses (Note 15)	**(11,280)**	(11,619)	**(11,280)**	(11,619)
	₱63,546,191	₱20,815,382	**₱61,907,103**	₱19,137,174

Peso-denominated government bonds have effective interest rates ranging from 4.96% to 7.07% in 2022, 4.96% to 8.11% in 2021, and from 4.94% to 8.11% in 2020. Foreign currency-denominated government bonds have effective interest rates ranging from 2.76% to 6.22% in 2022, 2.76% to 6.66% in 2021, and from 2.76% to 7.82% in 2020.

In January to May 2021, the Parent Company sold investment securities managed under the HTC business model with aggregate carrying amount of ₱11.26 billion resulting in net gain on sale from investment securities at amortized cost totaling to ₱1.85 billion. The sale in 2021 was considered to be more than insignificant but not more than infrequent as this is part of the Parent Company's risk management procedures. Further, the Parent Company assessed that the sales do not reflect a change in the Group's objectives for the hold-to-collect business model. Accordingly, the remaining investment securities in the affected hold-to-collect portfolio are continued to be measured at amortized cost.

In October to December 2021, the Bank purchased investment securities at amortized cost amounting to ₱12.81 billion. The Bank intends to purchase investment securities at amortized cost for the purpose of capital growth and to support the Bank's business with no intention to sell these securities in the future.

The fair value of the remaining investments at amortized cost is disclosed in Note 5.

Interest Income on Trading and Investment Securities

This account consists of:

	Consolidated			Parent		
	2022	2021	2020	**2022**	2021	2020
Financial assets at FVTPL	**₱163,904**	₱345,017	₱497,556	**₱163,904**	₱345,017	₱497,556
Financial assets at FVTOCI	**861,359**	589,980	225,317	**861,359**	589,980	225,317
Investment securities at amortized cost	**2,157,230**	623,885	1,675,766	**2,104,978**	573,159	1,645,631
	₱3,182,493	₱1,558,882	₱2,398,639	**₱3,130,241**	₱1,508,156	₱2,368,504

Trading and Securities Gains (Losses)

Trading and securities gains (losses) of the Group and of the Parent Company consists of:

	2022	2021	2020
Financial assets at FVTPL	**(₱314,511)**	(₱665,014)	₱1,145,860
Financial assets at FVTOCI	**(104,575)**	(100,098)	504,280
US Treasury futures (Note 5)	**23,448**	(88,618)	(116,509)
Interest rate swaps (Note 5)	–	12,315	(69,600)
	(₱395,638)	(₱841,415)	₱1,464,031

9. Loans and Receivables

Loans and receivables consist of:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Receivables from customers*:				
Corporate lending				
Corporate loans	**₱67,074,894**	₱59,602,979	**₱67,008,215**	₱59,530,852
Other corporate loans**	**1,725,616**	1,153,301	**1,725,616**	1,153,301
	68,800,510	60,756,280	**68,733,831**	60,684,153
Consumer lending				
Auto loans	**63,683,783**	65,226,612	**63,683,783**	65,226,612
Credit cards	**41,049,973**	33,206,027	**41,049,973**	33,206,027
Mortgage loans	**19,452,881**	19,899,535	**19,452,881**	19,899,535
Other consumer loans***	**61,739,560**	34,102,510	**40,538,432**	7,772,084
	185,926,197	152,434,684	**164,725,069**	126,104,258
Receivable from customers – gross	**254,726,707**	213,190,964	**233,458,900**	186,788,411
Unamortized premium	**4,005,507**	2,675,102	**5,216,962**	4,052,870
	258,732,214	215,866,066	**238,675,862**	190,841,281
Other receivables:				
Accrued interest receivable	**6,902,278**	7,316,431	**6,705,002**	7,078,062
Other loans and receivable	**4,558,732**	2,922,517	**4,506,620**	2,787,697
Sales contracts receivable	**126,401**	132,896	**126,401**	132,805
	11,587,411	10,371,844	**11,338,023**	9,998,564
	270,319,625	226,237,910	**250,013,885**	200,839,845
Allowance for credit and impairment losses (Note 15)	**(12,230,550)**	(12,675,324)	**(11,575,411)**	(12,039,245)
	₱258,089,075	₱213,562,586	**₱238,438,474**	₱188,800,600

**Net of unamortized modification loss*
***Include emerging enterprise loans and branch loans*
****Include DepEd loans, employee loans, salary loans and personal loans*

Receivable from customers consists of:

	Consolidated		Parent Company	
	2022	**2021**	**2022**	**2021**
Loans and discounts	**₱247,464,666**	₱208,985,345	**₱226,196,860**	₱182,582,791
Unamortized premium	**4,005,507**	2,675,102	**5,216,962**	4,052,870
	251,470,173	211,660,447	**231,413,822**	186,635,661
Customer liabilities under acceptances and trust receipts	**6,195,084**	3,632,500	**6,195,084**	3,632,500
Bills purchased (Note 21)	**1,066,956**	573,119	**1,066,956**	573,119
	₱258,732,213	₱215,866,066	**₱238,675,862**	₱190,841,280

In 2016, the Parent Company entered into a sale of receivables agreement with EWRB, whereby the Parent Company will sell to EWRB, on a without recourse basis, certain employee loans of the Parent Company. In 2022 and 2021, the total employee loans sold by the Parent Company have an aggregate carrying amount of ₱255.97 million and ₱230.80 million, respectively. The selling price of the employee loans approximates the fair value at the date of sale. As of December 31, 2022 and 2021, outstanding principal balance of employee loans purchased from the Parent Company, included in 'Other consumer loans' of EWRB, amounted to ₱448.24 million and ₱437.12 million, respectively. In connection with the sale of receivables agreement, the Parent Company and EWRB also entered into an account servicing and collection agreement whereby EWRB agreed to pay equivalent to 0.37% of the loan amounts collected by the Parent Company on behalf of EWRB. The service fees received by the Parent Company (included under 'Service charges, fees and commission income' in the statements of income) amounted to ₱0.99 million, ₱0.88 million, and ₱0.65 million in 2022, 2021, and 2020 respectively (Note 28).

In 2013, the Parent Company entered into a purchase of receivables agreement with EWRB, whereby the Parent Company will purchase, on a without recourse basis, certain salary loans of EWRB. In 2022 and 2021, the total salary loans purchased by the Parent Company have an aggregate amount of ₱46.05 billion and ₱2.44 billion, respectively. The Parent Company's acquisition cost of the salary loans approximates the fair value at the acquisition date. As of December 31, 2022 and 2021, outstanding principal balance of salary loans purchased from EWRB, included in 'Other consumer loans' of the Parent Company, amounted to ₱35.40 billion and ₱3.05 billion, respectively. In connection with the purchase of receivables agreement, the Parent Company and EWRB also entered into an account servicing and collection agreement whereby the Parent Company agreed to pay service fees equivalent to 0.37% of the loan amounts collected by EWRB on behalf of the Parent Company. The service fees paid by the Parent Company to EWRB (included under 'Miscellaneous expense' in the statements of income) amounted to ₱56.16 million, ₱17.33 million, and ₱9.96 million in 2022, 2021 and 2020, respectively (Note 28).

The Group took possession of various properties previously held as collateral with carrying amounts of ₱4.68 billion, ₱7.19 billion, and ₱2.38 billion in 2022, 2021 and 2020, respectively (Notes 12 and 14).

<u>Modification</u>
On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is 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 interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest, and other charges.

'Modification gain (loss)' in 2020 pertains to the adjustment for the changes in expected cash flows of credit exposures, as a result of modifications in the terms and conditions of certain loans of borrowers, which have been directly impacted by the COVID-19 pandemic. The loss is computed as the difference between the gross carrying amount of the loan and the present value of the modified contractual cash flows, discounted at the original effective interest rate of the loan. The Parent Company, in addition to the reliefs provided under Bayanihan 1 Act and Bayanihan 2 Act, has offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included special payment deferment programs and loan restructuring.

Based on the Group's assessment, the modifications in the contractual cash flows as a result of the payment moratorium above are not significant and therefore do not result in the derecognition of the affected loans. In 2022 and 2021, the Group and the Parent Company recognized modification gain from loans and receivables amounting to nil and ₱0.35 billion, respectively (see Note 24). The accretion of modification loss is recognized as part of interest income. As of December 31, 2022 and 2021, the unamortized modification loss from loans and receivables of the Group and the Parent Company amounted to ₱0.66 billion and ₱1.12 billion, respectively.

Interest income on loans and receivables consist of:

	Consolidated			Parent Company		
	2022	2021	2020	**2022**	2021	2020
Receivables from customers	**₱22,410,380**	₱21,101,535	₱28,004,471	**₱18,662,563**	₱18,256,166	₱25,310,235

As of December 31, 2022 and 2021, 13.78% and 9.07% respectively of the total receivables from customers of the Group and the Parent Company were subject to interest repricing.

Remaining receivables carry annual fixed interest rates ranging from 1.34% to 45.00% in 2022, 0.75% to 45.00% in 2021, and 0.75% to 45.00% in 2020 for peso-denominated receivables and from 1.25% to 10.00% in 2022, 2.00% to 10.00% % in 2021, and 3.75% to 10.00% in 2020 for foreign currency-denominated receivables.

Provision for credit losses on loans and receivables of the Group amounted to ₱4.81 billion, ₱4.40 billion, ₱9.84 billion in 2022, 2021 and 2020, respectively. Provision for credit losses on loans and receivables of the Parent Company amounted to ₱4.57 billion, ₱4.35 billion, and ₱9.59 billion in 2022, 2021 and 2020, respectively.

10. Investments in Subsidiaries and Joint Venture

The movements in the investments in subsidiaries of the Parent Company and investment in a joint venture of the Group and the Parent Company follow:

	Investment in Subsidiaries		Investment in a Joint Venture	
	2022	2021	**2022**	2021
Acquisition Cost				
Subsidiaries				
EWRB	**₱521,000**	₱521,000	**–**	–
EWLFC	**100,000**	100,000	**–**	–
EWIB	**30,000**	30,000	**–**	–
QMIS	**19,927**	19,927	**–**	–
ASIA	**10,305**	10,305	**–**	–
	681,232	681,232	**–**	–
Joint Venture				
EWAL				
Cost at beginning of the year	–	–	**2,055,000**	1,855,000
Additional investments made during the year	–	–	**575,000**	200,000
Balance at end of year	**681,232**	681,232	**2,630,000**	2,055,000
Share in capital infusion from Ageas	–	–	**665,000**	665,000
Accumulated share in net income (loss)				
Balance at beginning of year	**5,233,831**	4,073,093	**(2,106,715)**	(1,870,638)
Share in net income (loss)	**1,819,713**	1,160,738	**(228,619)**	(236,077)
Dividends	**(1,993,271)**	–	–	–
Balance at end of year	**5,060,273**	5,233,831	**(2,335,334)**	(2,106,715)
Accumulated share in other comprehensive income				
Balance at beginning of year	**4,031**	(15,114)	**1,209**	15,951
Share in changes in remeasurement gain (loss) of retirement liabilities of subsidiaries and joint venture	**8,153**	19,146	**(1,806)**	1,806
Share in changes in fair value reserves on equity securities of a joint venture	–	–	**(30,092)**	(16,548)
Balance at end of year	**12,184**	4,032	**(30,689)**	1,209
	₱5,753,689	₱5,919,095	**₱928,977**	₱614,494

Investments in Subsidiaries

EWRB
The Parent Company's investment cost in EWRB amounted to ₱521.00 million as of December 31, 2022 and 2021. EWRB was incorporated and registered with Philippine SEC on November 5, 1997. It was granted authority by the BSP to operate as a rural bank and commenced operations in March 1998. As a subsidiary of EWBC, its primary mandate is to grant loans to its chosen market –Teacher, SSS Pensioners and Small-scale Entrepreneurs. It also offers a limited list of deposit products with competitive interest rates. Its principal office is located at 3rd and 4th Floors, East West Bank Building, J.P. Laurel Avenue corner Iñigo Street, Bajada, Davao City.

As approved by the Board of Directors in its meeting on June 3, 2022, ₱40.00 per share dividend was declared to stockholders on record as of June 14, 2022 and paid on July 8, 2022. As of December 31, 2022, cash dividend declared was ₱2.00 billion. There were no issuance of capital stocks in 2022 and 2021.

EWIB
In 2015, the BSP approved the Parent Company's initial equity investment in EWIB of ₱30.00 million. EWIB was incorporated and registered with the SEC on July 6, 2015 primarily to act as an insurance broker in soliciting, negotiating, and forwarding applications for fire insurance, motor car insurance, engineering insurance, personal accident insurance, travel insurance, bonds & surety, directors and officer's liability insurance, aviation insurance, marine cargo insurance and other non-life insurance services. On September 23, 2015, EWIB received its license to act as an insurance broker from the Insurance Commission ("IC"). It started its commercial operations in September 24, 2015. Its principal place of business is located at The Beaufort, 5th avenue corner 23rd Street, Bonifacio Global City, Taguig City.

EWLFC
In 2016, the BSP approved and confirmed the initial equity investment in EWLFC of ₱100.00 million. It was registered with the SEC in October 2016 with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations. The principal place of business of EWLFC is at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

QMIS
In 2016, the Parent Company acquired 100.00% voting shares of QMIS as part of the asset and share transfer agreement for a consideration amounting to ₱19.93 million. On November 25, 2016, SCMB Overseas Ltd., a wholly-owned subsidiary of Standard Chartered Bank (SCB), completed the transfer of its 100.00% ownership of the Company's capital stock to the Parent Company. Consequently, the Group obtained control and ownership of the QMIS on that date.

The principal place of business of the Company is at 7th Floor, Global Trade Center, 1024 EDSA, Quezon City.

ASIA
In 2016, the Parent Company acquired 100.00% voting shares of ASIA as part of the asset and share transfer agreement for a consideration amounting to ₱10.31 million. ASIA was registered with the SEC in 2012 primarily to engage in general insurance agency business. The principal place of business is at 5th Floor, 6788 Sky Plaza Building, Ayala Avenue, Makati City.

Investment in a Joint Venture
On May 28, 2015, the Parent Company and Ageas Insurance International N.V. (“Ageas”) entered into a joint venture agreement to form EW Ageas Life. EW Ageas Life, which is primarily engaged in the life insurance business, was incorporated with a capitalization of ₱2.01 billion and with ultimate ownership interest of the Parent Company of 50.00% less 1 share. The Parent Company’s initial investment amounted to ₱500.00 million. The joint venture agreement provided certain conditions that should be satisfied for the consummation of the agreement, which include among others, obtaining all the required regulatory approvals. EW Ageas Life was incorporated and registered with the SEC on October 20, 2015. Its primary purpose is to undertake and write insurance upon the life of individuals, and every insurance appertaining thereto or connected therewith; to make contracts of insurance providing for all risks, hazards, guarantees and contingencies to which life, accident, or health insurance is applicable; to indemnify against legal liability; to compute endowments and grant, purchase or dispose of annuities; to procure re-insurance of its risks; to issue policies stipulated to be with or without participation in profits; and to purchase for its own benefit any policy of insurance or other obligation as well as claims of policyholders.

On December 22, 2015, EW Ageas Life obtained from the Insurance Commission (IC) a license to operate as a life insurance business. The Certificate of Authority was granted effective from January 1, 2016 to December 31, 2018 and renewed every two years. The latest renewal happened on December 16, 2021 with certificate No. 22/19-R effective from January 1, 2022 to December 31, 2024.

EW Ageas Life started its commercial operations on February 1, 2016. On March 28, 2016, the Parent Company and Ageas entered into a Deed of Sale for the transfer of 1,666,655 shares from Parent Company to Ageas. The resulting shareholder structure became 50% less one share for Parent Company and 50% plus one share for Ageas. The Parent Company and Ageas control EW Ageas Life through a Joint Venture Agreement. Its registered office is at One World Place, 32nd Street, Bonifacio Global City, Taguig City.

In 2017, additional capital aggregating to ₱1.33 billion was solely contributed by Ageas to EW Ageas Life. This increased the Parent Company’s investment in the joint venture by ₱665.00 million in 2017 which was recognized as gain on capital transaction. Under the joint venture agreement, within a period of seven (7) years from consummation, the joint venture entity may at any time request for additional funding from the Parent Company and Ageas. Parent Company and Ageas each infused additional capital to EW Ageas Life amounting to ₱575.00 million in 2022 and ₱200.00 million in 2021.

In 2022 and 2021, no dividends was received from EW Ageas Life. As of December 31, 2022 and 2021, the joint venture has no contingent liabilities or capital commitments.

11. **Property, Equipment and Right-of-Use Assets**

The composition of and movements in the Group's property, equipment and ROU assets follow:

	2022					
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**ROU Asset**	**Total**
Cost						
Balance at beginning of year	**₱54,635**	**₱1,071,765**	**₱2,987,439**	**₱3,915,225**	**₱4,933,249**	**₱12,962,313**
Additions	–	**5,100**	**310,417**	**122,587**	**2,128,453**	**2,566,557**
Disposals/terminations and other adjustments	–	**(25,549)**	**(110,055)**	–	**(1,140,170)**	**(1,275,774)**
Balance at end of year	**54,635**	**1,051,316**	**3,187,801**	**4,037,812**	**5,921,532**	**14,253,096**
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	**291,621**	**2,765,069**	**3,202,090**	**2,281,178**	**8,539,958**
Depreciation and amortization	–	**23,273**	**156,331**	**245,279**	**929,336**	**1,354,219**
Disposals/terminations and other adjustments	–	–	**(107,270)**	–	**(1,133,769)**	**(1,241,039)**
Balance at end of year	–	**314,894**	**2,814,130**	**3,447,369**	**2,076,745**	**8,653,138**
Net Book Value	**₱54,635**	**₱736,422**	**₱373,671**	**₱590,443**	**₱3,844,787**	**₱5,599,958**

	2021					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	ROU Asset	Total
Cost						
Balance at beginning of year	₱54,635	₱1,074,539	₱2,922,497	₱3,777,503	₱4,615,046	₱12,444,220
Additions	–	591	128,537	139,448	520,917	789,493
Disposals/terminations and other adjustments	–	(3,365)	(63,595)	(1,726)	(202,714)	(271,400)
Balance at end of year	54,635	1,071,765	2,987,439	3,915,225	4,933,249	12,962,313
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	267,983	2,646,314	2,917,127	1,523,267	7,354,691
Depreciation and amortization	–	30,882	174,130	285,239	946,401	1,436,652
Disposals/terminations and other adjustments	–	(7,244)	(55,375)	(276)	(188,490)	(251,385)
Balance at end of year	–	291,621	2,765,069	3,202,090	2,281,178	8,539,958
Net Book Value	₱54,635	₱780,144	₱222,370	₱713,135	₱2,652,071	₱4,422,355

The composition of and movements in the Parent Company's property, equipment and ROU assets follow:

	2022					
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**ROU Asset**	**Total**
Cost						
Balance at beginning of year	**₱33,298**	**₱997,832**	**₱2,523,124**	**₱3,749,252**	**₱4,457,062**	**₱11,760,568**
Additions	–	**1,004**	**265,022**	**120,739**	**2,076,666**	**2,463,431**
Disposals/terminations and other adjustments	–	**(25,549)**	**(26,894)**	–	**(1,110,325)**	**(1,162,768)**
Balance at end of year	**33,298**	**973,287**	**2,761,252**	**3,869,991**	**5,423,403**	**13,061,231**
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	**264,446**	**2,332,026**	**3,062,596**	**2,085,171**	**7,744,239**
Depreciation and amortization	–	**19,739**	**135,207**	**238,044**	**833,503**	**1,226,493**
Disposals/terminations and other adjustments	–	–	**(24,092)**	–	**(1,105,742)**	**(1,129,834)**
Balance at end of year	–	**284,185**	**2,443,141**	**3,300,640**	**1,812,932**	**7,840,898**
Net Book Value	**₱33,298**	**₱689,101**	**₱318,112**	**₱569,351**	**₱3,610,471**	**₱5,220,333**

2021

	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	ROU Asset	Total
Cost						
Balance at beginning of year	₱33,298	₱997,832	₱2,461,575	₱3,615,933	₱4,170,613	₱11,279,251
Additions	–	–	119,841	133,954	470,389	724,184
Disposals/terminations and other adjustments	–	–	(58,292)	(635)	(183,940)	(242,867)
Balance at end of year	33,298	997,832	2,523,124	3,749,252	4,457,062	11,760,568
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	237,289	2,234,418	2,788,580	1,417,873	6,678,160
Depreciation and amortization	–	27,157	147,897	274,016	840,440	1,289,510
Disposals/terminations and other adjustments	–	–	(50,289)	–	(173,142)	(223,431)
Balance at end of year	–	264,446	2,332,026	3,062,596	2,085,171	7,744,239
Net Book Value	₱33,298	₱733,386	₱191,098	₱686,656	₱2,371,891	₱4,016,329

The Group has lease contracts for office branches, warehouses, spaces for Automated Teller Machines (ATMs) and office equipment. With the exception of short-term leases of low-value underlying assets, each lease is reflected on the statement of financial position as ROU asset and a lease liability.

The net gain on sale recognized by the Group for the disposal of certain property and equipment amounted to ₱5.00 million, ₱3.64 million, and ₱0.33 million in 2022, 2021 and 2020, respectively. The net gain on sale recognized by the Parent Company for the disposal of certain property and equipment amounted to ₱2.48 million, ₱2.87 million, and ₱0.33 million in 2022, 2021, and 2020 respectively.

As of December 31, 2022 and 2021, the cost of fully depreciated property and equipment still in use by the Group amounted to ₱2.73 billion and ₱2.37 billion, respectively.

As of December 31, 2022 and 2021, the cost of fully depreciated property and equipment still in use by the Parent Company amounted to ₱2.21 billion and ₱1.76 billion, respectively.

12. Investment Properties

The composition of and movements in the Group's investment properties follow:

	2022		
	Land	**Buildings and Improvements**	**Total**
Cost			
Balance at beginning of year	**₱664,866**	**₱743,093**	**₱1,407,959**
Additions	**28,623**	**72,813**	**101,436**
Disposals	**(88,124)**	**(86,614)**	**(174,738)**
Balance at end of year	**605,365**	**729,292**	**1,334,657**

(Forward)

	2022		
	Land	**Buildings and Improvements**	**Total**
Accumulated Depreciation and Amortization			
Balance at beginning of year	**₱–**	**₱397,741**	**₱397,741**
Depreciation and amortization	**–**	**60,401**	**60,401**
Disposals	**–**	**(34,273)**	**(34,273)**
Balance at end of year	**–**	**423,869**	**423,869**
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	**69,581**	**12,649**	**82,230**
Provision during the year	**6,616**	**6,787**	**13,403**
Disposals	**(18,605)**	**(6,482)**	**(25,087)**
Balance at end of year	**57,592**	**12,954**	**70,546**
Net Book Value	**₱547,773**	**₱292,469**	**₱840,242**

	2021		
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱672,753	₱759,574	₱1,432,327
Additions	36,704	24,524	61,228
Disposals	(44,591)	(41,005)	(85,596)
Balance at end of year	664,866	743,093	1,407,959
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	354,794	354,794
Depreciation and amortization	–	64,769	64,769
Disposals	–	(21,822)	(21,822)
Balance at end of year	–	397,741	397,741
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	79,194	17,192	96,386
Provision during the year	5,659	2,817	8,476
Disposals	(15,272)	(7,360)	(22,632)
Balance at end of year	69,581	12,649	82,230
Net Book Value	₱595,285	₱332,703	₱927,988

The composition of and movements in the Parent Company's investment properties follow:

		2022	
	Land	**Buildings and Improvements**	**Total**
Cost			
Balance at beginning of year	**₱664,098**	**₱743,158**	**₱1,407,256**
Additions	**28,623**	**72,813**	**101,436**
Disposals	**(88,124)**	**(86,614)**	**(174,738)**
Balance at end of year	**604,597**	**729,357**	**1,333,954**
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	**397,735**	**397,735**
Depreciation and amortization	–	**60,401**	**60,401**
Disposals	–	**(34,273)**	**(34,273)**
Balance at end of year	–	**423,863**	**423,863**
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	**69,581**	**12,649**	**82,230**
Provision during the year	**6,616**	**6,787**	**13,403**
Disposals	**(18,605)**	**(6,482)**	**(25,087)**
Balance at end of year	**57,592**	**12,954**	**70,546**
Net Book Value	**₱547,005**	**₱292,540**	**₱839,545**

		2021	
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱671,674	₱759,208	₱1,430,882
Additions	36,704	24,524	61,228
Disposals	(44,280)	(40,574)	(84,854)
Balance at end of year	664,098	743,158	1,407,256
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	354,583	354,583
Depreciation and amortization	–	64,895	64,895
Disposals	–	(21,743)	(21,743)
Balance at end of year	–	397,735	397,735
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	79,194	17,192	96,386
Provision during the year	5,659	2,817	8,476
Disposals	(15,272)	(7,360)	(22,632)
Balance at end of year	69,581	12,649	82,230
Net Book Value	₱594,517	₱332,774	₱927,291

The Group's and the Parent Company's investment properties consist entirely of real estate properties and land improvements acquired in settlement of loans and receivables.

The aggregate fair value of the investment properties of the Group and the Parent Company amounted to ₱2.07 billion as of December 31, 2022, and ₱2.05 billion as of December 31, 2021. Fair value has been determined based on valuations made by independent and/or in-house appraisers. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties taking into account the economic conditions prevailing at the time the valuations were made.

As of December 31, 2022 and 2021, the carrying values of foreclosed investment properties of the Group and of the Parent Company still subject to redemption period by the borrower amounted to ₱31.87 million and ₱51.85 million, respectively.

Gain on sale recognized by the Group for the disposal of its foreclosed assets amounted to ₱66.39 million, ₱58.50 million, and ₱40.51 million in 2022, 2021 and 2020, respectively.

Gain on sale recognized by the Parent Company for the disposal of its foreclosed assets amounted to ₱66.39 million, ₱56.17 million, and ₱40.51 million in 2022, 2021 and 2020, respectively.

Direct operating expenses from investment properties that did not generate rent income amounted to ₱95.57 million, ₱88.97 million, and ₱80.96 million for the Group and the Parent Company in 2022, 2021 and 2020, respectively. The Group and the Parent Company have no investment properties that generated rent income in 2022, 2021 and 2020.

13. Goodwill and Other Intangible Assets

As of December 31, 2022 and 2021, the intangible assets of the Group consist of:

	2022					
	Goodwill	**Branch Licenses**	**Customer Relationship**	**Core Deposits**	**Capitalized Software**	**Total**
Cost						
Balance at beginning of year	**₱3,877,241**	**₱2,167,600**	**₱154,626**	**₱105,128**	**₱2,138,799**	**₱8,443,394**
Additions	–	–	–	–	**283,646**	**283,646**
Others/Disposals	–	–	–	–	**(71,009)**	**(71,009)**
Balance at end of year	**3,877,241**	**2,167,600**	**154,626**	**105,128**	**2,351,436**	**8,656,031**
Accumulated Amortization						
Balance at beginning of year	–	–	**59,639**	**73,317**	**1,515,064**	**1,648,020**
Amortization	–	–	**3,761**	**6,470**	**172,318**	**182,549**
Others/Disposals	–	–	–	–	**(71,009)**	**(71,009)**
Balance at end of year	–	–	**63,400**	**79,787**	**1,616,373**	**1,759,560**
Net Book Value	**₱3,877,241**	**₱2,167,600**	**₱91,226**	**₱25,341**	**₱735,063**	**₱6,896,471**

	2021					
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	Total
Cost						
Balance at beginning of year	₱3,877,241	₱2,167,600	₱154,626	₱105,128	₱2,390,495	₱8,695,090
Additions	–	–	–	–	171,212	171,212
Others/Disposals	–	–	–	–	(422,908)	(422,908)
Balance at end of year	3,877,241	2,167,600	154,626	105,128	2,138,799	8,443,394
Accumulated Amortization						
Balance at beginning of year	–	–	55,328	66,848	1,780,021	1,902,197
Others/Disposals	–	–	4,311	6,469	157,518	168,298
Amortization	–	–	–	–	(422,475)	(422,475)
Balance at end of year	–	–	59,639	73,317	1,515,064	1,648,020
Net Book Value	₱3,877,241	₱2,167,600	₱94,987	₱31,811	₱623,735	₱6,795,374

As of December 31, 2022 and 2021, the intangible assets of the Parent Company consist of:

	2022					
	Goodwill	**Branch Licenses**	**Customer Relationship**	**Core Deposits**	**Capitalized Software**	**Total**
Cost						
Balance at beginning of year	**₱3,853,763**	**₱2,167,600**	**₱154,626**	**₱105,128**	**₱2,029,925**	**₱8,311,042**
Additions	–	–	–	–	**283,042**	**283,042**
Others/Disposals	–	–	–	–	**(385)**	**(385)**
Balance at end of year	**3,853,763**	**2,167,600**	**154,626**	**105,128**	**2,312,582**	**8,593,699**
Accumulated Amortization						
Balance at beginning of year	–	–	**59,639**	**73,317**	**1,421,875**	**1,554,831**
Amortization	–	–	**3,761**	**6,470**	**166,354**	**176,585**
Others/Disposals	–	–	–	–	**(386)**	**(386)**
Balance at end of year	–	–	**63,400**	**79,787**	**1,587,843**	**1,731,030**
Net Book Value	**₱3,853,763**	**₱2,167,600**	**₱91,226**	**₱25,341**	**₱724,739**	**₱6,862,669**

	2021					
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	Total
Cost						
Balance at beginning of year	₱3,853,763	₱2,167,600	₱154,626	₱105,128	₱2,281,105	₱8,562,222
Additions	–	–	–	–	171,727	171,727
Others/Disposals	–	–	–	–	(422,907)	(422,907)
Balance at end of year	3,853,763	2,167,600	154,626	105,128	2,029,925	8,311,042
Accumulated Amortization						
Balance at beginning of year	–	–	55,328	66,848	1,697,817	1,819,993
Amortization	–	–	4,311	6,469	146,965	157,745
Others/Disposals	–	–	–	–	(422,907)	(422,907)
Balance at end of year	–	–	59,639	73,317	1,421,875	1,554,831
Net Book Value	₱3,853,763	₱2,167,600	₱94,987	₱31,811	₱608,050`	₱6,756,211

Goodwill

Goodwill represents the excess of the acquisitions cost over the fair value arising from acquisition of (a) Ecology Savings Bank, Inc. ("ESBI") in 2002; (b) American International Group, Inc. Philam Savings Bank (AIGPASB) Group in 2009; (c) EWRB in 2012; (d) Green Bank, Inc. ("GBI") in 2014; and (e) Standard Chartered Bank ("SCB") in 2016.

The business combination resulted in the recognition of goodwill allocated to the three (3) CGUs which are also reportable segments. As of December 31, 2022 and 2021, goodwill for each CGU in the books of the Parent Company are as follows:

CGU	Consolidated	Parent Company
Consumer Banking	₱2,060,312	₱2,060,312
Treasury and Trust	1,643,239	1,643,239
Retail Banking	173,690	150,212
	₱3,877,241	₱3,853,763

Key assumptions used in VIU calculations

The recoverable amount of the CGUs has been determined based on VIU calculations using cash flow projections based on financial budgets approved by the management covering a five-year period. The VIU calculation for the CGUs is most sensitive to the following assumptions: a) interest margin; b) discount rates; c) market share during the budget period; and d) projected growth rates used to extrapolate cash flows beyond the budget period. Future cash flows were based on historical experience, strategies developed and prospects. The discount rate used for the computation of the net present value is the cost of equity and was determined by reference to comparable entities.

Discount rate and growth rate

The following discount rates were applied to the cash flow projections:

	2022			2021			2020		
	Retail banking	**Consumer Banking**	**Treasury and Trust**	Retail banking	Consumer Banking	Treasury and Trust	Retail banking	Consumer Banking	Treasury and Trust
Pre-tax discount rate	**12.30%**	**12.30%**	**12.30%**	12.30%	12.30%	12.30%	12.30%	12.30%	12.30%
Projected growth rate	**6.00%**	**6.00%**	**6.00%**	6.25%	6.25%	6.25%	9.70%	9.70%	9.70%

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to exceed their recoverable amount.

Branch Licenses
Branch licenses of the Group and the Parent Company amounting to ₱2.17 billion represents: one branch license acquired by the Parent Company from the BSP amounting to ₱0.20 million in 2015, 25 branch licenses acquired by the Parent Company from the BSP amounting to ₱505.20 million in 2014, 10 branch licenses acquired by the Parent Company from the BSP amounting to ₱214.80 million in 2013, 42 branch licenses acquired by the Parent Company from the BSP amounting to ₱822.00 million in 2012, and 46 branch licenses acquired by the Parent Company from the acquisition of GBI amounting to ₱625.40 million in 2011.

Customer Relationship and Core Deposits

The business combination between the Parent Company and AIGPASB Group in 2009 resulted in the acquisition of customer relationship and core deposits amounting to₱154.63 million and ₱40.43 million, respectively.

The business combination between the Parent Company and SCB in 2016 resulted in the acquisition of core deposits amounting to ₱64.70 million.

Capitalized Software

Capitalized software pertains to computer software licenses and programs acquired by the Group and the Parent Company for its banking operations. Included in the 2022 and 2021 acquisitions are software licenses acquired by the Group and the Parent Company for the upgrade of its core banking systems amounting to ₱283.65 million and ₱283.04 million in 2022 and ₱185.5 million and ₱171.7 million, respectively in 2021.

14. **Other Assets**

This account consists of:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Financial assets				
Security deposits	**₱354,274**	₱315,210	**₱330,001**	₱309,242
Margin account	**87,683**	63,364	**87,683**	63,364
Deposit to suppliers	**40,711**	104,050	**40,711**	104,050
Derivative assets (Note 5)	**18,750**	15,407	**18,750**	15,407
Returned cash and other cash items	**1,438**	1,031	**1,438**	1,031
Other asset - petty cash fund	**2,765**	2,667	**1,950**	1,904
	505,621	501,729	**480,533**	494,998
Non-financial assets				
Other repossessed assets	**967,370**	2,606,451	**967,370**	2,606,451
Prepaid expenses	**837,748**	664,965	**753,215**	623,296
Interoffice items	**322,695**	16,792	**322,695**	16,792
Card acquisition costs	**219,955**	100,417	**219,955**	100,417
Equity on car plan	**154,406**	154,830	**154,146**	154,830
Documentary stamps	**115,683**	82,377	**115,683**	82,377
Stationery and supplies on hand	**86,541**	64,417	**75,173**	57,796
Other miscellaneous asset	**362,410**	276,453	**313,922**	236,250
	3,066,808	3,966,702	**2,922,159**	3,878,209
	3,572,429	4,468,431	**3,402,692**	4,373,207
Allowance for impairment losses (Note 15)	**(79,627)**	(124,594)	**(51,586)**	(98,461)
	₱3,492,802	₱4,343,837	**₱3,351,106**	₱4,274,746

The allowance for impairment losses on other assets pertains to the allowances for impairment losses of other repossessed assets and of the Bank's long outstanding floats.

The movements in the allowance for impairment losses on other assets excluding other repossessed assets of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Balance at beginning of year	**₱124,593**	₱35,132	**₱98,461**	₱15,354
Provisions during the year	**16,666**	210,762	**13,554**	204,407
Write-off and others	**(62,924)**	(121,300)	**(61,720)**	(121,300)
Balance at end of year	**₱78,335**	₱124,594	**₱50,295**	₱98,461

The movements in other repossessed assets of the Group and the Parent Company follow:

	2022	2021
Cost		
Balance at beginning of year	**₱3,084,853**	₱945,000
Additions	**4,608,142**	7,114,210
Disposals	**(6,470,240)**	(4,974,357)
Balance at the end of year	**1,222,755**	3,084,853
Accumulated Depreciation		
Balance at the beginning of year	**478,402**	227,068
Depreciation	**570,558**	727,345
Disposals	**(793,575)**	(476,011)
Balance at the end of year	**255,385**	478,402
Net book value, gross of allowance for impairment losses	**967,370**	2,606,451
Allowance for Impairment Losses		
Balance at beginning of year	–	1,704
Provision during the year	**5,396**	382
Disposals	**(4,105)**	(2,086)
Balance at the end of year	**1,291**	–
Net book value, net of allowance for impairment losses	**₱966,079**	₱2,606,451

The Group and Parent Company recognized net gain (loss) from the disposal of its repossessed assets amounting to (₱266.28 million), (₱285.77 million), and (₱9.26 million) in 2022, 2021 and 2020, respectively.

15. **Allowance for Credit and Impairment Losses**

Details of and changes in the allowance for impairment and credit losses follow:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Balances at the beginning of year:				
Loans and receivables (Note 9)	**₱12,675,324**	₱13,291,920	**₱12,039,245**	₱12,674,402
Investment securities at amortized cost (Note 8)	**11,619**	30,932	**11,619**	30,932
Financial assets at FVTOCI (Note 8)	**33,813**	–	**33,813**	–
Due from other banks	**4,549**	110	**4,549**	110
Investment properties (Note 12)	**82,230**	96,386	**82,230**	96,386
Other assets (Note 14)	**124,976**	36,836	**98,844**	17,058
Provision for unused credit lines (Note 21)	**124,705**	603,599	**124,705**	603,599
	13,056,834	14,059,783	**12,395,006**	13,422,487
Provisions charged to current operations – loans and receivables (Note 9)	**4,807,184**	4,397,360	**4,572,866**	4,353,690
Provisions charged to (recoveries credited to) current operations – due from other banks and investment securities at amortized cost	**(4,809)**	(15,933)	**(4,809)**	(15,933)
Provisions charged to current operations – financial assets at FVTOCI (Notes 8)	**3,982**	33,813	**3,982**	33,813
Provisions charged to current operations – investment peropertes and other assets (Notes 12 and 14)	**(21,320)**	204,225	**(23,227)**	197,871
Provisions charged to (recoveries credited to) current operations – unused credit lines (Note 20)	**193,888**	(478,894)	**193,888**	(478,894)
Write-off and others (Notes 9 and 14)	**(5,276,005)**	(5,137,184)	**(5,060,747)**	(5,112,077)
Revaluation due to change in foreign currency rates	**4,304**	2,988	**4,304**	2,988
Reversal of allowance on disposals of investment properties and other repossessed assets (Notes 12 and 14)	**(14,471)**	(9,323)	**(14,853)**	(9,323)
Balances at the end of year:				
Loans and receivables (Note 9)	**12,230,550**	12,675,324	**11,575,411**	12,039,245
Investment securities at amortized cost (Note 8)	**11,280**	11,619	**11,280**	11,619
Financial assets at FVTOCI (Note 8)	**37,795**	33,813	**37,795**	33,813
Due from other banks	**1,197**	4,549	**1,197**	4,549
Investment properties (Note 12)	**70,546**	82,230	**70,546**	82,230
Other assets (Note 14)	**79,627**	124,594	**51,586**	98,461
Provision for unused credit lines	**318,594**	124,705	**318,594**	124,705
	₱12,749,588	₱13,056,834	**₱12,066,409**	₱12,395,006

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 non-realization of its receivables and other risk assets.

The reconciliation of allowance for the receivables from customers follows:

Total Loans and Receivables - Consolidated

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱1,701,918**	**₱1,851,692**	**₱9,121,715**	**₱12,675,325**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**3,175,060**	**–**	**–**	**3,175,060**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**615,881**	**1,383,552**	**1,999,433**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(671,444)**	**(612,691)**	**(1,618,597)**	**(2,902,732)**
Write-offs (Note 9)	**(221,903)**	**(706,630)**	**(3,679,047)**	**(4,607,580)**
Transfers from Stage 1	**(171,889)**	**88,096**	**83,793**	**–**
Transfers from Stage 2	**353,883**	**(660,029)**	**306,146**	**–**
Transfers from Stage 3	**196,124**	**120,969**	**(317,093)**	**–**
Impact on ECL of exposures transferred between stages of exposures transferred between stages	**(2,014,494)**	**753,126**	**3,152,412**	**1,891,044**
Others	**–**	**–**	**–**	**–**
Balance at end of year	**₱2,347,255**	**₱1,450,414**	**₱8,432,881**	**₱12,230,550**

	2021			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱2,765,377	₱5,153,691	₱5,372,852	₱13,291,920
Newly originated assets that remained in Stage 1 as at December 31, 2021	911,689	–	–	911,689
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	577,995	1,119,991	1,697,986
Effect of collections and other movements in receivable balance (excluding write-offs)	(833,761)	(1,715,895)	1,047,866	(1,501,790)
Write-offs (Note 9)	(52,782)	(35,543)	(4,291,852)	(4,380,176)
Transfers from Stage 1	(2,982,475)	576,463	2,406,011	–
Transfers from Stage 2	233,231	(2,831,336)	2,598,106	–
Transfers from Stage 3	30,992	9,494	(40,487)	–
Impact on ECL of exposures transferred between stages of exposures transferred between stages	1,629,646	116,822	909,228	2,655,696
Others	–	–	–	–
Balance at end of year	₱1,701,917	₱1,851,692	₱9,121,715	₱12,675,324

Reconciliation of the allowance for impairment and credit losses by class in 2022 and 2021 follows:

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Corporate loans*				
Balance at beginning of year	**₱4,998**	**₱471,112**	**₱1,335,533**	**₱1,811,643**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**4,103**	**–**	**–**	**4,103**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**333,873**	**633,523**	**967,396**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(3,013)**	**(446,726)**	**(251,915)**	**(701,654)**
Write-offs (Note 9)	**–**	**–**	**–**	**–**
Transfers from Stage 1	**(5)**	**2**	**3**	**–**
Transfers from Stage 2	**338**	**(1,246)**	**908**	**–**
Transfers from Stage 3	**230**	**87,122**	**(87,352)**	**–**
Impact on ECL of exposures transferred between stages	**(360)**	**(27,887)**	**212,768**	**184,522**
Balance at end of year	**₱6,291**	**₱416,250**	**₱1,843,469**	**₱2,266,010**
Auto loans				
Balance at beginning of year	**₱89,650**	**₱84,974**	**₱2,334,475**	**₱2,509,099**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**253,736**	**–**	**–**	**253,736**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**30,806**	**71,274**	**102,080**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(45,593)**	**(31,269)**	**(585,278)**	**(662,141)**
Write-offs (Note 9)	**-**	**-**	**(201,057)**	**(201,057)**
Transfers from Stage 1	**(17,066)**	**15,240**	**1,825**	**–**
Transfers from Stage 2	**23,997**	**(36,515)**	**12,517**	**–**

(Forward)

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Transfers from Stage 3	**55,354**	**26,755**	**(82,109)**	–
Impact on ECL of exposures transferred between stages	**(65,071)**	1,114	756,962	693,005
Balance at end of year	**₱295,007**	**₱91,106**	**₱2,308,610**	**₱2,694,723**
Credit cards				
Balance at beginning of year	**₱655,912**	**₱1,066,475**	**₱2,852,022**	**₱4,574,409**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**1,710,674**	–	–	**1,710,674**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**110,533**	**37,976**	**148,509**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(155,452)**	**(24,373)**	**(200,514)**	**(380,338)**
Write-offs (Note 9)	**(156,779)**	**(679,111)**	**(2,651,361)**	**(3,487,251)**
Transfers from Stage 1	**(114,409)**	**62,060**	**52,348**	–
Transfers from Stage 2	**283,094**	**(519,760)**	**236,666**	–
Transfers from Stage 3	**42,710**	**1,820**	**(44,530)**	–
Impact on ECL of exposures transferred between stages	**(1,517,809)**	**748,877**	**1,661,574**	**892,642**
Balance at end of year	**₱747,942**	**₱766,521**	**₱1,944,181**	**₱3,458,644**
Mortgage loans				
Balance at beginning of year	**₱14,348**	**₱27,229**	**₱127,880**	**₱169,457**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**524**	–	–	**524**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**30**	**57**	**87**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(4,579)**	**(2,343)**	**(10,951)**	**(17,873)**
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	**(875)**	**762**	**112**	–
Transfers from Stage 2	**14,971**	**(17,002)**	**2,032**	–
Transfers from Stage 3	**12,145**	**2,062**	**(14,207)**	–
Impact on ECL of exposures transferred between stages	**(32,395)**	**(5,915)**	**(14,046)**	**(52,356)**
Balance at end of year	**₱4,140**	**₱4,823**	**₱90,876**	**₱99,840**
Other consumer loans**				
Balance at beginning of year	**₱539,096**	**₱69,286**	**₱1,422,119**	**₱2,030,501**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**665,073**	**-**	**-**	**665,073**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**-**	**115,296**	**470,915**	**586,211**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(97,737)**	**(11,553)**	**(179,575)**	**(288,866)**
Write-offs (Note 9)	**(65,124)**	**(27,519)**	**(794,077)**	**(886,720)**
Transfers from Stage 1	**(24,304)**	**6,310**	**17,994**	**-**
Transfers from Stage 2	**21,321**	**(56,825)**	**35,504**	**-**
Transfers from Stage 3	**69,805**	**2,315**	**(72,120)**	**-**
Impact on ECL of exposures transferred between stages	**(387,992)**	**21,563**	**518,770**	**152,341**
Balance at end of year	**₱720,138**	**₱118,873**	**₱1,419,530**	**₱2,258,541**
Other receivables***				
Balance at beginning of year	**₱397,914**	**₱132,616**	**₱1,049,686**	**₱1,580,216**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**540,949**	**-**	**-**	**540,949**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**-**	**25,343**	**169,808**	**195,150**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(365,069)**	**(96,427)**	**(390,364)**	**(851,860)**
Write-offs (Note 9)	**-**	**-**	**(32,553)**	**(32,553)**
Transfers from Stage 1	**(15,231)**	**3,722**	**11,509**	**-**
Transfers from Stage 2	**10,161**	**(28,681)**	**18,520**	**-**
Transfers from Stage 3	**15,881**	**894**	**(16,775)**	**-**
Impact on ECL of exposures transferred between stages	**(10,868)**	**15,373**	**16,384**	**20,889**
Others				
Balance at end of year	**₱573,736**	**₱52,840**	**₱826,215**	**₱1,452,792**
Total	**₱2,347,255**	**₱1,450,414**	**₱8,432,881**	**₱12,230,550**

**Include Corporate loans and emerging enterprise loans*
***Include Branch loans, DepEd loans, Employee loans, Salary loans and Personal loans*
****Include Accrued interest receivables, Accounts receivables and Sales contract receivables and unquoted debt securities classified as loans*

	2021			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱2,671	₱406,876	₱793,136	₱1,202,683
Newly originated assets that remained in Stage 1 as at December 31, 2021	2,593	–	–	2,593
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	429,569	530,792	960,361
Effect of collections and other movements in receivable balance (excluding write-offs)	(1,514)	(351,105)	(310,412)	(663,031)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	(22,484)	181	22,303	–
Transfers from Stage 2	60	(311,298)	311,237	–
Transfers from Stage 3	2	810	(812)	–
Impact on ECL of exposures transferred between stages	23,669	296,079	(10,711)	309,038
Balance at end of year	₱4,998	₱471,112	₱1,335,533	₱1,811,643
Auto loans				
Balance at beginning of year	₱480,461	₱1,974,116	₱1,326,868	₱3,781,445
Newly originated assets that remained in Stage 1 as at December 31, 2021	45,627	–	–	45,627
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	6,812	49,527	56,339
Effect of collections and other movements in receivable balance (excluding write-offs)	(138,825)	(679,188)	(265,795)	(1,083,808)
Write-offs (Note 9)	–	–	(177,286)	(177,286)
Transfers from Stage 1	(187,249)	32,362	154,887	–
Transfers from Stage 2	15,312	(432,177)	416,865	–
Transfers from Stage 3	889	3,230	(4,118)	–
Impact on ECL of exposures transferred between stages	(126,565)	(820,180)	833,528	(113,216)
Balance at end of year	₱89,650	₱84,974	₱2,334,475	₱2,509,100
Credit cards				
Balance at beginning of year	₱782,657	₱2,265,711	₱1,200,740	₱4,249,108
Newly originated assets that remained in Stage 1 as at December 31, 2021	43,742	–	–	43,742
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	13,883	21,350	35,233
Effect of collections and other movements in receivable balance (excluding write-offs)	444,334	992,840	271,582	1,708,756
Write-offs (Note 9)	(475,549)	(1,471,762)	(1,478,237)	(3,425,549)
Transfers from Stage 1	(1,516,682)	475,178	1,041,504	–
Transfers from Stage 2	203,586	(1,957,104)	1,753,518	–
Transfers from Stage 3	28,387	3,960	(32,347)	–
Impact on ECL of exposures transferred between stages	1,145,437	743,769	73,913	1,963,119
Balance at end of year	₱655,912	₱1,066,475	₱2,852,022	₱4,574,409
Mortgage loans				
Balance at beginning of year	₱24,309	₱203,865	₱48,759	₱276,933
Newly originated assets that remained in Stage 1 as at December 31, 2021	2,046	–	–	2,046
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	47	290	337
Effect of collections and other movements in receivable balance (excluding write-offs)	(3,848)	(24,497)	(11,393)	(39,738)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	(10,686)	6,352	4,333	–
Transfers from Stage 2	7,799	(41,032)	33,234	–
Transfers from Stage 3	93	384	(477)	–
Impact on ECL of exposures transferred between stages	(5,365)	(117,890)	53,134	(70,121)
Balance at end of year	₱14,348	₱27,229	₱127,880	₱169,457
Other consumer loans**				
Balance at beginning of year	₱1,358,096	₱88,902	₱754,361	₱2,201,359
Newly originated assets that remained in Stage 1 as at December 31, 2021	427,690	–	–	427,690
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	5,964	45,338	51,302
Effect of collections and other movements in receivable balance (excluding write-offs)	(633,104)	(43,330)	34,210	(642,223)

(Forward)

	2021			
	Stage 1	Stage 2	Stage 3	Total
Write-offs (Note 9)	(2,305)	(2,106)	(684,040)	(688,451)
Transfers from Stage 1	(1,226,387)	58,268	1,168,119	–
Transfers from Stage 2	4,845	(73,579)	68,735	–
Transfers from Stage 3	1,474	510	(1,985)	–
Impact on ECL of exposures transferred between stages	608,787	34,657	37,381	680,824
Balance at end of year	₱539,096	₱69,286	₱1,422,119	₱2,030,502
Other receivables* **				
Balance at beginning of year	₱117,183	₱214,221	₱1,248,988	₱1,580,392
Newly originated assets that remained in Stage 1 as at December 31, 2021	389,992	–	–	389,992
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	121,720	472,694	594,413
Effect of collections and other movements in receivable balance (excluding write-offs)	(92,051)	(191,902)	(612,110)	(896,063)
Write-offs (Note 9)	–	–	(88,891)	(88,891)
Transfers from Stage 1	(18,987)	4,123	14,864	–
Transfers from Stage 2	1,630	(16,146)	14,517	–
Transfers from Stage 3	147	600	(747)	–
Impact on ECL of exposures transferred between stages	–	–	370	370
Others				
Balance at end of year	₱397,914	₱132,616	₱1,049,684	₱1,580,214
Total	₱1,701,917	₱1,851,692	₱9,121,715	₱12,675,324

**Include Corporate loans and emerging enterprise loans*
***Include Branch loans, DepEd loans, Employee loans, Salary loans and Personal loans*
****Include Accrued interest receivables, Accounts receivables and Sales contract receivables and unquoted debt securities classified as loans*

Total Allowance on Credit Losses– Parent Company

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱1,253,299**	**₱1,848,348**	**₱8,937,597**	**₱12,039,245**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**2,884,590**	**–**	**–**	**2,884,590**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**-**	**562,213**	**1,130,503**	**1,692,715**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(612,161)**	**(610,075)**	**(1,555,821)**	**(2,778,057)**
Write-offs (Note 9)	**(161,160)**	**(683,234)**	**(3,547,928)**	**(4,392,322)**
Transfers from Stage 1	**(166,696)**	**87,691**	**79,005**	**–**
Transfers from Stage 2	**353,700**	**(658,981)**	**305,281**	**–**
Transfers from Stage 3	**195,602**	**120,316**	**(315,918)**	**–**
Impact on ECL of exposures transferred between stages	**(1,642,414)**	**752,406**	**3,019,249**	**2,129,240**
Others	**–**	**–**	**–**	**–**
Balance at end of year	**₱2,104,761**	**₱1,418,683**	**₱8,051,967**	**₱11,575,411**

	2021			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱2,561,234	₱5,135,162	₱4,978,005	₱12,674,401
Newly originated assets that remained in Stage 1 as at December 31, 2021	458,747	–	–	458,747
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	495,579	1,053,327	1,548,906
Effect of collections and other movements in receivable balance (excluding write-offs)	(669,063)	(1,613,962)	1,446,461	(836,563)
Write-offs (Note 9)	(52,782)	(35,543)	(4,266,744)	(4,355,068)
Transfers from Stage 1	(2,955,413)	575,328	2,380,086	–
Transfers from Stage 2	233,135	(2,826,786)	2,593,651	–
Transfers from Stage 3	30,898	9,403	(40,301)	–
Impact on ECL of exposures transferred between stages	1,646,544	109,167	793,112	2,548,823
Others				
Balance at end of year	₱1,253,299	₱1,848,348	₱8,937,598	₱12,039,245

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Corporate loans*				
Balance at beginning of year	**₱4,804**	**₱471,044**	**₱1,283,084**	**₱1,758,932**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**4,074**	**–**	**–**	**4,074**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**333,873**	**633,523**	**967,396**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(2,912)**	**(446,726)**	**(249,352)**	**(698,989)**
Write-offs (Note 9)	**–**	**–**	**–**	**–**
Transfers from Stage 1	**(5)**	**2**	**3**	**–**
Transfers from Stage 2	**270**	**(1,179)**	**908**	**–**
Transfers from Stage 3	**230**	**87,122**	**(87,352)**	**–**
Impact on ECL of exposures transferred between stages	**(301)**	**(27,959)**	**212,768**	**184,508**
Balance at end of year	**₱6,159**	**₱416,178**	**₱1,793,583**	**₱2,215,921**
Auto loans				
Balance at beginning of year	**₱89,650**	**₱84,974**	**₱2,334,475**	**₱2,509,100**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**253,736**	**–**	**–**	**253,736**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**30,806**	**71,274**	**102,080**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(45,593)**	**(31,269)**	**(585,279)**	**(662,141)**
Write-offs (Note 9)	**–**	**–**	**(201,057)**	**(201,057)**
Transfers from Stage 1	**(17,066)**	**15,240**	**1,825**	**–**
Transfers from Stage 2	**23,997**	**(36,515)**	**12,517**	**–**
Transfers from Stage 3	**55,354**	**26,755**	**(82,109)**	**–**
Impact on ECL of exposures transferred between stages	**(65,071)**	**1,114**	**756,962**	**693,005**
Balance at end of year	**₱295,007**	**₱91,106**	**₱2,308,610**	**₱2,694,723**
Credit cards				
Balance at beginning of year	**₱655,912**	**₱1,066,475**	**₱2,852,022**	**₱4,574,409**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**1,710,674**	**–**	**–**	**1,710,674**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**110,533**	**37,976**	**148,509**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(155,452)**	**(24,373)**	**(200,514)**	**(380,338)**
Write-offs (Note 9)	**(156,779)**	**(679,111)**	**(2,651,361)**	**(3,487,251)**
Transfers from Stage 1	**(114,409)**	**62,060**	**52,348**	**–**
Transfers from Stage 2	**283,094**	**(519,760)**	**236,666**	**–**
Transfers from Stage 3	**42,710**	**1,820**	**(44,530)**	**–**
Impact on ECL of exposures transferred between stages	**(1,517,809)**	**748,877**	**1,661,574**	**892,642**
Balance at end of year	**₱747,942**	**₱766,521**	**₱1,944,181**	**₱3,458,644**
Mortgage loans				
Balance at beginning of year	**₱14,348**	**₱27,229**	**₱127,880**	**₱169,457**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**524**	**–**	**–**	**524**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**30**	**57**	**87**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(4,579)**	**(2,344)**	**(10,951)**	**(17,873)**
Write-offs (Note 9)	**–**	**–**	**–**	**–**
Transfers from Stage 1	**(875)**	**762**	**112**	**–**
Transfers from Stage 2	**14,971**	**(17,002)**	**2,032**	**–**
Transfers from Stage 3	**12,145**	**2,062**	**(14,207)**	**–**
Impact on ECL of exposures transferred between stages	**(32,395)**	**(5,915)**	**(14,046)**	**(52,356)**
Balance at end of year	**₱4,140**	**₱4,823**	**₱90,876**	**₱99,840**
Other consumer loans**				
Balance at beginning of year	**₱131,602**	**₱63,692**	**₱1,297,523**	**₱1,492,817**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**414,760**	**–**	**–**	**414,760**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**59,808**	**201,027**	**260,835**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(74,438)**	**(6,541)**	**(104,688)**	**(185,666)**
Write-offs (Note 9)	**(4,381)**	**(4,123)**	**(671,148)**	**(679,652)**
Transfers from Stage 1	**(23,317)**	**5,914**	**17,403**	**–**

(Forward)

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Transfers from Stage 2	**21,210**	**(55,927)**	**34,717**	**–**
Transfers from Stage 3	**69,285**	**1,672**	**(70,958)**	**–**
Impact on ECL of exposures transferred between stages	**(15,977)**	**20,910**	**386,603**	**391,536**
Balance at end of year	**₱518,745**	**₱85,406**	**₱1,090,478**	**₱1,694,629**
Other receivables* **				
Balance at beginning of year	**₱356,984**	**₱134,933**	**₱1,042,613**	**₱1,534,530**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**500,822**	**–**	**–**	**500,822**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**27,162**	**186,647**	**213,809**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(329,188)**	**(98,823)**	**(405,037)**	**(833,049)**
Write-offs (Note 9)	**–**	**–**	**(24,363)**	**(24,363)**
Transfers from Stage 1	**(11,025)**	**3,713**	**7,313**	**–**
Transfers from Stage 2	**10,157**	**(28,598)**	**18,441**	**–**
Transfers from Stage 3	**15,879**	**884**	**(16,762)**	**–**
Impact on ECL of exposures transferred between stages	**(10,861)**	**15,378**	**15,388**	**19,906**
Others				
Balance at end of year	**₱532,767**	**₱54,649**	**₱824,239**	**₱1,411,654**
Total	**₱2,104,761**	**₱1,418,683**	**₱8,051,967**	**₱11,575,411**

	2021			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱2,470	₱406,868	₱740,686	₱1,150,024
Newly originated assets that remained in Stage 1 as at December 31, 2021	2,449	–	–	2,449
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	429,569	530,792	960,361
Effect of collections and other movements in receivable balance (excluding write-offs)	(1,366)	(351,097)	(257,962)	(610,425)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	(22,416)	113	22,303	–
Transfers from Stage 2	60	(311,298)	311,237	–
Transfers from Stage 3	2	810	(812)	–
Impact on ECL of exposures transferred between stages	23,604	296,079	(63,160)	256,524
Balance at end of year	₱4,804	₱471,044	₱1,283,084	₱1,758,932
Auto loans				
Balance at beginning of year	₱480,461	₱1,974,116	₱1,326,868	₱3,781,445
Newly originated assets that remained in Stage 1 as at December 31, 2021	45,627	–	–	45,627
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	6,812	49,527	56,339
Effect of collections and other movements in receivable balance (excluding write-offs)	(138,825)	(679,188)	(265,795)	(1,083,808)
Write-offs (Note 9)	–	–	(177,286)	(177,286)
Transfers from Stage 1	(187,249)	32,362	154,887	–
Transfers from Stage 2	15,312	(432,177)	416,865	–
Transfers from Stage 3	889	3,230	(4,118)	–
Impact on ECL of exposures transferred between stages	(126,565)	(820,180)	833,528	(113,216)
Balance at end of year	₱89,650	₱84,974	₱2,334,475	₱2,509,100
Credit cards				
Balance at beginning of year	₱782,657	₱2,265,711	₱1,200,740	₱4,249,108
Newly originated assets that remained in Stage 1 as at December 31, 2021	43,742	–	–	43,742
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	13,883	21,350	35,233

(Forward)

	2021			
	Stage 1	Stage 2	Stage 3	Total
Effect of collections and other movements in receivable balance (excluding write-offs)	444,334	992,840	271,582	1,708,756
Write-offs (Note 9)	(475,549)	(1,471,762)	(1,478,237)	(3,425,549)
Transfers from Stage 1	(1,516,682)	475,178	1,041,504	–
Transfers from Stage 2	203,586	(1,957,104)	1,753,518	–
Transfers from Stage 3	28,387	3,960	(32,347)	–
Impact on ECL of exposures transferred between stages	1,145,437	743,769	73,913	1,963,119
Balance at end of year	₱655,912	₱1,066,475	₱2,852,022	₱4,574,409
Mortgage loans				
Balance at beginning of year	₱24,309	₱203,865	₱48,759	₱276,933
Newly originated assets that remained in Stage 1 as at December 31, 2021	2,046	–	–	2,046
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	47	290	337
Effect of collections and other movements in receivable balance (excluding write-offs)	(3,848)	(24,497)	(11,393)	(39,738)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	(10,686)	6,352	4,333	–
Transfers from Stage 2	7,799	(41,032)	33,234	–
Transfers from Stage 3	93	384	(477)	–
Impact on ECL of exposures transferred between stages	(5,365)	(117,890)	53,134	(70,121)
Balance at end of year	₱14,348	₱27,229	₱127,880	₱169,457
Other consumer loans**				
Balance at beginning of year	₱1,156,155	₱72,566	₱454,858	₱1,683,579
Newly originated assets that remained in Stage 1 as at December 31, 2021	26,414	–	–	26,414
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	1,694	16,558	18,252
Effect of collections and other movements in receivable balance (excluding write-offs)	(480,162)	(26,994)	310,037	(197,118)
Write-offs (Note 9)	(2,305)	(2,106)	(660,363)	(664,774)
Transfers from Stage 1	(1,200,384)	57,234	1,143,149	–
Transfers from Stage 2	4,752	(66,125)	61,373	–
Transfers from Stage 3	1,383	421	(1,804)	–
Impact on ECL of exposures transferred between stages	625,749	27,001	(26,285)	626,465
Balance at end of year	₱131,602	₱63,692	₱1,297,523	₱1,492,817
Other receivables***				
Balance at beginning of year	₱115,182	₱212,036	₱1,206,094	₱1,533,312
Newly originated assets that remained in Stage 1 as at December 31, 2021	338,470	–	–	338,470
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	43,574	434,810	478,384
Effect of collections and other movements in receivable balance (excluding write-offs)	(80,442)	(106,313)	(541,791)	(728,546)
Write-offs (Note 9)	–	–	(87,460)	(87,460)
Transfers from Stage 1	(17,997)	4,088	13,908	–
Transfers from Stage 2	1,627	(19,051)	17,424	–
Transfers from Stage 3	144	599	(743)	–
Impact on ECL of exposures transferred between stages	–	–	370	370
Balance at end of year	₱356,984	₱134,933	₱1,042,613	₱1,534,530
Total	₱1,253,299	₱1,848,348	₱8,937,598	₱12,039,245

**Include Corporate loans and emerging enterprise loans*

***Include Branch loans, DepEd loans, Employee loans, Salary loans and Personal loans*

****Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

Investments and placements – Group and Parent Company

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Investment securities at amortized cost				
Balance at beginning of year	**₱93**	**₱11,526**	**₱–**	**₱11,619**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**681**	–	–	**681**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**506**	–	**506**
Effect of collections and other movements in receivable balance (excluding write-offs)	–	**(6,141)**	–	**(6,141)**
Write-offs (Note 9)				
Transfers from Stage 1	–	–	–	–
Transfers from Stage 2	–	–	–	–
Transfers from Stage 3	–	–	–	–
Impact on ECL of exposures transferred between stages	**(45)**	**4,660**	–	**4,615**
Balance at end of year	**₱730**	**₱10,550**	**₱–**	**₱11,280**
Due from other banks				
Balance at beginning of year	**₱4,435**	**₱115**	**₱–**	**₱4,549**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**173**	–	–	**173**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**34**	–	**34**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(3,513)**	**(47)**	–	**(3,560)**
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	–	–	–	–
Transfers from Stage 2	–	–	–	–
Transfers from Stage 3	–	–	–	–
Impact on ECL of exposures transferred between stages	–	–	–	–
Balance at end of year	**₱1,095**	**₱102**	**₱–**	**₱1,197**
Total	**₱1,825**	**₱10,602**	**₱–**	**₱12,477**

	2021			
	Stage 1	Stage 2	Stage 3	Total
Investment securities at amortized cost				
Balance at beginning of year	₱2,456	₱28,476	₱ –	₱30,932
Newly originated assets that remained in Stage 1 as at December 31, 2021	–	443	–	443
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	–	–	–
Effect of collections and other movements in receivable balance (excluding write-offs)	(2,341)	(15,246)	–	(17,586)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	–	–	–	–
Transfers from Stage 2	–	–	–	–
Transfers from Stage 3	(22)	(2,147)	–	(2,169)
Impact on ECL of exposures transferred between stages	–	–	–	–
Balance at end of year	₱93	₱11,527	₱ –	₱11,620
Due from other banks				
Balance at beginning of year	₱81	₱29	₱–	₱110
Newly originated assets that remained in Stage 1 as at December 31, 2021	–	–	–	–
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	–	–	–
Effect of collections and other movements in receivable balance (excluding write-offs)	670	(7)	-	664
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	–	–	–	–
Transfers from Stage 2	–	–	–	–
Transfers from Stage 3	–	–	–	–
Impact on ECL of exposures transferred between stages	3,683	92	–	3,775
Balance at end of year	₱4,435	₱115	₱–	₱4,549
Total	₱4,528	₱11,642	₱ –	16,169

Provision for unused credit lines – Group and Parent Company

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱100,298**	**₱24,408**	**₱–**	**₱124,705**
New credit lines that remained in Stage 1 as at December 31, 2022	**272,596**	–	–	**272,596**
Newly credit lines that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**31,333**	–	**31,333**
Effect of collections and other movements	**(33,078)**	**(5,350)**	–	**(38,427)**
Write-offs	–	–	–	–
Transfers from Stage 1	**(4,638)**	**4,638**	–	–
Transfers from Stage 2	**14,683**	**(14,683)**	–	–
Transfers from Stage 3			–	
Impact on ECL of exposures transferred between stages	**(83,763)**	**12,149**	–	**(71,613)**
Balance at end of year	**₱266,099**	**₱52,495**	**₱–**	**₱318,594**

	2021			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱371,938	₱231,661	₱–	₱603,599
New credit lines that remained in Stage 1 as at December 31, 2021	44,633	–	–	44,633
Newly credit lines that moved to Stage 2 and Stage 3 as at December 31, 2021	–	838	–	838
Effect of collections and other movements	(132,183)	(46,062)	–	(178,245)
Write-offs	–	–	–	–
Transfers from Stage 1	(13,836)	13,836	–	–
Transfers from Stage 2	9,574	(9,574)	–	–
Transfers from Stage 3	–	–	–	–
Impact on ECL of exposures transferred between stages	(179,829)	(166,291)	–	(346,120)
Balance at end of year	₱100,298	₱24,408	₱–	₱124,705

Analysis of Movements of Gross Carrying Amounts

The movements in the Group's total loans and receivables (excluding unamortized premium and allowance for credit and impairment losses) in 2022 and 2021 follow:

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱134,559,422**	**₱63,603,042**	**₱25,400,344**	**₱223,562,808**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**109,878,697**	–	–	**109,878,697**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**39,240,574**	**3,904,025**	**43,144,598**
Movements in receivable balance	**(62,569,839)**	**(35,386,307)**	**(7,708,259)**	**(105,664,404)**
Write-offs	**(221,903)**	**(706,630)**	**(3,679,047)**	**(4,607,580)**
Transfers from Stage 1	**(10,915,597)**	**8,684,751**	**2,230,846**	–
Transfers from Stage 2	**12,187,209**	**(16,230,288)**	**4,043,079**	–
Transfers from Stage 3	**1,392,404**	**1,176,428**	**(2,568,832)**	–
Balance at end of year	**₱184,310,393**	**₱60,381,569**	**₱21,622,156**	**₱266,314,118**

	2021			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱117,671,832	₱110,768,259	₱22,306,916	₱250,747,007
Newly originated assets that remained in Stage 1 as at December 31, 2021	47,932,158	–	–	47,932,158
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	31,447,179	2,107,888	33,555,067
Movements in receivable balance	(40,261,496)	(54,459,056)	(9,443,884)	(104,164,436)
Write-offs	(52,782)	(35,543)	(4,418,662)	(4,506,987)
Transfers from Stage 1	(18,668,535)	10,486,850	8,181,685	–
Transfers from Stage 2	26,847,633	(35,730,911)	8,883,278	–
Transfers from Stage 3	1,090,725	1,126,264	(2,216,989)	–
Balance at end of year	₱134,559,422	₱63,603,042	₱25,400,344	₱223,562,808

The breakdown of the total gross carrying amounts of the Group's loans and receivables (before taking into account any allowance for credit and impairment losses, and unamortized premium) in 2022 and 2021 is as follows:

	2022			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	**₱27,699,839**	**₱30,908,269**	**₱2,148,172**	**₱60,756,280**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**17,967,221**	–	–	**17,967,221**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**30,329,497**	**802,823**	**31,132,320**
Movements in receivable balance	**(15,459,301)**	**(26,309,201)**	**713,191**	**(41,055,311)**
Write-offs	–	–	–	–
Transfers from Stage 1	**(24,154)**	**14,424**	**9,730**	–
Transfers from Stage 2	**30,994**	**(100,968)**	**69,974**	–
Transfers from Stage 3	**12,011**	**703,202**	**(715,213)**	–
	₱30,226,610	**₱35,545,224**	**₱3,028,676**	**₱68,800,510**
Auto loans				
Balance at beginning of year	**₱36,807,928**	**₱16,798,913**	**₱11,619,771**	**₱65,226,612**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**23,032,516**	–	–	**23,032,516**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**1,382,957**	**327,053**	**1,710,010**
Movements in receivable balance	**(15,000,173)**	**(5,926,563)**	**(5,157,563)**	**(26,084,299)**
Write-offs	–	–	**(201,057)**	**(201,057)**
Transfers from Stage 1	**(5,902,804)**	**5,174,927**	**727,877**	–
Transfers from Stage 2	**6,225,121**	**(8,114,939)**	**1,889,819**	–
Transfers from Stage 3	**696,685**	**371,345**	**(1,068,030)**	–
	₱45,859,274	**₱9,686,640**	**₱8,137,870**	**₱63,683,783**
Credit cards				
Balance at beginning of year	**₱23,231,660**	**₱6,600,489**	**₱3,373,878**	**₱33,206,027**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**14,784,308**	–	–	**14,784,308**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**1,190,741**	**188,420**	**1,379,162**
Movements in receivable balance	**(4,142,233)**	**(422,361)**	**(267,678)**	**(4,832,272)**
Write-offs	**(156,779)**	**(679,111)**	**(2,651,361)**	**(3,487,251)**
Transfers from Stage 1	**(2,559,922)**	**1,904,202**	**655,720**	–
Transfers from Stage 2	**2,286,680**	**(3,331,259)**	**1,044,578**	–
Transfers from Stage 3	**73,596**	**4,509**	**(78,105)**	–
	₱33,517,310	**₱5,267,211**	**₱2,265,453**	**₱41,049,973**
Mortgage loans				
Balance at beginning of year	**₱13,321,206**	**₱4,252,642**	**₱2,325,687**	**₱19,899,535**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**2,354,168**	–	–	**2,354,168**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**16,971**	**7,210**	**24,181**
Movements in receivable balance	**(2,045,297)**	**(391,803)**	**(387,904)**	**(2,825,004)**
Write-offs	–	–	–	–
Transfers from Stage 1	**(680,640)**	**616,295**	**64,345**	–
Transfers from Stage 2	**2,511,682**	**(2,769,555)**	**257,873**	–
Transfers from Stage 3	**482,028**	**70,796**	**(552,823)**	–
	₱15,943,147	**₱1,795,345**	**₱1,714,389**	**₱19,452,881**
Other consumer loans**				
Balance at beginning of year	**₱27,907,110**	**₱2,524,207**	**₱3,671,193**	**₱34,102,510**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**48,385,224**	–	–	**48,385,224**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**5,934,399**	**1,886,191**	**7,820,591**
Movements in receivable balance	**(24,201,309)**	**(1,976,583)**	**(1,504,154)**	**(27,682,046)**
Write-offs	**(65,124)**	**(27,519)**	**(794,077)**	**(886,720)**
Transfers from Stage 1	**(970,717)**	**442,994**	**527,723**	–
Transfers from Stage 2	**309,806**	**(651,356)**	**341,550**	–
Transfers from Stage 3	**97,986**	**19,619**	**(117,605)**	–
	₱51,462,977	**₱6,265,761**	**₱4,010,822**	**₱61,739,559**

(Forward)

	2022			
	Gross carrying amount			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Other receivables***				
Balance at beginning of year	**₱5,591,679**	**₱2,518,522**	**₱2,261,643**	**₱10,371,844**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**3,355,259**	**–**	**–**	**3,355,259**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**386,008**	**692,327**	**1,078,335**
Movements in receivable balance	**(1,721,527)**	**(359,795)**	**(1,104,151)**	**(3,185,473)**
Write-offs	**–**	**–**	**(32,553)**	**(32,553)**
Transfers from Stage 1	**(777,360)**	**531,909**	**245,451**	**–**
Transfers from Stage 2	**822,926**	**(1,262,211)**	**439,286**	**–**
Transfers from Stage 3	**30,099**	**6,957**	**(37,055)**	**–**
	₱7,301,076	**₱1,821,389**	**₱2,464,947**	**₱11,587,412**
	₱184,310,393	**₱60,381,569**	**₱21,622,156**	**₱266,314,118**

**Include Corporate loans and emerging enterprise loans*
***Include Branch loans, DepEd loans, Employee loans, Salary loans and Personal loans*
****Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

	2021			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱21,685,114	₱35,341,196	₱2,139,417	₱59,165,727
Newly originated assets that remained in Stage 1 as at December 31, 2021	11,737,888	–	–	11,737,888
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	27,501,083	1,189,653	28,690,737
Movements in receivable balance	(5,952,278)	(30,960,094)	(1,925,699)	(38,838,071)
Write-offs	–	–	–	–
Transfers from Stage 1	(126,782)	19,545	107,237	–
Transfers from Stage 2	349,330	(1,118,766)	769,436	–
Transfers from Stage 3	6,567	125,305	(131,872)	–
	₱27,699,839	₱30,908,269	₱2,148,172	₱60,756,280
Auto loans				
Balance at beginning of year	₱33,879,848	₱43,905,394	₱11,622,319	₱89,407,561
Newly originated assets that remained in Stage 1 as at December 31, 2021	6,125,468	–	–	6,125,468
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	340,625	210,503	551,128
Movements in receivable balance	(11,005,986)	15,257,749	(4,416,524)	(30,680,259)
Write-offs	–	–	(177,286)	(177,286)
Transfers from Stage 1	(6,270,713)	4,905,775	1,364,938	–
Transfers from Stage 2	13,373,014	(17,950,811)	4,577,797	–
Transfers from Stage 3	706,297	855,679	(1,561,976)	–
	₱36,807,928	₱16,798,913	₱11,619,771	₱65,226,612
Credit cards				
Balance at beginning of year	₱18,666,373	₱11,038,747	₱1,774,299	₱31,479,419
Newly originated assets that remained in Stage 1 as at December 31, 2021	9,071,779	–	–	9,071,779
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	2,044,948	98,336	2,143,284
Movements in receivable balance	(1,037,164)	(3,187,884)	(1,711,048)	(5,936,096)
Write-offs	(50,477)	(33,437)	(3,468,445)	(3,552,359)
Transfers from Stage 1	(7,890,101)	3,149,991	4,740,110	–
Transfers from Stage 2	4,387,123	(6,424,167)	2,037,044	–
Transfers from Stage 3	84,127	12,291	-96,418	–
	₱23,231,660	₱6,600,489	₱3,373,878	₱33,206,027
Mortgage loans				
Balance at beginning of year	₱6,648,927	₱14,128,168	₱1,164,477	₱21,941,572
Newly originated assets that remained in Stage 1 as at December 31, 2021	1,483,681	–	–	1,483,681
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	9,016	14,171	23,187
Movements in receivable balance	(1,083,123)	(2,193,490)	(272,292)	(3,548,905)
Write-offs	–	–	–	–
Transfers from Stage 1	(1,057,080)	874,826	182,254	–
Transfers from Stage 2	7,258,804	(8,614,837)	1,356,033	–
Transfers from Stage 3	69,997	48,959	(118,956)	–
	₱13,321,206	₱4,252,642	₱2,325,687	₱19,899,535

(Forward)

	2021			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Other consumer loans**				
Balance at beginning of year	₱32,204,748	₱1,909,519	₱3,157,062	₱37,271,329
Newly originated assets that remained in Stage 1 as at December 31, 2021	19,007,079	–	–	19,007,079
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	1,454,009	548,530	2,002,539
Movements in receivable balance	(21,070,377)	(1,330,877)	(1,088,732)	(23,489,986)
Write-offs	(2,305)	(2,106)	(684,040)	(688,451)
Transfers from Stage 1	(2,441,178)	784,151	1,657,027	–
Transfers from Stage 2	101,633	(217,309)	115,676	–
Transfers from Stage 3	107,510	(73,180)	(34,330)	–
	₱27,907,110	₱2,524,207	₱3,671,193	₱34,102,510
Other receivables***				
Balance at beginning of year	₱4,586,822	₱4,445,235	₱2,449,342	₱11,481,399
Newly originated assets that remained in Stage 1 as at December 31, 2021	506,262	–	–	506,262
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	97,498	46,695	144,193
Movements in receivable balance	(112,680	(1,528,962)	-25,924	-1,667,566
Write-offs	–	–	(92,444)	(92,444)
Transfers from Stage 1	(882,681)	752,562	130,119	–
Transfers from Stage 2	1,377,729	(1,405,021)	27,292	–
Transfers from Stage 3	116,227	157,210	(273,437)	–
	₱5,591,679	₱2,518,522	₱2,261,643	₱10,371,844
	₱134,559,534	₱63,603,042	₱25,400,232	₱223,562,808

**Include Corporate loans and emerging enterprise loans*
***Include Branch loans, DepEd loans, Employee loans, Salary loans and Personal loans*
****Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

The movements in the Parent Company's total loans and receivables (excluding unamortized premium and allowance for credit and impairment losses) in 2022 and 2021 follow:

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱111,786,724**	**₱61,628,988**	**₱23,371,262**	**₱196,786,974**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**93,908,862**	**–**	**–**	**93,908,862**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**37,138,801**	**3,079,420**	**40,218,221**
Movements in receivable balance	**(41,668,751)**	**(33,617,339)**	**(6,438,722)**	**(81,724,813)**
Write-offs	**(161,160)**	**(683,234)**	**(3,547,928)**	**(4,392,322)**
Transfers from Stage 1	**(10,370,772)**	**8,395,204**	**1,975,569**	**–**
Transfers from Stage 2	**12,095,563**	**(15,966,880)**	**3,871,317**	**–**
Transfers from Stage 3	**1,384,119**	**1,159,373**	**(2,543,492)**	**–**
Balance at end of year	**₱166,974,586**	**₱58,054,912**	**₱19,767,425**	**₱244,796,923**

	2021			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱95,613,342	₱109,261,133	₱20,281,153	₱225,155,628
Newly originated assets that remained in Stage 1 as at December 31, 2021	31,099,970	–	–	31,099,970
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	30,069,831	1,578,596	31,648,427
Movements in receivable balance	(24,672,084)	(53,321,473)	(8,640,184)	(86,633,741)
Write-offs	(52,781)	(35,543)	(4,394,984)	(4,483,308)
Transfers from Stage 1	(18,034,603)	9,860,347	8,174,256	–
Transfers from Stage 2	26,754,102	(35,530,182)	8,776,080	–
Transfers from Stage 3	1,078,779	1,324,875	(2,403,654)	–
Others	-	-	-	–
Balance at end of year	₱111,786,724	₱61,628,988	₱23,371,263	₱196,786,975

The breakdown of the total gross carrying amounts of the Parent Company's loans and receivables (before taking into account any allowance for credit and impairment losses, and unamortized premium) in 2022 and 2021 is as follows:

	2022			
	Gross carrying amount			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Corporate loans*				
Balance at beginning of year	**₱27,680,431**	**₱30,907,998**	**₱2,095,723**	**₱60,684,152**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**17,964,235**	**–**	**–**	**17,964,235**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**-**	**30,329,497**	**802,823**	**31,132,320**
Movements in receivable balance	**(15,453,429)**	**(26,309,200)**	**715,754**	**(41,046,875)**
Write-offs	**–**	**–**	**–**	**–**
Transfers from Stage 1	**(24,154)**	**14,424**	**9,730**	**–**
Transfers from Stage 2	**30,724**	**(100,698)**	**69,974**	**–**
Transfers from Stage 3	**12,011**	**703,202**	**(715,213)**	**–**
	₱30,209,818	**₱35,545,224**	**₱2,978,790**	**₱68,733,831**
Auto loans				
Balance at beginning of year	**₱36,807,928**	**₱16,798,913**	**₱11,619,771**	**₱65,226,612**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**23,032,516**	**–**	**–**	**23,032,516**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**1,382,957**	**327,053**	**1,710,010**
Movements in receivable balance	**(15,000,173)**	**(5,926,563)**	**(5,157,563)**	**(26,084,299)**
Write-offs	**–**	**–**	**(201,057)**	**(201,057)**
Transfers from Stage 1	**(5,902,804)**	**5,174,927**	**727,877**	**–**
Transfers from Stage 2	**6,225,121**	**(8,114,939)**	**1,889,819**	**–**
Transfers from Stage 3	**696,685**	**371,345**	**(1,068,030)**	**–**
	₱45,859,274	**₱9,686,640**	**₱8,137,870**	**₱63,683,783**
Credit cards				
Balance at beginning of year	**₱23,231,772**	**₱6,600,489**	**₱3,373,766**	**₱33,206,027**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**14,784,308**	**-**	**-**	**14,784,308**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**-**	**1,190,741**	**188,420**	**1,379,162**
Movements in receivable balance	**(4,142,345)**	**(422,361)**	**(267,566)**	**(4,832,272)**
Write-offs	**(156,779)**	**(679,111)**	**(2,651,361)**	**(3,487,251)**
Transfers from Stage 1	**(2,559,922)**	**1,904,202**	**655,720**	**-**
Transfers from Stage 2	**2,286,680**	**(3,331,259)**	**1,044,578**	**-**
Transfers from Stage 3	**73,596**	**4,509**	**(78,105)**	**-**
	₱33,517,310	**₱5,267,211**	**₱2,265,453**	**₱41,049,973**
Mortgage loans				
Balance at beginning of year	**₱13,321,206**	**₱4,252,642**	**₱2,325,687**	**₱19,899,535**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**2,354,168**	**–**	**–**	**2,354,168**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**16,971**	**7,210**	**24,181**
Movements in receivable balance	**(2,045,297)**	**(391,803)**	**(387,904)**	**(2,825,004)**
Write-offs	**–**	**–**	**–**	**–**
Transfers from Stage 1	**(680,640)**	**616,295**	**64,345**	**–**
Transfers from Stage 2	**2,511,682**	**(2,769,555)**	**257,873**	**–**
Transfers from Stage 3	**482,028**	**70,796**	**(552,823)**	**–**
	₱15,943,147	**₱1,795,345**	**₱1,714,389**	**₱19,452,881**
Other consumer loans**				
Balance at beginning of year	**₱5,460,441**	**₱571,642**	**₱1,740,001**	**₱7,772,084**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**32,610,963**	**–**	**–**	**32,610,963**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**3,851,822**	**1,029,431**	**4,881,253**
Movements in receivable balance	**(3,560,330)**	**(226,364)**	**(259,521)**	**(4,046,215)**
Write-offs	**(4,381)**	**(4,123)**	**(671,148)**	**(679,652)**
Transfers from Stage 1	**(439,329)**	**155,367**	**283,962**	**–**
Transfers from Stage 2	**218,992**	**(391,261)**	**172,269**	**–**
Transfers from Stage 3	**89,718**	**2,624**	**(92,342)**	**–**
	₱34,376,074	**₱3,959,707**	**₱2,202,651**	**₱40,538,432**

(Forward)

	2022			
	Gross carrying amount			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Other Receivables				
Balance at beginning of year	**₱5,284,946**	**₱2,497,304**	**₱2,216,315**	**₱9,998,565**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**3,162,672**	**–**	**–**	**3,162,672**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**366,812**	**724,483**	**1,091,295**
Movements in receivable balance	**(1,467,178)**	**(341,048)**	**(1,081,922)**	**(2,890,148)**
Write-offs	**–**	**–**	**(24,363)**	**(24,363)**
Transfers from Stage 1	**(763,923)**	**529,989**	**233,935**	**–**
Transfers from Stage 2	**822,364**	**(1,259,169)**	**436,804**	**–**
Transfers from Stage 3	**30,082**	**6,897**	**(36,979)**	**–**
	₱7,068,964	**₱1,800,785**	**₱2,468,273**	**₱11,338,022**
Balance at end of year	**₱166,974,586**	**₱58,054,912**	**₱19,767,425**	**₱244,796,923**

	2021			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱21,664,982	₱35,341,110	₱2,086,968	₱59,093,060
Newly originated assets that remained in Stage 1 as at December 31, 2021	11,723,489	–	–	11,723,489
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	27,501,083	1,189,653	28,690,737
Movements in receivable balance	(5,937,425)	(30,960,009)	(1,925,699)	(38,823,133)
Write-offs	–	–	–	–
Transfers from Stage 1	(126,512)	19,275	107,237	–
Transfers from Stage 2	349,330	(1,118,766)	769,436	–
Transfers from Stage 3	6,567	125,305	(131,872)	–
	₱27,680,431	₱30,907,998	₱2,095,723	₱60,684,152
Auto loans				
Balance at beginning of year	₱33,879,848	₱43,905,394	₱11,622,319	₱89,407,561
Newly originated assets that remained in Stage 1 as at December 31, 2021	6,125,468	–	–	6,125,468
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	340,625	210,503	551,128
Movements in receivable balance	(11,005,986)	(15,257,749)	(4,416,524)	(30,680,259)
Write-offs	–	–	(177,286)	(177,286)
Transfers from Stage 1	(6,270,713)	4,905,775	1,364,938	–
Transfers from Stage 2	13,373,014	(17,950,811)	4,577,797	–
Transfers from Stage 3	706,297	855,679	(1,561,976)	–
	₱36,807,928	₱16,798,913	₱11,619,771	₱65,226,612
Credit cards				
Balance at beginning of year	₱18,666,373	₱11,038,747	₱1,774,299	₱31,479,419
Newly originated assets that remained in Stage 1 as at December 31, 2021	9,071,779	–	–	9,071,779
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	2,044,948	98,336	2,143,284
Movements in receivable balance	(1,037,052)	(3,187,884)	(1,711,160)	(5,936,096)
Write-offs	(50,477)	(33,437)	(3,468,445)	(3,552,359)
Transfers from Stage 1	(7,890,101)	3,149,991	4,740,110	-
Transfers from Stage 2	4,387,123	(6,424,167)	2,037,044	-
Transfers from Stage 3	84,127	12,291	(96,418)	-
	₱23,231,772	₱6,600,489	₱3,373,766	₱33,206,027
Mortgage loans				
Balance at beginning of year	₱6,648,927	₱14,128,168	₱1,164,477	₱21,941,572
Newly originated assets that remained in Stage 1 as at December 31, 2021	1,483,681	–	–	1,483,681
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	9,016	14,171	23,187
Movements in receivable balance	(1,083,123)	(2,193,490)	(272,292)	(3,548,904)
Write-offs	–	–	–	–
Transfers from Stage 1	(1,057,080)	874,826	182,254	–
Transfers from Stage 2	7,258,804	(8,614,837)	1,356,033	–
Transfers from Stage 3	69,997	48,959	(118,956)	–
	₱13,321,206	₱4,252,642	₱2,325,687	₱19,899,535

(Forward)

	2021			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Other consumer loans**				
Balance at beginning of year	₱10,523,361	₱467,719	₱1,194,552	₱12,185,632
Newly originated assets that remained in Stage 1 as at December 31, 2021	2,124,756	–	–	2,124,756
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	91,480	24,691	116,171
Movements in receivable balance	(5,608,498)	(254,158)	(127,047)	(5,989,703)
Write-offs	(2,305)	(2,106)	(660,363)	(664,772)
Transfers from Stage 1	(1,681,387)	161,206	1,520,181	–
Transfers from Stage 2	8,719	(18,089)	9,370	–
Transfers from Stage 3	95,794	125,590	(221,384)	–
	₱5,460,441	₱571,642	₱1,740,001	₱7,772,084
Other receivables***				
Balance at beginning of year	₱4,229,851	₱4,379,995	₱2,438,538	₱11,048,384
Newly originated assets that remained in Stage 1 as at December 31, 2021	570,796	–	–	570,796
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	82,679	41,242	123,921
Movements in receivable balance	–	(1,468,183)	(183,909)	(1,652,092)
Write-offs	–	–	(92,444)	(92,444)
Transfers from Stage 1	(1,008,810)	749,274	259,536	–
Transfers from Stage 2	1,377,112	(1,403,512)	26,400	–
Transfers from Stage 3	115,997	157,051	(273,048)	–
	₱5,284,946	₱2,497,304	₱2,216,315	₱9,998,565
	₱111,786,724	₱61,628,988	₱23,371,263	₱196,786,975

16. Deposit Liabilities

Under existing BSP regulations, non-FCDU deposit liabilities of the Parent Company are subject to unified reserve requirements equivalent to 12% (under BSP Circulars 1082 and 1092) as at December 31, 2022.

LTNCDs are subject to required reserves of 4.00% if issued under BSP Circular No. 304, and 7.00% if issued under BSP Circular No. 842.

On the other hand, EWRB is required to maintain regular reserves equivalent to 2.00% and 2.00% demand and savings deposits in 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the Parent Company and EWRB are in compliance with such regulations. As of December 31, 2022 and 2021, Due from BSP of the Parent Company and EWRB below has been set aside as reserves for deposit liabilities, as reported to the BSP:

	2022	2021
Parent Company	**₱35,695,539**	₱34,417,853
EWRB	**390,817**	416,889
Total reserves for deposit liabilities	**₱36,086,356**	₱34,834,742

As of December 31, 2022 and 2021, 19.70% and 20.97% respectively, of the total liabilities of the Group and 20.65% and 22.30% respectively of the Parent Company are subject to periodic interest repricing.

The remaining deposit liabilities earn annual fixed interest rates ranging from 0.01% to 2.5% in 2022 and 2021, and 0.01% to 5.63% in 2020.

Long-Term Negotiable Certificate of Deposits (LTNCDs)
LTNCDs issued by the Parent Company include the following (amounts in millions):

Series	Issue Date	Maturity Date	Face Value	Coupon Rate	Average Effective Interest Rate	Repayment Terms	Carrying Value 2022	Carrying Value 2021
2	12/5/2013	6/5/2020	2,484	3.25%	3.48%	Quarterly	–	–
3	10/23/2014	4/24/2021	925	4.50%	4.42%	Quarterly	–	–
4	3/21/2017	9/21/2022	10,000	4.00%	4.10%	Quarterly	–	9,992,598
5	6/7/2019	12/7/2023	2,451	4.63%	4.78%	Quarterly	**2,447,204**	2,443,640
Total							**2,447,204**	12,436,238

Long-Term Negotiable Certificates of Deposits due 2020 (LTNCD Series 2)
In 2013, the Parent Company issued unsecured LTNCD maturing on June 5, 2020. The first to third tranches of the LTNCD Series 2 aggregating to ₱0.75 billion were issued in December 2013. The discount, including debt issue costs, related to the issuance of the LTNCD Series 2 in 2013 amounted to ₱9.44 million. The fourth and fifth tranches of the LTNCD Series 2 aggregating to ₱1.74 billion were issued in February and April 2014, respectively. The discount, including debt issue costs, related to the issuance of the LTNCD Series 2 in 2014 amounted to ₱85.05 million. The LTNCD Series 2 matured on June 5, 2020.

Long-Term Negotiable Certificates of Deposits due 2021 (LTNCD Series 3)
In 2014, the Parent Company issued unsecured LTNCD maturing on April 24, 2021. The first tranche of the LTNCD Series 3 amounting to ₱0.93 billion was issued in October 2014. The discount related to the issuance of the LTNCD Series 3 in 2014 amounted to ₱4.63 million. The LTNCD Series 3 matured on April 24, 2021.

Long-Term Negotiable Certificates of Deposits due 2022 (LTNCD Series 4)
In 2017, the Parent Company issued unsecured LTNCD maturing on September 21, 2022. The first tranche of the LTNCD amounting to ₱2.70 billion was issued in March 2017. The second to fifth tranches of the LTNCD aggregating to ₱7.30 billion were issued in April to August 2017. The debt issue costs related to the issuance of the LTNCD in 2017 amounted to ₱49.94 million. As of December 31, 2022 and 2021, the related unamortized debt issue cost amounted to nil and ₱7.40 million, respectively.

Long-Term Negotiable Certificates of Deposits due 2023 (LTNCD Series 5)
In 2018, the Parent Company issued unsecured LTNCD maturing on December 7, 2023. The first tranche of the LTNCD amounting to ₱2.45 billion was issued in June 7, 2018. The debt issue costs related to the issuance of the LTNCD in 2018 amounted to ₱18.38 million. As of December 31, 2022 and 2021, the outstanding unamortized debt issue cost amounted to ₱3.47 million and ₱7.03 million, respectively.

The movements in unamortized net discount of LTNCDs of the Group and Parent Company as of December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning balance	**₱14,432**	₱27,694
Amortization during the year	**(10,966)**	(13,262)
Ending balance	**₱3,466**	₱14,432

The Group and the Parent Company's interest expense on deposit liabilities consists:

	Consolidated			Parent Company		
	2022	2021	2020	**2022**	2021	2020
Time deposits	**₱859,430**	₱595,654	₱1,706,586	**₱859,430**	₱595,654	₱1,706,586
Savings deposits	**842,965**	508,746	1,198,852	**508,969**	282,277	757,886
LTNCDs	**403,343**	513,343	526,525	**403,343**	513,343	526,525
Demand deposits	**155,776**	150,199	128,916	**156,318**	150,743	129,468
Total	**₱2,261,514**	₱1,767,942	₱3,560,879	**₱1,928,060**	₱1,542,017	₱3,120,465

17. Bills and Acceptances Payable and SSURA

This account of the Group and of the Parent Company consists of:

	2022	2021
SSURA	**₱6,705,236**	₱–
Outstanding acceptances	**56,220**	98,150
	₱6,761,456	₱98,150

The following are the fair value of government debt securities (Note 8) pledged and transferred under SSURA transactions of the Group and the Parent Company:

	2022		2021	
	Face value	**Fair value**	Face value	Fair value
Investment securities at amortized cost	**₱18,230,212**	**₱15,195,386**	₱–	₱–

The Group's and the Parent Company's borrowings are subject to annual interest rates ranging from 0.33% to 3.50% in 2020.

The Group's and the Parent Company's interest expense on bills and acceptances payable amounted to ₱0.37 million in 2022, nil in 2021, ₱182.94 million in 2020. In 2022, the Bank enter into repos to fund its operation amounting to ₱160.00 million. In 2021, the Bank did not enter into repos to fund its operations because of its excess liquidity. This excess liquidity is currently deployed in very liquid short term assets. The Group's and the Parent Company's interest expense on SSURA amounted to ₱74.71 million in 2022, nil in 2021, ₱95.25 million in 2020.

18. Accrued Taxes, Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Accrued other expenses	**₱2,801,914**	₱2,542,633	**₱2,404,303**	₱2,244,987
Accrued taxes	**383,323**	294,040	**333,830**	251,374
Accrued interest payable	**293,743**	138,592	**273,750**	126,679
	₱3,478,980	₱2,975,265	**₱3,011,883**	₱2,623,040

Accrued other expenses pertain to accruals of various operating expenses such as rent, utilities, management and professional fees, employee bonus and other expenses.

19. Bonds Payable

This account consists of bonds payable due in 2023 with a face value of ₱3.70 billion and carrying value of ₱3.70 billion and ₱3.69 billion as of December 31, 2022 and 2021, respectively.

On February 10, 2020, the Parent Company issued 4.50% fixed-rate bonds with issue price at 100.00% face value. The bonds will bear interest at the rate of 4.50% per annum from and including February 21, 2020 to but excluding: (a) February 21, 2023, such date being the maturity date (if the pre-termination option is not exercised); or (b) the pre-termination date (if the pre-termination option is exercised), and the interest will be payable quarterly in arrears at the end of each interest period on February 21, August 21 and November 21 of each year commencing on 2020.

Unless the 2023 Bonds are previously redeemed, the Bonds are repayable to the Bond Holders at 100.00% of their face value on the maturity date or February 21, 2023.

As of December 31, 2022 and 2021, bonds issuance cost amounted to ₱1.56 million and ₱12.31 million, respectively. For the period ended December 31, 2022 and 2021, the Group and the Parent Company recognized interest expense on bonds payable amounting to ₱167.62 million and ₱167.57 million, respectively.

Reserve requirement
Peso-denominated bonds are subject to reserves equivalent to 3.00% in 2022 and 2021. The Parent Company was in compliance with such requirements as of December 31, 2022.

20. Subordinated Debt

This account consists of:

		Consolidated		Parent Company	
	Face value	**2022**	2021	**2022**	2021
Lower Tier 2 unsecured subordinated notes due 2025	₱5,000,000	**₱–**	₱–	**₱–**	₱–
Lower Tier 2 unsecured subordinated notes due 2027	₱1,250,000	**–**	1,241,964	**–**	–
	₱6,250,000	**₱–**	1,241,964	**₱–**	₱–

Lower Tier 2 unsecured subordinated notes due 2025
On July 4, 2014, the Parent Company issued 5.50% coupon rate Lower Tier 2 unsecured subordinated notes (the 2025 Notes) with par value of ₱5.00 billion, maturing on January 4, 2025, but callable on January 4, 2020. The 2025 Notes qualify as Tier 2 capital pursuant to BSP Circular No. 781 (Basel III), BSP Circular No. 826 on risk disclosure requirements for the loss absorption features of capital instruments, and other related circulars and issuances of the BSP.

Unless the 2025 Notes are previously redeemed, the 2025 Notes are repayable to the Noteholders at 100.00% of their face value or at par on the maturity date of January 4, 2025.

From and including the issue date to, but excluding the optional redemption date of January 4, 2020, the 2025 Notes bear interest at the rate of 5.50% per annum and shall be payable quarterly in arrears on January 4, April 4, July 4, and October 4 of each year, which commenced on October 4, 2014. Unless the 2025 Notes are previously redeemed, the interest rate will be reset at the equivalent of the prevailing 5-year BVAL at reset date plus initial spread (i.e., the difference between the initial interest rate and the prevailing 5-year BVAL at the pricing date of the initial tranche), commencing on January 4, 2020.

The 2025 Notes are redeemable at the option of the Parent Company, in whole but not in part, on the call option date at 100.00% of the face value plus accrued but unpaid interest, subject to the following conditions:

a. the Parent Company has obtained prior written approval and complied with the requirements of the BSP prior to redemption of the 2025 Notes;
b. the 2025 Notes are replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Parent Company or the Parent Company demonstrates that its capital position is above the minimum capital requirements after redemption is exercised;
c. the Parent Company is not in breach of (and would not, following such redemption, be in breach) of applicable regulatory capital requirements (including regulatory capital buffers);
d. the Parent Company is solvent at the time of redemption of the 2025 Notes and immediately thereafter.

Furthermore, upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event, the Parent Company may, subject to compliance with BSP rules and BSP approval, and upon prior approval of the BSP and with prior written notice to the Noteholders on record, redeem all and not less than all of the outstanding 2025 Notes prior to the stated maturity by paying the Noteholder the Redemption Option Amount which, (a) in the case of a Tax Redemption Event is an amount equal to 100.00% of the face value of the 2025 Notes plus accrued interest at the interest rate relating to the then current interest period up to but excluding the date of such redemption, and (b) in the case of a Regulatory Redemption Event is an amount equal to 100.00% of the face value of the 2025 Notes plus accrued interest at the interest rate relating to the then current Interest Period up to but excluding the date of such redemption (the "Redemption Option Date").

The 2025 Notes have a loss absorption feature which means that the 2025 Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Event. Non-viability is defined as a deviation from a certain level of Common Equity Tier 1 (CET1) Ratio or inability of the Parent Company to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. A Non-Viability Event is deemed to have occurred when the Parent Company is considered non-viable as determined by the BSP.

Upon the occurrence of a Non-Viability Event, the Parent Company shall write-down the principal amount of the 2025 Notes to the extent required by the BSP, which could go to as low as zero. Additional Tier 1 (AT1) capital instruments shall be utilized first before Tier 2 capital instruments are written-down, until the viability of the Issuer is re-established. In the event the Parent Company does not have AT1 capital instruments, then the write-down shall automatically apply to Tier 2 capital.

Loss absorption feature is subject to the following conditions:

a. the principal amount of all series of Tier 1 Loss Absorbing Instruments outstanding having been Written-Down to zero or converted into common equity of the Parent Company (where possible) irrevocably, in accordance with, and to the extent possible pursuant to, their terms (the "Tier 1 Write-Down");
b. the Tier 1 Write-Down having been insufficient to cure the Non-Viability Event;
c. the Parent Company giving the relevant Non-Viability Notice to the Public Trustee and the Registrar and Paying Agent.

Each Noteholder irrevocably agrees and acknowledges that it may not exercise or claim any right of set-off in respect of any amount owed to it by the Parent Company arising under or in connection with the 2025 Notes and it shall, to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off.

On January 4, 2020, the Parent Company exercised its redemption option to pre-terminate the 2025 Notes.

<u>Lower Tier 2 unsecured subordinated notes due 2027</u>
On February 20, 2017, EWRB issued 5.50% coupon rate Lower Tier 2 unsecured subordinated note (the 2027 Notes) with par value of ₱1.25 billion, maturing on August 20, 2027 but callable on August 20, 2022.

Unless the 2027 Notes are previously redeemed, the 2027 Notes are repayable to the Noteholders at 100.00% of their face value or at par on the maturity date of August 20, 2027.

From and including the issue date to, but excluding the optional redemption date of August 20, 2022, the 2027 Notes bear interest at the rate of 5.50% per annum and shall be payable quarterly in arrears on February 20, May 20, August 20, and November 20 of each year, which commenced on February 20, 2017. Unless the 2027 Notes are previously redeemed, the interest rate will be reset at the equivalent of the prevailing 5-year BVAL at reset date plus initial spread (i.e., the difference between the initial interest rate and the prevailing 5-year BVAL at the pricing date of the initial tranche), commencing on August 20, 2022.

The 2027 Notes are redeemable at the option of EWRB, in whole but not in part, on the call option date at 100.00% of the face value plus accrued but unpaid interest, subject to the following conditions:

a. EWRB has obtained prior written approval and complied with the requirements of the BSP prior to redemption of the 2027 Notes;
b. the 2027 Notes are replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of EWRB, or EWRB demonstrates that its capital position is above the minimum capital requirements after redemption is exercised;

c. EWRB is not in breach of (and would not, following such redemption, be in breach) of applicable regulatory capital requirements (including regulatory capital buffers);
d. EWRB is solvent at the time of redemption of the 2027 Notes and immediately thereafter.

Furthermore, upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event, the EWRB may, subject to compliance with BSP rules and BSP approval, and upon prior approval of the BSP and with prior written notice to the Noteholders on record, redeem all and not less than all of the outstanding 2027 Notes prior to the stated maturity by paying the Noteholder the Redemption Option Amount which, (a) in the case of a Tax Redemption Event is an amount equal to 100.00% of the face value of the 2027 Notes plus accrued interest at the interest rate relating to the then current interest period up to but excluding the date of such redemption, and (b) in the case of a Regulatory Redemption Event is an amount equal to 100.00% of the face value of the 2027 Notes plus accrued interest at the interest rate relating to the then current Interest Period up to but excluding the date of such redemption (the "Redemption Option Date").

The 2027 Notes have a loss absorption feature which means that the 2027 Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Event. Non-viability is defined as a deviation from a certain level of Common Equity Tier 1 (CET1) Ratio or inability of the EWRB to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. A Non-Viability Event is deemed to have occurred when EWRB is considered non-viable as determined by the BSP.

Upon the occurrence of a Non-Viability Event, EWRB shall write-down the principal amount of the 2025 Notes to the extent required by the BSP, which could go to as low as zero. Additional Tier 1 (AT1) capital instruments shall be utilized first before Tier 2 capital instruments are written-down, until the viability of the Issuer is re-established. In the event EWRB does not have AT1 capital instruments, then the write-down shall automatically apply to Tier 2 capital.

Loss absorption feature is subject to the following conditions:
a. the principal amount of all series of Tier 1 Loss Absorbing Instruments outstanding having been Written-Down to zero or converted into common equity of EWRB (where possible) irrevocably, in accordance with, and to the extent possible pursuant to, their terms (the "Tier 1 Write-Down");
b. the Tier 1 Write-Down having been insufficient to cure the Non-Viability Event;
c. EWRB giving the relevant Non-Viability Notice to the Public Trustee and the Registrar and Paying Agent.

Each Noteholder irrevocably agrees and acknowledges that it may not exercise or claim any right of set-off in respect of any amount owed to it by EWRB arising under or in connection with the 2027 Notes and it shall, to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off.

On June 24, 2022, the EWRB's Board of Directors unanimously approved under Resolution No. 002-007 EWRB 2022 the exercise of the Call Option for TIER2 on August 22, 2022. Issued principal is 1.25 Billion at 5.5% coupon rate with 385 noteholders. On August 1, 2022, BSP approved the exercise of the call option. Redemption date was on August 20, 2022 and was settled on August 22, 2022.

<u>Interest expense on subordinated debt</u>
The Group's interest expense on the subordinated debt due 2025 and 2027 amounted to ₱44.71 million ₱69.93 million, ₱79.83 million in 2022, 2021 and 2020, respectively.

The Parent Company's interest expense on the subordinated debt due 2025 amounted to nil in 2022 and 2021, and ₱9.97 million in 2020.

21. **Other Liabilities**

This account consists of:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Financial liabilities				
Accounts payable	**₱8,342,518**	₱3,854,909	**₱7,217,858**	₱3,426,192
Provision on unused credit lines (Notes 15 and 30)	**318,594**	124,705	**318,594**	124,705
Derivative liabilities (Note 5)	**107,835**	212,691	**107,835**	212,691
Bills purchased-contra	**-**	304,785	**-**	304,785
Retention payable	**18,181**	41,029	**18,181**	41,029
Payment orders payable	**16,800**	29,078	**16,800**	29,078
	₱8,803,928	₱4,567,197	**₱7,679,268**	₱4,138,480
Non-financial liabilities				
Deferred revenue	**₱1,675,350**	₱1,442,139	**₱1,675,113**	₱1,441,902
Net retirement obligation (Note 26)	**530,628**	223,232	**525,217**	215,193
Withholding tax payable	**130,927**	88,449	**116,344**	80,173
Miscellaneous	**204,443**	264,932	**149,743**	203,872
	2,541,348	2,018,752	**₱2,466,417**	1,941,140
	₱11,345,276	₱6,585,949	**₱10,145,685**	₱6,079,620

Deferred revenue of the Group and the Parent Company includes deferred credit card loyalty points, membership fees and dues as well as the deferred exclusive bancassurance access fee. (Note 10).

22. **Maturity Analysis 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:

	Consolidated					
	2022			2021		
	Less than 12 months	**Over 12 months**	**Total**	Less than 12 months	Over 12 months	Total
Financial assets:						
Cash and other cash items	**₱8,713,151**	**₱–**	**₱8,713,151**	₱7,705,729	₱–	₱7,705,729
Due from BSP (Note 7)	**36,114,397**	**–**	**36,114,397**	58,842,366	–	58,842,366
Due from other banks - gross (Note 7)	**4,530,832**	**–**	**4,530,832**	19,339,732	–	19,339,732
Interbank loans receivables and SPURA (Note 7)	**10,009,266**	**–**	**10,009,266**	17,518,984	–	17,518,984
Financial assets at FVTPL (Note 8)	**1,958,310**	**–**	**1,958,310**	4,056,851	–	4,056,851
Financial assets at FVTOCI (Note 8)	**16,746,386**	**–**	**16,746,386**	41,660,568	–	41,660,568
Investment securities at amortized cost - gross (Notes 8 and 15)	**–**	**66,022,053**	**66,022,053**	102,573	20,724,428	20,827,001
Loans and receivables - gross (Notes 9 and 15)	**110,850,787**	**155,463,331**	**266,314,118**	59,629,823	163,932,985	223,562,808
Other assets - gross (Notes 14 and 15)	**63,663**	**354,275**	**417,938**	186,519	315,210	501,729
	188,986,792	**221,839,659**	**410,826,451**	209,043,145	184,972,623	394,015,768
Nonfinancial assets:						
Investment in a joint venture (Note 10)	**–**	**928,977**	**928,977**	–	614,494	614,494
Property and equipment – gross (Note 11)	**–**	**10,805,737**	**10,805,737**	–	9,760,223	9,760,223
Investment properties - gross (Notes 12 and 15)	**–**	**1,334,657**	**1,334,657**	–	1,407,959	1,407,959
Deferred tax assets (Note 25)	**–**	**3,906,672**	**3,906,672**	–	4,160,134	4,160,134
Goodwill and other intangible assets - gross (Note 13)	**–**	**8,651,723**	**8,651,723**	–	8,439,087	8,439,087
Other assets - gross (Notes 14 and 15)	**1,699,621**	**1,499,024**	**3,198,645**	927,525	3,517,579	4,445,104
	1,699,621	**27,126,790**	**28,826,411**	927,525	27,899,476	28,827,001
	190,686,413	**248,966,449**	**439,652,862**	209,970,670	212,872,099	422,842,769

(Forward)

	Consolidated					
	2022			2021		
	Less than 12 months	**Over 12 months**	**Total**	Less than 12 months	Over 12 months	Total
Allowances for impairment and credit losses (Note 15)	**(1,197)**	**(12,436,156)**	**(12,437,353)**	–	(12,898,316)	(12,898,316)
Unamortized premium/discount (Note 9)	**(1,032,114)**	**2,573,039**	**1,540,925**	(223,379)	2,898,481	2,675,102
Accumulated depreciation and amortization (Notes 11, 12, 13 and 14)	–	**(7,384,901)**	**(7,384,901)**	–	(7,857,725)	(7,857,725)
	₱175,766,902	**₱245,604,631**	**₱421,371,533**	₱209,747,291	₱195,014,539	₱404,761,830
Financial liabilities:						
Deposit liabilities (Note 16)	**₱326,098,650**	**₱3,067,472**	**₱329,166,122**	₱313,635,009	₱13,209,896	₱326,844,905
Bills and acceptances payable (Note 17)	**6,761,456**	**–**	**6,761,456**	98,150	–	98,150
Cashiers' checks and demand drafts payable	**1,381,537**	**–**	**1,381,537**	730,702	–	730,702
Subordinated debt (Note 20)	**–**	**–**	**–**	–	1,241,964	1,241,964
Bonds Payable (Note 19)	**3,698,439**	**–**	**3,698,439**	–	3,687,686	3,687,686
Accrued interest, taxes and other expenses (Note 18)	**2,645,107**	**–**	**2,645,107**	2,681,226		2,681,226
Lease liability (Note 27)	**784,016**	**3,594,929**	**4,378,945**	876,739	2,229,581	3,106,320
Other liabilities (Note 21)	**8,785,747**	**18,181**	**8,803,928**	4,526,168	41,029	4,567,197
	350,154,952	**6,680,582**	**356,835,534**	322,547,994	20,410,156	342,958,150
Nonfinancial liabilities:						
Income tax payable	**126,208**	**–**	**126,208**	141,255	–	141,255
Accrued interest, taxes and other expenses (Note 18)	**383,323**	**450,549**	**833,872**	294,039	–	294,039
Other liabilities (Note 21)	**1,304,888**	**1,236,461**	**2,541,349**	754,336	1,264,416	2,018,752
	1,814,419	**1,687,010**	**3,501,429**	1,189,630	1,264,416	2,454,046
	₱351,969,371	**₱8,367,592**	**₱360,336,963**	₱323,737,624	₱21,674,572	₱345,412,196

	Parent Company					
	2022			2021		
	Less than 12 months	**Over 12 months**	**Total**	Less than 12 months	Over 12 months	Total
Financial assets:						
Cash and other cash items	**₱8,636,012**	**₱–**	**₱8,636,012**	₱7,641,626	₱–	₱7,641,626
Due from BSP (Note 7)	**35,723,579**	**–**	**35,723,579**	58,425,477	–	58,425,477
Due from other banks - gross (Note 7)	**4,346,960**	**–**	**4,346,960**	19,297,291	–	19,297,291
Interbank loans receivables and SPURA (Note 7)	**10,009,266**	**–**	**10,009,266**	17,518,984	–	17,518,984
Financial assets at FVTPL (Note 8)	**1,958,310**	**–**	**1,958,310**	4,056,851	–	4,056,851
Financial assets at FVTOCI (Note 8)	**16,746,386**	**–**	**16,746,386**	41,660,568	–	41,660,568
Investment securities at amortized cost - gross (Notes 8 and 15)	**–**	**64,640,408**	**64,640,408**	102,573	19,046,220	19,148,793
Loans and receivables - gross (Notes 9 and 15)	**108,933,303**	**135,863,620**	**244,796,923**	57,135,308	139,651,667	196,786,975
Other assets - gross (Notes 14 and 15)	**62,848**	**330,001**	**392,849**	185,756	309,242	494,998
	186,416,664	**200,834,029**	**387,250,693**	206,024,434	159,007,129	365,031,563
Nonfinancial assets:						
Investment in subsidiaries (Note 10)	–	**5,753,689**	**5,753,689**	–	5,919,095	5,919,095
Investment in a joint venture (Note 10)	–	**928,977**	**928,977**	–	614,494	614,494
Property and equipment - gross (Note 11)	–	**9,760,592**	**9,760,592**	–	8,697,973	8,697,973
Investment properties - gross (Notes 12 and 15)	–	**1,333,954**	**1,333,954**	–	1,407,256	1,407,256
Deferred tax assets (Note 25)	–	**3,515,512**	**3,515,512**	–	3,719,088	3,719,088
Goodwill and other intangible assets - gross (Note 13)	–	**8,592,060**	**8,592,060**	–	8,309,403	8,309,403
Other assets - gross (Notes 14 and 15)	**1,585,452**	**1,468,544**	**3,053,996**	851,377	3,505,234	4,356,611
	1,585,452	**31,353,328**	**32,938,780**	851,377	32,172,543	33,023,920
	188,002,116	**232,187,357**	**420,189,473**	206,875,811	191,179,672	398,055,483
Allowances for impairment and credit losses (Note 15)	**(1,197)**	**(11,752,977)**	**(11,754,174)**	–	-12,236,105	-12,236,105
Unamortized premium/discount (Note 9)	**(376,386)**	**2,871,323**	**2,494,937**	-166,284	4,219,154	4,052,870
Accumulated depreciation and amortization (Notes 11, 12, 13 and 14)	–	**(6,693,513)**	**(6,693,513)**	–	-7,110,972	-7,110,972
	₱173,738,333	**₱230,498,390**	**₱404,236,723**	₱206,709,527	₱176,051,749	₱382,761,276
Financial liabilities:						
Deposit liabilities (Note 16)	**₱310,966,511**	**₱3,067,472**	**₱314,033,983**	₱294,159,725	₱13,209,895	₱307,369,620
Bills and acceptances payable (Note 17)	**6,761,456**	–	**6,761,456**	98,150	–	98,150
Cashiers' checks and demand drafts payable	**1,381,537**	–	**1,381,537**	730,702	–	730,702
Subordinated debt (Note 20)	–	–	–	–	–	–
Bonds payable (Note 19)	**3,698,439**	**–**	**3,698,439**	–	3,687,686	3,687,686
Accrued interest, taxes and other expenses (Note 18)	**2,229,430**	–	**2,229,430**	2,371,666	–	2,371,666
Lease liability (Note 27)	**703,742**	**3,403,316**	**4,107,058**	807,763	1,983,316	2,791,079
Other liabilities (Note 21)	**7,661,087**	**18,181**	**7,679,268**	4,097,451	41,029	4,138,480
	333,402,202	**6,488,969**	**339,891,171**	302,265,457	18,921,926	321,187,383

	Consolidated					
	2022			2021		
	Less than 12 months	**Over 12 months**	**Total**	Less than 12 months	Over 12 months	Total
Nonfinancial liabilities:						
Income tax payable	**62,113**	–	**62,113**	31,745	–	31,745
Accrued interest, taxes and other expenses (Note 18)	**333,830**	**448,623**	**782,453**	251,374	–	251,374
Other liabilities (Note 21)	**1,234,272**	**1,232,145**	**2,466,417**	681,039	1,260,101	1,941,140
	1,630,215	**1,680,768**	**3,310,983**	964,158	1,260,101	2,224,259
	₱335,032,417	**₱8,169,737**	**₱343,202,154**	₱303,229,615	₱20,182,027	₱323,411,642

23. **Equity**

Capital Management

The Parent Company actively manages its capital to comply with regulatory requirements, enable growth targets, withstand plausible stress events and be at par with the Parent Company's peers. The primary objective of the Parent Company's capital management is to ensure that it maintains adequate capital to cover risks inherent to its banking activities without prejudice to optimizing shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous year.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's 'unimpaired capital' (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies. In addition, the risk-based Capital Adequacy Ratio (CAR) of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings). Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Effective January 1, 2014, the Group complied with BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for total CAR remains unchanged at 10.00% and these ratios shall be maintained at all times.

On June 27, 2014, the BSP issued Circular No. 839, *REST Limit for Real Estate Exposures* which provides the implementing guidelines on the prudential REST limit for universal, commercial, and thrift banks on their aggregate real estate exposures. The Group should maintain CET1 and CAR levels at the regulatory prescribed minimums, on a solo and consolidated basis, even after the simulated results of a 25.00% write-off to the Group's real estate exposures. These shall be complied with at all times.

The capital-to-risk assets ratio reported to the BSP as of December 31, 2022 and 2021 are shown in the table below:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
CET1 capital ratio	**13.02%**	14.49%	**12.60%**	14.23%
Tier 1 capital ratio	**13.02%**	14.49%	**12.60%**	14.23%
Total capital ratio	**13.78%**	15.55%	**13.31%**	14.84%

The composition of the qualifying capital is shown below:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Qualifying capital:				
Tier 1 capital	**₱60,127,953**	₱58,065,319	**₱60,128,021**	₱58,065,387
CET1 capital	**60,127,953**	58,065,319	**60,128,021**	58,065,387
Less: Required deductions	**12,034,253**	11,832,469	**16,971,627**	17,090,420
Net Tier 1 capital	**48,093,700**	46,232,850	**43,156,394**	40,974,967
Tier 2 capital	**2,820,983**	3,410,345	**2,434,930**	1,760,692
Total qualifying capital	**₱50,914,683**	₱49,643,195	**₱45,591,324**	₱42,735,659

The capital requirements as of December 31, 2022 and 2021 are shown below:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Capital requirements:				
Credit risk	**₱293,949,728**	₱243,730,822	**₱272,668,024**	₱217,272,765
Market risk	**4,778,140**	5,000,915	**4,778,140**	5,000,915
Operational risk	**70,780,936**	70,435,381	**65,101,904**	65,769,543
Total capital requirements	**₱369,508,804**	₱319,167,118	**₱342,548,068**	₱288,043,223

Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Under Basel III, the regulatory Gross Qualifying Capital of the Parent Company consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 comprises share capital, surplus (including current year profit), and other comprehensive income (cumulative foreign currency translation and net unrealized gains on financial assets at FVTOCI). Required deductions include goodwill, intangible assets, investments in equity, deferred tax assets, defined benefit pension assets and unsecured credit accommodations to DOSRI and subsidiaries.

Tier 2 capital comprise of unsecured subordinated debts and general loan loss provision.

Risk-weighted assets are determined by assigning defined risk weights to the statement of financial position exposure and to the credit equivalent amounts of off-balance sheet exposures. Certain items are deducted from risk-weighted assets, such as the excess of general loan loss provision over the amount permitted to be included in Tier 2 capital. The risk weights vary from 0.00% to 150.00% depending on the type of exposure, with the risk weights of off-balance sheet exposures being subjected further to credit conversion factors. Below is a summary of risk weights and selected exposure types:

Risk weight	Exposure/Asset type
0.00%	Cash on hand; claims collateralized by securities issued by the national government, BSP; loans covered by the Trade and Investment Development Corporation of the Philippines; real estate mortgages covered by the Home Guarantee Corporation
20.00%	Cash and other cash items, claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality; claims guaranteed by foreign incorporated banks with the highest credit quality; loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation
50.00%	Housing loans fully secured by first mortgage on residential property; Local Government Unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue allotment of the LGU and guaranteed by the LGU Guarantee Corporation
75.00%	Direct loans of defined Small Medium Enterprise (SME) and microfinance loans portfolio; non-performing housing loans fully secured by first mortgage
100.00%	All other assets (e.g., real estate assets) excluding those deducted from capital (e.g., deferred income tax)
150.00%	All non-performing loans (except non-performing housing loans fully secured by first mortgage) and all non-performing debt securities

** Not all inclusive*

With respect to off-balance sheet exposures, the exposure amount is multiplied by a credit conversion factor (CCF), ranging from 0.00% to 100.00%, to arrive at the credit equivalent amount, before the risk weight factor is multiplied to arrive at the risk-weighted exposure. Direct credit substitutes (e.g., guarantees) have a CCF of 100.00%, while items not involving credit risk has a CCF of 0.00%.

In the case of derivatives, the credit equivalent amount (against which the risk weight factor is multiplied to arrive at the risk-weighted exposure) is generally the sum of the current credit exposure or replacement cost (the positive fair value or zero if the fair value is negative or zero) and an estimate of the potential future credit exposure or add-on. The add-on ranges from 0.00% to 1.50% (interest rate-related) and from 1.00% to 7.50% (exchange rate-related), depending on the residual maturity of the contract. For credit-linked notes and similar instruments, the risk-weighted exposure is the higher of the exposure based on the risk weight of the issuer's collateral or the reference entity or entities.

The risk-weighted CAR is calculated by dividing the sum of its Tier 1 and Tier 2 capital, as defined under BSP regulations, by its risk-weighted assets. The risk-weighted assets, as defined by the BSP regulations, consist of all of the assets on the balance sheet at their respective book values, together with certain other off-balance sheet items, weighted by certain percentages depending on the risks associated with the type of assets. The determination of compliance with regulatory requirements and ratios is based on the amount of the Parent Company's 'unimpaired capital' (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting practices which differ from PFRS in some respects.

The Group has taken into consideration the impact of the foregoing requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

Leverage Ratio and Total Exposure Measure
The Basel lll Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirement. The leverage ratio intends to restrict the buildup of leverage in the Bank and reinforce the risk-based requirements with a simple, non-risk based "backstop" measure. It is defined as a capital measure over its total exposure measure with a minimum requirement of 5.00% on both Group and Parent Company.

	Consolidated		Parent	
	2022	2021	**2022**	2021
Capital Measure	**₱48,093,700**	₱46,232,850	**₱43,156,395**	₱40,974,967
Divided by: Exposure measure	**440,420,360**	422,803,776	**417,844,497**	395,054,510
Leverage ratio	**10.92%**	10.93%	**10.33%**	10.37%

Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)
The NSFR seeks to limit the overreliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off-balance sheet accounts. It complements the LCR, which promotes short term resilience of a Bank's liquidity profile. The minimum LCR and NSFR requirement should be no lower than 100% at all times on both Group and Parent Company.

	Consolidated		Parent	
	2022	2021	**2022**	2021
Total Stock of High-Quality Liquid Assets	**₱90,214,211**	₱122,761,191	**₱88,107,352**	₱120,602,052
Divided by: Total Net Cash Flows	**37,817,543**	24,763,900	**35,821,177**	21,803,281
Liquidity Coverage ratio	**238.55%**	495.73%	**245.96%**	553.14%

	Consolidated		Parent	
	2022	2021	**2022**	2021
Available Stable Funding	**₱302,223,589**	₱305,506,068	**₱288,811,215**	₱286,996,062
Divided by: Required Stable Funding	**236,869,402**	206,610,354	**224,255,123**	189,934,184
Net Stable Funding Ratio	**127.59%**	147.87%	**128.79%**	151.10%

Capital Stock
Capital stock consists of (amounts in thousands, except for par value and number of shares):

	Shares			Amount		
	2022	2021	2020	**2022**	2021	2020
Authorized:						
Common stock - 10.00 par value	**4,500,000,000**	4,500,000,000	4,500,000,000			
Preferred stock - 10.00 par value	**500,000,000**	500,000,000	500,000,000			
Common stock issued and outstanding:						
Balance at the beginning of the year	**2,249,975,411**	2,249,975,411	2,249,975,411	**22,499,754**	22,499,754	22,499,754
Issuance of stock dividends	**–**	–	–	**–**	–	–
Balance at the end of the year	**2,249,975,411**	2,249,975,411	2,249,975,411	**22,499,754**	22,499,754	22,499,754

With the approvals by the PSE of the Parent Company's application for listing and by the SEC for the Registration Statement both on March 14, 2012, a total of 245,316,200 common shares, with ₱10.00 par value per share, representing 21.70% of outstanding capital stock, were offered and subscribed through an initial public offering at ₱18.50 per share on April 20 to 26, 2012. The common shares comprise of (a) 141,056,800 new shares issued by the Parent Company by way of a primary offer, and (b) 104,259,400 existing shares offered by FDC, the selling shareholder, pursuant to a secondary offer. Subsequently, on September 5, 2012, 36,715,300 shares under the over-allotment option were exercised at a price of ₱18.50 per share that brought the subscriptions to 25.00% of the outstanding capital stock. The Parent Company's common shares were listed and commenced trading in the PSE on May 7, 2012.

The preferred shares are perpetual non-voting and non-convertible to common shares. The dividends of the preferred shares shall be non-cumulative and to be fixed by the BOD at an annual dividend rate prior to the date of issue.

The total proceeds raised by the Parent Company from the sale of primary offer shares amounted to ₱2.61 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱2.39 billion.

On February 1, 2019, the BSP approved the following amendments to the Parent Company's Articles of Incorporation, which were approved and confirmed by the Parent Company's BOD at its special meeting on July 13, 2017, to provide flexibility for future capital requirements:

a. Increase of the Parent Company's authorized capital stock from ₱20.00 billion to ₱50.00 billion consisting of 4.50 billion common shares with par value of ₱10.00 per share or a total par value of ₱45.00 billion and ₱0.50 billion preferred shares with par value of ₱10.00 per share or a total par value of ₱5.00 billion.

b. Declaration of 50.00% stock dividends equivalent to ₱7.50 billion from the Parent Company's unrestricted retained earnings as of December 31, 2016 to meet the required subscribed and paid amount of capital stock per Corporation Code after the increase in the authorized capital of the Parent Company. The increase in the Parent Company's authorized capital stock and stock dividend declaration were subsequently approved by BSP on September 29, 2017 and by SEC on February 28, 2019.

On April 16, 2018, a total of 749,991,801 common shares were listed at the PSE.

The portion of the Parent Company's retained earnings pertaining to the accumulated earnings of the subsidiaries amounting to ₱5.77 billion and ₱5.89 billion as of December 31, 2022 and December 31, 2021, respectively, are not available for dividend declaration until declared as dividends by subsidiaries.

In 2019, upon the full adoption of PFRS 9, the BSP through BSP Circular No. 1011 has required the appropriation for the difference of the 1.00% general loan loss provision over the computed ECL related to Stage 1 accounts. As of December 31, 2022 and 2021, the computed ECL related to Stage 1 accounts is sufficient to cover the 1.00% general loan loss provision required by BSP on Stage 1 accounts.

Cash Dividend
In 2022, Eastwest Bank declared and paid cash dividends amounting to ₱899.99 million. This is equivalent to Php 0.40 per share, paid last May 31, 2022 to all stockholders of record as of May 11, 2022.

24. Income and Expenses

Service charges, fees and commissions

Service charges include late payment charges, pre-termination fees on loans and service charges on deposit taking-related transactions. Fees and commissions include credit card membership fees, bancassurance fees, interchange fees, merchant discounts and other commissions.

For the periods ended December 31, 2022, 2021 and 2020, this account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	**2022**	2021	2020
Credit cards	**₱1,429,505**	₱1,410,555	₱1,653,513	**₱1,429,505**	₱1,410,555	₱1,653,513
Loans	**820,990**	997,014	841,432	**463,357**	885,969	568,356
Deposits	**764,775**	639,643	684,733	**756,199**	634,762	680,711
Bancassurance fees	**73,477**	90,682	72,138	**73,477**	90,682	72,138
Remittances	**142,908**	77,561	64,421	**136,860**	77,561	64,421
Others	**549,150**	510,283	394,555	**282,105**	217,654	205,934
	₱3,780,805	₱3,725,738	₱3,710,792	**₱3,141,503**	₱3,317,183	₱3,245,073

Others consist of income from securities brokering and certificate fees.

Miscellaneous income (loss)

For the periods ended December 31, 2022, 2021 and 2020, this account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	**2022**	2021	2020
Recoveries and credit adjustments	**₱469,030**	₱506,339	₱291,757	**₱443,279**	₱476,619	₱261,603
Rental income	**47,075**	47,610	45,618	**47,075**	47,610	45,618
Dividend income	**736**	662	8,834	**736**	662	8,834
Modification Loss (Note 4 and Note 9)	**-**	346,769	(2,718,323)	**-**	346,769	(2,717,808)
Others	**228,855**	66,581	108,283	**217,716**	62,630	105,943
	₱745,696	₱967,961	(₱2,263,831)	**₱708,806**	₱934,290	(₱2,295,810)

Others include referral income earned on insurance premiums charged through credit cards and revenue from credit card loyalty rewards.

Miscellaneous expense

For the periods ended December 31, 2022, 2021 and 2020, this account consists of:

	Consolidated			Parent Company		
	2022	2021	2020	**2022**	2021	2020
Brokerage fees	**₱1,070,788**	₱1,411,000	₱591,706	**₱1,051,613**	₱1,391,868	₱572,029
Technological fees	**834,096**	557,368	586,066	**832,543**	556,827	585,877
Insurance	**756,892**	754,199	706,927	**713,043**	709,322	661,983
Security, messengerial and janitorial services	**666,636**	631,701	535,860	**604,485**	573,691	482,089
Service charges, fees and commissions	**622,911**	470,116	602,317	**622,911**	470,116	602,317
Postage, telephone, cables and telegram	**439,073**	428,461	402,060	**385,531**	386,266	358,983
Advertising	**430,733**	364,464	634,623	**399,996**	349,348	627,089
Fines, penalties and other charges	**292,689**	304,444	256,905	**266,959**	267,423	229,859
Repairs and maintenance	**282,614**	200,005	160,634	**244,851**	161,857	130,990
Power, light and water	**229,368**	188,993	176,497	**197,525**	163,290	153,114
Transportation and travel	**181,645**	158,106	227,694	**136,111**	124,434	184,719
Management and other professional fees	**133,589**	156,341	256,427	**127,380**	152,140	250,382
Stationery and supplies	**150,749**	140,447	138,646	**98,123**	114,374	107,160
Supervision fees	**129,760**	135,092	130,027	**123,052**	128,063	121,410
Litigation expenses	**76,450**	73,712	48,223	**76,450**	73,712	48,223
Entertainment, amusement and recreation	**43,863**	35,000	36,007	**34,598**	29,075	31,705
Others	**390,405**	278,211	211,192	**378,472**	230,880	202,103
	₱6,732,261	₱6,287,660	₱5,701,811	**₱6,293,643**	₱5,882,686	₱5,350,032

Others include payments for subscriptions, membership fees, trainings, donations and contributions, delivery and freight expenses, and clearing fees.

25. Income and Other Taxes

Under Philippine tax laws, the RBU of the Parent Company and its subsidiaries are subject to percentage and other taxes (presented as ‘Taxes and licenses’ in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp taxes. Income taxes include corporate income tax, as discussed below, and final taxes paid which represents final withholding tax on gross interest income from government securities and other deposit substitutes and income from FCDU transactions. These income taxes, as well as the deferred tax benefits and provisions, are presented as ‘Provision for income tax’ in the statements of income.

Republic Act (RA) No. 9397, *An Act Amending National Internal Revenue Code*, provides that the Regular Corporate Income Tax (RCIT) rate shall be 30.00% and the interest expense allowed as a deductible expense shall be reduced by 33.00% of interest income subjected to final tax.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulations, EAR expense allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the Parent Company’s net revenue..

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is generally subject to 10.00% gross income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units is taxed at 15.00%. RA No. 9294, which became effective in May 2004, provides that the income derived by the FCDU from foreign currency transactions with non-residents, Offshore Banking Units (OBUs), local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

Relevant Tax Updates

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Bill to attract more investments and maintain fiscal prudence and stability in the Philippines. The CREATE Bill introduces reforms to corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette or in newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Bill which have an impact on the Bank.

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improper accumulated earnings tax (IAET) is repealed.

A minimum corporate income tax (MCIT) of 1.00% (as amended by CREATE Bill) of modified gross income is computed and compared with the RCIT. Any excess of MCIT over the RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, NOLCO is allowed as a deduction from taxable income in the next three years from the period of incurrence. For the taxable years 2020 and 2021, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulations No. 25-2020.

Provision for income tax consists of:

	Consolidated			**Parent Company**		
	2022	2021	2020	**2022**	2021	2020
Current:						
RCIT /MCIT	**₱751,946**	₱386,384	₱2,468,134	**₱182,440**	₱ (47,047)	₱2,085,456
Final tax	**460,538**	303,605	215,234	**447,995**	291,552	207,407
	1,212,484	689,989	2,683,368	**630,435**	244,505	2,292,863
Deferred	**220,796**	900,250	(2,173,210)	**174,541**	862,142	(2,176,906)
	₱1,433,280	₱1,590,239	₱510,158	**₱804,976**	₱ 1,106,647	₱115,957

The components of the Group's and the Parent Company's net deferred tax assets as of December 31, 2022 and 2021 follow:

	Consolidated		Parent Company	
	2022	**2021**	**2022**	**2021**
Deferred tax asset on:				
Allowance for impairment and credit losses	**₱3,210,791**	₱3,248,167	**₱2,989,585**	₱3,093,969
Effect of modification loss, net of accretion/amortization	**164,860**	280,834	**164,853**	281,013
Accrued expenses and other deferred income	**460,085**	433,078	**301,632**	227,421
Accumulated depreciation of assets foreclosed or dacioned	**169,814**	219,036	**169,812**	219,034
Net retirement obligation	**133,270**	58,124	**131,304**	53,798
Net effect of lease liabilities and ROU assets	**134,039**	113,531	**124,420**	104,797
Unrealized trading loss	**33,485**	118,322	**33,485**	49,949
Gain on asset foreclosure and dacion transactions	**89,377**		**89,469**	-
Excess MCIT over RCIT (RBU)	-	106,541	-	106,541
Deferred bancassurance fee	-	63,000	-	63,000
	4,395,721	4,640,633	**4,004,560**	4,199,522
Deferred tax liability on:				
Branch licenses acquired from business combination	**₱156,350**	156,350	**₱156,350**	156,350
Gain on asset foreclosure and dacion transactions	-	130,850	-	130,757
Remeasurement of investment in a joint venture	**83,958**	83,958	**83,958**	83,958
Unrealized foreign exchange gains	**234,896**	94,934	**234,895**	94,934
Unrealized trading gains	-			
Others	**13,845**	14,407	**13,845**	14,435
	489,049	480,499	**489,048**	480,434
	₱3,906,672	₱4,160,134	**₱3,515,512**	₱3,719,088

Income tax benefit charged directly to OCI during the year for the Group and the Parent Company amounted to ₱77.50 million and ₱96.13 million in 2022 and 2021, respectively.

Details of the Group's and the Parent Company's excess MCIT and NOLCO are is as follows:

Excess MCIT

Inception Year	Amount	Used Amount	Expired Amount	Balance	Expiry Year
2021	106,541	106,541	–	106,541	2024
	₱108,966	₱108,966	₱–	₱106,541	₱–

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 2021 and 2020 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. As of December 31, 2022, the Group has not incurred NOLCO that can be claimed for the next five years.

The reconciliation of statutory income tax at statutory tax rate to the effective income tax follows:

	Consolidated			Parent Company		
	2022	**2021**	2020	**2022**	**2021**	2020
Statutory income tax	**₱1,981,146**	₱1,526,319	₱2,105,398	**₱1,357,575**	₱1,405,421	₱1,987,137
Tax effects of:						
Nondeductible expenses	**311,831**	271,130	427,055	**311,826**	202,759	348,951
FCDU income	**(882,788)**	(713,374)	(1,510,380)	**(882,788)**	(713,374)	(1,510,380)
Non-taxable and tax-exempt income	**(559,696)**	(351,840)	(583,778)	**(559,696)**	(626,229)	(796,276)
Interest income subjected to final tax net of tax paid	**(88,065)**	(80,933)	(164,394)	**(88,138)**	(73,157)	(153,763)
Change in unrecognized deferred tax assets and others	**670,852**	521,935	236,257	**666,197**	530,857	240,288
Effect of change in tax rate	-	417,002	–	-	380,370	–
Effective income tax	**₱1,433,280**	₱1,590,239	₱510,158	**₱804,976**	₱1,106,647	₱115,957

26. **Retirement Plan**

The existing regulatory framework, RA No. 7641, the *Retirement Pay Law* requires companies with at least ten (10) employees to pay retirement benefits to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Parent Company
The Parent Company has a funded, non-contributory defined benefit retirement plan (the Plan) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits (equivalent to a certain percentage of final salary for every year if service depending on the tenure of the employee) certain age and service requirements. The Parent Company's retirement plan is in the form of a trust administered by the Parent Company's Trust Division under the supervision of the Retirement Committee.

EWRB
The Bank provided a noncontributory defined benefit plan covering substantially all regular and full-time employees, provided he is not more than age sixty (60) at the time of appointment. The retirement plan provides retirement benefits equal to 100.00% of the final monthly salary for every year of service.

In 2018, changes in the terms on how the benefits will be valued were implemented. The Bank introduced a defined benefit plan which provides a lump sum benefit based on final salary and years of service, subject to certain eligibility conditions. For normal retirement and late retirement, eligibility starts at the age of 60 and 65 with benefits amounting to a 100.00% and 150.00% of final monthly salary per year of continuous service, for less than 10 years and 10 years above, respectively. However, for early retirement, eligibility starts at the age of 50 but with at least 10 years of continuous service or more, subject to Bank's approval.

QMIS
QMIS does not have a formal retirement plan. As such, QMIS's retirement liability is based on the requirement of RA No. 7641. For purposes of calculating the retirement liability under RA No. 7641, QMIS obtained an actuarial valuation.

The amounts of net retirement obligation presented under "Other liabilities" in the statements of financial position are presented below:

	Consolidated		**Parent Company**	
	2022	2021	**2022**	2021
Present value of the defined benefit obligation	**₱1,644,794**	₱1,453,451	**₱1,584,236**	₱1,390,185
Less: Fair value of plan assets	**1,118,935**	1,230,219	**1,059,019**	1,174,992
Net retirement obligation (Note 21)	**₱525,859**	₱223,232	**₱525,217**	₱215,193

Changes in the present value of the defined benefit obligation as of December 31, 2022 and 2021 recognized in the statements of financial position follow:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Balance at beginning of year	**₱1,453,451**	₱1,646,296	**₱1,390,185**	₱1,571,639
Current service cost	**154,199**	196,760	**143,801**	183,459
Interest cost	**70,389**	58,777	**67,285**	55,950
Remeasurement (gains) losses:				
Actuarial losses arising from deviations of experience from assumptions	**153,493**	34,111	**143,968**	36,535
Actuarial losses (gains) arising from changes in financial assumptions	**(29,198)**	(427,456)	**(7,119)**	(403,056)
Benefits paid	**(157,540)**	(55,037)	**(153,884)**	(54,342)
Balance at end of year	**₱1,644,794**	₱1,453,451	**₱1,584,236**	₱1,390,185

Changes in the fair value of plan assets are as follows:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Balance at beginning of year	**₱1,230,498**	₱1,097,185	**1,174,992**	₱1,057,519
Contributions	**163,341**	231,983	**154,217**	218,961
Interest income	**59,584**	39,147	**56,869**	37,648
Remeasurements	**(176,948)**	(83,059)	**(173,175)**	(84,794)
Benefits paid	**(157,540)**	(55,037)	**(153,884)**	(54,342)
Balance at end of year	**₱1,118,935**	₱1,230,219	**₱1,059,019**	₱1,174,992

The fair value of plan assets by class are as follows:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Cash and cash equivalents	**₱326,440**	₱300,331	**₱325,510**	₱300,283
Equity instruments:				
Financial services	**655,930**	782,691	**596,944**	727,512
Real estate	**5,001**	5,001	**5,001**	5,001
Debt instruments:				
Private securities	**60,994**	63,158	**60,994**	63,158
Government securities	**68,853**	77,356	**68,853**	77,356
Others	**1,717**	1,682	**1,717**	1,682
Fair value of plan assets	**₱1,118,935**	₱1,230,219	**₱1,059,019**	₱1,174,992

The Parent Company's plan assets are carried at fair value. The fair value of investments in equity and debt securities are based on quoted price in the active market. The fair value of other assets and liabilities, which include deposits in banks, accrued interest and other receivables, and trust fee payables, approximate their carrying amounts due to the short-term nature of these accounts.

The plan assets are diversified investments and are not exposed to concentration risk.

Each year, an Asset-Liability Matching Study (ALMS) is performed with the result being analyzed in terms of risk-and-return profiles. As of December 31, 2022 and 2021, the Group's investment strategy consists of 59.00% of equity instruments, 11.00% of debt instruments and 29.00% cash and 64.00% of equity instruments, 11.00% of debt instruments, and 25.00% cash, respectively.

The Parent Company expects to contribute ₱194.8 million to the plan in 2023.

The cost of defined benefit retirement plans as well as the present value of the benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used are shown below:

	Parent Company		EWRB		QMIS		Group	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Discount rate								
At January 1	**4.84%**	3.56%	**4.89%**	3.78%	**5.05%**	3.85%	**4.84%-5.05%**	3.56%-3.85%
At December 31	**6.99%**	4.84%	**7.16%**	4.89%	**7.17%**	5.05%	**6.99%-7.17%**	4.84%-5.05%
Future salary increase rate	**5.00%**	3.00%	**4.00%**	4.00%	**5.00%**	5.00%	**4.00%-5.00%**	3%-5%
Average remaining working life (in years)	**12**	11	**17**	13	**18**	19	**12-18**	11.00-19.00

The sensitivity analysis below on the defined benefit obligation as of December 31, 2022 and 2021 has been determined based on reasonably possible changes of each significant assumption, assuming all other assumptions were held constant.

	Parent Company		EWRB		QMIS		Group	
Increase (Decrease)	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Discount rate								
1.00%	**(₱96,412)**	(₱90,643)	**(₱6,456)**	(₱7,779)	**(₱751)**	(₱1,039)	**(₱103,619)**	(₱99,461)
(1.00%)	**111,231**	104,950	**7,747**	9,595	**900**	1,276	**119,879**	115,821
Turnover rate								
1.00%	**₱24,181**	₱23,514	**₱1,573**	₱2,797	**₱143**	₱266	**₱25,897**	₱26,577
(1.00%)	**(24,181)**	(23,514)	**(1,573)**	(2,797)	**(143)**	(266)	**(25,897)**	(26,577)
Future salary increase rate								
1.00%	**₱113,025**	₱106,230	**₱7,953**	₱9,587	**₱912**	₱1,263	**₱121,891**	₱117,079
(1.00%)	**(101,157)**	(94,397)	**(6,763)**	(7,889)	**(774)**	(1,050)	**(108,695)**	(103,336)

Shown below is the maturity analysis of the undiscounted benefit payments for 2021 follow:

	Parent Company		EWRB		QMIS		Group	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Less than one year	**₱365,566**	₱327,069	**₱3,498**	₱2,654	**₱–**	₱–	369,064	₱329,723
One to less than five years	**719,976**	566,673	**16,317**	12,307	**263**	155	**736,556**	579,135
Five to less than 10 years	**1,312,640**	987,048	**33,328**	28,171	**3,661**	3422	**1,349,629**	1,018,641
10 to less than 15 years	**1,292,813**	955,851	**82,324**	50,761	**11,506**	9,993	**1,386,642**	1,016,604
15 to less than 20 years	**1,220,977**	801,996	**109,501**	95,781	**21,497**	17,238	**1,351,975**	915,016
20 years and above	**1,915,883**	1,186,688	**410,177**	378,030	**53,111**	61,649	**2,379,171**	1,626,367

The amounts included in 'Compensation and fringe benefits' in the statements of income are as follows:

	Consolidated			Parent Company		
	2022	2021	2020	**2022**	2021	2020
Current service cost	**₱154,199**	₱196,760	₱154,128	**₱143,801**	₱183,459	₱142,544
Net interest expense	**10,805**	19,630	8,404	**10,416**	18,303	7,290
	₱165,004	₱216,390	₱162,532	**₱154,217**	₱201,762	₱149,834

27. **Leases**

Group as a Lessee

The Group leases several premises occupied by its head office and branches. Some leases are subject to annual escalation of 5.00% to 10.00% and for periods ranging from 5 to 15 years, renewable upon mutual agreement of both parties.

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2022 and 2021, as required by PFRS 16:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Within one year	**₱976,317**	₱981,887	**₱964,269**	₱955,746
After one year but not more than five years	**2,691,738**	1,896,232	**2,484,233**	1,665,206
More than five years	**1,994,072**	802,744	**1,940,990**	742,119
	₱5,662,127	₱3,680,863	**₱5,389,492**	₱3,363,071

As of December 31, 2022, the carrying amount of lease liabilities are as follows:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Balance at beginning of the year	**₱3,106,320**	₱3,466,742	**₱2,791,079**	₱3,105,100
Additions	**2,125,993**	520,917	**2,076,488**	470,389
Payments and terminations	**(1,093,721)**	(1,100,975)	**(980,867)**	(975,972)
Accretion of interest	**240,354**	219,636	**220,358**	191,562
As of December 31, 2022	**₱4,378,945**	₱3,106,320	**₱4,107,058**	₱2,791,079

In 2022, 2021 and 2020, the interest expense on lease liabilities of the Group (included in 'Interest expense' in the statements of income) amounted to ₱240.35 million, ₱219.64 million, and ₱239.57 million, respectively. Rent expense from short-term leases and leases of low-value assets of the Group amounted to ₱258.41 million, ₱259.72 million, and ₱90.81 million in 2022, 2021 and 2020, respectively.

In 2022, 2021 and 2020, the interest expense on lease liabilities of the Parent Company (included in 'Interest expense' in the statements of income) amounted to ₱230.36 million, ₱191.56 million, and ₱214.15 million, respectively. Rent expense from short-term leases and leases of low-value assets of the Parent Company amounted to ₱256.43 million, ₱271.86 million, and ₱84.61 million in 2022, 2021 and 2020, respectively.

Group as a Lessor
The Group property leases consist of the Group's available office space and lease agreements of machinery and equipment which are non-cancelable with lease terms between 5 to 10 years.

Future minimum rentals receivable under non-cancellable operating leases of the Group and the Parent Company follow:

	2022	2021
Within one year	**₱40,911**	₱46,186
After one year but not more than five years	**49,555**	57,627
More than five years	**7,543**	16,235
	₱98,008	₱120,048

In 2022, 2021 and 2020, the Group and Parent Company rental income amounted to ₱47.08 million, ₱47.61 million, and ₱45.62 million, respectively. As of December 31, 2022 and 2021, the Group and Parent Company has no contingent rental income.

28. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel, and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;
- subsidiaries, joint ventures and associates and their respective subsidiaries; and
- post-employment benefit plans for the benefit of the Group's employees.

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business.

The amounts and the balances arising from significant related party transactions of the Group and of the Parent Company are as follows:

	2022		
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Significant investors:			
Loans receivable		**₱4,842,800**	Loans granted with a term of five years, interest of 4.75%, secured with deposit holdout, current and not impaired
Releases	–	–	
Collection	–	–	
Deposit liabilities	–	**2,346,047**	Earns interest at the respective bank deposit rates
Deposits	**11,920,865**	–	
Withdrawals	**12,426,558**	–	
Accrued interest receivable	–	**61,132**	Interest income accrued on outstanding loans receivable
Accrued expenses	–	**28,120**	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	–	**4,842,800**	Unused credit line (omnibus facility) with term of 10 months

(Forward)

	2022		
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms and Conditions/Nature**
Interest income	**230,033**	₱–	Interest income on loans receivable
Interest expense	**13,021**	–	Interest expense on deposit liabilities
Key management personnel:			
Deposit liabilities	–	**320,839**	Earns interest at the respective bank deposit rates
Deposits	**1,725,809**	–	
Withdrawals	**1,821,198**	–	
Interest income	–	–	Interest income on loans receivable
Interest expense	**1,096**	–	Interest expense on deposit liabilities
Other related parties:			
Loans receivable	–	**8,638,803**	Loans granted with terms ranging from six days to thirteen and a half years, interest ranging from 4.42% to 17.07%, secured by chattel and real estate mortgage, current and not impaired
Releases	**4,858,591**	–	
Collection	**3,151,081**	–	
Receivables purchased (booked under 'Loans Receivable')	–	**501,041**	Receivables purchased by the Parent Company from FLI (Note 9), current and not impaired
Releases	**501,041**	–	
Collections	**2,283,451**	–	
Accounts receivable	–	**30,836**	Receivables from EW Ageas Life which represent expenses shouldered by the Parent Company
Deposit liabilities	–	**5,013,495**	Earns interest at the respective bank deposit rates
Deposits	**142,032,724**	–	
Withdrawals	**142,859,448**	–	
Accounts payable	–	**53,151**	Collection of loan insurance on behalf of EW Ageas Life that remained unremitted
Guarantees and commitments	–	**8,137,550**	Unused credit lines
Accrued interest receivable	–	**55,578**	Interest income accrued on outstanding loans receivable
Interest income	–	**765,248**	Interest income on loans receivable
Interest expense	**13,936**	–	Interest expense on deposit liabilities
Commission fees	–	–	Commission fees received from EW Ageas Life
Service fee expense	–	–	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company (Note 9)
Rent expense	**81,553**		Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation,

	2021		
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms and Conditions/Nature**
Significant investors:			
Loans receivable	₱-	₱4,842,800	Loans granted with a term of five years, interest of 4.75%, secured with deposit holdout, current and not impaired
Releases	4,842,800	–	
Collection	5,621,850	–	
Deposit liabilities	–	2,851,740	Earns interest at the respective bank deposit rates
Deposits	18,817,283	–	
Withdrawals	20,404,874	–	
Accrued interest receivable	–	57,981	Interest income accrued on outstanding loans receivable
Accrued expenses	–	10,220	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	–	4,843	Unused credit line (omnibus facility) with term of 10 months
Interest income	230,033	–	Interest income on loans receivable
Interest expense	4,138	–	Interest expense on deposit liabilities
Key management personnel:			
Deposit liabilities	–	₱416,228	Earns interest at the respective bank deposit rates
Deposits	876,867	–	
Withdrawals	928,563	–	
Interest income	–	–	Interest income on loans receivable
Interest expense	1,066	–	Interest expense on deposit liabilities
Other related parties:			
Loans receivable	–	₱6,931,292	Loans granted with terms ranging from six days to thirteen and a half years, interest ranging from 4.42% to 17.07%, secured by chattel and real estate mortgage, current and not impaired
Releases	619,635	–	
Collection	1,268,957	–	
Receivables purchased (booked under 'Loans Receivable')	–	2,283,451	Receivables purchased by the Parent Company from FLI (Note 9), current and not impaired
Releases	9645	–	
Collections	109,630	–	
Accounts receivable	–	23,710	Receivables from EW Ageas Life which represent expenses shouldered by the Parent Company
Deposit liabilities	–	5,840,219	Earns interest at the respective bank deposit rates
Deposits	91,966,408	–	
Withdrawals	91,424,064	–	
Accounts payable	–	7,652	Collection of loan insurance on behalf of EW Ageas
	–		Life that remained unremitted
Guarantees and commitments	–	6,921	Unused credit lines
Accrued interest receivable	–	34686	Interest income accrued on outstanding loans receivable
Interest income	388,316	–	Interest income on loans receivable
Interest expense	5,257	–	Interest expense on deposit liabilities
Commission fees	13477	–	Commission fees received from EW Ageas Life
Service fee expense	83	–	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company (Note 9)
Rent expense	80,770	–	Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation,

The Group's significant investors pertain to FDC, the immediate Parent Company of the Group, and FDC Forex Corporation (a company under common control of FDC).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Management Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*. The Group provides banking services to its key management personnel.

Other related parties pertain to the Group's affiliates (subsidiaries of FDC).

The Group and the Parent Company had no outright purchases and outright sale of debt securities with significant shareholders and key management personnel in 2022 and 2021.

The Parent Company's subsidiaries have no transactions with related parties outside of the Group. The transactions disclosed above are the same for the Group and the Parent Company.

Parent Company Related Party Transactions

Transactions between the Parent Company and its subsidiaries meet the definition of related party transactions. Details of the Parent Company's subsidiaries are disclosed in Note 10.

In addition to the transactions discussed above, the following are the transactions between the Parent Company and its subsidiaries that are recognized in the Parent Company's statements of financial position and statements of income and eliminated in the consolidated financial statements:

	2022		
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms and Conditions/Nature**
Subsidiaries:			
Receivables purchased		**₱32,433,426**	Receivables purchased by the Parent Company from EWRB (Note 9)
Acquisitions	**46,174,920**	–	
Collections	**13,741,493**	–	
Receivable sold	–	**255,972**	Employee loans sold by the Parent Company to EWRB (Note 9)
Accounts receivable	–	**510,091**	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted and other related expenses shouldered by the Parent Company on behalf of the Subsidiaries
Accounts receivable	–	**244,637**	Receivables from subsidiaries which represent expenses shouldered by Parent Company
Deposit liabilities	–	**441,250**	Earns interest at the respective bank deposit rates
Deposits	**103,935,766**	–	
Withdrawals	**103,700,130**	–	
Accounts payable	–	**40,410**	Cash reloading transactions between EWRB and the Parent Company
Interest expense	**956**	–	Interest expense on deposits of EWRB and EWIB
Interest income	**3,738**	–	Interest income on loans receivable
Service fee expense	**56,159**	–	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Parent Company for the receivables purchased (Note 9) and for collection of credit card payments
Service fee income	**995**	–	Service fees paid by EWRB for account servicing equivalent to 0.37% of loan amounts collected by the Parent Company on behalf of EWRB for the receivables sold (Note 9)

(Forward)

Commission expense			Commission expense paid by the Parent Company to QMIS
Rent income	**41,153**		Rent of office space leased to subsidiaries

2021

Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Subsidiaries:			
Receivables purchased	₱-	₱1,908,404	Receivables purchased by the Parent Company from EWRB (Note 9)
Acquisitions	2,466,091	–	
Collections	4,374,495	–	
Receivable sold	–	230,796	Employee loans sold by the Parent Company to EWRB (Note 9)
Accounts receivable	–	206,976	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted and other related expenses shouldered by the Parent Company on behalf of the Subsidiaries
Accounts receivable	–	494,848	Receivables from subsidiaries which represent expenses shouldered by Parent Company
Deposit liabilities	–	205,615	Earns interest at the respective bank deposit rates
Deposits	19,932,090	-	
Withdrawals	20,133,065	-	
Accounts payable	-	117,639	Cash reloading transactions between EWRB and the Parent Company
Interest expense	524	–	Interest expense on deposits of EWRB and EWIB
Interest income	2,079	–	Interest income on loans receivable
Service fee expense	17,326	–	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Parent Company for the receivables purchased (Note 9) and for collection of credit card payments
Service fee income	881	–	Service fees paid by EWRB for account servicing equivalent to 0.37% of loan amounts collected by the Parent Company on behalf of EWRB for the receivables sold (Note 9)
Commission expense	–	–	Commission expense paid by the Parent Company to QMIS
Rent income	1,688	–	Rent of office space leased to subsidiaries

Transactions with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The Parent Company's retirement plan is in the form of a trust administered by the Parent Company's Trust Division under the supervision of the Retirement Committee.

The values of the assets of the fund are as follows:

	2022	2021
Cash and cash equivalents	**₱326,440**	300,283
Equity instruments	**660,931**	732,513
Debt instruments	**129,847**	140,514
Others	**1,717**	1,682
	₱1,118,935	1,174,992

The following are the amounts recognized by the retirement plan arising from its transactions with the Parent Company for the years ended December 31, 2021, 2020 and 2019.

	2022	2021	2020
Trust fees	**₱3,490**	₱3,508	₱2,775
Interest income on deposit liabilities	**1,213**	453	318
Interest income on debt securities	**6,825**	7,425	10,485
Gain (loss) on investments in equity shares	**(104,368)**	(53,053)	(46,776)

Remunerations of Directors and other Key Management Personnel

Total remunerations of key management personnel are as follows:

	Consolidated			Parent Company		
	2022	2021	2020	**2022**	2021	2020
Short-term employee benefits	**₱280,924**	₱245,576	₱231,944	**₱221,361**	₱224,658	₱219,553
Post-employment benefits	**59,120**	6,847	8057	**59,120**	6847	–
	₱340,044	₱252,423	₱240,001	**₱280,481**	₱231,505	₱219,553

Remunerations given to directors which were approved by the Board Remuneration Committee amounted to P 22.94 million in 2022, P 21.54 million in 2021, and P19.86 million in 2020 for the Group and the Parent Company.

29. Trust Operations

Securities and other properties held by the Parent Company in fiduciary or agency capacity for clients and beneficiaries are not included in the accompanying statements of financial position since these are not assets of the Parent Company. The combined trust and managed funds of the Trust Department of the Parent Company amounted to ₱52.42 billion and ₱44.34 billion as of December 31, 2022 and 2021, respectively.

Government securities with total face value of ₱540.00 million and ₱441.00 million as of December 31, 2022 and 2021, respectively, are deposited with the BSP in compliance with current banking regulations related to the Parent Company's trust functions. These government securities are recorded as part of investment securities at FVTPL and at amortized cost as of December 31, 2022 and 2021, respectively.

In accordance with BSP regulations, 10.00% of the profits realized by the Parent Company from its trust operations are appropriated to surplus reserves. The yearly appropriation is required until the surplus reserves for trust operations amounts to 20.00% of the Parent Company's authorized capital stock.

The Parent Company's income from its trust operations amounted to ₱121.23 million, ₱99.83 million, and ₱79.27 million in 2022, 2021 and 2020, respectively. For the years ended December 31, 2022, 2021 and 2020, the Group and the Parent Company appropriated ₱12.12 million, ₱9.98 million, ₱7.93 million, respectively.

30. Commitments and Contingent Liabilities

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. The Group does not anticipate material unreserved losses as a result of these transactions.

The Group has several loan related suits, assessments or notices, and claims that remain unsettled. It is not practicable to estimate the potential financial impact of these contingencies. However, in the opinion of management, the suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.

Commitments and Contingencies

The following is a summary of commitments and contingencies of the Parent Company at their peso-equivalent contractual amounts arising from off-balance sheet items:

	2022	2021
Unused credit lines	**₱146,356,010**	₱128,271,008
Trust department accounts (Note 29)	**52,457,448**	44,336,050
Broker customer securities	**36,862,504**	25,825,983
Forward exchange sold	**18,762,151**	32,606,906
Forward exchange bought	**8,028,431**	20,978,809
Spot exchange sold	**3,539,459**	1,804,578
Unused commercial letters of credit	**3,452,146**	4,299,666
Spot exchange bought	**3,206,847**	4,247,072
Outstanding guarantees	**618,749**	8,493,434
Inward bills for collection	**618,142**	608,071
Treasurer/cashier/manager's checks	**138,621**	34,829
Outward bills for collection	**9,486**	42,498
Late deposits/payments received	**7,358**	29,219
Items held for safekeeping	**1,035**	1,219
Others	**159**	866

31. Financial Performance

Earnings per share amounts were computed as follows:

		2022	2021	2020
a.	Net income attributable to equity holders of the Parent Company	**₱4,625,325**	₱4,515,036	₱6,507,834
b.	Weighted average number of outstanding common shares by the Parent Company, including effect of stock dividends issued in 2019 (Note 23)	**2,249,975**	2,249,975	2,249,975
c.	Basic and diluted EPS (a/b)	**₱2.06**	₱2.01	₱2.89

The Group's basic and diluted earnings per share are equal as there are no potential dilutive shares outstanding.

32. Offsetting of Financial Assets and Liabilities

PFRS 7 requires the Group to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments subject to enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding tables.

Financial assets

31-Dec-22

Financial assets recognized atend of reporting period by type	**Gross carryingamounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria**		**Net exposure [c-d]**
				Financial Instruments	**Fair value of financial collateral**	
	[a]	**[b]**	**[c]**	**[d]**		**[e]**
SPURA (Note 7)	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Derivative assets (Note 5)	**18,750**	–	**18,750**	**(1)**	–	**18,750**
Total	**₱18,750**	**₱–**	**₱18,750**	**(₱1)**	–	**₱18,750**

31-Dec-21

Financial assets recognized atend of reporting period by type	Gross carryingamounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial Instruments	Fair value of financial collateral	
	[a]	[b]	[c]		[d]	[e]
SPURA (Note 7)	₱15,800,317	₱–	₱15,800,317	₱–	₱15,800,317	₱–
Derivative assets (Note 5)	15,407	–	15,407	(1)	–	₱15,408
Total	₱15,815,724	₱–	₱15,815,724	(1)	₱15,800,317	₱15,408

Financial liabilities

31-Dec-22

Financial liabilities recognized atend of reporting period by type	**Gross carryingamounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria**		**Net exposure [c-d]**
				Financial Instruments	**Fair value of financial collateral**	
	[a]	**[b]**	**[c]**	**[d]**	**[e]**	
Derivative liabilities (Note 5)	**₱107,835**	**₱–**	**₱**	–	–	**₱107,835**
SSURA* (Note 17)	**6,705,236**	–	**6,705,236**	–	**15,195,386**	–
Total	**₱6,813,071**	**₱–**	**₱6,813,071**	–	**15,195,386**	**₱107,835**

Financial liabilities recognized atend of reporting period by type	Gross carryingamounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
31-Dec-21				Financial Instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]	[e]	
Derivative liabilities (Note 5)	₱212,691	₱–	₱212,691	₱–	₱–	₱212,691
SSURA (Note 17)	–	–	–	–	–	–
Total	₱212,691	₱–	₱212,691	₱–	₱–	₱212,691

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. These include amounts related to financial collateral both received and pledged, whether cash or non-cash collateral, excluding the extent of over-collateralization.

33. Notes to Statement of Cash Flows

Transfers from loans and receivables to investment properties as a result of foreclosures amounted to ₱101.44 millio, ₱61.23 million, and ₱160.20million in 2022, 2021 and 2020 respectively, for the Group and the Parent Company. Transfers from loans and receivables to other repossessed assets as a result of foreclosures amounted to ₱4.61 billion, ₱7.11 billion and ₱1.63 billion in 2022, 2021 and 2020 respectively, for the Group and the Parent Company. Amounts mentioned are exclusive of loss on asset foreclosure and dacion transactions amounting to ₱9.45 million, ₱524.82 million, and ₱152.14 million in 2022, 2020 and 2019, respectively, for the Group and the Parent Company.

The table below provides for the changes in liabilities arising from financing activities:

	Consolidated				
	Bills and acceptances payable (Note 17)	**Subordinated debt** (Note 20)	**Lease Liability** (Note 27)	**Bonds Payable** (Note 19)	**Total liabilities from financing activities**
Balances at January 1, 2022	**₱98,150**	**₱1,241,964**	**₱3,106,320**	**₱3,687,686**	**₱8,134,120**
Cash flows	**6,663,306**	**(1,241,964)**	**(1,093,721)**	**–**	**4,327,621**
Additional leases	**–**	**–**	**2,125,993**	**–**	**2,125,993**
Amortization of discount/ accretion of interest	**–**	**–**	**240,354**	**10,753**	**251,107**
Balances at December 31, 2022	**₱6,761,456**	**₱–**	**₱4,378,946**	**₱3,698,439**	**₱14,838,841**

	Consolidated				
	Bills and acceptances payable (Note 17)	Subordinated debt (Note 20)	Lease Liability (Note 27)	Bonds Payable (Note 19)	Total liabilities from financing activities
Balances at January 1, 2021	₱3,568,803	₱1,240,785	₱3,466,742	₱3,677,434	₱11,953,764
Cash flows	(3,470,653)	–	(1,100,975)	–	(4,571,628)
Additional leases	–	–	520,917	–	520,917
Amortization of discount/ accretion of interest	–	1,179	219,636	10,252	231,067
Balances at December 31, 2021	₱98,150	₱1,241,964	₱3,106,320	₱3,687,686	₱8,134,120

	Parent Company				
	Bills and acceptances payable (Note 17)	**Subordinated debt** (Note 20)	**Lease Liability** (Note 27)	**Bonds Payable** (Note 19)	**Total liabilities from financing activities**
Balances at Janaury 1, 2022	**₱98,150**	**₱–**	**₱2,791,079**	**₱3,687,686**	**₱6,576,915**
Cash flows	**6,663,306**	**–**	**(980,867)**	**–**	**5,682,439**
Additional leases	**–**	**–**	**2,076,488**	**–**	**2,076,488**
Amortization of discount/ accretion of interest	**–**	**–**	**220,357**	**10,753**	**231,110**
Balances at December 31, 2022	**₱6,761,456**	**₱–**	**₱4,107,057**	**₱3,698,439**	**₱14,566,953**

	Parent Company				
	Bills and acceptances payable (Note 17)	Subordinated debt (Note 20)	Lease Liability (Note 27)	Bonds Payable (Note 19)	Total liabilities from financing activities
Balances at Janaury 1, 2021	₱3,568,803	₱–	₱3,105,100	₱3,677,434	₱10,351,337
Cash flows	(3,470,653)	–	(975,972)	–	(4,446,625)
Additional leases	–	–	470,389	–	470,389
Amortization of discount/ accretion of interest	–	–	191,562	10,252	201,814
Balances at December 31, 2021	₱98,150	₱–	₱2,791,079	₱3,687,686	₱6,576,915

34. Events Subsequent to the Reporting Period

There have been no events subsequent to December 31, 2022 that the Group and the Parent Company need to report.

35. Approval of the Financial Statements

The accompanying financial statements of the Group and the Parent Company were reviewed by the Audit Committee on March 23, 2023 and were approved and authorized for issue by the Parent Company's BOD on March 27, 2023.

36. Supplementary Information Required Under BSP Circular No. 1074

On January 8, 2021, the Monetary Board (MB) amended BSP Circular No. 1074, requiring Banks to include the additional information on the following:

Financial Performance Indicators

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2022	2021	2020	**2022**	2021	2020
Return on average equity	**7.68%**	7.86%	12.25%	**7.68%**	7.86%	12.26%
Return on average assets	**1.12%**	1.11%	1.64%	**1.18%**	1.17%	1.74%
Net interest margin on average earning assets	**7.13%**	6.47%	8.14%	**6.51%**	6.14%	8.06%

Capital Instruments
There are no capital instruments issued by the Group and Parent Company in 2021 and 2020.

Capital Stock
Capital stock consists of (amounts in thousands, except for par value and number of shares):

	Shares			Amount		
	2022	2021	2020	**2022**	2021	2020
Authorized:						
Common stock - 10.00 par value	**4,500,000,000**	4,500,000,000	4,500,000,000			
Preferred stock - 10.00 par value	**500,000,000**	500,000,000	500,000,000			
Common stock issued and outstanding:						
Balance at the beginning of the year	**2,249,975,411**	2,249,975,411	2,249,975,411	**22,499,754**	22,499,754	22,499,754
Issuance of stock dividends	–	–	–	–	–	–
Balance at the end of the year	**2,249,975,411**	2,249,975,411	2,249,975,411	**22,499,754**	22,499,754	22,499,754

Unsecured subordinated debt

A. Lower Tier 2 unsecured subordinated notes due 2025

On July 4, 2014, the Parent Company issued 5.50% coupon rate Lower Tier 2 unsecured subordinated notes (the 2025 Notes) with par value of ₱5.00 billion, maturing on January 4, 2025, but callable on January 4, 2020. The 2025 Notes qualify as Tier 2 capital pursuant to BSP Circular No. 781 (Basel III), BSP Circular No. 826 on risk disclosure requirements for the loss absorption features of capital instruments, and other related circulars and issuances of the BSP.

Unless the 2025 Notes are previously redeemed, the 2025 Notes are repayable to the Noteholders at 100.00% of their face value or at par on the maturity date of January 4, 2025.

From and including the issue date to, but excluding the optional redemption date of January 4, 2020, the 2025 Notes bear interest at the rate of 5.50% per annum and shall be payable quarterly in arrears on January 4, April 4, July 4, and October 4 of each year, which commenced on October 4, 2014. Unless the 2025 Notes are previously redeemed, the interest rate will be reset at the equivalent of the prevailing 5-year BVAL at reset date plus initial spread (i.e., the difference between the initial interest rate and the prevailing 5-year BVAL at the pricing date of the initial tranche), commencing on January 4, 2020.

The 2025 Notes are redeemable at the option of the Parent Company, in whole but not in part, on the call option date at 100.00% of the face value plus accrued but unpaid interest, subject to the following conditions:

a) the Parent Company has obtained prior written approval and complied with the requirements of the BSP prior to redemption of the 2025 Notes;
b) the 2025 Notes are replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Parent Company or the Parent Company demonstrates that its capital position is above the minimum capital requirements after redemption is exercised;
c) the Parent Company is not in breach of (and would not, following such redemption, be in breach) of applicable regulatory capital requirements (including regulatory capital buffers);
d) the Parent Company is solvent at the time of redemption of the 2025 Notes and immediately thereafter.

Furthermore, upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event, the Parent Company may, subject to compliance with BSP rules and BSP approval, and upon prior approval of the BSP and with prior written notice to the Noteholders on record, redeem all and not less than all of the outstanding 2025 Notes prior to the stated maturity by paying the Noteholder the Redemption Option Amount which, (a) in the case of a Tax Redemption Event is an amount equal to 100.00% of the face value of the 2025 Notes plus accrued interest at the interest rate relating to the then current interest period up to but excluding the date of such redemption, and (b) in the case of a Regulatory Redemption Event is an amount equal to 100.00% of the face value of the 2025 Notes plus accrued interest at the interest rate relating to the then current Interest Period up to but excluding the date of such redemption (the "Redemption Option Date").

The 2025 Notes have a loss absorption feature which means that the 2025 Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Event. Non-viability is defined as a deviation from a certain level of Common Equity Tier 1 (CET1) Ratio or inability of the Parent Company to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. A Non-Viability Event is deemed to have occurred when the Parent Company is considered non-viable as determined by the BSP.

Upon the occurrence of a Non-Viability Event, the Parent Company shall write-down the principal amount of the 2025 Notes to the extent required by the BSP, which could go to as low as zero. Additional Tier 1 (AT1) capital instruments shall be utilized first before Tier 2 capital instruments are written-down, until the viability of the Issuer is re-established. In the event the Parent Company does not have AT1 capital instruments, then the write-down shall automatically apply to Tier 2 capital.

Loss absorption feature is subject to the following conditions:

a) the principal amount of all series of Tier 1 Loss Absorbing Instruments outstanding having been Written-Down to zero or converted into common equity of the Parent Company (where possible) irrevocably, in accordance with, and to the extent possible pursuant to, their terms (the "Tier 1 Write-Down");
b) the Tier 1 Write-Down having been insufficient to cure the Non-Viability Event;
c) the Parent Company giving the relevant Non-Viability Notice to the Public Trustee and the Registrar and Paying Agent.

Each Noteholder irrevocably agrees and acknowledges that it may not exercise or claim any right of set-off in respect of any amount owed to it by the Parent Company arising under or in connection with the 2025 Notes and it shall, to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off.

On January 4, 2020, the Parent Company exercised its redemption option to pre-terminate the 2025 Notes.

B. Lower Tier 2 unsecured subordinated notes due 2027

On February 20, 2017, EWRB issued 5.50% coupon rate Lower Tier 2 unsecured subordinated note (the 2027 Notes) with par value of ₱1.25 billion, maturing on August 20, 2027 but callable on August 20, 2022.

Unless the 2027 Notes are previously redeemed, the 2027 Notes are repayable to the Noteholders at 100.00% of their face value or at par on the maturity date of August 20, 2027.

From and including the issue date to, but excluding the optional redemption date of August 20, 2022, the 2027 Notes bear interest at the rate of 5.50% per annum and shall be payable quarterly in arrears on February 20, May 20, August 20, and November 20 of each year, which commenced on February 20, 2017. Unless the 2027 Notes are previously redeemed, the interest rate will be reset at the equivalent of the prevailing 5-year BVAL at reset date plus initial spread (i.e., the difference between the initial interest rate and the prevailing 5-year BVAL at the pricing date of the initial tranche), commencing on August 20, 2022.

The 2027 Notes are redeemable at the option of EWRB, in whole but not in part, on the call option date at 100.00% of the face value plus accrued but unpaid interest, subject to the following conditions:

a) EWRB has obtained prior written approval and complied with the requirements of the BSP prior to redemption of the 2027 Notes;
b) the 2027 Notes are replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of EWRB, or EWRB demonstrates that its capital position is above the minimum capital requirements after redemption is exercised;
c) EWRB is not in breach of (and would not, following such redemption, be in breach) of applicable regulatory capital requirements (including regulatory capital buffers);
d) EWRB is solvent at the time of redemption of the 2027 Notes and immediately thereafter.

Furthermore, upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event, the EWRB may, subject to compliance with BSP rules and BSP approval, and upon prior approval of the BSP and with prior written notice to the Noteholders on record, redeem all and not less than all of the outstanding 2027 Notes prior to the stated maturity by paying the Noteholder the Redemption Option Amount which, (a) in the case of a Tax Redemption Event is an amount equal to 100.00% of the face value of the 2027 Notes plus accrued interest at the interest rate relating to the then current interest period up to but excluding the date of such redemption, and (b) in the case of a Regulatory Redemption Event is an amount equal to 100.00% of the face value of the 2027 Notes plus accrued interest at the interest rate relating to the then current Interest Period up to but excluding the date of such redemption (the "Redemption Option Date").

The 2027 Notes have a loss absorption feature which means that the 2027 Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Event. Non-viability is defined as a deviation from a certain level of Common Equity Tier 1 (CET1) Ratio or inability of the EWRB to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. A Non-Viability Event is deemed to have occurred when EWRB is considered non-viable as determined by the BSP.

Upon the occurrence of a Non-Viability Event, EWRB shall write-down the principal amount of the 2025 Notes to the extent required by the BSP, which could go to as low as zero. Additional Tier 1 (AT1) capital instruments shall be utilized first before Tier 2 capital instruments are written-down, until the viability of the Issuer is re-established. In the event EWRB does not have AT1 capital instruments, then the write-down shall automatically apply to Tier 2 capital.

Loss absorption feature is subject to the following conditions:

a) the principal amount of all series of Tier 1 Loss Absorbing Instruments outstanding having been Written-Down to zero or converted into common equity of EWRB (where possible) irrevocably, in accordance with, and to the extent possible pursuant to, their terms (the "Tier 1 Write-Down");
b) the Tier 1 Write-Down having been insufficient to cure the Non-Viability Event;
c) EWRB giving the relevant Non-Viability Notice to the Public Trustee and the Registrar and Paying Agent.

Each Noteholder irrevocably agrees and acknowledges that it may not exercise or claim any right of set-off in respect of any amount owed to it by EWRB arising under or in connection with the 2027 Notes and it shall, to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off.

On June 24, 2022, the EWRB's Board of Directors unanimously approved under Resolution No. 002-007 EWRB 2022 the exercise of the Call Option for TIER2 on August 22, 2022. Issued principal is 1.25 Billion at 5.5% coupon rate with 385 noteholders. On August 1, 2022, BSP approved the exercise of the call option. Redemption date was on August 20, 2022 and was settled on August 22, 2022.

Significant credit exposures as to industry/economic sector

As of December 31, 2022 and 2021, information on the loan concentration as to industry (after unearned discounts and unamortized modification losses, but before allowance for credit losses) follows:

	Consolidated				**Parent Company**			
	2022		2021		**2022**		2021	
	Gross Amount	**%**	**Gross Amount**	%	**Gross Amount**	**%**	**Gross Amount**	%
Private households with employed persons	**₱170,124,373**	**65.54**	₱138,747,581	61.33	**₱157,079,482**	**62.83**	₱118,672,972	59.09
Financial intermediaries	**10,465,267**	**3.87**	7,476,554	3.30	**10,507,965**	**4.20**	7,424,539	3.70
Government and foreign sovereign	**1,161,282**	**0.43**	448,403	0.20	**1,108,003**	**0.44**	394,938	0.20
Real estate, renting and business activity	**26,645,121**	**9.86**	27,879,851	12.32	**26,610,686**	**10.64**	27,856,517	13.87
Wholesale and retail trade, repair of motor vehicles	**22,551,473**	**8.35**	17,804,479	7.87	**22,542,818**	**9.02**	17,795,690	8.86
Manufacturing	**9,714,244**	**3.60**	7,306,052	3.23	**9,705,828**	**3.88**	7,297,635	3.63
Electricity, gas, steam and air-conditioning supply	**8,504,601**	**3.15**	5,909,564	2.61	**8,503,985**	**3.40**	5,908,949	2.94
Other service activities	**3,106,516**	**1.16**	2,742,660	1.21	**3,041,973**	**1.22**	2,676,852	1.33
Accommodation and food service activities	**2,468,071**	**0.91**	3,326,412	1.47	**2,466,471**	**0.99**	66,504	0.03
Holding	**72,706**	**0.03**	66,504	0.03	**72,706**	**0.03**	3,324,811	1.66
Transportation and storage	**2,514,589**	**0.93**	2,322,920	1.03	**2,514,589**	**1.01**	2,322,920	1.16
Construction	**2,223,701**	**0.82**	1,699,176	0.75	**2,220,848**	**0.89**	1,693,806	0.84
Administrative and support service activities	**422,712**	**0.16**	1,486,993	0.66	**422,713**	**0.17**	1,486,993	0.74
Agriculture, fisheries and forestry	**814,372**	**0.30**	892,731	0.39	**797,314**	**0.32**	875,639	0.44
Others****	**9,530,597**	**0.90**	8,128,030	3.60	**2,418,504**	**0.97**	3,041,080	1.51
	270,319,625	**100**	226,237,910	100.00	**250,013,885**	**100**	200,839,845	100.00

**Includes Arts and recreation activities, mining and quarrying, human health and social activities, education, and information and communication*

Breakdown of total loans as to security and status

The following table shows the breakdown of receivable from customers (after unearned discounts and unamortized modification losses, but before allowance for credit losses) as to secured and unsecured and the breakdown of secured receivables from customers as to the type of security as of December 31, 2022 and 2021:

	Consolidated				Parent Company			
	2022		2021		**2022**		2021	
	Gross Amount	**%**	Gross Amount	%	**Gross Amount**	**%**	Gross Amount	%
Loans secured by:								
Chattel	**₱66,580,479**	**25.73**	₱68,733,473	31.84	**₱66,318,606**	**27.79**	₱68,733,473	36.02
Real estate	**25,113,211**	**9.71**	24,827,272	11.5	**25,058,827**	**10.50**	24,774,042	12.98
Others*	**15,972,417**	**6.17**	11,659,197	5.4	**15,966,016**	**6.69**	11,385,562	5.97
	107,666,107	**41.61**	105,219,942	48.74	**107,343,449**	**44.97**	104,893,077	54.96
Unsecured	**151,066,107**	**58.39**	110,646,124	51.26	**131,332,413**	**55.03**	85,948,203	45.04
	₱258,732,214	**100.00**	₱215,866,066	100	**₱238,675,862**	**100**	₱190,841,280	100

**Consists of government securities, corporate bonds, shares of stock, hold-out on deposits, assignment of receivables etc.*

Breakdown of total loans as to status

BSP Circular No. 351 allows banks to exclude from non-performing classification receivables classified as ‘Loss’ in the latest examination of the BSP which are fully covered by allowance for credit losses, provided that interest on said receivables shall not be accrued and that such receivables shall be deducted from the total receivable portfolio for purposes of computing NPLs. Subsequently, the BSP issued BSP Circular No. 772, which requires banks to compute their net NPLs by deducting the specific allowance for credit losses on the total loan portfolio from the gross NPLs. The specific allowance for credit losses shall not be deducted from the total loan portfolio in computing the NPL ratio.

As of December 31, 2022 and 2021, NPLs of the Group and of the Parent Company as reported to the BSP follow:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Gross NPLs	**₱18,460,846**	₱23,991,523	**₱16,771,576**	₱22,192,118
Less NPLs fully covered by allowance for credit losses	**(7,290,118)**	(7,740,177)	**(7,076,193)**	(7,563,132)
	₱11,170,728	₱16,251,346	**₱9,695,383**	₱14,628,986

As of December 31, 2022 and 2021, secured and unsecured NPLs of the Group and of the Parent Company as reported to the BSP follow:

	Consolidated		Parent Company	
	2022	2021	**2022**	2021
Secured	**₱10,173,385**	₱13,680,209	**₱10,109,972**	₱13,616,995
Unsecured	**8,287,462**	10,311,314	**6,661,604**	8,575,123
	₱18,460,847	₱23,991,523	**₱16,771,576**	₱22,192,118

Information on Related Party Loans
As required by BSP, the Group discloses loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI). Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the lending company within the Group. In the aggregate, loans to DOSRI generally should not exceed total equity or 15.00% of total loan portfolio, whichever is lower.

BSP Circular No. 423 dated March 15, 2004 amended the definition of DOSRI accounts. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to said Circular, and new DOSRI loans, other credit accommodations granted under said circular:

	Consolidated			Parent Company		
	2022	2021	2020	**2022**	2021	2020
Total outstanding DOSRI loans	**₱13,510,716**	₱11,600,943	₱12,187,145	**₱13,510,710**	₱11,600,484	₱12,187,145
Percent of DOSRI loans to total loans	**5.23%**	5.37%	4.91%	**5.66%**	6.08%	5.44%
Percent of unsecured DOSRI loans to total DOSRI loans	**0.04%**	0.20%	0.08%	**0.04%**	0.20%	0.08%
Percent of past due DOSRI loans to total DOSRI loans	**0.00%**	0.00%	0.00%	**0.00%**	0.00%	0.00%
Percent of nonperforming DOSRI loans to total DOSRI loans	**0.00%**	0.00%	0.00%	**0.00%**	0.00%	0.00%

	Consolidated			Parent Company		
	2022	2021	2020	**2022**	2021	2020
Total outstanding Related Party loans (inclusive of DOSRI loans)	**₱14,137,808**	₱11,691,489	₱12,244,368	**₱14,137,808**	₱11,691,489	₱12,244,368
Percent of Related Party loans to total loans	**5.47%**	5.41%	4.94%	**5.92%**	6.12%	5.46%
Percent of unsecured Related Party loans to total Related Party Loans	**0.48%**	0.67%	0.13%	**0.48%**	0.67%	0.13%
Percent of past due Related Party Loans to total Related Party Loans	**0.00%**	0.00%	0.00%	**0.00%**	0.00%	0.00%
Percent of nonperforming Related Party Loans to total Related Party Loans	**0.00%**	0.00%	0.00%	**0.00%**	0.00%	0.00%

The amounts of loans disclosed for related parties above differ with the amounts disclosed for key management personnel since the composition of DOSRI is more expansive than that of key management personnel.

BSP Circular No. 560 provides that the total outstanding loans, other credit accommodation and guarantees to each of the Parent Company's/quasi-Parent Company's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank.

On May 12, 2009, BSP issued Circular No. 654 allowing a separate individual limit of twenty-five (25.00%) of the net worth of the lending bank/quasi-bank to loans of banks/quasi-banks to their subsidiaries and affiliates engaged in energy and power generation.

Aggregate amount of secured liabilities and assets pledged as security
As of December 31, 2022, SSURA amounting to ₱6.71 billion are secured by a pledge investment securities at amortized cost with face value of ₱18.23 billion and fair value of ₱15.20 billion.. As of December 31, 2021, the Bank has no outstanding SSURA.

Commitments and Contingencies
The following is a summary of commitments and contingencies of the Parent Company at their peso-equivalent contractual amounts arising from off-balance sheet items:

	2022	2021
Unused credit lines	**₱146,356,010**	₱128,271,008
Trust department accounts (Note 29)	**52,457,448**	44,336,050
Broker customer securities	**36,862,504**	25,825,983
Forward exchange sold	**18,762,151**	32,606,906
Forward exchange bought	**8,028,431**	20,978,809
Spot exchange sold	**3,539,459**	1,804,578
Unused commercial letters of credit	**3,452,146**	4,299,666
Spot exchange bought	**3,206,847**	4,247,072
Outstanding guarantees	**618,749**	8,493,434
Inward bills for collection	**618,142**	608,071
Treasurer/cashier/manager’s checks	**138,621**	34,829
Outward bills for collection	**9,486**	42,498
Late deposits/payments received	**7,358**	29,219
Items held for safekeeping	**1,035**	1,219
Others	**159**	866

37. Supplementary Information Required Under Revenue Regulations No. 15-2010

On November 25, 2010, the BIR issued Revenue Regulations No. 15-2010, requiring the inclusion of information on various taxes paid and accrued during the taxable year in the notes to the financial statements.

The Parent Company reported and/or paid the following types of taxes for the year ended December 31, 2022:

Gross Receipts Tax
The Parent Company is subject to gross receipt tax on its gross income from Philippine sources. Gross receipt tax is imposed on interest, commissions and discounts from lending activities at 5.00% or 1.00%, depending on the remaining maturities of instruments from which such receipts are derived, and at 7.00% on non-lending fees and commissions, net trading and foreign exchange gains and other items constituting gross income.

In FCDU, income classified under ‘All Other’, which is subject to corporate income tax is also subject gross receipt tax at 7.00%.

Details of the Parent Company's income and gross receipt tax accounts in 2022 are as follows:

	Gross Receipts	Gross Receipt Tax
Income derived from lending activities	₱22,333,429	₱963,418
Other income	1,974,086	138,186
	₱24,307,515	₱1,101,604

Other Taxes and Licenses

Documentary stamps taxes	₱354,646
Local taxes, permits and fees	74,777
Fringe benefit taxes	32,213
Others	11,394
	₱473,031

This includes all other taxes, local and national, incurred in 2022 and presented under in the statement of income, as follows:

Withholding Taxes
Details of withholding taxes remitted and balances as of December 31, 2022 follow:

	Total Remittances	Balance
Withholding taxes on compensation and benefits	₱722,549	₱41,109
Expanded withholding taxes	194,272	18,839
Final withholding taxes	281,881	64,532
	₱1,198,702	₱124,480

The Parent Company has no outstanding assessments from the BIR as of December 31, 2022.

Tax Assessments and Cases
As of December 31, 2022, the Parent Company has no deficiency tax assessment and has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR.

SyCip Gorres Velayo & Co.
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1226 Makati City
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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
East West Banking Corporation
East West Corporate Center
The Beaufort, 5th Avenue corner 23rd Street
Fort Bonifacio Global City
Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of East West Banking Corporation (the Bank) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated March 27, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and 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 financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Veronica Mae A. Arce
Partner
CPA Certificate No. 0117208
Tax Identification No. 234-282-413
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 0117208-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. 08-001998-135-2021, November 10, 2021, valid until November 9, 2024
PTR No. 9369772, January 3, 2023, Makati City

March 27, 2023

EAST WEST BANKING CORPORATION

INDEX TO THE FINANCIAL STATEMENTS AND

SUPPLEMENTARY SCHEDULES

ANNEX I

EAST WEST BANKING CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2022

Presented is the reconciliation of retained earnings available for dividend declaration of the Parent Company as of December 31, 2022 with amendments based on SEC Bulletin No. 14, *Presentation of Reconciliation of Retained Earnings*:

Unappropriated retained earnings available for dividend declaration, beginning	**₱30,117,806**
Net income per audited financial statements	4,625,324
Add (Less):	
Equity in net income of subsidiaries, net of tax	(1,364,784)
Unrealized trading gains, net of tax	220,627
Loss on fair value adjustments of investment properties, net of tax	7,084
Equity in net loss of a joint venture	171,464
Unrealized foreign exchange loss, net of tax	789,518
Deferred tax assets recognized through profit or loss	174,541
Net income actually earned/realized during the year	**4,623,776**
Less:	
Appropriation of retained earnings during the period	12,123
Dividend declaration during the period	899,990
Total unappropriated retained earnings available for dividend declaration, ending	**₱33,829,468**

ANNEX II

EAST WEST BANKING CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL RATIOS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

Below are the financial ratios that are relevant to the Group for the year ended December 31, 2022 and 2021:

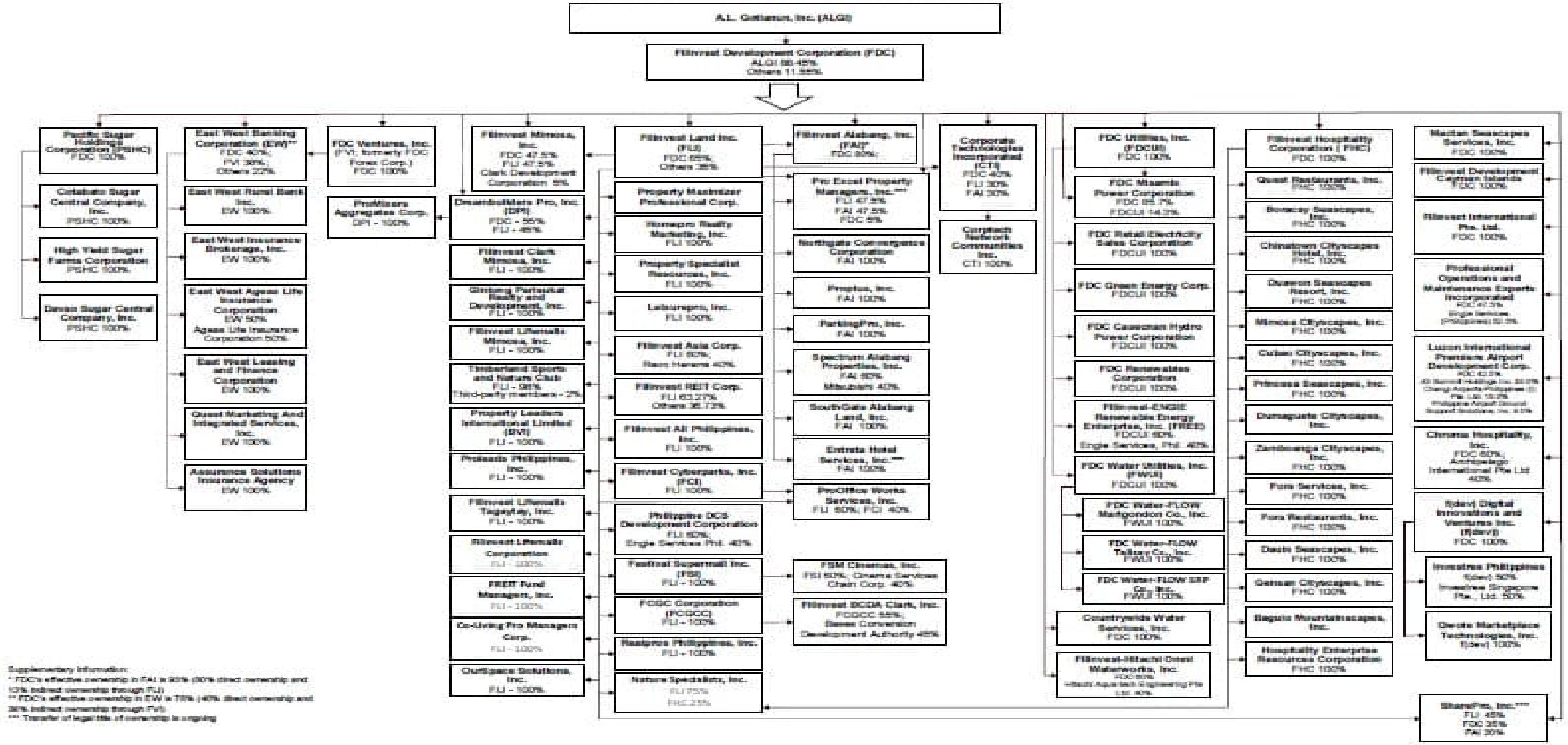
	2022	2021
Current ratio(1)	**49.94%**	64.86%
Solvency ratio(2)	**116.94%**	117.18%
Debt-to-equity(3)	**5.90**	5.82
Asset-to-equity(4)	**6.90**	6.82
Interest rate coverage ratio(5)	**216.76%**	274.31%
Profitability ratio		
Return on asset(6)	**1.12%**	1.11%
Return on equity(7)	**7.68%**	7.86%
Net profit margin(8)	**7.13%**	6.47%
Gross profit margin(9)	**89.30%**	90.43%

1 Current assets divided by current liabilities
2 Total assets divided by total liabilities
3 Total liabilities divided by total equity
4 Total assets divided by total equity
5 Income before interest and taxes divided by interest expense
6 Net income divided by average total assets. Average total assets is based on average monthly balances
7 Net income attributable to equity holders of the Parent Company divided by average total equity attributable to equity holders of the Parent Company. Average total equity is based on average monthly balances
8 Income before income tax over total interest income
9 Net interest income over total interest income

EAST WEST BANKING CORPORATION AND SUBSIDIARIES

CONGLOMERATE MAP
AS OF DECEMBER 31, 2022

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and affiliate as of December 31, 2022:



ANNEX IV

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2022

Below are the additional information and schedules required by SRC Rule 68, as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets

Below is the detailed schedule of the Group's financial assets as of December 31, 2022:

Name of issuing entity and association of each issue	Number of shares/principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end of year	Income received and accrued
Financial assets at Fair Value through Profit or Loss				
Debt securities				
Fixed Rate Treasury Notes (FXTN)	1,391,583	₱1,244,074	₱1,244,074	₱83,533
Petroleos Mexicanos (PEMEX)	557,550	385,635	385,635	49,007
Republic of the Philippines (ROP)	-	-	-	7,151
Retail Treasury Bond (RTB)	277,298	264,761	264,761	20,899
Treasury Bills (TBILL)	9,500	9,486	9,486	689
Perusahaan Listrik Negara (PLINJ)	-	-	-	9
Bureau of Treasury (ODTH)	-	-	-	-
Republic of Indonesia (INDON)	-	-	-	475
Saudi Arabian Bonds (KSA)	-	-	-	-
US Treasury Notes (UST)	-	-	-	-
Aboitiz Equity Ventures	-	-	-	-
South African Bond	-	-	-	-
SM Prime Holdings	-	-	-	-
Rizal Commercial Banking Corp (RCBC)	-	-	-	-
Retai Dollor Bond (RDB)	-	-	-	2,140
Filinvest Land Inc	-	-	-	-
ROP warrants				
Citibank Mla	73	44,011	44,011	-
Equity Securities				
Victorias Milling Corporation	130	130	130	-
LGU Guarantee Corporation	10,213	10,213	10,213	-
	2,246,347	₱1,958,310	₱1,958,310	₱163,904

Name of issuing entity and association of each issue	Number of shares/principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end of year	Income received and accrued
Investment Securities at Amortized Cost				
Debt Securities				
Fixed Rate Treasury Notes (FXTN)	**23,394,639**	**₱22,910,904**	**₱20,182,394**	**₱1,099,219**
Pertamina Persero (PERTIJ)	**-**	**-**	**-**	**1,105**
Petroleos Mexicanos (PEMEX)	**579,852**	**557,842**	**355,235**	**113,131**
Republic of the Philippines (ROP)	**29,828,312**	**27,357,325**	**24,786,090**	**544,488**
Retail Treasury Bond (RTB)	**245,654**	**251,795**	**222,059**	**13,593**
SM Investment Corp (SMINVE)	**1,880,059**	**1,891,095**	**1,822,642**	**82,306**
Brazilian Government International Bond (BRAZIL)	**-**	**-**	**-**	**-**
Energy Development Corporation (EDCPM)	**-**	**-**	**-**	**-**
Mexican Global bonds (MEX)	**-**	**-**	**-**	**-**
Perusahaan Listrik Negara (PLINJ)	**1,909,609**	**1,713,268**	**1,702,049**	**59,697**
Qatar Bonds (QATAR)	**-**	**-**	**-**	**-**
Republic of Indonesia (INDON)	**7,864,243**	**8,578,464**	**8,076,488**	**208,012**
Republic of the Philippines Global Peso Noted (RP GPN)	**319,687**	**296,777**	**383,698**	**15,902**
Saudi Arabian Bonds (KSA)	**-**	**-**	**-**	**-**
	66,022,054	**₱63,557,471**	**₱57,530,653**	**₱2,137,452**

Name of issuing entity and association of each issue	Number of shares/principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end of year	Income received and accrued
Financial Assets at Fair Value through Other Comprehensive Income				
Debt Securities				
Fixed Rate Treasury Notes (FXTN)	**1,553,060**	**₱1,187,456**	**₱1,187,456**	**₱82,844**
Petroleos Mexicanos (PEMEX)	**446,040**	**308,508**	**308,508**	**39,918**
Republic of Indonesia (INDON)	**394,342**	**393,455**	**393,455**	**589**
Republic of the Philippines (ROP)	**7,656,866**	**7,398,348**	**7,398,348**	**15,873**
Retail Treasury Bond (RTB)	**550,000**	**495,639**	**495,639**	**35,394**
Rizal Commercial Banking Corp (RCBC)	**515,734**	**444,924**	**444,924**	**31,561**
Treasury Bills (TBILL)	**-**	**-**	**-**	**-**
BSP	**-**	**-**	**-**	**378,052**
Ayala Corp	**1,611,152**	**1,272,344**	**1,272,344**	**62,734**
First Pacific	**1,115,100**	**1,047,101**	**1,047,101**	**35,846**
International Container Terminal Services, Inc	**271,638**	**254,939**	**254,939**	**15,988**
JG Summit	**1,115,100**	**978,210**	**978,210**	**37,026**
Manila Water	**893,195**	**752,633**	**752,633**	**33,937**
Jollibee Food Corp	**556,992**	**501,711**	**501,711**	**23,675**
Aboitiz Equity Ventures	**1,393,875**	**1,259,324**	**1,259,324**	**50,649**
US Treasury Notes (UST)	**-**	**-**	**-**	**10,494**
Retail Dollar Bond (RDB)	**496,850**	**436,726**	**436,726**	**6,781**
Equity Securities				
Caliraya Golf Shares	**18,401**	**15,491**	**15,491**	**-**
Empire East Land Holdiings	**-**	**(423)**	**(423)**	**-**
	18,588,345	**₱16,746,386**	**₱16,746,386**	**₱861,359**
	86,856,746	**₱82,262,167**	**₱76,235,349**	**₱3,162,715**

Schedule B. Amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties)

As of December 31, 2022, amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) amounted to ₱13.48 billion.

Schedule C. Amounts receivable from related parties which are eliminated during the consolidation of financial statements

Below is the schedule of receivables from related parties which are eliminated in the consolidated financial statements as of December 31, 2022:

	Balance at beginning of year	Additions	Collections	Balance at end of year
East West Rural Bank, Inc.	**₱78,932**	**₱26,943,313**	**₱26,823,871**	**₱198,375**
East West Insurance Brokerage, Inc.	**6,166**	**36,347**	**36,041**	**6,472**
East West Leasing and Finance Corporation	**1,130**	**118**	**-**	**1,248**
Assurance Solutions Insurance Agency, Inc.	**1,261**	**61**	**-**	**1,321**
Quest Marketing and Integrated Services, Inc.	**35,166**	**6,149**	**10,357**	**30,958**
	₱122,654	**₱26,985,988**	**₱26,870,269**	**₱238,374**

Schedule D. Intangible Assets

As of December 31, 2022, the goodwill and intangible assets in the Group's consolidated statements of financial position follow:

	Balance at beginning of year	Additions	Charged to cost and expenses	Balance at end of year
Goodwill	**₱3,877,289**	**₱-**	**₱-**	**₱3,877,289**
Branch licenses	**2,167,600**	**-**	**-**	**2,167,600**
Capitalized software	**619,382**	**283,260**	**171,933**	**730,709**
Customer relationship	**99,295**	**-**	**3,761**	**95,534**
Core deposits	**31,808**	**-**	**6,469**	**25,339**
	₱6,795,374	**₱283,260**	**₱182,163**	**₱6,896,471**

Schedule E. Long-term Debt

Details of the Group's long term debt* as of December 31, 2022 follow:

	Amount	Current	Noncurrent
Lower Tier 2 unsecured subordinated notes due 2025	₱–	₱–	₱–
Lower Tier 2 unsecured subordinated notes due 2027	₱–	₱–	₱–

Details of the Group's long term debt* as of December 31, 2021 follow:

	Amount	Current	Noncurrent
Lower Tier 2 unsecured subordinated notes due 2025	₱–	₱–	₱–
Lower Tier 2 unsecured subordinated notes due 2027	1,241,964	–	1,241,964

**Excludes long-term negotiable certificates of deposit that are classified as deposit liabilities in the statement of financial position*

Schedule F. Indebtedness to Related Parties (long term loan obligations to related parties)

The Group has no outstanding long term loan obligations to its related parties as of December 31, 2022.

Schedule G. Guarantees of Securities of Other Issuers

The Group does not have guarantees of securities of other issuers as of December 31, 2022.

Schedule H. Capital Stock

Below is the schedule of the Group's issued and outstanding capital stock as of December 31, 2022

	Number of Shares					
				Held by		
Title of issue	Authorized	Issued and outstanding as shown under related statement of financial position	Reserved for options, warrants, conversion and other rights	Related parties	Directors, Officers and Employees	Others
East West Banking Corporation - common shares	4,500,000	2,249,975	–	1,751,653	53,686	424,160

SGV
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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
East West Banking Corporation
East West Corporate Center
The Beaufort, 5th Avenue corner 23rd Street
Fort Bonifacio Global City
Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of East West Banking Corporation (the Bank) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and have issued our report thereon dated March 27, 2023. Our audits were made for the purpose of forming an opinion on the basic 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 (PFRSs) 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 financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Bank's financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Veronica Arce

Veronica Mae A. Arce
Partner
CPA Certificate No. 0117208
Tax Identification No. 234-282-413
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 0117208-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. 08-001998-135-2021, November 10, 2021, valid until November 9, 2024
PTR No. 9369772, January 3, 2023, Makati City

March 27, 2023

EASTWEST BANKING CORPORATION

Annual and Sustainability Report
2022

Table of Contents

SUSTAINABILITY AT EASTWEST

EastWest remains committed to managing and improving its Economic, Environmental, Social, and Governance (EESG) aspects, which are relevant to its business and stakeholders. To accomplish this goal, the company identifies and addresses potential risks and implements impactful interventions to minimize negative impacts and increase positive ones. EastWest also prioritizes transparent disclosure of its performance on topics of interest to both internal and external stakeholders.

In collaboration with its parent company, Filinvest Development Corporation, EastWest is developing a sustainability framework and a set of commitments for specific sustainability areas. This framework will ensure that the company's management focus and efforts have maximum impact on relevant EESG aspects, leading to enhanced non-financial performance and risk management. In addition to the Global Reporting Initiative (GRI) Standards, the framework will also reference other emerging sustainability frameworks and international reporting guidelines.

EastWest continues to integrate sustainability principles into its corporate culture. Specifically, it reinforces good governance practices through its Employee Code of Discipline and Ethics (Code of Conduct), Whistleblowing Policy, Ethics-Direct initiative, Equal Opportunity policy, Consumer Protection program, and employee grievances mechanism.

Materiality

Material Topics

Economic	Environmental	Social	Governance
Economic value distributed (e.g., wages and benefits, payments to	Environmental compliance Environmental housekeeping	Employee and customer health and well being	Regulatory compliance Risk management

providers of capital, taxes paid) Jobs generated Financing support to identified market segments, including SMEs	(resource use, waste management and emissions)	Employee development and engagement Customer data privacy and protection Service resilience, including cybersecurity Disclosure and transparency Community engagement and social investments	Anti-corruption and business ethics

Sustainability Governance

The Board of Directors at EastWest holds the responsibility of establishing the company's EESG strategy, evaluating risks related to both business and EESG, developing and implementing sustainability initiatives, assessing performance and impact, and communicating with stakeholders.

As discussed, please see below revised statement with a more prescriptive POV rather than current/ongoing. For your clearance please.

EastWest is committed to implementing a robust Sustainability Framework effective May 2023. We will integrate sustainability principles into our corporate governance, risk management frameworks, business strategies, and operations to effectively identify, assess, and manage environmental and social risks.

To ensure the relevance and attainment of sustainability objectives, we will assign a dedicated sustainability champion aligned with Filinvest Development Corporation and embed sustainability objectives into our performance appraisal systems. Our Environmental and Social Risk Management System (ESRMS) and Credit Risk Management System (CRMS) will define our credit strategy and set strategic E&S objectives and targets for our credit operations. Additionally, our Operational Risk Management System (ORMS) will ensure operational resilience and assess the impact of E&S risks on our operations.

Our commitment to sustainability will be reinforced through independent review and testing by our Internal Audit and Compliance Divisions. Senior Management will regularly report to the Board on the Bank's progress in implementing sustainability policies and ESRMS, ensuring that the Board is informed of potential issues associated with both internal and external activities of the bank and its clients. The Bank will actively monitor risks and implement control measures to mitigate these risks, providing reassurance that we are dedicated to sustainable growth and development.

Stakeholder Engagement

Key Stakeholder	Concerns	Responses/Channels of Engagement
Employees	• Employee headcount, competencies and engagement • Occupational health and safety	• Learning and development program, including online trainings, on-the-job training, job rotation and coaching/mentoring; • Competitive salary and benefits; • Work from Home arrangements
Customers	• Consumer protection • Data privacy • Service reliability • Health and safety	• Provision of online banking tools/digital solutions; • Development of innovative products and services; • e-Statements of Account; • Cybersecurity program; • Data privacy trainings for employees; and
Regulators	• Regulatory compliance • Transparency	Compliance with permit renewals and mandatory disclosures/reports

	• Good governance	
Industry Peers	Regulatory risk	Common advocacies
Investors	• Business Risks • Good governance • Transparency	• Risk management • Corporate disclosures
Local Community and Environment	• Local community concerns • Environmental impact	• Community social investments; • Relationship management • Environmental housekeeping

Economic Performance

Compared to other Asian countries, Filipinos have a lower level of financial literacy, with recent studies showing that the Philippines ranked in the bottom 30 out of 144 surveyed countries. The World Bank also reported that only 25% of adult Filipinos have a basic understanding of financial concepts such as compound interest. Additionally, 44% of the adult population in the Philippines still do not have bank accounts, and 73% of agriculture workers are without financial accounts.

Although the COVID-19 pandemic has led to an increase in online account creation among unbanked Filipinos, their primary motivation was for facilitating payments rather than saving and investing for the future.

EastWest has been backing the financial ambitions of Filipinos via retail banking, with most of its loan portfolio (73%) concentrated in consumer loans since its inception. To enhance customer experience with increased flexibility and convenience, EastWest has introduced the Komo digital banking service via its subsidiary, EastWest Rural Bank, during the pandemic. This service facilitates branch-free banking, enabling customers to have complete authority over their accounts, such as transfers, withdrawals, and payments. Additionally, due to low operating expenses, customers receive high-interest rates on their deposits.

In 2022, EastWest:

In Millions Php

- Provided Php 19,453.00 in home loans to individual borrowers
- Provided Php 68,288.00 in auto loans to individual borrowers
- Provided Php 5,140.00 in personal, salary and employee loans to individuals, and micro and small enterprises
- Provided Php 68,745.00 to businesses
- Provided Php 55,168.00 in teachers' loans
- Provided access to digital banking services to 200k Komo app users, with 80% active members as of year-end.

Direct Economic Value Generated and Distributed	2022
	('000 PHP)
Direct economic value generated (revenue)	28,244,226
Direct economic value distributed	
a. Operating costs	17,006,388
b. Employee wages and benefits	5,960,407
c. Payments to suppliers and other operating costs	
d. Dividends given to stockholders and interest payments to lenders (does not include principal debt payments)	900,000
e. Taxes paid to government	1,433,280

Environmental Performance

At EastWest, we understand the critical responsibility of preserving the environment, and we have implemented water and energy conservation programs to uphold this responsibility. Our value chain is environmentally sustainable and socially responsible, aligning with our sustainability goals.

We are dedicated to complying with environmental regulations set forth by the Department of Environment and Natural Resources (DENR) and the Laguna Lake Development Authority (LLDA) for offices situated within the Laguna Lake region. Additionally, we adhere to environmental policies established by local government units in areas where we operate.

As of the end of 2022, neither EastWest nor any of its subsidiaries have received any Notice of Violation related to environmental regulations from regulators, and there are no pending investigations or resolutions, nor have any fines or penalties been imposed.

As a financial institution primarily operating in office settings, our environmental impacts primarily result from energy and water consumption, as well as waste generation.

Energy Consumption and Greenhouse Gas Emissions*

	2022	2021
Gasoline consumption, by liters	146,885	
Diesel consumption, by liters	55,953	
Electricity consumption, by kilowatt hours	3,434,409.53	2,824,341
Scope 1 GHG emissions due to diesel and gasoline, in tonnes CO2-e		
Scope 2 GHG emissions due to purchased electricity, in tonnes CO2-e	2,446	2,011

**Only cover EastWest Bank HQ operations (in 3 NCR locations)*

**EastWest sources all its electricity from the local energy utility, Meralco. The emission factor used is 0.7122 tons CO2 per MWH of electricity.

The 100% return to office setup, which was implemented in April 2022, resulted in a subsequent increase in energy consumption.

Water Consumption and Wastewater Generation

	2022	2021	2020	2019

Water consumed	19,959 cubic meters	13,337 cubic meters	Not reported	Not reported

The EastWest headquarters and satellite offices source their water from the east zone water utility concessionaire in Metro Manila, while the Beaufort location gets its water supply from the Angat-Ipo-LaMesa water source, which is replenished by annual rainfall and considered a sustainable surface water body. Wastewater generated from the headquarters' operations is collected by the Bonifacio Global City's (BGC) sewerage system and conveyed to an offsite facility for full treatment by the water utility.

Environmental initiatives from 2020 continued into the following year, particularly the intensified efforts to convert from printed credit card statements of account into electronic (PDF) versions sent via email. The conversion to e-Statement of Account (eSOA) led to the avoidance of printing of around 20 million pages and avoidance of fuel burned by the motorcycle couriers in delivering to the customers' doorsteps. As of end-2022, 96% of active EastWest credit cardholders have enrolled in eSOA.

We will continue to explore other avenues where positive environmental impacts can be realized, beyond mere environmental housekeeping, but through the financing of projects that have intended environmental and social outcomes.

Social Performance

Equal Opportunities and Growth

At EastWest, we promote based on job content and scope, validated by a job evaluation process that determines the proper job level of each role. We assess candidates for promotion on their performance track record, competency level, and potential to perform at higher levels or with an expanded job scope. Gender is not a criterion as we ultimately promote based on those considerations, fostering not just meritocracy but also equal opportunity. We promote the most deserving, and as a result, our promotion statistics show excellent diversity representation.

In 2022, we are proud to announce that 13% of our total bank population was promoted, reflecting our commitment to recognizing and rewarding our employees' hard work and dedication. Our promotion philosophy prioritizes an individual's acquired competencies as the foundation for career advancement, ensuring equal opportunities for career growth based on performance, not gender or any other factors.

Our promotion statistics demonstrate our commitment to diversity and inclusivity, with a gender-neutral approach that emphasizes equal opportunities for all employees based on their performance. It's important to note that the higher number of female promotions is a result of our Bank's gender distribution, where 66% of our employees are female and 34% are male. This achievement also demonstrates our commitment to diversity and inclusivity, as we continue to prioritize equal opportunities and fair treatment for all our employees.

EastWest believes that promoting a culture of diversity and inclusivity enhances our overall business performance by attracting and retaining top talent. We remain committed to fostering an environment that encourages our employees to excel and achieve their career aspirations while contributing to our Bank's success.

Beyond Diversity

Women power EastWest. They comprise 65% of our workforce, nearly half of our Board of Directors, and about a third of our leaders.

It is but fitting that we throw our support behind campaigns that raise awareness on the detection and prevention of breast cancer which affects three in every 100 Filipino women.

In 2022, EastWest employees rallied to raise funds for the beneficiaries of the Philippine Foundation for Breast Care Inc. (PFBCI), also known as Kasuso.org. This was done through the launch of the very first Magenta Race, a virtual run/walk and cycle for breast cancer. Magenta, a deeper shade of pink that is associated with cancer awareness, symbolizes EastWest's deep commitment to the cause.

A total of 145 employees took part in the race, with 94 joining the run/walk, and 51 joining the cycle race. Each participant registered and paid for a Magenta Race shirt, and part of the proceeds were donated to PFBCI.

The race ended with the first placer receiving a trophy and limited-edition merchandise. The other top ten placers received Magenta Race medals and merchandise. EastWest employees ordered extra shirts and sent in cash pledges beyond their race participation, which further increased the amount pledged to PFBCI.

We also partnered with MediCard, our health maintenance organization (HMO) insurance provider, to educate our employees about breast cancer detection and treatment. A "Breast Cancer Awareness Talk Webinar" featured Dr. Lissa Theresa Resurreccion of MediCard, who talked about breast cancer prevention and detection; and Dr. Marilyn C. Barza who shared the work of Kasuso.org.

As part of our health and wellness program, we also conducted a month-long series of breast health check-ups for our employees across all corporate centers and in identified stores in Luzon (Cavite, Batangas, San Fernando and Dolores in Pampanga) and in the Visayas and Mindanao (Cebu, Iloilo, Bacolod, Davao, Cagayan De Oro, General Santos).

Our activities concluded with the turnover of the check amounting to Php380,000 raised by EastWest employees from the Magenta Race. The funds will be used to help in the early detection of breast cancer via free checkups such as mammograms and breast ultrasound.

Benefits

The Bank provides multiple benefits and actively promotes their utilization among our employees.

Benefits	Total availments
HMO benefits	5,114
Salary loan benefits	1,912
Home loan benefits	5
Car plan benefits	248
Government loan benefits	2,062
Death benefits	67
Additional COVID-19 leaves	2,017
Christmas Gift in 2022 - The Bank replaced Christmas baskets with salary credits of same	5,717

Responsible Supply Chain

We recognize that our operational success is dependent on the many enterprises that support the Bank from day to day, through the provision of goods and services.

When vetting new suppliers, we consider their environmental performance, efforts to avoid any forced or child labor in their operations, their approach to labor and human rights issues, and their mechanisms to ensure that bribery and corruption do not occur in their company or in relation to ours.

The Bank takes a similar stance as its parent company, FDC to support local enterprises and local supply chains by engaging the local Philippine market. This involves building strategic relationships and partnerships with suppliers and through the championing of small and medium enterprises where our operations are located. Our store network is designed to encourage banking locally. Through our suppliers, we also invest in the local market and support small and medium enterprises (SMEs).

EastWest partners with SharePro, a shared services subsidiary of the Filinvest Group, to handle all procurement requests of the Bank. SharePro operationalizes the centralized Supply Chain Management of the Filinvest Group, along with other corporate services, and oversees the implementation of a Supplier Accreditation Program which was established in 2015.

The program outlines ways in which the Group can maintain quality management by checking for various International Organization for Standardization (ISO), Department of Environment and Natural Resources (DENR), and Occupational Safety & Health Act (OSHA) certifications or programs in place, and by requesting data on the sources of materials delivered to the subsidiaries. Regular reviews and vendor performance assessments are also conducted to ensure potential supply chain partners comply with local laws and the operating subsidiaries' requirements, and a process for blacklisting is established.

In the coming years, we seek to improve our understanding of the impact our operations have on our supply chain and suppliers. We will also assess ESG risks and opportunities relative to the relationships and impacts we have on our suppliers and overall value chain.

SUSTAINABILITY INDEX

A. ECONOMIC DISCLOSURES

Economic Performance

Direct Economic Value Generated and Distributed (GRI 201-1)	2022 ('000 PHP)
Direct economic value generated (revenue)	28,244,226
Direct economic value distributed	
f. Operating costs	17,006,388
g. Employee wages and benefits	5,960,407
h. Payments to suppliers and other operating costs	Not available
i. Dividends given to stockholders and interest payments to lenders (does not include principal debt payments)	900,000
j. Taxes paid to government	1,433,280

Procurement Practices

Proportion of Spending on Local Suppliers (GRI 204-1)	2022
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	98.11%

Anti-corruption

Trainings on Anti-corruption Policies and Procedures (GRI 205-2)	2022

Percentage of employees who have received written communication about corporate anti-corruption policies and procedures	100%
Percentage of business partners who have received written communication about corporate anti-corruption policies and procedures	100%
Percentage of directors and management who have received anti-corruption training	100%
Percentage of employees who have received anti-corruption training	100%

Incidents of corruption (GRI 205-3)	2022
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 corruption	0

B. ENVIRONMENT DISCLOSURES

Resource Management

Energy Consumption (GRI 302-1)	Unit	2022
Gasoline	L	146,884.76
LPG	Kg	N/A
Diesel	L	55,953.12
Electricity (renewable)	KWH	N/A
Electricity (non-renewable)	KWH	N/A
Electricity (total)	KWH	3,434,409.53

Coal	Tonnes	N/A

Energy Consumption (GRI 302-1)	Unit	2022
Gasoline	GJ	4,294,876.16
LPG	GJ	N/A
Diesel	GJ	1,449,562.71
Electricity (renewable)	GJ	N/A
Electricity (non-renewable)	GJ	N/A
Electricity (total)	GJ	954,002,647.22
Coal	GJ	N/A

Conversion to GJ (Wikipedia energy density):

- Gasoline – **0.0342 GJ/L**
- Diesel –**0.0386 GJ/L**
- Electricity – **0.0036** GJ per KWH

Water Consumption (GRI 303-5)	Unit	2022
Water used	m3	19,959
Water recycled and reused	Kg	N/A

Materials Used (GRI 301-1)	Unit	2022
Materials Used – steel	Kg	N/A
Materials Used – cement	Kg	N/A
Percentage of recycled input materials used to manufacture the	%	0

organization's primary products and services		

Ecosystems and Biodiversity (GRI 304-1 & 304-3)	2022	2021	2020
Operational sites owned, leased in or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	N/A		
Habitats protected or restored	N/A		
IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A		

Environmental Impact Management

Greenhouse Gas Emissions (GRI 305-1, 305-2, 305-3, 305-6)	Unit	2022
Direct Emissions (Scope 1) – gasoline, diesel, LPG	Tonnes CO2-e	493
Direct Emissions (Scope 1) – coal	Tonnes CO2-e	N/A
Indirect Emissions (Scope 2) – purchased electricity	Tonnes CO2-e	2,011
Indirect Emissions (Scope 3)	Tonnes CO2-e	N/A
Emissions of ozone-depleting substances (ODS)	Tonnes	N/A

Air Pollutant Emissions (GRI 305-7)	Unit	2022
Nitrogen oxides (NOx)	Kg	N/A
Sulfur oxides (SOx)	Kg	N/A

Persistent Organic Pollutants (POP)	Kg	N/A
Volatile organic compounds (VOC)	Kg	N/A
Hazardous air pollutants (HAP)	Kg	N/A
Particulate Matter (PM)	Kg	N/A

Solid Wastes Generation (GRI 306-3, 306-4, 306-5)	Unit	2022
Reusable	Tonnes	N/A
Reusable (mud press)	Tonnes	N/A
Recyclable	Tonnes	N/A
Composted	Tonnes	N/A
Residuals (Landfilled)	Tonnes	N/A
Mud Press (reusable)	Tonnes	N/A
Total	Tonnes	N/A

Hazardous Wastes (GRI 306-4, 306-5)	Unit	2022
Hazardous wastes generated	Tonnes	N/A
Hazardous wastes transported and treated	Tonnes	N/A

Effluents (GRI 303-4)	Unit	2022
Total volume of effluent discharge	m3	N/A
Percent of effluent recycled	m3	N/A

Environmental Compliance (GRI 30	Unit	2022

Total amount of monetary fines for non-compliance with environmental laws and/or regulations	PHP	0

C. SOCIAL PERFORMANCE

Employee Management

Employee Hiring and Benefits	2022		
	Total	M	F
Total number of regular employees	7,253	2,598	4,655
Voluntary attrition rate	25.20%		
Ratio of lowest paid employee against minimum wage	1% for NCR; 8% for provincial		

Notes:

- Employment figures as of Dec 31, 2022
- Excluding Quest Integrated Marketing Services

Employee Training and Development

Employee Training and Development	2022		
	Total	M	F
Total training hours provided to employees	311,942.25	91,283.75	220,658.50
Average training hours provided to employees	59.26	51.23	63.37

Labor Management Relations

Labor Management Relations	2022		
	Total	M	F
% of employees covered by Collective Bargaining Agreements	EastWest does not have collective bargaining agreements.		
Number of consultations conducted with employees concerning employee related policies	796		

Diversity and Equal Opportunity

Diversity and Equal Opportunity	2022		
	Total	M	F
% of workers in the workforce by gender	100%	36%	64%
Number of employees from indigenous communities and/or vulnerable sector	Not available		

Workplace Conditions and Occupational Health and Safety

Occupational Health and Safety	2022
Safe manhours	12,066,080
Number of work-related injuries	1
Number of work-related fatalities	0
Number of work-related ill-health	157
Number of safety drills	402

Note:

- Top cases: COVID-19 infections

Labor Standards and Human Rights

Labor Laws and Human Rights	2022
Policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying in the workplace)	5
Number of legal actions or employee grievances involving forced or child labor	0

Relationship with Community

Significant Impacts on Local Communities	2022
For operations affecting IPs, total number of Free and Informed Prior Consent (FPIC) consultations and Certification Preconditions (CPs) secured	N/A

Customer Management

Customer Satisfaction	2022
Customer Satisfaction Score	Transactional CSAT – 91%

Product/Service Health and Safety	2022

Number of substantiated complaints on product or service health and safety	N/A
Number of complaints addressed	N/A

Marketing and Labeling	2022
Number of substantiated complaints on product or service health and safety	0
Number of complaints addressed	0

Customer Privacy	2022
Number of substantiated complaints on customer privacy	0
Number of complaints addressed	0
Number of customers, users and account holders whose information is used for secondary purposes	0

Data Security

Data Security	2022
Number of data breaches, including leaks, thefts and loss of data	0