

April 17, 2023

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

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

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

Attention : MS. ALEXANDRA D. TOM WONG  
*Officer-in-charge, Disclosure Department*

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

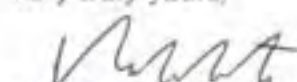
Attention : ATTY. MARIE ROSE M. MAGALLEN-LIRIO  
*Head, Issuer Compliance and Disclosure Department*

Gentlemen:

Pursuant to Structured Continuing Disclosure Requirements for Listed Companies of the Exchange, we report herewith SEC Form 17A of Union Bank of the Philippines as of December 31, 2022.

For your information and guidance. Thank you.

Very truly yours,

  
FRANCIS B. ALBALADE  
SVP 2 / Financial Controller

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

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

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| Fiscal Year |   |     |   |              |  |  |  |  |  |  |  |  |  | Annual Meeting |   |     |   |

|                                       |  |  |  |  |  |  |  |  |  |
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| UNDERWRITER OF SECURITIES             |  |  |  |  |  |  |  |  |  |
| Secondary License Type, If Applicable |  |  |  |  |  |  |  |  |  |

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| C                         | F | D |                                 |  |  |  |  |  |  |  |  |  |
| Dept. Requiring this Doc. |   |   | Amended Articles Number/Section |  |  |  |  |  |  |  |  |  |

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| 4,961                     |  |  |  |  |  |  |  |  |  | Total Amount of Borrowings |  |  |  |  |  |  |  |  |  |
| Total No. of Stockholders |  |  |  |  |  |  |  |  |  | Domestic Foreign           |  |  |  |  |  |  |  |  |  |

To be accomplished by SEC Personnel concerned

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

1. For the calendar year ended December 31, 2022
2. SEC Identification Number 36073
3. BIR Tax Identification No. 000-508-271-000
4. UNION BANK OF THE PHILIPPINES  
Exact name of registrant as specified in its charter:
5. METRO MANILA, PHILIPPINES  
Province, Country or other jurisdiction or incorporation or organization
6. (SEC Use Only)  
Industry Classification Code
7. UnionBank Plaza, Meralco Ave. cor. Onyx and Sapphire Streets, 1605  
Ortigas Center, Pasig City Postal Code  
Address of Principal Office
8. (632) 8667-6388  
Registrant's telephone number, including area code
9. Not applicable  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

|                                         |                                                                                |
|-----------------------------------------|--------------------------------------------------------------------------------|
| Title of Each Class                     | Number of Shares of Common Stock<br>Outstanding and Amount of Debt Outstanding |
| <b>Common Stock</b><br>P10.00 par value | 2,142,106,764 shares                                                           |

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

12. Check whether the issuer:

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

Yes [ ☒ ]

No [ ☐ ]

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

Yes [ ☒ ]

No [ ☐ ]

13. The aggregate market value as of March 31, 2023 of the voting stock held by non-affiliates  
**₱200,186,147,479.50**

UNIONBANK OF THE PHILIPPINES  
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## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1 - Business

#### A. Description of Business

Union Bank of the Philippines ("UnionBank" or "UBP") is a publicly listed universal bank whose principal shareholders are Aboitiz Equity Ventures, Inc. ("AEV"), Social Security System ("SSS") and The Insular Life Assurance Company, Ltd. ("Insular Life"). The Bank has always been among the first to embrace technological innovations to empower its customers. The Bank leverages on technology and its agile culture to meet the customers' changing and diverse needs and continuously enhance customer experience.

Determined to be an enabler of the Philippines' bid to be a G20 country by 2050, UnionBank stands firm in its promise to power the future of banking by co-creating innovations for its customers and for a better world.

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

Over the years, UnionBank has garnered a record-breaking number of awards and recognition including "Asia Trailblazer Institution of the Year" from Retail Banker International; "Best Digital Bank in Southeast Asia 2022" from Capital Finance International; back-to-back "Best Bank for Customer Experience in Southeast Asia" from Global Brands Magazine; "Best Bank Transformation in South East Asia 2021" from Global Banking and Finance; 5-Time "Digital Bank of the Year (2018-2022)" from The Asset Triple A; "Most Recommended Retail Bank in Asia Pacific 2021" from BankQuality.com; "Fastest Growing Fintech Company, South East Asia 2021" for UBX from Global Banking and Finance; "Best Bank for ESG 2022" from Asiamoney; 3-time "Best Retail Bank in the Philippines" from The Asian Banker; back-to-back "Best Bank for SMEs" (2020-2021) from Asiamoney; "SME Bank of the Year - Philippines 2021" from Asian Banking and Finance; back-to-back "#1 Best Service Domestic Bank in the Philippines 2020-2021" at the Asiamoney Cash Management Survey; "Asia's Best Bank Transformation" from Euromoney; "Asia-Pacific Retail Bank of the Year" from Retail Banker International; "Top 2 Most Helpful Banks in Asia Pacific during COVID-19" from BankQuality.com; 3-time "Best Digital Bank Philippines" from Asiamoney and International Finance Magazine; and "Employer of the Year" awards from Stevie Awards for Great Employers, Asian Banking and Finance, and HR Asia.

#### *Historical Background*

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

UnionBank's principal shareholder groups include AEV, a shareholder of UnionBank since 1988 and the public holding company of the Aboitiz group of companies (the "Aboitiz Group"), one of the oldest and largest conglomerates in the Philippines with interests in power generation and distribution, financial services, real estate, food manufacturing and industrial production; SSS, a Government-owned and controlled corporation that provides social security to workers in the private sector; and Insular Life, one of the leading and largest Filipino-owned life insurance companies in the Philippines.

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

As of December 31 2022, UnionBank's key subsidiaries and affiliates include: City Savings Bank, Inc. (CitySavings or CSB) (which assumed acquired subsidiary, Philippine Resources Savings Bank Corporation (PR Savings Bank)), Petnet, Inc., (Petnet), First Agro Industrial Rural (FAIR) Bank, Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan), Progressive Bank, Inc. (PBI), UBP Investments Corporation (formerly Union Properties, Inc.) (UIC), First Union Plans, Inc. (FUPI), First Union Direct Corporation (FUDC), First Union Insurance and Financial Agencies, Inc. (FUIFAI), UBX Philippines (UBX PH), UBX Private Ltd. (UBX SG), UnionDigital Bank, Inc. (UnionDigital) and Citicorp Financial Services and Insurance Brokerage Philippines, Inc. (CFSI) (see *Subsidiaries and Affiliates* portion for more information).

### *Acquisitions / Company Creation*

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

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

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

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

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

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

On December 19, 2018, UBX PH was incorporated with the SEC. On February 11, 2019, the BSP approved its incorporation. UBX PH serves as UnionBank's investment house to hold, purchase, and acquire businesses engaged in financial and information technology services. UBX PH also owns 30% of Shiptek Solutions Corporation and 35% of CC Mobile Financial Services Philippines, Inc.

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

A wholly-owned subsidiary of UBX PH, UBX SG was incorporated and registered with the Accounting and Corporate Regulatory Authority (ACRA) of Singapore in 2018. It is a holding company that is principally engaged in acquiring various fintech start-ups. UBX SG owns 100% of UBX Remit Pte. Ltd. (SG) and 1.96% of NYK Ventures Pte. Ltd. (SG).

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

In July 2021, the BSP granted a digital banking license to UnionDigital. It is the only digital bank established by a universal bank among the six licensees approved by the BSP. UnionDigital was incorporated in November 2021 and started commercial operations on July 18, 2022. It is UnionBank's foray to penetrate the larger untapped retail segment in the country in a purely digital and cost-effective manner.

In December 2021, UnionBank entered into a Share and Business Transfer Agreement with the subsidiaries of Citigroup Inc. (Citi) to acquire Citi's consumer banking in the Philippines. The transaction includes Citi's credit card, personal loans, wealth management, and retail deposit businesses. The acquisition also includes Citi's real estate interests in relation to Citibank Square in Eastwood, 3 full-service bank branches, and 5 wealth centers. UnionBank's acquisition of Citi was approved by the BSP on July 18, 2022, and UnionBank became the legal owner of the business beginning August 1, 2022. The deal brought in almost 1 million new customers and Php99.4 billion in total assets, Php69.4 billion in gross loans and Php65.3 billion in deposits. The acquisition is seen to accelerate UnionBank's objective of becoming a 'Great Retail Bank' given Citi's market leadership in the credit cards, personal loans, and wealth management business.

### *Capital Markets Transactions*

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

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

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

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

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

On November 29, 2017, UnionBank raised USD500 million in Fixed Rate Senior Notes under its USD1.0 billion Medium Term Note Programme. The Notes were issued at par with a yield of 3.369% per annum, and matured on November 29, 2022.

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

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

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

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

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

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

On December 9, 2020, UnionBank successfully raised Php9.0 billion of peso-denominated fixed rate bonds via a dual tranche offering under its Php39.0 billion Bond Program. The 3-year tranche raised a total of Php8.115 billion and carries an interest rate of 2.750%. The 5.25-year tranche raised a total of Php885 million and carries an interest rate of 3.375%. The issuance marked the first dual-tranche offering issued under BSP Circular 1010 on bank-issued bonds.

On December 22, 2020, UnionBank's subsidiary, City Savings Bank, Inc. issued Php5.0 billion of corporate notes, of which, Php1.5 billion will mature in 3 years and Php3.5 billion will mature in five years.

For the years 2019 to 2022, the Bank issued a total of 2,929,705 common shares to eligible employees out of the 5,000,000 common shares pursuant to the Bank's Employee Stock Plan. On February 6, 2023, the Bank issued 697,339 common shares to eligible employees pursuant to the Bank's Employee Stock Plan. These issuances were exempt from registration under Section 10.2 (Exempt Transactions) of the SRC.

On June 23, 2021, UnionBank issued a seven-year US Dollar-denominated Social Bond (the "Social Bond") amounting to USD150 million with the International Finance Corporation (IFC) as sole investor. The proceeds of the Social Bond were allocated exclusively to qualified micro, small, and medium enterprise (MSME) loans that are screened against IFC's eligibility criteria and exclusion list. The issuance of the Social Bonds is part of UnionBank's recognition and commitments to the United Nations Sustainable Development Goals, particularly on employment, the objective of Decent Work and Economic Growth. The social bonds carry an interest rate of 1.15% and are unsecured.

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

In May 2022, UnionBank raised Php40 billion through a stock rights offering, with approximately 617.2 million common shares priced at Php64.81 per share. The proceeds from the offering were deployed to partially fund the acquisition of the Citibank N.A. consumer banking business.



On June 2, 2022, UnionBank successfully issued the first-ever digital peso bonds in the Philippines, raising an aggregate size of Php11.0 billion under its Php39.0 billion bond program. UnionBank is the pilot user of the Philippine Depository & Trust Corp.'s (PDTC) Proof of Concept Digital Registry & Digital Depository that uses Distributed Ledger or Blockchain Technology for registry and depository operations. The bonds, which have a tenor of 1.5 years and a fixed rate of 3.25% per annum, are listed on PDEX for trading in the PDEX Fixed Income Market.

On November 25, 2022, UnionBank raised USD358 million from a three-year syndicated loan. The proceeds will be used to refinance UnionBank's maturing USD loans and existing USD bonds, and fund its general corporate purposes.

UnionBank announced another stock rights offering in December 2022 for approximately 210.97 million shares for Php56.88 each. The proceeds amounting to approximately Php12 billion are mainly for the expansion of the Bank's loan portfolio and for infusion into its digital banking arm, UnionDigital. The listing date of the new shares in the Philippine Stock Exchange (PSE) is February 06, 2023.

## B. Business of Issuer

### *Principal products and services*

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

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

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#### **Deposits and Related Services**

*Savings Accounts:* Personal Savings Account · US Dollar Savings Account · Third Currency Accounts · Dollar Access · My First Savings · Savings+

*Checking Accounts:* Regular Checking · Power Checking · Premium Deposit

*Investment Accounts:* Time Deposit · Peso Optimizer · Hi-Five

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#### **Corporate, Middle-Market, and Consumer Lending**

*Corporate Banking Loans*

*Commercial Banking Loans*

*SME Banking Solutions:* BusinessLine Classic · Dealers Financing Line. Business Loan. MD Line

*Consumer Lending:* Auto Loans · Mortgage · Quick Loans · eJudiciary

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#### **Debit Cards**

*Personal:* Easy Access · Business Class Platinum Visa Debit · US Dollar Visa Debit · Go Rewards Debit · EON · PlayEveryday · Lazada · e-Wallet

*Corporate:* ePaycard · UnionBank Corporate Prepaid Card

*Government:* GSIS UMID/eCard · SSS UMID/Quickcard · Pag-IBIG Loyalty Card

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#### **UnionBank-Branded Credit Cards**

*Rewards Cards:* Visa Classic · Visa Gold · Visa Platinum · PlayEveryday Visa Classic · Lazada Mastercard Titanium

*Cashback Cards:* Mastercard Gold · Mastercard Platinum

*Travel and Lifestyle:* Miles+Visa Platinum · Ceb GetGo Visa Gold · Ceb GetGo Visa Platinum · Go Rewards Visa Gold · Go Rewards Visa Platinum

*Co-brand and Affinity Cards:* Various products issued in partnership with companies that are involved in retail business; home-building; hotels; medical, health and fitness; financial security; airlines; educational and service-oriented institutions; and non-profit

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organizations focusing on religious, humanitarian, cause-oriented activities, and promotion of professional organizations  
*Business:* UnionBank Visa Corporate · Suy Sing Visa

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### **Citi-Branded Credit Cards**

*(Citi-Branded Credit Cards will be rebranded as UnionBank products)*

*Rewards Cards:* Citi Rewards Visa Platinum · Citi Rewards Mastercard Platinum

*Cashback Cards:* Citi Cash Back Visa Platinum · Citi Cash Back Mastercard Titanium

*Travel and Lifestyle:* Citi PremierMiles Visa Signature · Citi PremierMiles Mastercard World · Citi Prestige Visa Infinite · Citi Prestige Mastercard World Elite

*Co-brand and Affinity Cards:* Mercury Drug Citi Visa Gold · Shell Citi Visa Gold · Shell Citi Visa Platinum · Grab Citi Mastercard Platinum

*Consumer Lending:* Citi Ready Credit

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### **Prepaid Cards**

EON · GetGo Peso+

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### **Trust and Investment Products**

*Short Term:* PHP Short-Term Fixed Income Fund · USD Short-Term Fixed Income Fund

*Medium Term:* PHP Fixed Income Fund · USD Fixed Income Fund · PHP Tax-Exempt Fixed Income Fund

*Equities:* PHP Equity Fund · Philippine Equity Index Tracker Fund

*Balanced:* Peso Balanced Fund · Capital Accumulation Global Fund of Funds Portfolio (USD-class & PHP-class)

*Managed Accounts (non-UITF):* Investment Management Account (IMA) · Retirement Fund Management · Pre-need · Other Institution/Individual Trust Accounts · Personal Management Trust (PMT) · Escrow Agency · Court Trust · Legislated and Quasi-Judicial Trust · Mortgage Trust Indenture · Safe-keeping · Transfer Agency · Life Insurance Trust

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### **Cash Management Services**

*Corporate Disbursements:* Electronic Fund Transfers (UnionBank Transfers, PESONet, InstaPay, PDDTS, SWIFT) · eGobyerno (SSS, Philhealth, Pag-IBIG, BIR, BOC) · Business Check · Business Check Online · Checkwriter · Voucher Payout · Sponsorship Arrangements

*Corporate Collections:* Bills Payment · Auto Debit Arrangement (ADA) · Batch Bills Payment · Partnerpay · Checkhouse · Expanded Check Collections · Mobile Check Deposit · Remote Check Deposit · Cash Mobilization · Secure Pay · Partner Pay · PSE Trade/Securities Clearing Corporation of the Philippines (SCCP) · UPAY

*Payroll and Cards:* Payroll & Corporate Disbursement Solutions (ePaycard, eCrediting/Fund Transfer, ePayroll) · UnionBank Corporate Prepaid Card · GSIS UMID/eCard · SSS UMID/Quickcard · Pag-IBIG Loyalty Card

*Trade Services and Products*

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### **Digital Channels**

*Retail:* UnionBank Online · Bonds.PH

*SME:* SME Business Banking App · i2i platform · BUX · Sentro · SeekCap

*Corporate:* The Portal · Financial Supply Chain (Dealer Financing, Payables Discounting)

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### **Private Banking**

*Access to Global Funds and Investment Strategies*

*Government Securities, Corporate Bonds, Money Market Securities, UITFs*

*Asset Swaps*

*Family Services*

*Financial Advisory*

*Mutual Funds*

*FX*

*Other Investments*

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### **Wealth Management**

*Savings Accounts:* E-Savings · High Rate Saver · Bonus Saver · Savings Guard · Dollar Saver · Euro Saver · Australian Dollar Saver · British Pound Saver · Hong Kong Dollar Saver · Singapore Dollar Saver

*Checking Accounts:* Peso Everyday Banking · Dollar Everyday Banking

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*Time Deposits:* Peso High Rate Time Deposit · Peso Time Deposit · Flexi TD (Monthly and Quarterly) · USD Time Deposit · EUR Time Deposit

*Brokerage Products and Services:* BSP-registered Unit Investment Trust Funds · SEC-registered Mutual Funds · Philippine Government Bonds · Philippine Bank-issued Bonds · Global Government Bonds · Local Currency Corporate Bonds · Global Mutual Funds · Foreign Currency Corporate Bonds · Investment Linked Life Insurance · Traditional Life Insurance · Qualified Buyer Registration

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**Bancassurance**

Assurance · Assurance Prime · Security · Prominence · Dollar Prominence · Sure Cover

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CitySavings offers salary loans to public school teachers under the DepEd's Automatic Payroll Deduction System ("APDS") and to other government employees. The guidelines for the grant of salary loans to public school teachers are set out in a memorandum of agreement between the DepEd and City Savings. In 2016, CitySavings launched its Pensionado loans for GSIS and SSS pensioners. In 2019, CitySavings entered the motorcycle financing market through its acquisition of PR Savings Bank and it has substantially expanded its motorcycle loan business. It has also expanded its salary loan clientele to include employees of state and private schools, companies and government institutions. CitySavings' other thrift and rural bank subsidiaries also offer basic deposit and lending services which range from individual to MSME loans. On the other hand, PETNET, more widely known by its retail brand name PERA HUB, offers variety of cash-based services including remittance, currency exchange and bills payment.

As UnionBank's technology and innovation company, UBX aims to be the leading open financial platform in the country through embeddable finance and data solutions. The aggregation of its various solutions into one comprehensive platform enables UBX to be a one-stop shop for various clients. These solutions include banking-as-a-service via i2i, payments via BUX, lending via SeekCap, online shop builder for E-Commerce via Sentro, and many more. UBX also offers technological services to clients such as app and blockchain development, as well as enabling and investing in technology startups. UBX also owns and operates a number of other digital platforms and fintech products that are relatively new including an open finance platform called xpanse, a money management mobile application named Vinne, an innovative embeddable insurance platform called Assured and a next-generation blockchain-based identity verification solution named AKIN.

UnionDigital is UnionBank's digital banking arm, and the only digital bank established by a private universal bank and licensed by the BSP. It is UnionBank's vehicle to tap the large unbanked and underbanked segments. By leveraging state-of-the-art back-end infrastructure to onboard customer communities, UnionDigital is expected to help accelerate UnionBank's growth aspirations and bring about inclusive prosperity to more Filipinos. UnionBank envisions developing UnionDigital into a one-stop fully-fledged financial services marketplace offering digital saving and lending, payments, insurance, micro investment, digital assets, and other value-added services. This wide product suite covers comprehensively the needs of both the unbanked and underserved communities and tech savvy generation, spanning all five financial seasons from spending, saving, investing, protecting to borrowing, and extending beyond the traditional products to alternatives.

## Segment Information

### Business Segments

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

*a. Consumer Banking*

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

*b. Corporate and Commercial Banking*

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

*c. Treasury and Trust*

This segment is principally responsible for managing the Bank's liquidity and funding requirements, and handling transactions in the financial markets covering foreign exchange, fixed income trading and investments, and derivatives. The segment also includes trust, asset management and fiduciary services provided by the Bank to its customers.

*d. Headquarters*

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

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

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

### Subsidiaries and Affiliates

The Bank's subsidiaries are all incorporated in the Philippines, except for UBX SG and UBX Remit, and the Bank's effective percentage of ownership and the nature of the subsidiaries' businesses as of December 31, 2022 and 2021 are as follows:

| Name of Subsidiary                                                | Percentage of ownership |         | Nature of Business                              |
|-------------------------------------------------------------------|-------------------------|---------|-------------------------------------------------|
|                                                                   | 2022                    | 2021    |                                                 |
| City Savings Bank, Inc. (CSB)                                     | 99.79%                  | 99.79%  | Thrift bank                                     |
| PetNet, Inc. (PETNET) <sup>(a)</sup>                              | 51.00%                  | 51.00%  | Foreign currency trader and remittance business |
| First-Agro Industrial Rural Bank, Inc. (FAIR Bank) <sup>(f)</sup> | 100.00%                 | 100.00% | Rural bank                                      |
| UBP Investments Corporation (UIC)                                 | 100.00%                 | 100.00% | Holding company                                 |
| First Union Plans, Inc. (FUPI) <sup>(k)</sup>                     | 100.00%                 | 100.00% | Pre-need                                        |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         |         |                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|--------------------------------------------|
| First Union Direct Corporation (FUDC) <sup>(h)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 100.00% | 100.00% | Financial products marketing               |
| First Union Insurance and Financial Agencies, Inc. (FUIFAI) <sup>(b)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 100.00% | 100.00% | Agent for insurance and financial products |
| UBP Securities, Inc. (UBPSI) <sup>(h)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 100.00% | 100.00% | Securities brokerage                       |
| UnionBank Currency Brokers Corporation (UCBC) <sup>(i)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | –       | 100.00% | Foreign currency brokerage                 |
| UnionDataCorp (UDC) <sup>(h)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 100.00% | 100.00% | Data processing                            |
| Interventure Capital Corporation (IVCC) <sup>(h)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 60.00%  | 60.00%  | Venture capital                            |
| UBX Philippines Corporation (UBX PH)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 100.00% | 100.00% | Investment holding and innovation company  |
| UBX Private Ltd. (UBX SG) <sup>(c)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 100.00% | 100.00% | Holding company                            |
| UBX Remit Pte. Ltd. (UBX Remit) <sup>(d)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 100.00% | 100.00% | Remittance company                         |
| Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan) <sup>(e)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 70.00%  | 70.00%  | Private development bank                   |
| Progressive Bank, Inc. (PBI) <sup>(f)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 100.00% | 100.00% | Rural bank                                 |
| UnionDigital Bank, Inc. (UnionDigital) <sup>(g)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 100.00% | 100.00% | Digital bank                               |
| Citicorp Financial Services and Insurance Brokerage Philippines, Inc. (CFSI) <sup>(j)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 100.00% | –       | Insurance and securities brokerage         |
| <sup>(a)</sup> Subsidiary through CSB and UIC, with 40% and 11% share in ownership, respectively<br><sup>(b)</sup> Wholly-owned subsidiaries of UIC<br><sup>(c)</sup> Wholly owned subsidiary of UBX<br><sup>(d)</sup> Wholly owned subsidiary of UBX SG<br><sup>(e)</sup> Subsidiary through CSB and UIC, with 49% and 21% share in ownership, respectively<br><sup>(f)</sup> Subsidiary through CSB and UIC, with 49% and 51% share in ownership, respectively<br><sup>(g)</sup> Incorporated on November 25, 2021<br><sup>(h)</sup> Non-operating subsidiaries<br><sup>(i)</sup> Dissolved as of April 8, 2022<br><sup>(j)</sup> Acquired 100% ownership as part of the Parent Bank's acquisition of Citigroup Inc.'s consumer business in the Philippines on August 1, 2022<br><sup>(k)</sup> In October 2022, the stockholders of FUPI approved the voluntary cessation and withdrawal of its pre-need business |         |         |                                            |

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

- a. In a special meeting held on December 23, 2021, the Bank's BOD approved the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The transaction includes the acquisition of Citigroup's credit card, personal loans, wealth management, and retail deposit businesses, as well as the real estate interests in Citibank Square in Eastwood, Quezon City, 3 full-service bank branches, and 5 wealth centers in the Philippines.

Also on December 23, 2021, the BOD approved the raising of additional capital of up to Php40.0 billion through the issuance of additional shares from the Bank's unissued authorized capital stock via a stock rights offering (SRO) to all existing shareholders. On May 16, 2022, the Bank issued approximately 617.2 million common shares priced at Php64.81 per share. Proceeds from the SRO were deployed to partially fund the acquisition of Citigroup, Inc.'s Philippine consumer business.

On April 5, 2022, the Philippine Competition Commission (PCC) issued clearance on the Bank's proposed acquisition of assets and liabilities of Citibank N.A., Philippine Branch and Citi Square Building Corporation, and shares in Citicorp Financial Services and Insurance Brokerage Philippines, Inc. The PCC resolved to take no further action with respect to the proposed acquisition. On July 14, 2022, the Monetary Board (MB) of the Bangko Sentral ng Pilipinas (BSP), in its Resolution No. 1017, approved the Bank's acquisition of Citigroup's consumer business in the Philippines.

On August 1, 2022, the Bank completed the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The transaction is effected via (i) an asset and liability transfer of the consumer banking activities of Citibank N.A., Philippines Branch, (ii) the sale of the 100% shares in Citicorp Financial Services and Insurance Brokerage Philippines,

Inc., and (iii) the sale of freehold and owned office premises and parking spaces in Citibank Square building in Eastwood, Quezon City. The total cash consideration amounted to Php77.9 billion based on the net assets of the Citi Philippines consumer banking business as of July 31, 2022, plus an agreed premium.

As of December 31, 2022, the Bank is still in the process of completing the determination of fair values of the assets and liabilities acquired, including the identified intangible assets. As allowed by PFRS, the Group has provisionally assessed the fair values of the assets and liabilities recognized, except for Cash and other cash items and Due from other banks. The provisional fair values will be adjusted within one year from the acquisition date once relevant information has been obtained.

The provisional fair values of the identifiable assets and liabilities acquired at the date of acquisition are as follows (amounts in millions):

|                                                      | Provisional fair<br>values<br>recognized on<br>acquisition<br>date |
|------------------------------------------------------|--------------------------------------------------------------------|
| <b>Assets</b>                                        |                                                                    |
| Cash and other cash items                            | ₱1,598                                                             |
| Due from other banks                                 | 28,126                                                             |
| Loans and receivables                                | 65,581                                                             |
| Bank premises, furniture and fixtures, and equipment | 2,120                                                              |
| Other resources                                      | 2,694                                                              |
| <b>Total assets</b>                                  | <b>100,119</b>                                                     |
| <b>Liabilities</b>                                   |                                                                    |
| Deposit liabilities                                  | 65,265                                                             |
| Other liabilities                                    | 4,496                                                              |
| <b>Total liabilities</b>                             | <b>69,761</b>                                                      |
| <b>Net assets acquired</b>                           | <b>₱30,358</b>                                                     |

The provisional goodwill from the acquisition is determined as follows (amounts in millions):

|                                                         |                |
|---------------------------------------------------------|----------------|
| Total Purchase price                                    | ₱77,849        |
| Less: Provisional fair values of net assets<br>acquired | 30,358         |
| <b>Provisional Goodwill</b>                             | <b>₱47,491</b> |

The goodwill arising from the acquisition is attributed to the opportunities for future growth in the credit card business of the Group, and expected synergies in the consumer banking business of the combined Parent Bank and Citi acquired business.

The provisional fair value of the loans and receivables acquired as part of the business combination amounted to Php65.58 billion, with gross contractual amount of Php69.44 billion.

Had the acquisition occurred at the beginning of 2022, the consolidated total operating income would have increased by Php8.21 billion and net income would have increased by Php1.24 billion.

Cash Outflow from Acquisition of business, net of cash acquired by the Group and the Parent Bank follows:

|                                                      | Group          | Parent Bank <sup>(1)</sup> |
|------------------------------------------------------|----------------|----------------------------|
| Purchase price                                       | ₱77,849        | ₱72,752                    |
| Less: Cash acquired from the acquisition of business | 29,724         | 28,383                     |
| <b>Net cash outflow from Acquisition</b>             | <b>₱48,125</b> | <b>₱44,369</b>             |

(1) For purposes of the Parent Bank financial statements, the purchase price above excludes the purchase of shares in CFSI amounting to ₱5.10 billion, which is presented separately as 'acquisition of an investment in subsidiary' in the statement of cash flows.

- b. CSB was incorporated and registered with the SEC on December 9, 1965. It is a thrift bank specializing in granting teacher's loans under the Department of Education's Automatic Payroll Deduction System. CSB has 149 branches as of December 31, 2022.

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

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

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

CSB's CAR, after the effectivity of the merger, increased from 8.9% in December 2018 to 11.9% in March 2019. For prudential reporting, the Bank is amortizing the goodwill approved by the BSP for the next 10 years. The required annual amortization of goodwill for prudential reporting purposes of CSB is Php272.94 million. The difference between the final goodwill under PFRS and the BSP approved goodwill was reflected as a reduction in Retained Earnings for prudential reporting to the BSP.

- c. PETNET, more widely-known by its retail brand name PERA HUB, has the largest network of Western Union outlets in the Philippines. PETNET has over 3,714 outlets nationwide. It offers a variety of cash-based services including remittance, currency exchange and bills payment.
- d. FAIR Bank was registered with the SEC on September 15, 1998 primarily to engage in the business of extending rural credit to small farmers and tenants and to deserving rural industries or enterprises. FAIR Bank has one (1) banking office and ten (10) branches located all over Cebu and Negros Occidental areas.

In 2020, CSB and UIC further infused additional capital amounting to Php41.45 million (equivalent to 414,543 common shares at Php100 par value) and Php43.15 million

(equivalent to 431,157 common shares at Php100 par value), respectively, or a total of Php84.60 million. The aggregate additional infusion in 2020 resulted in UIC's ownership in FAIR Bank further increasing to 44.33%, while CSB's ownership remained the same at 49%.

On July 8, 2021, UIC acquired the remaining 199,998 shares held by the non-controlling interest of FAIR Bank for Php50.15 per share (Php10.2 million), further increasing the percentage of ownership of UIC from 44.33% to 51%, while CSB's ownership interest stood at 49%.

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

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

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

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

On November 27, 2020, the Parent Bank's BOD approved the additional capital infusion of Php500 million into UBX. The capital infusion was approved by the BSP on February 15, 2021. The additional capital is intended to grow UBX's business operations and venture platforms.

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

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



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

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

On October 7, 2021, UIC acquired the remaining 19,993,640 shares held by the non-controlling interest of PBI for Php1.80 per share (Php36.0 million), further increasing the percentage of ownership of UIC from 26% to 51%, while CSB's ownership interest stood at 49%.

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

- i. In its letter dated July 15, 2021, the BSP approved the application for authority to establish a digital bank, to be known as UnionDigital Bank, Inc. (UnionDigital), a wholly-owned subsidiary of the Bank, subject to regulatory conditions. The BSP subsequently granted the Authority to Register with the SEC. On November 25, 2021, the SEC approved UnionDigital's Articles of Incorporation and its By-Laws and issued its Certificate of Incorporation. The Parent Bank subscribed to 100,000,000 new common shares of UnionDigital at par value Php10 per share totaling Php1.0 billion.

On June 24, 2022, the BOD of the Parent Bank approved to infuse additional capital to UnionDigital of up to Php2.0 billion.

On July 12, 2022, UnionDigital was granted the Certificate of Authority to Operate as a digital bank. Accordingly, UnionDigital started its operations on July 18, 2022. On the same date, the Parent Bank infused Php1.0 billion to UnionDigital.

In its letter dated October 27, 2022, the BSP approved the Parent Bank's request for additional equity investment of up to Php2.0 billion in UnionDigital. The Parent Bank then infused additional capital to UnionDigital in tranches for a total amount of Php1.0 billion. As of December 31, 2022, the Parent Bank's total equity investment in UnionDigital amounted to Php3.0 billion.

UnionDigital was organized to engage in, and carry on, the general business of a digital bank, including such other expanded services as may be approved by the MB of the BSP such as creating, developing, owning, maintaining, distributing, and marketing a digital platform that allows the bank to offer digital services, and issues mortgage and chattel mortgage certificates, buys and sells them or accept them in to such terms and conditions as may be prescribed by the MB of BSP.

- j. Bangko Kabayan, FAIR Bank and PBI are in the process of seeking regulatory approvals to merge, with Bangko Kabayan as the surviving entity. On March 21, 2022, the Philippine Competition Commission (PCC) acknowledged that the proposed merger does not breach the thresholds for compulsory notification. The PDIC consent and BSP approval were obtained on June 17, 2022 and September 12, 2022, respectively. The Group is waiting approval of the merger from the SEC.

#### Non-operating subsidiaries

- a. The BOD of FUDC authorized to temporarily suspend its business operations effective June 1, 2021 and until such time that management, with the approval of the BOD of FUDC, deems it appropriate to resume operations.
- b. UBPSI was incorporated and registered with the SEC on March 2, 1993. It was organized to engage in the business of buying, selling, or dealing in stocks and other securities. In January 1995, as approved by UBPSI's stockholders and BOD, UBPSI sold its stock exchange seat in the PSE. Accordingly, UBPSI ceased its stock brokerage activities.
- c. UCBC was registered in the SEC on June 14, 1994. It was organized to engage in the foreign currency brokerage business. On March 23, 2001, the BOD of UCBC approved the cessation of its business operations effective on April 16, 2001. Since then, UCBC's activities were significantly limited to the settlement of its liabilities. The BOD and the stockholders of UCBC have approved to shorten UCBC's corporate term to December 31, 2016. UCBC has secured a tax clearance from the Bureau of Internal Revenue (BIR) in 2018. UCBC has secured certificate from the SEC last April 8, 2022 amending the Article IV shortening the term of existence thereby dissolving the corporation.
- d. UDC was registered with the SEC on September 8, 1998. It was organized to handle the centralized branch accounting services as well as the processing of credit card application forms of the Parent Bank and the entire backroom operations of FUPI. On July 1, 2003, the BOD of UDC approved the cessation of its business operations effective on August 30, 2003, and subsequently shortened its corporate term to December 31, 2017 by amending its Articles of Incorporation. The services previously handled by UDC are now undertaken by the Financial Services Group of the Parent Bank. UDC is still in process of securing the tax clearance from the BIR.
- e. IVCC was incorporated and registered with the SEC on October 10, 1980. It was organized to develop, promote, aid and assist financially any small or medium scale enterprises and to purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage and otherwise deal with such real and personal property, including securities and bonds of other corporations as the transaction of the lawful business of the corporation may reasonably and necessarily require, subject to the limitations prescribed by law. IVCC has ceased operations since 1992.

The total assets, liabilities and capital funds of these non-operating subsidiaries amounted to Php12,436, Php3,341 and Php9,095, respectively, as of December 31, 2022 and P5,011, Php3,158 and Php1,853, respectively, as of December 31, 2021.

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

### ***Distribution Network of Products and Services***

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

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Relationship Managers</i> | UnionBank's sales force is trained to have expertise in UnionBank's solutions-based financial services and are equipped with tools (e.g., MAX 5.0) that allow them to service clients remotely and enhance productivity. UnionBank's Relationship Managers and Financial Advisors are also licensed by the Insurance Commission to provide customers with bancassurance products.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <i>Branch Network</i>        | <p>As of December 31, 2022, UnionBank had 198 branches strategically located within and outside Metro Manila to maximize visibility and expand customer reach. All of UnionBank's branches were transformed into digital and paperless branches called "The ARK", which allow for straight-through processing of transactions over-the-counter or via self-service machines, and at the same time, house branch ambassadors for product discovery and advisory services.</p> <p>UnionBank also increased its presence nationwide through its subsidiaries' physical network which consisted of 149 branches of CitySavings across the country, 11 branches of FAIRBank mainly in Visayas, 24 branches of Bangko Kabayan mainly in Luzon, 3 branches of Progressive Bank in Visayas and over 3,000 locations of PETNET nationwide.</p> <p>In addition, UnionBank has three mobile banking kiosks, also called "Bank on Wheels," which are vans equipped with 5G communication facilities to serve areas where branch access is limited by natural disasters, pandemics or geography, and/or high volume of ATM transactions are needed for a specific period.</p> <p>In 2020, UnionBank introduced agency banking cash deposit capability through its partnership with 7-Eleven and ECPay among others. As of December 31, 2022, UnionBank had more than 11,000 partner agents.</p> |
| <i>ATM Networks</i>          | As of December 31, 2022, UnionBank had 493 ATMS and CitySavings had 92 ATMs for a total of 585 ATMs, which are further categorized as 454 onsite and 131 off-site ATMs. UnionBank and its subsidiaries' network supplements its branch network in providing 24-hour banking services to its customers. UnionBank's interconnection with the Bancnet ATM consortium, allows its cardholders to access thousands of ATMs nationwide. In addition, UnionBank's ATM card functions as a VISA or Mastercard debit card that allows electronic purchase and payment transactions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <i>Call Center</i>           | UnionBank's Customer Engagement Group (CEG), which is responsible for retail customer relationship and consumer finance relationship and care, manages UnionBank's 24-hour call center, which caters to deposit and card product queries, among others. The call center utilizes a mix of phone, social media, email, and website as customer touch points. In handling customer complaints, it adheres to certain service-level agreements such as feedback or resolution of ATM-related concerns within five banking days and redelivery of card within Metro Manila after five days. Customer complaint handling is continuously improved through resolution tracking.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

|                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                 | <p>UnionBank is currently enhancing other enabling channels capable of digital self-servicing and extended reach. The Customer Engagement Group is composed of the following units: (1) 24x7 Inbound Voice Customer Service, (2) Digital Engagement and (3) Business Support (4) Quality Assurance and Training (5) Performance Management Support.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <i>Customer Service Chatbot</i> | <p>In 2017, UnionBank launched “Rafa,” the Philippines’ first banking chatbot that delivers instant 24/7 customer service. Rafa is accessible through Facebook messenger. It can answer customer queries on, among others, the nearest ATM and branch, providing the latest foreign exchange rate of up to ten currencies, assisting customers who are exploring auto loans, and giving customers options to choose the credit card that best suits them. It is also capable of assisting in processing account opening and loan applications. UnionBank believes that Rafa provides a more personal and conversational customer experience compared to the interactive voice response or auto reply forms.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <i>Mobile and E-Banking</i>     | <p>UnionBank Online, launched in August 2017, is the online and mobile banking platform for UnionBank’s retail customers. It is designed with an omni-channel user experience wherein the same look and feel applies to different touchpoints (websites and mobile applications), operating systems (Android or IOS) and device types. UnionBank Online enables UnionBank’s customers to perform account management and banking transactions such as account opening, deposit checks, fund transfer, bill payment without visiting a branch or contacting UnionBank’s call center. Customers may log in through fingerprint authentication, apart from password login. Customers can use UnionBank Online to send money to over 10,000 cash outlets nationwide and deposit checks simply by taking a photo with the application. It also enables real-time account opening via a digital application and thus facilitates customer onboarding process. UnionBank was the first Philippine universal bank to introduce such function in the Philippines in 2019.</p> <p>UnionBank also introduced an upgraded version of its cash management platform for corporates called “The Portal”. It is a fully featured application which enables, among others, single sign-on for customers with multi-org access, real-time fund transfers and setting up business approval steps. It helps customers’ merchant acquisition, account management and lending activities. As of December 31, 2022, The Portal served 36,402 clients, an increase from 7,142 clients as of December 31, 2019. The Portal facilitated an average of 1.9 million transactions per month in 2022, a significant increase from 48,000 transactions in December 2019.</p> <p>UnionBank also launched a cash management platform for MSME clients called MSME Business Banking in 2021. Its features include digital account opening for savings and checking account, mobile check deposit, local and international fund transfers, bills payment, payment gateway, and many more to help MSMEs manage financial operations.</p> <p>UnionBank also launched “UPAY” in 2021, an integrated payment acceptance hub for SME customers to support collection of funds through various payment channels including UnionBank Online, Gcash and GrabPay, over the counter, and debit and credit cards. In addition, UnionBank has launched “E-commerce Payment Gateway” with API connectivity via websites and mobile applications to enable merchants to accept major credit cards and alternative payment methods to</p> |

|                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | support their customers' buying behavior and to deliver a cross-channel experience. Recurring customers could experience faster and more convenient payments by securely tokenizing payment credentials.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <i>EON</i>          | EON was the first electronic money product in the Philippines with a "selfie banking" feature which employs facial recognition for account opening. UnionBank has merged the EON digital accounts into UnionDigital's system and EON account holders have become customers of UnionDigital. The EON brand was first launched in 1999 and re-launched in 2017 by UnionBank as its first digital bank account specially designed for tech savvy customers, mostly e-gig practitioners and e-commerce entrepreneurs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <i>UnionDigital</i> | UnionDigital, the Bank's new digital banking arm, aims to provide low-cost digital banking services and make banking accessible to unbanked and underserved Filipinos. Its mobile app serves as a one-stop fully fledged platform offering community-based financial services. UD utilizes data analytics and machine learning to enhance cybersecurity and risk management.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <i>UBX</i>          | <p>UBX owns and operates four key digital platforms. First, "i2i" whose name refers to "island-to-island, institution-to-institution, individual-to-individual" is a fast-growing agency banking network and banking as a service solution provider that connects rural banks and non-banking financial institutions to each other and to the nation's financial networks while providing a digital transformation package for these institutions including core banking technology and digital banking channels, powered by blockchain technologies.</p> <p>Second, "Sentro," a homegrown eCommerce shop builder in the Philippines, with pre-integrated payment gateway and delivery services, is an online business-to-business marketplace for the MSME ecosystem, with business solutions to include BUX.</p> <p>Third, "BUX," is a fast-growing payment gateway for e-commerce in the Philippines, and an all-in-one payment platform which enables end-to-end payments. Merchants of all sizes can accept various forms of payments including over-the-counter, online banking, cash on delivery, e-wallets, installments as well as debit and credit cards. BUX has launched universal QR payments enabling merchants to accept payment with a scan from their customers' mobile devices. BUX also enables merchants to offer options of payment by installment and buy-now-pay-later. BUX was awarded "Best Digital Payment Facilitator - Philippines for 2021" by Global Brands Magazine.</p> <p>Lastly, "SeekCap" is a digital lending marketplace for MSMEs in the Philippines that offers fast and affordable financing options including same-day approvals and leverages blockchain technology. SeekCap studies customer behavior patterns by using alternative data such as digital platform usage and geographical metadata, making it possible for MSME borrowers to qualify for loans compared to just looking at traditional credit factors.</p> <p>UBX also invested in Shiptek Solutions Corporation to embed financial solutions into its shipping and logistics platform, XLOG.</p> <p>UBX also owns and operates a number of other digital platforms and fintech products including the below, among others. These are relatively new products and UnionBank is building momentum on their usage:</p> |

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                             | <p>“xpanse,” an open finance platform that enables banks, fintechs and startups to build new financial solutions through APIs and enables customer-controlled data sharing across hundreds of member institutions in the Philippines.</p> <p>“Vinne,” a money management mobile application powered by blockchain technologies, giving access to decentralized finance applications;</p> <p>“Assured,” an innovative embeddable insurance platform which business partners can embed into their platforms through APIs and embeddable user experience, and thus make their products accessible to consumers who have been previously underserved. Through Assured, insurance options are presented as a value-added feature in everyday experiences such as online shopping. Offerings are context-based. Examples of offerings include personal accident insurance at bill payment, item loss and delivery failure protection on e-commerce platforms, and insurance coverage embedded to MSMEs’ activities such as inventory management and payroll processing. UBX partners with insurtechs and selected companies to increase insurance penetration rate; and</p> <p>“AKIN,” a next-generation blockchain-based identity verification solution. In the AKIN management system, verified digital identities are shared across the platform for smoother and frictionless transactions such as leasing, loaning, and banking.</p> |
| <i>Platforms and Other Digital Channels</i> | <p>UnionBank’s thrust for digital transformation prompted it to launch digital platforms and channels intended to deliver products/services to various customer segments. UnionBank launched “GlobalLinker,” a virtual B2B community and network platform for SMEs, and UnionBank has partnered with Lazada by signing a memorandum of agreement on March 10, 2022, according to which the sellers at “GlobalLinker” and Lazada will be able to sell products at the other site, respectively. UnionBank also launched “Financial Supply Chain”, a blockchain-powered platform for supply chain financing and transactions, for corporate clients and their ecosystem of suppliers and dealers. UnionBank established the “Bonds.PH” application which facilitates blockchain-enabled distribution of sovereign retail treasury bonds in the Philippines.</p> <p>CitySavings also utilizes its own app for its Department of Education teacher community called “Loan Ranger Mobile” for account management and grant of reloans to accelerate the onboarding of teachers for faster turnaround and growth of loans. This complements the salesforce who are focused on searching for new leads and expanding in new regions.</p>                                                                                                                                                                                                   |

## ***Competition***

UnionBank faces competition in all its principal areas of business. Philippine domestic and foreign banks are UnionBank's main competitors, followed by finance companies, mutual funds and investment banks. Currently, the industry is dominated by four largest universal banks with over Php2 trillion in assets. These banks have greater financial and other capital resources, and a greater market share than UnionBank. Moreover, as a publicly-listed bank, UnionBank also monitors its performance against the ten largest publicly-listed universal banks in the country.

Based on preliminary data of BSP as of December 31, 2022, there were a total of 45 domestic and foreign universal and commercial banks operating in the Philippines, with total assets of Php21.7 trillion, total loan portfolio (inclusive of Interbank Loans and RRP's) of Php11.4 trillion, and total deposits of Php16.8 trillion. Among the universal banks, there are 13 private domestic universal banks, six branches of foreign universal banks and three government-controlled universal banks. On the other hand, the commercial banks comprise three private domestic commercial banks, 18 branches and two subsidiaries of foreign commercial banks. While mergers, acquisitions, and closures reduced the number of industry players, the entry of foreign banks under new and liberalized banking laws and regulations resulted in the growth of the number of universal and commercial banks. Corporate lending remained competitive resulting in even narrower spreads especially under a low interest rate environment. Pockets of growth were, however, seen in the middle corporate market, SMEs, and consumer segments.

According to the Ranking as to Total Assets as of September 30, 2022 published by the BSP, the industry is dominated by the four largest universal banks with over Php2 trillion in assets, namely BDO Unibank, Inc. (BDO), Land Bank of the Philippines (LBP), Bank of the Philippine Islands (BPI) and Metropolitan Bank and Trust Co (MBT).

UnionBank also faces competition from financial technology firms and non-financial firms. Non-financial firms pose a challenge to Philippine banks by offering digital products such as mobile payments or online services. Financial technology firms utilize software to provide financial services and disrupt existing financial systems and corporations that rely less on software by offering faster, more convenient, and more efficient ways of transacting. In addition, purely digital financial technology or non-financial firms have no branches and thus have lower costs. UnionBank seeks to gain a competitive advantage by continuing to implement its digital transformation strategies.

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

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

## ***Transactions with and/or dependent on related parties***

The information required is contained in item 12 on page 93.

### Patents, trademarks and tradenames

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

|    | Trademark                                                                                              | Registration Date | Expiration        |
|----|--------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| 1  | UNIONBANK                                                                                              | December 19, 2005 | December 19, 2025 |
| 2  | UNIONBANK LOGO                                                                                         | October 21, 2010  | October 21, 2030  |
| 3  | UNIONBANK EON                                                                                          | December 05, 2013 | December 05, 2023 |
| 4  | UBP                                                                                                    | August 07, 2014   | August 07, 2024   |
| 5  | UNIONBANK OF THE PHILIPPINES                                                                           | August 07, 2014   | August 07, 2024   |
| 6  | UREKA                                                                                                  | November 10, 2016 | November 10, 2026 |
| 7  | SELFIE BANKING                                                                                         | December 22, 2019 | December 22, 2029 |
| 8  | DIGITAL ME                                                                                             | June 29, 2017     | June 29, 2027     |
| 9  | EON FOR THE DIGITAL ME                                                                                 | July 30, 2017     | July 30, 2027     |
| 10 | EON                                                                                                    | July 30, 2017     | July 30, 2027     |
| 11 | EON CYBER                                                                                              | November 02, 2017 | November 02, 2027 |
| 12 | THE ARK                                                                                                | April 05, 2018    | April 05, 2028    |
| 13 | THE ARK                                                                                                | April 05, 2018    | April 05, 2028    |
| 14 | THE ARK                                                                                                | April 05, 2018    | April 05, 2028    |
| 15 | THE ARK                                                                                                | April 05, 2018    | April 05, 2028    |
| 16 | I2I                                                                                                    | May 30, 2019      | May 30, 2029      |
| 17 | THE FUTURE BEGINS WITH U.                                                                              | October 24, 2019  | October 24, 2029  |
| 18 | CYBERSURE                                                                                              | January 12, 2020  | January 12, 2030  |
| 19 | 1U HUB                                                                                                 | February 06, 2020 | February 06, 2030 |
| 20 | 1U HUB                                                                                                 | February 06, 2020 | February 06, 2030 |
| 21 | THE FIRST FINANCIAL SUPPLY BLOCKCHAIN IN THE PHILIPPINES - POWERED BY UNIONBANK                        | February 06, 2020 | February 06, 2030 |
| 22 | UB                                                                                                     | February 24, 2020 | February 24, 2030 |
| 23 | NO VERBAL ELEMENTS  | February 24, 2020 | February 24, 2030 |
| 24 | NO VERBAL ELEMENTS  | February 24, 2020 | February 24, 2030 |
| 25 | THE EDGE BY UB UNIONBANK                                                                               | July 31, 2020     | July 31, 2030     |
| 26 | UB UNIONBANK                                                                                           | August 14, 2020   | August 14, 2030   |
| 27 | UB UNIONBANK                                                                                           | October 16, 2020  | October 16, 2030  |
| 28 | THE FIRST DIGITAL ACCOUNT OPENING FOR BUSINESS BY UNIONBANK                                            | January 17, 2021  | January 17, 2031  |
| 29 | THE FIRST MOBILE CHECK DEPOSIT FOR BUSINESSES BY UNIONBANK                                             | February 19, 2021 | February 19, 2031 |
| 30 | BANK THE WAY YOU LIVE                                                                                  | March 29, 2021    | March 29, 2031    |
| 31 | SITH SYSTEM FOR INTEGRATED TRACING OF HUMANS                                                           | March 29, 2021    | March 29, 2031    |
| 32 | SELYADO (GREYSCALE)                                                                                    | April 16, 2021    | April 16, 2031    |
| 33 | SELYADO (COLORED)                                                                                      | April 16, 2021    | April 16, 2031    |
| 34 | UNIONBANK ONLINE                                                                                       | April 16, 2021    | April 16, 2031    |
| 35 | UB ONLINE                                                                                              | April 16, 2021    | April 16, 2031    |



|    |                                                                  |                    |                    |
|----|------------------------------------------------------------------|--------------------|--------------------|
| 36 | UNIONBANK APP                                                    | April 16, 2021     | April 16, 2031     |
| 37 | UB MOBILE APP                                                    | April 16, 2021     | April 16, 2031     |
| 38 | P PHX COMMERCIAL BANK-BACKED PHILIPPINE STABLECOIN               | April 16, 2021     | April 16, 2031     |
| 39 | PHX                                                              | May 21, 2021       | May 21, 2031       |
| 40 | UBP XCELLERATOR GAMECHANGERS                                     | May 21, 2021       | May 21, 2031       |
| 41 | UBP XCELLERATOR BLOCKCHAIN BUSINESS SPECIALIST PROGRAM           | June 18, 2021      | June 18, 2031      |
| 42 | UBP XCELLERATOR BLOCKCHAIN BASICS PROGRAM                        | June 18, 2021      | June 18, 2031      |
| 43 | BLOCKCHAIN XCELLERATOR POWERED BY UB UNIONBANK                   | June 18, 2021      | June 18, 2031      |
| 44 | UBXCELLERATOR                                                    | July 16, 2021      | July 16, 2031      |
| 45 | XCELLERATOR                                                      | July 16, 2021      | July 16, 2031      |
| 46 | UB GARAGE INNOVATION AND INCUBATION LAB POWERED BY UB UNIONBANK. | July 23, 2021      | July 23, 2031      |
| 47 | XCELLERATOR                                                      | July 23, 2021      | July 23, 2031      |
| 48 | UBXCELLERATOR                                                    | July 30, 2021      | July 30, 2031      |
| 49 | BLOCKCHAIN XCELLERATOR                                           | July 30, 2021      | July 30, 2031      |
| 50 | UBP XCELLERATOR PROGRAM                                          | August 6, 2021     | August 6, 2031     |
| 51 | UB GARAGE INNOVATION AND INCUBATION LAB POWERED BY UB UNIONBANK  | October 1, 2021    | October 1, 2031    |
| 52 | ECONOMIX                                                         | November 14, 2021  | November 14, 2031  |
| 53 | NEXTGEN ACADEMY                                                  | November 20, 2021  | November 20, 2031  |
| 54 | BITBOX                                                           | February 5, 2022   | February 5, 2032   |
| 55 | SECURITYSTARTSWITHU                                              | February 14, 2022  | February 14, 2032  |
| 56 | BANK DIFFERENTLY                                                 | February 14, 2022  | February 14, 2032  |
| 57 | UB METAVERSE                                                     | April 4, 2022      | April 4, 2032      |
| 58 | UB METAVERSE BRANCH                                              | April 4, 2022      | April 4, 2032      |
| 59 | PLAYEVERYDAY                                                     | May 7, 2022        | May 7, 2032        |
| 60 | PLAY EVERYDAY                                                    | June 2, 2022       | June 2, 2032       |
| 61 | THE BLOCK POWERED BY UB UNIONBANK                                | June 4, 2022       | June 4, 2032       |
| 62 | QUICK GIVES                                                      | July 21, 2022      | July 21, 2032      |
| 63 | QUICK ADVANCE                                                    | August 8, 2022     | August 8, 2032     |
| 64 | UB UNION BANK (Orange logo)                                      | August 18, 2022    | August 18, 2032    |
| 65 | UB UNIONBANK                                                     | August 18, 2022    | August 18, 2032    |
| 66 | THE PORTAL                                                       | September 15, 2022 | September 15, 2032 |
| 67 | CYBERSURE.PH                                                     | September 30, 2022 | September 30, 2032 |
| 68 | UNIONBANK                                                        | September 30, 2022 | September 30, 2032 |
| 69 | UBP DIGITAL                                                      | September 30, 2022 | September 30, 2032 |
| 70 | UB SME BUSINESS BANKING                                          | September 30, 2022 | September 30, 2032 |
| 71 | BANK THE WAY YOU LIVE WITH UNIONBANK                             | December 19, 2022  | December 19, 2032  |

The Bank has registered the following patents with the IPO which are all valid for 7 years:

|    | TITLE                                                                                                                                    |
|----|------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | Computer-Implemented System for Cross-Border Remittance through Distributed Ledger Systems                                               |
| 2  | Computer-Implemented System for Providing Authenticated Banking Services through Remittance Facilities                                   |
| 3  | Computer-Implemented System for an Asset Backed Digital Currency Implemented through Distributed Ledger Systems                          |
| 4  | Computer-Implemented System for Detecting and Reporting Potential Money Laundering Transactions                                          |
| 5  | A Computer-Implemented System for Digitally Identity Verification through Blockchain Technology                                          |
| 6  | A Computer-Implemented System for Digitally Processing Insurance Policy                                                                  |
| 7  | Computer-Implemented System for Real-Time Online Freight Management                                                                      |
| 8  | Computer-Implemented System and Method for Managing Digital Accounts                                                                     |
| 9  | Computer-Implemented System for Implementing an Authenticated Circulars Banking Policy Storage and Retrieval System through a Blockchain |
| 10 | A Computer-Implemented System for an Enterprise Online Banking Facility                                                                  |
| 11 | Computer-Implemented System for a Financial Supply Chain System through Blockchain Technology                                            |
| 12 | Computer-Implemented Method for Efficient Processing of Bank Transactions                                                                |
| 13 | Method and System for Managing Market Groups in an Online Business Networking System                                                     |
| 14 | Computer-Implemented System for Authenticated Consent Wallet                                                                             |
| 15 | Computer-Implemented System for Quick Loans Enhancement                                                                                  |
| 16 | Computer-Implemented System for Model Risk Management Platform                                                                           |

### ***Regulatory Approvals***

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

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

### ***Keeping abreast of regulations affecting the business***

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

### ***Anti-Money Laundering Laws and Know Your Customer Procedures***

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

The Bank employs a third-party tool for screening customers during onboarding, subsequently, whenever there are updates to the sanctions and negative files and during periodic account reviews. A real-time transaction screening system is used to clear all transactions that pass through the SWIFT network. In July 2019, the Bank upgraded its AML

system through the deployment of an internally developed, highly intuitive, and more flexible transaction monitoring and reporting system. In 2020, an in-house developed screening portal replaced the previous tool to assist in the namescreening of clients against the lists of sanctioned individuals and organizations, persons convicted of AML predicate crimes, among other negative information. And, as part of the recent acquisition of Citibank's Consumer Business in the Philippines in 2022, UnionBank subscribed to Base60 to maintain continuity of management of Citibank's reportable, covered transactions.

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

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

### ***Capital Adequacy***

Per existing BSP regulations, the combined capital accounts of each commercial bank should not be less than an amount equal to 10% of its risk assets. Risk assets consist of total resources after exclusion of cash on hand, due from BSP, loans covered by holdout on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items as determined by the Monetary Board of the BSP.

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

As of December 2022, 2021, and 2020, the Bank's CAR were at 13.0%, 18.4% and 17.0%, respectively.

### ***Research and Development Activities***

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

|                   | 2022      | 2021      | 2020      |
|-------------------|-----------|-----------|-----------|
| Cost              | 2,800,131 | 1,804,205 | 1,508,360 |
| Ratio to Revenues | 5.5%      | 5.0%      | 3.9%      |

### ***Employees***

As of December 31, 2022, the Bank employed 5,568 people, 551 as Executive. 4,343 as Officers, 674 as Clerical Staff and covered by CBA. Of these, 2,569 are in Operations, 1,340 are in Non-Operations, and 1,659 are in Sales/ Marketing. The Bank does not foresee an increase in the number of headcounts within the ensuing twelve (12) months.

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

## RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

### Risk Management Structure

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

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

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

- (a) The Executive Committee (EXCOM), composed of seven (7) members of the BOD, exercises certain functions as delegated by the BOD including, among others, the approval of credit proposals, asset recovery and real and other properties acquired (ROPA) sales, and such other transactions as may be initiated by the Bank units within the EXCOM's delegated limits.
- (b) The Risk Management Committee (RMC) is composed of seven (7) non-executive directors of the BOD, majority of whom are independent directors, including the Chairman. The RMC advises the BOD regarding the Parent Bank's overall current and future risk appetite, oversees Senior Management's adherence to the risk appetite statement, and reports on the state of risk culture of the Parent Bank. The RMC oversees the Parent Bank's risk management framework and the risk management function. The RMC also provides oversight, direction, and guidance to the other risk committees, specifically the Market Risk Committee (MRC) and the Operations Risk Management Committee (ORMC).
- (c) The MRC is composed of nine (9) members of the BOD, majority of whom are independent directors, including the Chairman. The MRC is primarily responsible for reviewing the risk management policies and practices relating to market risk including interest rate risk in the banking book and liquidity risk.
- (d) The ORMC is composed of at least three (3) members of the BOD, with a majority of the ORMC's membership comprised of independent directors, including the Chairman. The ORMC reviews various operational risk policies and practices and approves the operational risk management framework which forms part of the Bank's enterprise risk management system and covers all business lines and functions of the Bank, including

outsourced services and services provided to external parties. The ORMC also provides oversight on the implementation of a sound business continuity management framework.

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

The Audit Committee serves as principal agent of the BOD in ensuring independence of the Parent Bank's external auditors and the internal audit function. It also oversees the Parent Bank's financial reporting process on behalf of the BOD. It assists the BOD in fulfilling its fiduciary responsibilities as to accounting policies, reporting practices and the sufficiency of auditing relative thereto, and regulatory compliance.

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

Among the responsibilities of the Audit Committee are:

- *Oversight of the financial reporting process.* The Audit Committee ensures that the Parent Bank has a high-quality reporting process that provides transparent, consistent, and comparable financial statements. In this regard, the Audit Committee works closely with management especially the Office of the Financial Controller, the Internal Audit Group (IAG), as well as the external auditors, to effectively monitor the financial reporting process.
- *Monitoring and evaluation of internal control.* The Audit Committee, through the IAG, monitors and evaluates the adequacy and effectiveness of the Parent Bank's internal control framework, integrity of financial reporting, and security of physical assets. The Audit Committee ensures that a proactive and forward-looking approach on evaluation of risks and controls is taken. The Audit Committee also ensures that periodic assessment of the internal control system is conducted to identify weaknesses and evaluates its robustness considering the risk profile and strategic direction of the Parent Bank.
- *Oversight of the audit process.* The Audit Committee is knowledgeable on audit function and the audit process. The Audit Committee maintains supportive, trusting, and inquisitive relationships with both internal and external auditors to enhance its effectiveness.
- *Oversight of the outsourced internal audit activities.* The Audit Committee oversees the performance of the internal audit service provider and ensures that they comply with sound internal auditing standards and other supplemental standards issued by regulatory authorities/government agencies, as well as with relevant code of ethics.
- *Oversees the implementation of Group Internal Audit Policy.* The Audit Committee oversees the implementation of the policy through the periodic reports on oversight of the Group Internal Audit and takes appropriate action on any group internal oversight issues identified. The Audit Committee reviews and evaluates the group internal audit policy, and any amendments thereto, and endorses the same to the BOD for approval.
- *Oversight of the whistle-blowing mechanism.* The Audit Committee oversees the establishment of a whistle-blowing mechanism in the Parent Bank by which officers

and staff shall in confidence raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It also ensures that independent investigation, appropriate follow-up, action, and subsequent resolution of complaints are in place.

In the performance of these functions, the Audit Committee is supported by the IAG. The Chief Audit Executive derives authority from and is directly accountable to the Audit Committee. However, administratively, the Chief Audit Executive reports to the President of the Parent Bank.

The IAG is entirely independent from all the other organizational units of the Parent Bank, as well as from the personnel and work that are to be audited. It operates under the direct control of the Audit Committee and is given an appropriate standing within the Parent Bank to be free from bias and interference. The IAG is free to report its findings and appraisals internally at its own initiative to the Audit Committee.

The IAG is authorized by the Audit Committee to have unrestricted access to all functions, records, property, and personnel of the Bank subject to existing mandate and applicable laws. This includes the authority to allocate resources, set audit frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish the audit engagement objectives.

The IAG is also authorized to obtain the necessary assistance from personnel within the Parent Bank units where they perform audits, as well as other specialized services within or outside the Parent Bank.

The IAG presents its risk-based rolling 1-year audit plan that is forward-looking and consistent with the Parent Bank's strategic plans and priorities every quarter for approval by the Audit Committee.

At least once a month, the Audit Committee meets to discuss the results of the assurance and consulting engagements, and case investigations by IAG. Financial reporting and Controllershship related topics are also included as needed. The results of these meetings are regularly reported by the Audit Committee Chairman to the BOD in its monthly meetings.

As the Bank continuously evolves towards its digitization strategy, IAG has undertaken initiatives to adapt and expand its processes, and to provide relevant and timely recommendations to the Bank. IAG has implemented continuous auditing process that aims to provide assurance on high-risk, high-volume areas/process, on a real time, or near-real time basis.

IAG adopted the Governance, Risk & Compliance (GRC) system which aims to integrate the operational risk management across the Parent Bank. IAG also uses it as an audit management system to aid in ensuring quality and completeness of documentation across its different engagements. IAG also implemented remote auditing and leveraged on the document management system of the Bank.

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

The CGC is composed of nine (9) members of the BOD, all non-executive, majority of whom, including its Chairman, are independent directors. Its specific duties include, among others, making recommendations to the BOD regarding continuing education of directors, overseeing the periodic performance evaluation of the 1) Board; 2) Board

Committees; 3) Individual Directors; 4) Management-level Committees (through the Compliance and Corporate Governance Office; and 5) Chief Compliance and Corporate Governance Officer (CCO).

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

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

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

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

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

The Parent Bank's CCO assists the CGC in fulfilling its functions by apprising the same of (1) pertinent regulations and other issuances relating to compliance or corporate governance, (2) related regulatory issues and compliance initiatives affecting the various units and the status of the corrective action plans, and (3) continuously giving updates thereon. In addition, the CCO keeps the CGC abreast of best governance practices and discusses issues being brought up among private organizations and individuals advocating good governance philosophy.

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

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

#### Credit Risk

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

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

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

The Group and the Parent Bank consider concentration risk to be present when the total exposure to a particular industry exceeds 30.0% of the total exposure, which is similar to the BSP requirement. As of December 31, 2022 and 2021, the Group and the Parent Bank did not exceed the limit in any of its industry concentration.

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

The following summarizes the Group's credit risk management practices and the relevant quantitative and qualitative financial information regarding the credit exposure according to portfolios:

#### *Credit risk management practices and credit quality disclosures*

##### Corporate Loans

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

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

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



The rating system assesses default risk based on financial profile, management capacity, industry performance, and other factors deemed relevant. Significant changes in the credit risk considering movements in credit rating, among other account-level profile and performance factors, define whether the accounts are classified in either Stage 1, Stage 2, or Stage 3 per PFRS 9 loan impairment standards. In 2022, the Parent Bank updated the stage assessment to enhance the considerations related to movements in the borrower's credit rating when determining significant increase in credit risk, which include rating threshold triggers.

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

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

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

The description of each credit quality grouping for the credit scores is explained further as follows:

*High Quality Grade* - These accounts are of the highest quality and are likely to meet financial obligations.

*Standard Grade* - These accounts may be vulnerable to adverse business, financial and economic conditions but are expected to meet financial obligations.

*Substandard Grade* - These accounts are vulnerable to non-payment but for which default has not yet occurred.

*Non-Performing* - These refer to accounts which are in default or those that demonstrate objective evidence of impairment.

#### Commercial Loans

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

The non-financial ComBank accounts use an adjusted obligor rating scale derived from the one applied for corporate loans, and follows the same RAAC framework, while ComBank

accounts classified as banks and non-bank financial institutions are still rated using the 2018 rating scale.

#### Small and Medium Enterprise (SME) Financial Products

SME portfolio is composed of Business Line Loans and a small portion from emerging products. Each of these products has established credit risk guidelines and systems for managing credit risk across all businesses. Credit models are constantly revised and updated as necessary while data analytics have been enhanced to improve portfolio quality and product offers.

SME products use rating scale 1 to 5.

#### Consumer Loans

The Consumer loan portfolio of the Parent Bank is composed of three main product lines, namely: Home Loans, Auto Loans, and Credit Cards. Starting August 2022, the newly acquired Citibank Consumer loans of Credit Cards and Personal Loans were added in the product offering of the Parent Bank. Since the acquisition of the Citibank Consumer loan portfolios, there has been ongoing system builds, alignment of credit policies, processes and strategies to prepare for a seamless integration of the customers and products.

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

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

The Consumer products' respective masterscale is defined by the credit scoring models, which consider demographic variables and behavioral performance, to segment the portfolio according to risk masterscale per product. The stages are defined by the approved SICR for Consumer which takes into account the following: NPL status, months on books, and credit score rating for Application Score (point of application) and Behavior Score (monthly credit performance). In 2020, the Parent Bank implemented additional credit risk assessment for clients affected by and are responding to COVID-19-related challenges, as consideration in determining the SICR of the account. Subsequently in 2022, PD models for Credit Cards, Home Loan, Auto Loan and SME products have been updated, with incorporation of data points that consider the effect of the pandemic. With the update of scores of borrowers reflecting the effects of pandemic, the observable improvement of product portfolio performance as economic activities restarted that were input to the model in 2022, the Parent Bank removed the additional credit risk assessment overlay implemented in 2020 in its SICR determination.

Both Home Loans (except Contract to Sell - CTS) and Credit Cards use rating scale 1 to 6. CTS utilizes the Corporate ratings ranging from 1 to 9. Meanwhile, Auto Loans and SME products use rating scale 1 to 5.

For the acquired Credit card and Personal loan portfolio from Citibank, pending the completion of the integration and alignment of models with the Parent Bank, the Group measures the expected credit loss under the general approach based on historical experience of charge offs and recoveries, and adjusted for the effect of forward looking information.. The Parent Bank monitors the credit quality of the portfolio based on days past due information, as follows:

| Delinquency<br>buckets | Days past due  |
|------------------------|----------------|
| 0                      | Current        |
| 1                      | 0 – 30 days    |
| 2                      | 30 – 59 days   |
| 3                      | 60 – 89 days   |
| 4 (default)            | 90 – 119 days  |
| 5                      | 120 – 149 days |
| 6                      | 150 – 179 days |

#### Investments and Placements

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

#### Modification

In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial 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.

For the years ended December 31, 2022 and 2021, the net impact of the subsequent accretion of the 2020 loan modifications amounted to income of Php129.15 million and Php101.37 million for the Group, respectively, and income of Php106.00 million and Php51.84 million for the Parent Bank, respectively.

#### Collateral Held as Security and Other Credit Enhancements

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

#### Liquidity Risk

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

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

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

In addition, the Bank established a sub-portfolio to manage excess USD Liquidity brought by the acquisition of Citibank's retail portfolio. The liquidity sub-portfolio can only be composed of securities within the approved parameters such as issuer, tenor composition and portfolio limit as defined in the Bank's FVOCI Business Model.

#### BSP Reporting

##### *Liquidity Coverage Ratio (LCR)*

BSP Circular No. 905 provides the implementing guidelines on LCR and disclosure standards that are consistent with Basel III framework. The LCR is calculated as the ratio of stock of high quality liquid assets (HQLA) over the total net cash outflows over the next 30 calendar days, which should not be lower than 100%. The Group is required to disclose information related to the liquidity coverage ratio (LCR) in a single currency and on solo and consolidated basis starting 2019.

The Group's and the Parent Bank's LCR as of December 31, 2022 and 2021 follows (amounts in millions):

|                         | December 31, 2022 |                 |
|-------------------------|-------------------|-----------------|
|                         | Group             | Parent Bank     |
| Total HQLA              | <b>₱284,622</b>   | <b>₱238,303</b> |
| Total net cash outflows | <b>191,939</b>    | <b>167,553</b>  |
| LCR Ratio               | <b>148.29%</b>    | <b>142.23%</b>  |
|                         | December 31, 2021 |                 |
|                         | Group             | Parent Bank     |
| Total HQLA              | ₱296,558          | ₱247,494        |
| Total net cash outflows | 109,038           | 79,124          |
| LCR Ratio               | 271.98%           | 312.79%         |

Part of the disclosure requirements of BSP Circular 905 Implementation of Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) and Disclosure Standards beginning in 2019 is the reporting of simple averages of quarterly observations over the last 12 months, following the format set forth in Annex C of BSP Circular 905. The results shown below, were simple averages of four data points, representing all the quarters of 2022.

| NATURE OF ITEM                                           | TOTAL UNWEIGHTED VALUE<br>(AVERAGE) | TOTAL WEIGHTED VALUE<br>(AVERAGE) |
|----------------------------------------------------------|-------------------------------------|-----------------------------------|
| <b>STOCK OF HIGH-QUALITY LIQUID ASSETS (HQLA)</b>        |                                     |                                   |
| <b>1. TOTAL STOCK OF HQLA (BEFORE CAP)</b>               |                                     | <b>304,720,251</b>                |
| <b>EXPECTED CASH OUTFLOWS</b>                            |                                     |                                   |
| 2. Deposits, of which:                                   | 631,424,788                         | 221,734,281                       |
| 3. Retail funding                                        | 236,211,283                         | 27,541,169                        |
| 4. Wholesale funding, of which:                          | 387,118,348                         | 194,193,112                       |
| 5. Operational deposits                                  | 200,343,235                         | 60,102,970                        |
| 6. Non-operational deposits (all counterparties)         | 186,775,113                         | 134,090,141                       |
| 7. Restricted term deposits                              | 3,000,000                           | -                                 |
| 8. Hold-out deposits                                     | 5,095,158                           | -                                 |
| 9. Unsecured wholesale funding (all counterparties)      | 5,295,608                           | 3,430,181                         |
| 10. Secured funding                                      | 16,813,441                          | 8                                 |
| 11. Derivatives contracts, of which:                     | 37,864,899                          | 37,864,899                        |
| 12. Outflows related to derivative exposures (net)       | 37,864,899                          | 37,864,899                        |
| 13. Outflows related to collateral requirements          | -                                   | -                                 |
| 14. Structured financing instruments                     | -                                   | -                                 |
| 15. Committed business facilities (all counterparties)   | 20,809,183                          | 4,011,574                         |
| 16. Other contractual obligations within a 30-day period | 1,726,939                           | 1,726,939                         |
| 17. Other contingent funding obligations                 | 34,791,862                          | 1,043,756                         |
| <b>18. TOTAL EXPECTED CASH OUTFLOWS</b>                  | <b>748,726,722</b>                  | <b>269,811,637</b>                |
| <b>EXPECTED CASH INFLOWS</b>                             |                                     |                                   |
| 19. Secured lending                                      | 1,734,442                           | -                                 |
| 20. Fully-performing exposures (all counterparties)      | 43,651,041                          | 27,042,919                        |
| 21. Other cash inflows                                   | 75,385,852                          | 75,385,852                        |
| <b>22. TOTAL EXPECTED CASH INFLOWS</b>                   | <b>120,771,334</b>                  | <b>102,428,770</b>                |
| <b>23. TOTAL STOCK OF HQLA (AFTER CAP)</b>               |                                     | <b>304,720,251</b>                |
| <b>24. TOTAL EXPECTED NET CASH OUTFLOWS</b>              |                                     | <b>167,382,867</b>                |
| <b>25. LIQUIDITY COVERAGE RATIO (%)</b>                  |                                     | <b>182.05%</b>                    |

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

#### *Net Stable Funding Ratio (NSFR)*

On June 6, 2018, the BSP issued BSP Circular No.1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR). The NSFR is aimed to promote long-term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short term resilience of a bank's liquidity profile. Banks shall maintain an NSFR of at least 100 percent (100%) at all times. The implementation of the minimum NSFR shall be phased in to help ensure that covered banks can meet the standard through reasonable measures without disrupting credit extension and financial market activities. Banks shall comply with the prescribed minimum ratio of 100%. As of December 31, 2022 and 2021, the NSFR was at 123.81% and 148.88%, respectively, for the Group, and at 122.03% and 150.21%, respectively, for the Parent Bank.

### Market Risk

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

The Parent Bank applies a VaR methodology to assess the market risk of positions held and to estimate the potential economic loss based upon a number of parameters and assumptions for various changes in market conditions. VaR is a method used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. Currently, the Bank uses a 10-day 99% VaR.

The Parent Bank shifted from using the historical simulation with partial revaluation approach to the historical simulation with full revaluation approach in calculating VaR starting May 2022. The historical simulation with full revaluation approach is the general market accepted methodology in the measurement of VaR. This new methodology recalculates the market value of each financial product for each scenario by applying simulated risk factors based on historical movements to the market-accepted valuation methodology defined for each product.

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

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

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

### Interest Rate Risk

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

The Group employs "gap analysis" to measure rate-sensitivity of the income and expenses, also known as Earnings-at-Risk (EaR). This sensitivity analysis is performed at least every month. The EaR measures the impact on the net interest income for any mismatch between the amounts of interest-earning assets and interest-bearing liabilities within a one-year period. The EaR is calculated by first distributing the interest sensitive assets and liabilities

into tenor buckets based on time remaining to the next repricing date or the time remaining to maturity if there is no repricing and then subtracting the liabilities from the assets to obtain the repricing gap. The repricing gap per tenor bucket is then multiplied by the assumed interest rate movement and appropriate time factor to derive the EaR per tenor. The Bank uses one-year differences in the term structure of the different benchmark curves as the bases for the calculation of interest rate risk factor across all currencies. The 1<sup>st</sup> year (one-year) EaR is derived from the summation of the EaR per tenor within one year is subject to the established EaR limit per currency. With the acquisition of Citibank's retail portfolio, EaR limits were reviewed and updated to ensure that the risks brought by the changes in the balance sheet and liquidity strategies are within the risk appetite of the Bank.

As an additional interest rate risk measure, the Bank also calculates EaR for the 2<sup>nd</sup> and 3<sup>rd</sup> years in order to measure medium term vulnerabilities, i.e., those occurring in the second and third years. However, these are not subject to the EaR limit but are for monitoring purposes only.

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

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

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

Additionally, the Bank also monitors long-term sensitivity to interest rate risk of the Bank's balance sheet through the Economic Value of Equity (EVE) method. EVE measures the economic value which provides a more comprehensive view of potential long-term effects of changes in interest rates. EVE is defined as the net cash flows of the Bank's assets and liabilities which affect the Bank's capital. Similar to EaR, EVE is also complemented by stress tests conducted quarterly.

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

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

#### Foreign Exchange Risk

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

The Group's net foreign exchange exposure, taking into account any spot or forward exchange contracts, is computed as foreign currency assets less foreign currency liabilities. The foreign exchange exposure is limited to the day-to-day, over-the-counter buying and selling of foreign exchange in the Group's branches, as well as foreign exchange trading with

corporate accounts and other financial institutions. The Group is permitted to engage in proprietary trading to take advantage of foreign exchange fluctuations.

The Parent Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Parent Bank believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for a financial institution engaged in the type of business in which the Parent Bank is involved.

#### Operational Risk

BSP Circular 900, Guidelines on Operational Risk Management, serve as the groundwork for the Bank's Operational Risk Management (ORM) framework. This is to standardize the approach undertaken by the Bank in order to facilitate consistently strong ORM practices across the organization.

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

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

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

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

#### Legal Risk and Regulatory Risk Management

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

Regulatory risk refers to the potential risk for the Parent Bank and its subsidiaries to suffer financial loss due to changes in the laws, monetary, tax, or other governmental regulations of the country. Compliance risk is the Bank's potential exposure to legal penalties, financial forfeiture and material loss, resulting from its failure to act in accordance with industry laws and regulations, internal policies or prescribed best practices. The monitoring of the Parent Bank's and subsidiaries' compliance with these regulations is the primary responsibility of the



entity's CCO. The study of the potential impact of new laws and regulations is coordinated by the CCO with the Legal Group. The CCO is responsible for communicating and disseminating new rules and regulations to all units, analyzing and addressing compliance issues, performing periodic compliance testing, and regularly reporting to the CGC and the BOD.

## Item 2 - Properties

The UnionBank Plaza, which is a bank-owned property, is now the Union Bank of the Philippines' Head Office. It is a 50-storey office condominium building with an estimated usable area of **51,032.32** square meters. It is one of the most modern intelligent buildings in the Ortigas Business Center with electronically equipped building utility systems. It is also a PEZA proclaimed "IT Building" under Presidential Proclamation No. 900 dated Aug. 25, 2005 where the Bank occupies around **30,238.99** square meters. The Bank's leased area including those units for lease, cover an estimated total area of **18,982.43** square meters.

The UnionBank Innovation Campus (UBIC) is a one-hectare commercial complex owned by UnionBank of The Philippines. UBIC currently has one fully functional four-storey office building with lower ground, mezzanine, and roof top with a gross floor area of **7,588.65** square meters. The 5G-enabled office is The First Asia-Pacific Smart Campus for a financial institution, having used Huawei's Smart Campus technology for smart building operations, smart security management and digital collaboration tools among others. The property currently houses critical functions of the Bank and an Integrated Operations Center, further enhancing the Bank's Disaster Resiliency practices while providing ample space for collaboration and skills development.

As of December 31, 2022, and 2021, the Bank and its subsidiaries paid Php171.5 million and Php130.2 million in rentals, respectively, mainly for its branches.

Other properties owned by the bank are as follows:

### Union Bank of the Philippines

| Name of Property                             | Location                                                                                             |
|----------------------------------------------|------------------------------------------------------------------------------------------------------|
| Olongapo Branch                              | 87 Magsaysay Drive, East Tapinac, Olongapo City, Zambales                                            |
| Cagayan De Oro Branch                        | Lapasan National Highway, Brgy 25, Cagayan De Oro City                                               |
| Iligan Branch                                | Manuel L. Quezon Avenue, Poblacion, Iligan City                                                      |
| Iloilo City Branch                           | General Luna St., Brgy. Villa Anita, Iloilo City                                                     |
| Richville Branch(Southwest Tower)            | UGI and UG 4 Condo Units Alabang Zapote Road Madrigal Business Park Alabang, Muntinlupa City         |
| Emerald Branch                               | Condo Unit-GID and parking lot B209 Wynsum Corporate Plaza Emerald Avenue, Ortigas Center Pasig City |
| Cabanatuan Branch                            | P. Burgos St., Poblacion, Cabanatuan City                                                            |
| Davao-Magsaysay Branch                       | 156 Ramon Magsaysay Avenue corner Jacinto St., Brgy 29C, Davao City                                  |
| Dumaguete Branch                             | Unionbank Bldg., Real corner San Juan Sts., Brgy 7, Dumaguete City                                   |
| Puerto Princesa                              | G/F, UnionBank Bldg., 293 J. Rizal Avenue, Brgy. Maningning, Puerto Princesa City, Palawan           |
| Dasmarinas                                   | G/F UnionBank Centre Manila Bldg., Quintin Paredes corner Dasmarinas St, Binondo, Manila             |
| Antel Residences (Unit G-3) Floor Area 40.71 | G/F Antel Residences, 7829 Salamanca Street., Brgy Poblacion, Makati City                            |
| Cebu Exchange Tower                          | 1322-G/F Units D & E Cebu Exchange Tower, Salinas Drive, Lahug, Cebu City                            |
| Peak Tower (Condo Unit)                      | 8th/9th Floor, Salcedo Village, Makati City                                                          |
| Europa Mines View Flat                       | Laussane #1506 Baguio City                                                                           |

| Name of Property                                         | Location                                                                                            |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Monterraza Property                                      | #6 Jasmine St. Monterraza Subd. Itogon, Baguio City                                                 |
| Iloilo Business Park                                     | Brgy. Tabucan Airport , District of Mandurriao, Iloilo City                                         |
| Ayala Integrated-Car Display Warehouse (From ROPA - ARG) | #138 Gen. Luis Along Nagkaisang Nayon, Cor. Pasacola St. Novaliches Quezon City                     |
| Citibank Square                                          | Citibank Square, No. 1 Eastwood Avenue, Barangay Bagumbayan, Quezon City, Metro Manila, Philippines |

#### City Savings Bank

| Name of Property             | Address                                                                                             |
|------------------------------|-----------------------------------------------------------------------------------------------------|
| City Savings Financial Plaza | Barangay Santo Nino, Cebu City                                                                      |
| Tagbilaran Branch            | Barangay Poblacion II, Tagbilaran City, Bohol                                                       |
| Aurora Branch                | Santiago-Tuguegarao Road and Pasuquin Street, Brgy. San Jose, Aurora, Isabela                       |
| Cabatuan Branch              | Santiago-Tuguegarao Road, Brgy. Centro, Cabatuan, Isabela                                           |
| Cauayan Branch               | Alingog Center, Rizal Ave cor. Canciller Ave., Cauayan City Isabela                                 |
| Diffun Branch                | Cordon-Diffun-Madella-Aurora Road, Brgy. A. Bonifacio, Diffun, Quirino                              |
| Laoag Branch                 | Barangay Nangalisan, Laoag, Ilocos Norte - 338 sqm (T-021-2012000001)                               |
| Naguilian Branch             | Magsaysay District, Naguilian, Isabela, Philippines                                                 |
| Ortigas                      | One Corporate Center - Units 103, Ground and 2nd Floor, with parking space                          |
| Roxas, Isabela               | Leal Street, Brgy. Bantug, Roxas, Isabela                                                           |
| Roxas, Isabela Branch        | Don Mariano Marcos Avenue, Brgy. Bantug, Roxas, Isabela , Leal Street, Brgy. Bantug, Roxas, Isabela |
| San Mateo Branch             | Alicia-San Mateo Road, J. Cadelifia Street and La Salette Street, Brgy. 1, San Mateo, Isabela.      |
| Sta. Ana Branch              | Dugo-San Vicente Road and Arellano Street, Brgy. Centro, Sta. Ana, Cagayan                          |
| Pasig City, NCR (Condo)      | 2408 Jolibee Plaza, F. Ortigas Jr. Road, Ortigas Center, Pasig City                                 |
| Aparri, Cagayan              | Cagayan Valley Road, Brgy. Macanaya, Aparri, Cagayan - 710.57 sqm (T-142942)                        |
| Sta. Rosa, Laguna            | Lakeside Evozone East II 3B Block9 Lot 3 - 5316 sqm (TCT No. 060 - 2015006178)                      |

#### FAIR Bank

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

#### PetNet, Inc.

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

**UBP Investments Corp.**

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

**Bangko Kabayan**

| Name of Property                  | Address                                                               |
|-----------------------------------|-----------------------------------------------------------------------|
| Executive Office and Ibaan Branch | Santiago St. Poblacion Ibaan Batangas                                 |
| Executive Office                  | Sabang, Lipa, City, Batangas                                          |
| San Pascual Branch                | San Antonio San Pascual Batangas                                      |
| Cuenca Branch                     | National Road Poblacion Cuenca Batangas                               |
| Rosario Branch                    | Barangay C Poblacion Rosario Batangas                                 |
| Mabini Branch                     | F. Castillo Bldv. Poblacion Mabini Batangas                           |
| San Juan Branch                   | General Luna St. Poblacion San Juan Batangas                          |
| Nasugbu Branch                    | P. Rinoza St. Poblacion Nasugbu Batangas                              |
| Calaca Branch                     | Marasigan St. Poblacion Calaca Batangas                               |
| Pagsanjan Branch                  | Gen. Taino St. Poblacion 1 Pagsanjan Laguna                           |
| Nagcarlan Branch                  | Rizal Avenue Poblacion 2 Nagcarlan Laguna                             |
| Taal Batangas Property            | Balisong, Taal, Batangas                                              |
| San Pascual Batangas Property     | Sambat, San Pascual Batangas                                          |
| Oriental Mindoro Property         | Malugay, Soccoro, Oriental Mindoro                                    |
| Mabini Batangas Property          | Solo, Mabini, Batangas                                                |
| Lipa City Batangas Property       | Brgy. Lodlod, Lipa City, Batangas                                     |
| Nasugbu Batangas Property         | Brgy. Lumbangan, Nasugbu Batangas                                     |
| Ibaan Batangas Property           | Tulay, Ibaan, Batangas                                                |
| Talisay Batangas Property         | Brgy. Aya, Talisay, Batangas                                          |
| Talisay Batangas Property         | Brgy. Aya, Talisay, Batangas                                          |
| Talisay Batangas Property         | Brgy. Poblacion, Talisay, Batangas                                    |
| Calaca Batangas Property          | Brgy. Pantay, Calaca Batangas                                         |
| Tiaong Quezon Property            | Brgy. San Jose Tiaong Quezon                                          |
| Batangas City Property            | Bo. San Miguel, Bats. City                                            |
| Parañaque City Property           | Caliraya Drive Marian Park Subd., San Martin de Porres Parañaque City |

**Progressive Bank**

| Name of Property               | Address                                 |
|--------------------------------|-----------------------------------------|
| Head Office and Kabulig Center | Del Rosario St. Balasan Iloilo          |
| Barotac Nuevo, Iloilo Property | Guintas, Barotac Nuevo, Iloilo          |
| Sara, Iloilo Property          | Brgy. Crespo, Sara, Iloilo              |
| Lanot Property                 | Brgy Lanot, City of Roxas               |
| Carles, Iloilo Property        | Poblacion, Carles, Iloilo               |
| Alimodian, Iloilo Property     | Sinamay, Alimodian, Iloilo              |
| Estancia, Iloilo Property      | Brgy Botongon, Mun. of Estancia, Iloilo |
| Baldoza Lapaz, Iloilo Property | Baldoza Lapaz, Iloilo City              |
| Oton, Iloilo Property          | Tagbac, Oton, Iloilo                    |
| Anilao, Iloilo Property        | Brgy. Serallo, Anilao, Iloilo           |
| Lantangan, Carles Property     | Lantangan, Carles                       |

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

All the facilities are in good condition. Likewise, there are no properties owned by the Bank that are mortgaged to third parties nor are there adverse claims on such properties. The

Bank has plans of purchasing properties for branch locations, if possible. However, there are no concrete steps taken to date regarding actual land purchase for branches in the next 12 months.

### **Item 3 - Legal Proceedings**

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

- any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, or control person of the Corporation was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- any conviction by final judgment in a criminal proceeding or being subject to a pending criminal proceeding of any director, person nominated to become a director, executive officer, or control person of the Bank;
- any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director, person nominated to become a director, executive officer, or control person of the Corporation in any type of business or banking activities.

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

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

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

As of March 31, 2023, the Bank has only Common shares with foreign equity ownership of 38,823,807 or 1.65% of the total subscribed capital stock.

Number of Common Shares as of March 31, 2023 Issued Common Shares – 2,353,774,567 shares and Outstanding Common Shares – 2,353,746,590 shares.

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

### (1) Market Information

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

The price performance of the shares has been as follows:

| (Philippine Peso)            | HIGH   | LOW   |
|------------------------------|--------|-------|
| Quarter Ended December 2022  | 86.20  | 75.00 |
| Quarter Ended September 2022 | 94.00  | 73.00 |
| Quarter Ended June 2022      | 93.00  | 68.00 |
| Quarter Ended March 2022     | 105.80 | 76.15 |
| Quarter Ended December 2021  | 118.00 | 66.88 |
| Quarter Ended September 2021 | 72.16  | 60.40 |
| Quarter Ended June 2021      | 62.40  | 55.44 |
| Quarter Ended March 2021     | 60.20  | 53.76 |
| Quarter Ended December 2020  | 71.90  | 54.20 |

### (2) Holders

The Bank has 4,969 stockholders of record as of March 31, 2023. The number of common shares outstanding as of said date stood at 2,353,746,590.

The list of top twenty (20) stockholders of the Bank as of March 31, 2023 is as follows:

|    | STOCKHOLDERS                         | NATIONALITY | NUBER OF SHARES | PERCENTAGE |
|----|--------------------------------------|-------------|-----------------|------------|
| 1  | PCD NOMINEE CORPORATION              | FILIPINO    | 1,111,035,944*  | 47.20%     |
| 2  | ABOITIZ EQUITY VENTURES, INC.        | FILIPINO    | 639,477,007     | 27.17%     |
| 3  | THE INSULAR LIFE ASSURANCE CO., LTD. | FILIPINO    | 201,402,013     | 8.56%      |
| 4  | SOCIAL SECURITY SYSTEM               | FILIPINO    | 191,830,598     | 8.15%      |
| 5  | SOCIAL SECURITY SYSTEM (1)           | FILIPINO    | 41,151,527      | 1.75%      |
| 6  | PCD NOMINEE CORPORATION              | OTHER ALIEN | 38,145,346      | 1.62%      |
| 7  | RAMON ABOITIZ FOUNDATION, INC.       | FILIPINO    | 8,202,736       | 0.35%      |
| 8  | SANFIL MANAGEMENT CORPORATION        | FILIPINO    | 4,472,116       | 0.19%      |
| 9  | BAUHINIA MANAGEMENT, INC.            | FILIPINO    | 3,117,390       | 0.13%      |
| 10 | FMK CAPITAL PARTNERS, INC.           | FILIPINO    | 2,965,248       | 0.13%      |
|    | DOMINUS CAPITAL PARTNERS INC.        | FILIPINO    | 2,965,248       | 0.13%      |
| 11 | PORTOLA INVESTORS, INC.              | FILIPINO    | 2,732,841       | 0.12%      |
| 12 | HAWK VIEW CAPITAL, INC.              | FILIPINO    | 2,731,998       | 0.12%      |
| 13 | SALTORE HOLDING CORPORATION          | FILIPINO    | 2,588,400       | 0.11%      |
| 14 | FORTES MANAGEMENT, INC.              | FILIPINO    | 2,264,971       | 0.10%      |
| 15 | CIA MANAGEMENT CORPORATION           | FILIPINO    | 2,264,668       | 0.10%      |
|    | ASPIRA MANAGEMENT, INC.              | FILIPINO    | 2,264,668       | 0.10%      |
| 16 | AZURA MANAGEMENT, INC.               | FILIPINO    | 2,264,666       | 0.10%      |
| 17 | WINDEMERE MANAGEMENT CORPORATION     | FILIPINO    | 2,141,240       | 0.09%      |

|    |                             |          |           |       |
|----|-----------------------------|----------|-----------|-------|
| 18 | ALPHITONIA MANAGEMENT, INC. | FILIPINO | 2,138,003 | 0.09% |
| 19 | ANDROLEPIS MANAGEMENT, INC. | FILIPINO | 2,138,001 | 0.09% |
|    | ANACYCLUS MANAGEMENT, INC.  | FILIPINO | 2,138,001 | 0.09% |
|    | ALDROVANDA MANAGEMENT, INC. | FILIPINO | 2,138,001 | 0.09% |
| 20 | DONYA I MANAGEMENT CORP.    | FILIPINO | 2,131,341 | 0.09% |

*\*Inclusive of PCD-lodged shares of Aboitiz Equity Ventures, Inc., The Insular Life Assurance Co., Ltd., and Social Security System*

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

As of March 31, 2023, the public ownership percentage representing the total number of shares owned by public in the Bank's stockholdings, computed based on the MPO Rule of the PSE is 35.66%.

The Bank has only common shares with foreign equity ownership of 38,823,807 or 1.65% of the total subscribed capital stock.

### **(1) Dividends**

#### **A. Cash Dividends**

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

The following is a summary of the dividends declared and distributed by the Bank in 2022, 2021, and 2020:

| Date of Declaration | Date of Record    | Date of BSP Approval | Date of Payment   | Dividend per Share | Outstanding Shares | Total Amount        |
|---------------------|-------------------|----------------------|-------------------|--------------------|--------------------|---------------------|
| January 28, 2022    | February 14, 2022 | N/A                  | March 2, 2022     | Php2.80            | 1,524,918,059      | Php4,269,770,565.20 |
| January 29, 2021    | February 15, 2021 | N/A                  | March 4, 2021     | 3.50               | 1,219,362,818      | 4,267,769,863.00    |
| January 24, 2020    | February 7, 2020  | N/A                  | February 24, 2020 | 3.50               | 1,218,471,467      | 4,264,650,134.50    |

On February 1, 2023, the Bank's Board of Directors approved the declaration of a cash dividends at Php2.00 per share or a total of Php4,707,549,134.00 based on the outstanding common stock of 2,353,774,567. Record date for stockholders entitled to the cash dividend was on February 15, 2023 and payment was made on February 27, 2023.

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

#### **B. Stock Dividends**

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

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

On June 2, 2022, the Bank successfully issued the first-ever digital peso bonds in the Philippines, raising an aggregate size of Php11.0 billion under its Php39.0 billion bond program. UnionBank is the pilot user of Philippine Depository & Trust Corp.'s (PDTC) Proof of Concept Digital Registry & Digital Depository that uses Distributed Ledger or Blockchain Technology for registry and depository operations. The bonds, which have a tenor of 1.5 years and a fixed rate of 3.25% per annum, are listed on the Philippine Dealing & Exchange Corp. (PDEX) for trading in the PDEX Fixed Income Market. The Hong Kong and Shanghai Banking Corporation Limited ("HSBC") and Standard Chartered Bank ("SCB") were the Joint Lead Arrangers and Bookrunners on the transaction. They were also the Selling agents for the offering together with the Bank.

On May 16, 2022, the Bank issued and listed on The Philippine Stock Exchange, Inc. a total of 617,188,705 common shares following the completion of its Php40.0 billion Stock Rights Offering ("SRO"). The offer period was from April 25, 2022 to May 6, 2022. Eligible shareholders of the Bank were entitled to a ratio of 1:2.4707 common shares as of record date of April 11, 2022 at a price per share of Php64.81 each. Total gross proceeds of the SRO is Php39,999,999,971.05. CLSA Exchange Capital, Inc. and ING Bank N.V., Manila Branch acted as Joint Global Coordinators and Joint Domestic Underwriters for the SRO.

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

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

On October 22, 2020, the Bank issued US dollar-denominated Regulation S only offering 5-year Senior Unsecured Notes, a drawdown from its USD2 billion Medium Term Notes Programme, which was updated and upsized on October 2, 2020. The Notes were issued at an aggregate principal amount of USD300MM and were listed on the Singapore Exchange Securities Trading Limited. Citigroup, MUFG, and SCB acted as Joint Bookrunners for the issuance. Consideration amounted to USD297.954 million.

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

All the above issued securities were exempt securities under Section 9.1 (Exempt Securities) of the Securities Regulation Code (SRC), i.e. any security issued by a bank except its own shares of stock, except for the SRO which were exempt under Section 10.1 (I) of the SRC.

For the years 2019 to 2022, the Bank issued a total of 2,929,705 common shares to eligible employees out of the 5,000,000 common shares pursuant to the Bank's Employee Stock Plan. On February 6, 2023, the Bank issued 697,339 common shares to eligible employees pursuant to the Bank's Employee Stock Plan. These issuances were exempt from registration under Section 10.2 (Exempt Transactions) of the SRC.

UNION BANK OF THE PHILIPPINES  
SEC FORM 17-A  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

**Statement of Income for the Year Ended December 31, 2022 vs December 31, 2021**

Union Bank of the Philippines posted a net income of Php12.7 billion for the year ended December 31, 2022. This is 0.8% higher than the same period last year mainly due to higher revenues coming from its core businesses that compensated for the absence of trading gains.

Net revenues were at a new high of Php52.2 billion. **Net interest income** grew 30.5% to Php38.9 billion on account of higher margins and volume. Net interest margins were up 27 basis points to 4.9%, buoyed by higher proportion of consumer loans to total loans and the growth of low-cost Current Account/Savings Account (CASA) deposits. **Service charges, fees and commissions** and **miscellaneous** income increased by 101.7% to Php13.4 billion, driven by the acquisition of the consumer banking business of Citigroup Inc. (Citi) and the growing digital customer transactions.

Total interest income jumped by 39.1% to Php50.5 billion from the year-ago level. **Interest income on loans and other receivables** improved by 31.5% to Php36.0 billion due to increased average volume levels and yields year-on-year (YoY). **Interest income on cash and cash equivalents and investment securities at amortized cost and fair value through other comprehensive income (FVOCI)**, improved by 60.9% to Php13.5 billion due to higher yields and volume. **Interest income on Securities Purchased under Repurchase Agreements (SPURA)** was up by 88.2% to Php566 million coming from higher volume and yield improvement. **Interest income on trading securities at fair value through profit or loss (FVTPL)**, on the other hand, declined by 16.7% to Php0.2 billion due to lower yields.

Total interest expense hiked by 78.5% to Php11.6 billion. This is attributed to higher **interest expense on deposit liabilities** (up 102.9% to Php6.0 billion) due to the robust growth of CASA deposits (25.3% increase to Php427.1 billion based on outstanding balance), and higher **interest expense on bills payable and other liabilities** (up 58.0% to Php5.6 billion) resulting from higher interbank borrowings and deposit substitutes.

**Provision for loan losses** was at Php4.1 billion, 30.0% lower YoY as credit risk stabilized compared to the prior year.

Total other income declined by 13.1% to Php13.3 billion. The drop was primarily due to the absence of **trading gains from the sale of investment securities at amortized cost and investment securities at FVTPL and FVOCI**. The decrease was partially offset by 1) the Bank's higher **service charges, fees, and commissions** driven by higher transaction fees from credit card interchange, electronic fund transfers, bills payment, ATM, and other transactional fees, and 2) by higher **miscellaneous income** which grew 130.6% to Php6.6 billion on account of higher foreign exchange gains, and income from trust operations.

Total expenses amounted to Php31.5 billion, up 29.6%. **Salaries and employee benefits** rose 16.0% to Php10.0 billion driven by compensation-related increases and manpower expenses related to the acquired consumer banking business from Citi. **Taxes and licenses** increased by 42.6% to Php4.1 billion from higher gross receipts taxes and documentary stamp taxes coming from the elevated deposit levels. **Occupancy** jumped by 15.3% to P1.03 billion resulting from higher rent and utilities cost. **Miscellaneous expenses** also grew by 43.5% to Php14.8 billion mainly on volume-related fees and commissions expenses, advertising and information and technology expenses.

**Tax expense** amounted to Php3.9 billion, 63.3% higher from Php2.4 billion last year, due to higher final taxes from securities and BSP placements, as well as higher taxable income of the Bank's subsidiary.



With the improved performance of subsidiaries, **net income attributable to non-controlling interests** increased to Php144.0 million, 2.75x higher than in 2021.

**Statement of Comprehensive Income for the Year Ended December 31, 2022 vs December 31, 2021**

The Bank registered a **total comprehensive income** of P360.2 million, down from Php11.4 billion posted in the previous year. This was primarily driven by the **fair market value losses on investment securities at FVOCI** which shot up to Php12.5 billion from Php845.9 million a year ago on account of the concerted increase in global interest rates in 2022, following consecutive central bank hikes to stem inflation. The US Federal Reserve System rates rose from 0% to 4.50%, while the BSP raised its policy rate from 2.0% to 5.5% during the year. This resulted to US bond yields moving from around 1% to 4%, and GS Peso Bond yields from around 4% to 6% on year on year basis.

**Remeasurement gains on defined benefit plan, net of tax expense** was recorded at Php279.6 million vs. last year of Php309.4 million. **Total comprehensive income attributable to non-controlling interests** was at Php143.2 million.

**Statement of Condition as of December 31, 2022 vs December 31, 2021**

As of end of December 2022, total resources amounted to Php1.1 trillion, 31.5% higher than previous year's Php831.1 billion, driven by the acquisition of the Citi consumer banking business, and increases in trading and investment securities and net loans and receivables.

There was an 11.1% increase in **Cash and other cash items** due to higher cash requirements versus 2021. **Due from Bangko Sentral ng Pilipinas** decreased by 8.5% to Php94.6 billion as a result of lower placement balances with the BSP on top of the mandatory reserves. **Due from other banks** declined by 14.8% to Php46.2 billion resulting from lower working balances with foreign correspondent banks. **Interbank loans receivable** is nil due to the deployment of funds to higher-yielding securities and loans.

Holdings of trading and investment securities grew by 40.1% to Php333.0 billion driven by the build-up of **financial assets at FVTPL**, **financial assets at amortized cost** and **financial assets at FVOCI**, which increased by 53.4% to Php 8.7 billion, 47.0% to Php244.6 billion, and 21.5% to Php79.8 billion, respectively.

**Net loans and other receivables** also grew by 42.6% to Php479.7 billion due mainly to the addition of the Citi business in the consumer loans portfolio. The Bank's **loan-to-deposit ratio** was recorded at 67.4%.

**Bank premises, furniture, fixtures and equipment-net** and **Goodwill** increased by 28.7% to Php8.7 billion and by 4.2x to Php62.3 billion, respectively, mainly due to the acquisition of Citi's consumer banking business and certain real estate properties in the Philippines.

**Investment in subsidiaries and associates** went down by 13.3% to Php123.4 million mainly from share in net losses in UBX's associate but partially offset by Petnet's additional investment in an associate. Meanwhile, **other resources** rose by 37.3% to Php26.3 billion driven by higher software assets.

**Total liabilities** were at Php944.6 billion as of December 31, 2022, 31.4% higher YoY. **Deposit liabilities** increased by 24.7% to Php711.3 billion given the robust growth in demand and savings volumes which were up by 13.5% and 42.9% to Php232.1 billion and Php195.0 billion, respectively. Customers' CASA balances sustained growth owing to the stability and convenience offered by the Bank's cash management platforms and digital channels, as well as increased customer onboarding in 2022. With this, the Bank's CASA ratio was sustained at 60%.

**Bills payable** jumped to Php132.8 billion from Php51.2 billion last year due to higher short-term funding requirements compared to 2021. **Notes and bonds payable** decreased by 26.1% to

Php51.6 billion driven by the maturity of senior debt instruments. **Other liabilities** grew by 78.4% to Php48.8 billion primarily due to increases in bills purchased, accounts payable, and derivative liabilities.

The Bank's total capital funds rose by 32.0% to Php148.1 billion as of December 31, 2022 from Php112.2 billion as of December 31, 2021 mainly driven by the increase in **common stock** (up 75.7% to Php 21.4 billion) and **additional paid-in capital** (up 3.4x to Php 47.9 billion) as a result of a stock rights offering (SRO) last May 2022 wherein the Bank listed 617.2 million common shares at a price of Php64.81 per share. **Stock dividend distributable** is nil as the stock dividends were paid on January 5, 2022. In addition, **surplus free** increased by 10.5% to Php90.7 billion coming from the Bank's earnings in 2022. **Surplus reserves** were down by 12.4% to Php2.5 billion due to reversal of required appropriations for the difference between BSP's required 1% general loan loss provision (GLLP) over the Bank's computed expected credit loss (ECL) for stage 1 accounts. **Net unrealized fair value gains on investment securities** has a negative balance of Php14.1 billion coming from mark-to-market valuation of the Bank's investments at FVOCI, while accumulated **remeasurements of defined benefit plan** also recorded a negative balance of Php1.2 billion. **Other reserves** increased 2.25x to Php31.0 million.

Key performance indicators of the Bank are as follows:

|                               | <u>2022</u> | <u>2021</u> |
|-------------------------------|-------------|-------------|
| Return on Average Assets      | 1.3%        | 1.6%        |
| Return on Average Equity      | 9.7%        | 11.6%       |
| Cost-to-Income Ratio          | 60.5%       | 53.9%       |
| Net Non-Performing Loan Ratio | 2.2%        | 2.4%        |
| Common Equity Tier 1 Ratio    | 11.3%       | 16.3%       |
| Capital Adequacy Ratio        | 13.04%      | 18.4%       |

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

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

#### **Material Commitment for Capital Expenditures**

The Bank allotted Php5.3 billion in capital expenditures in 2023 primarily intended to further accelerate and enhance digital capabilities, including the migration costs of the Citi consumer banking business.

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

- Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.
- Any events that will trigger direct or contingent financial obligation, including any default or acceleration of an obligation.
- Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company.

- Any known trends, events or uncertainties that have had or that are reasonably expected` to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

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

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

Net interest income grew 3.8% to Php29.8 billion due to the sustained increase in net interest margins (up 9bps to 4.6%). Lower funding costs from the record increase in CASA deposits supported margin growth. Non-interest income also rose 14.4% to Php15.3 billion. This was driven by higher service charges and fees, as well as foreign exchange gains.

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

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

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

Provision for loan losses was at Php5.8 billion, 31% lower YoY as credit risk stabilized compared to 2020.

Total other income grew by 14.4% to Php15.3 billion. The growth was primarily due to the Bank's higher **service charges, fees, and commissions** driven by higher transaction fees from credit card interchange, electronic fund transfers, bills payment, ATM, and other transactional fees. **Miscellaneous income** also buoyed the bottom line which grew 39.0% to Php2.9 billion on account of higher foreign exchange gains, and income from trust operations. Meanwhile, the Bank had lower total **trading gains from the sale of investment securities at amortized cost and investment securities at FVTPL and FVOCI** for the year by 3.1% to Php8.7 billion vs. Php8.9 billion in the previous year.

Total expenses were at Php24.3 billion, up 13.8%. **Salaries and employee benefits** rose 10.7% to Php8.6 billion driven by higher compensation-related increases. **Miscellaneous expenses** also grew by 32.7% to Php10.3 billion mainly on goodwill impairment, volume-related fees and commissions expenses, and information and technology expenses. **Taxes and licenses**, on the other hand, decreased by 17.7% to Php2.9 billion from lower gross receipts taxes and documentary stamp taxes from lower time deposit levels.

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

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

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

The Bank posted a **total comprehensive income** of Php11.4 billion for 2021, 3.0% higher than Php11.1 billion posted in the same period a year ago. This was primarily driven by the higher **net income** in 2021 which offset the impact of **fair market value losses on investment securities at FVOCI**. **Remeasurement gains on defined benefit plan, net of tax expense** was recorded at Php305.4 million vs. last year's losses. **Total comprehensive income attributable to non-controlling interests** was at Php53.3 million from subsidiaries performance for the year.

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

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

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

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

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

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

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

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

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

while accumulated **remeasurements of defined benefit plan** also recorded a negative balance of Php1.5 billion.

Key performance indicators of the Bank are as follows:

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

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

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

#### **Material Commitment for Capital Expenditures**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Bank posted a **total comprehensive income** of Php11.1 billion for 2020, 18.6% lower than Php13.6 billion posted in the same period a year ago. This was primarily driven by the lower net income in 2020 and the effect of the **realized gains on sale of investment securities at FVOCI** at Php3.0 billion which equally offset the Php3.0 billion higher **fair market value gains on investment securities at FVOCI**. **Remeasurement losses on defined benefit plan** declined by 12.8% to Php634.6 million based on actuarial adjustments.

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

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

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

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

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

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

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

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

Key performance indicators of the Bank are as follows:

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

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

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

#### **Material Commitment for Capital Expenditures**

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Cash and other cash items** decreased by 21.4% to Php8.6 billion due to lower cash requirements compared to end-December 2018. **Due from Bangko Sentral ng Pilipinas (BSP)** increased by 30.5% to Php73.7 billion from Php56.5 billion last year due to increased special deposit account (SDA) placements from higher deposit levels. **Due from other banks** also rose by 4.9x to Php73.7 billion from higher working balances with foreign correspondent banks. **Interbank loans receivable** amounted to Php213.1 million in 2019 as the Bank's excess liquidity were placed in other banks.

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

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

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

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

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

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

Key performance indicators of the Bank are as follows:

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

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

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

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

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

## Item 7 - Financial Statements

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

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

There were no changes in and disagreements with the Bank's present external auditors, Sycip, Gorres, Velayo & Co. (SGV), on accounting principles or practices, financial statement disclosures or scope of audit or procedures for the year ended December 31, 2022.

### (A) Audit and Audit Related fees

Fees for the regular and statutory audits for the years 2022 and 2021 amounted to Php21.1 million and Php17.0 million, respectively, exclusive of VAT and out-of-pocket expenses.

Fees for other special audit, assurance and related services rendered by SGV in 2022 were as follows:

1. Php16.9 million for review engagements and issuance of comfort letters related to capital raising and bond offerings;
2. Php1.8 million for due diligence services related to business acquisitions; and
3. Php373.2 thousand for other engagements and consultancy services.

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

1. Php2.8 million for the performance of the audits of the financial statements of Bangko Kabayan, Inc., First Agro-Industrial Rural Bank, Inc., and Progressive Bank, Inc. as of and for the six months ended June 30, 2021, for purposes of meeting the requirements of the Philippine Securities and Exchange Commission related to the plan of merger; and
2. Php6.4 million for the performance of due diligence services related to business acquisitions.

### (B) All Other Fees

No other fees were paid by the Bank to SGV for 2022 and 2021.

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

1. Before the start of each year's audit, the external auditor presents to the Audit Committee for approval its proposed audit plan, describing the areas of focus for the audit, as well as any new accounting standards, laws and new regulatory rules that need to be taken into account in the course of the audit. The audit schedule is also presented.
2. The audit fees are agreed with the external auditor by Management and reviewed by the Audit Committee.
3. When the audit is substantially completed and before the Bank's Board meeting in January of the following year, the external auditor presents an initial report of its audit to the Audit Committee. The complete set of audited financial statements and accompanying notes are submitted to the Board for approval of the issuance of the same in its February meeting.

## PART III – CONTROL AND COMPENSATION INFORMATION

### Item 9 – Directors and Executive Officers of the Issuer

#### a) Directors and Nominees

The following are the names of the nominee for directors of UnionBank who have been pre-screened and certified qualified by the Corporate Governance Committee of the Board pursuant to SRC Rule No. 38, the BSP's Manual of Regulations for Banks, SEC Code of Corporate Governance and the Bank's Revised Manual on Good Corporate Governance, at the special meeting held on February 24, 2023, by the following Corporate Governance Committee Members:

1. Atty. Francisco Ed. Lim, *Chairman/ Independent Director*
2. Justo A. Ortiz
3. Erramon I. Aboitiz
4. Nina Perpetua D. Aguas
5. Rolando L. Macasaet
6. Roberto G. Manabat, *Lead Independent Director*
7. Manuel D. Escueta, *Independent Director*
8. Josiah L. Go, *Independent Director*

| NOMINEES                     | AGE | CITIZENSHIP | POSITION                                               | Period during which individual has served as such                                                        |
|------------------------------|-----|-------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Erramon I. Aboitiz           | 66  | Filipino    | Chairman<br><br>Director                               | May 22, 2020 to present<br><br>July 23, 1993 to present<br>October 11, 1988 to April 23, 1993            |
| Justo A. Ortiz               | 65  | Filipino    | Vice Chairman<br><br>Chairman<br><br>Chairman & CEO    | May 22, 2020 to present<br><br>January 1, 2018 to May 22, 2020<br><br>July 23, 1993 to December 31, 2017 |
| Sabin M. Aboitiz             | 58  | Filipino    | Director                                               | May 24, 2013 to present                                                                                  |
| Ana Maria A. Delgado         | 42  | Filipino    | Director                                               | April 23, 2021 to present                                                                                |
| Samel A. Aboitiz             | 31  | Filipino    | Director                                               | April 22, 2022 to present                                                                                |
| Nina Perpetua D. Aguas       | 70  | Filipino    | Director                                               | January 4, 2016 to present                                                                               |
| Rolando L. Macasaet          | 62  | Filipino    | Director                                               | January 27, 2023 to present                                                                              |
| Robert Joseph M. De Claro    | 51  | Filipino    | Director                                               | January 27, 2023 to present                                                                              |
| Edwin R. Bautista            | 62  | Filipino    | President & CEO<br><br>Director<br><br>President & COO | January 1, 2018 to present<br><br>January 4, 2016 to present<br><br>January 1, 2016 to December 31, 2017 |
| Jose Emmanuel U. Hilado      | 59  | Filipino    | Director                                               | Nominee for election on April 28, 2023                                                                   |
| <b>INDEPENDENT DIRECTORS</b> |     |             |                                                        |                                                                                                          |
| Roberto G. Manabat           | 76  | Filipino    | Lead Independent Director<br><br>Independent Director  | July 23, 2021 to present<br><br>May 25, 2018 to present                                                  |
| Manuel D. Escueta            | 72  | Filipino    | Independent Director                                   | April 23, 2021 to present                                                                                |

|                         |    |                 |                      |                                        |
|-------------------------|----|-----------------|----------------------|----------------------------------------|
| Josiah L. Go            | 60 | <b>Filipino</b> | Independent Director | April 23, 2021 to present              |
| Atty. Francisco Ed. Lim | 68 | <b>Filipino</b> | Independent Director | May 28, 2021 to present                |
| Honorio G. Poblador IV  | 53 | <b>Filipino</b> | Independent Director | Nominee for election of April 28, 2023 |

The nominees for Independent Directors, namely, Mr. Roberto G. Manabat, Mr. Manuel D. Escueta, Mr. Josiah L. Go, Atty. Francisco Ed. Lim, and Mr. Honorio G. Poblador IV possess the qualifications and none of the disqualifications of an independent director. They have complied with all the requirements of the Bangko Sentral ng Pilipinas (BSP), the Securities and Exchange Commission (SEC), and the Bank's Revised Manual on Good Corporate Governance for their respective positions. Mr. Manabat, Mr. Escueta, and Mr. Go were nominated by stockholders, Maria Luz F. Evaristo, Norman C. Gabriel, and Luisa L. Grafil, respectively.

Atty. Lim and Mr. Poblador were nominated by stockholders, Ma. Theresa S. Daguiso and Leticia A. Moreno, respectively. The nominators are not related to the nominees for independent directors.

### **BUSINESS EXPERIENCE:**

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

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

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

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

Chairman: Executive Committee, Trust Committee

Vice Chairman: Non-Executive Board

Member: Risk Management Committee, Market Risk Committee, Corporate Governance Committee

**Justo A. Ortiz** serves as Vice Chairman of UnionBank. He holds the position of Chairman and/or Director of various subsidiaries of the Bank: UnionDigital Bank Inc. and UBX Philippines Corporation. He sits as Chairman of the following companies: Fintech Philippines Association, Inc., Distributed Ledger Technology Association of the Philippines, Inc., Pilmico Foods Corporation, Pilmico Animal Nutrition, Aboitiz FeedAll Holdings, Inc.; Director of Aboitiz Equity Ventures, Inc. and Concepcion Industrial Corporation, both publicly listed companies; Director of Philippine Payments Management, Inc., Member of the Board of Trustees of The Insular Life Assurance Co., Ltd., Member of the Management Association of the Philippines, Member of the Board of Trustees of Philippine Trade Foundation, Inc., Makati Business Club and World Presidents Organization. He was the Chief Executive Officer of the Bank from 1993 to 2017. Prior to his stint in UnionBank, he was Managing Partner for Global Finance and Country Executive for Investment Banking at Citibank, N.A.

Mr. Ortiz became a member of the Claustro de Profesores of the University of Santo Tomas (UST) as he was conferred a Doctor of Humanities degree, Honoris Causa, on December 11, 2015. He was inducted as Honorary Fellow of Institute of Corporate Directors (ICD) on August 12, 2022. Other recognition bestowed to him were Asian Banker Lifetime Award and Philippine Blockchain Leader of the Year 2022. He graduated Magna Cum Laude with a degree in the Economics Honors Program from Ateneo de Manila University.

Chairman: Information Technology and Cybersecurity Committee

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

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

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

He is the Chairman of Aboitiz Foundation, Inc., Aboitiz Land, Inc., Aboitiz Power Corp, Manila-Oslo Renewable Enterprise, Inc.; Republic Cement Services, Inc., Filagri Holdings Inc., Director of Aboitiz & Company, Inc., Aboitiz Equity Ventures, Inc, Aboitiz InfraCapital, Inc, AEV CRH Holdings, Inc.; Republic Cement and Building Materials, CRH Aboitiz Holdings, Inc., Apo Agua Infraestructura, Inc., Aboitiz Construction International, Inc., Aboitiz Construction, Inc., Unity Digital Infrastructure Inc., Pilmico International Pte. Ltd, Aboitiz Power International Pte. Ltd., and AEV International Pte. Ltd. He spent much of his professional life with Aboitiz Transport, Inc.; his last position was as President and Chief Executive Officer of one of its subsidiaries, Aboitiz One, Inc. (owner of the 2GO brand) now called 2GO Group, Inc. He graduated from Gonzaga University in the USA with a B.S. Business Administration Degree, majoring in Finance.

Member: Non-Executive Board, Executive Committee

Alternate Member: Operations Risk Management Committee, Corporate Governance Committee

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

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

Member: Information Technology and Cybersecurity Committee

Alternate Member: Executive Committee, Market Risk Committee

**Samel A. Aboitiz** serves as Director of UnionBank. He is Vice President and Head of Finance & Accounting for Coal Business Unit of Aboitiz Power Corporation (AboitizPower), a publicly listed company. He is also concurrently Treasurer and Controller of Aboitiz & Company (ACO), and Vice President for Finance of Aboitiz Equity Ventures, Inc. (AEV), a publicly listed company. He is a member of the Board of Advisors of ACO, and the Board of Directors of San Fernando Light & Power Co. and Visayas Electric Company. He served as Assistant Vice President and Controller for Coal Business Unit of AboitizPower from January 2019 to July 2021; Deputy Head of Operations of PETNET, Inc. from July 2018 to December 2018; and Corporate Finance Manager of AEV from September 2016 to July 2018. Prior to joining the Aboitiz Group, he was Investment Banking Analyst for CLSA Exchange Capital, and with Castleton Commodities International as Freight Analyst.

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

Member: Non-Executive Board, Operations Risk Management Committee, Audit Committee

Alternate Member: Risk Management Committee

**Nina Perpetua D. Aguas** serves as Director of UnionBank. She is currently the Executive Chairperson of the Board of Trustees of The Insular Life Assurance Co., Ltd. and its subsidiaries: Insular Health Care, Inc. and Insular Foundation, Inc. She also sits as Non-Executive Director of Pilipinas Shell Petroleum Corporation; Independent Director of Monde Nissin Corporation, both publicly listed

companies; and Director of Insurance Institute for Asia and the Pacific, Inc. She was also a member of the Board of Directors and Chairperson of Bank of Florida (A Rural Bank) and has served as a member of the World Bank Group's Advisory Council on Gender and Development.

She was the President and Chief Executive Officer of Philippine Bank of Communications, a publicly listed company, from August 2012 to March 2015. Prior to this, she was the Managing Director for Private Banking, Asia-Pacific at ANZ Banking Group Ltd., Singapore. She also held various positions with Citigroup Inc. - Managing Director for Corporate Compliance, New York; Country Business Manager, Global Consumer Group, Philippines; Head of Sales & Distribution, Global Consumer Group, Philippines; and Regional Audit Director, Citigroup, Asia-Pacific.

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

**Rolando L. Macasaet** serves as Director of UnionBank. Presently the President and Chief Executive Officer of the Social Security System (SSS). He also serves as Vice Chairperson of the Social Security Commission, the governing body of the SSS. He previously held the position of President and General Manager of the Government Service and Insurance System (GSIS) from 2019 to 2022, and as the Chairperson of the GSIS' Board of Trustees in 2018.

Prior to joining the SSS, Mr. Macasaet has had extensive experience in public service as he served in various leadership capacities in several Government-Owned and Controlled Corporations (GOCCs) from 1988 to 2005, such as the Philippine National Construction Corporation, Dasmariñas Industrial Steel Corporation, Skyway Corporation, and Tierra Factors Corporation.

Moreover, he has more than two decades of professional experience in financial services, banking, and public-private partnerships, most of it with the Philippine National Bank (PNB), a publicly listed company. His work in PNB included postings overseas as Vice President and General Manager in Los Angeles, California (USA) and as Regional Vice President-ASEAN in Singapore. His other stints in the banking sector included a two-year service as Corporate Account Manager at BMO Bank of Montreal, Vancouver and as President and Vice Chairman of the Philippine Postal Bank from 2005 to 2007. He also served as a Board Member of various companies such as San Miguel Corporation and Bank of Commerce, both publicly listed companies, Private Infrastructure and Development Corporation, and PCI Bank. He further served as Director of the Asian Infrastructure and Investment Bank (AIIB) in Beijing (China's counterpart of the World Bank and Asian Development Bank).

He holds a Bachelor of Science in Business Economics, Cum Laude, from the University of the Philippines and has earned a Master of Business Administration - Honors Program from the same university. He also finished an Executive Program in Finance at Columbia University in New York, and a Diploma in Management Development at Harvard Business School in Boston, Massachusetts.

Member: Non-Executive Board, Executive Committee, Trust Committee, Corporate Governance Committee, Information Technology and Cybersecurity Committee

Alternate Member: Risk Management Committee, Market Risk Committee, Operations Risk Management Committee

**Robert Joseph M. De Claro** serves as Director of UnionBank. He is a member of the Social Security Commission. He currently serves as President and CEO of Transpotech and Services, OPC. With a background in creating, administering, and spearheading startup and operating entities for over twenty-five years, Mr. De Claro is a business leader seasoned over decades of professional experience and equipped with necessary knowledge to achieve common and long-term corporate goals. He has been able to deliver double-digit gains in revenue through strategic growth strategies and with an expertise in identifying opportunities, coupled with strong customer relationship management skills.

Mr. De Claro held various roles with numerous companies such as President and CEO for People4u, Inc.; Operating Partner for FutureNow Business Services, Inc.; President and General Manager for JMango Philippines, Inc.; and General Manager, APAC for GlobalOne Solutions, Inc. and Cloud Sherpas. He holds a Bachelor of Science in Computer Science with specialization in Information Technology from De La Salle University.



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

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

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

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

**Jose Emmanuel U. Hilado** is a nominee for election as Director of UnionBank. He is currently the Senior Vice President, Chief Financial Officer, and Corporate Information Officer of Aboitiz Equity Ventures (AEV). He has more than 30 years of banking experience behind him and has held various positions in Treasury, Trading, Investments, Correspondent Banking, Bank Operations, Human Resources, and Purchasing. Mr. Hilado had been the Senior Executive Vice President and Chief Financial Officer of the UnionBank from October 2022 to December 2022. Prior to this role, he was Senior Executive Vice President, Treasurer, and Head of Global Markets from July 2017 to Oct 2022. He has held various positions with publicly listed companies such as: Senior Executive Vice President and Chief Operating Officer of East West Bank Corporation; Treasurer of Rizal Commercial Banking Corporation for six (6) years; and Chief Trader at Banco De Oro Unibank ("BDO") for four (4) years. He also held numerous roles in International Business Development of Far East Bank & Trust Company and in Treasury of Equitable PCI Bank. He is currently a Director of UBP Investments Corporation and First Union Plans, Inc., both UnionBank subsidiaries.

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

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

**Roberto G. Manabat** serves as Lead Independent Director of UnionBank. He is also an Independent Director of the following companies: City Savings Bank, Inc. and UnionDigital Bank Inc., both subsidiaries of the Bank; Citicorp Financial Services and Insurance Brokerage Philippines, Inc.; Goldilocks Bakeshop, Inc.; Sodexo BRS Philippines, Inc.; and National Reinsurance Corporation, a publicly listed company. He is a Certified Public Accountant. Mr. Manabat is a Board Adviser on Internal Audits of SM Investments Corporation, a publicly listed company, and its subsidiaries/affiliates. He is also a Director in PA Properties and Development Corp. He also sits as Trustee of the Shareholders Association of the Philippines; Chairman of KPMG R.G. Manabat Foundation; and Chairman of Enactus Philippines.

As the first General Accountant of the Securities and Exchange Commission (SEC) from 2003-2005, he set up the mechanism for effective financial reviews of the financial reports submitted by listed and other public companies regulated by the SEC. His past experience involves: Chairman and Chief Executive Officer of KPMG R.G. Manabat & Co.; a member of the Global Council of KPMG International; a member of the Asia-Pacific Board of KPMG International; Chairman of Auditing & Assurance Standards Council; Consultant of the SEC; and Partner of SyCip Gorres Velayo & Co., among others. Mr. Manabat has a track record of more than 40 years in the field of accountancy and has been a prominent advisor to many corporate and government agencies on good governance principles and practices.

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

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

Chairman: Non-Executive Board, Audit Committee

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

**Manuel D. Escueta** serves as Independent Director of UnionBank. He is an Independent Director of City Savings Bank, Inc., a subsidiary of the Bank, and Citicorp Financial Services and Insurance Brokerage Philippines, Inc. He also serves as Independent Director of Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation, Aboitiz FeedAll Holdings, Inc., and Pascual Laboratories, Inc.

Mr. Escueta sits as member of the Executive Committee and Marketing Adviser of Mega Global Corporation; member of the Board of Trustees and Advisory Council of Educhild Foundation, Philippines; and Vice Chairman of the Board of Trustees of PAREF Southridge School for Boys. He served as Independent Director of Vitarich Corporation, a publicly listed company, from 2014 to mid-2022. He was the President of Educhild Foundation Philippines from 2004 to 2019, and also the President and CEO of Pascual Laboratories, Inc. from 2009-2012. He also served as the Chairman of the Board of Directors and Business Head of Pascual Consumer Health Corporation, Inc. and Pascual Consumer Health Division, respectively. He was the Vice President for Corporate Marketing and Communications of United Laboratories, Inc. from September 2001 to March 2004. He also worked as General Advertising and Marketing Manager for Procter & Gamble, Asia.

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

Chairman: Risk Management Committee

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

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

Mr. Go is known as one of the Philippines' most respected marketing gurus and the most awarded business educators of the Philippines with 19 bestselling and record-breaking marketing and entrepreneurship books. He has been recognized as one of the Agora Awardees in 1994, one of the Ten Outstanding Young Men (TOYM) of the Philippines in 2001, one of the Ten Outstanding Young Persons (TOYP) of the World in 2002 and one of only two Lifetime Achievement Awardees by the Association of Marketing Educators (2007), the youngest marketing educator to be bestowed this honor. He was also given the Brand Leadership Award during the World Brand Congress in India

(2009). His accomplishments were recognized by the international community where he has been included in the 10th edition of the International Who's Who of Intellectuals (England).

Mr. Go has completed the Blue Ocean Strategy qualification process in Blue Ocean Strategy Institute in Insead, France. He has taught at the De La Salle and Ateneo Universities. He is also an Executive Scholar of the Kellogg Business School (in marketing and Sales Management) as well as the MIT Sloan (in Strategy and Innovation). He also took advance marketing programs at Harvard, Wharton and at the London Business School. He specializes in the fusion of marketing and innovation using the lenses of data-driven entrepreneurship and teaches advanced marketing subjects. He has given talks and facilitated over 1,000 marketing seminars in the Philippines and internationally to teams in diverse industries, in different situations and contexts.

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

Chairman: Market Risk Committee

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

**Atty. Francisco Edralin Lim** serves as Independent Director of UnionBank. Atty. Lim is a Senior Legal Counsel of the Angara Concepcion Regala & Cruz Law Offices (ACCRALAW). He is incumbent chairman of the FINEX Academy and Justice Reform Initiative (JRI) and Co-Chairman (together with Finance Secretary Benjamin Diokno) of the Capital Market Development Council.

Atty. Lim is former President of the Philippine Stock Exchange, Inc. (PSE), Securities Clearing Corporation of the Philippines (SCCP), Financial Executives Institute of the Philippines (FINEX), Management Association of the Philippines (MAP) and Shareholders' Association of the Philippines (SharePHIL).

Atty. Lim currently serves as a Director/Trustee of several Philippine stock and non-stock corporations, among which are the Air Asia Group Limited (Malaysian company), Alphaland Corporation, Converge Information and Communications Technology Solutions\*, Inc, First Philippine Holdings Corporation\*, The Insular Life Assurance Co., Ltd. and Union Bank of the Philippines\*.

Atty. Lim is a member of the Integrated Bar of the Philippines, Philippine Bar Association, New York State Bar Association and the American Bar Association.

Atty. Lim is a columnist of Rappler (on leave) and former columnist of the Philippine Star and Philippine Daily Inquirer.

Atty. Lim is the Chairman of the Commercial Law Department of the Philippine Judicial Academy, Co-Chairperson of the Sub-Committee on E-Commerce Law, member of the SubCommittee on Commercial Courts and the Committee on the Revision of the Rules of Court of the Philippine Supreme Court.

Atty. Lim is a law professor in the School of Law, Ateneo de Manila University and School of Law of San Beda University (on leave).

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

Atty. Lim actively participated in the drafting of several Supreme Court rules of procedure such as the Interim Rules on Intra-Corporate Controversies, Rules on Electronic Evidence, Rules on Notarial Practice, Rules on DNA Evidence, Financial Rehabilitation Rules of Procedure, Financial Liquidation

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\* *publicly listed company*

and Suspension of Payments, Rules of Procedure on the Liquidation of Closed Banks, and Interim Rules on Electronic Notarization.

Among Atty. Lim's most recent awards are: "Elite Practitioner" in Capital Markets and Dispute Resolution (2020-2022) by Asialaw Profiles; "Benchmark Litigation Star" (2021) and "Benchmark Litigation Asia-Pacific Dispute Star" (2020) in Commercial and Transactions, Government & Regulatory, Insolvency, and Whitecollar Crime by Benchmark Litigation Asia-Pacific; "Leading Lawyer" in Banking and Finance: Capital Markets, and Dispute Resolution (2020-2021) by Chambers Asia-Pacific, Chambers and Partners; "Leading Lawyer" in Capital Markets and Tax (2020-2021) by The Legal 500 Asia Pacific; "A-List Re: Philippines' Top 100 Lawyers" (2018-2020) by Asia Business Law Journal (Vantage Asia); "Lawyer of the Year - Philippines" by Benchmark Litigation, Asia-Pacific Awards 2019; Chairman's Merit Award FINEX Foundation 2020; "Market Leader: Banking and Mergers & Acquisitions" (2019- 2020) by the International Finance Law Review (IFLR1000; "Ranked Lawyer" in Corporate and Finance (2017-2021) by the Chambers Global, Chambers & Partners; "Commended External Counsel of the Year" by the In-House Community Counsels (2016-2020); "Deal Maker of the Year" by Thomson Reuters Asian Legal Business Philippine Law Awards 2017; Punong Gabay Award from the Philippine Council of Deans and Educators (PCDEB); Professorial Chair in Commercial Law from the Philippine Supreme Court, Philippine Judicial Academy and the Metrobank Foundation, Inc.; Certificate of Commendation from the Supreme Court of the Philippines; and Certificate of Appreciation from Capital Market Institute of the Philippines.

Atty. Lim is a co-author of The Philippine Competition Act: Salient Points and Emerging Issues and the Bench Book for Commercial Courts published by the Supreme Court of the Philippines.

Atty. Lim has a Bachelor of Arts (*cum laude*) and Bachelor of Philosophy (*magna cum laude*) degrees from the University of Santo Tomas, Bachelor of Laws (Second Honors) from the Ateneo de Manila University and Master of Laws from the University of Pennsylvania, USA.

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

**Honorio G. Poblador IV** is a nominee for election as Independent Director of UnionBank. He is a Founder and Managing Partner of The Navegar Fund. He serves as Independent Director for ABS-CBN Corporation, a publicly listed company. He is also a Non-Executive Director of the following corporations: The Bistro Group, Bo's Coffee, Royale Cold Storage, and Asia Digital Holdings. He served as Independent Director of BDO Nomura Securities, Inc. until its merger with BDO Securities Corporation. Mr. Poblador has over two decades of investment banking and private equity experience having worked with Credit Suisse First Boston, Morgan Stanley Private Equity, Iron Capital Management, and Rothschild.

Mr. Poblador holds a Bachelor's degree in Management Economics from the Ateneo de Manila University and earned his Master's Degree in Business Administration from Columbia University.

b) *Executive Officers*

The Executive Officers of the Bank, and their respective age, citizenship, and position as of February 28, 2023, are as follows:

| NAME                 | AGE | CITIZENSHIP | POSITION                                                                                                                                                                                                                                                                                                                                                                                                                               | Period during which individual has served as such                                                                                                                                  |
|----------------------|-----|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Edwin R. Bautista    | 62  | Filipino    | President and Chief Executive Officer<br><br>President and Chief Operating Officer<br><br>Senior Executive Vice President – Center Head, Transaction Banking, Commercial Banking and Channel Management<br><br>Executive Vice President – Center Head, Retail Banking                                                                                                                                                                  | January 1, 2018 to present<br><br>January 1, 2016 to December 31, 2017<br><br>November 1, 2011 to December 31, 2015<br><br>April 27, 2001 to October 31, 2011                      |
| Henry Rhoel R. Aguda | 54  | Filipino    | Senior Executive Vice President – President & Chief Executive Officer, UnionDigital Bank Inc. (Seconded)<br><br>Senior Executive Vice President – Chief Technology and Operations Officer and Chief Transformation Officer                                                                                                                                                                                                             | February 13, 2023 to present<br><br>August 1, 2016 to February 12, 2023                                                                                                            |
| Ana Maria A. Delgado | 42  | Filipino    | Senior Executive Vice President – Chief Digital Channel Officer Chief Customer Experience Officer<br><br>Executive Vice President – Chief Digital Channel Officer Chief Customer Experience Officer<br><br>Senior Vice President – Center Head, Consumer Finance and Chief User Experience Officer<br><br>Senior Vice President – Deputy Center Head, Consumer Finance and Chief User Experience Officer<br><br>First Vice President – | June 1, 2022 to present<br><br>June 1, 2020 to May 31, 2022<br><br>October 23, 2018 to May 31, 2020<br><br>August 1, 2018 to October 22, 2018<br><br>July 1, 2017 to July 31, 2018 |

|                             |    |          |                                                                                                                                                                                                                                                           |                                                                                                                                                      |
|-----------------------------|----|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
|                             |    |          | Deputy Center Head of Consumer Finance and Chief User Experience Officer<br><br>First Vice President – Deputy Center Head of Consumer Finance and Chief User Experience Officer<br><br>Vice President – Business Head, Credit Card Business               | February 24, 2017 to June 30, 2017<br><br>July 1, 2015 to February 23, 2017                                                                          |
| Manoj Varma                 | 58 | American | Senior Executive Vice President – Head, Consumer Banking                                                                                                                                                                                                  | August 1, 2022 to present                                                                                                                            |
| Roberto F. Abastillas       | 62 | Filipino | Executive Vice President – Center Head, Commercial Banking<br><br>Senior Vice President – Center Head, Commercial Banking<br><br>Senior Vice President - Deputy Center Head, Commercial Banking<br><br>Senior Vice President, Head – Commercial Banking 1 | August 1, 2019 to present<br><br>January 1, 2018 to July 31, 2019<br><br>August 1, 2017 to December 31, 2017<br><br>August 28, 2006 to July 31, 2017 |
| Ramon G. Duarte             | 58 | Filipino | Executive Vice President – Center Head, Transaction Banking<br><br>Senior Vice President – Center Head, Transaction Banking and Platform Development Head<br><br>Senior Vice President – Head, Platform Development Group                                 | July 1, 2021 to present<br><br>April 23, 2020 to June 30, 2021<br><br>June 23, 2006 to May 21, 2020                                                  |
| Antonino Agustin S. Fajardo | 59 | Filipino | Executive Vice President – Center Head, Corporate Banking<br><br>Senior Vice President – Center Head, Corporate Banking<br><br>First Vice President – Deputy Center Head, Corporate Banking                                                               | August 1, 2019 to present<br><br>August 1, 2018 to July 31, 2019<br><br>January 1, 2018 to July 31, 2018                                             |

|                             |    |          |                                                                                                                                                                                                                                                                         |                                                                                                                    |
|-----------------------------|----|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|                             |    |          | First Vice President –<br>Business Head, Mortgage<br>Finance Business                                                                                                                                                                                                   | November 1, 2014 to<br>December 31, 2018                                                                           |
|                             |    |          | First Vice President –<br>Group Head, Consumer<br>Finance – Auto Finance<br>Business Center                                                                                                                                                                             | May 1, 2013 to October 31,<br>2014                                                                                 |
| Mary Joyce S.<br>Gonzalez   | 64 | Filipino | Executive Vice President<br>– Center Head, Retail<br>Banking<br>Senior Vice<br>President – Deputy<br>Center Head, Retail<br>Banking<br><br>First Vice President – Unit<br>Head, Makati Region                                                                           | August 1, 2015 to present<br><br>June 1, 2010 to July 31,<br>2015<br><br>May 24, 2002 to May 31,<br>2010           |
| Manuel R. Lozano            | 52 | Filipino | Executive Vice President –<br>Chief Financial Officer                                                                                                                                                                                                                   | January 1, 2023 to present                                                                                         |
| Eric S. Lustre              | 60 | Filipino | Executive Vice President<br>– Chief Trust Executive<br><br>Executive Vice President<br>– Trust Officer<br><br>Executive Vice President<br>– Head of Trust                                                                                                               | July 21, 2022 to present<br><br>January 28, 2022 to July<br>20, 2022<br><br>January 3, 2022 to<br>January 27, 2022 |
| Dennis D. Omila             | 50 | Filipino | Executive Vice President<br>– Chief Information<br>Officer, and Head, IT<br>Services Group and<br>Operations and Shared<br>Services Group<br><br>Executive Vice President<br>– Chief Information<br>Officer<br><br>Senior Vice President –<br>Chief Information Officer | March 25, 2019 to present<br><br>August 1, 2018 to March 24,<br>2019<br><br>November 16, 2016 to July<br>31, 2018  |
| Michaela Sophia E.<br>Rubio | 58 | Filipino | Executive Vice President<br>– Chief Human Resource<br>Officer and Lead for CSR,<br>Sustainability and<br>Occupational Safety and<br>Health Division<br><br>Senior Vice President -<br>HR Director<br><br>First Vice President and<br>HR Director                        | August 1, 2019 to present<br><br>June 1, 2014 to July 31,<br>2019<br><br>June 1, 2012 to May 31,<br>2014           |

|                              |    |          |                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                              |
|------------------------------|----|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Johnson L. Sia               | 55 | Filipino | Executive Vice President – Treasurer and Head of Global Markets                                                                                                                                                                                                                                                                                      | October 1, 2022 to present                                                                                                                   |
| Raymond Anthony B. Acosta    | 46 | Filipino | Senior Vice President – Head, Infrastructure and Service Management<br><br>First Vice President – Head, Infrastructure and Service Management/ Digital Integration Committee<br><br>Vice President - Senior Team Manager – Technical Support Database Admin<br><br>Assistant Vice President – Senior Team Manager – Technical Support Database Admin | June 1, 2022 to July 28, 2022<br><br>July 1, 2019 to May 31, 2022<br><br>July 1, 2016 to June 30, 2019<br><br>June 27, 2008 to June 30, 2016 |
| Atty. Arlene Joan T. Agustin | 54 | Filipino | Senior Vice President – Head, Private Banking Group<br><br>Senior Vice President – Trust Officer                                                                                                                                                                                                                                                     | December 1, 2018 to present<br><br>February 5, 2018 to November 30, 2018                                                                     |
| Francis B. Albalate          | 52 | Filipino | Senior Vice President – Financial Controller                                                                                                                                                                                                                                                                                                         | July 1, 2016 to present                                                                                                                      |
| Mary Angelica C. Balangue    | 48 | Filipino | Senior Vice President – Head, Corporate Banking Group 5<br><br>First Vice President – Senior Relationship Manager                                                                                                                                                                                                                                    | June 1, 2022 to present<br><br>November 18, 2019 to May 31, 2022                                                                             |
| Atty. Joselito V. Banaag     | 52 | Filipino | Senior Vice President – General Counsel and Corporate Secretary                                                                                                                                                                                                                                                                                      | November 16, 2015 to present                                                                                                                 |
| Konstantin O. Beloglazov     | 40 | Russian  | Senior Vice President – Head, Portfolio Lending                                                                                                                                                                                                                                                                                                      | November 3, 2022 to present                                                                                                                  |
| Antonio Sebastian T. Corro   | 50 | Filipino | Senior Vice President – Chief Cross Sell Officer and Asset-Backed Lending Head<br><br>Senior Vice President – Center Head, Consumer Finance<br><br>Senior Vice President – Head, Cards Business                                                                                                                                                      | September 1, 2022 to present<br><br>August 28, 2020 to August 31, 2022<br><br>August 1, 2018 to August 27, 2020                              |



|                             |    |          |                                                                                                                                                                                                                                              |                                                                                                                                            |
|-----------------------------|----|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Albert Raymond C. Cuadrante | 51 | Filipino | Senior Vice President – Chief Marketing Officer                                                                                                                                                                                              | August 16, 2021 to present                                                                                                                 |
| Gerard R. Darvin            | 53 | Filipino | Senior Vice President – Head, Corporate Solutions<br><br>First Vice President – Sales Head – CMS, Transaction Banking<br><br>Vice President – Sales Director<br><br>Assistant Vice President – Business Manager                              | June 1, 2021 to present<br><br>July 1, 2016 to June 30, 2021<br><br>June 23, 2006 to June 30, 2016<br><br>May 2, 2000 to June 22, 2006     |
| Joebart T. Dator            | 55 | Filipino | Senior Vice President – Head, Branch Channel Management<br>First Vice President – Head, Branch Channel Management<br><br>Vice President – Head, Branch Channel Management                                                                    | July 1, 2019 to present<br><br>August 1, 2017 to June 30, 2019<br><br>June 1, 2014 to July 31, 2017                                        |
| Montano M. Dimapilis        | 58 | Filipino | Senior Vice President – Head, Business Services Group<br><br>First Vice President – Head, Facilities Management Group and Branch Network Management<br><br>Vice President – Head, Facilities Management Group                                | May 1, 2020 to present<br><br>July 1, 2015 to April 30, 2020<br><br>November 2, 2011 to June 30, 2015                                      |
| Carlo I. Eñanosa            | 47 | Filipino | Senior Vice President – Head, Corporate Planning and Investor Relations<br><br>First Vice President – Head, Corporate Planning Group<br><br>Vice President – Head, Planning and Budget<br><br>Assistant Vice President – Strategic Risk Head | June 1, 2022 to present<br><br>August 1, 2018 to May 31, 2022<br><br>July 1, 2016 to July 31, 2018<br><br>January 2, 2015 to June 30, 2016 |
| Concepcion Perla P. Lontoc  | 54 | Filipino | Senior Vice President – Sales Director<br><br>First Vice President – Sales Director                                                                                                                                                          | May 1, 2020 to present<br><br>July 1, 2016 to April 30, 2020                                                                               |

|                      |    |          |                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                         |
|----------------------|----|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                      |    |          | Vice President – Sales Director                                                                                                                                                                                                                                                                                                                                                      | December 14, 2007 to June 30, 2016                                                                                                                                                      |
| Michael P. Magbanua  | 48 | Filipino | Senior Vice President – Head, Corporate and Digital Operations<br><br>First Vice President – Head, Customer Service Group                                                                                                                                                                                                                                                            | June 1, 2022 to present<br><br>April 3, 2017 to May 31, 2022                                                                                                                            |
| Dave T. Morales      | 47 | Filipino | Senior Vice President – Head, Mortgage Finance Business<br><br>First Vice President - Mortgage Finance Business Head<br><br>Vice President – Sales Director<br><br>Assistant Vice President – Sales Director                                                                                                                                                                         | June 1, 2022 to present<br><br>July 1, 2019 to May 31, 2022<br><br>July 1, 2014 to June 30, 2019<br><br>June 1, 2011 to June 30, 2014                                                   |
| Raquel P. Palang     | 52 | Filipino | Senior Vice President – Treasurer, City Savings Bank, Inc. ( <i>Seconded</i> )<br><br>First Vice President – Treasurer, City Savings Bank, Inc. ( <i>Seconded</i> )<br><br>First Vice President – Deputy Treasurer<br><br>Vice President – Unit Head                                                                                                                                 | June 26, 2020 to present<br><br>January 1, 2020 to June 25, 2020<br><br>June 1, 2010 to June 25, 2020<br><br>June 23, 2006 to May 31, 2010                                              |
| Ruby Gisela L. Perez | 52 | Filipino | Senior Vice President – Chief Operations Officer, UnionDigital Bank Inc. ( <i>Seconded</i> )<br><br>Senior Vice President – Head, Technical Services and Solutions Group<br><br>First Vice President – Head, Strategic Business Process Optimization<br><br>Vice President – Head, Business Process Management<br><br>Assistant Vice President – Head, Business Process Optimization | February 1, 2023 to present<br><br>June 1, 2022 to January 31, 2023<br><br>August 1, 2018 to May 31, 2022<br><br>July 1, 2016 to July 31, 2018<br><br>November 1, 2014 to June 30, 2016 |

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|--------------------------------------------|----|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Ronaldo Jose M. Puno                       | 45 | Filipino | Senior Vice President – Solutions Delivery Head<br><br>First Vice President – Head, Business Process Automation                                                                                            | May 1, 2020 to present<br><br>June 4, 2018 to April 30, 2020                                                                                       |
| Jose Maria O. Roxas                        | 55 | Filipino | Senior Vice President – Sales Director<br><br>First Vice President – Sales Director<br><br>Vice President – Sales Director<br><br>Assistant Vice President – Sales Director                                | June 1, 2022 to present<br><br>July 1, 2019 to May 31, 2022<br><br>July 1, 2016 to June 30, 2019<br><br>June 1, 2011 to June 30, 2016              |
| Raquel N. Sevidal                          | 56 | Filipino | Senior Vice President – Head, Wholesale Credit Group                                                                                                                                                       | July 1, 2022 to present                                                                                                                            |
| Gautam Sharma                              | 39 | Indian   | Senior Vice President – Head, Retail Bank Sales Network                                                                                                                                                    | November 3, 2022 to present                                                                                                                        |
| Julian P. Tarrobago, Jr.                   | 49 | Filipino | Senior Vice President – Chief Investment Officer                                                                                                                                                           | July 9, 2021 to present                                                                                                                            |
| Jeannette Yvonne M. Zagala                 | 52 | Filipino | Senior Vice President – Head, Financial Markets Sales<br><br>First Vice President – Head of Distribution                                                                                                   | June 1, 2021 to present<br><br>November 8, 2017 to June 30, 2021                                                                                   |
| Myrna E. Amahan                            | 62 | Filipino | Senior Vice President – Chief Audit Executive<br><br>First Vice President – Chief Audit Executive<br><br>First Vice President – Head, Internal Audit Division<br><br>Vice President – Head, Internal Audit | July 29, 2022 to present<br><br>February 23, 2021 to July 28, 2022<br><br>August 1, 2016 to February 1, 2021<br><br>June 23, 2006 to July 31, 2016 |
| Rear Admiral Rommel Jason L. Galang (Ret.) | 57 | Filipino | Senior Vice President – Chief Security Officer<br><br>First Vice President – Chief Security Officer                                                                                                        | July 29, 2022 to present<br><br>November 1, 2021 to July 28, 2022                                                                                  |
| Irma M. Lasquety                           | 56 | Filipino | Senior Vice President – Acting Trust Officer<br><br>First Vice President –                                                                                                                                 | July 29, 2022 to present<br><br>July 21, 2022 to July 28,                                                                                          |

|                                    |    |            |                                                                                        |                                       |
|------------------------------------|----|------------|----------------------------------------------------------------------------------------|---------------------------------------|
|                                    |    |            | Acting Trust Officer                                                                   | 2022                                  |
|                                    |    |            | First Vice President – Head, Trust Operations                                          | June 1, 2022 to July 20, 2022         |
| Joselynn B. Torres                 | 64 | Filipino   | Senior Vice President – Chief Compliance and Corporate Governance Officer              | July 29, 2022 to present              |
|                                    |    |            | First Vice President – Chief Compliance and Corporate Governance Officer               | December 1, 2018 to July 28, 2022     |
| Jose Paolo G. Rufo                 | 38 | Filipino   | Senior Vice President – Chief Information Security Officer and Data Protection Officer | July 29, 2022 to present              |
|                                    |    |            | First Vice President– Chief Information Security Officer and Data Protection Officer   | July 1, 2022 to July 28, 2022         |
|                                    |    |            | First Vice President – Chief Information Security Officer                              | June 1, 2021 to June 30, 2022         |
|                                    |    |            | Vice President – Chief Information Security Officer                                    | August 9, 2018 to May 31, 2021        |
| Atty. Buenaventura S. Sanguyo, Jr. | 53 | Filipino   | Vice President – Deputy Head, Legal Division, and Assistant Corporate Secretary        | July 22, 2016 to present              |
|                                    |    |            | Vice President – Deputy Head, Legal Division                                           | October 12, 2015 to July 21, 2016     |
| Therese G. Chan                    | 49 | Filipino   | Head, Wealth and Brokerage                                                             | August 1, 2022 to present             |
| Dr. David R. Hardoon               | 42 | Brazilian  | Chief Data Science and AI Officer                                                      | April 22, 2022 to present             |
| Vishal Kadian                      | 42 | Indian     | Head, Credit Cards and Personal Loans                                                  | August 1, 2022 to present             |
| Erwin Wiriadi                      | 50 | Indonesian | Chief Risk Officer                                                                     | December 16, 2022 to present          |
|                                    |    |            | Acting Chief Risk Officer                                                              | October 28, 2022 to December 15, 2022 |
|                                    |    |            | Credit Portfolio Senior Group Manager                                                  | August 1, 2022 to October 27, 2022    |

## BUSINESS EXPERIENCE:

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

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

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

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

**Henry Rhoel R. Aguda** is the Senior Executive Vice President of UnionBank of the Philippines. He is also the Chairman of the Board of UBX Philippines, the fintech venture studio of the Bank; Director of City Savings Bank, the thrift bank subsidiary of UnionBank; and President and Chief Executive Officer of UnionDigital Bank Inc., the digital bank subsidiary of UnionBank. He was Chief Technology and Operations Officer and Chief Transformation Officer of the Bank. Currently, he is a lecturer at the University of the Philippines Diliman Technology Management Center and a global faculty mentor at the Asian Institute of Digital Transformation. Mr. Aguda is a board member of BancNet, Incorporated and Insular Health Care, Inc. He is also a member of the Board of Trustees of the Institute of Corporate Directors (ICD), Manila Central University (MCU) and the Parish Pastoral Council for Responsible Voting (PPCRV); and a member of the Financial Executive Institute of the Philippines (FINEX). Mr. Aguda was a former Chief Information Officer of Globe Telecom, Inc., a publicly listed company. He served as the Chief Technology Officer and Senior Vice President for the IT Group of the Government System Insurance Services (GSIS) and the Group Chief Information Technology Officer of Digitel Telecommunications Philippines. He was also the Chief Operations Officer and Chief Financial Officer of Nextel Communications Philippines.

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

Non-Voting Member: Information Technology and Cybersecurity Committee

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

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

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

**Manoj Varma** holds the position of Senior Executive Vice President and Head of the Consumer Banking Group of UnionBank. He is also the Chairman of Citicorp Financial Services and Insurance Brokerage Philippines, Inc. Prior to joining the Bank, he was the Country Business Manager of Citibank Philippines from 2018 to 2022. During his 30-year career with Citibank, he served in various business management across all functional units in finance, sales, credit, and marketing from Philippines, India, Taiwan, South Korea, and the United States of America. Mr. Varma graduated in bachelor's degree in mechanical engineering from New Delhi, India and obtained his MBA degree from Georgetown University, Washington DC.

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

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

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

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

**Manuel R. Lozano** holds the position of Executive Vice President and Chief Financial Officer of UnionBank. He currently serves as Director of the Bank. He was Senior Vice President and Chief Financial Officer of Aboitiz Equity Ventures, Inc. from June 2015 to December 2022, and Aboitiz Power Corporation from January 2014 to June 2015, both publicly listed companies. He was also the Chief Financial Officer of the Aboitiz Power Generation Group and AP Renewables, Inc. from December 2008 to December 2013. Prior to joining the Aboitiz Group, Mr. Lozano was the Chief Financial Officer and Director of PAXYS, Inc. and held various positions in financial institutions including Jardine Fleming & CLSA.

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

Member: Executive Committee

Alternate Member: Risk Management Committee, Market Risk Committee

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

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

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

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

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

**Johnson L. Sia** holds the position of Executive Vice President, Treasurer and Head of Global Markets of UnionBank. He was formerly the Head of Financial Markets of ING Philippines. He has twenty-eight (28) years of experience in treasury and financial markets from Citibank Philippines, Singapore and Korea. Mr. Sia started his banking career in Citibank by being part of the bank's Management Associate Program and rose from the ranks. He has broad treasury experience spanning risk management, sales, operations, product development and general treasury management, including balance sheet management.

He has been active in leading industry market issues in the Philippines as Vice Chair of the Open Markets Committee of the Bankers Association of the Philippines (BAP) as well as the Chairperson of the BAP's Benchmark Committee.

He graduated Magna Cum Laude and obtained his Bachelor of Science degree in Computer Science from Ateneo de Manila University. He obtained his Master of Science in Business Management from the Asian Institute of Management and finished his graduate studies with high distinction.

**Raymond Anthony B. Acosta** holds the position of Senior Vice President and Head of Infrastructure and Service Management of UnionBank. He is responsible for the IT and Service Management operations and has led various infrastructure initiatives of the Bank. Prior to joining the Bank, he was Database Administrator/ Solutions Consultant of iASpire.Net Philippines. He served as LEAD Database Administrator/ Solutions Consultant of Active Business Solutions, Inc. He started his career as LEAD Database Administrator/ Solutions Consultant for DataCenter Operations and Services of Open Systems Operation Corporate Information Solutions, Inc.

Mr. Acosta graduated from Ateneo de Manila University with a degree in Bachelor of Science Major in Management Information Systems.

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

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

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

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

**Maria Angelica C. Balangue** is a Senior Vice President and Group Head in the Corporate Banking Center of UnionBank. She joined UnionBank as First Vice President in November 2019. She was previously with China Bank Capital Corporation and ING Bank N.V., Manila Branch. She also worked at the Bank of Tokyo-Mitsubishi UFJ Ltd. in their Manila and Singapore offices. She completed the academic requirements for the Master of Science in Computational Finance at De La Salle University. She obtained her undergraduate degree in Bachelor of Science in Economics from the University of the Philippines, Diliman.

**Atty. Joselito V. Banaag** holds the position of Senior Vice President, Corporate Secretary, and General Counsel of UnionBank. He was the former Head of the Legal and Compliance Division and Corporate Governance of GT Capital Holdings, Inc., a publicly listed company, from 2012 to 2015. He also previously worked at the Philippine Stock Exchange (PSE), a publicly listed company, as the General Counsel and concurrently, as Chief Legal Counsel of the Securities Clearing Corporation of the Philippines (SCCP). He was also Officer-in-Charge of the Exchange's Issuer Regulation Division. Prior



to that, he held various positions in SGV & Co., Cayetano Sebastian Ata Dado & Cruz Law Offices, PNOG Exploration Corporation, and Padilla Jimenez Kintanar & Asuncion Law Offices.

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

**Konstantin O. Beloglazov** holds the position of Senior Vice President and Portfolio Lending Head. Prior to joining the Bank, he was the Consumer Lending Business Strategy & Development Head of Citibank N.A. He has 16 years of experience in Operations, Customer Engagement, Customer Lending and Project Implementation. Expert in call centre operations & productivity, Product & portfolio SME in cards, cash loans, instalments. He started his career with Citibank N.A. and has held various positions within Citibank. Mr. Beloglazov obtained his bachelor's degree in Linguistics from Sakhalin State University.

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

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

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

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

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

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

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

**Joebart T. Dator** holds the position of Senior Vice President, Branch Channel Management Head of UnionBank. A graduate of Bachelor of Science in Business Administration Major in Accounting from Enverga University in Lucena City. He has been with the Bank for 25 years and has extensive experience in Branch Operations Management. He has obtained Six Sigma Black Belt Certification last 2015. He was also a former Sales Director under Retail Banking Group. Rose from the ranks, he started

working with the Bank as a Branch Service Officer and eventually became a Branch Manager. In addition to this, he also worked with China Banking Corporation and Metropolitan Bank and Trust Corporation, both publicly listed companies, early in his career.

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

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

**Carlo I. Eñanosa** holds the position of Senior Vice President and Head of Corporate Planning and Investor Relations of UnionBank. He also served as Treasurer of UBX Philippines Corporation, a wholly-owned subsidiary of the Bank. He joined the Bank in 2015 as Assistant Vice President and Head of Strategic Risk Management Division and then held the role of Vice President and Head of Budget and Planning Division. Prior to joining the Bank, he was Senior Assistant Vice President and Head of Strategic Management Department of East West Banking Corporation, a publicly listed corporation. He had been a Project Management Officer for Citigroup Business Service – Asia. He also worked with International Exchange Bank from 1998-2006 and held roles as Methods Analyst and Investments & Capital Budgeting Officer. Mr. Eñanosa graduated from De La Salle University with a Bachelor's degree in Industrial Engineering Minor in Mechanical Engineering.

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

**Michael P. Magbanua** holds the position of Senior Vice President and Head of Corporate and Digital Operations of UnionBank. He was First Vice President and Head of Operations and Shares Services of the Bank from July 2019 to July 2021. From 2014 to 2016, he served as President & CEO of Price Solutions Philippines, Inc, a Standard Chartered Group Company. Prior to this, he held various positions in Sales and Distribution with Citibank N.A. Philippines and its affiliates. He was Marketing Manager, and Operations Special Projects & Front-end Collection Manager in Equitable Cardnetwork, Inc.

Mr. Magbanua graduated from the De La Salle University with Bachelor's degree in Business Administration Major in Computer Application. He obtained his MBA from the University of the Philippines.

**Dave T. Morales** holds the position of Senior Vice President and Head of Mortgage Finance Business of UnionBank. He joined the Bank as Relationship Manager and then assumed the role of Sales Director. He started his career as Merchants Specialist Acquiring of FarEast Bank & Trust Company. He has also worked with Bank of the Philippine Islands, a publicly listed company, as Merchants Sales Acquiring.

Mr. Morales is conferred a Doctor of Philosophy in Commerce and earned his Master's degree in Business Administration both from the University of Santo Tomas.

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

Business Center prior to moving to the Treasury Department. She started her banking career at Asian Banking Corporation as Account Assistant at the Correspondent Banking and Corporate Banking Groups.

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

**Ruby Gisela L. Perez** holds the position of Senior Vice President of UnionBank. She currently serves as Chief Operating Officer of UnionDigital Bank Inc., a subsidiary of the Bank. She possesses over 25 years of experience in banking across the following disciplines: Business Process Management, Corporate Planning & Investor Relations, Project & IT Vendor Management and Enterprise Architecture. Ms. Perez obtained a Bachelor of Science degree in Industrial Engineering from the University of the Philippines – Diliman. She also attended Strategic Business Economics Program from the University of Asia and the Pacific, Six Sigma Black Belt and Scrum Master Programs, and Banking Industry Architecture Network Foundation Course.

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

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

**Jose Maria O. Roxas** holds the position of Senior Vice President and Sales Director of UnionBank. He started his career with the Bank as Foreign Exchange Trader and then transferred to Retail Banking Group as a Relationship Manager. In 2011, he was promoted as Sales Director for the Bank's Metro Central Region and for Ortigas Central Business district in 2017. Mr. Roxas graduated from De La Salle – College of St. Benilde with a degree in Bachelor of Science in Business Management.

**Raquel N. Sevidal** holds the position of Senior Vice President and Head of the Wholesale Credit Group of UnionBank. She has more than twenty-four (24) years of experience in the banking industry. She was formerly First Vice President and Sub-Group Head - Countryside of the Commercial Banking Group of Metropolitan Bank and Trust Company ("MBTC"). She also previously held the position of Division Head of Credit Group from and a Designated Senior Credit Officer of MBTC. She started her career as Relationship Manager of Equitable PCIBank.

Ms. Sevidal graduated with a Bachelor of Science degree in Psychology from the University of Santo Tomas and holds a Master's degree in Business Administration at De La Salle University.

**Gautam Sharma** holds the positions of Senior Vice President and Retail Bank Sales Network Head of UnionBank. He has a 15-year track record of success in financial services and a result-oriented professional with experience across business strategy, portfolio management, sales & marketing, and digital banking. Prior to joining the Bank, he was Senior Vice President in Regional Retail Bank for APAC & EMEA of Citibank, N.A. He started his career with Citibank N.A. in 2007 and has held various positions within Citibank across India, Philippines, and Singapore.

He graduated with a Bachelor's degree in Technology (Mechanical Engineering) from Punjab Technical University and obtained his Master's in Management Studies (Marketing) from the University of Mumbai.

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

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

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

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

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

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

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

**Rear Admiral Rommel Jason L. Galang PN, (Ret.)** holds the position of Senior Vice President and Chief Security Officer of UnionBank. Prior employment in Unionbank, he is a senior officer of the Philippine Navy where he held various position. Rear Admiral Galang is a distinguished military officer with over 38 years of active service and exhibits exceptional standard of excellence, fine leadership acumen, a notable innovator in navy modernization and perspective vision. He has expertise in the field of strategic and tactical planning, operations and research, project management on the Philippine Navy Modernization program, and special operations. His notable position while on active service was the former Commander of the Naval Sea Systems Command; Commander, Naval Forces West; Deputy

Commander, Philippine Fleet; Commander, Littoral Combat Force; Chief of United Command Staff, Western Command, AFP; Director, Naval Research and Technology Development Center; and Commander of the Naval Special Operations Group (Navy seals).

Rear Admiral Galang PN (ret) is a recipient of the Philippine Legion of Honors medal given by president Rodrigo Duterte, and the Order of Lakandula (rank of Commander) given by President Gloria Macapagal Arroyo. He also received Four Distinguished Service Star, Two Distinguished Navy Cross, Two Meritorious Achievement Medal, One Distinguished Service Medal, One Gawad sa Kaunlaran Medal, Five Bronze Cross medal, Two Silver Wing medal, Thirty Three Military Merit Medal, Two Military Civic Action Medal, Seven Military Commendation Medal, and Ten more assorted medals making him one of the few Navy Officers who received more than 50 different medals throughout his Naval Career. He is a graduate of the Philippine Military Academy Class of 1987 and obtained his master's degree in Management (Public Administration) from the Philippine Christian University.

**Irma M. Lasquety** holds the position of Senior Vice President and COO/Acting Trust Officer of UnionBank. She has a solid experience, specializing in the overall management of global transaction operations under the Trust Department/ Asset Management from both foreign and local banks. She was formerly served as Senior Assistant Vice President and Deputy Operations Head of BDO Unibank, Inc., a publicly listed corporation. Prior to this role, she was Vice President, Deputy Operations Head for Global Technology Operations Asset Management of Deutsche Bank AG, Manila. She started her career with Citytrust Banking Corporation, Inc. as Project Manager under the Trust Department.

Ms. Lasquety is a Certified Public Accountant and a Registered Financial Planner. She holds a Bachelor's Degree in Accounting from Philippine School of Business Administration.

Member: Trust Committee

**Jose Paolo G. Rufo** holds the position of Senior Vice President, Chief Information Security, and Data Protection Officer of UnionBank. Mr Rufo is a Certified Information Systems Security Professional and Founding Member and Treasurer of ISC2 Philippine Chapter. Prior to joining the Bank, he was Head of Data Privacy and Information Security Governance, and formerly served as Head of Data Management and Development of Globe Telecom, Inc. (a publicly listed company) from 2010 to 2018. He also served under the Government Service Insurance System as the Head of SAP and Database Administration Unit from 2009 to 2010.

Mr. Rufo graduated with the degree in BS Statistics from the University of the Philippines - Diliman.

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

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

**Therese G. Chan** holds the position of Head of Wealth and Brokerage of UnionBank. She serves as Director of Citicorp Financial Services and Insurance Brokerage Philippines, Inc., and as Chairman of

Citifinancial Holdings Corporation. Prior to joining the Bank, she was Retail Bank Director of Citibank N.A. Philippines. She also held various roles with Citibank N.A. Philippines such as Sales & Distribution Director from 2016-2019, and Senior Vice President for S&D Cards Sales Head (2012-2015) and CitiPhone (2010-2011), among others. Ms. Chan holds a Bachelor of Science degree in Broadcast Communication minor in Economics from the University of the Philippines – Diliman, Quezon City.

**Dr. David R. Hardoon** holds the position of Chief Data and AI Officer of UnionBank. He also sits in acting capacity as Chief Data Officer for UnionDigital Bank Inc., a subsidiary of the Bank, as Chief Data & Innovation Officer for Aboitiz Group, and as Chief Executive Officer for Aboitiz Data Innovation. He concurrently serves as Senior Advisor to Singapore's Central Provident Fund Board and to Corrupt Practices Investigation Bureau. He also sits as Independent Non-Executive Director for Auto & General Services – Southeast Asia; Data Analytics Advisory Board Member for Singapore Management University; Advisory Board Member for Sim Kee Boon Institute; Executive Education Fellow (Artificial Intelligence) for National University of Singapore; and Honorary Senior Research Associate for University College London. Prior to joining the Bank, he was Chief Data Officer for Monetary Authority of Singapore and subsequently as Special Advisor (Artificial Intelligence).

Mr. Hardoon brings with him years of experience in business and data analytics, artificial intelligence, and machine learning. He holds a PhD in Computer Science in the field of Machine Learning from the University of Southampton. He graduated from Royal Holloway, University of London with a Bachelor of Science degree in Computer Science with Artificial Intelligence.

**Vishal Kadian** holds the position of Credit Cards and Personal Loans Head of UnionBank. He previously served as the Head of Credit Cards and Unsecured Lending of Citibank Philippines. From August 2018 – July 2021, he was Unsecured Lending Head of Citibank Korea, Inc., and served as Cards Portfolio & Lending Head of Citibank Philippines from January 2014 to July 2018. He also worked with Cards Product in Citibank Australia and has held various roles in Citibank India such as Deputy Branch Manager, Regional Credit Card Manager – Unsecured Lending, and Operation Head – Automobile Loans.

Mr. Vishal is a graduate of BBA from EMPI Business School and holds a Masters' Degree in MBA from T.A. Pai Management Institute.

**Erwin Wiriadi** holds the position of Chief Risk Officer of UnionBank. Prior to this role, he was the Director and Head of Consumer Risk Management of Citibank N.A. Philippines from 2017 to 2022. He also held various capacities relating to risk management in Citibank N.A. Indonesia for over 20 years. He held Senior Credit Officer entitlement since 2005 during his stint in Citibank N.A. Indonesia and had international exposures through risk reviews/audits and short-term assignment. Mr. Wiriadi graduated from Ohio State University with a degree in MSc Industrial and Systems Engineering.

#### **c) Significant employee**

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

#### **d) Family Relationship among Directors**

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

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

#### **e) Involvement in Certain Legal Proceedings**

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

- any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, or control person of the Corporation was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- any conviction by final judgment in a criminal proceeding or being subject to a pending criminal proceeding of any director, person nominated to become a director, executive officer, or control person of the Bank;
- any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director, person nominated to become a director, executive officer, or control person of the Corporation in any type of business or banking activities.

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

#### Item 10 - Compensation of Directors and Executive Officers

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

| Name                   | Principal Position                                                                                     | Year | Aggregate Compensation (net of bonuses) | Bonuses            |
|------------------------|--------------------------------------------------------------------------------------------------------|------|-----------------------------------------|--------------------|
| Edwin R. Bautista      | President and Chief Executive Officer                                                                  | 2023 | Php167,468,031.92 *                     | Php41,867,007.98 * |
| Henry Rhoel R. Aguda   | Senior Executive Vice President - Chief Technology & Operations Officer & Chief Transformation Officer |      |                                         |                    |
| Manoj Varma            | Senior Executive Vice President - Consumer Banking Head                                                |      |                                         |                    |
| Dennis D. Omila        | Executive Vice President - Chief Information Officer & Information Services & Operations Head          |      |                                         |                    |
| Mary Joyce S. Gonzalez | Executive Vice President - Retail Banking Center Head                                                  |      |                                         |                    |
| Edwin R. Bautista      | President and Chief Executive Officer                                                                  | 2022 | Php157,988,709.36                       | Php39,497,177.34   |
| Henry Rhoel R. Aguda   | Senior Executive Vice President - Chief Technology & Operations Officer & Chief Transformation         |      |                                         |                    |

|                                                   |                                                                                                        |                      |                                                                    |                                                                  |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------|--------------------------------------------------------------------|------------------------------------------------------------------|
| Manoj Varma                                       | Officer<br>Senior Executive Vice President - Consumer Banking Head                                     |                      |                                                                    |                                                                  |
| Dennis D. Omila                                   | Executive Vice President - Chief Information Officer & Information Services & Operations Head          |                      |                                                                    |                                                                  |
| Mary Joyce S. Gonzalez                            | Executive Vice President - Retail Banking Center Head                                                  |                      |                                                                    |                                                                  |
| Edwin R. Bautista                                 | President and Chief Executive Officer                                                                  | 2021                 | Php161,483,576.40                                                  | Php40,370,894.10                                                 |
| Henry Rhoel R. Aguda                              | Senior Executive Vice President - Chief Technology & Operations Officer & Chief Transformation Officer |                      |                                                                    |                                                                  |
| Jose Emmanuel U. Hilado                           | Senior Executive Vice President - Chief Financial Officer and Treasurer                                |                      |                                                                    |                                                                  |
| Mary Joyce S. Gonzalez                            | Executive Vice President - Retail Banking Center Head                                                  |                      |                                                                    |                                                                  |
| Ronaldo Francisco B. Peralta <sup>+</sup>         | Executive Vice President - Chief Risk Officer                                                          |                      |                                                                    |                                                                  |
| All other officers & directors as a group unnamed |                                                                                                        | 2023<br>2022<br>2021 | Php4,430,237,926.29*<br>Php4,179,469,741.78<br>Php2,904,539,433.60 | Php1,080,228,293.15*<br>Php1,019,083,295.42<br>Php726,134,858.40 |

*\*estimated amount*

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

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

For 2022, the total annual compensation paid to the directors amounted to Php629,530,827.14. In the interest of security, the Bank decided to disclose the annual compensation on an aggregate basis.

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



### UnionBank Employee Stock Plan

UnionBank has an Employee Stock Plan (“ESP”) that allows selected employees of the Bank stock ownership of shares to align the interest of management and shareholders for the long-term success of the Bank. Up to five million (5,000,000) common shares (“ESP Shares”) of the Bank shall be granted once per annum, over a 5-year period, to eligible employees of the ESP with the rank of First Vice President and Up. The ESP is issued in the form of stock certificates and kept under the Bank’s custody for a period of three (3) years. The issue price of the grant is equivalent to the closing price of common shares of UnionBank’s stock on the day the Board of Directors approves the Profit Sharing/ Performance Bonus allocation for the Bank for the year. The last tranche of the ESP was granted on February 6, 2023.

| Name                                                                                                                                   | Number of ESP Shares Granted         | Date of Grant                                                                  | Issue Price | Market Price on the Date of Grant            |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------------|-------------|----------------------------------------------|
| Chief Executive Officer, Senior Executive Vice Presidents, Executive Vice Presidents, Senior Vice Presidents and First Vice Presidents | 697,339<br>(5 <sup>th</sup> Tranche) | February 6, 2023                                                               | Php93.50    | Php92.35                                     |
|                                                                                                                                        | 716,399<br>(4 <sup>th</sup> Tranche) | January 28, 2022<br>February 4, 2022                                           | Php97.70    | Php97.70<br>Php110.00                        |
|                                                                                                                                        | 891,351<br>(3 <sup>rd</sup> Tranche) | January 29, 2021                                                               | Php71.35    | Php71.35                                     |
|                                                                                                                                        | 861,906<br>(2 <sup>nd</sup> Tranche) | January 24, 2020                                                               | Php59.80    | Php59.80                                     |
|                                                                                                                                        | 460,049<br>(1 <sup>st</sup> Tranche) | January 30, 2019<br>February 1, 2019<br>February 18, 2019<br>February 22, 2019 | Php64.50    | Php64.55<br>Php65.00<br>Php62.00<br>Php62.00 |

### Item 11 - Security Ownership of Certain Beneficial Owners and Management

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

The following are known to the registrant to be directly or indirectly the record or beneficial owners of more than 5 percent of registrant’s voting securities (registrant has only one class of voting security, i.e. common shares) as of March 31, 2023:

| <i>Title of Class</i> | <i>Name, address of Record Owner &amp; Relationship with Issuer</i>                                                                                     | <i>Name, address of Beneficial Owner &amp; Relationship with Record Owner</i>                                                  | <i>Citizenship</i> | <i>No. of Shares Held</i> | <i>Percent of Class</i> |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------|-------------------------|
| Common                | Aboitiz Equity Ventures, Inc.<br>NAC Tower, 32 <sup>nd</sup> Street<br>Bonifacio Global City<br>Taguig City<br>Principal Shareholders                   | Aboitiz Equity Ventures, Inc.*<br>NAC Tower, 32 <sup>nd</sup> Street<br>Bonifacio Global City<br>Taguig City                   | Filipino           | 1,175,533,528             | 49.94%                  |
| Common                | The Insular Life Assurance Co., Ltd.<br>Insular Life Corporate Center<br>Insular Life Drive<br>Filinvest, Alabang, Muntinlupa<br>Principal Shareholders | The Insular Life Assurance Co., Ltd.*<br>Insular Life Corporate Center<br>Insular Life Drive<br>Filinvest, Alabang, Muntinlupa | Filipino           | 288,968,125               | 12.28%                  |
| Common                | Social Security System<br>East Avenue, Diliman<br>Quezon City<br>Principal Shareholders                                                                 | Social Security System*<br>East Avenue, Diliman<br>Quezon City                                                                 | Filipino           | 430,896,443               | 18.31%                  |
| Common                | PCD Nominee Corporation<br>37/F Tower 1 Enterprise Center                                                                                               | PCD Nominee Corporation**<br>37/F Tower 1 Enterprise Center                                                                    | Filipino           | 279,434,958               | 11.87%                  |

6766 Ayala Avenue, Makati Cit 6766 Ayala Avenue, Makati City  
Minority Shareholders

*\*Inclusive of PCD-Lodged Shares. Based on previous meeting, Mr. Manuel R. Lozano has been authorized representative for the Aboitiz Equity Ventures, Inc., Mr. Raoul Antonio E. Littaua for The Insular Life Assurance, Co., Ltd., and Mr. Michael G. Regino for Social Security System.*

*\*\*The PCD Nominee Corporation, represented by its Director, Josephine F. Dela Cruz, only holds legal title, and not beneficial ownership over the lodged shares.*

**(b) Security Ownership of Management**

The following are the number of shares comprising the Bank's capital stock (all of which are voting shares) owned of record by the directors, Chief Executive Officer, key officers of the Bank, and nominees for election as director as of March 31, 2023:

| Title of Class      | Name of Beneficial Owner  | Number of Shares, Amount, and Nature of Legal and Beneficial Ownership |                                             |          | Citizenship    | Percentage of Class |
|---------------------|---------------------------|------------------------------------------------------------------------|---------------------------------------------|----------|----------------|---------------------|
| <b>A. Directors</b> |                           |                                                                        |                                             |          |                |                     |
| Common              | Erramon I. Aboitiz        | 436<br>26,626,594                                                      | Php4,360.00 (r)<br>Php266,265,940.00 (b)    | Filipino | 0.00%<br>1.13% |                     |
| Common              | Justo A. Ortiz            | 4,440,678<br>-                                                         | Php44,406,780.00 (r)<br>- (b)               | Filipino | 0.19%<br>0.00% |                     |
| Common              | Edwin R. Bautista         | 1,137,288<br>-                                                         | Php11,372,880.00 (r)<br>- (b)               | Filipino | 0.05%<br>0.00% |                     |
| Common              | Sabin M. Aboitiz          | 251,459<br>3,408,579                                                   | Php2,514,590.00 (r)<br>Php34,085,790.00 (b) | Filipino | 0.01%<br>0.14% |                     |
| Common              | Manuel R. Lozano          | -<br>31,864                                                            | - (r)<br>Php318,640.00 (b)                  | Filipino | 0.00%<br>0.00% |                     |
| Common              | Samel A. Aboitiz          | 454,685<br>-                                                           | Php4,546,850.00 (r)<br>- (b)                | Filipino | 0.02%<br>0.00% |                     |
| Common              | Ana Maria A. Delgado      | 131,454<br>3,459,954                                                   | Php1,314,540.00 (r)<br>Php34,599,540.00 (b) | Filipino | 0.01%<br>0.15% |                     |
| Common              | Nina D. Aguas             | 1<br>-                                                                 | Php10.00 (r)<br>- (b)                       | Filipino | 0.00%<br>0.00% |                     |
| Common              | Robert Joseph M. De Claro | 1<br>-                                                                 | Php10.00 (r)<br>- (b)                       | Filipino | 0.00%<br>0.00% |                     |
| Common              | Rolando L. Macasaet       | 1<br>-                                                                 | Php10.00 (r)<br>- (b)                       | Filipino | 0.00%<br>0.00% |                     |
| Common              | Roberto G. Manabat        | 81<br>-                                                                | Php810.00 (r)<br>- (b)                      | Filipino | 0.00%<br>0.00% |                     |
| Common              | Manuel D. Escueta         | 81<br>-                                                                | Php810.00 (r)<br>- (b)                      | Filipino | 0.00%<br>0.00% |                     |
| Common              | Josiah L. Go              | 81<br>28,931                                                           | Php810.00 (r)<br>Php289,310.00 (b)          | Filipino | 0.00%<br>0.00% |                     |
| Common              | Atty. Francisco Ed. Lim   | 9,678<br>-                                                             | Php96,780.00 (r)<br>- (b)                   | Filipino | 0.00%<br>0.00% |                     |
| <b>B. Officers</b>  |                           |                                                                        |                                             |          |                |                     |
| Common              | Henry Rhoel R. Aguda      | 671,555<br>-                                                           | Php6,715,550.00 (r)<br>- (b)                | Filipino | 0.03%<br>0.00% |                     |
| Common              | Roberto F.                | 929,894                                                                | Php9,298,940.00 (r)                         | Filipino | 0.04%          |                     |

| Title of Class | Name of Beneficial Owner    | Number of Shares, Amount, and Nature of Legal and Beneficial Ownership |                                        | Citizenship | Percentage of Class |
|----------------|-----------------------------|------------------------------------------------------------------------|----------------------------------------|-------------|---------------------|
|                | Abastillas                  | 36,243                                                                 | Php362,430.00 (b)                      |             | 0.00%               |
| Common         | Ramon G. Duarte             | 307,350<br>-                                                           | Php3,073,500.00 (r)<br>- (b)           | Filipino    | 0.01%<br>0.00%      |
| Common         | Antonino Agustin S. Fajardo | 681,309<br>-                                                           | Php6,813,090.00 (r)<br>- (b)           | Filipino    | 0.03%<br>0.00%      |
| Common         | Mary Joyce S Gonzalez       | 856,943<br>-                                                           | Php8,569,430.00 (r)<br>- (b)           | Filipino    | 0.04%<br>0.00%      |
| Common         | Eric S. Lustre              | 10,540<br>-                                                            | Php105,400.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Dennis D. Omila             | 161,713<br>-                                                           | Php1,617,130.00 (r)<br>- (b)           | Filipino    | 0.01%<br>0.00%      |
| Common         | Michaela Sophia E. Rubio    | 170,057<br>-                                                           | Php1,700,570.00 (r)<br>- (b)           | Filipino    | 0.01%<br>0.00%      |
| Common         | Raymond Anthony B. Acosta   | 17,539<br>-                                                            | Php175,390.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Arlene Joan T. Agustin      | 22,301<br>-                                                            | Php223,010.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Francis B. Albalate         | 55,395<br>-                                                            | Php553,950.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Maria Angelica C. Balangue  | 5,006<br>-                                                             | Php50,060.00 (r)<br>- (b)              | Filipino    | 0.00%<br>0.00%      |
| Common         | Joselito V. Banaag          | 20,177<br>-                                                            | Php201,770.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Antonio Sebastian T. Corro  | 38,657<br>-                                                            | Php386,570.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Albert Raymond C. Cuadrante | 7,356<br>-                                                             | Php73,560.00 (r)<br>- (b)              | Filipino    | 0.00%<br>0.00%      |
| Common         | Gerard R. Darwin            | 74,817<br>-                                                            | Php748,170.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Joebart T. Dator            | 43,617<br>-                                                            | Php436,170.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Montano M. Dimapilis        | 28,607<br>-                                                            | Php286,070.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Carlo I. Eñanosa            | 27,930<br>22,955                                                       | Php279,300.00 (r)<br>Php229,550.00 (b) | Filipino    | 0.00%<br>0.00%      |
| Common         | Concepcion Perla P. Lontoc  | 33,731<br>-                                                            | Php337,310.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Michael P. Magbanua         | 9,304<br>-                                                             | Php93,040.00 (r)<br>- (b)              | Filipino    | 0.00%<br>0.00%      |
| Common         | Dave T. Morales             | 16,964<br>-                                                            | Php169,640.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Raquel P. Palang            | 92,599<br>3,213                                                        | Php925,990.00 (r)<br>Php32,130.00 (b)  | Filipino    | 0.00%<br>0.00%      |

| Title of Class | Name of Beneficial Owner        | Number of Shares, Amount, and Nature of Legal and Beneficial Ownership |                                      | Citizenship | Percentage of Class |
|----------------|---------------------------------|------------------------------------------------------------------------|--------------------------------------|-------------|---------------------|
| Common         | Ruby Gisela L. Perez            | 16,424<br>-                                                            | Php164,240.00 (r)<br>- (b)           | Filipino    | 0.00%<br>0.00%      |
| Common         | Ronaldo Jose M. Puno            | 21,582<br>-                                                            | Php215,820.00 (r)<br>- (b)           | Filipino    | 0.00%<br>0.00%      |
| Common         | Jose Maria O. Roxas             | 27,949<br>5                                                            | Php279,490.00 (r)<br>Php50.00 (b)    | Filipino    | 0.00%<br>0.00%      |
| Common         | Raquel N. Sevidal               | 2,855<br>-                                                             | Php28,550.00 (r)<br>- (b)            | Filipino    | 0.00%<br>0.00%      |
| Common         | Julian P. Tarrobago, Jr.        | 7,433<br>-                                                             | Php74,330.00 (r)<br>- (b)            | Filipino    | 0.00%<br>0.00%      |
| Common         | Jeannette Yvonne M. Zagala      | 20,374<br>-                                                            | Php203,740.00 (r)<br>- (b)           | Filipino    | 0.00%<br>0.00%      |
| Common         | Myrna E. Amahan                 | 6,937<br>4,900                                                         | Php69,370.00 (r)<br>Php49,000.00 (b) | Filipino    | 0.00%<br>0.00%      |
| Common         | Donald A. Asuncion              | 2,023<br>-                                                             | Php20,230.00 (r)<br>- (b)            | Filipino    | 0.00%<br>0.00%      |
| Common         | Alan Jay C. Avila               | 1,873<br>-                                                             | Php18,730.00 (r)<br>- (b)            | Filipino    | 0.00%<br>0.00%      |
| Common         | Conrad Anthony Dominic L. Banal | 30,980<br>-                                                            | Php309,800.00 (r)<br>- (b)           | Filipino    | 0.00%<br>0.00%      |
| Common         | Ronaldo S. Batisan              | 760<br>-                                                               | Php7,600.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Ma. Cecilia Teresa S. Bernad    | 92,288<br>-                                                            | Php922,880.00 (r)<br>- (b)           | Filipino    | 0.00%<br>0.00%      |
| Common         | May G. Buencamino               | 780<br>-                                                               | Php7,800.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Catherine Anne B. Casas         | 21,974<br>-                                                            | Php219,740.00 (r)<br>- (b)           | Filipino    | 0.00%<br>0.00%      |
| Common         | Wilbert P. Casillano            | 1,147<br>-                                                             | Php11,470.00 (r)<br>- (b)            | Filipino    | 0.00%<br>0.00%      |
| Common         | Luis Alberto A. Castañeda       | 27,480<br>-                                                            | Php274,800.00 (r)<br>- (b)           | Filipino    | 0.00%<br>0.00%      |
| Common         | Efrenilo L. Cayanga, Jr.        | 7,089<br>-                                                             | Php70,890.00 (r)<br>- (b)            | Filipino    | 0.00%<br>0.00%      |
| Common         | Abigail Sarena T. Chua          | 1,560<br>-                                                             | Php15,600.00 (r)<br>- (b)            | Filipino    | 0.00%<br>0.00%      |
| Common         | Luis Martin S. Clemente         | 751<br>-                                                               | Php7,510.00 (r)<br>- (b)             | Filipino    | 0.00%<br>0.00%      |
| Common         | Hannah Theresa S. Contreras     | 55,945<br>-                                                            | Php559,450.00 (r)<br>- (b)           | Filipino    | 0.00%<br>0.00%      |
| Common         | Ma. Theresa S. Daguiso          | 9,872<br>-                                                             | Php98,720.00 (r)<br>- (b)            | Filipino    | 0.00%<br>0.00%      |
| Common         | Antonio Miguel D. Dans II       | 7,943<br>-                                                             | Php79,430.00 (r)<br>- (b)            | Filipino    | 0.00%<br>0.00%      |

| Title of Class | Name of Beneficial Owner      | Number of Shares, Amount, and Nature of Legal and Beneficial Ownership |                            | Citizenship | Percentage of Class |
|----------------|-------------------------------|------------------------------------------------------------------------|----------------------------|-------------|---------------------|
| Common         | Jonathan Jerald V. Deomano    | 4,943<br>-                                                             | Php49,430.00 (r)<br>- (b)  | Filipino    | 0.00%<br>0.00%      |
| Common         | Julie Anne C. Dela Cruz       | 579<br>-                                                               | Php5,790.00 (r)<br>- (b)   | Filipino    | 0.00%<br>0.00%      |
| Common         | Gladys G. Enriquez            | 631<br>-                                                               | Php6,310.00 (r)<br>- (b)   | Filipino    | 0.00%<br>0.00%      |
| Common         | Eduardo V. Enriquez III       | 3,061<br>-                                                             | Php30,610.00 (r)<br>- (b)  | Filipino    | 0.00%<br>0.00%      |
| Common         | Edric B. Fernandez            | 548<br>-                                                               | Php5,480.00 (r)<br>- (b)   | Filipino    | 0.00%<br>0.00%      |
| Common         | Marilou I. Ferrer             | 406<br>-                                                               | Php4,060.00 (r)<br>- (b)   | Filipino    | 0.00%<br>0.00%      |
| Common         | Norman C. Gabriel             | 4,508<br>-                                                             | Php45,080.00 (r)<br>- (b)  | Filipino    | 0.00%<br>0.00%      |
| Common         | Rommel Jason L. Galang        | 1,155<br>-                                                             | Php11,550.00 (r)<br>- (b)  | Filipino    | 0.00%<br>0.00%      |
| Common         | Erika Denise D. Go            | 2,093<br>-                                                             | Php20,930.00 (r)<br>- (b)  | Filipino    | 0.00%<br>0.00%      |
| Common         | Enrique M. Gregorio           | 8,467<br>-                                                             | Php84,670.00 (r)<br>- (b)  | Filipino    | 0.00%<br>0.00%      |
| Common         | Paula Katerina S. Joson       | 4,318<br>-                                                             | Php43,180.00 (r)<br>- (b)  | Filipino    | 0.00%<br>0.00%      |
| Common         | James Morris P. Iletto        | 960<br>-                                                               | Php9,600.00 (r)<br>- (b)   | Filipino    | 0.00%<br>0.00%      |
| Common         | Mariano Dominick F. Lacson    | 15,772<br>-                                                            | Php157,720.00 (r)<br>- (b) | Filipino    | 0.00%<br>0.00%      |
| Common         | Irma M. Lasquety              | 550<br>-                                                               | Php5,500.00 (r)<br>- (b)   | Filipino    | 0.00%<br>0.00%      |
| Common         | Adrian H. Lim                 | 9,166<br>-                                                             | Php91,660.00 (r)<br>- (b)  | Filipino    | 0.00%<br>0.00%      |
| Common         | Angelbert D.G. Macatangay     | 22,856<br>-                                                            | Php228,560.00 (r)<br>- (b) | Filipino    | 0.00%<br>0.00%      |
| Common         | Kenneth C. Mariano            | 593<br>-                                                               | Php5,930.00 (r)<br>- (b)   | Filipino    | 0.00%<br>0.00%      |
| Common         | Ma. Eloisa Jovita M. Mariano  | 11,650<br>-                                                            | Php116,500.00 (r)<br>- (b) | Filipino    | 0.00%<br>0.00%      |
| Common         | Don Jerico B. Matriano        | 973<br>-                                                               | Php9,730.00 (r)<br>- (b)   | Filipino    | 0.00%<br>0.00%      |
| Common         | Wilfredo P. Montino, Jr.      | 1,842<br>-                                                             | Php18,420.00 (r)<br>- (b)  | Filipino    | 0.00%<br>0.00%      |
| Common         | Edgar Allan G. Oblena         | 593<br>-                                                               | Php5,930.00 (r)<br>- (b)   | Filipino    | 0.00%<br>0.00%      |
| Common         | Christopher Patrick G. Ocampo | 10,999<br>-                                                            | Php109,990.00 (r)<br>- (b) | Filipino    | 0.00%<br>0.00%      |
| Common         | Lauro P. Peralta              | 6,191                                                                  | Php61,910.00 (r)           | Filipino    | 0.00%               |

| Title of Class | Name of Beneficial Owner     | Number of Shares, Amount, and Nature of Legal and Beneficial Ownership |                     | Citizenship | Percentage of Class |
|----------------|------------------------------|------------------------------------------------------------------------|---------------------|-------------|---------------------|
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Maria Iraida B. Recto        | 1,529                                                                  | Php15,290.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Jose Paolo G. Rufo           | 3,008                                                                  | Php30,080.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Quintin C. San Diego, Jr.    | 16,037                                                                 | Php160,370.00 (r)   | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Christine V. Siapno          | 6,468                                                                  | Php64,680.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Jose Paolo R. Soliman        | 1,513                                                                  | Php15,130.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Rahni R. Svenningsen         | 8,001                                                                  | Php80,010.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Ben P. Sy Chu                | 29,345                                                                 | Php293,450.00 (r)   | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Leslie May S. Tandoc         | 760                                                                    | Php7,600.00 (r)     | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Fides C. Tiongson            | 116,185                                                                | Php1,161,850.00 (r) | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Ma. Cristina C. Tismo        | 3,178                                                                  | Php31,780.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Jo-Ann Fatima L. Tolentino   | 236,985                                                                | Php2,369,850.00 (r) | Filipino    | 0.01%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Menchie M. Tormon            | 4,977                                                                  | Php49,770.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Joselynn B. Torres           | 9,142                                                                  | Php91,420.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Maria Paz B. Urmatam         | 6,319                                                                  | Php63,190.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Dominador N. Velasco IV      | 2,765                                                                  | Php27,650.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Jane Ann C. Vergara          | 771                                                                    | Php7,710.00 (r)     | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Jonathan Z. Almeda           | 3,716                                                                  | Php37,160.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Anna Lea O. Axalan           | 3,073                                                                  | Php30,730.00 (r)    | Filipino    | 0.00%               |
|                |                              | 5,000                                                                  | Php50,000.00 (b)    |             | 0.00%               |
| Common         | Edzel S. Babas               | 34,473                                                                 | Php344,730.00 (r)   | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Margaret O. Chao             | 58,118                                                                 | Php581,180.00 (r)   | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Michael Vincent F. Condez    | 1,909                                                                  | Php19,090.00 (r)    | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Rachel Christine T. Geronimo | 18,116                                                                 | Php181,160.00 (r)   | Filipino    | 0.00%               |
|                |                              | -                                                                      | - (b)               |             | 0.00%               |
| Common         | Girly G. Magnait             | 580                                                                    | Php5,800.00 (r)     | Filipino    | 0.00%               |

| Title of Class | Name of Beneficial Owner        | Number of Shares, Amount, and Nature of Legal and Beneficial Ownership |                   | Citizenship | Percentage of Class |
|----------------|---------------------------------|------------------------------------------------------------------------|-------------------|-------------|---------------------|
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |
| Common         | Gillian Justine S. Pua          | 210                                                                    | Php2,100.00 (r)   | Filipino    | 0.00%               |
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |
| Common         | Marnita J. Tan                  | 460                                                                    | Php4,600.00 (r)   | Filipino    | 0.00%               |
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |
| Common         | Ronald Gerard M. Arceo          | 312                                                                    | Php3,120.00 (r)   | Filipino    | 0.00%               |
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |
| Common         | Aaron Jon D. Atienza            | 754                                                                    | Php7,540.00 (r)   | Filipino    | 0.00%               |
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |
| Common         | Basille Alicesandara L. Avelino | 28                                                                     | Php280.00 (r)     | Filipino    | 0.00%               |
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |
| Common         | Ma. Rowena S. Basconcillo       | 22,432                                                                 | Php224,320.00 (r) | Filipino    | 0.00%               |
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |
| Common         | Jenille Stephanie N. Chuan      | 630                                                                    | Php6,300.00 (r)   | Filipino    | 0.00%               |
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |
| Common         | Honeylee G. Regala              | 12,996                                                                 | Php129,960.00 (r) | Filipino    | 0.00%               |
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |
| Common         | Enrique Noel L. Yusingco        | 2,630                                                                  | Php26,300.00 (r)  | Filipino    | 0.00%               |
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |
| Common         | Ivy T. Zuñiga                   | 3,371                                                                  | Php33,710.00 (r)  | Filipino    | 0.00%               |
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |
| Common         | Therese G. Chan                 | 14,047                                                                 | Php140,470.00 (r) | Filipino    | 0.00%               |
|                |                                 | -                                                                      | - (b)             |             | 0.00%               |

The aggregate number of shares owned of record by the Chief Executive Officer, key officers and directors as a group as of March 31, 2023 is 45,441,234 shares equivalent to Php454,412,340 at Php10.00/ share which is approximately 1.87% of the Bank's outstanding capital stock.

"r" represents record ownership.

"b" represents beneficial ownership at par value of Php10.00/ share.

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

## Item 12 - Certain relationship and Related Transactions

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

Parties are said to be related if one has direct or indirect control as well as significant influence over the other. Related Parties of the Bank include, but is not limited to:

(a) Directors, Officers, Stockholders and Related Interests (DOSRI), subsidiaries, affiliates, and any party that directly or indirectly has control over or is subjected to the control of the Bank as well as those with direct and indirect linkages to it, (b) the Bank's and its affiliated companies' directors, officers, stockholders, and their related interests and close family members, and (c) other persons and juridical entities whose interests may pose potential conflict with the Bank.

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

The Group's significant transactions with its related parties are disclosed in Note 32 on Related Party Transactions of the Audited Financial Statements, pages 145-150, as required by Philippine Auditing Standards (PAS) 24, *Related Party Disclosures*, and SEC FRB No. 013. Likewise, disclosure of transactions of the Parent Bank with its subsidiaries that have been eliminated at consolidated level are also disclosed on pages 145-146.

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

|                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) the business purpose of the arrangement                                                                                        | The nature and business purpose are disclosed in columnar format in Note 32 on pages 145-146.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| (b) identification of the related party transaction with the registrant and nature of the relationship                             | As required by PAS 24, the related party transactions and outstanding balances shall be made separately for each of the following categories: (a) parent; (b) entities with joint control of, or significant influence over the entity; (c) subsidiaries; (d) associates; (e) joint ventures in which the entity is a venturer; (f) key management personnel of the entity or its parent; and (g) other related parties as disclosed in Note 32, pages 145-146.                                                                                                                                                                                                                                                                                              |
| (c) how transaction prices were determined by the parties;                                                                         | Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability and did not present other unfavorable conditions.<br><br>The Bank has a Related Party Transaction (RPT) Committee which assists the BOD in ensuring that all related party transactions are done on arm's length terms, in accordance with the Bank's RPT Policy. The RPT Committee's role is further detailed in Note 4, page 35. Discussion of transaction prices are further discussed in the narratives in Note 32, pages 145 to 150. |
| (d) if disclosures represent that transactions have been evaluated for fairness, a description of how the evaluation was made; and | In accordance with the Bank's RPT Policy, related party transactions are reviewed by the Bank's RPT Committee for fairness and endorsed to the BOD for approval or confirmation, depending on the amounts involved. Discussion of pricing is discussed in Note 32, pages 145 to 150.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| (e) any on-going contractual or other commitments as a result of the arrangement.                                                  | Any further commitments, if applicable, are disclosed in narratives in Note 32, pages 145-150.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

The disclosure shall also include information about parties that fall outside the definition of "related parties" under PAS No. 24, but with whom the registrants or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from others, more clearly independent parties on an arm's length basis. For example, an entity may be established and operated by individuals that were former senior management of, or have some other current or



former relationship with, a registrant. The purpose of the entity may be to own assets used by the registrant or provide financing or services to the registrant. Although former management or persons with other relationships may not meet the definition of a related party pursuant to PAS 24, the former management positions may result in negotiation of terms that are more or less favorable than those available on an arm's-length basis from clearly independent third parties that are material to the registrant's financial position or financial performance. The foregoing required disclosure is not applicable to the Bank.

In some cases, investors may be unable to understand the registrant's reported results of operations without clear explanation of these arrangements and relationships. Items of similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effect of related party transaction on the financial statements. Further details are discussed in narratives and disclosed also in Note 32, pages 145-150.

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

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

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

#### **PART IV - EXHIBITS**

##### **Item 13 - Exhibits and Reports on SEC Form 17C**

- a) Exhibits – Please refer to the Index to Exhibits on page 107.

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

- b) Report on SEC Form 17C

Provided below is a summary of reports on SEC Form 17-C (Current Report) disclosed to PSE and PDEX, and filed with the SEC for the period April 2022 to March 2023:

| <b>Date of Report</b> | <b>Event Reported</b>                                                                                                                                                                                                                                                       |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 1, 2022         | Hiring of Ms. Maria Iraida B. Recto, Asset and Liability Portfolio Management Head and First Vice President, effective April 1, 2022                                                                                                                                        |
| April 1, 2022         | Resignation of Mr. Gerb Reign B. Inajada, Vice President, effective April 1, 2022                                                                                                                                                                                           |
| April 4, 2022         | Stock Rights Offering - Offer Price per Rights Share, Entitlement Ratio, and Timetable of Activities                                                                                                                                                                        |
| April 7, 2022         | Advisory on the posting of the Final Prospectus dated April 4, 2022 to UnionBank's website                                                                                                                                                                                  |
| April 8, 2022         | Approval by the Philippine Competition Commission of the proposed acquisition by UnionBank of assets in Citibank N.A., Philippine Branch, and Citi Square Building Corporation, and shares in Citicorp Financial Services & Insurance Brokerage Philippines, Inc.           |
| April 8, 2022         | Amended - Approval by the Philippine Competition Commission of the proposed acquisition by UnionBank of assets in Citibank N.A., Philippine Branch, and Citi Square Building Corporation, and shares in Citicorp Financial Services & Insurance Brokerage Philippines, Inc. |
| April 11, 2022        | Resignation of Ms. Marcy Leonora V. Pilar, Platform Product Manager and Vice President, effective April 14, 2022                                                                                                                                                            |

| <b>Date of Report</b> | <b>Event Reported</b>                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 22, 2022        | Results of the Board of Directors' meeting held on April 22, 2022:<br>1. Retirement of Mr. Angelo Dennis L. Matutina, Executive Vice President, effective May 3, 2022<br>2. Hiring of Dr. David Roi Hardoon, Chief Data and AI Officer, effective April 22, 2022<br>3. Promotion of Mr. Bronell C. Gonzales from Senior Manager to Assistant Vice President/ Product Owner, effective May 6, 2022 |
| April 22, 2022        | Press Release dated April 22, 2022 re: UBP 1Q2022 Net Income at Php2.6 Bn                                                                                                                                                                                                                                                                                                                         |
| April 22, 2022        | Material Information/ Transactions re: UnionBank recorded a net income of Php2.6 billion in the first quarter of 2022                                                                                                                                                                                                                                                                             |
| April 22, 2022        | Consolidated Key Financial Information as of March 31, 2022                                                                                                                                                                                                                                                                                                                                       |
| April 22, 2022        | Results of the Annual Stockholders' Meeting and Organizational Meeting of the Board of Directors held on April 22, 2022                                                                                                                                                                                                                                                                           |
| April 25, 2022        | Hiring of Mr. Robertson B. Tolentino, Quality Management and Training Head and Assistant Vice President, effective April 25, 2022                                                                                                                                                                                                                                                                 |
| May 2, 2022           | Hiring of the following senior officers effective May 2, 2022:<br>1. Mr. Samuel Anthony D. Oberes, Salesforce Lead and Assistant Vice President<br>2. Mr. Dandelo R. Cardona, Regular Infrastructure Operations and Assistant Vice President                                                                                                                                                      |
| May 12, 2022          | Stock Rights Offering re: Resulting Increase in the Total Number of Issued and Outstanding Shares                                                                                                                                                                                                                                                                                                 |
| May 16, 2022          | Press Release dated May 16, 2022 re: Union Bank of the Philippines Completes Php40 Billion Stock Rights Offering                                                                                                                                                                                                                                                                                  |
| May 16, 2022          | BSP Form 2B – Published Balance Sheets (Parent and Consolidated) as of March 31, 2022                                                                                                                                                                                                                                                                                                             |
| May 23, 2022          | Press Release dated May 23, 2022 re: UnionBank announces first-ever digital peso bond offering                                                                                                                                                                                                                                                                                                    |
| May 23, 2022          | Material Information/ Transaction re: UnionBank announces first-ever digital peso bond offering                                                                                                                                                                                                                                                                                                   |
| May 25, 2022          | Change in the Number of Issued and Outstanding Shares                                                                                                                                                                                                                                                                                                                                             |
| May 26, 2022          | Resignation of the following senior officers effective June 1, 2022:<br>1. Ms. Agnes Victoria D. Casal, Assistant Vice President<br>2. Mr. Efren D. Dancel, SME Market Insights Officer and Assistant Vice President                                                                                                                                                                              |
| May 26, 2022          | Reply to Exchange's correspondence on clarification to news article entitled "BDO, UnionBank faces sanctions over hacked accounts"                                                                                                                                                                                                                                                                |
| May 27, 2022          | Results of the Board of Directors' meeting held on May 27, 2022:<br>1. Extension of the services of the Bank's President and Chief Executive Officer, Edwin R. Bautista, until December 31, 2025<br>2. Promotion of Executive Officers effective June 1, 2022                                                                                                                                     |
| May 31, 2022          | Hiring of Ms. Shiendy G. Benitez, Deal Manager and First Vice President, effective May 31, 2022                                                                                                                                                                                                                                                                                                   |
| June 1, 2022          | Hiring of the following senior officers effective June 1, 2022:<br>1. Ms. Irma M. Lasquety, CPA, RFP, Trust Operations Head and First Vice President<br>2. Ms. Riza D. Marasigan, Visa Credit Card Products Head and Assistant Vice President                                                                                                                                                     |
| June 2, 2022          | Press Release dated June 2, 2022 re: UnionBank raises Php11 billion in maiden digital peso bonds                                                                                                                                                                                                                                                                                                  |
| June 2, 2022          | Material Information/ Transaction re: UnionBank raises Php11 billion in maiden digital peso bonds                                                                                                                                                                                                                                                                                                 |

| Date of Report | Event Reported                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June 2, 2022   | Amended – Correction on the rank of Ms. Shiendy G. Benitez, Vice President                                                                                                                                                                                                                                                                                                                                                                                       |
| June 8, 2022   | Resignation of Mr. Marwell D. Dalangin, Data Science Solutions Head and Vice President, effective June 11, 2022                                                                                                                                                                                                                                                                                                                                                  |
| June 24, 2022  | <ol style="list-style-type: none"> <li>1. Resignation of Atty. Carmel G. Liria, Assistant Corporate Secretary, effective July 1, 2022</li> <li>2. Approval by the Board of Directors on the appointment of the following as Assistant Corporate Secretaries, effective immediately: <ol style="list-style-type: none"> <li>a. Atty. Leila P. Paz-Aguba</li> <li>b. Atty. Cyril F. De Leon</li> <li>c. Atty. Maria Celsa Corina L. Kilayko</li> </ol> </li> </ol> |
| June 24, 2022  | Approval by the Board of Directors to infuse additional capital of up to Php2.0 billion in equity in UnionDigital Bank Inc.                                                                                                                                                                                                                                                                                                                                      |
| July 1, 2022   | <ol style="list-style-type: none"> <li>1. Resignation of Atty. Maria Francesca R. Montes, Vice President, Data Protection Officer, and AI and Data Policy Head, effective July 1, 2022</li> <li>2. Approval by the Board of Directors on the appointment of Mr. Jose Paolo G. Rufo, Chief Information Security Officer, as Data Protection Officer effective July 1, 2022</li> </ol>                                                                             |
| July 1, 2022   | <p>Hiring of the following senior officers effective July 1, 2022:</p> <ol style="list-style-type: none"> <li>1. Ms. Raquel N. Sevidal, Credit Review Head and Senior Vice President</li> <li>2. Ms. Jennifer F. Escasa, Human Resource Operations Head and Vice President</li> <li>3. Ms. Wenda A. Orejola, Account Officer and Assistant Vice President</li> </ol>                                                                                             |
| July 4, 2022   | Hiring of Mr. Edwin B. Caling, Cyber Defense Head and Assistant Vice President, effective July 4, 2022                                                                                                                                                                                                                                                                                                                                                           |
| July 14, 2022  | Receipt from the Bangko Sentral ng Pilipinas by UnionDigital Bank Inc. of the Certificate of Authority to Operate a Digital Bank dated July 12, 2022                                                                                                                                                                                                                                                                                                             |
| July 18, 2022  | Commencement of Operations of UnionDigital Bank Inc. on July 18, 2022                                                                                                                                                                                                                                                                                                                                                                                            |
| July 19, 2022  | Approval by the Bangko Sentral ng Pilipinas of the acquisition of UnionBank of Citigroup's consumer business in the Philippines, which acquisition is composed of selected consumer assets and liabilities, real estate properties and interests of Citi Square Building Corporation, and 100% of the capital stock in Citicorp Financial Services and Insurance Brokerage, Philippines, Inc.                                                                    |
| July 21, 2022  | Approval by the Board of Directors on the appointment of Ms. Irma M. Lasquety, First Vice President, as Acting Trust Officer and Member of the Trust Committee, effective immediately, subject to confirmation of the Bangko Sentra ng Pilipinas                                                                                                                                                                                                                 |
| July 22, 2022  | Resignation of Mr. Paul William M. Gonzales, Head of Corporate Banking Group 9 and Vice President, effective July 26, 2022                                                                                                                                                                                                                                                                                                                                       |
| July 25, 2022  | Hiring of Ms. Margarita F. Ordonez, Senior Product Manager and Assistant Vice President, effective July 25, 2022                                                                                                                                                                                                                                                                                                                                                 |
| July 25, 2022  | Clarification of news article posted in philSTAR.com on July 25, 2022                                                                                                                                                                                                                                                                                                                                                                                            |
| July 25, 2022  | UnionBank's 2021 Social Bond Allocation and Impact Report on the application of the gross proceeds of the Social Bond, and the Independent Limited Assurance Report of SyCip Gorres Velayo & Co. on the procedures performed on the Use of Proceeds                                                                                                                                                                                                              |
| July 26, 2023  | 2021 Social Bond Allocation and Impact Report                                                                                                                                                                                                                                                                                                                                                                                                                    |
| July 27, 2022  | Resignation of Ms. Daisy L. Alvior, Human Resource Services Head and Assistant Vice President, effective August 1, 2022                                                                                                                                                                                                                                                                                                                                          |
| July 28, 2022  | 1. Change in the effective date of appointment of Ms. Margarita F.                                                                                                                                                                                                                                                                                                                                                                                               |

| Date of Report  | Event Reported                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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|                 | Ordonez, Senior Product Manager and Assistant Vice President, from July 25, 2022 to August 1, 2022<br>2. Resignation of Mr. Derrick J. Nicdao, Channel Activity Management Head and Vice President, effective August 1, 2022                                                                                                                                                                                                                                                                                                                          |
| July 28, 2022   | Resignation of Atty. Geosiel A. Cotoco, RegTech, Legal, Policy and Governance Head and First Vice President, effective August 1, 2022                                                                                                                                                                                                                                                                                                                                                                                                                 |
| July 29, 2022   | Consolidated Key Financial Information as of June 30, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| July 29, 2022   | Press Release dated July 29, 2022 re: UBP posts Php6.1 billion net income in 1H2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| July 29, 2022   | Material Information/ Transaction re: UBP posts Php6.1 billion net income in 1H2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| July 29, 2022   | Approval by the Board of Directors on the reclassification of the executive ranks from First Vice President to Senior Vice President 1 and Senior Vice President to Senior Vice President 2, effective immediately                                                                                                                                                                                                                                                                                                                                    |
| August 1, 2022  | Press Release dated August 1, 2022 re: UnionBank completes the acquisition of Citigroup's consumer banking business in the Philippines                                                                                                                                                                                                                                                                                                                                                                                                                |
| August 1, 2022  | Material Information/ Transaction re: UnionBank completes the acquisition of Citigroup's consumer banking business in the Philippines                                                                                                                                                                                                                                                                                                                                                                                                                 |
| August 1, 2022  | Prompt Disclosure of Material Disbursements on the Use of Proceeds of the Stock Rights Offering                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| August 1, 2022  | Hiring of Senior Officers effective August 1, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| August 1, 2022  | Results of the Special Stockholders' meeting of Citicorp Financial Services and Insurance Brokerage Philippines, Inc. held on August 1, 2022                                                                                                                                                                                                                                                                                                                                                                                                          |
| August 4, 2022  | Hiring of Mr. Ramon M. Del Rosario as Head of Network 24/7 Branch Operations and Assistant Vice President, effective August 4, 2022                                                                                                                                                                                                                                                                                                                                                                                                                   |
| August 8, 2022  | Amended - Hiring of Senior Officers effective August 1, 2022 to reflect the shareholdings of Chan, Therese G. and Pua, Gillian Justine S.                                                                                                                                                                                                                                                                                                                                                                                                             |
| August 9, 2022  | BSP Form 2B - Published Balance Sheets (Parent and Consolidated) as of June 30, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| August 10, 2022 | Resignation of the following senior officers:<br><br>1. Mr. Gerardo E. Maula, Technical Services and Operations Head and Assistant Vice President, effective August 10, 2022<br>2. Ms. Aurielle Kyle M. Nuqui, Wholesale Corporate Credit Risk Team Head and Assistant Vice President, effective August 13, 2022<br>3. Mr. Gallardo Jesus A. Lopez, Account Management and Governance Head and Vice President, effective August 15, 2022<br>4. Mr. Margie D. Raymundo, Data Science Team Lead and Assistant Vice President, effective August 15, 2022 |
| August 10, 2022 | Notice of Participation of UnionBank in The Philippine Stock Exchange, Inc.'s STAR (Strengthening Access and Reach): Investor Day II on August 16, 2022                                                                                                                                                                                                                                                                                                                                                                                               |
| August 16, 2022 | Hiring of Ms. Louanne T. Oñas, Compliance Officer for Operations and Vice President, effective August 16, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| August 17, 2022 | Resignation of Mr. Allan Gerard C. Daluz, Senior Relationship Manager - Corporate Banking and Vice President, effective August 20, 2022                                                                                                                                                                                                                                                                                                                                                                                                               |
| August 25, 2022 | Resignation of the following senior officers:<br><br>1. Mr. Joselito G. Ong, AML Operations Head and Assistant Vice President, effective August 29, 2022<br>2. Ms. Mary Antonette G. Evalle, Project Management Lead and Senior Vice President 1, effective September 1, 2022                                                                                                                                                                                                                                                                         |
| August 26, 2022 | Results of the Board of Directors' meeting held on August 26, 2022:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| Date of Report     | Event Reported                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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|                    | <ol style="list-style-type: none"> <li>1. Acceptance of the resignation of Mr. Ron Hose as Independent Director of the Bank and as Chairman of the Operations Risk Management Committee and as member of the Risk Management, Market Risk, Corporate Governance, and Information Technology &amp; Cybersecurity Committees, effective immediately.</li> <li>2. Appointment of Atty. Faye Cience C. Bohol as Assistant Corporate Secretary, effective immediately.</li> </ol>                                                                                                                                                                                                                  |
| September 5, 2022  | Hiring of Mr. Morris B. Baronia, Technical Services and Operations Head and Assistant Vice President, effective September 5, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| September 6, 2022  | Appointment of Independent Director Josiah L. Go as Member and Chairman of the Operations Risk Management Committee, effective immediately                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| September 8, 2022  | Resignation of Mr. Ramon Miguel B. Abaño, Customer Insights Manager and Assistant Vice President, effective September 12, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| September 12, 2022 | Hiring of Mr. Heindrick Franell G. Cu, Data Management Operations Manager and Vice President, effective September 12, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| September 16, 2022 | Hiring of Mr. Michael Vincent F. Condez, Head of Service Assurance and Vice President, effective September 16, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| September 21, 2022 | <p>Resignation of the following senior officers:</p> <ol style="list-style-type: none"> <li>1. Ms. Liane Nerina D. Reyes, Consumer Product Sales Sr Anal and Assistant Vice President, effective September 23, 2022</li> <li>2. Ms. Jennifer L. Caparas, Compl Bus Control Sr Analyst and Assistant Vice President, effective September 26, 2022</li> </ol>                                                                                                                                                                                                                                                                                                                                   |
| September 28, 2022 | Resignation of Mr. Francis Xavier C. Razon, Intermediate Process Engineer and Assistant Vice President, effective September 30, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| September 28, 2022 | <p>Approval by the Board of Directors on the following:</p> <ol style="list-style-type: none"> <li>1. Appointment of Mr. Johnson L. Sia as Treasurer and Head of Global Markets and Executive Vice President, effective October 1, 2022</li> <li>2. Appointment of Mr. Jose Emmanuel U. Hilado, Senior Executive Vice President, as Chief Financial Officer, effective October 1, 2022 until December 31, 2022. Mr. Hilado will join Aboitiz Equity Ventures, Inc. as its Chief Financial Officer, effective January 1, 2023</li> <li>3. Appointment of Mr. Manuel R. Lozano as Executive Vice President and Chief Financial Officer, effective January 1, 2023</li> </ol>                    |
| October 3, 2022    | <ol style="list-style-type: none"> <li>1. Hiring of the following officers effective October 3, 2022: <ol style="list-style-type: none"> <li>a. Mr. Ariel Giovanni S. Gemanil, Voice Operations Head and Vice President</li> <li>b. Ms. Sherryl B. Uy, Senior Relationship Manager and Vice President</li> <li>c. Mr. Christian T. Banzuela, SAP Financial Systems Head and Assistant Vice President</li> <li>d. Mr. Rommel P. De Asis, Consumer Product Sales Senior Analyst and Assistant Vice President</li> <li>e. Ms. Noelyn Joyce R. Morales, Platform Lead and Assistant Vice President</li> </ol> </li> <li>2. Change in rank of senior officers effective October 3, 2022</li> </ol> |
| October 5, 2022    | Resignation of Mr. Dominique A. Dabad, Business Analytics Manager and Assistant Vice President, effective October 8, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| October 10, 2022   | <p>Hiring of the following senior officers effective October 10, 2022:</p> <ol style="list-style-type: none"> <li>1. Ms. Kaila T. Hizon, Digital Operations and Channel Management Head and Vice President</li> <li>2. Ms. Sharlyn Veronica M. Alo-Lambot, AML Operations Team Head and Assistant Vice President</li> </ol>                                                                                                                                                                                                                                                                                                                                                                   |
| October 17, 2022   | Quarterly Progress Report on the Application of Proceeds of the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

| Date of Report    | Event Reported                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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|                   | Stock Rights Offering for the quarter-ended September 30, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| October 17, 2022  | Hiring of the following senior officers effective October 17, 2022:<br><br>1. Mr. Morris M. Abesamis, Technical Lead – TSYS and Assistant Vice President<br>2. Ms. Anna Margarita A. Gapac, Product Development Head and Assistant Vice President                                                                                                                                                                                                                                                                                                      |
| October 19, 2022  | Resignation of Ms. Jayshree P. Luthra, Consumer Product Sales Group M and Senior Vice President 1, effective October 19, 2022                                                                                                                                                                                                                                                                                                                                                                                                                          |
| October 19, 2022  | Demise of Mr. Ronaldo Francisco B. Peralta, Executive Vice President and Chief Risk Officer, on October 19, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| October 24, 2022  | Hiring of Ms. Donna Camille T. Nacario, E-Business Manager and Assistant Vice President, effective October 24, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| October 25, 2022  | Resignation of the following senior officers:<br><br>1. Mr. Rogelio C. Bagsic, Jr., Network Engineering and Operations Head and Assistant Vice President, effective October 27, 2022<br>2. Ms. Roanna Joy Y. Chua, SME Partnerships and Relationships Manager and Vice President, effective October 28, 2022<br>3. Atty. Ernesto C. Herrera III, Anti-Financial Crimes Governance Head and Vice President, effective November 2, 2022<br>4. Ms. Kristine Rose G. Gamba, Sec & Derivatives Mgr and Assistant Vice President, effective November 2, 2022 |
| October 28, 2022  | Consolidated Key Financial Information as of September 30, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| October 28, 2022  | Press Release dated October 28, 2022 re: UnionBank 9M2022 Net Income at Php10.1 Billion                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| October 28, 2022  | Material Information/ Transaction re: UnionBank 9M2022 Net Income at Php10.1 Billion                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| October 28, 2022  | Results of the Board of Directors' meeting held on October 28, 2022:<br><br>1. Capital raising activities of up to Php20 Billion, which may take the form of (1) a stock rights offering ("SRO") to all existing shareholders and/or (2) a private placement, subject to market conditions<br>2. Appointment of Mr. Erwin Wiriadi as the Bank's Acting Chief Risk Officer, effective immediately, subject to confirmation of the Bangko Sentral ng Pilipinas                                                                                           |
| October 28, 2022  | Amended – Resignation of Senior Officers dated October 25, 2022 re: Change in the effective date of resignation of Ms. Kristine Rose G. Gamba, Sec & Derivatives Manager and Assistant Vice President, from November 2, 2022 to November 6, 2022                                                                                                                                                                                                                                                                                                       |
| November 2, 2022  | Hiring of Ms. Kristine P. Valsadera, Customer Insights Manager and Assistant Vice President, effective November 2, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                |
| November 3, 2022  | Hiring of the following senior officers effective November 3, 2022:<br><br>1. Mr. Konstantin O. Beloglazov, Portfolio Lending Head and Senior Vice President 2<br>2. Mr. Gautam Sharma, Retail Bank Sales Network Head and Senior Vice President 2                                                                                                                                                                                                                                                                                                     |
| November 7, 2022  | Hiring of Mr. Jose Antonio Jobim B. Garcia, Relationship Manager and Assistant Vice President, effective November 7, 2022                                                                                                                                                                                                                                                                                                                                                                                                                              |
| November 9, 2022  | Hiring of Ms. Katrina Tanya P. Soncuya, Consumer Product Sr. Manager and Vice President, effective November 9, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| November 14, 2022 | Resignation of the following senior officers:<br><br>1. Mr. Ernesto C. Ong, Jr., Collections Sr. Manager and Vice President, effective November 17, 2022<br>2. Ms. Wendy A. Orejola, Account Officer – Commercial Banking Center and Assistant Vice President, effective November 18, 2022                                                                                                                                                                                                                                                             |

| Date of Report    | Event Reported                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| November 15, 2022 | Clarification on the hiring of senior officers on August 1, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| November 16, 2022 | Hiring of the following senior officers effective November 16, 2022: <ol style="list-style-type: none"> <li>1. Mr. Jaypee E. Halagao, Business Analytics Sr. Manager and Vice President</li> <li>2. Ms. Reena April M. Lumba, Compliance AML Execution Sr. Manager – C13 and Vice President</li> <li>3. Mr. Abhinav Mahajan, Card Installment and Insurance Head and Vice President</li> <li>4. Mr. Jonathan Luis M. Bagadiong, Product Development Head - C12 and Assistant Vice President</li> <li>5. Mr. Alvin D. Maraña, Marketing Sr. Officer – C12 and Assistant Vice President</li> <li>6. Mr. Jolly A. Punongbayan, IT Business Sr. Analyst – C12 and Assistant Vice President</li> <li>7. Ms. Rodylen C. Sacala, Customer Service Manager – C12 and Assistant Vice President</li> </ol> |
| November 18, 2022 | Clarification on the effective date of resignation of Mr. Jose Emmanuel U. Hilado as Treasurer and Head of Global Markets on September 30, 2022. Mr. Hilado was appointed as Chief Financial Officer of the Bank effective October 1, 2022 until December 31, 2022, and will join Aboitiz Equity Ventures, Inc. as its Chief Financial Officer effective January 1, 2023.                                                                                                                                                                                                                                                                                                                                                                                                                        |
| November 21, 2022 | Hiring of Mr. Val Ian Caleb A. Leus, Credit Portfolio Senior Analyst and Assistant Vice President, effective November 21, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| November 24, 2022 | Resignation of the following officers effective November 30, 2022: <ol style="list-style-type: none"> <li>1. Ms. Fritz Christen P. Beldad, Senior Corporate Solutions Manager and Assistant Vice President</li> <li>2. Ms. Desiree B. Fernandez, Compliance Business Control Senior Analyst and Assistant Vice President</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| November 25, 2022 | Press Release dated November 25, 2022 re: UnionBank raised USD358 million in syndicated loan facility                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| November 25, 2022 | Material Information/ Transaction re: re: UnionBank raised USD358 million in syndicated loan facility                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| November 25, 2022 | Results of the Board of Directors' meeting held on November 25, 2022: <ol style="list-style-type: none"> <li>1. Changes to the membership of the Corporate Governance Committee, effective immediately</li> <li>2. Change in rank of Mr. Gilbert A. Camitoc, IT Business Senior Analyst, from Assistant Vice President to Vice President, effective immediately</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                       |
| November 28, 2022 | Hiring of Ms. Maria Jerusha J. Ambrosio, Senior Product Manager and Vice President, effective November 28, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| December 1, 2022  | 1. Hiring of the following senior officers effective December 1, 2022: <ol style="list-style-type: none"> <li>a. Ms. Grace Ann S. Bueno, Data Science Team Leader and Vice President</li> <li>b. Ms. Mildred B. Castillo, Marketing Senior Analyst and Assistant Vice President</li> </ol> 2. Resignation of Mr. Ramon Vicente V. De Vera II, Senior Vice President 2, effective December 1, 2022                                                                                                                                                                                                                                                                                                                                                                                                |
| December 2, 2022  | Hiring of Mr. Gerard Chester J. Enriquez, Paylite Product Manager and Assistant Vice President, effective December 2, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| December 5, 2022  | Hiring of the following senior officers effective December 5, 2022: <ol style="list-style-type: none"> <li>1. Ms. Jillian G. Cantada, Major Categories Head and Vice President</li> <li>2. Ms. Valyne A. Calma, Product Manager and Assistant Vice</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| Date of Report    | Event Reported                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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|                   | President                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| December 12, 2022 | BSP Form 2B – Published Balance Sheets (Parent and Consolidated) as of September 30, 2022                                                                                                                                                                                                                                                                                                                                                                    |
| December 14, 2022 | Resignation of the following officers:<br><br>1. Ms. Dulcenea L. Ortega, Customer Engagement Group Head and Senior Vice President 1, effective December 17, 2022<br>2. Ms. Maria Naomi A. Misa, Citigold Relationship Banker and Assistant Vice President, effective December 19, 2022<br>3. Ms. Karina R. Pilares, SME Product Head and Vice President, effective December 20, 2022                                                                         |
| December 16, 2022 | Results of the Board of Directors' meeting held on December 16, 2022:<br><br>1. Appointment of Mr. Erwin Wiriadi as Chief Risk Officer, effective December 16, 2022, subject to confirmation of the Bangko Sentral ng Pilipinas<br>2. Hiring of Ms. Isabella Francesca R. Bondoc, Business and Product Development Head and Assistant Vice President, effective December 16, 2022                                                                            |
| December 19, 2022 | Amended – Resignation of Senior Officers dated December 14, 2022 re: Change in the effective date of resignation of Ms. Karina R. Pilares, SME Product Head and Vice President                                                                                                                                                                                                                                                                               |
| December 27, 2022 | UnionBank set a target of up to Php12 billion for its Stock Rights Offering                                                                                                                                                                                                                                                                                                                                                                                  |
| December 28, 2022 | Resignation of the following officers:<br><br>1. Mr. Roy Joseph R. Roberto, Digital Channels and Engagement Officer (Transformation Initiatives) and Assistant Vice President, effective December 31, 2022<br>2. Ms. Princees A. Medrano, Product Management Senior Analyst and Assistant Vice President, effective January 1, 2023<br>3. Mr. Godofredo L. Martinez, Deputy Remedial Management Head and Assistant Vice President, effective January 3, 2023 |
| December 29, 2022 | Resignation of Ms. Jacqueline Paula C. Salazar, Senior Product Manager – EON Business and Vice President, effective December 31, 2022                                                                                                                                                                                                                                                                                                                        |
| December 29, 2022 | Approval by The Philippine Stock Exchange per its Notice of Approval issued on December 16, 2022 of the application of UnionBank to list additional shares to cover its Stock Rights Offering with a par value of Php10.00 to all stockholders of UnionBank as of the record date of January 12, 2023, and also the proposed timetable of the Offer activities.                                                                                              |
| January 3, 2023   | Hiring of the following senior officers effective January 3, 2023:<br><br>1. Ms. Sheila P. Umali, Head of Enterprise Customer Engagement Group and Senior Vice President 1<br>2. Mr. Carlo Ramon R. Jayme, Senior Relationship Manager and Vice President<br>3. Mr. David R. Medel, Head of IT Strategy and Governance and Vice President<br>4. Ms. Mary Joy C. Mendez, Account Management Head and Vice President                                           |
| January 4, 2023   | Stock Rights Offering - Offer Price per Rights Share, Entitlement Ratio, Number of Shares to be Issued, and timetable of activities                                                                                                                                                                                                                                                                                                                          |
| January 6, 2023   | Advisory on the posting of the Final Prospectus dated January 4, 2023 to UnionBank's website                                                                                                                                                                                                                                                                                                                                                                 |
| January 9, 2023   | Hiring of Mr. Paolo Gabriel A. Macabuag, Head of Data Governance Delivery and Assistant Vice President, effective January 9, 2023                                                                                                                                                                                                                                                                                                                            |



| Date of Report    | Event Reported                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| January 11, 2023  | Resignation of the following officers:<br><br>1. Ms. Rica Estela M. Leyritana, Senior Corporate Solutions Manager and Assistant Vice President, effective January 13, 2023<br>2. Ms. Dorene Marie N. Ramos, Market Segments and Services Specialist and Assistant Vice President, effective January 13, 2023<br>3. Mr. Rommel T. Macapagal, CoBrand Cards and Agency Banking Head and Vice President, effective January 16, 2023                                                                                                                                                                                                                                             |
| January 17, 2023  | Appointment of Director Samel A. Aboitiz as Member of the Audit Committee vice Director Manuel R. Lozano, effective immediately                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| January 18, 2023  | Resignation of Ms. Gabrielle M. De Juras, Planning Division Head and Assistant Vice President, effective January 21, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| January 25, 2023  | Resignation of Mr. Edwin B. Caling, Cyber Defense Head and Assistant Vice President, effective January 30, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| January 27, 2023  | Consolidated Key Financial Information as of December 31, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| January 27, 2023  | Results of the Board of Directors' meeting held on January 27, 2023:<br><br>1. Acceptance of the resignations of Mr. Michael G. Regino and Atty. Ricardo L. Moldez as nominee directors of the Social Security System (SSS) in the Bank and as members of the various board committees, effective immediately.<br>2. Election of Mr. Rolando L. Macasaet and Mr. Robert Joseph M. De Claro as nominee directors of SSS in the Bank, effective immediately, to serve the unexpired terms of office of Mr. Michael G. Regino and Atty. Ricardo L. Moldez, respectively.<br>3. Appointment of Mr. Macasaet and Mr. De Claro to various board committees, effective immediately. |
| January 27, 2023  | Press Release dated January 27, 2023 re: UnionBank FY2022 Net Income at Php12.7 billion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| January 27, 2023  | Material Information/ Transaction re: UnionBank FY2022 Net Income at Php12.7 billion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| January 30, 2023  | Resignation of Mr. Rommel P. De Asis, Consumer Product Sales Senior Analyst and Assistant Vice President, effective February 1, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| February 1, 2023  | Declaration of Cash Dividend of Php2.00 per share in favor of all stockholders of UnionBank as of record date of February 15, 2023, and payment date set on February 27, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| February 1, 2023  | Stock Rights Offering re: Resulting Increase in the Total Number of Issued and Outstanding Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| February 3, 2023  | BSP Form 2B - Published Balance Sheets (Parent and Consolidated) as of December 31, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| February 6, 2023  | Press Release dated February 6, 2023 re: UnionBank completed its Php12 billion Stock Rights Offering                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| February 6, 2023  | Material Information/ Transaction re: UnionBank completed its Php12 billion Stock Rights Offering                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| February 6, 2023  | Resignation of Ms. Jeannette M. Manlapig, Business Analytics Manager and Assistant Vice President, effective February 8, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| February 7, 2023  | Resignation of Mr. Jose Antonio Jobim B. Garcia, Relationship Manager - Corporate Banking and Assistant Vice President, effective February 9, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| February 8, 2023  | Change in the Number of Issued and Outstanding Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| February 13, 2023 | Approval by the Board of Directors of the secondment of Mr. Henry Rhoel R. Aguda, Senior Executive Vice President and Chief Technology and Operations Officer and Chief Transformation Officer, as President and Chief Executive Officer of subsidiary UnionDigital Bank Inc.                                                                                                                                                                                                                                                                                                                                                                                                |
| February 14, 2023 | Resignation of Ms. Mary Ann P. Benedicto, Onboarding Project Lead and Vice President, effective February 16, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| Date of Report    | Event Reported                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 16, 2023 | Hiring of the following senior officers effective February 16, 2023:<br><ol style="list-style-type: none"> <li>1. Mr. Nathaniel M. Dy-Liacco, General and Targeted Usage Head and Vice President</li> <li>2. Mr. Nikhil Kumar, Product Development and Rewards Program Head and Assistant Vice President</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| February 22, 2023 | Hiring of Ms. Catherine O. Mistula, Re-Engineering Process Manager and Assistant Vice President, effective February 22, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| February 24, 2023 | Results of the Board of Directors' meeting held on February 24, 2023:<br><ol style="list-style-type: none"> <li>1. Setting of March 10, 2023 as the Record date for stockholders entitled to vote at the Annual Stockholder's meeting on April 28, 2023 at 1:00 p.m. to be conducted virtually via <a href="https://asm.unionbankph.com">https://asm.unionbankph.com</a>. Closing of books will be done from April 8, 2023 to April 27, 2023.</li> <li>2. Approved and endorsed for stockholders' approval the increase in authorized capital stock from Php35,307,852,380.00 to Php60,307,852,380.00.</li> <li>3. Approved and endorsed for stockholders' approval the amendment of Article 7 of the Articles of Incorporation reflecting the increase in authorized capital stock.</li> <li>4. Approved and endorsed for stockholders' approval the declaration of stock dividend equivalent to 27% of the Bank's outstanding capital stock.</li> <li>5. Approved and endorsed for stockholders' approval the payment in cash for fractional shares resulting from the stock dividend declaration.</li> </ol> |
| February 27, 2023 | <ol style="list-style-type: none"> <li>1. Hiring of Ms. Marlyn M. Garrido, Control Head and Assistant Vice President, effective February 27, 2023</li> <li>2. Resignation of Ms. Jennifer L. Pitao, Business Analytics Manager and Assistant Vice President, effective March 1, 2023</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| February 27, 2023 | Approval by the Board of Directors of the Audited Financial Statements of the Bank and Subsidiaries as of and for the year ended December 31, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| February 28, 2023 | UnionBank Revised Sustainable Finance Framework                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| February 28, 2023 | UnionBank Notice of Analysts' Briefings for 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| March 1, 2023     | Hiring of Ms. Arnica Mae C. Go, Financial Planning & Analysis Analyst and Assistant Vice President, effective March 1, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| March 8, 2023     | Changes in Officers:<br><ol style="list-style-type: none"> <li>1. Hiring of Ms. Dia Lareina Pauline G. Wong, Program Manager and Assistant Vice President, effective March 8, 2023</li> <li>2. Resignation of Mr. Ivan Lester M. Ambrosio, Product Governance Manager and Assistant Vice President, effective March 10, 2023</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| March 10, 2023    | Share Buy-Back Transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| March 13, 2023    | Hiring of Ms. Christia Marie Monica Y. Quintana, Paylite Product Head and Assistant Vice President, effective March 13, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| March 14, 2023    | Resignation of Ms. Julianne Kirsten O. Khoo, Citigold Relationship Banker and Assistant Vice President, effective March 16, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| March 16, 2023    | Changes in Officers:<br><ol style="list-style-type: none"> <li>1. Hiring of senior officers effective March 16, 2023: <ol style="list-style-type: none"> <li>a. Mr. J. Vincent R. Daffon, Market Strategy and Investment Head and Vice President</li> <li>b. Ms. Patricia Joyce G. Gamboa, Senior Corporate Solutions Manager and Assistant Vice President</li> </ol> </li> <li>2. Resignation of Ms. Louanne T. Oñas, Compliance Officer and Vice President, effective March 20, 2023</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

| <b>Date of Report</b> | <b>Event Reported</b>                                                     |
|-----------------------|---------------------------------------------------------------------------|
| March 16, 2023        | Clarification of news article published on Inquirer.net on March 16, 2023 |
| March 24, 2023        | Approval on the Increase of PHP Bonds Program                             |

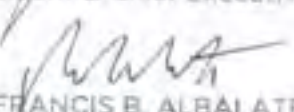
# SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 17 2023

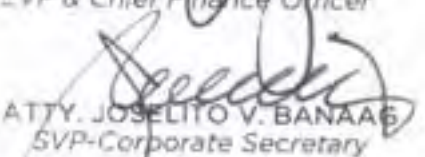
By

  
ERRAMON L. ABOITIZ  
Chairman of the Board

  
EDWIN R. BAUTISTA  
President & Chief Executive Officer

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

  
MANUEL R. LOZANO  
EVP & Chief Finance Officer

  
ATTY. JOSELITO V. BANAAAG  
SVP-Corporate Secretary

APR 17 2023

SUBSCRIBED AND SWORN to before me this \_\_\_\_ of April 2023 at Pasig City, the following affiants exhibiting to me their competent evidence of identity pursuant to 2004 Rules on Notarial Practice.

| Name                | TIN No.     |
|---------------------|-------------|
| Erramon L. Abaitiz  | 103-715-862 |
| Edwin R. Bautista   | 107-644-613 |
| Manuel R. Lozano    | 148-773-908 |
| Francis B. Albalade | 120-319-015 |
| Joselito V. Banaag  | 203-083-872 |

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Book No. XI  
Series of 2023 1

  
Nikki Neil Santos  
Notary Public for Pasig, San Juan and  
Pateros, Metro Manila  
Appointment No. 20 (2022-2023)  
Commission No. Expires On 12-31-2023  
PTR No. 1112649AA/ 1-4-23/ Pasig City  
(BP No. 26466/ 1-3-23 Pasig City (RSM Chapter)  
Roll of Attorneys No. 57961  
MCLE Compliance No. VII-0006121/ 12-1-2021  
14th Floor, UnionBank Plaza, Merakco Avenue  
Ortigas Center, Pasig City

Notary Public

Index to Exhibits  
Form 17A Item 14

Subsidiaries of the Registrant

Additional Exhibits

Annex 1 - List of ATM Terminal as of December 31, 2022

Annex 2 - List of Bank Owned Branches as of December 31, 2022

Annex 3 - List of Leased Branches as of December 31, 2022

## Subsidiaries of the Registrant

UnionBank of the Philippines subsidiaries and affiliates include:

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

**UNION BANK OF THE PHILIPPINES**  
**LIST OF ATM TERMINALS**  
**As of December 31, 2022**

**Union Bank of the Philippines**

|    | Branch Name             | Address                                                                                                                |
|----|-------------------------|------------------------------------------------------------------------------------------------------------------------|
| 1  | C5-QC/Libis             | 15/F Pantry area Zeta Tower Robinson's Bridgetowne along Eulogio Rodriguez Jr. Ave, Bagumbayan, Quezon City            |
| 2  | GSIS                    | GSIS Financial Complex, Roxas Blvd., Pasay City                                                                        |
| 3  | GSIS                    | GSIS Financial Complex, Roxas Blvd., Pasay City                                                                        |
| 4  | Ayala Alabang           | Gate 5, La Salle Zobel, University Avenue, Ayala-Alabang Village., Muntinlupa City                                     |
| 5  | Tektite                 | 4166 GP Ramon Magsaysay Blvd., Sta Mesa, Manila                                                                        |
| 6  | Tektite                 | VIP Arcade, Ltd. Alabang - Zapote Rd., Las Piñas                                                                       |
| 7  | Ayala SSS               | Ground Floor, SM Makati CyberZone, Sen. Gil Puyat Ave., Makati City                                                    |
| 8  | Ayala SSS               | Startek Ortigas Tiendesitas Ugong Pasig City                                                                           |
| 9  | Newport City            | Startek Ortigas Tiendesitas Ugong Pasig City                                                                           |
| 10 | Ayala SSS               | Bldg. E, Ortigas Home Depot # 1 Doña Julia Vargas Avenue, Barangay Ugong Pasig City, 1604 Philippines                  |
| 11 | Vertex One-San Lazaro   | Ground Flr Vestibule building, UST Hospital, Lacson Avenue, Sampaloc Manila                                            |
| 12 | UnionBank Plaza         | 12/F Philplans Corporate Center, Triangle Drive cor. Bonifacio Triangle, Bonifacio Global City, Taguig, Philippines    |
| 13 | UnionBank Plaza         | 7th Floor Harvester Corporate Center 158 P. Tuazon Boulevard corner 7th and 8th Ave., Cubao, Quezon City               |
| 14 | ICTSI Port Area         | Level 2 Casino Area Hallway (beside BDO ATM) Solaire Resort and Casino Hotel Macapagal Ave Bagong Nayon Pasay          |
| 15 | ICTSI Port Area         | Level 2 Casino Area Hallway (beside BDO ATM) Solaire Resort and Casino Hotel Macapagal Ave Bagong Nayon Pasay          |
| 16 | 32nd Avenue BGC         | 8th floor NAC building 32nd street BGC near at the football field                                                      |
| 17 | Timog                   | EXTREME BINGO 94 timog avenue, Quezon City                                                                             |
| 18 | Triangle Drive BGC      | 728 A. Bonifacio Ave. Balintawak QC                                                                                    |
| 19 | C5-QC/Libis             | Eton CyberPod, Corinthians Business Center, Along Ortigas Avenue (infront of Robinsons Galleria)                       |
| 20 | Emerald                 | 6th Floor (Pantry area) SM City, BF Parañaque Sucat Road corner President's Avenue, Parañaque City                     |
| 21 | Emerald                 | 5/F Shaw IT Center 360 Shaw Blvd., cor. 9 de Pebrero St., Brgy. Addition Hills, Mandaluyong City                       |
| 22 | Boni High Street Branch | Medical Center Taguig Levi B. Mariano Ave, Taguig, Metro Manila                                                        |
| 23 | Vertex One-San Lazaro   | Winford Hotel & Casino Brgy. 350, Santa Cruz, Manila, Metro Manila                                                     |
| 24 | UnionBank Plaza         | 9F, Shaw IT Center 360 Shaw Blvd corner 9 de Pebrero Street, Barangay Addition Hills San Felipe Neri, Mandaluyong City |
| 25 | BGC 38th St. / Uptown   | No. 888 Cayetano Ave. C5 Ext. Diversion Rd. Brgy, Palongon Tipas Taguig                                                |

|    | Branch Name            | Address                                                                                                      |
|----|------------------------|--------------------------------------------------------------------------------------------------------------|
| 26 | UnionBank Plaza        | Plaza Headoffice Meralco Ave cor Onyx Street Pasig                                                           |
| 27 | Renaissance Towers     | 26/F Alliance Global Tower, 36th Street cor 11th Avenue Uptown Bonfacio Global City Taguig (Near Great Hall) |
| 28 | Newport City           | G/F Casino floor, Hilton Grand Wing, Newport Boulevard, Newport City, Pasay 1309                             |
| 29 | Malinta                | AGC Flat Glass Philippines, Inc. compound 730 M.H. del Pilar St, Pasig, Metro Manila                         |
| 30 | Emerald                | ARMSCOR Avenue Brgy Fortune Marikina City                                                                    |
| 31 | Greenfield District    | Teleperformance Vertis North 18F Tower A Vertis North, Mindanao Ave , Q.C.                                   |
| 32 | Greenhills             | 1008 Epifanio de los Santos Ave, San Juan, Metro Manila                                                      |
| 33 | Commonwealth           | Corazon Tierro-Javier Building, 24 West Avenue, Barangay Bungad, Quezon City                                 |
| 34 | Ayala SSS              | 4/F technohub Bldg Ortigas Home Depot # 1 Dona Julia Vargas Avenue Bgy. Ugong Pasig City                     |
| 35 | 32nd Avenue BGC        | 8th floor NAC building 32nd street BGC near at the football field                                            |
| 36 | UnionBank Plaza        | The Plaza Building, Jose Abad Santos Avenue, Berthaphil II, Clarkfield, Pampanga                             |
| 37 | UnionBank Plaza        | Site 4 Clark Center 6 Jose Abad Santos Highway Clark Field Pampanga                                          |
| 38 | UnionBank Plaza        | Tarlac IT Park II, Ninoy Aquino Highway, San Isidro, Tarlac City                                             |
| 39 | San Fernando, Pampanga | Pampanga I Electric Coop Inc, Sto Domingo Mexico Pampanga                                                    |
| 40 | Baguio                 | Philex Mining Corp, Padcal, Tuba, Benquet                                                                    |
| 41 | Baguio                 | Philex Mining Corp, Padcal, Tuba, Benquet                                                                    |
| 42 | C5-QC/Libis            | Level 2 Robinsons Place Tarlac                                                                               |
| 43 | UnionBank Plaza        | Tarlac IT Park II, Ninoy Aquino Highway, San Isidro, Tarlac City                                             |
| 44 | Subic                  | Subic Bay Metropolitan Authority Argonaut Hwy, Olongapo, Zambales                                            |
| 45 | Cebu - Banilad         | Santo Domingo II,, Capas, Tarlac                                                                             |
| 46 | Subic                  | Bldg. 8008 Leyte Wharf, Cubi Point, SBMA, Subic, Zambales 2209                                               |
| 47 | Baesa                  | Roman Superhighway, Samal, Bataan                                                                            |
| 48 | UnionBank Plaza        | Warehouse Phase 1 and Phase 2, lot 562-B-3, Governor's Dr., Poblacion,Carmona, Cavite                        |
| 49 | UnionBank Plaza        | Camarines Sur IT Center, IT Park, Provincial Capitol Complex, Cadlan, Pili 4418 Camarines Sur                |
| 50 | UnionBank Plaza        | Ground Flr.Building ,Embarcadero de Legazpi,Legazpi port Site,Victory Village, Legaspi City                  |
| 51 | Julia Vargas           | San Lazaro Leasure Park, Governor Drive., Carmona, Cavite                                                    |
| 52 | UnionBank Plaza        | Camarines Sur IT Center, IT Park, Provincial Capitol Complex, Cadlan, Pili 4418 Camarines Sur                |
| 53 | Dasmariñas Cavite      | De La Salle University Dasmariñas Administration Bldg (Cashier's Area), West Ave., Dasmariñas City, Cavite   |
| 54 | Julia Vargas           | San Lazaro Leasure Park, Governor Drive., Carmona, Cavite                                                    |
| 55 | Dasmariñas Cavite      | G/F DLSUMC New Building, Governor D. Mangubat Avenue City of Dasmariñas, Cavite                              |
| 56 | Tagaytay               | Twin Lakes Tagaytay Vineyard Resort Community, Tagaytay-Nasugbu Highway, Alfonso, Cavite (near Canyon Cove)  |



|    | Branch Name                | Address                                                                                        |
|----|----------------------------|------------------------------------------------------------------------------------------------|
| 57 | Cebu - Mandaue             | Mactan Economic Zone II, Basak, Lapu-Lapu City                                                 |
| 58 | Cebu - Mandaue             | Lexmark Building, Cardinal Rosales Ave, Cebu City                                              |
| 59 | Cebu - Insular Life        | Aboitiz & Co. Building Archbishop Reyes Avenue Banilad, Cebu City                              |
| 60 | Cebu - Insular Life        | Cardinal Rosales Avenue., Cor. Samar Loop Cebu Business Park., Cebu City                       |
| 61 | Cebu - Insular Life        | LinkSy I.T. Park, North National Highway Bantayan, Dumaguete City 6200, Philippines.           |
| 62 | Cebu - Insular Life        | LinkSy I.T. Park, North National Highway Bantayan, Dumaguete City 6200, Philippines.           |
| 63 | UnionBank Plaza            | Locsin Street, Molo, Iloilo City, Iloilo                                                       |
| 64 | Cebu - Fuente              | Cebu Velez General Hospital F. Ramos St, Cebu City, Cebu                                       |
| 65 | Cebu - Maxilom             | Visayan Electric Company (VECO) J. Panis St., Banilad, Cebu City                               |
| 66 | #N/A                       | Lapu-Lapu Airport Rd, Lapu-Lapu City, 6016 Cebu, T2 Arrival                                    |
| 67 | #N/A                       | Lapu-Lapu Airport Rd, Lapu-Lapu City, 6016 Cebu, T2 Departure                                  |
| 68 | Cebu - Banilad             | G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City                              |
| 69 | C5-QC/Libis                | HGS SM Strata 19F SM Strata Benigno Aquino Avenue Mandurriao, Iloilo City 5000 Philippines     |
| 70 | UnionBank Plaza            | R. Magsaysay Ave. cor. E. Jacinto St., Davao City                                              |
| 71 | Emerald                    | Ground Floor, Fountain Court, SM Lanang Premier JP Laurel Avenue, Brgy. San Antonio Davao City |
| 72 | Cebu - Asiatown IT Park    | 163 - 165 C. Bangoy Sr. St. Davao City, 8000                                                   |
| 73 | Cebu - Insular Life        | Kiwalan Cove, Dalipuga, Iligan City, Lanao del Norte                                           |
| 74 | Davao - Magsaysay          | Rondez Engineering Center, JP Laurel Ave., Bajada, Davao City                                  |
| 75 | Davao - Magsaysay          | Ayala Business Center, Matina Town Square                                                      |
| 76 | Newport City               | Newport Blvd, Newport City 1309 Pasay City                                                     |
| 77 | Ayala SSS                  | G/F Filinvest Corporate City, Alabang 1781, Alabang, Muntinlupa, 1781                          |
| 78 | Lima                       | Administration Office Special Economic Zone, Malvar, Batangas, 4233                            |
| 79 | Clark/Phil Excel Branch    | MA Roxas Highway, Clark Freeport Zone 2023                                                     |
| 80 | Clark/Phil Excel Branch    | MA Roxas Highway, Clark Freeport Zone 2023                                                     |
| 81 | Clark/Phil Excel Branch    | 5398 Manuel A. Roxas Highway, Clark Freeport Zone, Pampanga, Philippines 2023                  |
| 82 | Clark/Phil Excel Branch    | MA Roxas Highway, Clark Freeport Zone 2023                                                     |
| 83 | Clark/Phil Excel Branch    | MA Roxas Highway, Clark Freeport Zone 2023                                                     |
| 84 | Ayala Alabang Country Club | G/F Alabang Country Club, Acacia Drive, Ayala Alabang Village, Muntinlupa City                 |
| 85 | Alabang Town Center        | Makati Supermart Alabang, Alabang Town Center, Muntinlupa City                                 |
| 86 | Baesa                      | Dra. C.Pascual Bldg., 142 Quirino Highway, Baesa, Quezon City                                  |
| 87 | Dr. A. Santos              | G/F, MTF Bldg., Kabesang Segundo corner Dr. A. Santos, San Isidro, Sucat Road, Paranaque City  |
| 88 | Greenbelt                  | Twin Cities Condominium, 110 Legaspi St., Legaspi Village, Makati City                         |

|     | Branch Name         | Address                                                                                                           |
|-----|---------------------|-------------------------------------------------------------------------------------------------------------------|
| 89  | Julia Vargas        | Centerpoint Condominium, Doña Julia Vargas Ave. cor. Garnet St. Ortigas Center, Pasig City                        |
| 90  | Julia Vargas        | Centerpoint Condominium, Doña Julia Vargas Ave. cor. Garnet St. Ortigas Center, Pasig City                        |
| 91  | Richville           | Upper G/F Richville Corporate Tower, Alabang-Zapote Rd., Madrigal Bus. Park, Muntinlupa City                      |
| 92  | Shaw Pasig          | Chipeco Bldg., Shaw Blvd. corner Meralco Ave., Pasig City                                                         |
| 93  | Valero              | Ground Floor, Le Grand Condominium, 130 Valero St., Makati City                                                   |
| 94  | Acropolis           | 171 Bridgeview Bldg., E. Rodriguez Jr. Ave, Bagumbayan, Quezon City                                               |
| 95  | Ali Mall            | Ali Mall Financial Center, Level 2, Ali Mall, Araneta Center, Cubao, Quezon City                                  |
| 96  | E. Rodriguez        | G/F Megacenter Bldg., E. Rodriguez Ave., Quezon City                                                              |
| 97  | Kalookan            | 357 Rizal Ave. Ext. Grace Park, Kalookan City                                                                     |
| 98  | Medical City        | Medical City Hospital Compound, Lourdes St. cor. San Miguel Ave., Mandaluyong City                                |
| 99  | Muntinlupa          | 12 Jason's Bldg., National Road Putatan, Muntinlupa                                                               |
| 100 | Pasay               | 2528 ERL Building, Taft Ave., Pasay City                                                                          |
| 101 | Timog               | Cabrera Building II. 64 Timog Ave, Quezon City                                                                    |
| 102 | Vito Cruz           | G/F Kingswood Arcade Vito Cruz Ext. cor Pasong Tamo, Makati City                                                  |
| 103 | Ayala SSS           | SSS Bldg., Ayala Avenue, Makati City                                                                              |
| 104 | Salcedo             | G/F Golden Rock Bldg., 168 Salcedo St., Legaspi Vill., Makati City                                                |
| 105 | Annapolis           | G/F, Unit 133, Promenade Missouri, Greenhills Shopping Center, Missouri cor. Annapolis Sts., Greenhills, San Juan |
| 106 | Perea               | G/F Greenbelt Mansion Bldg., 106 Perea St., Legaspi Village, Makati City                                          |
| 107 | Ayala SSS           | SSS Bldg., Ayala Avenue, Makati City                                                                              |
| 108 | Insular Ayala Paseo | Insular Building Ayala Avenue., corner Paseo de Roxas Makati City                                                 |
| 109 | Insular Ayala Paseo | Insular Building Ayala Avenue., corner Paseo de Roxas Makati City                                                 |
| 110 | Insular Ayala Paseo | Insular Building Ayala Avenue., corner Paseo de Roxas Makati City                                                 |
| 111 | Insular Ayala Paseo | Insular Building Ayala Avenue., corner Paseo de Roxas Makati City                                                 |
| 112 | Insular Ayala Paseo | Insular Building Ayala Avenue., corner Paseo de Roxas Makati City                                                 |
| 113 | T. Alonzo           | 625 T. Alonzo St., Sta Cruz, Manila                                                                               |
| 114 | Aurora Blvd         | 677 Aurora Blvd., near cor. Broadway St., Bgy. Mariana, New Manila, Quezon City                                   |
| 115 | Ayala Madrigal      | G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City                                                |
| 116 | Ayala Madrigal      | G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City                                                |
| 117 | Ayala Madrigal      | G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City                                                |

|     | Branch Name        | Address                                                                             |
|-----|--------------------|-------------------------------------------------------------------------------------|
| 118 | Ayala Madrigal     | G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City                  |
| 119 | Ayala Rufino       | Rufino Bldg. Ayala Ave. corner Herrera St., Makati City                             |
| 120 | Ayala Rufino       | Rufino Bldg. Ayala Ave. corner Herrera St., Makati City                             |
| 121 | Sto.Domingo        | Ground Floor Unit-103 Elements Building 560 Quezon Avenue Brgy. Tatalon Quezon City |
| 122 | BF Homes           | 55 President Avenue, BF Homes, Parañaque City                                       |
| 123 | BF Homes           | 55 President Avenue, BF Homes, Parañaque City                                       |
| 124 | BF Homes           | 55 President Avenue, BF Homes, Parañaque City                                       |
| 125 | Bicutan            | 28 Doña Soledad Ave., Better Living, Parañaque City                                 |
| 126 | Boni               | Boni Avenue cor. Ligaya St., Mandaluyong City                                       |
| 127 | Cubao              | 7th Avenue cor P. Tuazon, Cubao, Quezon City                                        |
| 128 | Del Monte          | G/F 345 Del Monte Avenue corner Banawe Street, Brgy. Manresa, Quezon City           |
| 129 | EDSA Kalookan      | 512 EDSA corner Urbano Plata Street, Kalookan City                                  |
| 130 | Intramuros         | G/F BF Condo Bldg. A. Soriano Sr. Ave. Intramuros, Manila                           |
| 131 | JP Rizal           | 731 J.P. Rizal St., Makati City                                                     |
| 132 | Kamias             | Gr. Floor, TDS Bldg., No. 72 Kamias Road, Quezon City                               |
| 133 | Katipunan          | 335 Agcor Bldg., Katipunan Ave., Brgy. Loyola Heights, Quezon City                  |
| 134 | Katipunan          | 335 Agcor Bldg., Katipunan Ave., Brgy. Loyola Heights, Quezon City                  |
| 135 | Las Pinas Pamplona | Alabang Zapote Rd. cor. Crispina Ave., Pamplona, Las Piñas City                     |
| 136 | Makati Ave.        | 7824 Durban St. corner Makati Avenue, Makati City                                   |
| 137 | Malabon            | Gov. Pascual Avenue cor. River St., Malabon City, Metro Manila                      |
| 138 | Malate             | G/F Marioco Bldg. 1945 M. Adriatico St. Malate, Manila                              |
| 139 | Ortigas Center     | 21 San Miguel Ave., Ortigas Center, Pasig City                                      |
| 140 | Ortigas Center     | 21 San Miguel Ave., Ortigas Center, Pasig City                                      |
| 141 | Pasay Road         | Gemland Commercial Bldg., San Lorenzo Village, Makati City 1200                     |
| 142 | Pasong Tamo JTKC   | G/F, JTKC Center 2155 Pasong Tamo street., Makati City                              |
| 143 | Rada               | Prince Bldg., 117 Rada St, Legaspi Village, Makati City                             |
| 144 | Roosevelt          | 244 Roosevelt Avenue, San Francisco del Monte, Quezon City                          |
| 145 | Shaw Mandaluyong   | PICPA Bldg., 700 Shaw Blvd., Mandaluyong City                                       |
| 146 | Soler              | Escolta corner Yuchengco Sts., Binondo                                              |
| 147 | South Triangle     | Quezon Ave. cor. Sct. Albano St., Quezon City                                       |
| 148 | South Triangle     | Quezon Ave. cor. Sct. Albano St., Quezon City                                       |
| 149 | Taft               | 2625 G/F Kassel Condominium, Taft Avenue near cor.P. Ocampo St., Malate, Manila     |
| 150 | Tektite            | G/F PSE Center, Ortigas Complex, Pasig City                                         |
| 151 | Tomas Morato       | Tomas Morato cor. Sct. Lozano, Quezon City                                          |
| 152 | UnionBank Plaza    | UBP Plaza Meralco Avenue., Ortigas Center, Pasig City                               |
| 153 | Valenzuela         | Km 12 McArthur Hi-way, Marulas, Valenzuela City                                     |
| 154 | West Service Road  | Rodeo Bldg. Km 18 West Service Road South Luzon Expressway, Parañaque City          |
| 155 | West Avenue Baler  | 91-A Barangay Bungad, West Avenue, Quezon City                                      |
| 156 | Escolta            | G/F Regina Building, Escolta, Manila                                                |

|     | Branch Name                  | Address                                                                                                         |
|-----|------------------------------|-----------------------------------------------------------------------------------------------------------------|
| 157 | Escolta                      | G/F Regina Building, Escolta, Manila                                                                            |
| 158 | Marikina                     | WRC2 Bldg., No. 47 Gil Fernando Avenue (formerly A. Tuazon St), Midtown Subd. II Brgy. San Roque, Marikina City |
| 159 | Navotas                      | 807-817 M.Naval St., Navotas City                                                                               |
| 160 | Novaliches                   | 854 Quirino Highway, Gulod, Novaliches, Quezon City                                                             |
| 161 | Ayala Alabang                | G/F Nol Bldg. Commerce Ave., Madrigal Business Park, Alabang, Muntinlupa City                                   |
| 162 | Emerald                      | G/F Wynsum Corp. Plaza, Ortigas Center, Pasig City                                                              |
| 163 | Greenhills                   | Ortigas Ave near cor Wilson St., San Juan City                                                                  |
| 164 | Greenhills                   | Ortigas Ave near cor Wilson St., San Juan City                                                                  |
| 165 | C5-QC/Libis                  | 184-B E. Rodriguez Jr. Avenue., Bagumbayan, Quezon City                                                         |
| 166 | Pasong Tamo Ext.             | G/F BCS Building, 2297 Pasong Tamo Extension, Makati City                                                       |
| 167 | Pasong Tamo Ext.             | G/F BCS Building, 2297 Pasong Tamo Extension, Makati City                                                       |
| 168 | Pasong Tamo Ext.             | G/F BCS Building, 2297 Pasong Tamo Extension, Makati City                                                       |
| 169 | Mayon / Retiro               | G/F, ACI Bldg., 178 Mayon Street, SMH, Brgy Maharlika, Quezon City                                              |
| 170 | Shaw Blvd                    | 131-133 Shaw Boulevard, Pasig City                                                                              |
| 171 | Sto.Cristo                   | LG01 and LG02 Burke Plaza, Sto Cristo St., Binondo, Manila                                                      |
| 172 | Wack-Wack                    | 6 Shaw Blvd. corner Laurel St., Mandaluyong City                                                                |
| 173 | Paseo de Magallanes          | Ground Floor, Maga Center Building, Paseo de Magallanes, Makati City                                            |
| 174 | Mckinley Hill                | Units 1A & 1B Two World Square Upper McKinley Road McKinley Hill Drive Fort Bonifacio, Taguig City              |
| 175 | Mckinley Hill                | Units 1A & 1B Two World Square Upper McKinley Road McKinley Hill Drive Fort Bonifacio, Taguig City              |
| 176 | Libertad Mandaluyong         | Unit A2 Cluster El Dorado, California Garden Square, Libertad Street, Mandaluyong City                          |
| 177 | EDSA Pioneer                 | Upper Ground Floor 07 Robinsons Cybergate Plaza, Pioneer St., Mandaluyong City                                  |
| 178 | Newport City                 | G/F Star Cruises Building, Newport City, Andrews Avenue, Pasay City                                             |
| 179 | 5th Avenue/one global        | Unit 3 Ground Floor, One Global Place, 5th Avenue corner 25th Street, BGC, Taguig City                          |
| 180 | St. Francis Shangri-La Place | The St. Francis Shangri-La Place, Tower 1 G/F Retail Internal Road corner St. Francis Street, Mandaluyong City  |
| 181 | Eastwood City                | G/F LGR1-6, Le Grand Tower 1, Palm Tree Avenue, Eastwood City, Brgy. Bagumbayan, Quezon City                    |
| 182 | Vertex One-San Lazaro        | G/F Space 12 & 13 Vertex One Building, San Lazaro, Manila                                                       |
| 183 | Aurora Balet Drive           | G/F Marsk Building, Aurora Boulevard corner Balet Drive, Quezon City                                            |
| 184 | 2nd Ave.-BGC                 | G/F Blue Sapphire Building, 2nd Avenue corner 30th Street, Bonifacio Global City, Taguig                        |
| 185 | ICTSI Port Area              | G/F, ICTSI Admin Bldg. Manila International Container Terminal, MICT South Road, Port Area, Manila              |
| 186 | Renaissance Towers           | G/F Renaissance Center, Meralco Ave., Pasig City                                                                |
| 187 | Lourdes Hospital             | G/F, Main Bldg., Our Lady of Lourdes Hospital, 46 P. Sanchez St., Sta. Mesa, Manila                             |

|     | Branch Name                 | Address                                                                                                                     |
|-----|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| 188 | Cityplace Square            | 3/F Lucky Chinatown-Cityplace Square, Calle Felipe corner La Chambre St., Binondo, Manila                                   |
| 189 | 32nd Avenue BGC             | G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig                                             |
| 190 | Antel Suites Makati Ave.    | Ground Floor, Best Western Antel Hotel 7829, Makati Avenue cor. Salamanca St., Makati City                                  |
| 191 | Mayhaligue                  | Ground Floor, One Masangkay Place, No. 1420 Masangkay near cor. Mayhaligue St., Sta. Cruz, Manila                           |
| 192 | Masangkay                   | 911-913 Masangkay St., Binondo, Manila                                                                                      |
| 193 | Cardinal Santos             | Ground Floor Cardinal Santos Medical Center, 10 Wilson St., Greenhills West San Juan City                                   |
| 194 | Ayala Multinational Bancorp | G/F Multinational Bancorporation Center, Ayala Ave., Makati City                                                            |
| 195 | UnionBank Plaza             | UBP Plaza Meralco Avenue., Ortigas Center, Pasig City                                                                       |
| 196 | Dela Rosa                   | G/F Insular Health Care Building, 167 Dela Rosa corner Legazpi St., Legazpi Village, Makati City                            |
| 197 | Boni High Street Branch     | W Global Center cor 30th and 9th Ave. BGC, Taguig City                                                                      |
| 198 | Triangle Drive BGC          | Shop 3, G/F Philplans Building Corporate Center, 1012 North Triangle Drive, BGC, Taguig                                     |
| 199 | ADB Avenue                  | Ground floor Unit 101 AIC Burgundy Empire Tower, ADB Ave., Ortigas Pasig City                                               |
| 200 | GMA Timog                   | Cabrera Bldg. 1, 103 Timog Avenue, Quezon City                                                                              |
| 201 | Frontera Verde              | G/F Transcom Bldg., Frontera Verde, E. Rodriguez Jr. Avenue., Brgy. Ugong Pasig City                                        |
| 202 | SSS East Avenue             | G/F SSS Main Bldg., East Ave., Quezon City                                                                                  |
| 203 | SSS East Avenue             | G/F SSS Main Bldg., East Ave., Quezon City                                                                                  |
| 204 | Emerald                     | G/F Wynsum Corp. Plaza, Ortigas Center, Pasig City                                                                          |
| 205 | GSIS                        | GSIS Main Office Financial Center, Pasay City                                                                               |
| 206 | BGC 34th St. / Panorama     | G/F, Shop 2, Panorama Bldg., 34TH St. Corner Lane A, Bonifacio Global City, Taguig                                          |
| 207 | BGC Mckinley Road           | G/F, Unit 1, Fairways Towers, 5th Avenue, Bonifacio Global City, Taguig                                                     |
| 208 | BGC 38th St. / Uptown       | G/F, Orion Building, 11th Ave corner 38th St., Bonifacio Global City, Taguig City                                           |
| 209 | BGC 7th Avenue              | G/F, Twenty-Four Seven Mckinley Building, 7th Ave. cor. 24th St., Bonifacio Global City, Brgy Fort Bonifacio, Taguig City   |
| 210 | BGC Uptown Place Mall       | Unit B106 Lower Ground Floor Uptown Place Mall 9th Ave Cor. 36th St Bonifacio Global City, Brgy Fort Bonifacio, Taguig City |
| 211 | The Luxe Residences         | G/F, Shop 3, The Luxe Residences, 28th St. corner 4th Avenue, Bonifacio Global City, Taguig City                            |
| 212 | Pascor Drive                | G/F, SkyFreight Center, Ninoy Aquino Avenue, corner Pascor Drive, Paranaque City                                            |
| 213 | 3rd Ave BGC                 | G/F, The Net Square Building, 3rd Avenue corner 28th Street, Bonifacio Global City, Taguig City                             |
| 214 | BGC McKinley West           | G/F Robinson Cyber Sigma Bldg. Lawton Ave. Bonifacio South Taguig City                                                      |
| 215 | Commonwealth Luzon Ave.     | UGF, Kayumanggi Center Bldg., Commonwealth Avenue corner Luzon Avenue, Brgy Matandang Balara, Quezon City                   |

|     | Branch Name               | Address                                                                                                            |
|-----|---------------------------|--------------------------------------------------------------------------------------------------------------------|
| 216 | COMMONWEALTH              | UGF, Kayumanggi Center Bldg., Commonwealth Avenue corner Luzon Avenue, Brgy Matandang Balara, Quezon City          |
| 217 | Commonwealth Luzon Ave.   | UGF, Kayumanggi Center Bldg., Commonwealth Avenue corner Luzon Avenue, Brgy Matandang Balara, Quezon City          |
| 218 | Kalookan                  | 357 Rizal Ave. Ext. Grace Park, Kalookan City                                                                      |
| 219 | Kalookan                  | 357 Rizal Ave. Ext. Grace Park, Kalookan City                                                                      |
| 220 | UnionBank Plaza           | UBP Plaza Meralco Avenue., Ortigas Center, Pasig City                                                              |
| 221 | Paseo De Roxas            | Ground Floor Tower II Paseo De Roxas Building 111 Paseo De Roxas Corner Legazpi Street Legaspi Village Makati City |
| 222 | Paseo De Roxas            | Ground Floor Tower II Paseo De Roxas Building 111 Paseo De Roxas Corner Legazpi Street Legaspi Village Makati City |
| 223 | 32nd Avenue BGC           | G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig                                    |
| 224 | Sto.Domingo               | Ground Floor Unit-103 Elements Building 560 Quezon Avenue Brgy. Tatalon Quezon City                                |
| 225 | Sto.Domingo               | Ground Floor Unit-103 Elements Building 560 Quezon Avenue Brgy. Tatalon Quezon City                                |
| 226 | Commonwealth              | 12-13 Upper, G/F, Diliman Commercial Center; Commonwealth Ave., Diliman Quezon City                                |
| 227 | Commonwealth              | 12-13 Upper, G/F, Diliman Commercial Center; Commonwealth Ave., Diliman Quezon City                                |
| 228 | Kalookan                  | 357 Rizal Ave. Ext. Grace Park, Kalookan City                                                                      |
| 229 | Dasmariñas GACU           | G.A.Cu-Unjieng Bldg., Q. Paredes St. corner Dasmariñas St., Binondo, Manila                                        |
| 230 | Dasmariñas GACU           | G.A.Cu-Unjieng Bldg., Q. Paredes St. corner Dasmariñas St., Binondo, Manila                                        |
| 231 | Dasmariñas GACU           | G.A.Cu-Unjieng Bldg., Q. Paredes St. corner Dasmariñas St., Binondo, Manila                                        |
| 232 | UnionBank Plaza           | UBP Plaza Meralco Avenue., Ortigas Center, Pasig City                                                              |
| 233 | UnionBank Plaza           | UBP Plaza Meralco Avenue., Ortigas Center, Pasig City                                                              |
| 234 | 32nd Avenue BGC           | G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig                                    |
| 235 | Macapagal Ave.            | G/F Unit 106 Y Tower Blk 04, Lot 01, corner Coral Way St., Macapagal Blvd., MOA Complex Pasay City                 |
| 236 | Macapagal Ave.            | G/F Unit 106 Y Tower Blk 04, Lot 01, corner Coral Way St., Macapagal Blvd., MOA Complex Pasay City                 |
| 237 | UN Avenue                 | U.N. ave., Cor. M.H. Del Pilar and M. Guerrero Streets, Ermita Manila                                              |
| 238 | UN Avenue                 | U.N. ave., Cor. M.H. Del Pilar and M. Guerrero Streets, Ermita Manila                                              |
| 239 | Pandacan                  | 1763 Paz M. Guazon St., Paco, Manila                                                                               |
| 240 | Pandacan                  | 1763 Paz M. Guazon St., Paco, Manila                                                                               |
| 241 | HV Dela Costa/Tordesillas | G/F Global Enterprise Bldg. No. 138 HV dela Costa Salcedo Village, Makati City                                     |
| 242 | HV Dela Costa/Tordesillas | G/F Global Enterprise Bldg. No. 138 HV dela Costa Salcedo Village, Makati City                                     |
| 243 | HV Dela Costa/Tordesillas | G/F Global Enterprise Bldg. No. 138 HV dela Costa Salcedo Village, Makati City                                     |



|     | Branch Name             | Address                                                                                                            |
|-----|-------------------------|--------------------------------------------------------------------------------------------------------------------|
| 244 | Pandacan                | 1763 Paz M. Guazon St., Paco, Manila                                                                               |
| 245 | Santiago, Isabela       | Maharlika Highway, Santiago City, Isabela                                                                          |
| 246 | Laoag-Ilocos Norte      | G/F 365 Plaza Bldg. Brgy., 1, San Nicolas, Ilocos Norte.                                                           |
| 247 | Vigan - Ilocos Sur      | Jose Singson St., Vigan City, Ilocos Sur                                                                           |
| 248 | Angeles                 | G/F, Building 1, Unit 1 & 2, Central Town Mall, 263 Fil Am Friendship Highway, Brgy Cutcut, Angeles City, Pampanga |
| 249 | San Fernando, Pampanga  | SAN FERNANDO                                                                                                       |
| 250 | Baguio                  | PF Floor, Cedar Peak Building, Corner General Luna Road and Mabini Street, Baguio City 2600                        |
| 251 | Baliuag                 | G/F, 3006 St Augustine Square, Dona Remedios Trinidad Highway, Pinagbarilan Baliuag, Bulacan                       |
| 252 | Meycauayan              | Gr. Floor, Marian Bldg., McArthur Hi-way, Calvario, Meycauayan City, Bulacan                                       |
| 253 | Cabanatuan              | P. Burgos Street, Cabanatuan City                                                                                  |
| 254 | Dagupan                 | Insular Life Building, Arellano St., Dagupan City                                                                  |
| 255 | Dagupan                 | Insular Life Building, Arellano St., Dagupan City                                                                  |
| 256 | Dagupan                 | Insular Life Building, Arellano St., Dagupan City                                                                  |
| 257 | Tarlac                  | Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City                                                          |
| 258 | Tarlac                  | Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City                                                          |
| 259 | Tarlac                  | Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City                                                          |
| 260 | Tarlac                  | Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City                                                          |
| 261 | Subic                   | 19B Manila Avenue cor. Canal Street, Subic Bay Freeport Zone                                                       |
| 262 | San Fernando La Union   | Ground Floor of Shania Tower, Quezon Avenue, San Fernando City, La Union                                           |
| 263 | Cauayan, Isabela        | G/F ITC Bldg., National Highway, Cauayan City, Isabela                                                             |
| 264 | Clark/Phil Excel Branch | M. Roxas Highway, Philexcel Business Park Clark Freeport zone, Pampanga                                            |
| 265 | Clark/Phil Excel Branch | M. Roxas Highway, Philexcel Business Park Clark Freeport zone, Pampanga                                            |
| 266 | Baguio                  | PF Floor, Cedar Peak Building, Corner General Luna Road and Mabini Street, Baguio City 2600                        |
| 267 | Olongapo                | 87 Magsaysay Drive Olongapo City                                                                                   |
| 268 | Vigan - Ilocos Sur      | Jose Singson St., Vigan City, Ilocos Sur                                                                           |
| 269 | Laoag-Ilocos Norte      | G/F 365 Plaza Bldg. Brgy., 1, San Nicolas, Ilocos Norte.                                                           |
| 270 | Meycauayan              | Gr. Floor, Marian Bldg., McArthur Hi-way, Calvario, Meycauayan City, Bulacan                                       |
| 271 | Cabanatuan              | P. Burgos Street, Cabanatuan City                                                                                  |
| 272 | Santiago, Isabela       | Maharlika Highway, Santiago City, Isabela                                                                          |
| 273 | Cauayan, Isabela        | G/F ITC Bldg., National Highway, Cauayan City, Isabela                                                             |
| 274 | Subic                   | 19B Manila Avenue cor. Canal Street, Subic Bay Freeport Zone                                                       |
| 275 | San Fernando La Union   | Ground Floor of Shania Tower, Quezon Avenue, San Fernando City, La Union                                           |
| 276 | Tuguegarao              | G/F 2 Storey Bldg., Bagay Rd., Andrews St., Andrews Vill., Caritan Centro, Tuguegarao City, Cagayan                |
| 277 | Tuguegarao              | G/F 2 Storey Bldg., Bagay Rd., Andrews St., Andrews Vill., Caritan Centro, Tuguegarao City, Cagayan                |
| 278 | Tuguegarao              | G/F 2 Storey Bldg., Bagay Rd., Andrews St., Andrews Vill., Caritan Centro, Tuguegarao City, Cagayan                |

|     | Branch Name         | Address                                                                                                       |
|-----|---------------------|---------------------------------------------------------------------------------------------------------------|
| 279 | Pampanga            | GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga                                 |
| 280 | Pampanga            | GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga                                 |
| 281 | Pampanga            | GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga                                 |
| 282 | Naga                | G/F Prime Days Hotel Bldg., Panganiban Drive, Naga City                                                       |
| 283 | Sta. Rosa           | Rizal Blvd., Corner Zavalla Street, Brgy Malusak, Sta Rosa City, Laguna                                       |
| 284 | Batangas            | G/F, Insular Life Bldg., Highway Hills, Hilltop, Batangas City                                                |
| 285 | Legaspi             | G/F, Unit 1, SMC Bldg., Landco Business Park, Brgy Capantawan, Legazpi City                                   |
| 286 | Naga                | G/F Prime Days Hotel Bldg., Panganiban Drive, Naga City                                                       |
| 287 | Calamba Parian      | Anderson Bldg. 1, Barangay Parian, Calamba City, Laguna                                                       |
| 288 | Lipa                | B. Morada Avenue, Lipa City                                                                                   |
| 289 | Lucena              | G/F One People Square, M.L. Tagarao corner Granja Street, Lucena City                                         |
| 290 | San Pedro           | National Highway, Brgy. Landayan, San Pedro, Laguna                                                           |
| 291 | Dasmariñas Cavite   | Congressional Road corner Gov. D Mangubat Ave. Aguinaldo Hi-way, Dasmariñas City, Cavite                      |
| 292 | Imus                | G/F Melta Building, Aguinaldo Highway, corner Sampaguita Village, Imus, Cavite                                |
| 293 | Bacoor              | Addio building, aguinaldo H-way talaba bacoor., Cavite                                                        |
| 294 | Cainta              | F. Felix Ave. corner Karangalan Drive, Cainta, Rizal                                                          |
| 295 | Puerto Princesa     | Rizal Avenue, Brgy. Maningning, Puerto Princesa City, Palawan                                                 |
| 296 | Puerto Princesa     | Rizal Avenue, Brgy. Maningning, Puerto Princesa City, Palawan                                                 |
| 297 | Paseo de Santa Rosa | G/F The Medical City Southluzon, United Blvd, Greenfield Brgy Don Jose, Sta Rosa Laguna                       |
| 298 | Tagaytay            | G/F Tagaytay Prime Residences, Tagytay-Calamba Road, Tagaytay Prime Rotonda, Barangay San Jose, Tagaytay City |
| 299 | Cainta              | F. Felix Ave. corner Karangalan Drive, Cainta, Rizal                                                          |
| 300 | Imus                | G/F Melta Building, Aguinaldo Highway, corner Sampaguita Village, Imus, Cavite                                |
| 301 | Bacoor              | Addio building, aguinaldo H-way talaba bacoor., Cavite                                                        |
| 302 | Sta. Rosa           | Rizal Blvd., Corner Zavalla Street, Brgy Malusak, Sta Rosa City, Laguna                                       |
| 303 | Legaspi             | G/F, Unit 1, SMC Bldg., Landco Business Park, Brgy Capantawan, Legazpi City                                   |
| 304 | Lipa                | B. Morada Avenue, Lipa City                                                                                   |
| 305 | Lucena              | G/F One People Square, M.L. Tagarao corner Granja Street, Lucena City                                         |
| 306 | Lima                | Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas                           |
| 307 | Lima                | Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas                           |
| 308 | Lima                | Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas                           |



|     | Branch Name                     | Address                                                                                                 |
|-----|---------------------------------|---------------------------------------------------------------------------------------------------------|
| 309 | Lima                            | Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas                     |
| 310 | Biñan                           | National Highway, Brgy. Maduya, Carmona, Cavite                                                         |
| 311 | Biñan                           | National Highway, Brgy. Maduya, Carmona, Cavite                                                         |
| 312 | Biñan                           | National Highway, Brgy. Maduya, Carmona, Cavite                                                         |
| 313 | Cebu - Borromeo                 | Door 8 Plaza Borromeo Bldg., Borromeo Street, Kalubihan, Cebu City                                      |
| 314 | Cebu - Mandaue                  | Kentredder Bldg., A. Cortes St., Mandaue City, Cebu                                                     |
| 315 | Tagbilaran                      | J.S. Torralba St. corner CPG Avenue, Tagbilaran City, Bohol                                             |
| 316 | Cebu - Lapu-lapu/MEPZ           | Lot 2, Block 1, Phase 1, MEPZ II, SEPZ, Lapu-Lapu City, Cebu                                            |
| 317 | Cebu - Lapu-lapu/MEPZ           | Lot 2, Block 1, Phase 1, MEPZ II, SEPZ, Lapu-Lapu City, Cebu                                            |
| 318 | Cebu - SM                       | G/F, Times Square 2 Bldg, Mantawe Avenue, Brgy Tipolo, North Reclamation Area, Mandaue City, Cebu       |
| 319 | Bacolod Lacson                  | G/F PhilAm Bldg., Lacson cor. Galo St., Bacolod City                                                    |
| 320 | Cebu - Banilad                  | G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City                                       |
| 321 | Cebu - Maxilom                  | G/F Ong Tiak Bldg., Gen Maxilom Ave., Cebu City                                                         |
| 322 | Cebu - Fuente                   | G/F Rajah Park Hotel, Fuente Osmeña Circle, Cebu City                                                   |
| 323 | Iloilo Gen.Luna/Ledesma         | Ledesma Street corner Liberation Road, Iloilo City                                                      |
| 324 | Iloilo Gen.Luna/Ledesma         | Ledesma Street corner Liberation Road, Iloilo City                                                      |
| 325 | Tacloban                        | Josmar Bldg., M.H. del Pilar St. corner Zamora St., Tacloban City                                       |
| 326 | Tacloban                        | Josmar Bldg., M.H. del Pilar St. corner Zamora St., Tacloban City                                       |
| 327 | Bacolod North Mandalagan        | Cor. Villa Valderrama, Lacson St., Mandalagan, Bacolod City                                             |
| 328 | Bacolod North Mandalagan        | Cor. Villa Valderrama, Lacson St., Mandalagan, Bacolod City                                             |
| 329 | Cebu - Mandaue North Road       | Gr. Floor, Khuz'ns Bldg., North Hi-way, Estancia, Mandaue City                                          |
| 330 | Dumaguete                       | UnionBank Building, Ramon Pastor Sr. Street corner San Juan Street Dumaguete City 6200, Negros Oriental |
| 331 | Dumaguete                       | UnionBank Building, Ramon Pastor Sr. Street corner San Juan Street Dumaguete City 6200, Negros Oriental |
| 332 | Cebu - Mactan Newtown           | G/F, Retail 2 & 3, Plaza Magellan Tower 1, Mactan Newtown, Lapu Lapu City                               |
| 333 | Cebu - AS Fortuna               | GF The Space, A.S. Fortuna Corner P. Remedies st., Brgy Banilad, Mandaue City                           |
| 334 | Cebu - Subangdaku               | G/F, AD Gothong IT Center, Subangdaku, Mandaue City                                                     |
| 335 | Cebu - North Drive              | G/F, North Drive, Ouano Avenue, North Reclamation Area, Mandaue City                                    |
| 336 | Cebu - Minglanilla              | G/F, FCT Commercial Bldg., Poblacion Ward-II, Minglanilla, Cebu                                         |
| 337 | Cebu Business Park Sumilon Road | G/F, Buildcomm Center, Sumilon Road, Cebu Business Park, Cebu City                                      |
| 338 | Cebu - Banilad                  | G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City                                       |
| 339 | Cebu - Banilad                  | G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City                                       |
| 340 | Cebu - Asiatown IT Park         | G/F TGU Tower, Asiatown I.T. Park, Lahug, Cebu                                                          |
| 341 | Cebu - Insular Life             | G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City                       |
| 342 | Cebu - Insular Life             | G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City                       |

|     | Branch Name               | Address                                                                                           |
|-----|---------------------------|---------------------------------------------------------------------------------------------------|
| 343 | Cebu - Insular Life       | G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City                 |
| 344 | Cebu - Insular Life       | G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City                 |
| 345 | Cebu - Plaridel           | No. 104 Plaridel St., Brgy. Sto. Niño, Cebu City                                                  |
| 346 | Iloilo Iznart             | Villanueva Bldg., Iznart St., Iloilo City                                                         |
| 347 | Iloilo Iznart             | Villanueva Bldg., Iznart St., Iloilo City                                                         |
| 348 | Iloilo Iznart             | Villanueva Bldg., Iznart St., Iloilo City                                                         |
| 349 | Cebu - Lapu-lapu/Pusok    | M.L. Quezon National Highway Pusok, Lapu-Lapu City 6015                                           |
| 350 | Cagayan de Oro - Lapasan  | Lapasan National Highway, Cagayan de Oro City                                                     |
| 351 | Cagayan de Oro - Lapasan  | Lapasan National Highway, Cagayan de Oro City                                                     |
| 352 | Cagayan de Oro - Lapasan  | Lapasan National Highway, Cagayan de Oro City                                                     |
| 353 | Davao - Cabaguio/Victoria | G/F, DMIRIE Bldg., JP Cabaguio Avenue, Brgy. Paciano Bangoy, Davao City                           |
| 354 | Davao - Cabaguio/Victoria | G/F, DMIRIE Bldg., JP Cabaguio Avenue, Brgy. Paciano Bangoy, Davao City                           |
| 355 | General Santos - South    | G/F Laiz Building, Pioneer Avenue, General Santos City                                            |
| 356 | Iligan                    | Manuel L. Quezon Ave, Iligan City, 9200 Lanao del Norte                                           |
| 357 | Pagadian                  | Rizal Ave, City of Pagadian, Zamboanga Del Sur, Philippines                                       |
| 358 | Pagadian                  | Rizal Ave, City of Pagadian, Zamboanga Del Sur, Philippines                                       |
| 359 | Davao - Monteverde        | G/F Mintrade Bldg. Monteverde Ave. cor. Sales St., Davao City                                     |
| 360 | Davao - Quirino           | Quirino Avenue cor San Pedro St., Davao City                                                      |
| 361 | Davao - Recto/Rizal       | G/F Quibod Commercial Center, Rizal Avenue, Davao City                                            |
| 362 | General Santos - South    | G/F Laiz Building, Pioneer Avenue, General Santos City                                            |
| 363 | Iligan                    | Manuel L. Quezon Ave, Iligan City, 9200 Lanao del Norte                                           |
| 364 | Zamboanga - Jaldon        | G/F ZAEC Bldg., Mayor Jaldon cor. Gov. Alavarez, Zamboanga City                                   |
| 365 | Zamboanga - Jaldon        | G/F ZAEC Bldg., Mayor Jaldon cor. Gov. Alavarez, Zamboanga City                                   |
| 366 | Butuan                    | G/F CAP Bldg. J. Rosales Avenue corner JC Aquino St., Butuan City                                 |
| 367 | Butuan                    | G/F CAP Bldg. J. Rosales Avenue corner JC Aquino St., Butuan City                                 |
| 368 | Davao - Magsaysay         | R. Magsaysay Ave. cor. E. Jacinto St., Davao City                                                 |
| 369 | Davao - Magsaysay         | R. Magsaysay Ave. cor. E. Jacinto St., Davao City                                                 |
| 370 | Davao - Magsaysay         | R. Magsaysay Ave. cor. E. Jacinto St., Davao City                                                 |
| 371 | Davao - Magsaysay         | R. Magsaysay Ave. cor. E. Jacinto St., Davao City                                                 |
| 372 | San Agustin Dela Costa    | G/F Liberty Center 102 HV Dela Costa corner San Agustin Streets, Salcedo Village, Makati City     |
| 373 | Double Dragon Meridian    | G/F Double Dragon Center West Tower, Macapagal Avenue corner EDSA Extension, Bay Area, Pasay City |
| 374 | Double Dragon Meridian    | G/F Double Dragon Center West Tower, Macapagal Avenue corner EDSA Extension, Bay Area, Pasay City |
| 375 | UnionBank Plaza           | UBP Plaza Meralco Avenue., Ortigas Center, Pasig City                                             |
| 376 | Baguio                    | PF Floor, Cedar Peak Building, Corner General Luna Road and Mabini Street, Baguio City 2600       |
| 377 | JP Rizal                  | 731 J.P. Rizal St., Makati City                                                                   |
| 378 | Cebu - Mandaue            | Kentredder Bldg., A. Cortes St., Mandaue City, Cebu                                               |

|     | Branch Name              | Address                                                                                       |
|-----|--------------------------|-----------------------------------------------------------------------------------------------|
| 379 | Commonwealth             | 12-13 Upper, G/F, Diliman Commercial Center; Commonwealth Ave., Diliman Quezon City           |
| 380 | Cebu - Asiatown IT Park  | G/F TGU Tower, Asiatown I.T. Park, Lahug, Cebu                                                |
| 381 | San Agustin Dela Costa   | G/F Liberty Center 102 HV Dela Costa corner San Agustin Streets, Salcedo Village, Makati City |
| 382 | Ayala Madrigal           | G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City                            |
| 383 | Tagbilaran               | J.S. Torralba St. corner CPG Avenue, Tagbilaran City, Bohol                                   |
| 384 | Bacolod Lacson           | G/F PhilAm Bldg., Lacson cor. Galo St., Bacolod City                                          |
| 385 | Greenbelt                | Twin Cities Condominium, 110 Legaspi St., Legaspi Village, Makati City                        |
| 386 | Novaliches               | 854 Quirino Highway, Gulod, Novaliches, Quezon City                                           |
| 387 | San Fernando, Pampanga   | 3M Bldg., MacArthur Highway, San Agustin, San Fernando, Pampanga                              |
| 388 | Shaw Pasig               | Chipeco Bldg., Shaw Blvd. corner Meralco Ave., Pasig City                                     |
| 389 | San Pedro                | National Highway, Brgy. Landayan, San Pedro, Laguna                                           |
| 390 | UnionBank Plaza          | Lot 1A, Lot 1B and Lot 2 Prince Balagtas Avenue, Clark Freeport Zone                          |
| 391 | Congressional            | G/F, Unit 101, WMG Bldg., 47 Visayas Ave., Brgy Culiat                                        |
| 392 | Congressional            | G/F, Unit 101, WMG Bldg., 47 Visayas Ave., Brgy Culiat                                        |
| 393 | Congressional            | G/F, Unit 101, WMG Bldg., 47 Visayas Ave., Brgy Culiat                                        |
| 394 | UnionBank Plaza          | UNITED AUCTIONEERS INC. BLDG.1455 ARGONAUT HIGHWAY SUBICBAY FREEPORTZONE, OLONGAPO            |
| 395 | Medical Center Parañaque | G/F, Medical Center Paranaque, Dr. A Santos Avenue, Brgy San Antonio, Paranaque               |
| 396 | Ali Mall                 | AFPSLA Building, EDSA corner Colonel Bonny Serrano, Camp Aguinaldo, Quezon City, Metro Manila |
| 397 | Soler                    | Escolta corner Yuchengco Sts., Binondo                                                        |
| 398 | General Santos - South   | G/F Laiz Building, Pioneer Avenue, General Santos City                                        |
| 399 | Newport City             | Resorts World Manila, Newport Boulevard, Newport City Pasay 1309, Metro Manila                |
| 400 | Cebu - North Drive       | 35 Eduardo Aboitiz St. Tinago, Cebu City, 6000                                                |
| 401 | Bacoor                   | St. Dominic Medical Center, Aguinaldo Highway, Talaba, Bacoor Cavite                          |
| 402 | Pasay Road               | Don Bosco Technical Institute (Makati), Chino Roces Ave., Barangay Pio del Pilar, Makati City |
| 403 | Cebu - Maxilom           | San Fernando, Cebu                                                                            |
| 404 | World Center             | 12F Alliance Global Tower 36th St corner 11th Ave., Uptown Bonifacio, Taguig City             |
| 405 | World Center             | 9/F Eastwood Global Plaza, Bagumbayan Eastwood City                                           |
| 406 | Cebu Exchange Tower      | Cebu Exchange Arthaland Retail 1D and 1E Cebu Exchange, Salinas Dr. Lahug, Cebu City          |
| 407 | Cebu Exchange Tower      | Cebu Exchange Arthaland Retail 1D and 1E Cebu Exchange, Salinas Dr. Lahug, Cebu City          |
| 408 | Cebu Exchange Tower      | Cebu Exchange Arthaland Retail 1D and 1E Cebu Exchange, Salinas Dr. Lahug, Cebu City          |
| 409 | Rada                     | Calatagan South Beach Leisure Toursim Estate Brgy. Santa Ana, Batangas City                   |

|     | Branch Name              | Address                                                                                                               |
|-----|--------------------------|-----------------------------------------------------------------------------------------------------------------------|
| 410 | Baguio                   | University of Baguio General Luna Road, Baguio City                                                                   |
| 411 | Newport City             | Newport blvd, Andrew Ave. Pasay City 1309                                                                             |
| 412 | Malinta                  | No. 295, Mirjan Building, Maysan Road, Paso de Blas, Valenzuela City                                                  |
| 413 | Malinta                  | No. 295, Mirjan Building, Maysan Road, Paso de Blas, Valenzuela City                                                  |
| 414 | Angeles                  | BLOCK 8 LOT 3 MARINA STREET CORNER JOSEFA STREET JOSEFA SUBD. MALABANIAS ANGELES CITY 2009                            |
| 415 | Baliuag                  | Masagana St. Pinagbarilan, Baliuag Bulacan                                                                            |
| 416 | Baguio                   | University of Baguio General Luna Road, Baguio City                                                                   |
| 417 | Baguio                   | University of Baguio General Luna Road, Baguio City                                                                   |
| 418 | C5-QC/Libis              | 15 Zeta Tower E Rodriguez Jr., Ave. cor Ortigas Ave., bridgestowne, West Ugong Norte, QC.                             |
| 419 | Triangle Drive BGC       | ACEA Subic Beach Resort, The Dungaree Beach, San Bernardino Road, Subic Bay Freeport Zone                             |
| 420 | Pasong Tamo JTKC         | Sitio Narra, Barangay Akle, San Ildefonso, Bulacan                                                                    |
| 421 | Cagayan de Oro - Lapasan | BCC COMMERCIAL BUILDING- DAMILAG HI-WAY MANOLO FORTICH, BUKIDNON                                                      |
| 422 | San Pedro                | Ynion Drive, Magsaysay Road, San Antonio, San Pedro, Laguna                                                           |
| 423 | San Pedro                | Ynion Drive, Magsaysay Road, San Antonio, San Pedro, Laguna                                                           |
| 424 | Cebu - Lapu-lapu/MEPZ    | 3rd St. Cor. 3rd Ave. Mepz-1, MEPZ 1, Lapu-Lapu City, 6015 Cebu                                                       |
| 425 | San Pedro                | National Highway, Brgy. Landayan, San Pedro, Laguna                                                                   |
| 426 | Lipa                     | JP Laurel Highway, Mataas na Lupa Lipa City Batangas                                                                  |
| 427 | UnionBank Plaza          | 9th Avenue corner 38th Street 25th Floor, Uptown Bonifacio, Taguig City, Philippines 1635                             |
| 428 | UnionBank Plaza          | 9th Avenue corner 38th Street 25th Floor, Uptown Bonifacio, Taguig City, Philippines 1635                             |
| 429 | UnionBank Plaza          | 7th Floor E-bloc Tower, Jose Ma. Del Mar Avenue, Asiatown IT Park, Apas, Cebu City, Philippines 6000                  |
| 430 | The Luxe Residences      | Camaya Coast Station 3, Cabog-cabog, Balanga City, Bataan. Nearest landmark Cabog-cabog Elementary                    |
| 431 | Lourdes Hospital         | Our Lady of Lourdes Hospital 46P Sanchez St. Sta. Mesa Manila                                                         |
| 432 | C5-QC/Libis              | 2F Ayala Technohub Bldg., Smallville Business Center, Brgy San Rafael, Boardwalk Avenue, Mandurriao, Iloilo City 5000 |
| 433 | 6754 Ayala Avenue        | G/F PNB Makati Center, 6754 Ayala Avenue, Brgy. San Lorenzo, Makati City                                              |
| 434 | 6754 Ayala Avenue        | G/F PNB Makati Center, 6754 Ayala Avenue, Brgy. San Lorenzo, Makati City                                              |
| 435 | Baguio                   | PF Floor, Cedar Peak Building, Corner General Luna Road and Mabini Street, Baguio City 2600                           |
| 436 | Makati                   | G/F Citibank Center 8741 Paseo de Roxas corner Villar Streets Makati City                                             |
| 437 | Makati                   | G/F Citibank Center 8741 Paseo de Roxas corner Villar Streets Makati City                                             |
| 438 | Makati                   | G/F Citibank Center 8741 Paseo de Roxas corner Villar Streets Makati City                                             |
| 439 | Makati                   | G/F Citibank Center 8741 Paseo de Roxas corner Villar Streets Makati City                                             |

|     | Branch Name     | Address                                                                                                      |
|-----|-----------------|--------------------------------------------------------------------------------------------------------------|
| 440 | Makati          | G/F Citibank Center 8741 Paseo de Roxas corner Villar Streets Makati City                                    |
| 441 | Makati          | G/F Citibank Center 8741 Paseo de Roxas corner Villar Streets Makati City                                    |
| 442 | Makati          | G/F Citibank Center 8741 Paseo de Roxas corner Villar Streets Makati City                                    |
| 443 | Greenhills      | G/F 22 Fort & Ester Building Missouri Street Northeast Greenhills San Juan City                              |
| 444 | Greenhills      | G/F 22 Fort & Ester Building Missouri Street Northeast Greenhills San Juan City                              |
| 445 | Greenhills      | G/F 22 Fort & Ester Building Missouri Street Northeast Greenhills San Juan City                              |
| 446 | ADB             | GF Malayan Plaza, ADV Avenue, Ortigas, Pasig City, Metro Manila                                              |
| 447 | Greenhills      | G/F 22 Fort & Ester Building Missouri Street Northeast Greenhills San Juan City                              |
| 448 | Greenhills      | G/F 22 Fort & Ester Building Missouri Street Northeast Greenhills San Juan City                              |
| 449 | Cebu            | G/F Ayala Life-FGU Center Mindanao Avenue corner Biliran Road Cebu Business Park Cebu City                   |
| 450 | Cebu            | G/F Ayala Life-FGU Center Mindanao Avenue corner Biliran Road Cebu Business Park Cebu City                   |
| 451 | Cebu            | G/F Ayala Life-FGU Center Mindanao Avenue corner Biliran Road Cebu Business Park Cebu City                   |
| 452 | Cebu            | G/F Ayala Life-FGU Center Mindanao Avenue corner Biliran Road Cebu Business Park Cebu City                   |
| 453 | Cebu            | G/F Ayala Life-FGU Center Mindanao Avenue corner Biliran Road Cebu Business Park Cebu City                   |
| 454 | Cebu            | G/F Ayala Life-FGU Center Mindanao Avenue corner Biliran Road Cebu Business Park Cebu City                   |
| 455 | Binondo         | 2nd Floor Pacific Center Quintin Paredes corner Sabino Padilla Streets Binondo, Manila                       |
| 456 | Binondo         | 2nd Floor Pacific Center Quintin Paredes corner Sabino Padilla Streets Binondo, Manila                       |
| 457 | Alabang Insular | Ground Floor, Insular Life Corporate Centre Insular Drive, Filinvest Corporate City Alabang, Muntinlupa City |
| 458 | Alabang Insular | Ground Floor, Insular Life Corporate Centre Insular Drive, Filinvest Corporate City Alabang, Muntinlupa City |
| 459 | Alabang Insular | Ground Floor, Insular Life Corporate Centre Insular Drive, Filinvest Corporate City Alabang, Muntinlupa City |
| 460 | Alabang Molito  | Puregold Supermarket Molito Complex Alabang Zapote Road cor. Madrigal Avenue Muntinlupa City                 |

|     | Branch Name             | Address                                                                                                      |
|-----|-------------------------|--------------------------------------------------------------------------------------------------------------|
| 461 | Alabang Insular         | Ground Floor, Insular Life Corporate Centre Insular Drive, Filinvest Corporate City Alabang, Muntinlupa City |
| 462 | Libis                   | Ground Floor Citibank Square 1 Eastwood Aveue Eastwood City Barangay Bagumbayan Quezon City                  |
| 463 | Libis                   | Ground Floor Citibank Square 1 Eastwood Aveue Eastwood City Barangay Bagumbayan Quezon City                  |
| 464 | Libis                   | Ground Floor Citibank Square 1 Eastwood Aveue Eastwood City Barangay Bagumbayan Quezon City                  |
| 465 | Libis                   | Ground Floor Citibank Square 1 Eastwood Aveue Eastwood City Barangay Bagumbayan Quezon City                  |
| 466 | EDSA Shangri-la         | Lower Ground Floor Shangri-La Plaza EDSA corner Shaw Boulevard Mandaluyong City                              |
| 467 | Manila Peninsula        | Lower Ground Floor Manila Peninsula Hotel Makati City                                                        |
| 468 | ADB                     | GF Malayan Plaza, ADV Avenue, Ortigas, Pasig City, Metro Manila                                              |
| 469 | NAIA T3                 | Ground Floor NAIA Terminal 3 Andrews Avenue Pasay City                                                       |
| 470 | Citi Plaza              | Ground Floor Citi Plaza 34th Street Taguig City                                                              |
| 471 | Greenbelt 5             | Ground Floor Greenbelt 5 Ayala Center Makati City                                                            |
| 472 | Manila Polo Club        | Manila Polo Club McKinley Road Makati City                                                                   |
| 473 | Citi Plaza              | Ground Floor Citi Plaza 34th Street Taguig City                                                              |
| 474 | BGC Central Square Mall | Basement 1, Central Square BGC High Street Taguig City                                                       |
| 475 | Citi Plaza              | 17th Floor Citi Plaza 34th Street Taguig City                                                                |
| 476 | Citi Plaza              | 17th Floor Citi Plaza 34th Street Taguig City                                                                |
| 477 | US Embassy              | 2nd Floor US Embassy Roxas Boulevard Pasay City                                                              |
| 478 | Sofitel                 | Lower Ground Floor Sofitel Philippine Plaza CCP Complex Roxas Boulevard Pasay City                           |
| 479 | Ayala Malls Manila Bay  | Ground Floor Ayala Malls Manila Bay Diosdado Macapagal Blvd corner Aseana Ave Paranaque City                 |
| 480 | Makati                  | G/F Citibank Center 8741 Paseo de Roxas corner Villar Streets Makati City                                    |
| 481 | Makati                  | G/F Citibank Center 8741 Paseo de Roxas corner Villar Streets Makati City                                    |
| 482 | Makati                  | G/F Citibank Center 8741 Paseo de Roxas corner Villar Streets Makati City                                    |
| 483 | Greenhills              | G/F 22 Fort & Ester Building Missouri Street Northeast Greenhills San Juan City                              |
| 484 | Greenhills              | G/F 22 Fort & Ester Building Missouri Street Northeast Greenhills San Juan City                              |
| 485 | Cebu                    | G/F Ayala Life-FGU Center Mindanao Avenue corner Biliran Road Cebu Business Park Cebu City                   |
| 486 | Cebu                    | G/F Ayala Life-FGU Center Mindanao Avenue corner Biliran Road Cebu Business Park Cebu City                   |
| 487 | Binondo                 | 2nd Floor Pacific Center Quintin Paredes corner Sabino Padilla Streets Binondo, Manila                       |
| 488 | Binondo                 | 2nd Floor Pacific Center Quintin Paredes corner Sabino Padilla Streets Binondo, Manila                       |
| 489 | Alabang Insular         | Ground Floor, Insular Life Corporate Centre Insular Drive, Filinvest Corporate City Alabang, Muntinlupa City |



|     | Branch Name     | Address                                                                                                      |
|-----|-----------------|--------------------------------------------------------------------------------------------------------------|
| 490 | Alabang Insular | Ground Floor, Insular Life Corporate Centre Insular Drive, Filinvest Corporate City Alabang, Muntinlupa City |
| 491 | Libis           | Ground Floor Citibank Square 1 Eastwood Aveue Eastwood City Barangay Bagumbayan Quezon City                  |
| 492 | Libis           | Ground Floor Citibank Square 1 Eastwood Aveue Eastwood City Barangay Bagumbayan Quezon City                  |
| 493 | Citi Plaza      | 17th Floor Citi Plaza 34th Street Taguig City                                                                |

#### City Savings Bank

|    | Branch Name           | Address                                                                                         |
|----|-----------------------|-------------------------------------------------------------------------------------------------|
| 1  | Sto. Nino Branch      | City Savings Financial Plaza Corner Osmena Blvd & P. Burgos St., Cebu City                      |
| 2  | Iloilo Branch         | 143 Esperanza Bldg., General Luna St., Iloilo City                                              |
| 3  | Roxas Branch          | McKinley St., Roxas City 5800                                                                   |
| 4  | Tacloban Branch       | YPL Bldg., 3 Salazar St., 6500 Tacloban City, Leyte                                             |
| 5  | Bacolod Branch        | Units 4-6, 722 Metropolis Towers, Brgy. Mandalagan, Bacolod City                                |
| 6  | Tagum Branch          | G/F PLJ Bldg. Apokon Road, Tagum City, Davao del Norte                                          |
| 7  | Zamboanga Branch      | RHW Bldg. Brgy. Calenar, Mayor Jaldon St., Zamboanga                                            |
| 8  | Dumaguete Branch      | G/F Eros Bldg., Cor. Dr. V. Locsin and Real Sts., 6200 Dumaguete City                           |
| 9  | Calamba Branch        | Unit #1 EF GF Margimel Bldg., National Highway Brgy. Halang, Calamba City, Laguna               |
| 10 | Leganas Branch        | Pestano Bldg., Gustilo St., Poblacion, Leganes, Iloilo                                          |
| 11 | Balamban Branch       | Binghay St., Balamban                                                                           |
| 12 | Balamban Branch       | Binghay St., Balamban                                                                           |
| 13 | Ormoc Branch          | Aviles St., Ormoc City, Leyte                                                                   |
| 14 | Borongan Branch       | JRC Bldg., Brgy. Songco, Borongan, Eastern Samar                                                |
| 15 | Kalibo Branch         | GE Building, 406 Quezon Avenue, Kalibo, Aklan                                                   |
| 16 | Pampanga Branch       | Unit 102-103 Sburbia Commercial Center, Mc Arthur Highway, Maimpis, San Fernando City, Pampanga |
| 17 | Cagayan de Oro Branch | TS Fashion Bldg., Corrales Avenue, Cagayan De Oro City                                          |
| 18 | La Union Branch       | Kenny Plaza, Quezon Avenue, Brgy. Catbangan, San Fernando City, La Union                        |
| 19 | Legazpi Branch        | Tower Mall 4, Landco Business Park, Brgy. Bitano, Legazpi City, Albay                           |
| 20 | Lipa Branch           | Ink Centre, Gen. Luna St., Sabang, Lipa City                                                    |
| 21 | Lucena Branch         | ML Tagarao Street, Brgy. 5, Lucena City                                                         |
| 22 | Caloocan Branch       | Diane Bldg., 746 Rizal Ave. Ext., Grace Park, Caloocan City                                     |
| 23 | Tagbilaran Branch     | CPG Ave., Tagbilaran City, Bohol                                                                |
| 24 | Tuguegarao Branch     | Mabini St. Ugac Norte Tuguegarao City                                                           |
| 25 | Davao Branch          | Doors 1-4 Phil. Red Cross Bldg., Roxas Avenue, Davao City                                       |
| 26 | Butuan Branch         | Ismael Elloso St. corner JC Aquino Ave. & Imadejas Subdivision Butuan City Agusan del Norte     |
| 27 | Calapan Branch        | Unit 5 & 6, Puregold Calapan, Brgy. Camilmil, Calapan City, Oriental Mindoro                    |
| 28 | Taguig Branch         | #48 Gen. Alfredo Santos Avenue, Lower Bicutan, Taguig City                                      |

|    | Branch Name             | Address                                                                                                                      |
|----|-------------------------|------------------------------------------------------------------------------------------------------------------------------|
| 29 | Las Pinas Branch        | Alabang-Zapote Road corner Crispina Avenue, Pamplona, Las Piñas City                                                         |
| 30 | General Santos Branch   | Santiago Blvd., General Santos City SOCCSKSARGEN                                                                             |
| 31 | Mandaue Branch          | City Bridge Plaza, A.C. Cortes Ave., Mandaue City, Cebu                                                                      |
| 32 | Carcar Branch           | Awayan Carcar Cebu fronting Caltex Station and Norkis                                                                        |
| 33 | Tanjay Branch           | Sweet Lady Bldg., Legazpi St., Brgy. Poblacion 8 Tanjay City Negros Oriental                                                 |
| 34 | Catarman Branch         | 1305 Camara Bldg., Brgy Mabololo Catarman Northern Samar                                                                     |
| 35 | San Jose Mindoro Branch | Lebrilla Ang Building, Burgos Corner Rizal Street, Barangay Poblacion 1, San Jose Occidental Mindoro                         |
| 36 | Dipolog Branch          | Sergio Osmena Street, Central Barangay, Dipolog City                                                                         |
| 37 | Sta Cruz Branch         | P. Guevarra Street, Poblacion, Barangay IV, Sta. Cruz, Laguna                                                                |
| 38 | Alaminos Branch         | Quezon Avenue, Poblacion Alaminos City, Pangasinan                                                                           |
| 39 | Lemery Branch           | NVS Bldg, Barangay Malinis, Lemery, Batangas                                                                                 |
| 40 | Laoag Branch            | Brgy. 51- A Nangalisan, Laoag City, Ilocos Norte                                                                             |
| 41 | Bogo Branch             | P. Rodriguez St., Bogo, Cebu                                                                                                 |
| 42 | Naga Branch             | Door #44-45 CBD II Terminal, Triangulo, Naga City, Camarines Sur                                                             |
| 43 | Marikina Branch         | #3 G. Fernando Avenue, San Roque, Marikina City                                                                              |
| 44 | Antique Branch          | C.R. Building, T.A. Fornier St., San Jose, Antique                                                                           |
| 45 | Sogod Branch            | Corner Concepcion and Mangkaw Streets, Barangay Zone 1 Sogod, Southern Leyte                                                 |
| 46 | Taytay Branch           | National Road, Ilog Pugad, Barangay San Juan, Taytay, Rizal                                                                  |
| 47 | Pagadian Branch         | F&N Building, San Francisco District, Pagadian City, Zamboanga del Sur                                                       |
| 48 | Gumaca Branch           | A Bonifacio Street, Barangay Tabing Dagat, Gumaca, Quezon                                                                    |
| 49 | Calbayog Branch         | Salcor Bldg., Rosales Blvd., Calbayog City, Samar                                                                            |
| 50 | Kabankalan Branch       | L&M Bldg., Corner Guanzon & Azcona Sts., Kabankalan City                                                                     |
| 51 | San Carlos Branch       | Doors 2-4 Heritage Bldg. 1, F.C. Ledesma Ave., San Carlos City                                                               |
| 52 | Digos Branch            | Rizal Avenue, Digos City, Davao Del Sur                                                                                      |
| 53 | Ubay Branch             | Ground Floor Rogelio Inn Building, Colonel Marciano Garces Street, Poblacion, Ubay, Bohol                                    |
| 54 | Infanta Branch          | General Luna Street, Poblacion 39, Infanta Quezon Province                                                                   |
| 55 | Kidapawan Branch        | Ground Floor - Aspillla Bldg. Quirino Drive, North Cotabato, Kidapawan City                                                  |
| 56 | Bacoor Branch           | G/F San Miguel Bldg., Aguinaldo Highway, Panapaan I, Bacoor City Cavite                                                      |
| 57 | North Caloocan Branch   | Door 1-4 R-V Sabangan Building, 500 Susano Road, Hillcrest Village, Camarin, Caloocan City                                   |
| 58 | Solano Branch           | Ground Floor Ongtao Building, J.P. Rizal Avenue corner Burgos Street, Solano, Nueva Vizcaya                                  |
| 59 | Sorsogon Branch         | AD Reyes Building 1461 Magsaysay Street, Barangay Salog, Sorsogon City                                                       |
| 60 | Palawan Branch          | Unit 1-A Ground Floor Unionbank Building, Rizal Avenue Corner Dacanay Street, Barangay Colero, Puerto Princesa City, Palawan |
| 61 | Surigao Branch          | Ground Floor Parkway Mall Km 3, Barangay Luna, National Highway, Surigao City                                                |



|    | Branch Name           | Address                                                                                                |
|----|-----------------------|--------------------------------------------------------------------------------------------------------|
| 62 | Koronadal Branch      | Villa Amor Hotel, Door 14, General Santos Drive corner Arellano Street, Koronadal City, General Santos |
| 63 | Olongapo Branch       | G/F PNRC Building, Magsaysay Drive, Olongapo City, Zambales                                            |
| 64 | Dasmaringas Branch    | Lot 5 & 6, Block 94, Governor's Drive, Metrogate Subdivision, Dasmaringas City, Cavite                 |
| 65 | Baguio Branch         | Ground Floor Insular Life Building, Abanao Extension, Corner Legarda Street, Baguio City, Benguet      |
| 66 | Mati Branch           | Rizal Street, Mati City, Davao Oriental                                                                |
| 67 | Anonas Branch         | Belmon Place, 5 Anonas, Project 3, Quezon City                                                         |
| 68 | Head Office (Ortigas) | G/F, UnionBank Plaza, Meralco Ave. cor. Sapphire and Onyx Streets, Ortigas Center, Pasig City          |
| 69 | Bayambang Branch      | Corner Juan Luna St. Rizal Avenue, Poblacion Sur, Bayambang, Pangasinan                                |
| 70 | Sta. Ana Branch       | National Highway Centro, Sta Ana, Cagayan                                                              |
| 71 | Alicia Branch         | National Highway Barangay Magsaysay Alicia Isabela                                                     |
| 72 | Cauayan Branch        | Don Canciller Ave., Cor. Rizal Ave., Alingog Center, Cauayan City                                      |
| 73 | Echague Branch        | Garfunkel Fine Properties, National Highway, San Fabian, Echague, Isabela                              |
| 74 | Tondo Branch          | Ushio Plaza V Honorio Lopez Boulevard, Tondo, Manila                                                   |
| 75 | Valenzuela Branch     | 389 Mc Arthur Highway, Malinta, Valenzuela City                                                        |
| 76 | Navotas Branch        | M. Naval Street, Navotas City                                                                          |
| 77 | Sampaloc Branch       | 1803 Algecira St. Cor. G. Tuazon St. Sampaloc Manila                                                   |
| 78 | Angeles Branch        | Diamond Spring Hotel, 192 McArthur Highway, Barangay Balibago, Angeles City Pampanga                   |
| 79 | Bantay                | Zone 2 National Highway Corner Real St., Brgy. 1 Bantay, Ilocos Sur                                    |
| 80 | Ilagan                | National Highway, Baligatan, Ilagan City, Isabela                                                      |
| 81 | Tarlac                | Plaza de Oro Arcade, MacArthur Highway, Sto. Cristo, Tarlac City                                       |
| 82 | Cabanatuan            | 701 Paco Roman St., Dimasalang, Cabanatuan City, Nueva Ecija                                           |
| 83 | Baliuag               | Unit 5 & 6 R-Building DRT Hi-way, Pinagbarilan, Baliuag, Bulacan                                       |
| 84 | Naguilian             | Magsaysay District, Naguilian, Isabela                                                                 |
| 85 | Balanga               | Don Manuel Banzon Avenue, Dona Francisca, Balanga City, Bataan                                         |
| 86 | Urdaneta              | Honaco Commercial Bldg., National Highway, Urdaneta City, Pangasinan                                   |
| 87 | Marilao               | Ground Floor RL Building, McArthur Highway Abangan Norte Marilao, Bulacan                              |
| 88 | Dagupan               | Rudel Bldg., Perez Boulevard, Corner Guilig St., Dagupan City, Pangasinan                              |
| 89 | San Jose, Nueva Ecija | Mario Salvador Building, Maharlika Highway, Barangay Malasin, San Jose City, Nueva Ecija               |
| 90 | SJDM, Bulacan         | GSS Building, Brgy. Sto. Cristo, Quirino Highway, San Jose Del Monte, Bulacan                          |
| 91 | Baler                 | Etcubanez Bldg., M.L. Quezon Highway, Brgy. Suklayin, Baler, Aurora                                    |

|    |            |                                                                          |
|----|------------|--------------------------------------------------------------------------|
| 92 | San Miguel | R. Bldg., Daang Maharlika Highway, Sta Rita Matanda, San Miguel, Bulacan |
|----|------------|--------------------------------------------------------------------------|

**UNION BANK OF THE PHILIPPINES  
LIST OF BANK OWNED BRANCHES  
As of December 31, 2022**

**Union Bank of the Philippines**

| Branch Name                                        | Address                                                                                      |
|----------------------------------------------------|----------------------------------------------------------------------------------------------|
| OLONGAPO BRANCH                                    | 87 Magsaysay Drive, East Tapinac, Olongapo City, Zambales                                    |
| CAGAYAN DE ORO BRANCH                              | Lapasan National Highway, Brgy 25, Cagayan De Oro City                                       |
| ILIGAN BRANCH                                      | Manuel L. Quezon Avenue, Poblacion, Iligan City                                              |
| ILOILO CITY BRANCH                                 | General Luna St., Brgy. Villa Anita, Iloilo City                                             |
| RICHVILLE BRANCH                                   | UGI and UG 4 Condo Units Alabang Zapote Road Madrigal Business Park Alabang, Muntinlupa City |
| EMERALD BRANCH                                     | G/F Wynsum Corp. Plaza, 22 Emerald Avenue, Ortigas Center, Pasig City                        |
| CABANATUAN BRANCH                                  | P. Burgos St., Poblacion, Cabanatuan City                                                    |
| DAVAO-MAGSAYSAY BRANCH                             | 156 Ramon Magsaysay Avenue corner Jacinto St., Brgy 29C, Davao City                          |
| DUMAGUETE BRANCH                                   | Unionbank Bldg., Real corner San Juan Sts., Brgy 7, Dumaguete City                           |
| PUERTO PRINCESA                                    | G/F, UnionBank Bldg., 293 J. Rizal Avenue, Brgy. Maningning, Puerto Princesa City, Palawan   |
| DASMARINAS                                         | G/F UnionBank Centre Manila Bldg., Quintin Paredes corner Dasmaringas St, Binondo, Manila    |
| ANTEL RESIDENCES (Unit owned G-3) Floor area 40.71 | G/F Antel Residences, 7829 Salamanca Street., Brgy Poblacion, Makati City                    |
| UNIONBANK PLAZA                                    | G/F, UnionBank Plaza Bldg., Meralco Avenue corner Onyx St, Brgy San Antonio, Pasig City      |
| CEBU EXCHANGE TOWER                                | G/F Unit D & E Ceu Exchange Tower, Salinas Drive, Lahug, Cebu city                           |

**City Savings Bank**

| Branch Name                  | Address                                                                       |
|------------------------------|-------------------------------------------------------------------------------|
| City Savings Financial Plaza | Barangay Santo Nino, Cebu City                                                |
| Tagbilaran Branch            | Barangay Poblacion II, Tagbilaran City, Bohol                                 |
| Aurora Branch                | Santiago-Tuguegarao Road and Pasuquin Street, Brgy. San Jose, Aurora, Isabela |
| Cabatuan Branch              | Santiago-Tuguegarao Road, Brgy. Centro, Cabatuan, Isabela                     |
| Cauayan Branch               | Alingog Center, Rizal Ave cor. Canciller Ave., Cauayan City Isabela           |
| Diffun Branch                | Cordon-Diffun-Madella-Aurora Road, Brgy. A. Bonifacio, Diffun, Quirino        |
| Laoag Branch                 | Barangay Nangalisan, Laoag, Ilocos Norte - 338 sqm (T-021-2012000001)         |
| Naguilian Branch             | Magsaysay District, Naguilian, Isabela, Philippines                           |
| Roxas, Isabela Branch        | Don Mariano Marcos Avenue, Brgy. Bantug, Roxas, Isabela                       |

| Branch Name      | Address                                                                                        |
|------------------|------------------------------------------------------------------------------------------------|
| San Mateo Branch | Alicia-San Mateo Road, J. Cadelifia Street and La Salette Street, Brgy. 1, San Mateo, Isabela. |
| Sta. Ana Branch  | Dugo-San Vicente Road and Arellano Street, Brgy. Centro, Sta. Ana, Cagayan                     |

#### FAIR Bank

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

#### Bangko Kabayan

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

#### Progressive Bank

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

**UNION BANK OF THE PHILIPPINES  
LIST OF LEASED BRANCHES  
As of December 31, 2022**

Union Bank of the Philippines

| Branch Name              | Address                                                                                                         | Monthly Rental | Expiration of Lease | Term of Renewal |
|--------------------------|-----------------------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| 2ND AVENUE - GLOBAL CITY | Unit GF-A, GF Blue Sapphire Building, 2nd Avenue corner 30th Street, Bonifacio Global City, Taguig City         | 376,921.10     | October 31, 2025    | every 5 years   |
| 32ND AVE. - BGC          | G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig City                            | 846,802.69     | September 30, 2024  | every 5 years   |
| 5TH AVENUE - GLOBAL CITY | Unit 103 GF One Global Place, along 5th Avenue, Bonifacio Global City, Taguig City                              | 362,281.50     | April 30, 2025      | every 5 years   |
| ACROPOLIS                | 171 Bridgeview Bldg., E. Rodriguez Jr. Ave, Bagumbayan, Quezon City                                             | 126,715.62     | April 30, 2025      | every 5 years   |
| ADB AVENUE               | G/F Burgundy Empire Tower ADB Ave. cor Sap[hire and Garnet Roads, Ortigas Center, Pasig City                    | 308,426.19     | October 31, 2023    | every 5 years   |
| ALABANG COUNTRY CLUB     | G/F, Alabang Country Club, Acacia Drive, Ayala Alabang Village, Brgy. Ayala Alabang, Muntinlupa City            | 46,305.00      | February 29, 2025   | every 5 years   |
| ALABANG TOWN (Kiosk)     | Makati Supermart Alabang, Alabang Town Center, Muntinlupa City                                                  | 270,706.84     | September 30, 2023  | every 2 years   |
| ALI MALL                 | Ali Mall Financial Center, Level 2, Ali Mall, Araneta Center, Cubao, Quezon City                                | 207,207.35     | September 30, 2023  | every 5 years   |
| ANGELES                  | G/F, Bldg 1, Units 1 & 2, Central Town Mall, 263 Fil-Am Friendship Highway, Brgy Cutcut, Angeles City           | 123,135.65     | November 06, 2026   | every 5 years   |
| ANNAPOLIS                | G/F, Unit 133, Promenade Missouri, Greenhills Shopping Center, Missouri cor. Annapolis St. Greenhills, San Juan | 253,469.52     | September 30, 2026  | every 5 years   |
| ANTEL RESIDENCES         | Unit G2 of Antel Residences, Makati Avenue, Makati City                                                         | 141,822.48     | September 30, 2026  | every 5 years   |
| AURORA - BALETE DRIVE    | Marsk Realty Building, aurora Boulevard corner Balet Drive, Quezon City                                         | 108,642.23     | September 14, 2025  | every 5 years   |
| AURORA BLVD.             | 677 Aurora Blvd., near cor. Broadway St., Bgy. Mariana, New Manila, Quezon City                                 | 93,806.69      | March 14, 2025      | every 5 years   |
| AYALA - RUFINO           | Rufino Bldg. Ayala Ave. corner V Rufino St., Makati city                                                        | 320,137.20     | June 30, 2027       | every 5 years   |
| AYALA ALABANG            | G/F NOL Building, Commerce cor. Acacia, Alabang, Muntinlupa                                                     | 679,753.19     | June 30, 2024       | every 5 years   |
| AYALA AVE                | G/F Madrigal Building, 6793 Ayala Avenue, Makati City                                                           | 797,288.37     | November 15, 2025   | every 5 years   |

| Branch Name                | Address                                                                                                                     | Monthly Rental | Expiration of Lease | Term of Renewal |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| AYALA SSS                  | SSS (Makati) Building Ayala Avenue corner V.A. Rufino St, Makati city                                                       | 893,468.82     | December 31, 2023   | every 1 years   |
| BACOLOD CITY - LACSON      | GF Philam Bldg., Lacson Street cor. Galo, Bacolod City                                                                      | 130,057.30     | November 14, 2024   | every 5 years   |
| BACORR                     | Addio Bldg., Aguinaldo Highway, Talaba, Bacoor, Cavite                                                                      | 112,992.11     | March 31, 2026      | every 5 years   |
| BAESA                      | Dra. C.Pascual Bldg., 142 Quirino Highway, Baesa, Quezon City                                                               | 93,492.00      | July 31, 2026       | every 5 years   |
| BAGUIO CITY                | Unit PF-7 & PF-7A, Plaza Floor, Cedar Peak Bldg., General Luna corner Mabini Street, Brgy Kabayanihan, Baguio City          | 178,993.02     | March 31, 2026      | every 5 years   |
| BALIWAG                    | Unit 3 & 4, 3006 Augustine Square, 17 Pinagbarilan St., Dona Remedios Trinidad Highway, Baliuag, Bulacan                    | 60,628.68      | April 30, 2026      | every 5 years   |
| BATANGAS CITY              | G/F, Insular Life Bldg., Highway Hills, Brgy Hilltop, Batangas City                                                         | 98,018.57      | September 30, 2024  | every 3 years   |
| BF HOMES                   | 55 President Avenue, BF Homes, Parañaque City                                                                               | 280,716.37     | August 31, 2023     | every 5 years   |
| BGC 34TH STREET (Panorama) | G/F Panorama Building, 34th Street corner Lane A, Bonifacio Global City, Brgy. Fort Bonifacio, Taguig City                  | 533,299.32     | February 28, 2025   | every 5 years   |
| BGC 38TH STREET            | G/F Orion Bldg., 11th Avenue corner 38th Street., Bonifacio Global City Brgy. Fort Bonifacio, Taguig City                   | 639,598.06     | March 31, 2025      | every 5 years   |
| BGC 3RD AVENUE             | G/F, The Net Square Bldg., 3rd Avenue corner 28th Street, Bonifacio Global City, Taguig City                                | 384,735.75     | May 15, 2026        | every 5 years   |
| BGC 7TH AVENUE             | G/F, Twenty-Four Seven McKinley Building, 7th Ave., cor. 24th St., Bonifacio Global City, Brgy. Fort Bonifacio, Taguig City | 486,273.77     | June 24, 2025       | every 5 years   |
| BGC MCKINLEY ROAD          | G/F, Unit 2, Fairways Tower, 5th Avenue, Bonifacio Global City, Brgy Fort Bonifacio, Taguig City                            | 222,486.71     | January 31, 2025    | every 5 years   |
| BGC THE LUXE RESIDENCES    | G/F, Shop 3, The Luxe Residences, 28th St corner 4th Avenue, Bonifacio Global City, Taguig City                             | 748,659.24     | January 31, 2025    | every 5 years   |
| BGC TRIANGLE DRIVE         | Shop 3, Philplans Building Corporate Center, 1012 North Triangle Drive, Bonifacio Global City, Taguig City                  | 449,275.42     | August 31, 2023     | every 5 years   |
| BGC UPTOWN PLACE MALL      | Lower G/F Uptown Place Mall, 9th Avenue corner 36th Street., Bonifacio Global City, Brgy. Fort Bonifacio, Taguig City       | 421,265.49     | October 31, 2027    | every 5 years   |
| BICUTAN                    | 28 Doña Soledad Ave., Better Living Subd., Bicutan, Parañaque City                                                          | 161,832.14     | December 31, 2027   | every 5 years   |
| BIÑAN-CARMONA              | Golden Mile Business Park, National Highway, Brgy. Brgy. Maduya, Carmona, Cavite                                            | 158,608.45     | June 30, 2025       | every 5 years   |

| Branch Name                  | Address                                                                                                          | Monthly Rental | Expiration of Lease | Term of Renewal |
|------------------------------|------------------------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| BONI AVENUE                  | Boni Avenue cor. Ligaya St., Mandaluyong City                                                                    | 162,585.18     | December 05, 2026   | every 5 years   |
| BONIFACIO HIGH STREET        | W Global Center located at the corner of 30th Street and 9th Avenue, Brgy. Fort Bonifacio, Taguig City           | 525,605.03     | January 31, 2028    | every 5 years   |
| BUTUAN                       | GF CAP Bldg. J.C. Aquino Ave corner J. Rosales St., Brgy Tandang Sora, Butuan City                               | 56,607.86      | July 31, 2024       | every 5 years   |
| CAINTA                       | F.Felix Ave. corner Karangalan Drive, Cainta, Rizal                                                              | 237,600.00     | March 31, 2026      | every 5 years   |
| CALAMBA - PARIAN             | National Highway, Bo. Parian, Calamba, Laguna                                                                    | 199,175.58     | May 31, 2027        | every 5 years   |
| CALAMBA REAL                 | Marcelita Bldg., National Highway, Brgy Real, Calamba Laguna                                                     | 99,225.00      | June 30, 2024       | every 5 years   |
| CARDINAL SANTOS              | G/F Cardinal Santos Medical Center, Wilson Street, Greenhills West, San Juan                                     | 190,153.38     | December 31, 2023   | every 1 years   |
| CAUAYAN - ISABELA            | G/F Trade Center Building, along National Highway, Cauayan City                                                  | 111,538.57     | November 14, 2023   | every 5 years   |
| CEBU - ASIATOWN IT PARK      | Unit GF-01, TG Tower, Asiatown I.T. Park, Barangay Apas, Cebu City                                               | 265,612.47     | January 31, 2024    | every 5 years   |
| CEBU - BANILAD               | G/F, Banilad Town Center, Gov M. Cuenco Avenue, Banilad, Cebu City                                               | 132,033.86     | July 31, 2023       | every 5 years   |
| CEBU - BORROMEO              | Plaza Borromeo, Borromeo St., Cebu City                                                                          | 78,880.00      | June 30, 2027       | every 5 years   |
| CEBU - FUENTE                | Fuente Osmeña, Cebu City                                                                                         | 213,848.71     | March 31, 2025      | every 5 years   |
| CEBU - LIPATA                | G/F, Doors 5, 6, 7, Pham Central Bldg., South National Highway, corner San Roque Road, Lipata, Minglanilla, Cebu | 46,949.00      | August 31, 2022     | every 5 years   |
| CEBU - MINGLANILLA           | G/F, FCT Commercial Bldg., Poblacion Ward II, Minglanilla, Cebu                                                  | 65,235.00      | May 31, 2027        | every 5 years   |
| CEBU - PLARIDEL              | No. 104 Plaridel St., Brgy. Sto. Niño, Cebu City                                                                 | 210,000.00     | January 31, 2028    | every 5 years   |
| CEBU - SUBANGDAKU            | G/F, Units 3 and 4, A.D. Gothong I.T. Center, Lopez Jaena St., Brgy. Subangdaku, Mandaue City Cebu               | 133,761.05     | June 30, 2027       | every 5 years   |
| CEBU A.S. FORTUNA            | G/F, The Space, A.S. Fortuna corner P. Remedios Street, Brgy Banilad, Mandaue City Cebu                          | 114,865.34     | February 15, 2027   | every 5 years   |
| CEBU BUSINESS PARK (INSULAR) | G/F Insular Life Cebu Business Center, Mindanao Avenue corner Biliran Road, CBP-IT Park, cebu City               | 543,949.33     | February 14, 2026   | every 5 years   |
| CEBU- BUSINESS SUMILON ROAD  | G/F, Buildcomm Center, Sumilon Road, Cebu Business Park, Cebu City                                               | 172,541.11     | August 31, 2027     | every 5 years   |
| CEBU CENTER / MAXILOM        | Gen. Maxilom Avenue, Cebu City                                                                                   | 624,000.00     | September 14, 2026  | every 5 years   |
| CEBU LAPU LAPU               | Lot 2, Block 1, Phase 1, MEPZ II, SEPZ, Lapu-Lapu City, Cebu                                                     | 48,744.92      | May 31, 2026        | every 25 years  |
| CEBU MACTAN NEWTOWN          | G/F Retail 2 & 3, Plaza Magellan Tower 1, Mactan Newtown, Lapu Lapu City Cebu                                    | 193,242.27     | January 31, 2027    | every 5 years   |

| Branch Name              | Address                                                                                                               | Monthly Rental | Expiration of Lease | Term of Renewal |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| CEBU MANDAUE             | Kentredder Bldg., A. Cortes St., Mandaue City, Cebu                                                                   | 134,505.00     | February 28, 2025   | every 5 years   |
| CEBU NORTH DRIVE         | G/F, North Drive Center, Ouano Avenue, North Reclamation Area, Mandaue City, Cebu                                     | 156,680.76     | June 30, 2027       | every 5 years   |
| CEBU TIME SQUARE         | G/F, Time Square 2 Bldg., Mantawe Avenue, North Reclamation Area, Brgy Tipolo, Mandaue City, Cebu                     | 141,678.00     | October 31, 2026    | every 5 years   |
| CITYPLACE SQUARE         | 3rd Floor, Lucky Chinatown-Cityplace Square, Calle Felipe cor. La Chambre Street, Brgy. 293, Zone 28, Binondo, Manila | 264,943.62     | July 31, 2024       | every 3 years   |
| CLARK                    | M. Roxas Highway, Philexcel Business Park, clark Freeport Zone, Pampanga                                              | 94,778.18      | April 14, 2028      | every 5 years   |
| COMMONWEALTH             | G/F Diliman Commercial Center, Commonwealth Avenue Quezon City                                                        | 107,443.40     | February 28, 2025   | every 5 years   |
| COMMONWEALTH-LUZON AVE.  | Kayumanggi Center, Commonwealth Avenue corner Luzon Avenue, Brgy. Matandang Balara, Quezon City                       | 121,003.12     | January 15, 2028    | every 5 years   |
| CUBAO (P. Tuazon )       | 7th Avenue cor P. Tuazon, Cubao, Quezon City                                                                          | 248,283.43     | January 31, 2025    | every 5 years   |
| DAGUPAN                  | Perez Blvd. Brgy. Pogo Chico, Dagupan City                                                                            | 165,000.00     | August 31, 2027     | every 5 years   |
| DASMARIÑAS CAVITE        | Aguinaldo Hi-way cor. Congressional Avenue, Dasmariñas, Cavite                                                        | 144,725.62     | July 31, 2024       | every 5 years   |
| DAVAO - CABAGUIO         | G/F, DMIRIE Bldg., JP Cabaguio Avenue, Brgy. Paciano Bangoy, Davao City                                               | 120,335.12     | March 31, 2027      | every 5 years   |
| DAVAO - MONTEVERDE       | Monteverde Avenue cor. Sales St., Davao City                                                                          | 201,982.93     | June 30, 2026       | every 5 years   |
| DAVAO - QUIRINO          | Quirino Avenue cor San Pedro St., Davao City                                                                          | 162,939.60     | September 30, 2024  | every 5 years   |
| DAVAO - RIZAL            | G/F Quibod Commercial Complex, Rizal Avenue, Davao City                                                               | 111,172.05     | November 30, 2025   | every 5 years   |
| DEL MONTE AVENUE         | 345 Del Monte Avenue corner Banawe St., Brgy Manresa, Quezon City                                                     | 273,000.00     | March 31, 2026      | every 5 years   |
| DELA ROSA                | G/F, Insular Health Care Bldg., 167 Dela Rosa corner Legazpi Street, Legaspi Village, Makati City                     | 315,272.83     | May 31, 2023        | every 1 years   |
| DOUBLE DRAGON MERIDIAN   | G/F, Double Dragon Center West Tower, Macapagal Avenue corner EDSA Extension, Bay Area, Pasay City                    | 420,096.32     | December 16, 2024   | every 5 years   |
| DR. A. SANTOS            | GF Lianas Supermarket, Dr. A. Santos Avenue corner Canaynay Road, Sucat, Parañaque City                               | 145,000.00     | April 30, 2027      | every 5 years   |
| E. RODRIGUEZ             | 1st floor - West, Katipunan Bldg., 95 E. Rodriguez Ave., Brgy Tatalon, Quezon City                                    | 52,093.13      | May 31, 2024        | every 5 years   |
| EASTWOOD CITY (Le Grand) | G/F Unit LGR1-6, Le Grand Tower 1, Palm Tree Ave., Eastwood City, Brgy. Bagumbayan, Quezon City                       | 233,131.33     | January 31, 2025    | every 5 years   |



| Branch Name                  | Address                                                                                         | Monthly Rental | Expiration of Lease | Term of Renewal |
|------------------------------|-------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| EDSA - KALOOKAN              | EDSA cor. Urbano Plata St., Kalookan City                                                       | 355,364.12     | March 15, 2025      | every 5 years   |
| EDSA PIONEER                 | Upper GF Robinsons Cybergate Plaza, Robinsons Pioneer Complex, Mandaluyong EDSA                 | 178,168.15     | April 24, 2025      | every 5 years   |
| EMERALD                      | G/F Wynsum Corp. Plaza, Ortigas Center, Pasig City                                              | 35,886.38      | June 30, 2023       | every 5 years   |
| ESCOLTA                      | G/F Regina Building, Escolta, Manila                                                            | 272,558.03     | May 31, 2025        | every 5 years   |
| FRONTERA VERDE               | G/F, Transcom Bldg., Frontera Verde, E. Rodriguez Jr. Avenue., Brgy Ugong, Pasig City           | 280,718.91     | December 31, 2026   | every 4 years   |
| GEN. SANTOS                  | G/F, SunCity Suites, Digos Makar National Hwy., Brgy. Lagao, General Santos City                | 100,800.00     | July 31, 2025       | every 5 years   |
| GMA TIMOG                    | G/F, Unit 101, Cabrera Bldg 1, 130 Timog Ave., Brgy Sacred Heart, Quezon City                   | 361,679.91     | January 23, 2024    | every 5 years   |
| GREENBELT                    | Aboitiz Bldg., 110 Legaspi St., Legaspi Village, Makati city                                    | 378,197.21     | December 31, 2023   | every 5 years   |
| GREENHILLS                   | Ortigas Ave. near cor. Wilson St., San Juan                                                     | 490,017.60     | April 30, 2024      | every 5 years   |
| GSIS                         | GSIS Main Office Financial Center, Pasay City                                                   | 200,607.89     | May 31, 2028        | every 5 years   |
| H.V. DELA COSTA              | Unit 101, Gr FI Singapore Airlines House, H. V. dela Costa St., Salcedo Vill., Makati City      | 314,440.36     | January 01, 2024    | every 5 years   |
| ICTSI - PORT AREA            | Garden Area, Manila International Container Terminal, MICT South Access Road, Port Area, Manila | 30,180.00      | March 31, 2022      | every 3 years   |
| ILOILO - IZNART NORTH        | Villanueva Bldg., Iznart St., Iloilo City                                                       | 104,186.25     | August 31, 2023     | every 5 years   |
| IMUS                         | G/F Melta Building, Aguinaldo Hi-way cor. Sampaguita Village, Imus, Cavite                      | 132,000.00     | December 31, 2023   | every 5 years   |
| INSULAR AYALA-PASEO          | G/F, Insular Life Bldg., Ayala Avenue corner Paseo De Roxas, Makati City                        | 1,365,623.88   | November 30, 2027   | every 5 years   |
| INTRAMUROS                   | Gr. Floor, BF Condominium Bldg., A. Soriano Jr., Avenue, Intramuros, Manila                     | 300,144.14     | July 31, 2025       | every 9 years   |
| J. P. RIZAL                  | 731 J.P.Rizal Street., Makati City                                                              | 91,892.27      | November 30, 2027   | every 5 years   |
| JULIA VARGAS                 | Centerpoint Condominium, Dona Julia Vargas Ave. cor. Garnet St. Ortigas Center, Pasig city      | 170,030.07     | February 28, 2026   | every 5 years   |
| KALOOKAN                     | 357 Rizal Ave. Ext. Grace Park, Kalookan City                                                   | 273,488.91     | March 31, 2028      | every 5 years   |
| KAMIAS                       | Gr. Floor, TDS Bldg., No. 72 Kamias Road, Quezon City                                           | 91,208.64      | November 30, 2026   | every 5 years   |
| KATIPUNAN                    | 335 Katipunan Avenue, Loyola Heights, Quezon City                                               | 232,029.13     | January 15, 2024    | every 5 years   |
| LAOAG - SAN NICOLAS          | G/F, 365 Plaza Building, Brgy 1, San Nicolas, Ilocos Norte                                      | 91,314.04      | December 31, 2023   | every 5 years   |
| LAPU - LAPU NATIONAL HIGHWAY | M. L. Quezon National Highway, Pusok, Lapu-Lapu City Cebu                                       | 77,390.51      | February 28, 2026   | every 5 years   |
| LAS PIÑAS - PAMPLONA         | Alabang-Zapote Rd. cor. Crispina Avenue, Las Piñas City                                         | 322,546.36     | May 31, 2026        | every 5 years   |

| Branch Name                | Address                                                                                                      | Monthly Rental | Expiration of Lease | Term of Renewal |
|----------------------------|--------------------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| LEGAZPI CITY               | G/F, Unit 1, SMC Bldg., Landco Business Park, Brgy. Capatawan, Legazpi City                                  | 101,130.12     | November 15, 2026   | every 5 years   |
| LIBERTAD MANDALUYONG       | GF Cluster El Dorado, California Garden Square, Libertad, Mandaluyong City                                   | 176,109.71     | October 31, 2024    | every 3 years   |
| LIBIS C5 QC                | 184-B E. Rodriguez Jr. Ave., Bagumbayan, Quezon City                                                         | 206,481.79     | December 31, 2023   | every 1 years   |
| LIMA                       | Unit GC-R04 and GC-R05, The Outlets, LIMA Technological Center, Special Economic Zone, Malvar, Lipa City     | 145,022.05     | June 30, 2023       | every 5 years   |
| LIPA CITY                  | B. Morada Avenue, Lipa City, Batangas                                                                        | 159,535.20     | April 30, 2027      | every 2 years   |
| LOURDES HOSPITAL           | G/F Medical Arts Building, Our Lady of Lourdes Hospital, No. 46, P. Sanchez St., Sta Mesa, Manila            | 85,085.44      | March 31, 2023      | every 5 years   |
| LUCENA (One People Square) | One People Square Business Center M.L. Tagarao cor. Granja Street, Lucena City                               | 254,686.26     | March 22, 2027      | every 5 years   |
| MACAPAGAL AVENUE           | G/F, Y Tower, Macapagal Avenue corner Coral Way Drive, MOA Complex Pasay City                                | 407,486.32     | January 02, 2024    | every 5 years   |
| MAGALLANES                 | GF Maga Center, Paseo De Magallanes, Magallanes, Makati City                                                 | 69,000.00      | December 15, 2024   | every 5 years   |
| MAKATI AVENUE              | Makati Avenue corner Durban St., Makati City                                                                 | 612,932.94     | December 31, 2025   | every 4 years   |
| MALABON                    | Gov. Pascual Avenue cor. River St., Malabon                                                                  | 100,975.46     | September 05, 2023  | every 5 years   |
| MALATE                     | G/F Marioco Building, 1945 M. Adriatico St., Malate, Manila                                                  | 267,079.77     | October 15, 2024    | every 5 years   |
| MALINTA                    | No. 295, Maysan Road, Paso de Blas, Valenzuela City                                                          | 161,051.00     | July 16, 2023       | every 5 years   |
| MANDALUYONG                | G/F PICPA Bldg., 700 Shaw Blvd, Mandaluyong city                                                             | 303,657.16     | January 31, 2026    | every 5 years   |
| MANDAUE NORTH              | Gr. Floor, Khuz'ns Bldg., North Hi-way, Estancia, Mandaue City Cebu                                          | 116,142.30     | December 31, 2023   | every 5 years   |
| MARIKINA                   | WRC 2 Bldg. # 47 Gil Fernando Ave. former A. Tuazon St. Midtown Subdivision II Brgy. San Roque Marikina City | 89,356.51      | March 18, 2023      | every 5 years   |
| MASANGKAY                  | 911-913 Masangkay St., Binondo, Manila                                                                       | 173,643.75     | September 15, 2025  | every 5 years   |
| MAYHALIGUE                 | Gr. Floor, One Masangkay Place, No. 1420 Masangkay near cor. Mayhaligue St., Sta. Cruz Manila                | 234,381.48     | June 30, 2027       | every 5 years   |
| MAYON                      | G/F, ACI Bldg., 178 Mayon Street, Sta Mesa Heights Brgy. Maharlika, Quezon City                              | 94,500.00      | January 31, 2027    | every 5 years   |
| MCKINLEY HILL              | Unit 1A and 1B Two World Square, McKinley Hill, Taguig City                                                  | 607,601.50     | October 31, 2027    | every 4 years   |
| MCKINLEY WEST              | Lower G/F, Robinsons Cyber Sigma Building, Lawton Avenue, Bonifacio South, Taguig City                       | 114,229.50     | July 07, 2027       | every 5 years   |

| Branch Name              | Address                                                                                       | Monthly Rental | Expiration of Lease | Term of Renewal |
|--------------------------|-----------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| MEDICAL CITY             | The Medical Arts Tower, Medical City Hospital, Ortigas Avenue, Pasig city                     | 169,487.88     | May 31, 2024        | every 5 years   |
| MEDICAL CENTER PARANAQUE | G/F, Medical Center Paranaqu, Dr. A. Santos Avenue, Brgy. San Antonio, Sucat, Paranaque City  | 184,200.00     | February 28, 2025   | every 5 years   |
| MEYCAUAYAN               | Gr. Floor, Marian Bldg., McArthur Hi-way, Calvario, Meycauyan, Bulacan                        | 177,875.30     | December 31, 2027   | every 5 years   |
| MULTINATIONAL BANCORP    | Ground Floor Multinational Bancorporation Center, Ayala Avenue, Makati City                   | 195,842.37     | December 15, 2024   | every 4 years   |
| MUÑOZ                    | Muñoz Market, EDSA, Quezon City                                                               | 3,878.42       | March 20, 2022      | every 50 years  |
| MUNTINLUPA               | 12 National Road, Putatan, Muntinlupa city                                                    | 120,608.61     | September 30, 2026  | every 5 years   |
| NAGA CITY                | G/F Prime Days Hotel Bldg. Panganiban Drive, Naga City                                        | 190,499.07     | April 30, 2024      | every 5 years   |
| NAVOTAS                  | 807-817 M. Naval St., Navotas, Metro Manila                                                   | 155,132.83     | May 31, 2026        | every 5 years   |
| NEWPORT CITY             | GF Star Cruises Centre, Newport City, Andrew Avenue, Pasay City                               | 790,567.15     | January 31, 2024    | every 5 years   |
| NOVALICHES               | 854 Quirino Hiway, Gulod, Novaliches, Quezon City                                             | 246,712.58     | July 31, 2024       | every 5 years   |
| ORTIGAS (SAN MIGUEL)     | 21 San Miguel Ave., Ortigas Center, Pasig City                                                | 263,497.49     | May 31, 2023        | every 5 years   |
| PAGADIAN CITY            | Rizal Ave., Pagadian City                                                                     | 125,048.32     | December 31, 2024   | every 5 years   |
| PAMPANGA                 | GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga                 | 187,103.55     | May 31, 2028        | every 5 years   |
| OTIS                     | 1763 Paz M. Guazon St., Paco, Manila                                                          | 233,710.04     | May 31, 2026        | every 5 years   |
| PASAY (TAFT)             | along Taft Avenue, Pasay City                                                                 | 134,698.22     | November 30, 2025   | every 5 years   |
| PASAY ROAD               | No. 912 Pasay Road, San Lorenzo Village, Makati City                                          | 294,176.82     | April 14, 2023      | every 5 years   |
| PASCOR DRIVE             | G/F SkyFreight Center, Ninoy Aquino Avenue corner Pascor Drive, Brgy Sto Nino, Parañaque City | 116,588.32     | December 31, 2025   | every 5 years   |
| PASEO DE ROXAS           | G/F 111 Paseo De Roxas Bldg. 111 Paseo De Roxas, Legazpi Village, Makati City                 | 241,537.48     | May 31, 2023        | every 5 years   |
| PASEO DE STA. ROSA       | G/F Southern Luzon Medical Center, Sta. Rosa City, Laguna                                     | 97,544.37      | December 31, 2027   | every 5 years   |
| SHAW BLVD.               | 131-133 Shaw Boulevard, Pasig City                                                            | 225,540.94     | January 31, 2026    | every 5 years   |
| PASONG TAMO - JTKC       | G/F JTKC Building, Pasong Tamo, Makati City                                                   | 497,588.55     | July 31, 2026       | every 3 years   |
| PASONG TAMO EXTENSION    | G/F Priscilla 100 Bldg., 2297 Pasong Tamo Ext., Makati City                                   | 429,319.54     | October 01, 2023    | every 5 years   |
| RADA                     | Prince Bldg., 117 Rada St, Legaspi Village, Makati City                                       | 300,791.50     | May 31, 2027        | every 5 years   |
| RENAISSANCE              | G/F Renaissance Center, Meralco Ave., Pasig City                                              | 324,292.18     | February 29, 2024   | every 5 years   |

| Branch Name                        | Address                                                                                                     | Monthly Rental | Expiration of Lease | Term of Renewal |
|------------------------------------|-------------------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| ROOSEVELT                          | 244 Roosevelt Avenue, San Francisco del Monte, Quezon City                                                  | 194,842.97     | June 30, 2025       | every 5 years   |
| SALCEDO                            | Golden Rock Bldg., 168 Salcedo St., Legaspi Village, Makati City                                            | 218,117.18     | February 28, 2026   | every 5 years   |
| SAN AGUSTIN DELA COSTA             | G/F, Liberty Center, 102 HV Dela Costa corner San Agustin Streets, Salcedo Village, Makati City             | 498,506.40     | May 31, 2024        | every 5 years   |
| SAN FERNANDO - PAMPANGA            | 3M Bldg., MacArthur Highway, San Agustin, San Fernando, Pampanga                                            | 42,000.00      | May 31, 2023        | every 5 years   |
| SAN FERNANDO LA UNION              | G/F, Nisce Business Center, Quezon Avenue, City of San Fernando, La Union                                   | 81,068.48      | November 30, 2023   | every 5 years   |
| SAN PEDRO                          | National Highway, near cor. Cataquiz Avenue, Brgy. Landayan, San Pedro, Laguna                              | 81,068.48      | December 31, 2023   | every 3 years   |
| SANTIAGO                           | along Maharlika Highway, Santiago, Isabela                                                                  | 85,000.00      | July 31, 2027       | every 5 years   |
| SHAW PASIG                         | Chipeco Bldg., Shaw Blvd corner Meralco Ave. Pasig City                                                     | 178,679.42     | December 31, 2023   | every 5 years   |
| SOUTH TRIANGLE                     | Quezon Ave. cor. Sct. Albano St., Quezon City                                                               | 444,915.63     | December 31, 2025   | every 5 years   |
| SSS EAST AVENUE                    | G/F, SSS Main Building, East Avenue, Quezon City                                                            | 124,250.50     | May 13, 2024        | every 5 years   |
| ST. FRANCIS SHANGRI-LA PLACE       | Unit T1G1 G/F Tower 1, St. Francis Shangri-La Place, Shaw Boulevard cor. St. Francis St. Mandaluyong City   | 317,036.64     | October 15, 2023    | every 3 years   |
| ST. LUKES' HOSPITAL - E. RODRIGUEZ | G/F St. Luke's Medical City Center located at 279 E. Rodriguez, Sr. Boulevard, Quezon City.                 | 28,757.84      | July 07, 2022       | every 3 years   |
| STA. ROSA                          | Poblacion St., Barangay II, Sta. Rosa, Laguna                                                               | 124,279.18     | October 31, 2023    | every 5 years   |
| STO DOMINGO                        | Ground Floor, Elements Building, 560 Quezon Avenue, Quezon City                                             | 220,419.90     | September 30, 2023  | every 5 years   |
| STO. CRISTO                        | Units LG 01, 02, 06 Burke Plaza, Sto Cristo cor San Fernando Sts , Binondo Manila                           | 232,604.03     | February 28, 2026   | every 5 years   |
| SUBIC**                            | Manila Ave. Cor Dewey Ave. Canal Road, Subic Bay Freeport Zone, Zambales City                               | 6,500,000.00   | July 31, 2054       | every 51 years  |
| T. ALONZO                          | 625 T. Alonzo St., Sta. Cruz, Manila                                                                        | 244,234.23     | November 14, 2025   | every 5 years   |
| TACLOBAN CITY                      | G/F, Tacloban Plaza Bldg., Justice Romualdez St., Tacloban City                                             | 145,800.00     | September 15, 2025  | every 1 years   |
| TAFT AVENUE                        | GO1 & LG1, The Kassel Condominium, No. 2625 Taft Avenue near cor. Vito Cruz St., Malate, Manila             | 119,603.54     | September 30, 2023  | every 5 years   |
| TAGAYTAY                           | G/F, Tagaytay Prime Residences, Tagaytay-Calamba Road, Tagaytay Prime Rotunda, Brgy San Jose, Tagaytay City | 125,583.72     | December 16, 2023   | every 3 years   |
| TAGBILARAN                         | CPG Avenue, Tagbilaran, Bohol City                                                                          | 112,600.18     | September 30, 2024  | every 5 years   |

| Branch Name             | Address                                                                                  | Monthly Rental | Expiration of Lease | Term of Renewal |
|-------------------------|------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| TARLAC                  | Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac, Tarlac                             | 171,303.95     | February 28, 2027   | every 5 years   |
| TEKTITE                 | G/F PSE Center, Ortigas Complex, Pasig City                                              | 1,033,675.77   | September 30, 2025  | every 4 years   |
| TIMOG                   | Cabrera Building II. 64 Timog Ave, Quezon City                                           | 433,694.89     | February 23, 2028   | every 5 years   |
| TOMAS MORATO            | T. Morato cor. Sct. Lozano, Quezon City                                                  | 249,713.42     | November 30, 2024   | every 5 years   |
| TUGUEGARAO              | G/F Bagay Road corner Andrews Street, Caritan Centro, Tuguegarao City, Cagayan           | 86,821.88      | January 31, 2024    | every 5 years   |
| UN AVENUE               | M.H. del Pilar corner M. Guerrero Streets, U.N. Avenue, Ermita, Manila                   | 289,670.19     | December 31, 2023   | every 5 years   |
| VALENZUELA - FATIMA     | Km 12 McArthur Hi-way, Marulas, Valenzuela                                               | 202,253.88     | May 14, 2027        | every 5 years   |
| VALERO                  | Le Grand Condominium, 130 Valero St., Salcedo Village, Makati City                       | 337,365.00     | July 31, 2023       | every 3 years   |
| VERTEX ONE - SAN LAZARO | Space 12 & 13, Vertex One building, San Lazaro, Manila                                   | 216,821.04     | December 31, 2023   | every 6 years   |
| VIGAN                   | Jose Singson St., Vigan, Ilocos Sur                                                      | 97,767.11      | December 31, 2026   | every 5 years   |
| VISAYAS CONGRESSIONAL   | G/F, WMG Bldg., 47 Visayas Avenue corner Congressional Ext., Brgy. Culiati, Quezon City  | 200,116.98     | December 31, 2025   | every 5 years   |
| VITO CRUZ               | Kingswood Arcade, Vito Cruz St. corner Pasong Tamo St., Makati City                      | 102,482.78     | January 30, 2026    | every 5 years   |
| WACK - WACK             | 6 Shaw Blvd. corner Laurel St., Mandaluyong City                                         | 227,535.81     | December 31, 2024   | every 5 years   |
| WEST AVENUE             | 27-A West Ave., Quezon City                                                              | 136,533.07     | March 31, 2022      | every 5 years   |
| WEST AVENUE - BALER     | #91 West Ave. Brgy Bungad, Quezon City                                                   | 163,184.96     | May 31, 2028        | every 5 years   |
| WEST SERVICE ROAD       | Rodeo Bldg., Km. 18 West Service Road, South Luzon Expressway, Parañaque City            | 126,048.06     | June 30, 2027       | every 5 years   |
| YUCHENGCO               | G/F , Units 2 & 3 , Escolta Parking Bldg., Escolta corner Yuchengco Sts., Binondo Manila | 239,023.43     | August 31, 2025     | every 5 years   |
| ZAMBOANGA CITY          | G/F ZAEC Bldg. Mayor Jaldon Street cor. Governor Alvarez St. Zamboanga City              | 129,985.55     | September 29, 2024  | every 5 years   |

#### City Savings Bank

| Branch Name     | Address                                                                          | Monthly Rental | Expiration of Lease | Term of Renewal |
|-----------------|----------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| Abulug Branch   | Java Commercial Center. National Road. Libertad. Abulug. Cagayan                 | Php 35,714.29  | January 03, 2028    | 5               |
| Alaminos Branch | 21 Quezon Ave., Poblacion, Alaminos City Pangasinan                              | Php 71, 250.00 | July 22, 2025       | 5               |
| Alicia Branch   | FMNDC Property, NICK HOTEL Bldg, Maharlika Highway San Antonino, Alicia, Isabela | Php 49,532.71  | January 01, 2028    | 5               |

| Branch Name        | Address                                                                                       | Monthly Rental  | Expiration of Lease | Term of Renewal |
|--------------------|-----------------------------------------------------------------------------------------------|-----------------|---------------------|-----------------|
| Angeles Branch     | Diamond Spring Hotel 192 McArthur Highway Brgy. Balibago, Angeles City, Pampanga              | Php 91, 472.16  | April 06, 2025      | 10              |
| Anonas Branch      | No. 5 Anonas St., Project 3, Quezon City                                                      | Php71,532.54    | July 22, 2025       | 5               |
| Antipolo Branch    | Unit 105 Rikland Centre, Marcos Highway, Antipolo City                                        | Php 92, 020.00  | June 30, 2023       | 5               |
| Antique Branch     | C. R. Building, T.A Fornier St., Barangay 6, San Jose De Buenavista, Antique                  | Php 63,669.38   | November 30, 2023   | 5               |
| Aparri Branch      | Jose Ting Building, Maharlika Hi-way, Macanaya, Aparri, Cagayan                               | Php 40,354.26   | March 31, 2025      | 3               |
| Bacolod Branch     | G/F 722 Metropolis Tower, Lacson St., Mandalagan, Bacolod City, Negros Occidental             | Php 136, 827.15 | April 30, 2027      | 5               |
| Bacoor Branch      | San Miguel Building, Brgy. Panapaan I, Bacoor City, Cavite                                    | Php 79,007.91   | May 31, 2024        | 5               |
| Baguio Branch      | G/F Insular life Bldg. Abanao ext. corner Legarda St. 2600 Baguio City PH-BEN Philippines     | 117,972.00      | September 30, 2023  | 5               |
| Balamban Branch    | St Francis of Assissi Parish Ground of the Roman Catholic Church of Balamban, Cebu Lot # 1549 | Php 3, 750.00   | March 31, 2023      | 25              |
| Balanga Branch     | Arzadon Bldg, Don Manuel Banzon Ave, Dona Francisca, Balanga City Bataan                      | Php 100,292.50  | May 14, 2028        | 8               |
| Baler Branch       | Etcubanez Building, Ground Floor Purok 7, Quezon Street, Brgy. Suklayin Baler Aurora          | Php 35, 000.00  | December 03, 2024   | 5               |
| Baliuag Branch     | R Building located at DRT Hi-way, PinagDarilan, Baliwag, Bulacan                              | Php 78, 400.00  | April 09, 2023      | 5               |
| Bangued Branch     | Snooks Commercial Bldg. National Highway Torrijos St. Zone 5, Bangued, Abra                   | Php 10, 000.00  | July 17, 2023       | 5               |
| Bantay Branch      | Real St Corner National Highway, Barangay II, Zone 2 Bantay, Ilocos Sur                       | Php 72,857.44   | November 30, 2027   | 4               |
| Batangas Branch    | Junction Commercial Complex, Zone 12, Padre Burgos St., Batangas City, Batangas               | Php 102,720.00  | April 26, 2025      | 5               |
| Bayambang Branch   | EPAY Bldg. Juan Luna St. Poblacion Sur, Bayambang, Pangasinan                                 | Php 75, 000.00  | October 30, 2027    | 5               |
| Bayawan Branch     | MRG Commercial Bldg.,Poblacion Bayawan City, Negros Oriental                                  | Php 26,000.00   | February 28, 2025   | 5               |
| Bogo Branch        | Sim Bldg., P. Rodriguex St., Brgy. La Purisima Concepcion, Bogo City, Cebu 6010               | Php 30,000      | July 31, 2026       | 5               |
| Bontoc Branch Lite | Lower Caluttit, Bontoc, Mt. Province                                                          | Php 11, 000.00  | July 17, 2023       | 5               |
| Borongan Branch    | JRC Bldg., Songco, Borongan, Eastern Samar                                                    | Php62,055.63    | October 31, 2025    | 5               |
| Butuan Branch      | Ismael Illosa St., corner JC Aquino Avenue, Imadejas Subdivision Butuan City                  | Php 66,852.85   | April 30, 2024      | 5               |

| Branch Name             | Address                                                                                              | Monthly Rental | Expiration of Lease | Term of Renewal |
|-------------------------|------------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| Cabanatuan Branch       | Y SIN GAN Building, 701 Paco Roman Street, Brgy. Dimasalang, Cabanatuan City, Nueva Ecija 3100       | Php 87,980.82  | December 04, 2027   | 5               |
| Cabarroguis Branch Lite | Purok 1, Gundaway, Cabarroguis, Quirino                                                              | 13,200.00      | July 17, 2023       | 3               |
| Cadiz Branch Lite       | Laura Hotel, Villena St., Zone 2, Cadiz, Negros, Occidental                                          | Php 14, 156.10 | September 30, 2023  | 5               |
| Cagayan Branch          | TS Fashion Building, Corrales Ave. (between J. Ramonal & R. Chaves Sts., Cagayan de Oro City         | Php 94,679.00  | June 30, 2024       | 5               |
| Calamba Branch          | Unit# 1EF, Ground Floor, Margimel Building, National Highway Brgy. Halang Calamba City, Laguna       | Php 121,980.00 | January 31, 2025    | 5               |
| Calapan Branch          | Units 5 & 6 Pure Gold Building, J.P. Rizal Street, Barangay Camilmil, Calapan City, Oriental Mindoro | Php 95,440.82  | October 31, 2024    | 5               |
| Calbayog Branch         | Salcor Bldg., Rosales Blvd., Calbayog City, Western Samar                                            | Php68,223.27   | March 31, 2023      | 5               |
| Caloocan Branch         | 46 Dianne Bldg Rizal Avenue Ext. Caloocan City                                                       | Php 800.00     | October 31, 2022    | 5               |
| Candon Branch Lite      | 2nd Floor Valdez Bldg.- National Hiway, Brgy. San Nicolas, Candon City Ilocos Sur                    | Php 10,826.32  | March 18, 2026      | 3               |
| Carcar Branch           | WPT BLDG., Barangay Awayan, Poblacion III, Carcar City, Cebu                                         | Php 102,687.42 | July 15, 2023       | 2               |
| Catarman Branch         | Camar Bldg., 1305 Bonifacio cor. Garcia St. Brgy. Mabolon, Catarman, Northern Samar                  | Php65,754.37   | May 31, 2023        | 5               |
| Catbalogan Branch Lite  | 138 Del Rosario Street Brgy. 07, Catbalogan City                                                     | Php 20,000     | January 16, 2028    | 5               |
| Daet Branch             | Ground Floor Central Plaza Mall, Central Plaza Complex, Barangay Lag-on, Daet, Camarines Norte       | Php90,882.16   | May 01, 2025        | 5               |
| Dagupan Branch          | G/F Rudel Bldg., Perez Boulevard, Corner Guilig Street, Pogo Chico, Dagupan City, 2400 Pangasinan    | Php 62,842.50  | May 31, 2026        | 5               |
| Danao Branch Lite       | Ground Floor, GA Complex II, Juan Luna St., Danao City, Cebu                                         | Php 15, 000.00 | November 17, 2024   | 3               |
| Dasmarinas Branch       | Lot 5 & 6, Block 94, Governor's Drive, Metrogate Subdivision, Dasmarinas City, Cavite                | Php50,160.00   | December 31, 2023   | 4               |
| Davao Branch            | Philippine Red Cross Millenium Building, Manuel Roxas Avenue, Davao City                             | Php 165,478.98 | October 31, 2027    | 5               |
| Digos Branch            | Unit No. 6, 7 & 8 USPD Bldg., Rizal Avenue, Zone III, Digos City, Davao Del Sur                      | Php89,581.58   | April 30, 2023      | 5               |
| Dinagat Branch Lite     | DM AVENUE, Purok 1, Brgy. San Juan, San Jose, Province of Dinagat Islands                            | Php15,000.58   | March 01, 2025      | 5               |
| Dinalupihan Branch Lite | #1 Ropali Bldg. Burgos St., Burgos Dinalupihan, Bataan                                               | Php45,000.00   | May 01, 2025        | 4               |



| Branch Name           | Address                                                                                       | Monthly Rental | Expiration of Lease | Term of Renewal |
|-----------------------|-----------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| Dipolog Branch        | Bulosan Building, Sergio Osmena St., Central Barangay, Dipolog City, Zamboanga Del Norte      | Php40,000.00   | July 23, 2025       | 5               |
| Dumaguete Branch      | G/F EROS Bldg., Dr. V. Locsin St. corner Real St., Dumaguete City                             | Php117,810.00  | December 31, 2024   | 5               |
| Echague Branch        | Garfunkel Fine Properties Bldg. National Highway, San Fabian, Echague, Isabela, Philippines   | Php78,498.60   | February 28, 2023   | 5               |
| Espana Branch         | G. Tuazon corner Algeciras St. Sampaloc Manila City                                           | Php 90, 000.00 | January 27, 2025    | 5               |
| Estancia Branch Lite  | National Highway, RBG Building, Brgy Tabu-an, Estancia                                        | Php 16, 500.00 | July 31, 2024       | 3               |
| General Santos Branch | CitySavings Bank, Dimdi Bldg. Santiago Blvd. Dadiangas South, General Santos City 9500        | Php91,858.97   | December 24, 2024   | 5               |
| Glan Branch Lite      | Space 3 Anares Building, Hombrebueno Street, Poblacion, Glan, Sarangani Province              | Php 8,421.05   | September 06, 2024  | 3               |
| Goa Branch Lite       | #102 Rizal St. Goa, Camarines Sur                                                             | Php 11,136.53  | April 27, 2025      | 3               |
| Guimaras Branch Lite  | E. Cantua Bldg., San Miguel, Jordan, Guimaras                                                 | Php 6,963.16   | September 14, 2024  | 3               |
| Gumaca Branch         | 19 A. Bonifacio St. Brgy. Tabing Dagat Gumaca, Quezon                                         | Php 10, 000.00 | August 22, 2024     | 10              |
| Iba Branch Lite       | 2nd Floor Rhoi Bldg., Posadas St. Palanginan, Iba Zambales                                    | Php 18,418.00  | March 31, 2023      | 6 months        |
| Ilagan Branch         | 4J Commercial Center, Baligatan Ilagan City Isabela                                           | Php 36,842.11  | February 01, 2028   | 5               |
| Iligan Branch Lite    | Barangay Mahayahay, Roxas Avenue, Iligan City                                                 | Php 16,578.95  | October 17, 2024    | 3               |
| Iloilo Branch         | 143 Esperanza Building, General Luna Street, Iloilo City                                      | Php102,560.95  | March 31, 2024      | 5               |
| Imelda Branch Lite    | Purok Sampaguita Poblacion, Imelda Zamboanga Sibugay                                          | Php 12, 000.00 | March 01, 2023      | 3               |
| Infanta Branch        | General Luna Street, Poblacion 39, Infanta Quezon Province                                    | Php 15, 000.00 | July 31, 2025       | 10              |
| Ipil Branch Lite      | CL Bldg Purok Masigla, Poblacion Ipil Zamboanga Sibugay                                       | Php24,000.00   | August 15, 2023     | 5               |
| Iriga Branch          | Ground Floor, Hi-way 1 Zone 5, San Miguel Iriga City                                          | Php 75,000.00  | June 12, 2025       | 5               |
| Irosin Branch Lite    | JRC Bldg., Fr. Zamora St., Brgy San Julian, Irosin, Sorsogon                                  | Php15,000.00   | March 02, 2025      | 5               |
| Isulan Branch Lite    | Unit 4, 2nd Floor, RDPI Building, National Highway Kalawag 2, Isulan, Sultan Kudarat          | Php 16,500.00  | August 15, 2024     | 3               |
| Kabankalan Branch     | C.A.M Building, Guanzon Street, Brgy. 1 Kabankalan City, Negros Occidental                    | Php26,587.59   | March 31, 2023      | 5               |
| Kalibo Branch         | G/F Cruzadel Bldg, Archbishop Reyes St. Poblacion, Kalibo, Aklan                              | Php40,000.00   | March 31, 2023      | 5               |
| Kidapawan Branch      | G/F Aspilla Bldg., Quirino Drive, North Cotabato, Kidapawan City                              | Php 90,000.00  | June 26, 2023       | 1               |
| Koronadal Branch      | Villa Amor Hotel, General Santos Drive corner Arellano Street, Koronadal City, South Cotabato | Php 82,396.93  | July 22, 2025       | 5               |
| La Union Branch       | 1st Floor Kenny Plaza, Quezon Avenue, San Fernando City, La Union                             | Php 84,210.52  | March 01, 2027      | 5               |



| Branch Name                   | Address                                                                                       | Monthly Rental | Expiration of Lease | Term of Renewal |
|-------------------------------|-----------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| Lagawe Branch Lite            | No. 7 Rizal Ave. Poblacion East, Lagawe, Ifuago                                               | Php10,260.00   | July 17, 2023       | 5               |
| Las Pinas Branch              | Alabang Zapote Rd cor Crispina Avenue, Las Pinas City                                         | Php 13,1122.90 | May 31, 2026        | 5               |
| Leganes Branch                | Pesta帽o Commercial Bldg., Doors 4 5 & 6, Poblacion, Leganes, Iloilo 5000                      | Php 58,985.82  | December 31, 2026   | 5               |
| Legazpi Branch                | Tower Mall Building 4, Landco Business Park, Legazpi City                                     | Php125,635.68  | January 31, 2024    | 5               |
| Lemery Branch                 | Brgy. Malinis, Lemery. Batangas                                                               | Php66,500.00   | September 27, 2024  | 5               |
| Lipa Branch                   | 1 NK Centre Gen. Luna St. Brgy. Sabang, Lipa City, Batangas                                   | Php 94,168.73  | October 02, 2027    | 5               |
| Lucena Branch                 | Ground Floor ML Tagaro Street, Barangay 5, Lucena City, Quezon                                | Php110,615. 32 | May 20, 2023        | 3               |
| Luna Branch Lite              | 2'^^ Fir. Awali Square Building, San Isidro, Luna Apayao                                      | Php 7, 500.00  | July 17, 2023       | 5               |
| Maasin Branch Lite            | #267 Kangleon St., Maasin City                                                                | Php 9,000.00   | March 31, 2025      | 5               |
| Malita Branch Lite            | Lustre Building, Manuel Peralta St., Malita, Davao Occidental                                 | Php 11,052.63  | August 14, 2026     | 3               |
| Mandaue Branch                | Doors 3 and 4, Citybridge Plaza, A.C. Cortez cor. P. Burgos St., Mandaue, Cebu                | Php141,488.52  | March 31, 2026      | 5               |
| Mangagoy, Bislig Branch Lite  | SAINT VINCENT DE PAUL DIOCESAN COLLEGE, INC, John Bosco ST.,Mangagoy, Bislig City             | Php 8,559.16   | April 19, 2025      | 3               |
| Marikina Branch               | #3 G. Fernando Avenue, San Roque, Marikina City                                               | Php114,785.40  | June 04, 2024       | 5               |
| Marilao Branch                | Ground Floor Unit 1, 2 & 3 RL Building Mc Arthur Highway, Abangan Norte, Marilao, Bulacan     | Php55,000.00   | November 16, 2024   | 5               |
| Marinduque Branch Lite        | P. Madrigal St., Brgy., Malusak, Boac, Marinduque                                             | Php 15,000.00  | March 01, 2025      | 5               |
| Masbate Branch                | Upper Ground Floor (UGF 05 & 06) GAISANO CAPITAL MASBATE, Quezon St., Crossing Masbate City   | Php64,897.61   | July 21, 2025       | 5               |
| Mati Branch                   | #56 Rizal Street, Mati City, Davao Oriental                                                   | Php52,890.73   | February 28, 2023   | 5               |
| Meycauayan Branch Lite        | Mc Arthur Highway Brgy. Calvario, Meycauayan City, Bulacan                                    | Php 11,344.72  | April 16, 2026      | 5               |
| Midsayap Branch Lite          | Rizal St.,Corner Magallanes St., Poblacion 3, Midsayap, North Cotabato                        | Php 15, 000.00 | March 02, 2023      | 3               |
| Nabunturan Branch Lite        | Door #3 Tsukiko Bldg. LB Flores St. Purok 13 Poblacion Nabunturan, Compostela Valley Province | Php 12, 000.00 | May 04, 2023        | 5               |
| Naga Branch                   | Door #44-45 CBD II Terminal, Triangulo, Naga City, Camarines Sur                              | Php59,455.62   | April 23, 2023      | 5               |
| Naguilian Branch              | National Highway, Magsaysay, Naguilian Isabela, 3302                                          | Php20,134.80   | February 28, 2023   | 5               |
| Nasugbu, Batangas Branch Lite | HBt Building JP Laurel St., Brgy. 9, Nasugbu, Batangas                                        | Php 16,842.11  | March 02, 2025      | 1               |
| Naval Branch                  | 208 P. Inocentes, Naval, Biliran                                                              | Php13,000.00   | September 01, 2025  | 5               |
| Navotas Branch                | 807-817 Mariano Naval St., Sipac Almacen, Navotas City                                        | Php 61,699.27  | May 31, 2026        | 5               |

| Branch Name                             | Address                                                                                                                               | Monthly Rental | Expiration of Lease | Term of Renewal |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| North Caloocan Branch                   | R-V Sabangan Building (Door 1-4)<br>500 Susano Road, Hillcrest<br>Village Camarin, Caloocan City                                      | Php45,920.00   | March 30, 2024      | 5               |
| Olongapo Branch                         | GF Philippine National Red Cross<br>Bldg. Magsaysay Drive Olongapo<br>City                                                            | Php105,600.00  | June 30, 2023       | 5               |
| Ormoc Branch                            | STP Bldg, Aviles St., Ormoc City                                                                                                      | Php120,937.38  | December 31, 2024   | 5               |
| Ozamis Branch Lite                      | Zamora St. Brgy 50th District<br>Ozamiz City Misamis Occidental                                                                       | Php15,000.00   | March 01, 2025      | 5               |
| Pagadian Branch                         | FN BLDG ARIOSIA STREET SAN<br>FRANCISCO DISTRICT<br>PAGADIAN CITY                                                                     | Php77,500.00   | April 30, 2025      | 5               |
| Palawan Branch                          | Unit 1-A Ground Floor Unionbank<br>Building, Rizal Avenue Corner<br>Dacanay Street, Barangay Colero,<br>Puerto Princesa City, Palawan | Php63,955.31   | February 04, 2025   | 5               |
| Pampanga Branch                         | Unit 102 Suburbia Commercial<br>Center, Mc Arthur Highway,<br>Maimpis, San Fernando City,<br>Pampanga                                 | 90.591,19      | March 31, 2026      | 5               |
| Ramon Branch                            | Purok 2 Bugallon Proper, Ramon,<br>Isabela                                                                                            | Php 48 572.99  | August 31, 2027     | 5               |
| Romblon Branch Lite                     | Brgy. Dapawan, J.P Laurel St.,<br>Rose Petal Grand Suite Hotel<br>Building, 2nd floor, Odiongan,<br>Romblon                           | Php10,000.00   | March 02, 2025      | 5               |
| Roxas, Capiz Branch                     | Bonifacio (McKinley) St., Roxas<br>City, Capiz                                                                                        | Php33,030.90   | May 31, 2024        | 5               |
| San Carlos, Negros<br>Occidental Branch | Doors 2-4 Heritage Bldg. 1, F.C.<br>Ledesma Ave., San Carlos City,<br>Negros Occidental                                               | Php33,689.29   | February 29, 2024   | 5               |
| San Carlos,Pangasinan                   | Rizal St., San Carlos City,<br>Pangasinan                                                                                             | Php4,000.00    | March 12, 2025      | 5               |
| San Francisco Branch Lite               | GF-01, Gaisano Capital San<br>Francisco, Brgy. 5, National<br>Highway, San Francisco, Agusan<br>Del Sur.                              | Php25,000.00   | September 28, 2025  | 5               |
| San Jose Nueva Ecija<br>Branch          | Mario Salvador Building,<br>Maharlika Highway Brgy. Malasin,<br>San Jose City, Nueva Ecija                                            | Php97,544.37   | March 31, 2025      | 5               |
| San Jose Occidental<br>Mindoro Branch   | Lebrilla Ang Building, Burgos<br>Corner Rizal Street, Barangay<br>Poblacion 1, San Jose Occidental<br>Mindoro                         | Php76,576.89   | June 30, 2025       | 5               |
| San Miguel, Bulacan Branch              | R Bldg. Daang Maharlika, Sta Rita<br>Old, San Miguel Bulacan                                                                          | Php78,400.00   | May 05, 2025        | 5               |
| Santiago Branch                         | G/F Insular Bldg, Maharlika<br>Highway, Villasis, Santiago City,<br>Isabela 3311                                                      | Php50,599.54   | April 30, 2024      | 5               |
| SJDM, Bulacan Branch                    | Brgy. Kaypian, Quirino Highway,<br>San Jose Del Monte Bulacan                                                                         | Php64,200.00   | April 12, 2025      | 5               |
| Sogod Branch                            | Corner Mangkaw and Concepcion<br>Sts. Zone I, Sogod Southern Leyte                                                                    | Php 35,000.00  | July 31, 2025       | 5               |
| Sindagan                                | Mabini St. Cor. Fr. Zamora St.,<br>Poblacion Sindangan, Zamboanga<br>Del Norte                                                        | Php 15,000.00  | March 04, 2025      | 5               |

| Branch Name             | Address                                                                                                          | Monthly Rental | Expiration of Lease | Term of Renewal |
|-------------------------|------------------------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| Solano Branch           | Ground Floor, Ongtao Building JP Rizal Ave., corner P. Burgos St., Brgy. Quirino, Solano, Nueva Viscaya          | Php 65,420.56  | July 01, 2024       | 3               |
| Sorsogon Branch         | AD Reyes Building 1461 Magsaysay Street, Barangay Salog, Sorsogon City                                           | Php88,373.75   | December 07, 2024   | 5               |
| Sta. Cruz Laguna Branch | P. Guevarra St. Poblacion Brgy. IV, Sta. Cruz, Laguna                                                            | Php80,000.00   | October 14, 2024    | 5               |
| Sta.Rosa Laguna Branch  | Balibago Commercial Complex, Sta Rosa, Laguna                                                                    | 58,500.00      | October 31, 2024    | 5               |
| Surigao Branch          | Ground Floor Parkway Mall Km 3, Barangay Luna, National Highway, Surigao City                                    | Php84,595.70   | June 11, 2024       | 5               |
| Tabuk Branch Lite       | Commercial Space 2, Purok 2, Provincial Rd. Bulanao, Tabuk City, Kalinga Apayao                                  | Php 31,578.95  | September 30, 2025  | 5               |
| Tacloban Branch         | YPL Bldg., Door #3 Salazar St., Tacloban City                                                                    | Php118,771.16  | October 31, 2025    | 5               |
| Tagaytay Branch         | Lot 12(Briones Derm Clinique) E. Aguinaldo Highway, Brgy. San Jose, Tagaytay City, Cavite                        | Php64,200.00   | October 13, 2024    | 5               |
| Taguig Branch           | 48 Gen Alfredo Santos Ave., Lower Bicutan, Taguig City                                                           | Php59,992.50   | September 27, 2024  | 5               |
| Tagum Branch            | Ground Floor PLJ Building, Apokon Road, Tagum City, Davao del Norte                                              | Php98,440.96   | February 28, 2023   | 5               |
| Tanay Branch            | #23 M.H Del Pilar St., Brgy. Plaza Aldea, Tanay, Rizal                                                           | Php 10, 000.00 | March 02, 2025      | 5               |
| Tandag Branch Lite      | #11 Purok Saturn, Telaje, Capitol Road, Tandag City, Surigao Del Sur                                             | Php15,000.00   | December 06, 2023   | 5               |
| Tanjay Branch           | Door 2-5, Sweet Lady Building, Legaspi St., Barangay Poblacion 8, Tanjay City ,6204 Negros Oriental              | Php35,000.00   | December 31, 2024   | 5               |
| Tarlac Branch           | Ground Floor, Plaza De Oro Arcade, Mac Arthur Highway corner J. Luna Extension, Sto. Cristo, Tarlac City, Tarlac | Php 87,980.82  | December 04, 2027   | 5               |
| Taytay Branch           | Sitio Hog Pugad, National Road, San Juan, Taytay , Rizal                                                         | Php 97,092.94  | August 31, 2026     | 5               |
| Tondo Branch            | Honorario Lopez Blvd., Brgy. 148, Balut Tondo, Manila                                                            | Php92,898.47   | June 20, 2025       | 5               |
| Tubod Branch Lite       | 2/F A & A Parklane Bldg, Poblacion, Tubod, Lanao Del Norte                                                       | Php16,800.00   | March 01, 2025      | 5               |
| Tuguegarao Branch       | Mabini St. Ugac Norte Tuguegarao City                                                                            | Php70,000.00   | February 27, 2025   | 5               |
| Ubay Branch             | Ground Floor Rogelio Inn Building, Colonel Marciano Garces Street, Poblacion, Ubay, Bohol                        | Php 40,000.00  | July 31, 2023       | 5               |
| Urdaneta Branch         | Unit 18 & 19 Honaco Commercial Bldg., Nancayasan Urdaneta City, Pangasinan                                       | Php73,813.56   | March 31, 2023      | 5               |

| Branch Name          | Address                                                                                          | Monthly Rental | Expiration of Lease | Term of Renewal |
|----------------------|--------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------|
| Valencia Branch Lite | Unit 2, Velox Energy Gas Station, Sayre Highway, Hagkol Poblacion, Valencia City, Bukidnon       | Php 19,679.63  | October 04, 2024    | 3               |
| Valenzuela Branch    | 389 Mc Arthur Highway, Malinta Valenzuela City                                                   | Php107,000.00  | April 01, 2025      | 5               |
| Virac Branch Lite    | Unit 21 Ground Floor Virac Town Center, Rizal Avenue, Barangay Gogon Sirangan Virac, Catanduanes | Php 37,828.36  | October 31, 2024    | 3               |
| Zamboanga Branch     | RHW Building Mayor Jaldon St., Brgy. Canelar, Zamboanga City                                     | Php75,000.00   | December 20, 2025   | 5               |

#### FAIR Bank

| Branch Name    | Address                                              | Monthly Rental                                                                                                                                                                                    | Expiration of Lease | Term of Renewal |
|----------------|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------|
| Carcar Branch  | San Vicente St., Cogon, Carcar Cebu                  | P15,000.00 net of tax                                                                                                                                                                             | June 01, 2023       | 3 Years         |
| Sibulan Branch | Campaclan, Poblacion, Sibulan, Negros Oriental       | P10,000 net of withholding tax, 5% incremental increase per year                                                                                                                                  | June 01, 2023       | 3 Years         |
| Mandaue Branch | 251 SB, Cabahug Street Ibabao Estancia, Mandaue City | P15, 000.00 per month due at the start of every monthly period. First monthly period will start after the 15-day construction period.                                                             | Sept. 14, 2021      | 1 Year          |
| Toledo Branch  | Poblacion, Toledo City, Cebu                         | P15, 000.00 per month                                                                                                                                                                             | February 03, 2023   | 3 Years         |
| Tubigon Branch | Poblacion, Tubigon, Bohol                            | P12,000.00 (with 5% escalation rate annually starting 2nd year)<br>Advance Rental: 2 months rental that can be applied to the first 2 months of the term of contract. Security Deposit : 2 months | December 29, 2021   | 1 Year          |
| San Carlos     | Ilang- Ilang St. San Julio Subd., San Carlos, Negros | P7,500 net of withholding tax                                                                                                                                                                     | June 01, 2023       | 3 years         |
| Silay          | Zone 1, Antilla Subd, Silay City                     | P11,000.00                                                                                                                                                                                        | December 31, 2021   | 6 Months        |
| Danao          | Barangay Taboc, Looc, Danao City, Cebu               | P28,760.00                                                                                                                                                                                        | May 01, 2024        | 3 Years         |
| Sta. Fe        | Barangay Talisay, Santa Fe, Cebu                     | P20,000.00 with incremental increase of 5%                                                                                                                                                        | Sept. 8, 2023       | 2 years         |

**Bangko Kabayan**

| Branch Name     | Address                                                                                            | Monthly Rental | Expiration of Lease | Term of Renewal                |
|-----------------|----------------------------------------------------------------------------------------------------|----------------|---------------------|--------------------------------|
| Batangas Branch | 76 E. P. burgos St. Batangas City                                                                  | 109,128.16     | March 31, 2026      | every 5 years                  |
| San Jose        | Makalintal Avenue, Brgy. Taysan, San Jose, Batangas                                                | 60,717.89      | October 02, 2021    | Short-term/<br>Monthly Payment |
| Calatagan       | Poblacion, Calatagan, Batangas                                                                     | 8,933.97       | March 01, 2025      | every 15 years                 |
| Sariaya         | Poblacion, Sariaya, Quezon                                                                         | 26,741.14      | July 25, 2027       | every 15 years                 |
| Tiaong          | Poblacion I, Tiaong, Quezon                                                                        | 11,576.25      | August 17, 2027     | every 15 years                 |
| Agoncillo       | Poblacion, Agoncillo, Batangas                                                                     | 18,582.65      | August 17, 2024     | every 5 years                  |
| Lobo            | Lobo, Batangas                                                                                     | 9,408.00       | June 30, 2023       | 1 year                         |
| Lipa            | Laserta Building, Lipa City                                                                        | 66,315.78      | November 30, 2025   | every 5 years                  |
| Talisay         | Brgy. Banga, Talisay, Batangas                                                                     | 20,897.94      | March 01, 2026      | every 10 years                 |
| Atimonan        | 280 P. Enriquez St. corner Rizal St. Atimonan, Quezon                                              | 17,173.50      | March 31, 2026      | every 10 years                 |
| Gumaca          | Brgy. Tabong Dagat, Gumaca, Quezon                                                                 | 19,845.00      | April 08, 2026      | every 10 years                 |
| Balayan         | Brgy. V., Balayan Batangas                                                                         | 34,815.79      | January 30, 2028    | every 10 years                 |
| Tanauan         | Unit 102, Emir Commercial Building, President J.P. Laurel Highway, Pob II., Tanauan City, Batangas | 76,323.90      | March 31, 2028      | every 10 years                 |
| Lemery          | National Highway, Brgy. Palanas, Lemery Batangas                                                   | 49,193.76      | February 28, 2027   | every 10 years                 |

**Progressive Bank**

| Branch Name         | Address                       | Monthly Rental | Expiration of Lease | Term of Renewal |
|---------------------|-------------------------------|----------------|---------------------|-----------------|
| Jaro Branch         | E. Lopez St. Jaro Iloilo City | 130,431.25     | April 21, 2023      | 6 mos           |
| Pototan Lite Office | Brgy. Rumbang Pototan Iloilo  | 81,231.25      | April 22, 2023      | 6 mos           |

**UNION BANK OF THE PHILIPPINES**  
**Index to Financial Statements and Supplementary Schedules**  
**Form 17-A Item 7**  
**December 31, 2022**

Statement of Management's Responsibility for Financial Statements

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

Statements of Financial Position  
As of December 31, 2022, and 2021

Statements of Income  
For the years ended December 31, 2022, 2021 and 2020

Statements of Comprehensive Income  
For the years ended December 31, 2022, 2021 and 2020

Statements of Changes in Capital Funds  
For the years ended December 31, 2022, 2021 and 2020

Statements of Cash Flows  
For the years ended December 31, 2022, 2021 and 2020

Notes to Financial Statements

Supplementary Information

**Your BIR AFS eSubmission uploads were received**

eafs@bir.gov.ph &lt;eafs@bir.gov.ph&gt;

Thu 4/13/2023 7:38 PM

To: Menchie M. Tormon &lt;mmtormon@unionbankph.com&gt;

Cc: Arminda M. Cabacoy &lt;aamaquiran@unionbankph.com&gt;

Hi UNION BANK OF THE PHILIPPINES,

**Valid files**

- EAFS000508271AFSTY122022.pdf
- EAFS000508271ITRTY122022.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-PN4SW1PN07LAA9BF5QQ3XR3WN078AJ976L**Submission Date/Time: **Apr 13, 2023 07:18 PM**Company TIN: **000-508-271**

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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

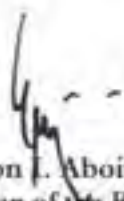
The management of **Union Bank of the Philippines** (the Bank) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

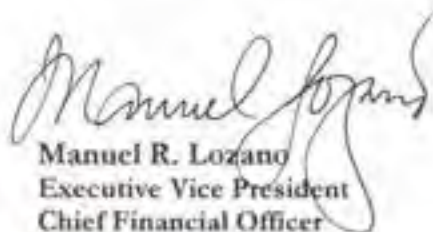
SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing and, in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of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



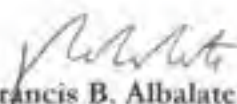
**Erramon L. Aboitiz**  
Chairman of the Board



**Edwin R. Bautista**  
President and Chief Executive Officer



**Manuel R. Lozano**  
Executive Vice President  
Chief Financial Officer



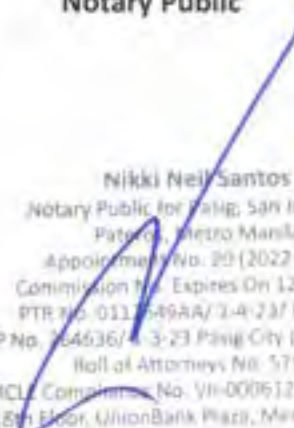
**Francis B. Albalade**  
Senior Vice President  
Financial Controller

SUBSCRIBED AND SWORN to before me this FEB 21 2023, 2023 at Pasig City, the following affiants personally known to me and exhibiting to me their TIN bearing their photographs and genuine signatures as competent evidence of identity in accordance with 2004 Rules on Notarial Practice.

| Name                | TIN         |
|---------------------|-------------|
| Erramon I. Aboitiz  | 103-715-862 |
| Edwin R. Bautista   | 107-644-613 |
| Manuel R. Lozano    | 148-773-908 |
| Francis B. Albalade | 120-319-015 |

**Notary Public**

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Book No. VI  
Series of 2023

  
Nikki Neil Santos  
Notary Public for Pasig, San Juan and  
Patrol, Metro Manila  
Appointment No. 20 (2022-2023)  
Commission No. Expires On 12-31-2023  
PTR No. 011-549AA/3-4-23/ Pasig City  
(BP No. 364636/4-3-23 Pasig City (RSM Chapter))  
Roll of Attorneys No. 57961  
MCL Compliance No. VII-0005121/ 12-L-2021  
18th Floor, UnionBank Plaza, Meralco Avenue  
Ortigas Center, Pasig City

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

|   |   |   |   |   |  |  |  |  |  |
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COMPANY NAME

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

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
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| C | O | R |   | O | N | Y | X |   | A | N | D |   | S | A | P | P | H | I | R | E |   | S | T | R | E | E | T | S |   |
| O | R | T | I | G | A | S |   | C | E | N | T | E | R | , |   | P | A | S | I | G |   | C | I | T | Y |   |   |   |   |
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Department requiring the report

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Secondary License Type, If Applicable

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## COMPANY INFORMATION

Company's Email Address

**www.unionbankph.com**

Company's Telephone Number

**8667-6388**

Mobile Number

No. of Stockholders

**4,961**

Annual Meeting (Month / Day)

**April 22**

Fiscal Year (Month / Day)

**December 31**

## CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

**FRANCIS B. ALBALATE**

Email Address

**fbalbalate@unionbankph.com**

Telephone Number/s

**(632) 8667-6388**

Mobile Number

## CONTACT PERSON'S ADDRESS

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

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

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

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Consolidated and Parent Bank Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Union Bank of the Philippines and its subsidiaries (the Group) and the parent bank financial statements of Union Bank of the Philippines (the Parent Bank), which comprise the consolidated and parent bank statements of financial position as at December 31, 2022 and 2021, and the consolidated and parent bank statements of income, consolidated and parent bank statements of comprehensive income, consolidated and parent bank statements of changes in capital funds and consolidated and parent bank statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated and parent bank financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent bank financial statements present fairly, in all material respects, the financial position of the Group and the Parent Bank as at December 31, 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 Consolidated and Parent Bank Financial Statements* section of our report. We are independent of the Group and the Parent Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated and parent bank financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

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



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

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

#### *Allowance for expected credit loss (ECL)*

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

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

#### *Audit Response*

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

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



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

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

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

#### *Accounting for business combination*

As disclosed in Note 1, in August 2022, the Group and the Parent Bank acquired the consumer banking business in the Philippines of another bank. As permitted by PFRS 3, *Business Combinations*, the Group and the Parent Bank determined the purchase price allocation on a provisional basis. We considered the accounting for this acquisition as a key audit matter because the amounts involved are material and required significant management judgment and estimates. Specifically, management exercised significant judgments and estimates in the determination of the fair value of loans and receivables using the discounted cash flow methodology and the fair value of properties using valuation techniques that consider recent transaction prices for similar properties and economic conditions prevailing at the time the valuations were made.

The Group's and the Parent Bank's disclosures about the fair value determination of the identifiable assets and liabilities acquired and the details of the business acquisition are included in Notes 1 and 3 to the consolidated and parent bank financial statements.

#### *Audit Response*

We obtained the Group's and the Parent Bank's provisional purchase price allocation and the related fair values of identifiable assets and liabilities of the acquired business. We obtained an understanding of the methodology and assumptions used in the determination of the fair value, particularly for the loans and receivables and properties. For loans and receivables, we checked the forecasted cash flows of selected loans against the contractual cash flows and the borrower's current financial condition and ability to pay the loan. We tested the parameters used in the determination of the discount rate against market data and the Group's current incremental lending rate for similar type of loans and receivables. For the properties, we evaluated the competence, capabilities and qualifications of the external appraisers by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in obtaining an understanding and evaluating the methodology and assumptions used in the valuation of the properties. We assessed the methodology adopted by referencing with common valuation models. We reviewed the relevant information supporting the sales and listings of comparable properties and the adjustments made to the sales price. We tested the mathematical accuracy of the provisional purchase price allocation and reviewed the presentation and disclosures in the consolidated and parent bank financial statements.



### *Impairment testing of goodwill*

Under PFRS, the Group and the Parent Bank perform testing of goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. The Group's and the Parent Bank's goodwill attributable to the various cash generating units (CGUs) is considered significant to the consolidated and parent bank financial statements. The Group's and the Parent Bank's impairment assessment requires significant judgement and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically on loan growth rate, deposit growth rate and discount rate. The disclosures in relation to the CGUs to which the goodwill is allocated and the Group's and the Parent Bank's impairment assessment are included in Notes 3 and 18 to the consolidated and parent bank financial statements.

### *Audit Response*

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

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20IS (Definitive Information Statement), SEC Form 17A and Annual Report for the year ended December 31, 2022, but does not include the consolidated and parent bank financial statements and our auditor's report thereon. The SEC Form 20IS (Definitive Information Statement), SEC Form 17A 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 consolidated and parent bank financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Bank Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated and parent bank financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent bank financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and parent bank financial statements, management is responsible for assessing the Group's and Parent Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Bank or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's and Parent Bank's financial reporting process.



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

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

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

- Identify and assess the risks of material misstatement of the consolidated and parent bank financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Parent Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent bank financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent bank financial statements, including the disclosures, and whether the consolidated and parent bank financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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





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

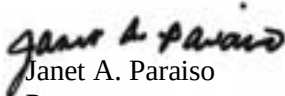
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent bank financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report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

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 38 to the financial statements and Revenue Regulations 15-2010 in Note 37 to the financial statements is presented for purposes of filing with the BSP and the 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 Union Bank of the Philippines. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

SYCIP GORRES VELAYO & CO.



Janet A. Paraiso

Partner

CPA Certificate No. 92305

Tax Identification No. 193-975-241

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 92305-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9369768, January 3, 2023, Makati City

February 27, 2023



# UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

(Amounts are presented in thousands of Philippine Pesos)

|                                                                             | Group                 |                     | Parent Bank         |                     |
|-----------------------------------------------------------------------------|-----------------------|---------------------|---------------------|---------------------|
|                                                                             | December 31           |                     | December 31         |                     |
|                                                                             | 2022                  | 2021                | 2022                | 2021                |
| <b>RESOURCES</b>                                                            |                       |                     |                     |                     |
| Cash and Other Cash Items (Note 8)                                          | ₱9,891,536            | ₱8,904,903          | ₱8,924,249          | ₱7,988,517          |
| Due from Bangko Sentral ng Pilipinas (Note 8)                               | 94,610,308            | 103,407,946         | 66,588,121          | 67,478,389          |
| Due from Other Banks (Note 9)                                               | 46,239,964            | 54,258,465          | 42,263,529          | 51,308,983          |
| Interbank Loans Receivable (Note 10)                                        | —                     | 17,492,657          | —                   | 17,492,657          |
| Securities Purchased under Reverse Repurchase Agreements (SPURRA) (Note 10) | 23,553,973            | 23,420,742          | 14,634,811          | 15,541,296          |
| Trading and Investment Securities                                           |                       |                     |                     |                     |
| At fair value through profit or loss (FVTPL) (Note 11)                      | 8,653,516             | 5,640,005           | 8,583,178           | 5,571,270           |
| At amortized cost (Note 12)                                                 | 244,627,904           | 166,362,179         | 235,400,671         | 162,139,448         |
| At fair value through other comprehensive income (FVOCI) (Note 13)          | 79,761,762            | 65,672,610          | 79,467,678          | 65,370,691          |
| Loans and Other Receivables - net (Note 14)                                 | 479,657,898           | 336,353,889         | 393,765,594         | 275,576,906         |
| Investment in Subsidiaries and Associates (Note 15)                         | 123,396               | 142,355             | 31,758,460          | 23,082,955          |
| Bank Premises, Furniture, Fixtures and Equipment - net (Note 16)            | 8,706,619             | 6,765,771           | 7,236,034           | 5,336,326           |
| Investment Properties - net (Note 17)                                       | 8,258,873             | 8,673,344           | 7,124,049           | 7,435,877           |
| Goodwill (Note 18)                                                          | 62,310,287            | 14,818,932          | 51,659,262          | 7,886,898           |
| Other Resources - net (Note 19)                                             | 26,341,829            | 19,181,663          | 19,635,435          | 15,308,078          |
| <b>TOTAL RESOURCES</b>                                                      | <b>₱1,092,737,865</b> | <b>₱831,095,461</b> | <b>₱967,041,071</b> | <b>₱727,518,291</b> |

## LIABILITIES AND CAPITAL FUNDS

### LIABILITIES

#### Deposit Liabilities (Note 21)

|                                              |              |              |              |              |
|----------------------------------------------|--------------|--------------|--------------|--------------|
| Demand                                       | ₱232,081,793 | ₱204,560,986 | ₱233,365,153 | ₱206,254,190 |
| Savings                                      | 195,020,730  | 136,430,021  | 188,480,585  | 132,074,831  |
| Time                                         | 281,201,419  | 226,509,885  | 199,075,294  | 151,730,160  |
| Long-term negotiable certificate of deposits | 3,000,000    | 3,000,000    | 3,000,000    | 3,000,000    |
|                                              | 711,303,942  | 570,500,892  | 623,921,032  | 493,059,181  |
| Bills Payable (Note 22)                      | 132,846,789  | 51,168,138   | 99,309,124   | 28,577,774   |
| Notes and Bonds Payable (Note 23)            | 51,644,325   | 69,853,986   | 51,644,325   | 69,789,836   |
| Other Liabilities (Note 24)                  | 48,800,486   | 27,359,217   | 44,646,216   | 24,432,809   |
|                                              | 944,595,542  | 718,882,233  | 819,520,697  | 615,859,600  |

### CAPITAL FUNDS

#### Capital funds attributable to the Parent Bank's stockholders (Note 25)

|                                                                              |                    |                    |                    |                    |
|------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Common stock                                                                 | 21,421,068         | 12,193,628         | 21,421,068         | 12,193,628         |
| Additional paid-in capital                                                   | 47,949,927         | 14,214,551         | 47,949,927         | 14,214,551         |
| Stock dividend distributable                                                 | —                  | 3,048,388          | —                  | 3,048,388          |
| Surplus free                                                                 | 90,727,927         | 82,122,752         | 91,307,820         | 82,754,489         |
| Surplus reserves                                                             | 2,452,975          | 2,798,673          | 2,030,080          | 2,323,934          |
| Net unrealized fair value losses on investment securities at FVOCI (Note 13) | (14,057,609)       | (1,448,457)        | (14,059,469)       | (1,447,065)        |
| Remeasurements of defined benefit plans (Note 29)                            | (1,227,666)        | (1,507,361)        | (1,166,234)        | (1,449,181)        |
| Other reserves                                                               | 30,989             | 13,754             | 37,182             | 19,947             |
| <b>Total capital funds attributable to the Parent Bank's stockholders</b>    | <b>147,297,611</b> | <b>111,435,928</b> | <b>147,520,374</b> | <b>111,658,691</b> |
| <b>Non-controlling interests</b>                                             | <b>844,712</b>     | <b>777,300</b>     | <b>—</b>           | <b>—</b>           |
|                                                                              | <b>148,142,323</b> | <b>112,213,228</b> | <b>147,520,374</b> | <b>111,658,691</b> |

|                                            |                       |                     |                     |                     |
|--------------------------------------------|-----------------------|---------------------|---------------------|---------------------|
| <b>TOTAL LIABILITIES AND CAPITAL FUNDS</b> | <b>₱1,092,737,865</b> | <b>₱831,095,461</b> | <b>₱967,041,071</b> | <b>₱727,518,291</b> |
|--------------------------------------------|-----------------------|---------------------|---------------------|---------------------|

See accompanying Notes to Financial Statements.



# UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

## STATEMENTS OF INCOME

For the Years Ended December 31, 2022, 2021 and 2020

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

|                                                                                          | Group                   |             |             | Parent Bank             |             |             |
|------------------------------------------------------------------------------------------|-------------------------|-------------|-------------|-------------------------|-------------|-------------|
|                                                                                          | Years Ended December 31 |             |             | Years Ended December 31 |             |             |
|                                                                                          | 2022                    | 2021        | 2020        | 2022                    | 2021        | 2020        |
| <b>INTEREST INCOME ON</b>                                                                |                         |             |             |                         |             |             |
| Loans and other receivables (Note 14)                                                    | <b>₱36,004,714</b>      | ₱27,372,449 | ₱28,406,664 | <b>₱23,907,388</b>      | ₱17,497,261 | ₱19,802,696 |
| Investment securities at amortized cost and FVOCI (Notes 12 and 13)                      | <b>12,489,741</b>       | 7,706,773   | 8,084,663   | <b>12,083,622</b>       | 7,610,675   | 7,937,196   |
| Cash and cash equivalents (Notes 8 and 9)                                                | <b>1,000,188</b>        | 679,740     | 1,021,974   | <b>584,977</b>          | 332,870     | 756,035     |
| SPURRA (Note 10)                                                                         | <b>566,019</b>          | 300,764     | 444,275     | <b>393,663</b>          | 204,381     | 273,324     |
| Interbank loans receivable (Note 10)                                                     | <b>260,343</b>          | 23,256      | 95,857      | <b>259,183</b>          | 22,170      | 95,451      |
| Trading securities at FVTPL (Note 11)                                                    | <b>203,766</b>          | 244,587     | 524,261     | <b>203,766</b>          | 244,587     | 524,261     |
|                                                                                          | <b>50,524,771</b>       | 36,327,569  | 38,577,694  | <b>37,432,599</b>       | 25,911,944  | 29,388,963  |
| <b>INTEREST EXPENSE ON</b>                                                               |                         |             |             |                         |             |             |
| Deposit liabilities (Note 21)                                                            | <b>6,021,671</b>        | 2,967,692   | 5,616,821   | <b>4,196,509</b>        | 1,805,424   | 4,256,480   |
| Bills payable and other liabilities (Notes 22, 23, 24 and 29)                            | <b>5,601,709</b>        | 3,544,787   | 4,230,619   | <b>4,183,835</b>        | 2,446,570   | 3,262,923   |
|                                                                                          | <b>11,623,380</b>       | 6,512,479   | 9,847,440   | <b>8,380,344</b>        | 4,251,994   | 7,519,403   |
| <b>NET INTEREST INCOME</b>                                                               | <b>38,901,391</b>       | 29,815,090  | 28,730,254  | <b>29,052,255</b>       | 21,659,950  | 21,869,560  |
| <b>PROVISION FOR CREDIT LOSSES (Note 20)</b>                                             | <b>4,068,449</b>        | 5,811,398   | 8,381,856   | <b>2,571,143</b>        | 4,657,731   | 7,450,171   |
| <b>NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES</b>                             | <b>34,832,942</b>       | 24,003,692  | 20,348,398  | <b>26,481,112</b>       | 17,002,219  | 14,419,389  |
| <b>OTHER INCOME</b>                                                                      |                         |             |             |                         |             |             |
| Service charges, fees and commissions (Note 27)                                          | <b>6,781,671</b>        | 3,773,311   | 2,346,639   | <b>5,685,762</b>        | 2,492,356   | 1,723,620   |
| Gains (losses) on trading and investment securities at FVTPL and FVOCI (Notes 11 and 13) | <b>(181,397)</b>        | 217,943     | 3,829,710   | <b>(182,303)</b>        | 217,533     | 3,831,674   |
| Gains on sale of investment securities at amortized cost (Note 12)                       | <b>100,223</b>          | 8,447,595   | 5,111,793   | <b>100,223</b>          | 8,447,595   | 5,111,793   |
| Miscellaneous (Note 28)                                                                  | <b>6,598,584</b>        | 2,861,815   | 2,078,996   | <b>7,497,855</b>        | 3,542,828   | 2,565,048   |
|                                                                                          | <b>13,299,081</b>       | 15,300,664  | 13,367,138  | <b>13,101,537</b>       | 14,700,312  | 13,232,135  |
| <b>TOTAL OPERATING INCOME</b>                                                            | <b>48,132,023</b>       | 39,304,356  | 33,715,536  | <b>39,582,649</b>       | 31,702,531  | 27,651,524  |
| <b>OTHER EXPENSES</b>                                                                    |                         |             |             |                         |             |             |
| Salaries and employee benefits (Note 29)                                                 | <b>10,030,713</b>       | 8,646,702   | 7,809,204   | <b>7,552,736</b>        | 6,591,420   | 5,910,981   |
| Taxes and licenses (Note 17)                                                             | <b>4,110,188</b>        | 2,881,458   | 3,503,233   | <b>2,738,837</b>        | 1,929,202   | 2,597,693   |
| Depreciation and amortization (Note 16)                                                  | <b>1,607,873</b>        | 1,623,679   | 1,406,900   | <b>1,167,564</b>        | 1,146,458   | 1,008,907   |
| Occupancy (Note 16)                                                                      | <b>1,026,889</b>        | 890,645     | 904,750     | <b>764,356</b>          | 674,342     | 674,692     |
| Miscellaneous (Note 28)                                                                  | <b>14,751,697</b>       | 10,277,070  | 7,749,066   | <b>11,901,915</b>       | 7,147,271   | 6,126,463   |
|                                                                                          | <b>31,527,360</b>       | 24,319,554  | 21,373,153  | <b>24,125,408</b>       | 17,488,693  | 16,318,736  |
| <b>PROFIT BEFORE TAX</b>                                                                 | <b>16,604,663</b>       | 14,984,802  | 12,342,383  | <b>15,457,241</b>       | 14,213,838  | 11,332,788  |
| <b>INCOME TAX EXPENSE (Note 30)</b>                                                      | <b>3,931,441</b>        | 2,407,069   | 781,380     | <b>2,927,993</b>        | 1,688,462   | 69,365      |
| <b>NET PROFIT</b>                                                                        | <b>₱12,673,222</b>      | ₱12,577,733 | ₱11,561,003 | <b>₱12,529,248</b>      | ₱12,525,376 | ₱11,263,423 |
| <b>Attributable to:</b>                                                                  |                         |             |             |                         |             |             |
| Parent Bank's stockholders                                                               | <b>₱12,529,248</b>      | ₱12,525,376 | ₱11,553,430 | <b>₱12,529,248</b>      | ₱12,525,376 | ₱11,263,423 |
| Non-controlling interests                                                                | <b>143,974</b>          | 52,357      | 7,573       | <b>—</b>                | —           | —           |
|                                                                                          | <b>₱12,673,222</b>      | ₱12,577,733 | ₱11,561,003 | <b>₱12,529,248</b>      | ₱12,525,376 | ₱11,263,423 |
| <b>Basic/Diluted Earnings per Share (Note 33)</b>                                        | <b>₱6.55</b>            | ₱8.22       | ₱7.58       | <b>₱6.55</b>            | ₱8.22       | ₱7.39       |

See accompanying Notes to Financial Statements.



# UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022, 2021 and 2020

(Amounts are presented in thousands of Philippine Pesos)

|                                                                                                               | Group                   |                    |                    | Parent Bank             |                    |                    |
|---------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|--------------------|-------------------------|--------------------|--------------------|
|                                                                                                               | Years Ended December 31 |                    |                    | Years Ended December 31 |                    |                    |
|                                                                                                               | 2022                    | 2021               | 2020               | 2022                    | 2021               | 2020               |
| <b>NET PROFIT FOR THE YEAR</b>                                                                                | <b>₱12,673,222</b>      | <b>₱12,577,733</b> | <b>₱11,561,003</b> | <b>₱12,529,248</b>      | <b>₱12,525,376</b> | <b>₱11,263,423</b> |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                                                      |                         |                    |                    |                         |                    |                    |
| <i>Items that may be reclassified to profit or loss in subsequent periods:</i>                                |                         |                    |                    |                         |                    |                    |
| Unrealized mark-to-market gains (losses) on investment securities at FVOCI                                    | (12,510,381)            | (845,911)          | 2,997,404          | (12,556,049)            | (835,790)          | 2,989,316          |
| Realized (gains) losses on sale of investment securities at FVOCI recognized in profit or loss (Note 13)      | (99,466)                | (657,987)          | (3,020,457)        | (100,162)               | (657,987)          | (3,020,457)        |
| Cumulative translation adjustment                                                                             | 17,235                  | 32,640             | (15,337)           | 17,235                  | 30,559             | (10,612)           |
| Share in unrealized mark-to-market gains (losses) on investment securities at FVOCI of subsidiaries (Note 15) | —                       | —                  | —                  | 43,807                  | (133)              | —                  |
| <i>Items that will not be reclassified to profit or loss in subsequent periods:</i>                           |                         |                    |                    |                         |                    |                    |
| Remeasurement gains (losses) on defined benefit plan (Note 29)                                                | 372,764                 | 502,675            | (634,623)          | 336,721                 | 427,890            | (588,767)          |
| Income tax benefit (expense) (Note 30)                                                                        | (93,191)                | (193,286)          | 190,387            | (84,180)                | (174,589)          | 176,630            |
| Share in changes in remeasurement gains (losses) of subsidiaries (Note 15)                                    | —                       | —                  | —                  | 30,406                  | 38,907             | (21,228)           |
| <b>TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR</b>                                                            | <b>(12,313,039)</b>     | <b>(1,161,869)</b> | <b>(482,626)</b>   | <b>(12,312,222)</b>     | <b>(1,171,143)</b> | <b>(475,118)</b>   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                                                | <b>₱360,183</b>         | <b>₱11,415,864</b> | <b>₱11,078,377</b> | <b>₱217,026</b>         | <b>₱11,354,233</b> | <b>₱10,788,305</b> |
| <b>Attributable to:</b>                                                                                       |                         |                    |                    |                         |                    |                    |
| Parent Bank's stockholders                                                                                    | ₱217,026                | ₱11,362,598        | ₱11,078,413        | ₱217,026                | ₱11,354,233        | ₱10,788,305        |
| Non-controlling interests                                                                                     | 143,157                 | 53,266             | (36)               | —                       | —                  | —                  |
|                                                                                                               | <b>₱360,183</b>         | <b>₱11,415,864</b> | <b>₱11,078,377</b> | <b>₱217,026</b>         | <b>₱11,354,233</b> | <b>₱10,788,305</b> |

See accompanying Notes to Financial Statements.



# UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN CAPITAL FUNDS

For the Years Ended December 31, 2022, 2021 and 2020

(Amounts are presented in thousands of Philippine Pesos)

|                                                                 | Group                                                    |                               |                                 |              |                     |                                                                 |                                              |                |              |                              |                        |
|-----------------------------------------------------------------|----------------------------------------------------------|-------------------------------|---------------------------------|--------------|---------------------|-----------------------------------------------------------------|----------------------------------------------|----------------|--------------|------------------------------|------------------------|
|                                                                 | Equity Attributable to Equity Holders of the Parent Bank |                               |                                 |              |                     |                                                                 |                                              |                |              |                              |                        |
|                                                                 |                                                          |                               |                                 |              |                     | Net Unrealized<br>Fair Value<br>Gains (Losses)<br>on Investment | Remeasurements<br>of Defined<br>Benefit Plan | Other Reserves |              | Non-controlling<br>Interests | Total Capital<br>Funds |
|                                                                 | Capital Stock                                            | Additional<br>Paid-in Capital | Stock Dividend<br>Distributable | Surplus Free | Surplus<br>Reserves | Securities at<br>FVOCI                                          |                                              |                | Total        |                              |                        |
| Balances as at January 1, 2022                                  | ₱12,193,628                                              | ₱14,214,551                   | ₱3,048,388                      | ₱82,122,752  | ₱2,798,673          | (₱1,448,457)                                                    | (₱1,507,361)                                 | ₱13,754        | ₱111,435,928 | ₱777,300                     | ₱112,213,228           |
| Total comprehensive income (loss) for the year                  | —                                                        | —                             | —                               | 12,529,248   | —                   | (12,609,152)                                                    | 279,695                                      | 17,235         | 217,026      | 143,157                      | 360,183                |
| Issuance of new shares (Note 25)                                | 9,227,440                                                | 33,735,376                    | (3,048,388)                     | —            | —                   | —                                                               | —                                            | —              | 39,914,428   | —                            | 39,914,428             |
| Cash dividends (Note 25)                                        | —                                                        | —                             | —                               | (4,269,771)  | —                   | —                                                               | —                                            | —              | (4,269,771)  | —                            | (4,269,771)            |
| Reversal of appropriations during the<br>year – net (Note 25)   | —                                                        | —                             | —                               | 345,698      | (345,698)           | —                                                               | —                                            | —              | —            | —                            | —                      |
| Dividends of subsidiaries to non-controlling<br>interests (NCI) | —                                                        | —                             | —                               | —            | —                   | —                                                               | —                                            | —              | —            | (75,745)                     | (75,745)               |
| Balances as at December 31, 2022                                | ₱21,421,068                                              | ₱47,949,927                   | ₱—                              | ₱90,727,927  | ₱2,452,975          | (₱14,057,609)                                                   | (₱1,227,666)                                 | ₱30,989        | ₱147,297,611 | ₱844,712                     | ₱148,142,323           |
| Balances as at January 1, 2021                                  | ₱12,184,715                                              | ₱14,214,983                   | ₱—                              | ₱77,096,218  | ₱2,645,080          | ₱55,384                                                         | (1,815,784)                                  | (₱18,886)      | ₱104,361,710 | ₱790,692                     | ₱105,152,402           |
| Total comprehensive income (loss) for the year                  | —                                                        | —                             | —                               | 12,525,376   | —                   | (1,503,841)                                                     | 308,423                                      | 32,640         | 11,362,598   | 53,266                       | 11,415,864             |
| Issuance of new shares (Note 25)                                | 8,913                                                    | 54,684                        | —                               | —            | —                   | —                                                               | —                                            | —              | 63,597       | —                            | 63,597                 |
| Stock dividends (Note 25)                                       | —                                                        | (55,116)                      | 3,048,388                       | (3,048,388)  | —                   | —                                                               | —                                            | —              | (55,116)     | —                            | (55,116)               |
| Cash dividends (Note 25)                                        | —                                                        | —                             | —                               | (4,267,770)  | —                   | —                                                               | —                                            | —              | (4,267,770)  | —                            | (4,267,770)            |
| Appropriations during the year (Note 25)                        | —                                                        | —                             | —                               | (153,593)    | 153,593             | —                                                               | —                                            | —              | —            | —                            | —                      |
| Dividends of subsidiaries to NCI                                | —                                                        | —                             | —                               | —            | —                   | —                                                               | —                                            | —              | —            | (59,300)                     | (59,300)               |
| Subscription of shares by NCI                                   | —                                                        | —                             | —                               | —            | —                   | —                                                               | —                                            | —              | —            | 10,000                       | 10,000                 |
| Acquisition of NCI                                              | —                                                        | —                             | —                               | (29,091)     | —                   | —                                                               | —                                            | —              | (29,091)     | (17,358)                     | (46,449)               |
| Balances as at December 31, 2021                                | ₱12,193,628                                              | ₱14,214,551                   | ₱3,048,388                      | ₱82,122,752  | ₱2,798,673          | (₱1,448,457)                                                    | (₱1,507,361)                                 | ₱13,754        | ₱111,435,928 | ₱777,300                     | ₱112,213,228           |
| Balances as at January 1, 2020                                  | ₱12,176,096                                              | ₱14,172,060                   | ₱—                              | ₱67,851,771  | ₱4,600,747          | ₱78,437                                                         | (₱1,379,157)                                 | (₱3,549)       | ₱97,496,405  | ₱520,560                     | ₱98,016,965            |
| Total comprehensive income (loss) for the year                  | —                                                        | —                             | —                               | 11,553,430   | —                   | (23,053)                                                        | (436,627)                                    | (15,337)       | 11,078,413   | (36)                         | 11,078,377             |
| Issuance of new shares (Note 25)                                | 8,619                                                    | 42,923                        | —                               | —            | —                   | —                                                               | —                                            | —              | 51,542       | —                            | 51,542                 |
| Cash dividends (Note 25)                                        | —                                                        | —                             | —                               | (4,264,650)  | —                   | —                                                               | —                                            | —              | (4,264,650)  | —                            | (4,264,650)            |
| Effect of business combination (Note 15)                        | —                                                        | —                             | —                               | —            | —                   | —                                                               | —                                            | —              | —            | 270,168                      | 270,168                |
| Reversal of appropriations during the<br>year – net (Note 25)   | —                                                        | —                             | —                               | 1,955,667    | (1,955,667)         | —                                                               | —                                            | —              | —            | —                            | —                      |
| Balances as at December 31, 2020                                | ₱12,184,715                                              | ₱14,214,983                   | ₱—                              | ₱77,096,218  | ₱2,645,080          | ₱55,384                                                         | (1,815,784)                                  | (₱18,886)      | ₱104,361,710 | ₱790,692                     | ₱105,152,402           |



| Parent Bank                                                    |                    |                               |                                 |                    |                   |                                                                                        |                                              |                  |                        |
|----------------------------------------------------------------|--------------------|-------------------------------|---------------------------------|--------------------|-------------------|----------------------------------------------------------------------------------------|----------------------------------------------|------------------|------------------------|
|                                                                | Capital Stock      | Additional<br>Paid-in Capital | Stock Dividend<br>Distributable | Surplus Free       | Surplus Reserves  | Net Unrealized<br>Fair Value<br>Gains (Losses) on<br>Investment<br>Securities at FVOCI | Remeasurements<br>of Defined<br>Benefit Plan | Other Reserves   | Total Capital<br>Funds |
| <b>Balances as at January 1, 2022</b>                          | <b>₱12,193,628</b> | <b>₱14,214,551</b>            | <b>₱3,048,388</b>               | <b>₱82,754,489</b> | <b>₱2,323,934</b> | <b>(₱1,447,065)</b>                                                                    | <b>(₱1,449,181)</b>                          | <b>₱19,947</b>   | <b>₱111,658,691</b>    |
| Total comprehensive income (loss) for the year                 | —                  | —                             | —                               | 12,529,248         | —                 | (12,612,404)                                                                           | 282,947                                      | 17,235           | 217,026                |
| Issuance of new shares (Note 25)                               | 9,227,440          | 33,735,376                    | (3,048,388)                     | —                  | —                 | —                                                                                      | —                                            | —                | 39,914,428             |
| Cash dividends (Note 25)                                       | —                  | —                             | —                               | (4,269,771)        | —                 | —                                                                                      | —                                            | —                | (4,269,771)            |
| Appropriations during the year – net (Note 25)                 | —                  | —                             | —                               | 293,854            | (293,854)         | —                                                                                      | —                                            | —                | —                      |
| <b>Balances as at December 31, 2022</b>                        | <b>₱21,421,068</b> | <b>₱47,949,927</b>            | <b>₱—</b>                       | <b>₱91,307,820</b> | <b>₱2,030,080</b> | <b>(₱14,059,469)</b>                                                                   | <b>(₱1,166,234)</b>                          | <b>₱37,182</b>   | <b>₱147,520,374</b>    |
| Balances as at January 1, 2021                                 | ₱12,184,715        | ₱14,214,983                   | ₱—                              | ₱77,697,363        | ₱2,171,842        | ₱46,845                                                                                | (₱1,741,389)                                 | (₱10,612)        | ₱104,563,747           |
| Total comprehensive income (loss) for the year                 | —                  | —                             | —                               | 12,525,376         | —                 | (1,493,910)                                                                            | 292,208                                      | 30,559           | 11,354,233             |
| Issuance of new shares (Note 25)                               | 8,913              | 54,684                        | —                               | —                  | —                 | —                                                                                      | —                                            | —                | 63,597                 |
| Stock dividends (Note 25)                                      | —                  | (55,116)                      | 3,048,388                       | (3,048,388)        | —                 | —                                                                                      | —                                            | —                | (55,116)               |
| Cash dividends (Note 25)                                       | —                  | —                             | —                               | (4,267,770)        | —                 | —                                                                                      | —                                            | —                | (4,267,770)            |
| Appropriations during the year – net (Note 25)                 | —                  | —                             | —                               | (152,092)          | 152,092           | —                                                                                      | —                                            | —                | —                      |
| <b>Balances as at December 31, 2021</b>                        | <b>₱12,193,628</b> | <b>₱14,214,551</b>            | <b>₱3,048,388</b>               | <b>₱82,754,489</b> | <b>₱2,323,934</b> | <b>(₱1,447,065)</b>                                                                    | <b>(₱1,449,181)</b>                          | <b>₱19,947</b>   | <b>₱111,658,691</b>    |
| Balances as at January 1, 2020                                 | ₱12,176,096        | ₱14,172,060                   | ₱—                              | ₱70,201,147        | ₱2,669,285        | ₱77,986                                                                                | (₱1,308,024)                                 | ₱—               | ₱97,988,550            |
| Total comprehensive income (loss) for the year                 | —                  | —                             | —                               | 11,263,423         | —                 | (31,141)                                                                               | (433,365)                                    | (10,612)         | 10,788,305             |
| Issuance of new shares (Note 25)                               | 8,619              | 42,923                        | —                               | —                  | —                 | —                                                                                      | —                                            | —                | 51,542                 |
| Cash dividends (Note 25)                                       | —                  | —                             | —                               | (4,264,650)        | —                 | —                                                                                      | —                                            | —                | (4,264,650)            |
| Reversals of appropriations during the<br>year – net (Note 25) | —                  | —                             | —                               | 497,443            | (497,443)         | —                                                                                      | —                                            | —                | —                      |
| <b>Balances as at December 31, 2020</b>                        | <b>₱12,184,715</b> | <b>₱14,214,983</b>            | <b>₱—</b>                       | <b>₱77,697,363</b> | <b>₱2,171,842</b> | <b>₱46,845</b>                                                                         | <b>(₱1,741,389)</b>                          | <b>(₱10,612)</b> | <b>₱104,563,747</b>    |

See accompanying Notes to Financial Statements.



# UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022, 2021 and 2020

(Amounts are presented in thousands of Philippine Pesos)

|                                                                             | GROUP                   |               |              | PARENT BANK             |               |              |
|-----------------------------------------------------------------------------|-------------------------|---------------|--------------|-------------------------|---------------|--------------|
|                                                                             | Years Ended December 31 |               |              | Years Ended December 31 |               |              |
|                                                                             | 2022                    | 2021          | 2020         | 2022                    | 2021          | 2020         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                 |                         |               |              |                         |               |              |
| Profit before tax                                                           | <b>₱16,604,663</b>      | ₱14,984,802   | ₱12,342,383  | <b>₱15,457,241</b>      | ₱14,213,838   | ₱11,332,788  |
| Adjustments for:                                                            |                         |               |              |                         |               |              |
| Provision for credit losses (Note 20)                                       | <b>4,068,449</b>        | 5,811,398     | 8,381,856    | <b>2,571,143</b>        | 4,657,731     | 7,450,171    |
| Depreciation and amortization (Note 16)                                     | <b>2,228,372</b>        | 2,221,316     | 1,928,421    | <b>1,632,098</b>        | 1,557,053     | 1,447,218    |
| Unrealized foreign exchange losses (gains) - net                            | <b>1,265,139</b>        | (876,088)     | 45,873       | <b>1,187,664</b>        | (909,334)     | 45,882       |
| Losses (gains) on sale of investment properties (Note 17)                   | <b>(1,224,045)</b>      | 43,689        | (229,148)    | <b>(1,193,004)</b>      | (207,360)     | (195,471)    |
| Amortization of premium and discount of financial assets and liabilities    | <b>1,168,740</b>        | 2,269,357     | 633,893      | <b>1,272,967</b>        | 2,220,141     | 635,120      |
| Gains on foreclosure of investment properties (Note 17)                     | <b>(466,388)</b>        | (135,309)     | (153,876)    | <b>(466,388)</b>        | (135,309)     | (153,876)    |
| Gains on sale of investment securities at amortized cost (Note 12)          | <b>(100,223)</b>        | (8,447,595)   | (5,111,793)  | <b>(100,223)</b>        | (8,447,595)   | (5,111,793)  |
| Gains on sale of investment securities at FVOCI (Note 13)                   | <b>(99,466)</b>         | (657,987)     | (3,020,457)  | <b>(100,162)</b>        | (657,987)     | (3,020,457)  |
| Share in net loss (profit) of subsidiaries and associates (Notes 15 and 28) | <b>29,666</b>           | 4,135         | 3,665        | <b>(1,712,086)</b>      | (1,173,016)   | (953,082)    |
| Reversal of impairment on investment properties (Note 17)                   | <b>(24,695)</b>         | (64,649)      | —            | <b>(24,722)</b>         | (64,649)      | —            |
| Losses (gains) on disposal of property and equipment (Note 16)              | <b>14,849</b>           | (18,108)      | 8,641        | <b>429</b>              | (1,900)       | (6,236)      |
| Impairment of goodwill and investment in subsidiaries (Notes 15 and 18)     | —                       | 529,599       | 223,172      | —                       | —             | 290,002      |
| Gain on sale of investments in associates (Note 15)                         | —                       | (167,332)     | —            | —                       | —             | —            |
| Changes in operating assets and liabilities:                                |                         |               |              |                         |               |              |
| Decreases (increases) in:                                                   |                         |               |              |                         |               |              |
| Loans and other receivables                                                 | <b>(80,626,502)</b>     | (19,355,679)  | 29,147,657   | <b>(54,060,475)</b>     | (17,497,222)  | 33,878,915   |
| Trading securities at FVTPL                                                 | <b>(3,013,511)</b>      | 12,670,664    | (10,582,248) | <b>(3,011,908)</b>      | 12,840,034    | (10,593,749) |
| Other resources                                                             | <b>(9,594,421)</b>      | (6,328,757)   | (28,285)     | <b>(5,535,753)</b>      | (4,114,905)   | (1,175,000)  |
| Increases (decreases) in:                                                   |                         |               |              |                         |               |              |
| Deposit liabilities                                                         | <b>75,537,858</b>       | 42,715,866    | 46,590,101   | <b>65,596,659</b>       | 27,830,562    | 32,349,777   |
| Other liabilities                                                           | <b>21,445,696</b>       | 2,905,804     | (6,953,527)  | <b>18,489,460</b>       | 1,533,845     | (4,817,926)  |
| Net cash provided by operations                                             | <b>27,214,181</b>       | 48,105,126    | 73,226,328   | <b>40,002,940</b>       | 31,643,927    | 61,402,283   |
| Income taxes paid                                                           | <b>(3,519,486)</b>      | (2,171,465)   | (2,155,071)  | <b>(1,920,223)</b>      | (1,260,561)   | (1,296,905)  |
| Net cash provided by operating activities                                   | <b>23,694,695</b>       | 45,933,661    | 71,071,257   | <b>38,082,717</b>       | 30,383,366    | 60,105,378   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                 |                         |               |              |                         |               |              |
| Acquisitions of:                                                            |                         |               |              |                         |               |              |
| Investment securities at amortized cost                                     | <b>(118,551,429)</b>    | (125,796,399) | (65,958,555) | <b>(113,271,357)</b>    | (124,111,014) | (63,475,137) |
| Investment securities at FVOCI                                              | <b>(111,135,751)</b>    | (78,214,061)  | (97,655,465) | <b>(111,112,623)</b>    | (78,214,061)  | (97,655,465) |
| Bank premises, furniture, fixtures and equipment (Note 16)                  | <b>(551,592)</b>        | (505,605)     | (1,026,363)  | <b>(308,016)</b>        | (317,391)     | (867,690)    |
| Investments in subsidiaries and associates (Notes 1 and 15)                 | <b>(14,400)</b>         | (109,608)     | —            | <b>(7,073,025)</b>      | (1,500,000)   | —            |
| Proceeds from maturities/sale of:                                           |                         |               |              |                         |               |              |
| Investment securities at amortized cost                                     | <b>42,109,410</b>       | 122,933,196   | 71,519,901   | <b>41,846,113</b>       | 122,903,200   | 71,519,901   |
| Investment securities at FVOCI                                              | <b>87,266,386</b>       | 46,097,932    | 72,201,864   | <b>87,191,082</b>       | 46,067,931    | 72,201,864   |
| Investment properties (Note 17)                                             | <b>620,286</b>          | 464,361       | 410,787      | <b>575,169</b>          | 407,214       | 273,676      |
| Bank premises, furniture, fixtures and equipment (Note 16)                  | <b>45,761</b>           | 52,920        | 12,418       | <b>18,285</b>           | 15,543        | 18,138       |
| Dividends received from a subsidiary                                        | —                       | —             | —            | <b>188,000</b>          | 1,496,811     | —            |
| Investments in associates (Note 15)                                         | —                       | 313,012       | —            | —                       | —             | —            |
| Acquisition of business, net of cash acquired (Notes 1 and 15)              | <b>(48,125,088)</b>     | —             | 54,241       | <b>(44,369,378)</b>     | —             | (702,502)    |
| Dissolution of subsidiaries (Notes 1 and 15)                                | —                       | —             | —            | —                       | 11            | —            |
| Net cash used in investing activities                                       | <b>(148,336,417)</b>    | (34,764,252)  | (20,441,172) | <b>(146,315,750)</b>    | (33,251,756)  | (18,687,215) |

(Forward)



|                                                                  | GROUP                   |                |                | PARENT BANK             |               |                |
|------------------------------------------------------------------|-------------------------|----------------|----------------|-------------------------|---------------|----------------|
|                                                                  | Years Ended December 31 |                |                | Years Ended December 31 |               |                |
|                                                                  | 2022                    | 2021           | 2020           | 2022                    | 2021          | 2020           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |                         |                |                |                         |               |                |
| Payments of:                                                     |                         |                |                |                         |               |                |
| Bills payable                                                    | (P225,725,630)          | (P131,247,110) | (P609,512,421) | (P177,520,637)          | (P69,805,980) | (P565,341,774) |
| Notes and bonds payable                                          | (38,183,199)            | (3,473,520)    | (21,171,857)   | (35,112,500)            | —             | (18,200,000)   |
| Cash dividends (Note 25)                                         | (4,269,771)             | (4,267,770)    | (4,264,650)    | (4,269,771)             | (4,267,770)   | (4,264,650)    |
| Lease liabilities (Note 24)                                      | (659,030)               | (579,064)      | (613,498)      | (496,312)               | (446,112)     | (477,197)      |
| Dividends of subsidiaries to NCI                                 | (75,745)                | (59,300)       | —              | —                       | —             | —              |
| Cash for fractional shares related to stock dividends (Note 25)  | —                       | (55,116)       | —              | —                       | (55,116)      | —              |
| Proceeds from:                                                   |                         |                |                |                         |               |                |
| Bills payable                                                    | 306,504,535             | 127,075,530    | 558,732,399    | 247,352,242             | 62,765,158    | 507,779,097    |
| Issuance of new shares, net of issuance costs (Note 25)          | 39,914,428              | 63,597         | 51,542         | 39,914,428              | 63,597        | 51,542         |
| Notes and bonds payable (Note 23)                                | 13,904,476              | 11,057,895     | 33,135,900     | 10,932,289              | 7,650,000     | 30,206,900     |
| Subscription of shares by NCI                                    | —                       | 10,000         | —              | —                       | —             | —              |
| Net cash provided by (used in) financing activities              | 91,410,064              | (1,474,858)    | (43,642,585)   | 80,799,739              | (4,096,223)   | (50,246,082)   |
| <b>EFFECT OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES</b>      | 42,726                  | (44,958)       | (145,377)      | 34,162                  | (44,958)      | (140,652)      |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>      | (33,188,932)            | 9,649,593      | 6,842,123      | (27,399,132)            | (7,009,571)   | (8,968,571)    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>        |                         |                |                |                         |               |                |
| Cash and other cash items                                        | 8,904,903               | 8,958,042      | 8,580,709      | 7,988,517               | 7,814,917     | 7,832,302      |
| Due from Bangko Sentral ng Pilipinas (BSP)                       | 103,407,946             | 103,869,770    | 73,749,813     | 67,478,389              | 83,867,434    | 67,798,418     |
| Due from other banks                                             | 54,258,465              | 68,532,218     | 73,675,709     | 51,308,983              | 64,763,768    | 71,497,226     |
| Interbank loans receivable                                       | 17,492,657              | —              | 213,062        | 17,492,657              | —             | 213,062        |
| Securities purchased under reverse repurchase agreement (SPURRA) | 23,420,742              | 16,475,090     | 34,773,704     | 15,541,296              | 10,373,294    | 28,446,976     |
|                                                                  | 207,484,713             | 197,835,120    | 190,992,997    | 159,809,842             | 166,819,413   | 175,787,984    |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                  |                         |                |                |                         |               |                |
| Cash and other cash items                                        | 9,891,536               | 8,904,903      | 8,958,042      | 8,924,249               | 7,988,517     | 7,814,917      |
| Due from BSP                                                     | 94,610,308              | 103,407,946    | 103,869,770    | 66,588,121              | 67,478,389    | 83,867,434     |
| Due from other banks                                             | 46,239,964              | 54,258,465     | 68,532,218     | 42,263,529              | 51,308,983    | 64,763,768     |
| Interbank loans receivable                                       | —                       | 17,492,657     | —              | —                       | 17,492,657    | —              |
| SPURRA                                                           | 23,553,973              | 23,420,742     | 16,475,090     | 14,634,811              | 15,541,296    | 10,373,294     |
|                                                                  | P174,295,781            | P207,484,713   | P197,835,120   | P132,410,710            | P159,809,842  | P166,819,413   |
| <b>OPERATIONAL CASH FLOWS FROM INTERESTS AND DIVIDENDS</b>       |                         |                |                |                         |               |                |
| Interest received                                                | P47,786,261             | P38,840,197    | P38,292,850    | P36,762,893             | P28,048,227   | P29,188,963    |
| Interest paid                                                    | 10,608,914              | 6,482,612      | 10,304,166     | 7,588,579               | 4,250,186     | 7,976,641      |
| Dividends received                                               | 6,076                   | 145,789        | 200,671        | 2,768                   | 145,789       | 200,671        |

See accompanying Notes to Financial Statements.





# UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

### 1. Corporate Information

#### Incorporation and Operations

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

The Bank provides expanded commercial banking products and services such as loans and deposits, cash management, retail banking, foreign exchange, capital markets, corporate and consumer finance, investment management and trust banking. As of December 31, 2022, the Bank and its subsidiaries (collectively referred to as the “Group”) has 385 branches and 454 on-site and 131 off-site automated teller machines (ATMs), located nationwide.

The Bank’s common shares are listed in the Philippine Stock Exchange (PSE). The Bank is effectively 49.92% owned by Aboitiz Equity Ventures, Inc. (AEVI), a company incorporated and domiciled in the Philippines. AEVI is the holding and management company of the Aboitiz Group of Companies.

The Bank’s subsidiaries are all incorporated in the Philippines, except for UBX SG and UBX Remit, and the Bank’s effective percentage of ownership and the nature of the subsidiaries’ businesses as of December 31, 2022 and 2021 are as follows:

| Name of Subsidiary                                                                          | Percentage of ownership |         | Nature of Business                              |
|---------------------------------------------------------------------------------------------|-------------------------|---------|-------------------------------------------------|
|                                                                                             | 2022                    | 2021    |                                                 |
| City Savings Bank, Inc. (CSB)                                                               | 99.79%                  | 99.79%  | Thrift bank                                     |
| PetNet, Inc. (PETNET) <sup>(a)</sup>                                                        | 51.00%                  | 51.00%  | Foreign currency trader and remittance business |
| First-Agro Industrial Rural Bank, Inc. (FAIR Bank) <sup>(f)</sup>                           | 100.00%                 | 100.00% | Rural bank                                      |
| UBP Investments Corporation (UIC)                                                           | 100.00%                 | 100.00% | Holding company                                 |
| First Union Plans, Inc. (FUPI) <sup>(k)</sup>                                               | 100.00%                 | 100.00% | Pre-need                                        |
| First Union Direct Corporation (FUDC) <sup>(h)</sup>                                        | 100.00%                 | 100.00% | Financial products marketing                    |
| First Union Insurance and Financial Agencies, Inc. (FUIFAI) <sup>(b)</sup>                  | 100.00%                 | 100.00% | Agent for insurance and financial products      |
| UBP Securities, Inc. (UBPSI) <sup>(h)</sup>                                                 | 100.00%                 | 100.00% | Securities brokerage                            |
| UnionBank Currency Brokers Corporation (UCBC) <sup>(i)</sup>                                | —                       | 100.00% | Foreign currency brokerage                      |
| UnionDataCorp (UDC) <sup>(h)</sup>                                                          | 100.00%                 | 100.00% | Data processing                                 |
| Interventure Capital Corporation (IVCC) <sup>(h)</sup>                                      | 60.00%                  | 60.00%  | Venture capital                                 |
| UBX Philippines Corporation (UBX)                                                           | 100.00%                 | 100.00% | Investment holding and innovation company       |
| UBX Private Ltd. (UBX SG) <sup>(c)</sup>                                                    | 100.00%                 | 100.00% | Holding company                                 |
| UBX Remit Pte. Ltd. (UBX Remit) <sup>(d)</sup>                                              | 100.00%                 | 100.00% | Remittance company                              |
| Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan) <sup>(e)</sup>           | 70.00%                  | 70.00%  | Private development bank                        |
| Progressive Bank, Inc. (PBI) <sup>(f)</sup>                                                 | 100.00%                 | 100.00% | Rural bank                                      |
| UnionDigital Bank, Inc. (UnionDigital) <sup>(g)</sup>                                       | 100.00%                 | 100.00% | Digital bank                                    |
| Citicorp Financial Services and Insurance Brokerage Philippines, Inc. (CFSI) <sup>(j)</sup> | 100.00%                 | —       | Insurance and securities brokerage              |

(a) Subsidiary through CSB and UIC, with 40% and 11% share in ownership, respectively

(b) Wholly-owned subsidiaries of UIC

(c) Wholly owned subsidiary of UBX

(d) Wholly owned subsidiary of UBX SG

(e) Subsidiary through CSB and UIC, with 49% and 21% share in ownership, respectively

(f) Subsidiary through CSB and UIC, with 49% and 51% share in ownership, respectively

(g) Incorporated on November 25, 2021

(h) Non-operating subsidiaries, wholly-owned by UIC

(i) Dissolved as of April 8, 2022

(j) Acquired 100% ownership as part of the Parent Bank’s acquisition of Citigroup Inc.’s consumer business in the Philippines on August 1, 2022

(k) In October 2022, the stockholders of FUPI approved the voluntary cessation and withdrawal of its pre-need business



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

- (a) In a special meeting held on December 23, 2021, the Bank's BOD approved the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The transaction includes the acquisition of Citigroup's credit card, personal loans, wealth management, and retail deposit businesses, as well as the real estate interests in Citibank Square in Eastwood, Quezon City, 3 full-service bank branches, and 5 wealth centers in the Philippines.

Also on December 23, 2021, the BOD approved the raising of additional capital of up to ₱40.0 billion through the issuance of additional shares from the Bank's unissued authorized capital stock via a stock rights offering (SRO) to all existing shareholders. On May 16, 2022, the Bank issued approximately 617.2 million common shares priced at ₱64.81 per share. Proceeds from the SRO were deployed to partially fund the acquisition of Citigroup, Inc.'s Philippine consumer business.

On April 5, 2022, the Philippine Competition Commission (PCC) issued clearance on the Bank's proposed acquisition of assets and liabilities of Citibank N.A., Philippine Branch and Citi Square Building Corporation, and shares in Citicorp Financial Services and Insurance Brokerage Philippines, Inc. The PCC resolved to take no further action with respect to the proposed acquisition. On July 14, 2022, the Monetary Board (MB) of the Bangko Sentral ng Pilipinas (BSP), in its Resolution No. 1017, approved the Bank's acquisition of Citigroup's consumer business in the Philippines.

On August 1, 2022, the Bank completed the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The transaction is effected via (i) an asset and liability transfer of the consumer banking activities of Citibank N.A., Philippines Branch, (ii) the sale of the 100% shares in Citicorp Financial Services and Insurance Brokerage Philippines, Inc., and (iii) the sale of freehold and owned office premises and parking spaces in Citibank Square building in Eastwood, Quezon City. The total cash consideration amounted to ₱77.9 billion based on the net assets of the Citi Philippines consumer banking business as of July 31, 2022, plus an agreed premium.

As of December 31, 2022, the Bank is still in the process of completing the determination of fair values of the assets and liabilities acquired, including the identified intangible assets. As allowed by PFRS, the Group has provisionally assessed the fair values of the assets and liabilities recognized, except for Cash and other cash items and Due from other banks. The provisional fair values will be adjusted within one year from the acquisition date once relevant information has been obtained.



The provisional fair values of the identifiable assets and liabilities acquired at the date of acquisition are as follows (amounts in millions):

|                                                      | Provisional fair values recognized on acquisition date |
|------------------------------------------------------|--------------------------------------------------------|
| <b>Assets</b>                                        |                                                        |
| Cash and other cash items                            | ₱1,598                                                 |
| Due from other banks                                 | 28,126                                                 |
| Loans and receivables                                | 65,581                                                 |
| Bank premises, furniture and fixtures, and equipment | 2,120                                                  |
| Other resources                                      | 2,694                                                  |
| <b>Total assets</b>                                  | <b>100,119</b>                                         |
| <b>Liabilities</b>                                   |                                                        |
| Deposit liabilities                                  | 65,265                                                 |
| Other liabilities                                    | 4,496                                                  |
| <b>Total liabilities</b>                             | <b>69,761</b>                                          |
| <b>Net assets acquired</b>                           | <b>₱30,358</b>                                         |

The provisional goodwill from the acquisition is determined as follows (amounts in millions):

|                                                      |                |
|------------------------------------------------------|----------------|
| Total Purchase price                                 | ₱77,849        |
| Less: Provisional fair values of net assets acquired | 30,358         |
| <b>Provisional Goodwill</b>                          | <b>₱47,491</b> |

The goodwill arising from the acquisition is attributed to the opportunities for future growth in the credit card business of the Group, and expected synergies in the consumer banking business of the combined Parent Bank and Citi acquired business.

The provisional fair value of the loans and receivables acquired as part of the business combination amounted to ₱65.58 billion, with gross contractual amount of ₱69.44 billion.

Had the acquisition occurred at the beginning of 2022, the consolidated total operating income would have increased by ₱8.21 billion and net income would have increased by ₱1.24 billion.

Cash outflow from Acquisition of business, net of cash acquired by the Group and the Parent Bank follows:

|                                                      | Group          | Parent Bank <sup>(1)</sup> |
|------------------------------------------------------|----------------|----------------------------|
| Purchase price                                       | ₱77,849        | ₱72,752                    |
| Less: Cash acquired from the acquisition of business | 29,724         | 28,383                     |
| <b>Net cash outflow from the Acquisition</b>         | <b>₱48,125</b> | <b>₱44,369</b>             |

(1) For purposes of the Parent Bank financial statements, the purchase price above excludes the purchase of shares in CFSI amounting to ₱5.10 billion, which is included in 'acquisition of an investment in subsidiaries and associates' in the statement of cash flows.



- (b) CSB was incorporated and registered with the SEC on December 9, 1965. It is a thrift bank specializing in granting teacher's loans under the Department of Education's Automatic Payroll Deduction System. CSB has 149 branches as of December 31, 2022.

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

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

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

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

- (c) PETNET, more widely-known by its retail brand name PERA HUB, has the largest network of Western Union outlets in the Philippines. PETNET has over 3,714 outlets nationwide. It offers a variety of cash-based services including remittance, currency exchange and bills payment.
- (d) FAIR Bank was registered with the SEC on September 15, 1998 primarily to engage in the business of extending rural credit to small farmers and tenants and to deserving rural industries or enterprises. FAIR Bank has one (1) banking office and ten (10) branches located all over Cebu and Negros Occidental areas.

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



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

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

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

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

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

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

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

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



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

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

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

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

- (i) In its letter dated July 15, 2021, the BSP approved the application for authority to establish a digital bank, to be known as UnionDigital Bank, Inc. (UnionDigital), a wholly-owned subsidiary of the Bank, subject to regulatory conditions. The BSP subsequently granted the Authority to Register with the SEC. On November 25, 2021, the SEC approved UnionDigital's Articles of Incorporation and its By-Laws and issued its Certificate of Incorporation. The Parent Bank subscribed to 100,000,000 new common shares of UnionDigital at par value ₱10 per share totaling ₱1.0 billion.

On June 24, 2022, the BOD of the Parent Bank approved to infuse additional capital to UnionDigital of up to ₱2.0 billion.

On July 12, 2022, UnionDigital was granted the Certificate of Authority to Operate as a digital bank. Accordingly, UnionDigital started its operations on July 18, 2022. On the same date, the Parent Bank infused ₱1.0 billion to UnionDigital.

In its letter dated October 27, 2022, the BSP approved the Parent Bank's request for additional equity investment of up to ₱2.0 billion in UnionDigital. The Parent Bank then infused additional capital to UnionDigital in tranches for a total amount of ₱1.0 billion. As of December 31, 2022, the Parent Bank's total equity investment in UnionDigital amounted to ₱3.0 billion.



UnionDigital was organized to engage in, and carry on, the general business of a digital bank, including such other expanded services as may be approved by the MB of the BSP such as creating, developing, owning, maintaining, distributing, and marketing a digital platform that allows the bank to offer digital services, and issues mortgage and chattel mortgage certificates, buys and sells them or accept them in to such terms and conditions as may be prescribed by the MB of BSP.

- (j) Bangko Kabayan, FAIR Bank and PBI are in the process of seeking regulatory approvals to merge, with Bangko Kabayan as the surviving entity. On March 21, 2022, the Philippine Competition Commission (PCC) acknowledged that the proposed merger does not breach the thresholds for compulsory notification. The PDIC consent and BSP approval were obtained on June 17, 2022 and September 12, 2022, respectively. The Group is waiting approval of the merger from the SEC.

#### Non-operating subsidiaries

- (a) The BOD of FUDC authorized to temporarily suspend its business operations effective June 1, 2021 and until such time that management, with the approval of the BOD of FUDC, deems it appropriate to resume operations.
- (b) UBPSI was incorporated and registered with the SEC on March 2, 1993. It was organized to engage in the business of buying, selling or dealing in stocks and other securities. In January 1995, as approved by UBPSI's stockholders and BOD, UBPSI sold its stock exchange seat in the PSE. Accordingly, UBPSI ceased its stock brokerage activities.
- (c) UCBC was registered in the SEC on June 14, 1994. It was organized to engage in the foreign currency brokerage business. On March 23, 2001, the BOD of UCBC approved the cessation of its business operations effective on April 16, 2001. Since then, UCBC's activities were significantly limited to the settlement of its liabilities. The BOD and the stockholders of UCBC have approved to shorten UCBC's corporate term to December 31, 2016. UCBC has secured a tax clearance from the Bureau of Internal Revenue (BIR) in 2018. UCBC has secured certificate from the SEC last April 8, 2022 amending the Article IV shortening the term of existence thereby dissolving the corporation.
- (d) UDC was registered with the SEC on September 8, 1998. It was organized to handle the centralized branch accounting services as well as the processing of credit card application forms of the Parent Bank and the entire backroom operations of FUPI. On July 1, 2003, the BOD of UDC approved the cessation of its business operations effective on August 30, 2003, and subsequently shortened its corporate term to December 31, 2017 by amending its Articles of Incorporation. The services previously handled by UDC are now undertaken by the Financial Services Group of the Parent Bank. UDC is still in process of securing the tax clearance from the BIR.



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

The total assets, liabilities and capital funds of these non-operating subsidiaries amounted to ₱12,436, ₱3,341 and ₱9,095, respectively, as of December 31, 2022 and ₱5,011, ₱3,158 and ₱1,853, respectively, as of December 31, 2021.

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

#### Approval of Financial Statements

The consolidated financial statements of UnionBank and Subsidiaries (the Group) and the financial statements of the Parent Bank as of and for each of the three years in the period ended December 31, 2022 were authorized for issue by the Bank's BOD on February 27, 2023.

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## **2. Summary of Significant Accounting Policies**

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

#### Basis of Preparation of Financial Statements

##### *(a) Statement of Compliance with Philippine Financial Reporting Standards*

The consolidated financial statements of the Group and the financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRSs are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of resource, liability, income and expense.

The measurement bases are more fully described in the accounting policies that follow.

##### *(b) Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standards (PAS 1), *Presentation of Financial Statements*. The Group presents statement of comprehensive income separate from the statement of income.





*(c) Functional and Presentation Currency*

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

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

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

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except that the Bank has adopted the following new accounting pronouncements starting January 1, 2022. Adoption of these pronouncements did not have any significant impact on the Bank's financial position or performance unless otherwise indicated.

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

Standards Issued but not yet Effective

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

*Effective beginning on or after January 1, 2023*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

*Deferred effectivity*

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

Basis of Consolidated Financial Statements

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



Unrealized profits and losses from intercompany transactions that are recognized in the separate financial statements are also eliminated in full. Intercompany losses that indicate impairment are recognized in the Group's financial statements.

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

#### Non-controlling Interests

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

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in capital funds. Disposals of equity investments to non-controlling interests may result in gains and losses for the Group that are also recognized in capital funds.

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

#### Investment in Subsidiaries

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

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

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

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

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



the subsidiary subsequently reports profits, the Parent Bank recognizes its share on those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

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

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

#### Investment in Associates

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

#### Business Combinations and Goodwill

Business acquisitions are accounted for using the acquisition method of accounting. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in the statement of income.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

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

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

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.



If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the statement of income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in the statement of income or as a charge to other comprehensive income. Contingent consideration that is classified as capital funds is not remeasured, and its subsequent settlement is accounted for within capital funds.

#### Fair Value Measurement

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

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

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

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

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

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

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

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



Financial Instruments - Initial Recognition and Subsequent Measurement*Date of recognition*

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

*Initial measurement of financial instruments*

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

*'Day 1' difference*

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

Measurement categories of financial assets and liabilities

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

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

Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria under PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

*(a) Classification, Measurement and Reclassification of Financial Assets*

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



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

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- the expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Group's measurement categories are described below:

#### *Financial Assets at Amortized Cost*

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.



Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the statement of financial position as Due from BSP, Due from other banks, Interbank loans receivable, Financial assets at amortized cost under Trading and investment securities, Loans and other receivables and certain accounts under Other resources.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including Cash and other cash items, non-restricted balances of Due from BSP, Due from other banks, Interbank loans receivable and Securities purchased under repurchase agreements included in Loans and other receivables. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

#### *Financial Assets at FVTPL*

Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include government securities, corporate bonds and equity securities which are held for trading purposes.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVTPL are measured at fair value. Related transaction costs are recognized directly as expense in the statement of income. Unrealized gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL category and realized gains or losses arising from disposals of these instruments are included in Gains (losses) on trading and investment securities at FVTPL and FVOCI account in the statement of income.

Interest earned on these investments is reported in the statement of income under Interest income account while dividend income is reported in the statement of income under Miscellaneous income account when the right of payment has been established.

#### *Financial Assets at FVOCI - Equity Investments*

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is



not permitted if the equity investment is held by the Group for trading. The Group has designated certain equity instruments as at FVOCI on initial application of PFRS 9.

Equity financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in Net unrealized fair value gains (losses) on investment securities in the statement of financial position. When the asset is disposed of, the cumulative gain or loss previously recognized in the Net unrealized fair value gains (losses) on investment securities account is not reclassified to profit or loss, but is reclassified directly to Surplus free account.

Any dividends earned on holding these equity instruments are recognized in the statement of income under Miscellaneous income account.

#### *Financial Assets at FVOCI - Debt Instruments*

The Group classifies debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in the statement of income in the same manner as for financial assets measured at amortized cost. The Expected Credit Loss (ECL) calculation for financial assets at FVOCI is explained in the 'Impairment of Financial Assets' section.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to the statement of income.

#### *Reclassification of financial assets*

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

#### *(b) Impairment of Financial Assets*

The Group recognizes the allowance for expected credit losses for all loans and other debt financial assets carried at amortized cost, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under PFRS 9.

ECL represent possible credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of





money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For non-credit-impaired financial instruments:

- Stage 1 consists of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Group and the Parent Bank recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 consists of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group and the Parent Bank recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes more than 90 days past due on its contractual payments. As part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of 180 days (i.e., consecutive payments from the borrowers for 180 days).

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors such as downgrade in the credit rating of the borrowers and a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. Days past due are determined by counting the number of days since the earliest elapsed due date in



respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL. All exposures are therefore provided with ECLs, in the context of SICR status.

ECL is a function of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

EAD is modelled on historic data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts, EAD includes an estimate of any further amounts that may be drawn at the time of default. LGD is the amount that may not be recovered in the event of default and is modelled based on historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

*(c) Derecognition of Financial Assets*

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.



The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI). Distressed restructuring with indications of unlikelihood to pay are categorized as impaired accounts and are moved to Stage 3.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

#### Derivative Financial Instruments

The Group is a counterparty to derivatives contracts, such as forwards, swaps and warrants. These contracts are entered into as a means of reducing or managing the Group's foreign exchange and interest rate exposures as well as those of its customers.

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as resources when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument. When such evidence exists, which indicates a fair value different from the transaction price, the Group recognizes a gain or loss at initial recognition.

Changes in the fair value of derivatives are recognized in the statement of income.

#### Financial Liabilities

Financial liabilities which include deposit liabilities, bills payable, notes and bonds payable, and other liabilities (except tax-related payables, pre-need reserves and post-employment defined benefit obligation) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in the statement of income under Interest expense.



Deposit liabilities are stated at amounts in which they are to be paid. Interest is accrued periodically and recognized in a separate liability account before recognizing as part of deposit liabilities.

Bills payable and Notes and bonds payable are recognized initially at fair value, which is the issue proceeds (fair value of consideration received) less any issuance costs. These are subsequently measured at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

Derivative liabilities, which are included as part of Other Liabilities, are recognized initially and subsequently measured at fair value with changes in fair value recognized in the statement of income.

Other liabilities, apart from derivative liabilities, are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

#### Offsetting Financial Instruments

Financial resources and liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

#### Bank Premises, Furniture, Fixtures and Equipment

Bank premises, furniture, fixtures and equipment are carried at acquisition cost less accumulated depreciation and amortization, and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the depreciable assets as follows:

|                                   |               |
|-----------------------------------|---------------|
| Buildings                         | 25 - 50 years |
| Furniture, fixtures and equipment | 5 - 10 years  |



Leasehold rights and improvements are amortized over the term of the lease or the estimated useful lives of the improvements of five to ten years, whichever is shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values, estimated useful lives and method of depreciation and amortization of bank premises, furniture, fixtures and equipment (except land) are reviewed and adjusted if appropriate, at the end of each reporting period.

If a change in use requires an item of bank premises, furniture, fixtures and equipment to be reclassified to investment properties, the difference between the carrying amount of such asset and its fair value as of the date of change in use is recognized in other comprehensive income and accumulated in equity under the Other reserves account. If the asset is subsequently retired or disposed of, the related revaluation surplus is transferred directly to Surplus free account.

An item of bank premises, furniture, fixtures and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of income in the year the item is derecognized.

The Group classifies ROU assets as part of property and equipment. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. ROU assets are subject to impairment.

#### Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include parcels of land and buildings and related improvements acquired by the Group from defaulting borrowers.

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is initially measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are classified under Investment properties from foreclosure date. Gain or loss from foreclosure is included as part of Gain or loss on foreclosure account under Miscellaneous Income section of the statement of income.



Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and amortization and impairment. Depreciation is computed using the straight line method over the useful life of 50 years and 10 years for building held for lease and other foreclosed properties, respectively. Land is carried at cost less any impairment in value.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the year of retirement or disposal. Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs and real estate taxes, are normally charged against income in the period in which costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

#### Intangible Assets

Intangible assets include goodwill and acquired computer software. Goodwill represents the excess of the acquisition cost over the fair value of the net identifiable assets arising from the acquisition of a business. Goodwill has indefinite useful life and, thus, not subject to amortization but requires an annual test for impairment. Goodwill is subsequently carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill sometimes cannot be allocated on a non-arbitrary basis to individual cash-generating units, but only to groups of cash-generating units. As a result, the lowest level within the Group at which goodwill is monitored for internal management purposes sometimes comprises a number of cash-generating units. The Group's cash-generating unit represents major business segments of the Parent Bank and the subsidiaries of the Group.

Computer software used in administration is accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production.

Computer software are capitalized on the basis of the costs incurred to acquire, develop, and install the specific software. These costs are amortized on a straight-line basis over the expected useful lives ranging from five to ten years, as the lives of these intangible assets are considered finite. These costs are recognized as part of Depreciation and amortization in the statement of income. Costs associated with maintaining computer software are expensed as incurred. In addition, intangible assets are subject to impairment testing.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in the statement of income.

#### Other Resources

Other resources pertain to resources controlled by the Group as a result of past events. These are recognized in the financial statements only if recognition of that asset and of any resulting



income or expenses is a faithful representation of the resources and provides relevant information about the resources.

#### Repurchase and reverse repurchase agreements

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 under 'Bills payable' and is considered as a loan to the Group, reflecting the economic substance of such transaction. For purposes of business model assessment, the Group considers the economic substance of the transaction when analyzing whether sales within a portfolio provide evidence related to how cash flows are realized.

Conversely, securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognized in the statement of financial position. The corresponding cash paid including accrued interest, is recognized in the statement of financial position as SPURA, and is considered a loan to the counterparty. 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.

#### Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events (e.g., legal dispute or onerous contracts).

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, at an amount not exceeding the balance of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessment and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

#### Pre-Need Reserves and Insurance Premium Reserves

##### *(a) Pre-need Reserves*

In the Group's consolidated financial statements, pre-need reserves (PNR), presented as part of Other liabilities in the consolidated statement of financial position, are recognized for all pre-need benefits guaranteed and payable by FUPI as defined in the pre-need pension plan contracts.



PNR for pension plans are determined using the requirements on provisioning of PAS 37 and the specific method of computation required by the Insurance Commission (IC) as described below.

The amount recognized as a provision to cover the PNR is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The risks and uncertainties that inevitably surround many events and circumstances were taken into account in reaching the best estimate of a provision.

PNR is computed based on the following considerations:

- On actively paying plans, provision is equivalent to the present value of future plan benefits reduced by the present value of future trust fund contributions required per product model discounted using the transitory discount rate which does not exceed the lower of the attainable rate as certified by the Trustee, and the discount rate prescribed by the IC in accordance with IC Circular Letter No. 23-2012, *Valuation of Transitory Pre-need Reserves*, for old basket of plans previously approved by the SEC.
- On lapsed plans, provision is equivalent to the present value of future plan benefits reduced by the present value of future trust fund contributions at lapse date, multiplied by the reinstatement rate.
- On fully paid plans, provision is equivalent to the present value of future plan benefits discounted using the transitory discount rate.
- Future events that may affect the foregoing amounts are reflected in the amount of the provision for PNR where there is sufficient objective evidence that they will occur.
- The rates of surrender, cancellation, reinstatement, utilization and inflation, when applied, represent the actual experience of FUPI in the last three years, or the industry, in the absence of a reliable experience.
- The probability of pre-termination or surrender of fully paid plans are considered in determining the PNR of fully paid plans. A pre-termination experience on fully paid plans of 5% and below are considered insignificant. In such cases, derecognition of liability shall be recorded at pre-termination date.

The computation of the foregoing assumptions is validated by the IC-accredited actuary of FUPI.

Any excess in the amount of the trust fund as a result of the revised reserving requirement shall neither be released from the fund nor be credited/set-off to future required contributions.

*(b) Insurance Premium Reserves*

Insurance premium reserves for pension plans represents FUPI's actuarially-determined liability in accordance with PAS 37 to guarantee the benefits provided in the plan in consideration of the insurance premium funds assigned for this purpose as determined and certified by the IC-accredited actuary.





Capital Funds

Common stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the issuance of common stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Surplus free includes all current and prior period results as reported in the statement of income and which are available and not restricted for use by the Group, reduced by the amounts of dividend declared, if any.

Surplus reserves pertains to the following:

- (a) Portion of the Group's income from trust operations set-up on a yearly basis in compliance with BSP regulations. The surplus set-up is equal to 10% of the net profit accruing from the trust business until the surplus shall amount to 20% of authorized capital stock. The reserve shall not be paid out as dividends, but losses accruing in the course of the trust business may be charged against this account.
- (b) Accumulated trust fund income of FUPI that is automatically restricted to payments of benefits of planholders and releases from appropriation representing the amounts of trust fund income that pertains to the matured and pre-terminated plans of planholders which have been withdrawn from the trust fund during the year, in accordance with the amended Pre-need Uniform Chart of Accounts (PNUCA).
- (c) The difference of the 1% required General Loan Loss Provision on Stage 1 on-balance sheet loans over the computed allowance for credit losses on Stage 1 accounts as required by the BSP Circular No. 1011 - *Guidelines on the Adoption of the Philippine Financial Reporting Standard (PFRS) 9 - Financial Instruments*.

Net unrealized fair value gains (losses) on investment securities pertains to cumulative mark-to-market valuation of financial assets at FVOCI.

Remeasurements of defined benefit plan refer to accumulated actuarial losses, net of gains, as a result of remeasurements of post-employment defined benefit plan and return on plan assets (excluding amount included in net interest).

Other reserves pertains to exchange differences arising from the translation of the Parent Bank's Foreign Currency Deposit Unit (FCDU) operations and UBX SG, which is taken to the statement of comprehensive income.

Non-controlling interests represent the portion of the net resources and profit or loss not attributable to the Group which are presented separately in the Group's statement of income and within the capital funds in the Group's statements of financial position and changes in capital funds.

Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Expenses are recognized in the statement of income upon utilization of the resources or services or at the date these are incurred.



All finance costs are reported on an accrual basis. The following specific recognition criteria of income and expenses must also be met before income or expense is recognized:

- (a) *Interest income recognized using the effective interest rate method* - Interest income is recognized in the statement of income for all instruments measured at amortized cost and debt instruments classified as financial assets at FVOCI using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

- (b) *Other interest income* - Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognized using the contractual interest rate and is included under Interest Income on financial assets at fair value through profit or loss.
- (c) *Service charges, fees and commissions* - Service charges, fees and commissions are generally recognized when the service has been provided. Loan commitment fees are earned as services are provided, recognized as other income on a time proportion basis over the commitment period.

The Group has a loyalty points programme as part of its credit cards business which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the interchange fee is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

- (d) *Gain (loss) on trading and investment securities* - Gain (loss) on trading and investment securities is recognized when the contractual rights on the securities is transferred to the buyer (at an amount equal to the difference of the selling price and the carrying amount of securities) and as a result of the mark-to market valuation of outstanding securities classified as FVTPL at year-end.
- (e) *Miscellaneous income* includes the following accounts:
- *Commissions earned on credit cards* - Commissions earned on credit cards are recognized as income upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments. Purchases by the credit cardholders, collectible on installment basis, are recorded at the cost of the items purchased. Interest income is recognized on every term of installment billed to the cardholders and computed using the effective interest method.



- *Gain (loss) from assets sold or exchanged* - Profit or loss from assets sold or exchanged is recognized when the control of the assets is transferred to the buyer or when the collectibility of the entire sales price is reasonably assured.
- *Rental* - Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms on ongoing leases.
- *Income from bancassurance business* - Exclusive access fee (EAF) related to the bancassurance partnership is recognized as revenue by reference to the completion rate of the target cumulative annualized premium earned.
- *Dividend* - Dividend income is recognized when the Group's right to receive payment is established.
- *Income from trust operations* - Trust fees related to investment funds are recognized in reference to the net asset value of the funds. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as Lessee accounts for its leases as follows:

#### *Group as Lessor*

Leases, which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Lease income from operating leases is recognized as income in the statement of income on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

#### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

#### *i. Right-of-use assets*

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

#### *ii. Lease liabilities*

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments



include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest recognized under Interest expense of bills payable and other liabilities and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*iii. Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases for some branches and the related parking spaces, stalls used for specific events and several office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ATM offsite locations, signages and several items of office equipment that are considered of low value (i.e., ₱250,000 and below). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term as is recognized as part of 'Occupancy' in the statement of income.

Foreign Currency Transactions and Translations

The accounting records of the Group are maintained in Philippine pesos except for the FCDU of the Parent Bank which are maintained in United States (U.S.) dollars. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

For financial reporting purposes, the accounts of the FCDU are translated into their equivalents in Philippine pesos based on the Philippine Dealing System closing rates (PDSCR) prevailing at the end of the period (for resources and liabilities) and at the average PDSCR for the period (for income and expenses).

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Changes in the fair value of monetary financial assets denominated in foreign currency are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in the statement of income, and other changes in the carrying amount are recognized in other comprehensive income.



Impairment of Non-financial Assets

The Group's intangible assets (consisting of goodwill and computer software recorded as part of Other resources), bank premises, furniture, fixtures and equipment, investment properties, investments in subsidiaries (for Parent Bank only) and other non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life, such as goodwill, are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss is recognized in the statement of income for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value, reflecting market conditions, less costs to sell and value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss, except for goodwill.

Employee Benefits

The Group's employment benefits to employees are as follows:

*(a) Post-employment Defined Benefit Plan*

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan (included as part of Other Liabilities) is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows arising from expected benefit payments using a discount rate derived from the interest rates of a zero-coupon government bond as published by Philippine Dealing & Exchange Corp., that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding



amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is included as part of Interest expense or Interest income in the statement of income.

Past-service costs are recognized immediately in the statement of income in the period of a plan amendment or curtailment.

*(b) Post-employment Defined Contribution Plan*

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred.

*(c) Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

*(d) Profit-Sharing and Bonus Plans*

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Parent Bank's shareholders, as indicated in the statement of income, after certain regulatory adjustments. The Group recognizes a provision where it is contractually obliged to pay the bonus plans. The Group also recognizes a provision for profit-sharing and bonus plans where there is a past practice that has created a constructive obligation, whether paid in cash or in the form of shares of the Parent Bank to be issued under the Employee Stock Plan.

*(e) Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting date.

They are included as part of Accrued taxes and other expenses under the Other liabilities account in the statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Income Taxes

Tax expense recognized in the statement of income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in capital funds, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax



assets or liabilities are recognized as a component of tax expense in the statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in capital funds. In this case, the tax is also recognized in other comprehensive income or directly in capital funds, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

#### Related Party Relationships and Transactions

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

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

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



Earnings Per Share

Basic earnings per share are determined by dividing the net profit for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, after retroactive effect to any stock dividends declared in the current year.

Diluted earnings per common share are also computed by dividing net profit by the weighted average number of common shares subscribed and outstanding at the end of the reporting period, after making adjustments to reflect the effects of any potentially dilutive preferred shares, stock options and warrants.

Trust and Fiduciary Activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These resources and the related income arising thereon are excluded from these financial statements, as they are neither resources nor income of the Group.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and services as disclosed in Note 6, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these services require different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a particular segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

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

Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's position at the statement of financial position date (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.





### 3. Summary of Accounting Judgments and Estimates

The preparation of the Group's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

Unless otherwise stated, below significant judgments and estimates apply as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022.

#### Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

##### *Evaluation of business model in managing financial instruments*

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument). The Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group.

PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

In December 2020, the BOD of the Parent Bank approved to sell a third of the securities from HTC FCDU subportfolio. The BOD also approved for the Parent Bank to be ready to sell the remaining securities under this HTC subportfolio to strengthen the financial position of the Parent Bank for the expected effects of the Covid 19 pandemic and increase capital allocation to client based business i.e., lending business. The Parent Bank assessed that these changes represent change in intention for the securities under the HTC FCDU subportfolio as a response to the current and expected changes in market conditions and did not constitute a change in the business model under PFRS 9.



In view of the above mentioned change in intention for the FCDU securities subportfolio and in response to changes in market conditions, the Parent Bank sold investment securities in 2022 and 2021.

In 2022 and 2021, the Parent Bank sold investment securities under the HTC FCDU sub portfolio with carrying amount of ₱1.7 billion and ₱47.4 billion, respectively, resulting in Gain on sale of investment securities at amortized cost totaling ₱100.2 million and ₱8.5 billion, respectively.

The Parent Bank has assessed that the above sales do not reflect a change in the business model of the Group. Accordingly, the remaining investment securities in the affected hold-to-collect subportfolio are continued to be measured at amortized cost. As of December 31, 2022 and 2021, the carrying amounts of the remaining Investment securities at amortized cost in the FCDU subportfolio amounted to ₱33.4 billion and ₱32.5 billion, respectively, while fair values amounted to ₱28.5 billion and ₱33.5 billion, respectively.

#### *Testing the cash flow characteristics of financial assets*

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met.

In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument

#### *Determining the lease term of contracts with renewal and termination options - Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group determined that generally, the options to extend or terminate the lease are not included in the determination of the lease term. These optional periods are not enforceable, as the Group cannot enforce the extension of the lease without the agreement from the lessor, and therefore, the Group does not have the right to use the asset beyond the non-cancellable period.

#### Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:



*Estimation of impairment losses on Loans and other receivables, Financial assets at amortized cost and Financial assets at FVOCI*

The measurement of impairment losses under PFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Significant factors affecting the estimates on the ECL model include:

- The Group's internal grading model, which assigns PDs to individual grades. Scorecards have been updated to consider how clients are being affected by and are responding to COVID-19-related challenges. Sensitivities were applied, during risk rating, to consider uncertainties on available economic forecasts.
- The Group's criteria for assessing if there has been a SICR which is the basis for measuring allowances for financial assets on a Lifetime Expected Credit Loss (LTECL) basis. There are also qualitative assessments to consider significant increase in credit risk based on the identified risk profiles of their accounts and portfolios. In 2022, the Parent Bank updated the stage assessment to include the additional considerations related to movements in the borrower's credit rating when determining the significant increase in credit risk, which include rating threshold triggers.
- The Group's definition of default. The Bank considers the regulatory requirement and the Bank's indicators of loss events.
- Development of ECL models, including the various formulas and the choice of inputs. Similar to prior years, in 2022, models have been reviewed and revised as appropriate based on latest reviews, economic outlook and studies from external sources. In 2022, the Group updated the PD models for wholesale and certain retail portfolios, the LGD model for home loan, and the EAD for credit cards considering the credit conversion factor (CCF).
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels, level of government spending, and collateral values, and their effect on PDs, EADs and LGDs. As the economy progresses to post-pandemic scenario, analyses and forecasts were reviewed and updated if needed as the economic conditions evolved. The quantitative overlays were complemented by experience-based expert judgment inputs through management overlays considered integral to the systematic process.

The carrying amount of loans and other receivables and the related allowance are disclosed in Notes 14 and 20, while the carrying amount of debt financial assets classified under amortized cost and fair value through other comprehensive income and the related allowances are disclosed in Notes 12 and 20.

*Fair value of derivatives*

Management applies valuation techniques to determine the fair value of derivatives that are not quoted in active markets. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.



Valuation techniques are used to determine fair values which are validated and periodically reviewed. To the extent practicable, models use observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions could affect reported fair value of financial instruments. The Group uses judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The fair values of derivatives as of December 31, 2022 and 2021 are presented and grouped into the fair value hierarchy in Note 7.

#### *Recognition of deferred tax assets*

Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

In the 2022 taxable year, the Parent Bank applied its NOLCO and MCIT amounting to ₱2.24 billion and ₱221.52 million, respectively. The Parent Bank expects to continue to be in taxable position in the succeeding years. Accordingly, the Parent Bank has fully recognized its deferred tax assets, including its unapplied NOLCO and MCIT as of December 31, 2022 and 2021.

The carrying value of recognized deferred tax assets is disclosed in Note 30.

#### *Impairment of goodwill*

The Group conducts an annual review for any impairment in the value of goodwill. Goodwill is written down for impairment where the recoverable amount of the related CGU is insufficient to support its carrying value. The Group determines the recoverable value of goodwill by discounting the estimated excess earnings using the weighted-average cost of capital (WACC) as the discount rate. The Group estimates the discount rate used for the computation of the net present value by reference to industry cost of capital.

The recoverable amount of the CGU is determined based on a value-in-use calculation using cash flow projections from financial budgets covering a five-year period. Financial budget for the immediately succeeding year is approved by senior management and BOD of the Parent Bank, while the financial budgets for the other years of cash flow projections are determined by corporate planning group and the relevant business units. In 2022, the key assumptions used in the calculation of value-in-use, including loan and deposit growth rates, net interest margin, have been updated to consider the effect of the pandemic. The discount rates used for the computation of the value in use for various CGUs (see Note 18) are based on the pre-tax discount rates ranging from 11.63% to 34.81% and from 9.12% to 11.91% as of December 31, 2022 and 2021, respectively. The long-term growth rates used range from nil to 11.2% as of December 31, 2022 and 2021. Bank's sources of goodwill and its carrying amount are disclosed in Note 18.

As a result of the ongoing economic uncertainty brought about by the COVID-19 pandemic, the results of the motorcycle lending business as a separate CGU identified from the acquisition of PR Savings Bank was lower than expected. The volume of loan releases was lower and the motorcycle loans reported higher NPLs, indicating a potential impairment of goodwill. This setback on the business plans for motorcycle lending business resulted in the recognition of impairment of goodwill on CSB's motorcycle loan business amounting to ₱529.60 million and ₱223.17 million in 2021 and 2020, respectively.



The Group assessed that the other remaining CGUs remain unimpaired. The impairment charge is recorded under Miscellaneous expenses in the statement of income.

Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

The carrying amount of goodwill is disclosed in Note 18.

*Valuation of post-employment and other benefits*

The determination of the Group's obligation and cost of pension and other post-employment benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rates of salary increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or loss and the carrying amount of the post-employment benefit obligation in the next reporting period.

The Group also estimates other employee benefit obligations and expenses, including the cost of paid leaves based on historical leave availments of employees, subject to the Group and the Parent Bank policies. These estimates may vary depending on future changes in salaries and actual experiences during the year.

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit obligation, as well as significant assumptions such as salary rate increase, discount rates, and turnover rates used in estimating such obligation are presented in Note 29.

*Fair value determination of assets acquired and liabilities assumed from business combinations*

As discussed in Note 1, on August 1, 2022, the Bank completed the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The Group sought an independent valuation for certain assets and liabilities acquired, including any identifiable intangible assets from the acquisition. The valuation had not been completed by the date the financial statements were approved for issue by the BOD. Pending the valuation, the Group provisionally determined the fair values of the assets acquired and liabilities assumed from the acquisition.

In 2021, the Group finalized the determination of the fair values of the assets acquired and liabilities assumed from the acquisitions of Bangko Kabayan and PBI (see Note 15).

The Group determines the acquisition-date fair values of identifiable assets acquired and liabilities assumed from the acquiree without quoted market prices based on the following:

- For assets and liabilities that are short term in nature, carrying values approximate fair values;
- For financial assets and liabilities that are long-term in nature, fair values are estimated through the discounted cash flow methodology, using the appropriate market rates (e.g., current lending rates); and
- For nonfinancial assets such as property and equipment and investment properties, fair values are determined based on an appraisal which follows sales comparison approach and depreciated replacement cost approach depending on the highest and best use of the assets.



#### 4. Risk Management Objectives and Policies

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

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

##### Risk Management Structure

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

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

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

- (a) The Executive Committee (EXCOM), composed of seven (7) members of the BOD, exercises certain functions as delegated by the BOD including, among others, the approval of credit proposals, asset recovery and real and other properties acquired (ROPA) sales, and such other transactions as may be initiated by the Bank units within the EXCOM's delegated limits.
- (b) The Risk Management Committee (RMC) is composed of seven (7) non-executive directors of the BOD, majority of whom are independent directors, including the Chairman. The RMC advises the BOD regarding the Parent Bank's overall current and future risk appetite, oversees Senior Management's adherence to the risk appetite statement, and reports on the state of risk culture of the Parent Bank. The RMC oversees the Parent Bank's risk management framework and the risk management function. The RMC also provides oversight, direction, and guidance to the other risk committees, specifically the Market Risk Committee (MRC) and the Operations Risk Management Committee (ORMC).
- (c) The MRC is composed of nine (9) members of the BOD, majority of whom are independent directors, including the Chairman. The MRC is primarily responsible for reviewing the risk management policies and practices relating to market risk including interest rate risk in the banking book and liquidity risk.



- (d) The ORMC is composed of at least three (3) members of the BOD, with a majority of the ORMC's membership comprised of independent directors, including the Chairman. The ORMC reviews various operational risk policies and practices and approves the operational risk management framework which forms part of the Bank's enterprise risk management system and covers all business lines and functions of the Bank, including outsourced services and services provided to external parties. The ORMC also provides oversight on the implementation of a sound business continuity management framework.
- (e) The Audit Committee is composed of seven (7) members, all non-executive and majority of whom are independent, including the Chairman, most of whom are with accounting, auditing, or related financial management expertise or experience. The skills, qualifications, and experience of the committee members are appropriate for them to perform their duties as laid down by the BOD.

The Audit Committee serves as principal agent of the BOD in ensuring independence of the Parent Bank's external auditors and the internal audit function. It also oversees the Parent Bank's financial reporting process on behalf of the BOD. It assists the BOD in fulfilling its fiduciary responsibilities as to accounting policies, reporting practices and the sufficiency of auditing relative thereto, and regulatory compliance.

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

Among the responsibilities of the Audit Committee are:

- *Oversight of the financial reporting process.* The Audit Committee ensures that the Parent Bank has a high-quality reporting process that provides transparent, consistent, and comparable financial statements. In this regard, the Audit Committee works closely with management especially the Office of the Financial Controller, the Internal Audit Group (IAG), as well as the external auditors, to effectively monitor the financial reporting process.
- *Monitoring and evaluation of internal control.* The Audit Committee, through the IAG, monitors and evaluates the adequacy and effectiveness of the Parent Bank's internal control framework, integrity of financial reporting, and security of physical assets. The Audit Committee ensures that a proactive and forward-looking approach on evaluation of risks and controls is taken. The Audit Committee also ensures that periodic assessment of the internal control system is conducted to identify weaknesses and evaluates its robustness considering the risk profile and strategic direction of the Parent Bank.
- *Oversight of the audit process.* The Audit Committee is knowledgeable on audit function and the audit process. The Audit Committee maintains supportive, trusting, and inquisitive relationships with both internal and external auditors to enhance its effectiveness.



- *Oversight of the outsourced internal audit activities.* The Audit Committee oversees the performance of the internal audit service provider and ensures that they comply with sound internal auditing standards and other supplemental standards issued by regulatory authorities/government agencies, as well as with relevant code of ethics.
- *Oversees the implementation of Group Internal Audit Policy.* The Audit Committee oversees the implementation of the policy through the periodic reports on oversight of the Group Internal Audit and takes appropriate action on any group internal oversight issues identified. The Audit Committee reviews and evaluates the group internal audit policy, and any amendments thereto, and endorses the same to the BOD for approval.
- *Oversight of the whistle-blowing mechanism.* The Audit Committee oversees the establishment of a whistle-blowing mechanism in the Parent Bank by which officers and staff shall in confidence raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It also ensures that independent investigation, appropriate follow-up, action, and subsequent resolution of complaints are in place.

In the performance of these functions, the Audit Committee is supported by the IAG. The Chief Audit Executive derives authority from and is directly accountable to the Audit Committee. However, administratively, the Chief Audit Executive reports to the President of the Parent Bank.

The IAG is entirely independent from all the other organizational units of the Parent Bank, as well as from the personnel and work that are to be audited. It operates under the direct control of the Audit Committee and is given an appropriate standing within the Parent Bank to be free from bias and interference. The IAG is free to report its findings and appraisals internally at its own initiative to the Audit Committee.

The IAG is authorized by the Audit Committee to have unrestricted access to all functions, records, property, and personnel of the Bank subject to existing mandate and applicable laws. This includes the authority to allocate resources, set audit frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish the audit engagement objectives.

The IAG is also authorized to obtain the necessary assistance from personnel within the Parent Bank units where they perform audits, as well as other specialized services within or outside the Parent Bank.

The IAG presents its risk-based rolling 1-year audit plan that is forward-looking and consistent with the Parent Bank's strategic plans and priorities every quarter for approval by the Audit Committee.

At least once a month, the Audit Committee meets to discuss the results of the assurance and consulting engagements, and case investigations by IAG. Financial reporting and Controllanship related topics are also included as needed. The results of these meetings are regularly reported by the Audit Committee Chairman to the BOD in its monthly meetings.





As the Bank continuously evolves towards its digitization strategy, IAG has undertaken initiatives to adapt and expand its processes, and to provide relevant and timely recommendations to the Bank. IAG has implemented continuous auditing process that aims to provide assurance on high-risk, high-volume areas/process, on a real time, or near-real time basis.

IAG adopted the Governance, Risk & Compliance (GRC) system which aims to integrate the operational risk management across the Parent Bank. IAG also uses it as an audit management system to aid in ensuring quality and completeness of documentation across its different engagements. IAG also implemented remote auditing and leveraged on the document management system of the Bank.

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

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

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

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

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

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

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



The Parent Bank's CCO assists the CGC in fulfilling its functions by apprising the same of (1) pertinent regulations and other issuances relating to compliance or corporate governance, (2) related regulatory issues and compliance initiatives affecting the various units and the status of the corrective action plans, and (3) continuously giving updates thereon. In addition, the CCO keeps the CGC abreast of best governance practices and discusses issues being brought up among private organizations and individuals advocating good governance philosophy.

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

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

#### Credit Risk

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

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

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

The Group and the Parent Bank consider concentration risk to be present when the total exposure to a particular industry exceeds 30.0% of the total exposure, which is similar to the BSP requirement. As of December 31, 2022 and 2021, the Group and the Parent Bank did not exceed the limit in any of its industry concentration.



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

The table below shows the breakdown of the Group's and the Parent Bank's exposure on receivable from customers and investments and placements as of December 31, 2022 and 2021:

|                                    | 2022                |                     |
|------------------------------------|---------------------|---------------------|
|                                    | Group               | Parent Bank         |
| Corporate loans                    | <b>₱130,499,972</b> | <b>₱130,499,972</b> |
| Consumer products*                 | <b>99,202,486</b>   | <b>99,202,486</b>   |
| Commercial loans                   | <b>75,232,498</b>   | <b>75,232,498</b>   |
| Home loans                         | <b>65,659,469</b>   | <b>65,659,469</b>   |
| CSB salary loans                   | <b>64,029,282</b>   | —                   |
| Other receivables from customers** | <b>45,871,855</b>   | <b>20,002,091</b>   |
| Total receivables from customers   | <b>480,495,562</b>  | <b>390,596,516</b>  |
| Investments and placements         | <b>492,852,118</b>  | <b>442,454,859</b>  |
|                                    | <b>₱973,347,680</b> | <b>₱833,051,375</b> |

\*Comprised of Small and Medium Enterprise (SME) Financial Products and Consumer Loans

\*\*Comprised of HR loans, quick loans and Home Credit receivables

|                                    | 2021                |                     |
|------------------------------------|---------------------|---------------------|
|                                    | Group               | Parent Bank         |
| Corporate loans                    | <b>₱118,674,586</b> | <b>₱118,674,586</b> |
| Consumer products*                 | <b>18,119,653</b>   | <b>18,119,653</b>   |
| Commercial loans                   | <b>69,942,747</b>   | <b>69,942,747</b>   |
| Home loans                         | <b>58,214,670</b>   | <b>58,214,670</b>   |
| CSB salary loans                   | <b>45,625,092</b>   | —                   |
| Other receivables from customers** | <b>29,311,418</b>   | <b>14,022,203</b>   |
| Total receivables from customers   | <b>339,888,166</b>  | <b>278,973,859</b>  |
| Investments and placements         | <b>410,298,448</b>  | <b>366,933,320</b>  |
|                                    | <b>₱750,186,614</b> | <b>₱645,907,179</b> |

\*Comprised of Small and Medium Enterprise (SME) Financial Products and Consumer Loans

\*\*Comprised of HR loans, quick loans and Home Credit receivables

Investments and placements include financial assets at amortized cost, debt securities classified as financial assets at FVOCI, due from other banks, due from BSP and interbank loans receivable and the related accrued interest receivable amounting to ₱3.83 billion and ₱2.91 billion as of December 31, 2022 and 2021, respectively.

The following summarizes the Group's credit risk management practices and the relevant quantitative and qualitative financial information regarding the credit exposure according to portfolios:

#### *Credit risk management practices and credit quality disclosures*

##### Corporate Loans

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



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

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

The rating system assesses default risk based on financial profile, management capacity, industry performance, and other factors deemed relevant. Significant changes in the credit risk considering movements in credit rating, among other account-level profile and performance factors, define whether the accounts are classified in either Stage 1, Stage 2, or Stage 3 per PFRS 9 loan impairment standards. In 2022, the Parent Bank updated the stage assessment to enhance the considerations related to movements in the borrower's credit rating when determining significant increase in credit risk, which include rating threshold triggers.

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

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

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

The description of each credit quality grouping for the credit scores is explained further as follows:

*High Quality Grade* - These accounts are of the highest quality and are likely to meet financial obligations.

*Standard Grade* - These accounts may be vulnerable to adverse business, financial and economic conditions but are expected to meet financial obligations.

*Substandard Grade* - These accounts are vulnerable to non-payment but for which default has not yet occurred.

*Non-Performing* - These refer to accounts which are in default or those that demonstrate objective evidence of impairment.



Below is the breakdown of the Group and Parent Bank's corporate loans exposure (outstanding balance and accrued interest receivable) by masterscale rating as of December 31, 2022 and 2021:

|                    |             | December 31, 2022 |             |          |              |
|--------------------|-------------|-------------------|-------------|----------|--------------|
| Credit Score       | Masterscale | Amounts           |             |          |              |
|                    |             | Stage 1           | Stage 2     | Stage 3  | Total        |
| High Quality Grade |             |                   |             |          |              |
| AAA to A-          | 1           | P–                | P–          | P–       | P–           |
| BBB+               | 2           | 4,702,187         | –           | –        | 4,702,187    |
| BBB                | 3           | –                 | –           | –        | –            |
| BBB- to BB+        | 4           | 42,470,009        | 30,021      | –        | 42,500,030   |
| Standard Grade     |             |                   |             |          |              |
| BB to BB-          | 5           | 26,794,965        | 40,651      | –        | 26,835,616   |
| B+                 | 6           | 4,983,374         | –           | –        | 4,983,374    |
| B to B-            | 7           | 30,739,257        | 10,649,085  | –        | 41,388,342   |
| CCC+ to CCC        | 8           | 9,776,060         | 76,577      | –        | 9,852,637    |
| Substandard Grade  |             |                   |             |          |              |
| Lower than CCC     | 9           | 77,012            | 7,816       | –        | 84,828       |
| Non-Performing     |             |                   |             |          |              |
| Default            | 10          | –                 | –           | 152,958  | 152,958      |
|                    |             | P119,542,864      | P10,804,150 | P152,958 | P130,499,972 |

|                           |             | December 31, 2021 |             |            |              |
|---------------------------|-------------|-------------------|-------------|------------|--------------|
| Credit Score              | Masterscale | Amounts           |             |            |              |
|                           |             | Stage 1           | Stage 2     | Stage 3    | Total        |
| <i>High Quality Grade</i> |             |                   |             |            |              |
| AAA to A-                 | 1           | P–                | P–          | P–         | P–           |
| BBB+                      | 2           | 5,273,588         | –           | –          | 5,273,588    |
| BBB                       | 3           | 1,500,229         | –           | –          | 1,500,229    |
| BBB- to BB+               | 4           | 37,128,851        | –           | –          | 37,128,851   |
| <i>Standard Grade</i>     |             |                   |             |            |              |
| BB to BB-                 | 5           | 22,818,612        | 25,040      | –          | 22,843,652   |
| B+                        | 6           | 9,550,333         | 8,824,869   | –          | 18,375,202   |
| B to B-                   | 7           | 13,085,912        | 12,160,653  | –          | 25,246,565   |
| CCC+ to CCC               | 8           | 5,326,535         | –           | –          | 5,326,535    |
| <i>Substandard Grade</i>  |             |                   |             |            |              |
| Lower than CCC            | 9           | 1,516,904         | 12,866      | –          | 1,529,770    |
| <i>Non-Performing</i>     |             |                   |             |            |              |
| Default                   | 10          | –                 | –           | 1,450,194  | 1,450,194    |
|                           |             | P96,200,964       | P21,023,428 | P1,450,194 | P118,674,586 |

#### Commercial Loans

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



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

Below is the breakdown of the Group and Parent Bank's commercial loans exposure (outstanding balance and accrued interest receivable) by masterscale rating as of December 31, 2022 and 2021 for financial and non-financial institutions:

#### *Financial Institutions*

|                    |             | December 31, 2022 |         |         |             |
|--------------------|-------------|-------------------|---------|---------|-------------|
|                    |             | Amounts           |         |         |             |
| Credit Score       | Masterscale | Stage 1           | Stage 2 | Stage 3 | Total       |
| High Quality Grade |             |                   |         |         |             |
| AAA to A-          | 1           | P–                | P–      | P–      | P–          |
| BBB+               | 2           | –                 | –       | –       | –           |
| BBB-               | 3           | –                 | –       | –       | –           |
| BBB- to BB+        | 4           | 250,218           | –       | –       | 250,218     |
| Standard Grade     |             |                   |         |         |             |
| BB to BB-          | 5           | 1,974,404         | –       | –       | 1,974,404   |
| B+                 | 6           | 1,151,668         | –       | –       | 1,151,668   |
| B to B-            | 7           | 8,393,725         | –       | –       | 8,393,725   |
| CCC+ to CCC        | 8           | 7,809,630         | –       | –       | 7,809,630   |
| Substandard Grade  |             |                   |         |         |             |
| Lower than CCC     | 9           | 135,453           | –       | –       | 135,453     |
| Non-Performing     |             |                   |         |         |             |
| Default            | 10          | –                 | –       | 28,430  | 28,430      |
|                    |             | P19,715,098       | P–      | P28,430 | P19,743,528 |

|                    |             | December 31, 2021 |         |         |             |
|--------------------|-------------|-------------------|---------|---------|-------------|
|                    |             | Amounts           |         |         |             |
| Credit Score       | Masterscale | Stage 1           | Stage 2 | Stage 3 | Total       |
| High Quality Grade |             |                   |         |         |             |
| AAA to A-          | 1           | P–                | P–      | P–      | P–          |
| BBB+               | 2           | –                 | –       | –       | –           |
| BBB-               | 3           | –                 | –       | –       | –           |
| BBB- to BB+        | 4           | 2,123,845         | –       | –       | 2,123,845   |
| Standard Grade     |             |                   |         |         |             |
| BB to BB-          | 5           | 1,124,053         | –       | –       | 1,124,053   |
| B+                 | 6           | 1,274,683         | –       | –       | 1,274,683   |
| B to B-            | 7           | 11,449,999        | –       | –       | 11,449,999  |
| CCC+ to CCC        | 8           | 4,675,900         | –       | –       | 4,675,900   |
| Substandard Grade  |             |                   |         |         |             |
| Lower than CCC     | 9           | 133,301           | –       | –       | 133,301     |
| Non-Performing     |             |                   |         |         |             |
| Default            | 10          | –                 | –       | –       | –           |
|                    |             | P20,781,781       | P–      | P–      | P20,781,781 |



*Non-financial Institutions*

| Masterscale | December 31, 2022  |                   |                   |                    |
|-------------|--------------------|-------------------|-------------------|--------------------|
|             | Amounts            |                   |                   |                    |
|             | Stage 1            | Stage 2           | Stage 3           | Total              |
| 1           | P–                 | P–                | P–                | P–                 |
| 2           | –                  | –                 | –                 | –                  |
| 3           | 1,377,275          | –                 | –                 | 1,377,275          |
| 4           | 3,056,524          | –                 | –                 | 3,056,524          |
| 5           | 10,820,105         | 504,744           | –                 | 11,324,849         |
| 6           | 14,048,050         | 4,112,895         | –                 | 18,160,945         |
| 7           | 13,655,655         | 51,023            | –                 | 13,706,678         |
| 8           | 1,020,102          | 1,050,094         | –                 | 2,070,196          |
| 9           | 604,258            | 1,166,003         | –                 | 1,770,261          |
| 10          | 30,909             | 85,377            | 3,905,956         | 4,022,242          |
|             | <b>₱44,612,878</b> | <b>₱6,970,136</b> | <b>₱3,905,956</b> | <b>₱55,488,970</b> |

| Masterscale | December 31, 2021  |                   |                   |                    |
|-------------|--------------------|-------------------|-------------------|--------------------|
|             | Amounts            |                   |                   |                    |
|             | Stage 1            | Stage 2           | Stage 3           | Total              |
| 1           | P–                 | P–                | P–                | P–                 |
| 2           | 10,006             | –                 | –                 | 10,006             |
| 3           | 1,414,153          | –                 | –                 | 1,414,153          |
| 4           | 2,863,325          | –                 | –                 | 2,863,325          |
| 5           | 8,886,779          | 389,130           | –                 | 9,275,909          |
| 6           | 8,909,247          | 557,834           | –                 | 9,467,081          |
| 7           | 17,654,256         | 1,024,579         | –                 | 18,678,835         |
| 8           | 2,057,062          | 232,643           | –                 | 2,289,705          |
| 9           | 323,119            | 1,465,013         | –                 | 1,788,132          |
| 10          | –                  | –                 | 3,373,820         | 3,373,820          |
|             | <b>₱42,117,947</b> | <b>₱3,669,199</b> | <b>₱3,373,820</b> | <b>₱49,160,966</b> |

Small and Medium Enterprise (SME) Financial Products

SME portfolio is composed of Business Line Loans and a small portion from emerging products. Each of these products has established credit risk guidelines and systems for managing credit risk across all businesses. Credit models are constantly revised and updated as necessary while data analytics have been enhanced to improve portfolio quality and product offers.

SME products use rating scale 1 to 5.

Consumer Loans

The Consumer loan portfolio of the Parent Bank is composed of three main product lines, namely: Home Loans, Auto Loans, and Credit Cards. Starting August 2022, the newly acquired Citibank Consumer loans of Credit Cards and Personal Loans were added in the product offering of the Parent Bank. Since the acquisition of the Citibank Consumer loan portfolios, there has been ongoing system builds, alignment of credit policies, processes and strategies to prepare for a seamless integration of the customers and products.



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

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

The Consumer products' respective masterscale is defined by the credit scoring models, which consider demographic variables and behavioral performance, to segment the portfolio according to risk masterscale per product. The stages are defined by the approved SICR for Consumer which takes into account the following: NPL status, months on books, and credit score rating for Application Score (point of application) and Behavior Score (monthly credit performance). In 2020, the Parent Bank implemented additional credit risk assessment for clients affected by and are responding to COVID-19-related challenges, as consideration in determining the SICR of the account. Subsequently in 2022, PD models for Credit Cards, Home Loan, Auto Loan and SME products have been updated, with incorporation of data points that consider the effect of the pandemic. With the update of scores of borrowers reflecting the effects of pandemic, the observable improvement of product portfolio performance as economic activities restarted that were input to the model in 2022, the Parent Bank removed the additional credit risk assessment overlay implemented in 2020 in its SICR determination.

Both Home Loans (except Contract to Sell - CTS) and Credit Cards use rating scale 1 to 6. CTS utilizes the Corporate ratings ranging from 1 to 9. Meanwhile, Auto Loans and SME products use rating scale 1 to 5.

For the acquired Credit card and Personal loan portfolio from Citibank, pending the completion of the integration and alignment of models with the Parent Bank, the Group measures the expected credit loss under the general approach based on historical experience of charge offs and recoveries, and adjusted for the effect of forward looking information. The Parent Bank monitors the credit quality of the portfolio based on days past due information, as follows:

| Delinquency<br>buckets | Days past due  |
|------------------------|----------------|
| 0                      | Current        |
| 1                      | 0 – 30 days    |
| 2                      | 30 – 59 days   |
| 3                      | 60 – 89 days   |
| 4 (default)            | 90 – 119 days  |
| 5                      | 120 – 149 days |
| 6                      | 150 – 179 days |

Below is the breakdown of the Group's and the Parent Bank's major consumer portfolio loans exposure (outstanding balance and accrued interest receivable) by masterscale rating as of December 31, 2022 and 2021:





*Home Loans*

| December 31, 2022 |             |            |            |             |
|-------------------|-------------|------------|------------|-------------|
| Amounts           |             |            |            |             |
| Masterscale       | Stage 1     | Stage 2    | Stage 3    | Total       |
| 1                 | ₱7,640,551  | ₱–         | ₱–         | ₱7,640,551  |
| 2                 | 10,467,797  | –          | –          | 10,467,797  |
| 3                 | 10,920,928  | 39,841     | –          | 10,960,769  |
| 4                 | 8,489,749   | 313,319    | –          | 8,803,068   |
| 5                 | 7,357,469   | 544,792    | –          | 7,902,261   |
| 6                 | 1,878,642   | 682,064    | –          | 2,560,706   |
| 7                 | 11,511,153  | –          | –          | 11,511,153  |
| Default           | –           | –          | 5,813,164  | 5,813,164   |
|                   | ₱58,266,289 | ₱1,580,016 | ₱5,813,164 | ₱65,659,469 |

| December 31, 2021 |             |            |            |             |
|-------------------|-------------|------------|------------|-------------|
| Amounts           |             |            |            |             |
| Masterscale       | Stage 1     | Stage 2    | Stage 3    | Total       |
| 1                 | ₱–          | ₱–         | ₱–         | ₱–          |
| 2                 | 6,332,609   | –          | –          | 6,332,609   |
| 3                 | 9,820,451   | –          | –          | 9,820,451   |
| 4                 | 6,032,565   | –          | –          | 6,032,565   |
| 5                 | 9,361,213   | –          | –          | 9,361,213   |
| 6                 | 9,798,388   | 26,515     | –          | 9,824,903   |
| 7                 | 8,680,489   | 1,318,139  | –          | 9,998,628   |
| Default           | –           | –          | 6,844,301  | 6,844,301   |
|                   | ₱50,025,715 | ₱1,344,654 | ₱6,844,301 | ₱58,214,670 |

*Consumer Products (Acquired Credit card and Personal loan portfolio from Citibank)*

| December 31, 2022  |             |          |          |             |
|--------------------|-------------|----------|----------|-------------|
| Amounts            |             |          |          |             |
| Delinquency Bucket | Stage 1     | Stage 2  | Stage 3  | Total       |
| 0                  | ₱73,051,126 | ₱192,070 | ₱27,577  | ₱73,270,773 |
| 1                  | 1,569,678   | 60,467   | 2,266    | 1,632,411   |
| 2                  | –           | 413,390  | 3,383    | 416,773     |
| 3                  | –           | 300,022  | 9,945    | 309,967     |
| 4                  | –           | –        | 185,255  | 185,255     |
| 5                  | –           | –        | 154,904  | 154,904     |
| 6                  | –           | –        | 120,610  | 120,610     |
|                    | ₱74,620,804 | ₱965,949 | ₱503,940 | ₱76,090,693 |

*Consumer Products (SME Financial Products, Credit Cards and Auto Loans)*

| December 31, 2022 |             |          |            |             |
|-------------------|-------------|----------|------------|-------------|
| Amounts           |             |          |            |             |
| Masterscale       | Stage 1     | Stage 2  | Stage 3    | Total       |
| 1                 | ₱2,804,812  | ₱182,287 | ₱–         | ₱2,987,099  |
| 2                 | 2,451,709   | –        | –          | 2,451,709   |
| 3                 | 4,238,197   | 483,315  | –          | 4,721,512   |
| 4                 | 3,534,179   | 2,596    | –          | 3,536,775   |
| 5                 | 3,762,453   | 41,294   | –          | 3,803,747   |
| 6                 | 2,614,899   | 147,808  | –          | 2,762,707   |
| 7                 | –           | –        | –          | –           |
| Default           | –           | –        | 2,848,244  | 2,848,244   |
|                   | ₱19,406,249 | ₱857,300 | ₱2,848,244 | ₱23,111,793 |



| Masterscale | December 31, 2021 |          |            |             |
|-------------|-------------------|----------|------------|-------------|
|             | Amounts           |          |            |             |
|             | Stage 1           | Stage 2  | Stage 3    | Total       |
| 1           | ₱—                | ₱—       | ₱—         | ₱—          |
| 2           | 506,863           | 1,758    | —          | 508,621     |
| 3           | 848,950           | 1,263    | —          | 850,213     |
| 4           | 2,422,892         | 4,235    | 5,488      | 2,432,615   |
| 5           | 3,578,278         | 19,584   | 335,136    | 3,932,998   |
| 6           | 5,188,727         | 14,986   | 80         | 5,203,793   |
| 7           | 2,636,174         | 112,085  | —          | 2,748,259   |
| Default     | —                 | —        | 2,443,154  | 2,443,154   |
|             | ₱15,181,884       | ₱153,911 | ₱2,783,858 | ₱18,119,653 |

### CSB Salary Loans

For CSB salary loans, which relates to the DepEd loans of CSB, each borrower is assigned a credit score with E as minimal risk, D as low risk, C as moderate risk, B as average risk and A as high risk.

The description of each credit quality grouping for the credit scores is explained further as follows:

*High grade (minimal to low risk)* - These are receivables which have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation and the security on the receivables is readily enforceable.

*Standard grade (moderate to average risk)* - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but with experience of default.

*Substandard (high risk)* - Accounts classified as “Substandard” are individual credits or portions thereof which appear to involve a substantial and unreasonable degree of risk to CSB because of unfavorable record or unsatisfactory characteristics. There exists in such accounts the possibility of future loss to CSB unless given closer supervision. Those classified as “Substandard” must have a well-defined weakness or weaknesses that jeopardize their liquidation. Such well-defined weaknesses may include adverse trends or development of financial, managerial, economic or political nature, or a significant weakness in collateral.

Below is the breakdown of CSB’s salary loans exposure (outstanding balance and accrued interest receivable) by credit score as of December 31, 2022 and 2021:

| Credit Score | December 31, 2022 |            |            |             |
|--------------|-------------------|------------|------------|-------------|
|              | Amounts           |            |            |             |
|              | Stage 1           | Stage 2    | Stage 3    | Total       |
| D to E       | ₱11,204,266       | ₱—         | ₱—         | ₱11,204,266 |
| B to C       | 46,106,634        | 1,096,789  | —          | 47,203,423  |
| A            | 247,694           | 188,085    | —          | 435,779     |
| Default      | —                 | —          | 5,185,814  | 5,185,814   |
|              | ₱57,558,594       | ₱1,284,874 | ₱5,185,814 | ₱64,029,282 |



| Credit Score | December 31, 2021 |            |            |             |
|--------------|-------------------|------------|------------|-------------|
|              | Amounts           |            |            |             |
|              | Stage 1           | Stage 2    | Stage 3    | Total       |
| D to E       | ₱11,280,004       | ₱—         | ₱1,532     | ₱11,281,536 |
| B to C       | 29,110,475        | 743,633    | 16,337     | 29,870,445  |
| A            | 411,034           | 723,386    | 19,766     | 1,154,186   |
| Default      | —                 | —          | 3,318,925  | 3,318,925   |
|              | ₱40,801,513       | ₱1,467,019 | ₱3,356,560 | ₱45,625,092 |

*Other receivables from customers*

Other receivables from customers of the Group and the Parent Bank include small portfolios such as, with respect to the Parent Bank, (i) personal loans, (ii) HR loans, (iii) bills purchase and (iv) customer liabilities under acceptance, (v) home credit receivables, (vi) teacher's loans acquired from CSB and, with respect to the subsidiaries, (i) personal loans, and (ii) motorcycle loans. Each of these products has established credit risk guidelines and systems for managing credit risk across all businesses.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate.

Each product was risk rated using techniques appropriate to the Group's and Parent Bank's credit experience. Such methods consider the payment history that are reflected in aging, delinquency, and/or change in rating. These provide the bases for the ECL stage determination.

The description of each groupings according to stage is explained further as follows:

*Stage 1* - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, does not demonstrate significant increase in credit risk.

*Stage 2* - those that are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date, and, based on change in rating, delinquencies and payment history, demonstrates significant increase in credit risk.

*Stage 3* - Those that are considered default of more than 90 days past due or demonstrates objective evidence of impairment as of reporting date.

Below is a summary as of December 31, 2022 and 2021 of the Group's and Parent Bank's other receivables from customers.

|             | December 31, 2022 |            |            |             |
|-------------|-------------------|------------|------------|-------------|
|             | Amounts           |            |            |             |
|             | Stage 1           | Stage 2    | Stage 3    | Total       |
| Group       | ₱37,691,857       | ₱2,674,618 | ₱5,505,380 | ₱45,871,855 |
| Parent Bank | 18,883,459        | 261,453    | 857,179    | 20,002,091  |

|             | December 31, 2021 |          |            |             |
|-------------|-------------------|----------|------------|-------------|
|             | Amounts           |          |            |             |
|             | Stage 1           | Stage 2  | Stage 3    | Total       |
| Group       | ₱24,383,986       | ₱695,966 | ₱4,231,466 | ₱29,311,418 |
| Parent Bank | 13,074,318        | 137,222  | 810,663    | 14,022,203  |



Investments and Placements

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

Below is the breakdown of the Group's and the Parent Bank's investments and placements (outstanding balance and accrued interest receivable) by masterscale rating as of December 31, 2022 and 2021:

*Sovereign - Group*

| Masterscale | December 31, 2022   |                   |           |                     |
|-------------|---------------------|-------------------|-----------|---------------------|
|             | Amounts             |                   |           |                     |
|             | Stage 1             | Stage 2           | Stage 3   | Total               |
| 1           | <b>₱16,316,140</b>  | <b>₱—</b>         | <b>₱—</b> | <b>₱16,316,140</b>  |
| 2           | —                   | —                 | —         | —                   |
| 3           | —                   | —                 | —         | —                   |
| 4           | <b>279,717</b>      | —                 | —         | <b>279,717</b>      |
| 5           | —                   | —                 | —         | —                   |
| 6           | <b>1,513,995</b>    | —                 | —         | <b>1,513,995</b>    |
| 7           | —                   | —                 | —         | —                   |
| 8           | —                   | —                 | —         | —                   |
| 9           | <b>266,666,218</b>  | —                 | —         | <b>266,666,218</b>  |
| 10          | —                   | —                 | —         | —                   |
| 11          | <b>1,315,359</b>    | <b>789,534</b>    | —         | <b>2,104,893</b>    |
| 12          | <b>2,014,319</b>    | —                 | —         | <b>2,014,319</b>    |
| 13          | —                   | —                 | —         | —                   |
| 14          | —                   | <b>2,247,582</b>  | —         | <b>2,247,582</b>    |
| 15          | —                   | —                 | —         | —                   |
| 16          | —                   | —                 | —         | —                   |
| Default     | —                   | —                 | —         | —                   |
|             | <b>₱288,105,748</b> | <b>₱3,037,116</b> | <b>₱—</b> | <b>₱291,142,864</b> |

| Masterscale | December 31, 2021   |                   |           |                     |
|-------------|---------------------|-------------------|-----------|---------------------|
|             | Amounts             |                   |           |                     |
|             | Stage 1             | Stage 2           | Stage 3   | Total               |
| 1           | <b>₱6,027,263</b>   | <b>₱—</b>         | <b>₱—</b> | <b>₱6,027,263</b>   |
| 2           | —                   | —                 | —         | —                   |
| 3           | —                   | —                 | —         | —                   |
| 4           | <b>255,911</b>      | —                 | —         | <b>255,911</b>      |
| 5           | <b>35,929,557</b>   | —                 | —         | <b>35,929,557</b>   |
| 6           | <b>1,585,739</b>    | —                 | —         | <b>1,585,739</b>    |
| 7           | —                   | —                 | —         | —                   |
| 8           | <b>2,409,655</b>    | —                 | —         | <b>2,409,655</b>    |
| 9           | <b>179,529,674</b>  | —                 | —         | <b>179,529,674</b>  |
| 10          | —                   | —                 | —         | —                   |
| 11          | <b>3,747,351</b>    | —                 | —         | <b>3,747,351</b>    |
| 12          | <b>1,855,068</b>    | <b>723,018</b>    | —         | <b>2,578,086</b>    |
| 13          | —                   | —                 | —         | —                   |
| 14          | —                   | <b>2,055,879</b>  | —         | <b>2,055,879</b>    |
| 15          | —                   | —                 | —         | —                   |
| 16          | —                   | —                 | —         | —                   |
| Default     | —                   | —                 | —         | —                   |
|             | <b>₱231,340,218</b> | <b>₱2,778,897</b> | <b>₱—</b> | <b>₱234,119,115</b> |



## Corporate – Group

| December 31, 2022 |                     |           |           |                     |
|-------------------|---------------------|-----------|-----------|---------------------|
| Masterscale       | Amounts             |           |           |                     |
|                   | Stage 1             | Stage 2   | Stage 3   | Total               |
| 1                 | ₱37,191,682         | ₱–        | ₱–        | ₱37,191,682         |
| 2                 | 4,473,290           | –         | –         | 4,473,290           |
| 3                 | 632,707             | –         | –         | 632,707             |
| 4                 | 124,625,859         | –         | –         | 124,625,859         |
| 5                 | 5,469,752           | –         | –         | 5,469,752           |
| 6                 | 11,206,441          | –         | –         | 11,206,441          |
| 7                 | 1,943,576           | –         | –         | 1,943,576           |
| 8                 | 2,776,528           | –         | –         | 2,776,528           |
| 9                 | 9,624,269           | –         | –         | 9,624,269           |
| 10                | 1,693,417           | –         | –         | 1,693,417           |
| 11                | 2,071,733           | –         | –         | 2,071,733           |
| 12                | –                   | –         | –         | –                   |
| 13                | –                   | –         | –         | –                   |
| Default           | –                   | –         | –         | –                   |
|                   | <b>₱201,709,254</b> | <b>₱–</b> | <b>₱–</b> | <b>₱201,709,254</b> |

| December 31, 2021 |                     |           |           |                     |
|-------------------|---------------------|-----------|-----------|---------------------|
| Masterscale       | Amounts             |           |           |                     |
|                   | Stage 1             | Stage 2   | Stage 3   | Total               |
| 1                 | ₱1,738,518          | ₱–        | ₱–        | ₱1,738,518          |
| 2                 | 54,117,106          | –         | –         | 54,117,106          |
| 3                 | 15,510,463          | –         | –         | 15,510,463          |
| 4                 | 997,706             | –         | –         | 997,706             |
| 5                 | 76,243,614          | –         | –         | 76,243,614          |
| 6                 | 6,904,179           | –         | –         | 6,904,179           |
| 7                 | 5,365,779           | –         | –         | 5,365,779           |
| 8                 | 3,456,594           | –         | –         | 3,456,594           |
| 9                 | 9,072,351           | –         | –         | 9,072,351           |
| 10                | –                   | –         | –         | –                   |
| 11                | 2,732,528           | –         | –         | 2,732,528           |
| 12                | 40,495              | –         | –         | 40,495              |
| 13                | –                   | –         | –         | –                   |
| Default           | –                   | –         | –         | –                   |
|                   | <b>₱176,179,333</b> | <b>₱–</b> | <b>₱–</b> | <b>₱176,179,333</b> |

## Sovereign – Parent Bank

| December 31, 2022 |             |         |         |             |
|-------------------|-------------|---------|---------|-------------|
| Masterscale       | Amounts     |         |         |             |
|                   | Stage 1     | Stage 2 | Stage 3 | Total       |
| 1                 | ₱16,316,140 | ₱–      | ₱–      | ₱16,316,140 |
| 2                 | –           | –       | –       | –           |
| 3                 | –           | –       | –       | –           |
| 4                 | 279,717     | –       | –       | 279,717     |
| 5                 | –           | –       | –       | –           |
| 6                 | 1,513,995   | –       | –       | 1,513,995   |
| 7                 | –           | –       | –       | –           |
| 8                 | –           | –       | –       | –           |
| 9                 | 257,339,212 | –       | –       | 257,339,212 |
| 10                | –           | –       | –       | –           |



| December 31, 2022 |              |            |         |              |
|-------------------|--------------|------------|---------|--------------|
| Masterscale       | Amounts      |            |         |              |
|                   | Stage 1      | Stage 2    | Stage 3 | Total        |
| 11                | ₱1,315,359   | ₱789,534   | ₱—      | ₱2,104,893   |
| 12                | 2,014,319    | —          | —       | 2,014,319    |
| 13                | —            | —          | —       | —            |
| 14                | —            | 2,247,582  | —       | 2,247,582    |
| 15                | —            | —          | —       | —            |
| 16                | —            | —          | —       | —            |
| Default           | —            | —          | —       | —            |
|                   | ₱278,778,742 | ₱3,037,116 | ₱—      | ₱281,815,858 |

| December 31, 2021 |              |            |         |              |
|-------------------|--------------|------------|---------|--------------|
| Masterscale       | Amounts      |            |         |              |
|                   | Stage 1      | Stage 2    | Stage 3 | Total        |
| 1                 | ₱6,027,263   | ₱—         | ₱—      | ₱6,027,263   |
| 2                 | —            | —          | —       | —            |
| 3                 | —            | —          | —       | —            |
| 4                 | 255,911      | —          | —       | 255,911      |
| 5                 | —            | —          | —       | —            |
| 6                 | 1,585,739    | —          | —       | 1,585,739    |
| 7                 | —            | —          | —       | —            |
| 8                 | 2,409,655    | —          | —       | 2,409,655    |
| 9                 | 175,346,683  | —          | —       | 175,346,683  |
| 10                | —            | —          | —       | —            |
| 11                | 3,747,351    | —          | —       | 3,747,351    |
| 12                | 1,855,068    | 723,018    | —       | 2,578,086    |
| 13                | —            | —          | —       | —            |
| 14                | —            | 2,055,879  | —       | 2,055,879    |
| 15                | —            | —          | —       | —            |
| 16                | —            | —          | —       | —            |
| Default           | —            | —          | —       | —            |
|                   | ₱191,227,670 | ₱2,778,897 | ₱—      | ₱194,006,567 |

*Corporate – Parent Bank*

| December 31, 2022 |              |         |         |              |
|-------------------|--------------|---------|---------|--------------|
| Masterscale       | Amounts      |         |         |              |
|                   | Stage 1      | Stage 2 | Stage 3 | Total        |
| 1                 | ₱37,191,682  | ₱—      | ₱—      | ₱37,191,682  |
| 2                 | 4,473,290    | —       | —       | 4,473,290    |
| 3                 | 632,707      | —       | —       | 632,707      |
| 4                 | 83,703,956   | —       | —       | 83,703,956   |
| 5                 | 5,469,751    | —       | —       | 5,469,751    |
| 6                 | 11,206,441   | —       | —       | 11,206,441   |
| 7                 | 1,884,024    | —       | —       | 1,884,024    |
| 8                 | 2,736,528    | —       | —       | 2,736,528    |
| 9                 | 9,624,269    | —       | —       | 9,624,269    |
| 10                | 1,693,417    | —       | —       | 1,693,417    |
| 11                | 2,022,936    | —       | —       | 2,022,936    |
| 12                | —            | —       | —       | —            |
| 13                | —            | —       | —       | —            |
| Default           | —            | —       | —       | —            |
|                   | ₱160,639,001 | ₱—      | ₱—      | ₱160,639,001 |



| Masterscale | December 31, 2021   |           |           |                     |
|-------------|---------------------|-----------|-----------|---------------------|
|             | Amounts             |           |           |                     |
|             | Stage 1             | Stage 2   | Stage 3   | Total               |
| 1           | ₱1,738,518          | ₱—        | ₱—        | ₱1,738,518          |
| 2           | 54,117,106          | —         | —         | 54,117,106          |
| 3           | 15,510,463          | —         | —         | 15,510,463          |
| 4           | 997,706             | —         | —         | 997,706             |
| 5           | 73,176,780          | —         | —         | 73,176,780          |
| 6           | 6,904,179           | —         | —         | 6,904,179           |
| 7           | 5,305,511           | —         | —         | 5,305,511           |
| 8           | 3,400,537           | —         | —         | 3,400,537           |
| 9           | 9,072,351           | —         | —         | 9,072,351           |
| 10          | —                   | —         | —         | —                   |
| 11          | 2,703,602           | —         | —         | 2,703,602           |
| 12          | —                   | —         | —         | —                   |
| 13          | —                   | —         | —         | —                   |
| Default     | —                   | —         | —         | —                   |
|             | <b>₱172,926,753</b> | <b>₱—</b> | <b>₱—</b> | <b>₱172,926,753</b> |

#### Analysis of movements of gross carrying amounts

Movements in 2022 and 2021 for total receivables from customers follow. The balances presented include the related accrued interest receivables:

#### Group

|                                                                                   | 2022                 |                     |                    |                      |
|-----------------------------------------------------------------------------------|----------------------|---------------------|--------------------|----------------------|
|                                                                                   | Stage 1              | Stage 2             | Stage 3            | Total                |
| Balances at beginning of year                                                     | <b>₱282,953,118</b>  | <b>₱34,964,422</b>  | <b>₱21,970,626</b> | <b>₱339,888,166</b>  |
| Newly originated assets that remained in Stage 1 as at December 31, 2022          | <b>204,366,140</b>   | —                   | —                  | <b>204,366,140</b>   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022 | —                    | <b>10,994,810</b>   | <b>4,132,300</b>   | <b>15,127,110</b>    |
| Movements in receivable balance (excluding write-offs)                            | <b>(127,828,623)</b> | <b>(12,871,190)</b> | <b>(640,456)</b>   | <b>(141,340,269)</b> |
| Transfers to Stage 1                                                              | <b>16,082,298</b>    | <b>(11,938,827)</b> | <b>(4,143,471)</b> | —                    |
| Transfers to Stage 2                                                              | <b>(4,345,040)</b>   | <b>4,870,309</b>    | <b>(525,269)</b>   | —                    |
| Transfers to Stage 3                                                              | <b>(4,737,502)</b>   | <b>(1,260,552)</b>  | <b>5,998,054</b>   | —                    |
| Amounts written-off                                                               | <b>(16,778)</b>      | <b>(4,394)</b>      | <b>(3,090,214)</b> | <b>(3,111,386)</b>   |
| Effects of business combination (see Note 1)                                      | <b>64,941,020</b>    | <b>382,465</b>      | <b>242,316</b>     | <b>65,565,801</b>    |
| Balance at end of year                                                            | <b>₱431,414,633</b>  | <b>₱25,137,043</b>  | <b>₱23,943,886</b> | <b>₱480,495,562</b>  |

|                                                                                   | 2021                 |                    |                    |                      |
|-----------------------------------------------------------------------------------|----------------------|--------------------|--------------------|----------------------|
|                                                                                   | Stage 1              | Stage 2            | Stage 3            | Total                |
| Balances at beginning of year                                                     | <b>₱290,689,261</b>  | <b>₱15,147,350</b> | <b>₱20,305,489</b> | <b>₱326,142,100</b>  |
| Newly originated assets that remained in Stage 1 as at December 31, 2021          | <b>140,224,284</b>   | —                  | —                  | <b>140,224,284</b>   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021 | —                    | <b>1,809,525</b>   | <b>3,181,392</b>   | <b>4,990,917</b>     |
| Movements in receivable balance (excluding write-offs)                            | <b>(133,921,880)</b> | <b>3,174,859</b>   | <b>937,243</b>     | <b>(129,809,778)</b> |
| Transfers to Stage 1                                                              | <b>5,909,599</b>     | <b>(1,495,971)</b> | <b>(4,413,628)</b> | —                    |
| Transfers to Stage 2                                                              | <b>(16,053,691)</b>  | <b>17,125,223</b>  | <b>(1,071,532)</b> | —                    |
| Transfers to Stage 3                                                              | <b>(3,894,455)</b>   | <b>(796,564)</b>   | <b>4,691,019</b>   | —                    |
| Amounts written-off                                                               | —                    | —                  | <b>(1,659,357)</b> | <b>(1,659,357)</b>   |
| Balance at end of year                                                            | <b>₱282,953,118</b>  | <b>₱34,964,422</b> | <b>₱21,970,626</b> | <b>₱339,888,166</b>  |



Parent Bank

|                                                                                   | 2022         |              |             |              |
|-----------------------------------------------------------------------------------|--------------|--------------|-------------|--------------|
|                                                                                   | Stage 1      | Stage 2      | Stage 3     | Total        |
| Balances at beginning of year                                                     | ₱230,841,937 | ₱32,938,659  | ₱15,193,263 | ₱278,973,859 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022          | 137,123,696  | –            | –           | 137,123,696  |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022 | –            | 8,466,219    | 1,814,489   | 10,280,708   |
| Movements in receivable balance (excluding write-offs)                            | (86,987,037) | (11,371,851) | (254,062)   | (98,612,950) |
| Transfers to Stage 1                                                              | 15,939,588   | (11,814,113) | (4,125,475) | –            |
| Transfers to Stage 2                                                              | (4,102,795)  | 4,622,984    | (520,189)   | –            |
| Transfers to Stage 3                                                              | (3,089,579)  | (912,042)    | 4,001,621   | –            |
| Amounts written-off                                                               | –            | –            | (2,734,598) | (2,734,598)  |
| Effects of business combination (see Note 1)                                      | 64,941,020   | 382,465      | 242,316     | 65,565,801   |
| Balance at end of year                                                            | ₱354,666,830 | ₱22,312,321  | ₱13,617,365 | ₱390,596,516 |

|                                                                                   | 2021         |             |             |              |
|-----------------------------------------------------------------------------------|--------------|-------------|-------------|--------------|
|                                                                                   | Stage 1      | Stage 2     | Stage 3     | Total        |
| Balances at beginning of year                                                     | ₱235,931,730 | ₱13,525,006 | ₱15,990,549 | ₱265,447,285 |
| Newly originated assets that remained in Stage 1 as at December 31, 2021          | 102,781,134  | –           | –           | 102,781,134  |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021 | –            | 248,257     | 1,925,154   | 2,173,411    |
| Movements in receivable balance (excluding write-offs)                            | (92,124,823) | 4,603,341   | (2,372,790) | (89,894,272) |
| Transfers to Stage 1                                                              | 4,018,364    | (1,111,321) | (2,907,043) | –            |
| Transfers to Stage 2                                                              | (15,967,686) | 16,424,625  | (456,939)   | –            |
| Transfers to Stage 3                                                              | (3,796,782)  | (751,249)   | 4,548,031   | –            |
| Amounts written-off                                                               | –            | –           | (1,533,699) | (1,533,699)  |
| Balance at end of year                                                            | ₱230,841,937 | ₱32,938,659 | ₱15,193,263 | ₱278,973,859 |

The breakdown of movements in 2022 and 2021 for total receivables from customers follow:

Corporate Loans - Group and Parent Bank

|                                                                          | 2022         |              |             |              |
|--------------------------------------------------------------------------|--------------|--------------|-------------|--------------|
|                                                                          | Stage 1      | Stage 2      | Stage 3     | Total        |
| Balances at beginning of year                                            | ₱89,626,427  | ₱27,629,390  | ₱1,418,769  | ₱118,674,586 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022 | 35,366,827   | –            | –           | 35,366,827   |
| Movements in receivable balance (excluding write-offs)                   | (13,458,919) | (8,816,711)  | (239,909)   | (22,515,539) |
| Transfers to Stage 1                                                     | 10,532,896   | (10,532,896) | –           | –            |
| Transfers to Stage 2                                                     | (2,524,367)  | 2,524,367    | –           | –            |
| Transfers to Stage 3                                                     | –            | –            | –           | –            |
| Amounts written off                                                      | –            | –            | (1,025,902) | (1,025,902)  |
| Balance at end of year                                                   | ₱119,542,864 | ₱10,804,150  | ₱152,958    | ₱130,499,972 |





|                                                                          | 2021         |             |            |              |
|--------------------------------------------------------------------------|--------------|-------------|------------|--------------|
|                                                                          | Stage 1      | Stage 2     | Stage 3    | Total        |
| Balances at beginning of year                                            | ₱106,335,108 | ₱9,233,847  | ₱1,167,482 | ₱116,736,437 |
| Newly originated assets that remained in Stage 1 as at December 31, 2021 | 23,115,419   | —           | —          | 23,115,419   |
| Movements in receivable balance (excluding write-offs)                   | (25,511,459) | 4,051,477   | 282,712    | (21,177,270) |
| Transfers to Stage 2                                                     | (14,312,641) | 14,344,066  | (31,425)   | —            |
| Transfers to Stage 3                                                     | —            | —           | —          | —            |
| Amounts written off                                                      | —            | —           | —          | —            |
| Balance at end of year                                                   | ₱89,626,427  | ₱27,629,390 | ₱1,418,769 | ₱118,674,586 |

Commercial Loans - Group and Parent Bank

|                                                                                   | 2022         |             |            |              |
|-----------------------------------------------------------------------------------|--------------|-------------|------------|--------------|
|                                                                                   | Stage 1      | Stage 2     | Stage 3    | Total        |
| Balances at beginning of year                                                     | ₱62,899,728  | ₱3,669,199  | ₱3,373,820 | ₱69,942,747  |
| Newly originated assets that remained in Stage 1 as at December 31, 2022          | 57,610,451   | —           | —          | 57,610,451   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022 |              | 6,434,907   | 307,023    | 6,741,930    |
| Movements in receivable balance (excluding write-offs)                            | (55,891,527) | (2,963,017) | (208,086)  | (59,062,630) |
| Transfers to Stage 1                                                              | 204,121      | (36,891)    | (167,230)  | —            |
| Transfers to Stage 2                                                              | (11,662)     | 101,750     | (90,088)   | —            |
| Transfers to Stage 3                                                              | (483,135)    | (235,812)   | 718,947    | —            |
| Amounts written-off                                                               | —            | —           | —          | —            |
| Balances at end of year                                                           | ₱64,327,976  | ₱6,970,136  | ₱3,934,386 | ₱75,232,498  |

|                                                                          | 2021         |            |            |              |
|--------------------------------------------------------------------------|--------------|------------|------------|--------------|
|                                                                          | Stage 1      | Stage 2    | Stage 3    | Total        |
| Balances at beginning of year                                            | ₱58,954,479  | ₱2,207,803 | ₱3,307,055 | ₱64,469,337  |
| Newly originated assets that remained in Stage 1 as at December 31, 2021 | 54,340,243   | —          | —          | 54,340,243   |
| Movements in receivable balance (excluding write-offs)                   | (49,351,343) | 861,783    | (332,276)  | (48,821,836) |
| Transfers to Stage 1                                                     | 102,123      | (36,451)   | (65,672)   | —            |
| Transfers to Stage 2                                                     | (723,888)    | 723,888    | —          | —            |
| Transfers to Stage 3                                                     | (421,886)    | (87,824)   | 509,710    | —            |
| Amounts written-off                                                      | —            | —          | (44,997)   | (44,997)     |
| Balances at end of year                                                  | ₱62,899,728  | ₱3,669,199 | ₱3,373,820 | ₱69,942,747  |



Home Loans - Group and Parent Bank

|                                                                                   | 2022         |            |             |              |
|-----------------------------------------------------------------------------------|--------------|------------|-------------|--------------|
|                                                                                   | Stage 1      | Stage 2    | Stage 3     | Total        |
| Balances at beginning of year                                                     | ₱50,025,715  | ₱1,344,654 | ₱6,844,301  | ₱58,214,670  |
| Newly originated assets that remained in Stage 1 as at December 31, 2022          | 21,149,124   | —          | —           | 21,149,124   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022 | —            | 201,611    | 274,863     | 476,474      |
| Movements in receivable balance (excluding write-offs)                            | (12,751,142) | (125,291)  | (1,301,467) | (14,177,900) |
| Transfers to Stage 1                                                              | 2,305,218    | (714,332)  | (1,590,886) | —            |
| Transfers to Stage 2                                                              | (851,925)    | 1,193,695  | (341,770)   | —            |
| Transfers to Stage 3                                                              | (1,610,701)  | (320,321)  | 1,931,022   | —            |
| Amounts written off                                                               | —            | —          | (2,899)     | (2,899)      |
| Balances at end of year                                                           | ₱58,266,289  | ₱1,580,016 | ₱5,813,164  | ₱65,659,469  |

|                                                                                   | 2021         |            |             |              |
|-----------------------------------------------------------------------------------|--------------|------------|-------------|--------------|
|                                                                                   | Stage 1      | Stage 2    | Stage 3     | Total        |
| Balances at beginning of year                                                     | ₱47,037,282  | ₱1,761,970 | ₱7,949,927  | ₱56,749,179  |
| Newly originated assets that remained in Stage 1 as at December 31, 2021          | 16,285,786   | —          | —           | 16,285,786   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021 | —            | 159,704    | 307,106     | 466,810      |
| Movements in receivable balance (excluding write-offs)                            | (13,655,902) | (210,604)  | (1,365,347) | (15,231,853) |
| Transfers to Stage 1                                                              | 3,582,771    | (954,653)  | (2,628,118) | —            |
| Transfers to Stage 2                                                              | (795,608)    | 1,150,360  | (354,752)   | —            |
| Transfers to Stage 3                                                              | (2,428,614)  | (562,123)  | 2,990,737   | —            |
| Amounts written off                                                               | —            | —          | (55,252)    | (55,252)     |
| Balances at end of year                                                           | ₱50,025,715  | ₱1,344,654 | ₱6,844,301  | ₱58,214,670  |

Consumer Products - Group and Parent Bank

|                                                                                   | 2022        |            |             |             |
|-----------------------------------------------------------------------------------|-------------|------------|-------------|-------------|
|                                                                                   | Stage 1     | Stage 2    | Stage 3     | Total       |
| Balance at beginning of year                                                      | ₱15,215,749 | ₱158,194   | ₱2,745,710  | ₱18,119,653 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022          | 8,759,275   | —          | —           | 8,759,275   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022 | —           | 734,103    | 1,186,838   | 1,920,941   |
| Movements in receivable balance (excluding write-offs)                            | 3,853,771   | 606,470    | 1,691,030   | 6,151,271   |
| Transfers to Stage 1                                                              | 2,862,306   | (523,403)  | (2,338,903) | —           |
| Transfers to Stage 2                                                              | (704,885)   | 766,774    | (61,889)    | —           |
| Transfers to Stage 3                                                              | (900,183)   | (301,354)  | 1,201,537   | —           |
| Amounts written-off                                                               | —           | —          | (1,314,455) | (1,314,455) |
| Effects of business combination (see Note 1)                                      | 64,941,020  | 382,465    | 242,316     | 65,565,801  |
| Balance at end of year                                                            | ₱94,027,053 | ₱1,823,249 | ₱3,352,184  | ₱99,202,486 |



|                                                                                   | 2021        |          |             |             |
|-----------------------------------------------------------------------------------|-------------|----------|-------------|-------------|
|                                                                                   | Stage 1     | Stage 2  | Stage 3     | Total       |
| Balance at beginning of year                                                      | ₱15,813,547 | ₱201,363 | ₱2,902,499  | ₱18,917,409 |
| Newly originated assets that remained in Stage 1 as at December 31, 2021          | 2,639,472   | –        | –           | 2,639,472   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021 | –           | 40,703   | 1,470,415   | 1,511,118   |
| Movements in receivable balance (excluding write-offs)                            | (2,692,576) | (55,380) | (779,121)   | (3,527,077) |
| Transfers to Stage 1                                                              | 270,142     | (72,844) | (197,298)   | –           |
| Transfers to Stage 2                                                              | (85,997)    | 100,658  | (14,660)    | –           |
| Transfers to Stage 3                                                              | (728,839)   | (56,306) | 785,144     | –           |
| Amounts written-off                                                               | –           | –        | (1,421,269) | (1,421,269) |
| Balance at end of year                                                            | ₱15,215,749 | ₱158,194 | ₱2,745,710  | ₱18,119,653 |

Consumer Products – Citi

|                                                                                   | 2022        |           |           |             |
|-----------------------------------------------------------------------------------|-------------|-----------|-----------|-------------|
|                                                                                   | Stage 1     | Stage 2   | Stage 3   | Total       |
| Balance as of acquisition date                                                    | ₱64,941,020 | ₱382,465  | ₱242,316  | ₱65,565,801 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022          | 3,182,203   | –         | –         | 3,182,203   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022 | –           | 17,595    | 276       | 17,871      |
| Movements in receivable balance (excluding write-offs)                            | 6,819,213   | 631,206   | 191,843   | 7,642,262   |
| Transfers to Stage 1                                                              | 517,680     | (495,416) | (22,264)  | –           |
| Transfers to Stage 2                                                              | (588,099)   | 643,158   | (55,059)  | –           |
| Transfers to Stage 3                                                              | (251,213)   | (213,059) | 464,272   | –           |
| Amounts written-off                                                               | –           | –         | (317,444) | (317,444)   |
| Balance at end of year                                                            | ₱74,620,804 | ₱965,949  | ₱503,940  | ₱76,090,693 |

CSB Salary Loans - Group

|                                                                                   | 2022         |             |            |              |
|-----------------------------------------------------------------------------------|--------------|-------------|------------|--------------|
|                                                                                   | Stage 1      | Stage 2     | Stage 3    | Total        |
| Balance at beginning of year                                                      | ₱40,801,513  | ₱ 1,467,019 | ₱3,356,560 | ₱45,625,092  |
| Newly originated assets that remained in Stage 1 as at December 31, 2022          | 50,842,291   | –           | –          | 50,842,291   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022 | –            | 1,181,381   | 1,326,854  | 2,508,235    |
| Movements in receivable balance (excluding write-offs)                            | (33,667,702) | (1,223,528) | (15,411)   | (34,906,641) |
| Transfers to Stage 1                                                              | 79,028       | (74,611)    | (4,417)    | –            |
| Transfers to Stage 2                                                              | (90,252)     | 91,926      | (1,674)    | –            |
| Transfers to Stage 3                                                              | (389,843)    | (153,055)   | 542,898    | –            |
| Amounts written-off                                                               | (16,441)     | (4,258)     | (18,996)   | (39,695)     |
| Balance at end of year                                                            | ₱57,558,594  | ₱1,284,874  | ₱5,185,814 | ₱64,029,282  |



|                                                                                   | 2021         |            |            | Total        |
|-----------------------------------------------------------------------------------|--------------|------------|------------|--------------|
|                                                                                   | Stage 1      | Stage 2    | Stage 3    |              |
| Balance at beginning of year                                                      | ₱45,293,234  | ₱574,243   | ₱2,051,036 | ₱47,918,513  |
| Newly originated assets that remained in Stage 1 as at December 31, 2021          | 30,147,310   | —          | —          | 30,147,310   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021 | —            | 1,255,137  | 659,369    | 1,914,506    |
| Movements in receivable balance (excluding write-offs)                            | (35,452,586) | (369,310)  | 1,582,285  | (34,239,611) |
| Transfers to Stage 1                                                              | 911,862      | (194,859)  | (717,003)  | —            |
| Transfers to Stage 2                                                              | (37,811)     | 215,465    | (177,654)  | —            |
| Transfers to Stage 3                                                              | (60,496)     | (13,657)   | 74,153     | —            |
| Amounts written-off                                                               | —            | —          | (115,626)  | (115,626)    |
| Balance at end of year                                                            | ₱40,801,513  | ₱1,467,019 | ₱3,356,560 | ₱45,625,092  |

Other Receivables from Customers

Other receivables from customers include HR loans, Quick loans and Home Credit and CSB personal loan receivables.

Group

|                                                                                   | 2022         |            |            | Total        |
|-----------------------------------------------------------------------------------|--------------|------------|------------|--------------|
|                                                                                   | Stage 1      | Stage 2    | Stage 3    |              |
| Balance at beginning of year                                                      | ₱24,383,986  | ₱695,966   | ₱4,231,466 | ₱29,311,418  |
| Newly originated assets that remained in Stage 1 as at December 31, 2022          | 30,638,172   | —          | —          | 30,638,172   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022 | —            | 2,442,808  | 1,036,722  | 3,479,530    |
| Movements in receivable balance (excluding write-offs)                            | (15,913,104) | (349,113)  | (566,613)  | (16,828,830) |
| Transfers to Stage 1                                                              | 98,729       | (56,694)   | (42,035)   | —            |
| Transfers to Stage 2                                                              | (161,949)    | 191,797    | (29,848)   | —            |
| Transfers to Stage 3                                                              | (1,353,640)  | (250,010)  | 1,603,650  | —            |
| Amounts written-off                                                               | (337)        | (136)      | (727,962)  | (728,435)    |
| Balance at end of year                                                            | ₱37,691,857  | ₱2,674,618 | ₱5,505,380 | ₱45,871,855  |

|                                                                                   | 2021        |             |            | Total       |
|-----------------------------------------------------------------------------------|-------------|-------------|------------|-------------|
|                                                                                   | Stage 1     | Stage 2     | Stage 3    |             |
| Balance at beginning of year                                                      | ₱17,255,611 | ₱1,168,124  | ₱2,927,490 | ₱21,351,225 |
| Newly originated assets that remained in Stage 1 as at December 31, 2021          | 13,696,054  | —           | —          | 13,696,054  |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021 | —           | 353,981     | 744,502    | 1,098,483   |
| Movements in receivable balance (excluding write-offs)                            | (7,258,012) | (1,103,107) | 1,548,988  | (6,812,131) |
| Transfers to Stage 1                                                              | 1,042,701   | (237,164)   | (805,537)  | —           |
| Transfers to Stage 2                                                              | (97,747)    | 590,787     | (493,040)  | —           |
| Transfers to Stage 3                                                              | (254,621)   | (76,655)    | 331,276    | —           |
| Amounts written-off                                                               | —           | —           | (22,213)   | (22,213)    |
| Balance at end of year                                                            | ₱24,383,986 | ₱695,966    | ₱4,231,466 | ₱29,311,418 |



Parent Bank

|                                                                                   | 2022               |                   |                  |                    |
|-----------------------------------------------------------------------------------|--------------------|-------------------|------------------|--------------------|
|                                                                                   | Stage 1            | Stage 2           | Stage 3          | Total              |
| Balance at beginning of year                                                      | <b>₱13,074,318</b> | <b>₱137,222</b>   | <b>₱810,663</b>  | <b>₱14,022,203</b> |
| Newly originated assets that remained in Stage 1 as at December 31, 2022          | <b>14,238,019</b>  | –                 | –                | <b>14,238,019</b>  |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022 | –                  | <b>1,095,598</b>  | <b>45,765</b>    | <b>1,141,363</b>   |
| Movements in receivable balance (excluding write-offs)                            | <b>(8,739,220)</b> | <b>(73,302)</b>   | <b>(195,630)</b> | <b>(9,008,152)</b> |
| Transfers to Stage 1                                                              | <b>35,047</b>      | <b>(6,591)</b>    | <b>(28,456)</b>  | –                  |
| Transfers to Stage 2                                                              | <b>(9,956)</b>     | <b>36,398</b>     | <b>(26,442)</b>  | –                  |
| Transfers to Stage 3                                                              | <b>(95,560)</b>    | <b>(54,555)</b>   | <b>150,115</b>   | –                  |
| Amounts written-off                                                               | –                  | –                 | <b>(391,342)</b> | <b>(391,342)</b>   |
| Balance at end of year                                                            | <b>₱18,502,648</b> | <b>₱1,134,770</b> | <b>₱364,673</b>  | <b>₱20,002,091</b> |

|                                                                                   | 2021               |                 |                  |                    |
|-----------------------------------------------------------------------------------|--------------------|-----------------|------------------|--------------------|
|                                                                                   | Stage 1            | Stage 2         | Stage 3          | Total              |
| Balance at beginning of year                                                      | <b>₱7,791,314</b>  | <b>₱120,023</b> | <b>₱663,586</b>  | <b>₱8,574,923</b>  |
| Newly originated assets that remained in Stage 1 as at December 31, 2021          | <b>6,400,214</b>   | –               | –                | <b>6,400,214</b>   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021 | –                  | <b>47,850</b>   | <b>147,633</b>   | <b>195,483</b>     |
| Movements in receivable balance (excluding write-offs)                            | <b>(913,541)</b>   | <b>(43,935)</b> | <b>(178,760)</b> | <b>(1,136,236)</b> |
| Transfers to Stage 1                                                              | <b>63,328</b>      | <b>(47,373)</b> | <b>(15,955)</b>  | –                  |
| Transfers to Stage 2                                                              | <b>(49,553)</b>    | <b>105,654</b>  | <b>(56,101)</b>  | –                  |
| Transfers to Stage 3                                                              | <b>(217,444)</b>   | <b>(44,997)</b> | <b>262,441</b>   | –                  |
| Amounts written-off                                                               | –                  | –               | <b>(12,181)</b>  | <b>(12,181)</b>    |
| Balance at end of year                                                            | <b>₱13,074,318</b> | <b>₱137,222</b> | <b>₱810,663</b>  | <b>₱14,022,203</b> |

Investments and Placements

Movements in 2022 and 2021 for investments and placements follow. The balances presented include accrued interest receivables:

Group

|                                                                          | 2022                 |                   |           |                      |
|--------------------------------------------------------------------------|----------------------|-------------------|-----------|----------------------|
|                                                                          | Stage 1              | Stage 2           | Stage 3   | Total                |
| Balance at beginning of year                                             | <b>₱423,060,847</b>  | <b>₱2,778,897</b> | <b>₱–</b> | <b>₱425,839,744</b>  |
| Newly originated assets that remained in Stage 1 as at December 31, 2022 | <b>196,419,137</b>   | –                 | –         | <b>196,419,137</b>   |
| Newly originated assets that moved to Stage 2 as at December 31, 2022    | –                    | –                 | –         | –                    |
| Movements in the balance (excluding write-offs)                          | <b>(129,664,982)</b> | <b>258,219</b>    | –         | <b>(129,406,763)</b> |
| Balance at end of year                                                   | <b>₱489,815,002</b>  | <b>₱3,037,116</b> | <b>₱–</b> | <b>₱492,852,118</b>  |



|                                                                          | 2021          |             |         |               |
|--------------------------------------------------------------------------|---------------|-------------|---------|---------------|
|                                                                          | Stage 1       | Stage 2     | Stage 3 | Total         |
| Balance at beginning of year                                             | ₱358,045,051  | ₱3,468,879  | ₱—      | ₱361,513,930  |
| Newly originated assets that remained in Stage 1 as at December 31, 2021 | 199,191,117   | —           | —       | 199,191,117   |
| Newly originated assets that moved to Stage 2 as at December 31, 2021    | —             | 2,778,897   | —       | 2,778,897     |
| Movements in the balance (excluding write-offs)                          | (134,175,321) | (3,468,879) | —       | (137,644,200) |
| Balance at end of year                                                   | ₱423,060,847  | ₱2,778,897  | ₱—      | ₱425,839,744  |

Parent

|                                                                          | 2022         |            |         |              |
|--------------------------------------------------------------------------|--------------|------------|---------|--------------|
|                                                                          | Stage 1      | Stage 2    | Stage 3 | Total        |
| Balance at beginning of year                                             | ₱379,695,719 | ₱2,778,897 | ₱—      | ₱382,474,616 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022 | 150,492,730  | —          | —       | 150,492,730  |
| Movements in the balance (excluding write-offs)                          | (90,770,706) | (258,219)  | —       | (90,512,487) |
| Balance at end of year                                                   | ₱439,417,743 | ₱3,037,116 | ₱—      | ₱442,454,859 |

|                                                                          | 2021          |            |         |              |
|--------------------------------------------------------------------------|---------------|------------|---------|--------------|
|                                                                          | Stage 1       | Stage 2    | Stage 3 | Total        |
| Balance at beginning of year                                             | ₱331,383,580  | ₱3,468,879 | ₱—      | ₱334,852,459 |
| Newly originated assets that remained in Stage 1 as at December 31, 2021 | 183,084,894   | —          | —       | 183,084,894  |
| Movements in the balance (excluding write-offs)                          | (134,772,755) | (689,982)  | —       | (5,462,737)  |
| Balance at end of year                                                   | ₱379,695,719  | ₱2,778,897 | ₱—      | ₱382,474,616 |

Modification

In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial 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.

For the years ended December 31, 2022 and 2021, the net impact of the subsequent accretion of the 2020 loan modifications amounted to income of ₱129.15 million and ₱101.37 million for the Group, respectively, and income of ₱106.00 million and ₱51.84 million for the Parent Bank, respectively.



Collateral Held as Security and Other Credit Enhancements

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

An estimate of the fair value of collateral and other security enhancements held by the Group and the Parent Bank against loans and other receivables as of December 31, 2022 and 2021 is shown below:

|                                | <b>Group</b>               |                    |                 |                    |                                               |
|--------------------------------|----------------------------|--------------------|-----------------|--------------------|-----------------------------------------------|
|                                | Exposure before collateral | Property           | Deposits        | Others             | Exposure after financial effect of collateral |
| <b>As of December 31, 2022</b> | <b>₱496,377,906</b>        | <b>₱32,771,126</b> | <b>₱764,920</b> | <b>₱86,173,770</b> | <b>₱376,668,090</b>                           |
| As of December 31, 2021        | ₱351,703,833               | ₱29,047,280        | ₱652,973        | ₱31,995,877        | ₱290,007,703                                  |

|                                | <b>Parent Bank</b>         |                    |                 |                    |                                               |
|--------------------------------|----------------------------|--------------------|-----------------|--------------------|-----------------------------------------------|
|                                | Exposure before collateral | Property           | Deposits        | Others             | Exposure after financial effect of collateral |
| <b>As of December 31, 2022</b> | <b>₱403,594,811</b>        | <b>₱30,824,454</b> | <b>₱722,316</b> | <b>₱85,015,443</b> | <b>₱287,032,598</b>                           |
| As of December 31, 2021        | ₱286,235,453               | ₱27,477,392        | ₱617,608        | ₱30,759,192        | ₱227,381,261                                  |

The Group's manner of disposing the collateral for impaired loans and receivables is normally through sale of the assets after foreclosure proceedings have taken place.

Liquidity Risk

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

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

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



In addition, the Bank established a sub-portfolio to manage excess USD Liquidity brought by the acquisition of Citibank's retail portfolio. The liquidity sub-portfolio can only be composed of securities within the approved parameters such as issuer, tenor composition and portfolio limit as defined in the Bank's FVOCI Business Model.

The table below shows the financial assets and financial liabilities' liquidity information which includes coupon cash flows categorized based on the contractual date on which the asset will be realized and the liability will be settled. For financial assets at FVTPL, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the expected date the assets will be realized (amounts in millions).

|                                      | Group<br>2022   |                  |                  |                  |                   |                  | Total             |
|--------------------------------------|-----------------|------------------|------------------|------------------|-------------------|------------------|-------------------|
|                                      | On<br>Demand    | Up to<br>1 month | 1 to 3<br>Months | 3 to 6<br>Months | 6 to 12<br>Months | Beyond<br>1 year |                   |
| <i>Financial assets</i>              |                 |                  |                  |                  |                   |                  |                   |
| Cash and other cash items            | P9,892          | P-               | P-               | P-               | P-                | P-               | P9,892            |
| Due from BSP                         | 72,286          | 22,336           | -                | -                | -                 | -                | 94,622            |
| Due from other banks                 | 46,240          | -                | -                | -                | -                 | -                | 46,240            |
| SPURRA                               | 8,274           | 15,292           | -                | -                | -                 | -                | 23,566            |
|                                      | 136,692         | 37,628           | -                | -                | -                 | -                | 174,320           |
| Financial assets at FVTPL            |                 |                  |                  |                  |                   |                  |                   |
| Derivative assets                    | -               | 445              | 367              | 125              | 192               | 905              | 2,034             |
| Debt securities                      | -               | 7,478            | -                | -                | -                 | -                | 7,478             |
| Equity securities                    | -               | -                | -                | -                | -                 | 411              | 411               |
| Financial assets at FVOCI            |                 |                  |                  |                  |                   |                  |                   |
| Debt securities                      | -               | 3,206            | 2,998            | 1,159            | 1,253             | 79,470           | 88,086            |
| Equity securities                    | -               | -                | -                | -                | -                 | 46               | 46                |
| Financial assets at amortized cost   | -               | 1,450            | 1,539            | 2,710            | 6,149             | 340,496          | 352,344           |
|                                      | -               | 12,579           | 4,904            | 3,994            | 7,594             | 421,328          | 450,399           |
| Loans and other receivables          | 2,091           | 90,780           | 39,572           | 31,540           | 48,307            | 363,061          | 575,351           |
| Other receivables                    |                 |                  |                  |                  |                   |                  |                   |
| Accounts receivable                  | -               | -                | -                | -                | -                 | 11,116           | 11,116            |
| Accrued interest receivable          | -               | 9,693            | -                | -                | -                 | -                | 9,693             |
| Sales contract receivable            | -               | 29               | 46               | 67               | 130               | 2,952            | 3,224             |
|                                      | 2,091           | 100,502          | 39,618           | 31,607           | 48,437            | 377,129          | 599,384           |
| Other financial assets               |                 |                  |                  |                  |                   |                  |                   |
| Returned checks and other cash items | -               | 30               | -                | -                | -                 | -                | 30                |
| Sundry debits                        | -               | 154              | -                | -                | -                 | -                | 154               |
|                                      | -               | 184              | -                | -                | -                 | -                | 184               |
| <b>Total assets</b>                  | <b>P138,783</b> | <b>P150,893</b>  | <b>P44,522</b>   | <b>P35,601</b>   | <b>P56,031</b>    | <b>P798,457</b>  | <b>P1,224,387</b> |
| <i>Non-derivative liabilities</i>    |                 |                  |                  |                  |                   |                  |                   |
| Deposit liabilities                  |                 |                  |                  |                  |                   |                  |                   |
| Demand                               | P232,082        | P-               | P-               | P-               | P-                | P-               | P232,082          |
| Savings                              | 195,021         | -                | -                | -                | -                 | -                | 195,021           |
| Time and LTNCD                       | 3,168           | 171,623          | 62,678           | 7,124            | 29,440            | 18,633           | 292,666           |
|                                      | 430,271         | 171,623          | 62,678           | 7,124            | 29,440            | 18,633           | 719,769           |
| Bills payable                        | -               | 19,284           | 50,183           | 4,829            | 14,629            | 52,225           | 141,150           |
| Notes and bonds payable              | -               | 58               | 241              | 421              | 19,839            | 34,683           | 55,242            |
| Manager's checks                     | 7,334           | -                | -                | -                | -                 | -                | 7,334             |
| Accrued interest payable             | -               | 1,802            | -                | -                | -                 | -                | 1,802             |
| Accounts payable                     | -               | 12,586           | -                | -                | -                 | -                | 12,586            |
| Other liabilities                    | -               | 16,907           | -                | -                | -                 | -                | 16,907            |
|                                      | 437,605         | 222,260          | 113,102          | 12,374           | 63,908            | 105,541          | 954,790           |
| <i>Derivative Liabilities</i>        | -               | 923              | 393              | 92               | 191               | 799              | 2,398             |
| <b>Total liabilities</b>             | <b>P437,605</b> | <b>P223,183</b>  | <b>P113,495</b>  | <b>P12,466</b>   | <b>P64,099</b>    | <b>P106,340</b>  | <b>P957,188</b>   |





|                                      | Group<br>2021   |                  |                  |                  |                   |                  | Total           |
|--------------------------------------|-----------------|------------------|------------------|------------------|-------------------|------------------|-----------------|
|                                      | On<br>Demand    | Up to<br>1 month | 1 to 3<br>Months | 3 to 6<br>Months | 6 to 12<br>Months | Beyond<br>1 year |                 |
| <i>Financial assets</i>              |                 |                  |                  |                  |                   |                  |                 |
| Cash and other cash items            | ₱8,905          | ₱–               | ₱–               | ₱–               | ₱–                | ₱–               | ₱8,905          |
| Due from BSP                         | 47,439          | 55,981           | –                | –                | –                 | –                | 103,420         |
| Due from other banks                 | 54,258          | –                | –                | –                | –                 | –                | 54,258          |
| Interbank loans receivable           | –               | 17,495           | –                | –                | –                 | –                | 17,495          |
|                                      | 110,602         | 73,476           | –                | –                | –                 | –                | 184,078         |
| Financial assets at FVTPL            |                 |                  |                  |                  |                   |                  |                 |
| Derivative assets                    | –               | 85               | 239              | 253              | 139               | 677              | 1,393           |
| Debt securities                      | –               | 4,575            | –                | –                | –                 | –                | 4,575           |
| Equity securities                    | –               | –                | –                | –                | –                 | –                | –               |
| Financial assets at FVOCI            |                 |                  |                  |                  |                   |                  |                 |
| Debt securities                      | –               | 25,000           | 26,695           | 32,734           | 22                | 275              | 84,726          |
| Equity securities                    | –               | –                | –                | –                | –                 | 42               | 42              |
| Financial assets at amortized cost   | 186             | 3,117            | 1,087            | 1,005            | 3,853             | 225,532          | 234,780         |
|                                      | 186             | 32,777           | 28,021           | 33,992           | 4,014             | 226,526          | 325,516         |
| Loans and other receivables          | 2,704           | 74,117           | 34,881           | 19,958           | 29,879            | 266,905          | 428,444         |
| Other receivables                    |                 |                  |                  |                  |                   |                  |                 |
| Accounts receivable                  | –               | –                | –                | –                | –                 | 10,326           | 10,326          |
| Accrued interest receivable          | –               | 7,276            | –                | –                | –                 | –                | 7,276           |
| Sales contract receivable            | –               | 41               | 70               | 95               | 141               | 2,075            | 2,422           |
|                                      | 2,704           | 81,434           | 34,951           | 20,053           | 30,020            | 279,306          | 448,468         |
| Other financial assets               |                 |                  |                  |                  |                   |                  |                 |
| Returned checks and other cash items | –               | 169              | –                | –                | –                 | –                | 169             |
| Sundry debits                        | –               | 432              | –                | –                | –                 | –                | 432             |
|                                      | –               | 601              | –                | –                | –                 | –                | 601             |
| <b>Total assets</b>                  | <b>₱113,492</b> | <b>₱188,288</b>  | <b>₱62,972</b>   | <b>₱54,045</b>   | <b>₱34,034</b>    | <b>₱505,832</b>  | <b>₱958,663</b> |
| <i>Non-derivative liabilities</i>    |                 |                  |                  |                  |                   |                  |                 |
| Deposit liabilities                  |                 |                  |                  |                  |                   |                  |                 |
| Demand                               | ₱204,561        | ₱–               | ₱–               | ₱–               | ₱–                | ₱–               | ₱204,561        |
| Savings                              | 136,430         | –                | –                | –                | –                 | –                | 136,430         |
| Time and LTNCD                       | 2,796           | 131,090          | 30,147           | 4,077            | 12,678            | 53,842           | 234,630         |
|                                      | 343,787         | 131,090          | 30,147           | 4,077            | 12,678            | 53,842           | 575,621         |
| Bills payable                        | –               | 8,551            | 12,475           | 1,475            | 15,380            | 15,152           | 53,033          |
| Notes and bonds payable              | –               | 432              | 239              | 6,635            | 26,842            | 46,179           | 80,327          |
| Manager's checks                     | 6,864           | –                | –                | –                | –                 | –                | 6,864           |
| Accrued interest payable             | –               | 787              | –                | –                | –                 | –                | 787             |
| Accounts payable                     | –               | 5,799            | –                | –                | –                 | –                | 5,799           |
| Other liabilities                    | –               | 8,775            | –                | –                | –                 | 1,081            | 9,856           |
|                                      | 350,651         | 155,434          | 42,861           | 12,187           | 54,900            | 116,254          | 732,287         |
| <i>Derivative Liabilities</i>        | 1               | 383              | 94               | 106              | 129               | 598              | 1,311           |
| <b>Total liabilities</b>             | <b>₱350,652</b> | <b>₱155,817</b>  | <b>₱42,955</b>   | <b>₱12,293</b>   | <b>₱55,029</b>    | <b>₱116,852</b>  | <b>₱733,598</b> |

|                                      | Parent Bank<br>2022 |                  |                  |                  |                   |                  | Total             |
|--------------------------------------|---------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|
|                                      | On<br>Demand        | Up to<br>1 month | 1 to 3<br>Months | 3 to 6<br>Months | 6 to 12<br>Months | Beyond<br>1 year |                   |
| <i>Financial assets</i>              |                     |                  |                  |                  |                   |                  |                   |
| Cash and other cash items            | ₱8,924              | ₱–               | ₱–               | ₱–               | ₱–                | ₱–               | ₱8,924            |
| Due from BSP                         | 58,188              | 8,406            | –                | –                | –                 | –                | 66,594            |
| Due from other banks                 | 42,264              | –                | –                | –                | –                 | –                | 42,264            |
| SPURRA                               | –                   | 14,646           | –                | –                | –                 | –                | 14,646            |
|                                      | 109,376             | 23,052           | –                | –                | –                 | –                | 132,428           |
| Financial assets at FVTPL            |                     |                  |                  |                  |                   |                  |                   |
| Derivative assets                    | –                   | 445              | 367              | 125              | 192               | 905              | 2,034             |
| Debt securities                      | –                   | 7,408            | –                | –                | –                 | –                | 7,408             |
| Equity securities                    | –                   | –                | –                | –                | –                 | –                | –                 |
| Financial assets at FVOCI            |                     |                  |                  |                  |                   |                  |                   |
| Debt securities                      | –                   | 3,206            | 2,997            | 1,158            | 1,252             | 79,169           | 87,782            |
| Equity securities                    | –                   | –                | –                | –                | –                 | 46               | 46                |
| Financial assets at amortized cost   | –                   | 1,299            | 1,423            | 2,678            | 5,934             | 328,341          | 339,675           |
|                                      | –                   | 12,358           | 4,787            | 3,961            | 7,378             | 408,461          | 436,945           |
| Loans and other receivables          | –                   | 88,260           | 37,903           | 29,759           | 43,398            | 254,846          | 454,166           |
| Other receivables                    |                     |                  |                  |                  |                   |                  |                   |
| Accounts receivable                  | –                   | –                | –                | –                | –                 | 6,347            | 6,347             |
| Accrued interest receivable          | –                   | 6,956            | –                | –                | –                 | –                | 6,956             |
| Sales contract receivable            | –                   | 21               | 42               | 61               | 120               | 2,829            | 3,073             |
|                                      | –                   | 95,237           | 37,945           | 29,820           | 43,518            | 264,022          | 470,542           |
| Other financial assets               |                     |                  |                  |                  |                   |                  |                   |
| Returned checks and other cash items | –                   | 30               | –                | –                | –                 | –                | 30                |
| Sundry debits                        | –                   | 154              | –                | –                | –                 | –                | 154               |
|                                      | –                   | 184              | –                | –                | –                 | –                | 184               |
| <b>Total assets</b>                  | <b>₱109,376</b>     | <b>₱130,831</b>  | <b>₱42,732</b>   | <b>₱33,781</b>   | <b>₱50,896</b>    | <b>₱672,483</b>  | <b>₱1,040,099</b> |



|                                   | Parent Bank |               |               |               |                |               |          |
|-----------------------------------|-------------|---------------|---------------|---------------|----------------|---------------|----------|
|                                   | 2022        |               |               |               |                |               |          |
|                                   | On Demand   | Up to 1 month | 1 to 3 Months | 3 to 6 Months | 6 to 12 Months | Beyond 1 year | Total    |
| <i>Non-derivative liabilities</i> |             |               |               |               |                |               |          |
| Deposit liabilities               |             |               |               |               |                |               |          |
| Demand                            | ₱233,365    | ₱–            | ₱–            | ₱–            | ₱–             | ₱–            | ₱233,365 |
| Savings                           | 188,481     | –             | –             | –             | –              | –             | 188,481  |
| Time and LTNCD                    | 163         | 123,249       | 50,119        | 3,941         | 25,967         | 2,418         | 205,857  |
|                                   | 422,009     | 123,249       | 50,119        | 3,941         | 25,967         | 2,418         | 627,703  |
| Bills payable                     | –           | 19,284        | 49,173        | 398           | 692            | 35,351        | 104,898  |
| Notes and bonds payable           | –           | 58            | 241           | 421           | 19,839         | 34,683        | 55,242   |
| Manager's checks                  | 7,320       | –             | –             | –             | –              | –             | 7,320    |
| Accrued interest payable          | –           | 1,418         | –             | –             | –              | –             | 1,418    |
| Accounts payable                  | –           | 11,053        | –             | –             | –              | –             | 11,053   |
| Other liabilities                 | –           | 15,194        | –             | –             | –              | –             | 15,194   |
|                                   | 429,329     | 170,256       | 99,533        | 4,760         | 46,498         | 72,452        | 822,828  |
| <i>Derivative liabilities</i>     |             |               |               |               |                |               |          |
|                                   | –           | 923           | 393           | 92            | 191            | 799           | 2,398    |
| Total liabilities                 | ₱429,329    | ₱171,179      | ₱99,926       | ₱4,852        | ₱46,689        | ₱73,251       | ₱825,226 |

|                                      | Parent Bank |               |               |               |                |               |          |
|--------------------------------------|-------------|---------------|---------------|---------------|----------------|---------------|----------|
|                                      | 2021        |               |               |               |                |               |          |
|                                      | On Demand   | Up to 1 month | 1 to 3 Months | 3 to 6 Months | 6 to 12 Months | Beyond 1 year | Total    |
| <i>Financial assets</i>              |             |               |               |               |                |               |          |
| Cash and other cash items            | ₱7,989      | ₱–            | ₱–            | ₱–            | ₱–             | ₱–            | ₱7,989   |
| Due from BSP                         | 45,228      | 22,253        | –             | –             | –              | –             | 67,481   |
| Due from other banks                 | 51,309      | –             | –             | –             | –              | –             | 51,309   |
| Interbank loans receivable           | –           | 17,495        | –             | –             | –              | –             | 17,495   |
|                                      | 104,526     | 39,748        | –             | –             | –              | –             | 144,274  |
| Financial assets at FVTPL            |             |               |               |               |                |               |          |
| Derivative assets                    | –           | 85            | 239           | 253           | 139            | 677           | 1,393    |
| Debt securities                      | –           | 4,506         | –             | –             | –              | –             | 4,506    |
| Equity securities                    | –           | –             | –             | –             | –              | –             | –        |
| Financial assets at FVOCI            |             |               |               |               |                |               |          |
| Debt securities                      | –           | 25,000        | 26,678        | 32,733        | –              | –             | 84,411   |
| Equity securities                    | –           | –             | –             | –             | –              | 42            | 42       |
| Financial assets at amortized cost   | 186         | 3,058         | 968           | 874           | 3,623          | 221,731       | 230,440  |
|                                      | 186         | 32,649        | 27,885        | 33,860        | 3,762          | 222,450       | 320,792  |
| Loans and other receivables          | –           | 66,028        | 33,975        | 18,913        | 25,499         | 199,943       | 344,358  |
| Other receivables                    |             |               |               |               |                |               |          |
| Accounts receivable                  | –           | –             | –             | –             | –              | 5,948         | 5,948    |
| Accrued interest receivable          | –           | 5,396         | –             | –             | –              | –             | 5,396    |
| Sales contract receivable            | –           | 33            | 65            | 90            | 130            | 2,008         | 2,326    |
|                                      | –           | 71,457        | 34,040        | 19,003        | 25,629         | 207,899       | 358,028  |
| Other financial assets               |             |               |               |               |                |               |          |
| Returned checks and other cash items | –           | 169           | –             | –             | –              | –             | 169      |
| Sundry debits                        | –           | 431           | –             | –             | –              | –             | 431      |
|                                      | –           | 600           | –             | –             | –              | –             | 600      |
| Total assets                         | ₱104,712    | ₱144,454      | ₱61,925       | ₱52,863       | ₱29,391        | ₱430,349      | ₱823,694 |

|                                   |          |         |         |         |         |         |          |
|-----------------------------------|----------|---------|---------|---------|---------|---------|----------|
| <i>Non-derivative liabilities</i> |          |         |         |         |         |         |          |
| Deposit liabilities               |          |         |         |         |         |         |          |
| Demand                            | ₱206,254 | ₱–      | ₱–      | ₱–      | ₱–      | ₱–      | ₱206,254 |
| Savings                           | 132,075  | –       | –       | –       | –       | –       | 132,075  |
| Time and LTNCD                    | 67       | 78,729  | 23,604  | 1,741   | 9,532   | 45,205  | 158,878  |
|                                   | 338,396  | 78,729  | 23,604  | 1,741   | 9,532   | 45,205  | 497,207  |
| Bills payable                     | –        | 5,546   | 10,468  | 30      | 7,726   | 5,295   | 29,065   |
| Notes and bonds payable           | –        | 432     | 239     | 6,635   | 26,842  | 46,179  | 80,327   |
| Manager's checks                  | 6,864    | –       | –       | –       | –       | –       | 6,864    |
| Accrued interest payable          | –        | 627     | –       | –       | –       | –       | 627      |
| Accounts payable                  | –        | 4,827   | –       | –       | –       | –       | 4,827    |
| Other liabilities                 | –        | 7,627   | –       | –       | –       | 1,081   | 8,708    |
|                                   | 345,260  | 97,788  | 34,311  | 8,406   | 44,100  | 97,760  | 627,625  |
| <i>Derivative liabilities</i>     |          |         |         |         |         |         |          |
|                                   | 1        | 383     | 94      | 106     | 129     | 598     | 1,311    |
| Total liabilities                 | ₱345,261 | ₱98,171 | ₱34,405 | ₱ 8,512 | ₱44,229 | ₱98,358 | ₱628,936 |



BSP Reporting*Liquidity Coverage Ratio (LCR)*

BSP Circular No. 905 provides the implementing guidelines on LCR and disclosure standards that are consistent with Basel III framework. The LCR is calculated as the ratio of stock of high quality liquid assets (HQLA) over the total net cash outflows over the next 30 calendar days, which should not be lower than 100%. The Group is required to disclose information related to the liquidity coverage ratio (LCR) in a single currency and on solo and consolidated basis starting 2019.

The Group's and the Parent Bank's LCR as of December 31, 2022 and 2021 follows (amounts in millions):

|                         | <b>December 31, 2022</b> |                    |
|-------------------------|--------------------------|--------------------|
|                         | <b>Group</b>             | <b>Parent Bank</b> |
| Total HQLA              | <b>₱284,622</b>          | <b>₱238,303</b>    |
| Total net cash outflows | <b>191,939</b>           | <b>167,553</b>     |
| LCR Ratio               | <b>148.29%</b>           | <b>142.23%</b>     |

|                         | December 31, 2021 |             |
|-------------------------|-------------------|-------------|
|                         | Group             | Parent Bank |
| Total HQLA              | ₱296,558          | ₱247,494    |
| Total net cash outflows | 109,038           | 79,124      |
| LCR Ratio               | 271.98%           | 312.79%     |

*Net Stable Funding Ratio (NSFR)*

On June 6, 2018, the BSP issued BSP Circular No.1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR). The NSFR is aimed to promote long-term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short term resilience of a bank's liquidity profile. Banks shall maintain an NSFR of at least 100 percent (100%) at all times. The implementation of the minimum NSFR shall be phased in to help ensure that covered banks can meet the standard through reasonable measures without disrupting credit extension and financial market activities. Banks shall comply with the prescribed minimum ratio of 100%. As of December 31, 2022 and 2021, the NSFR was at 123.81% and 148.88%, respectively, for the Group, and at 122.03% and 150.21%, respectively, for the Parent Bank.

Market Risk

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



The Parent Bank applies a VaR methodology to assess the market risk of positions held and to estimate the potential economic loss based upon a number of parameters and assumptions for various changes in market conditions. VaR is a method used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. Currently, the Bank uses a 10-day 99% VaR.

The Parent Bank shifted from using the historical simulation with partial revaluation approach to the historical simulation with full revaluation approach in calculating VaR starting May 2022. The historical simulation with full revaluation approach is the general market accepted methodology in the measurement of VaR. This new methodology recalculates the market value of each financial product for each scenario by applying simulated risk factors based on historical movements to the market-accepted valuation methodology defined for each product.

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

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

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

A summary of the Parent Bank's VaR position at December 31, 2022 and 2021 follows (amounts in millions of Philippine pesos)

|               | <b>Foreign<br/>Exchange</b> | <b>Interest Rate</b> | <b>Equity</b> | <b>Total VaR</b> |
|---------------|-----------------------------|----------------------|---------------|------------------|
| <b>2022</b>   | <b>₱135.4</b>               | <b>₱1,132.7</b>      | <b>₱—</b>     | <b>₱1,574.3</b>  |
| Average daily | 97.6                        | 2,441.5              | —             | 3,141.7          |
| Highest       | 233.3                       | 5,001.8              | —             | 5,026.6          |
| Lowest        | 7.9                         | 1,132.7              | —             | 1,574.3          |
| <br>2021      | <br>₱24.6                   | <br>₱2,868.8         | <br>₱—        | <br>₱2,893.4     |
| Average daily | 35.9                        | 3,025.5              | 116.9         | 3,178.3          |
| Highest       | 103.8                       | 6,694.7              | 176.8         | 6,916.3          |
| Lowest        | 8.3                         | 1,962.0              | —             | 2,139.0          |

The high and low of the total portfolio may not equal to the sum of the individual components as the highs and lows of the individual portfolios may have occurred on different trading days.



Interest Rate Risk

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

The Group employs "gap analysis" to measure rate-sensitivity of the income and expenses, also known as Earnings-at-Risk (EaR). This sensitivity analysis is performed at least every month. The EaR measures the impact on the net interest income for any mismatch between the amounts of interest-earning assets and interest-bearing liabilities within a one-year period. The EaR is calculated by first distributing the interest sensitive assets and liabilities into tenor buckets based on time remaining to the next repricing date or the time remaining to maturity if there is no repricing and then subtracting the liabilities from the assets to obtain the repricing gap. The repricing gap per tenor bucket is then multiplied by the assumed interest rate movement and appropriate time factor to derive the EaR per tenor. The Bank uses one-year differences in the term structure of the different benchmark curves as the bases for the calculation of interest rate risk factor across all currencies. The 1<sup>st</sup> year (one-year) EaR is derived from the summation of the EaR per tenor within one year is subject to the established EaR limit per currency. With the acquisition of Citibank's retail portfolio, EaR limits were reviewed and updated to ensure that the risks brought by the changes in the balance sheet and liquidity strategies are within the risk appetite of the Bank.

As an additional interest rate risk measure, the Bank also calculates EaR for the 2<sup>nd</sup> and 3<sup>rd</sup> years in order to measure medium term vulnerabilities, i.e., those occurring in the second and third years. However, these are not subject to the EaR limit but are for monitoring purposes only.

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

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



The asset-liability gap position of the Group and Parent Bank at carrying amounts follows (amounts in millions of Philippine pesos):

| <b>Group</b>               |                   |                    |                 |                 |
|----------------------------|-------------------|--------------------|-----------------|-----------------|
| <b>2022</b>                |                   |                    |                 |                 |
|                            | <b>Up to</b>      | <b>Beyond</b>      | <b>Beyond</b>   |                 |
|                            | <b>Six Months</b> | <b>Six Months</b>  | <b>One Year</b> | <b>Total</b>    |
|                            |                   | <b>To One Year</b> |                 |                 |
| <i>Resources</i>           |                   |                    |                 |                 |
| Loans                      | <b>₱175,926</b>   | <b>₱67,406</b>     | <b>₱236,326</b> | <b>₱479,658</b> |
| Placements                 | <b>103,164</b>    | <b>–</b>           | <b>61,240</b>   | <b>164,404</b>  |
| Investments                | <b>6,539</b>      | <b>2,678</b>       | <b>323,826</b>  | <b>333,043</b>  |
|                            | <b>285,629</b>    | <b>70,084</b>      | <b>621,392</b>  | <b>977,105</b>  |
| <i>Liabilities</i>         |                   |                    |                 |                 |
| Deposit liabilities        | <b>235,191</b>    | <b>27,557</b>      | <b>448,556</b>  | <b>711,304</b>  |
| Bills payable              | <b>94,048</b>     | <b>13,431</b>      | <b>25,368</b>   | <b>132,847</b>  |
| Notes and bonds payable    | <b>8,313</b>      | <b>19,035</b>      | <b>24,296</b>   | <b>51,644</b>   |
|                            | <b>337,552</b>    | <b>60,023</b>      | <b>498,220</b>  | <b>895,795</b>  |
| <b>Asset-Liability Gap</b> | <b>(₱51,923)</b>  | <b>₱10,061</b>     | <b>₱123,172</b> | <b>₱81,310</b>  |

| <b>Group</b>               |                   |                    |                 |                 |
|----------------------------|-------------------|--------------------|-----------------|-----------------|
| <b>2021</b>                |                   |                    |                 |                 |
|                            | <b>Up to</b>      | <b>Beyond</b>      | <b>Beyond</b>   |                 |
|                            | <b>Six Months</b> | <b>Six Months</b>  | <b>One Year</b> | <b>Total</b>    |
|                            |                   | <b>To One Year</b> |                 |                 |
| <i>Resources</i>           |                   |                    |                 |                 |
| Loans                      | <b>₱161,687</b>   | <b>₱39,162</b>     | <b>₱158,926</b> | <b>₱359,775</b> |
| Placements                 | <b>127,719</b>    | <b>–</b>           | <b>47,439</b>   | <b>175,158</b>  |
| Investments                | <b>1,544</b>      | <b>2,448</b>       | <b>232,617</b>  | <b>236,609</b>  |
|                            | <b>290,950</b>    | <b>41,610</b>      | <b>438,982</b>  | <b>771,542</b>  |
| <i>Liabilities</i>         |                   |                    |                 |                 |
| Deposit liabilities        | <b>167,478</b>    | <b>11,577</b>      | <b>388,445</b>  | <b>567,500</b>  |
| Bills payable              | <b>29,303</b>     | <b>7,582</b>       | <b>14,283</b>   | <b>51,168</b>   |
| Notes and bonds payable    | <b>13,380</b>     | <b>25,500</b>      | <b>30,975</b>   | <b>69,855</b>   |
|                            | <b>210,161</b>    | <b>44,659</b>      | <b>433,703</b>  | <b>688,523</b>  |
| <b>Asset-Liability Gap</b> | <b>₱80,789</b>    | <b>(₱3,049)</b>    | <b>₱5,279</b>   | <b>₱83,019</b>  |

| <b>Parent Bank</b>         |                   |                    |                 |                 |
|----------------------------|-------------------|--------------------|-----------------|-----------------|
| <b>2022</b>                |                   |                    |                 |                 |
|                            | <b>Up to</b>      | <b>Beyond</b>      | <b>Beyond</b>   |                 |
|                            | <b>Six Months</b> | <b>Six Months</b>  | <b>One Year</b> | <b>Total</b>    |
|                            |                   | <b>To One Year</b> |                 |                 |
| <i>Resources</i>           |                   |                    |                 |                 |
| Loans                      | <b>₱164,730</b>   | <b>₱57,440</b>     | <b>₱166,832</b> | <b>₱389,002</b> |
| Placements                 | <b>56,906</b>     | <b>–</b>           | <b>66,580</b>   | <b>123,486</b>  |
| Investments                | <b>6,464</b>      | <b>2,658</b>       | <b>314,330</b>  | <b>323,452</b>  |
|                            | <b>228,100</b>    | <b>60,098</b>      | <b>547,742</b>  | <b>835,940</b>  |
| <i>Liabilities</i>         |                   |                    |                 |                 |
| Deposit liabilities        | <b>174,915</b>    | <b>24,956</b>      | <b>424,050</b>  | <b>623,921</b>  |
| Bills payable              | <b>88,764</b>     | <b>–</b>           | <b>10,545</b>   | <b>99,309</b>   |
| Notes and bonds payable    | <b>8,313</b>      | <b>19,035</b>      | <b>24,296</b>   | <b>51,644</b>   |
|                            | <b>271,992</b>    | <b>43,991</b>      | <b>458,891</b>  | <b>774,874</b>  |
| <b>Asset-Liability Gap</b> | <b>(₱43,892)</b>  | <b>₱16,107</b>     | <b>₱88,851</b>  | <b>₱61,066</b>  |



|                         | Parent Bank         |                                     |                    | Total    |
|-------------------------|---------------------|-------------------------------------|--------------------|----------|
|                         | 2021                |                                     |                    |          |
|                         | Up to<br>Six Months | Beyond<br>Six Months<br>To One Year | Beyond<br>One Year |          |
| <i>Resources</i>        |                     |                                     |                    |          |
| Loans                   | ₱142,490            | ₱28,877                             | ₱119,680           | ₱291,047 |
| Placements              | 91,052              | —                                   | 45,228             | 136,280  |
| Investments             | 1,450               | 2,428                               | 228,138            | 232,016  |
|                         | 234,992             | 31,305                              | 393,046            | 659,343  |
| <i>Liabilities</i>      |                     |                                     |                    |          |
| Deposit liabilities     | 104,038             | 8,472                               | 380,549            | 493,059  |
| Bills payable           | 23,011              | 1                                   | 5,566              | 28,578   |
| Notes and bonds payable | 13,380              | 25,500                              | 30,910             | 69,790   |
|                         | 140,429             | 33,973                              | 417,025            | 591,427  |
| Asset-Liability Gap     | ₱94,563             | (₱2,668)                            | (₱23,979)          | ₱67,916  |

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

Additionally, the Bank also monitors long-term sensitivity to interest rate risk of the Bank's balance sheet through the Economic Value of Equity (EVE) method. EVE measures the economic value which provides a more comprehensive view of potential long-term effects of changes in interest rates. EVE is defined as the net cash flows of the Bank's assets and liabilities which affect the Bank's capital. Similar to EaR, EVE is also complemented by stress tests conducted quarterly.

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

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

The following table sets out the impact of changes in interest rates on the Group's and Parent Bank's net interest income (amounts in millions of Philippine pesos):

| Increase (decrease) in interest rates<br>(in basis points) | Group           |               | Parent Bank     |               |
|------------------------------------------------------------|-----------------|---------------|-----------------|---------------|
|                                                            | 100             | (100)         | 100             | (100)         |
| <b>2022</b>                                                |                 |               |                 |               |
| Change in annualized net interest income                   | <b>(₱927.8)</b> | <b>₱927.8</b> | <b>(₱606.3)</b> | <b>₱606.3</b> |
| As a percentage of net interest income                     | <b>(1.49%)</b>  | <b>1.49%</b>  | <b>(1.32%)</b>  | <b>1.32%</b>  |
| <b>2021</b>                                                |                 |               |                 |               |
| Change in annualized net interest income                   | <b>(₱346)</b>   | <b>₱346</b>   | <b>(₱173.4)</b> | <b>₱173.4</b> |
| As a percentage of net interest income                     | <b>(0.95%)</b>  | <b>0.95%</b>  | <b>(0.67%)</b>  | <b>0.67%</b>  |



This sensitivity analysis is performed for risk management purposes and assumes no other changes in the repricing structure. Actual changes in net interest income may vary from the Bank's internal model.

#### Foreign Exchange Risk

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

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

The breakdown of the financial resources and financial liabilities of the Group and the Parent Bank as to foreign currency-denominated balances (excluding FCDU USD-denominated financial resources and liabilities, which functional currency is in USD), translated to Philippine pesos as of December 31, 2022 and 2021 is shown below:

|                                     | <b>Group</b>         |                                 |                      |
|-------------------------------------|----------------------|---------------------------------|----------------------|
|                                     | <b>2022</b>          |                                 |                      |
|                                     | <b>U.S. Dollars</b>  | <b>Other Foreign Currencies</b> | <b>Total</b>         |
| <i>Resources:</i>                   |                      |                                 |                      |
| Cash and other cash items           | <b>₱15,207</b>       | <b>₱592,166</b>                 | <b>₱607,373</b>      |
| Due from other banks                | <b>5,507,861</b>     | <b>2,783,336</b>                | <b>8,291,197</b>     |
| Financial assets at FVTPL           | <b>—</b>             | <b>955</b>                      | <b>955</b>           |
| Financial assets at amortized cost  | <b>—</b>             | <b>1,868,279</b>                | <b>1,868,279</b>     |
| Loans and other receivables         | <b>3,579,372</b>     | <b>147,946</b>                  | <b>3,727,318</b>     |
|                                     | <b>9,102,440</b>     | <b>5,392,682</b>                | <b>14,495,122</b>    |
| <i>Liabilities:</i>                 |                      |                                 |                      |
| Deposit liabilities                 | <b>—</b>             | <b>4,416,831</b>                | <b>4,416,831</b>     |
| Bills payable                       | <b>75,173,396</b>    | <b>12,103</b>                   | <b>75,185,499</b>    |
| Notes and bonds payable             | <b>6,969,375</b>     | <b>—</b>                        | <b>6,969,375</b>     |
| Derivative liabilities              | <b>—</b>             | <b>1,567</b>                    | <b>1,567</b>         |
| Accrued interest and other expenses | <b>451,087</b>       | <b>210</b>                      | <b>451,297</b>       |
| Other liabilities                   | <b>59,019</b>        | <b>98,364</b>                   | <b>157,383</b>       |
|                                     | <b>82,652,877</b>    | <b>4,529,075</b>                | <b>87,181,952</b>    |
| Currency swaps and forwards         | <b>49,162,467</b>    | <b>(648,950)</b>                | <b>48,513,517</b>    |
| Net exposure                        | <b>(₱24,387,970)</b> | <b>₱214,657</b>                 | <b>(₱24,173,313)</b> |





|                                     | Group        |                          |              |
|-------------------------------------|--------------|--------------------------|--------------|
|                                     | 2021         |                          |              |
|                                     | U.S. Dollars | Other Foreign Currencies | Total        |
| <i>Resources:</i>                   |              |                          |              |
| Cash and other cash items           | P–           | P155,222                 | P155,222     |
| Due from other banks                | 3,534,375    | 2,068,406                | 5,602,781    |
| Financial assets at FVTPL           | 296,385      | 297                      | 296,682      |
| Financial assets at amortized cost  | –            | 1,819,081                | 1,819,081    |
| Loans and other receivables         | 3,596,552    | 77,288                   | 3,673,840    |
|                                     | 7,427,312    | 4,120,294                | 11,547,606   |
| <i>Liabilities:</i>                 |              |                          |              |
| Deposit liabilities                 | –            | 3,424,433                | 3,424,433    |
| Bills payable                       | 17,533,771   | 2,617                    | 17,536,388   |
| Notes and bonds payable             | 6,363,928    | –                        | 6,363,928    |
| Derivative liabilities              | 282,180      | 1,621                    | 283,801      |
| Accrued interest and other expenses | 34,781       | 308                      | 35,089       |
| Other liabilities                   | 71           | 78,055                   | 78,126       |
|                                     | 24,214,731   | 3,507,034                | 27,721,765   |
| Currency swaps and forwards         | 6,811,745    | (401,366)                | 6,410,379    |
| Net exposure                        | (P9,975,674) | P211,894                 | (P9,763,780) |

|                                     | Parent Bank   |                          |               |
|-------------------------------------|---------------|--------------------------|---------------|
|                                     | 2022          |                          |               |
|                                     | U.S. Dollars  | Other Foreign Currencies | Total         |
| <i>Resources:</i>                   |               |                          |               |
| Cash and other cash items           | P15,207       | P592,166                 | P607,373      |
| Due from other banks                | 5,323,373     | 2,783,335                | 8,106,708     |
| Financial assets at FVTPL           | –             | 955                      | 955           |
| Financial assets at amortized cost  | –             | 1,868,279                | 1,868,279     |
| Loans and other receivables         | 3,579,372     | 147,946                  | 3,727,318     |
|                                     | 8,917,952     | 5,392,681                | 14,310,633    |
| <i>Liabilities:</i>                 |               |                          |               |
| Deposit liabilities                 | –             | 4,416,831                | 4,416,831     |
| Bills payable                       | 75,173,396    | 12,103                   | 75,185,499    |
| Notes and bonds payable             | 6,969,375     | –                        | 6,969,375     |
| Derivative liabilities              | –             | 1,567                    | 1,567         |
| Accrued interest and other expenses | 451,087       | 210                      | 451,297       |
| Other liabilities                   | 59,019        | 98,364                   | 157,383       |
|                                     | 82,652,877    | 4,529,075                | 87,181,952    |
| Currency swaps and forwards         | 49,162,467    | (648,950)                | 48,513,517    |
| Net exposure                        | (P24,572,458) | P214,656                 | (P24,357,802) |



|                                     | Parent Bank   |                          |              |
|-------------------------------------|---------------|--------------------------|--------------|
|                                     | 2021          |                          |              |
|                                     | U.S. Dollars  | Other Foreign Currencies | Total        |
| <i>Resources:</i>                   |               |                          |              |
| Cash and other cash items           | ₱—            | ₱155,222                 | ₱155,222     |
| Due from other banks                | 3,404,899     | 2,068,406                | 5,473,305    |
| Financial assets at FVTPL           | 296,385       | 297                      | 296,682      |
| Financial assets at amortized cost  | —             | 1,819,081                | 1,819,081    |
| Loans and other receivables         | 3,593,305     | 77,288                   | 3,670,593    |
|                                     | 7,294,589     | 4,120,294                | 11,414,883   |
| <i>Liabilities:</i>                 |               |                          |              |
| Deposit liabilities                 | —             | 3,424,433                | 3,424,433    |
| Bills payable                       | 17,533,771    | 2,617                    | 17,536,388   |
| Notes and bonds payable             | 6,363,928     | —                        | 6,363,928    |
| Derivative liabilities              | 282,180       | 1,621                    | 283,801      |
| Accrued interest and other expenses | 34,781        | 308                      | 35,089       |
| Other liabilities                   | 71            | 78,055                   | 78,126       |
|                                     | 24,214,731    | 3,507,034                | 27,721,765   |
| Currency swaps and forwards         | 6,811,745     | (401,366)                | 6,410,379    |
| Net exposure                        | (₱10,108,397) | ₱211,894                 | (₱9,896,503) |

The Parent Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Parent Bank believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for a financial institution engaged in the type of business in which the Parent Bank is involved.

The following table illustrates the sensitivity of the net results and capital funds to the changes in foreign exchange rates on the Parent Bank's financial assets and financial liabilities in the RBU. The percentages change (increase and decrease) have been determined based on the average market volatility in exchange rates in the previous 12 months, using a confidence level of 99%. The sensitivity analysis is based on the Parent Bank's foreign currency-denominated financial instruments held at each reporting date, including currency swaps and forwards.

|              | 2022     |                                   | 2021     |                                   |
|--------------|----------|-----------------------------------|----------|-----------------------------------|
|              | % Change | Effect on Net Profit For the Year | % Change | Effect on Net Profit For the Year |
| U.S. dollars | 1.0%     | (245,721)                         | 1.0%     | (104,773)                         |
| Japanese yen | 2.0%     | 1,250                             | 2.5%     | 822                               |
| Euros        | 1.5%     | 2,529                             | 2.0%     | 2,122                             |
| Others       | 1.6%     | (355)                             | 1.6%     | 1,384                             |

### Operational Risk

BSP Circular 900, Guidelines on Operational Risk Management, serve as the groundwork for the Bank's Operational Risk Management (ORM) framework. This is to standardize the approach undertaken by the Bank in order to facilitate consistently strong ORM practices across the organization.

Operational risk is defined as the risk of loss arising from direct or indirect loss from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Direct loss being the result primarily from



an operational failure while an indirect loss relates to the impact of operational risk on other risks such as market, credit or liquidity risk.

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

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

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

#### Legal Risk and Regulatory Risk Management

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

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



## 5. Capital Management

### Regulatory Capital

As the Parent Bank's regulator, the BSP sets and monitors capital requirements of the Parent Bank.

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

Effective January 1, 2014, the BSP has adopted the new risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for the Philippine banking system in accordance with the Basel III standards through BSP Circular No. 781. The adopted Basel III risk-based capital adequacy framework requires the Group to maintain:

- (a) Common Equity Tier 1 (CET1) of at least 6.0% of risk-weighted assets;
- (b) Tier 1 Capital of at least 7.5% of risk-weighted assets;
- (c) Qualifying Capital (Tier 1 plus Tier 2 Capital) of at least 10.0% of risk-weighted assets; and,
- (d) Capital Conservation Buffer of 2.5% of risk-weighted assets, comprised of CET1 Capital.

On November 29, 2018, the BSP amended the requirements of Subsection X115.1 of the Manual for Regulations for Banks (MORB) through BSP Circular No. 1024. The amendment requires the Group and the Parent Bank to maintain, with respect to the CET 1 requirement, in addition to the minimum, the following capital buffers:

- (a) Capital conservation buffer (CCB) of 2.5%; and
- (b) Countercyclical capital buffer (CCyB) of 0% subject to upward adjustment to a rate determined by the MB when systemic conditions warrant but not to exceed to 2.5%.

The Group's and the Parent Bank's regulatory capital position as of December 31, 2022 and 2021, as reported to the BSP, follow (amounts in millions):

|                                                                                                                                                                                               | <b>Group</b>    |             | <b>Parent Bank</b> |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------|--------------------|-------------|
|                                                                                                                                                                                               | <b>2022</b>     | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| Common Equity Tier 1 Capital                                                                                                                                                                  |                 |             |                    |             |
| Paid-up common stock                                                                                                                                                                          | <b>₱21,421</b>  | ₱12,194     | <b>₱21,421</b>     | ₱12,194     |
| Common stock dividends distributable                                                                                                                                                          | —               | 3,048       | —                  | 3,048       |
| Additional paid in capital                                                                                                                                                                    | <b>47,950</b>   | 14,215      | <b>47,950</b>      | 14,215      |
| Surplus free                                                                                                                                                                                  | <b>77,052</b>   | 68,301      | <b>78,044</b>      | 69,543      |
| Undivided profits                                                                                                                                                                             | <b>11,506</b>   | 12,913      | <b>12,093</b>      | 12,754      |
| Other comprehensive income/(loss)                                                                                                                                                             | <b>(15,289)</b> | (2,887)     | <b>(15,384)</b>    | (2,807)     |
| Minority interest in financial allied subsidiary                                                                                                                                              | <b>866</b>      | 796         | —                  | —           |
| Sub-total                                                                                                                                                                                     | <b>143,506</b>  | 108,580     | <b>144,124</b>     | 108,947     |
| Less Regulatory Adjustments:                                                                                                                                                                  |                 |             |                    |             |
| Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI, and unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates | <b>293</b>      | 441         | <b>1,191</b>       | 330         |
| Deferred income tax                                                                                                                                                                           | <b>7,288</b>    | 6,478       | <b>5,301</b>       | 5,172       |
| Goodwill                                                                                                                                                                                      | <b>57,232</b>   | 13,936      | <b>51,456</b>      | 7,887       |
| Other intangible assets                                                                                                                                                                       | <b>3,760</b>    | 2,233       | <b>1,499</b>       | 1,723       |
| Defined benefit pension fund assets                                                                                                                                                           | <b>7</b>        | 15          | —                  | —           |
| Un-booked valuation reserves                                                                                                                                                                  | <b>2,109</b>    | 2,435       | <b>1,694</b>       | 2,019       |



|                                                                                                                 | Group    |          | Parent Bank |          |
|-----------------------------------------------------------------------------------------------------------------|----------|----------|-------------|----------|
|                                                                                                                 | 2022     | 2021     | 2022        | 2021     |
| Investments in equity of consolidated subsidiary banks and quasi banks, and other financial allied undertakings | P–       | P–       | P31,325     | P22,722  |
| Other equity investments in non-financial allied and non-allied undertakings                                    | –        | –        | –           | –        |
| Total regulatory adjustments to Common Equity Tier 1 capital                                                    | 70,689   | 25,538   | 92,466      | 39,853   |
| Total Common Equity Tier 1 capital                                                                              | 72,817   | 83,042   | 51,658      | 69,094   |
| Total Tier 1 capital                                                                                            | P72,817  | P83,042  | P51,658     | P69,094  |
| Tier 2 Capital                                                                                                  |          |          |             |          |
| General loan loss provision                                                                                     | P4,443   | P3,820   | P3,268      | P2,588   |
| Unsecured subordinated debt                                                                                     | 6,756    | 6,800    | 6,756       | 6,800    |
| Total Tier 2 capital                                                                                            | 11,199   | 10,620   | 10,024      | 9,388    |
| Net Tier 1 capital                                                                                              | 72,817   | 83,042   | 51,658      | 69,094   |
| Net Tier 2 capital                                                                                              | 11,199   | 10,620   | 10,024      | 9,388    |
| Total qualifying capital                                                                                        | 84,016   | 93,662   | 61,682      | 78,482   |
| Credit risk-weighted assets                                                                                     | 556,365  | 451,323  | 455,410     | 381,172  |
| Market risk-weighted assets                                                                                     | 7,127    | 4,619    | 6,831       | 4,361    |
| Operational risk-weighted assets                                                                                | 80,922   | 52,642   | 60,374      | 40,009   |
| Total risk-weighted assets                                                                                      | P644,414 | P508,584 | P522,615    | P425,542 |
| Capital ratios:                                                                                                 |          |          |             |          |
| Total regulatory capital expressed as percentage of total risk weighted assets                                  | 13.04%   | 18.42%   | 11.80%      | 18.44%   |
| Total Tier 1 expressed as percentage of total risk-weighted assets                                              | 11.30%   | 16.33%   | 9.88%       | 16.24%   |
| Total Common Equity Tier 1 expressed as percentage of total risk-weighted assets                                | 11.30%   | 16.33%   | 9.88%       | 16.24%   |
| Conservation buffer                                                                                             | 5.30%    | 10.33%   | 3.88%       | 10.24%   |

The Group and the Parent Bank have fully complied with the CAR requirements of the BSP.

The breakdown of credit risk-weighted assets, market risk-weighted assets and operational risk-weighted assets follow (amounts in millions):

|                                                          | Group    |          | Parent Bank |          |
|----------------------------------------------------------|----------|----------|-------------|----------|
|                                                          | 2022     | 2021     | 2022        | 2021     |
| On-books assets                                          | P534,813 | P436,531 | P433,867    | P366,398 |
| Off-books assets                                         | 10,410   | 10,699   | 10,401      | 10,681   |
| Counterparty risk-weighted assets in the banking books   | 9,619    | 2,830    | 9,619       | 2,830    |
| assets in the trading books                              | 1,523    | 1,263    | 1,523       | 1,263    |
| Total Credit Risk-Weighted Assets                        | P556,365 | P451,323 | P455,410    | P381,172 |
| Capital Requirements                                     | P55,637  | P45,132  | P45,541     | P38,117  |
| Interest rate exposures                                  | P5,419   | P3,511   | P5,419      | P3,511   |
| Equity exposures                                         | –        | –        | –           | –        |
| Foreign exchange exposures                               | 1,708    | 1,108    | 1,412       | 850      |
| Total Market Risk-Weighted Assets                        | P7,127   | P4,619   | P6,831      | P4,361   |
| Capital Requirements                                     | P713     | P462     | P683        | P436     |
| Total Operational Risk-Weighted Assets - Basic indicator | P80,922  | P52,642  | P60,374     | P40,009  |
| Capital Requirements                                     | P8,092   | P5,264   | P6,037      | P4,001   |



The total credit exposure broken down by type of exposures and risk weights follow (amounts in millions):

|                                                                                                                                                                                                | Group<br>2022                                |                                                              |          |          |         |                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------|----------|----------|---------|-----------------------------|
|                                                                                                                                                                                                | Credit Risk<br>Total Credit<br>Risk Exposure | Total<br>Credit Risk<br>Exposure<br>after Risk<br>Mitigation | 0%-50%   | 75%-100% | 150%    | Total<br>Weighted<br>Assets |
| Risk-Weighted On-Books Assets                                                                                                                                                                  |                                              |                                                              |          |          |         |                             |
| Cash on hand                                                                                                                                                                                   | ₱9,873                                       | ₱9,873                                                       | ₱9,873   | ₱ –      | ₱ –     | ₱ –                         |
| Checks and other cash items                                                                                                                                                                    | 18                                           | 18                                                           | 18       | –        | –       | 4                           |
| Due from BSP                                                                                                                                                                                   | 94,630                                       | 94,630                                                       | 94,630   | –        | –       | –                           |
| Due from other banks                                                                                                                                                                           | 46,254                                       | 46,254                                                       | 43,111   | 3,144    | –       | 22,893                      |
| Financial assets at FVTPL                                                                                                                                                                      | 39                                           | 39                                                           | –        | 39       | –       | 39                          |
| Financial assets at FVOCI                                                                                                                                                                      | 80,679                                       | 69,443                                                       | 49,460   | 19,983   | –       | 24,253                      |
| Financial assets at amortized cost                                                                                                                                                             | 248,372                                      | 248,372                                                      | 228,213  | 20,159   | –       | 27,287                      |
| Loans and receivables                                                                                                                                                                          | 461,304                                      | 459,917                                                      | 91,711   | 361,647  | 6,560   | 407,172                     |
| SPURRA                                                                                                                                                                                         | 23,565                                       | 3,323                                                        | 3,323    | –        | –       | –                           |
| Sales contract receivable (SCR)                                                                                                                                                                | 2,162                                        | 2,162                                                        | –        | 1,039    | 1,123   | 2,724                       |
| ROPA                                                                                                                                                                                           | 5,297                                        | 5,297                                                        | –        | –        | 5,297   | 7,946                       |
| Other assets                                                                                                                                                                                   | 39,045                                       | 39,045                                                       | –        | 39,045   | –       | 39,045                      |
| Total risk-weighted on-books assets not covered by CRM                                                                                                                                         | 1,011,238                                    | 978,373                                                      | 520,339  | 445,056  | 12,980  | 531,363                     |
| Total risk-weighted on-books assets covered by CRM                                                                                                                                             | –                                            | 32,864                                                       | 32,864   | –        | –       | 3,450                       |
|                                                                                                                                                                                                | ₱1,011,238                                   | ₱1,011,237                                                   | ₱553,203 | ₱445,056 | ₱12,980 | ₱534,813                    |
| Risk-Weighted Off-Books Assets                                                                                                                                                                 |                                              |                                                              |          |          |         |                             |
| Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances)                                                                                                            | ₱4,536                                       | ₱–                                                           | ₱–       | ₱4,536   | ₱–      | ₱4,536                      |
| Transaction-related contingencies (e.g., performance bonds, bid bonds, warranties and stand-by LCs related to particular transactions)                                                         | 4,600                                        | –                                                            | –        | 2,300    | –       | 2,300                       |
| Trade-related contingencies arising from movements of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one year | 17,873                                       | –                                                            | –        | 3,574    | –       | 3,574                       |
|                                                                                                                                                                                                | ₱27,009                                      | ₱–                                                           | ₱–       | ₱10,410  | ₱–      | ₱10,410                     |
| Counterparty Risk-Weighted Assets in the Banking Books                                                                                                                                         |                                              |                                                              |          |          |         |                             |
| Repo-style Exposure                                                                                                                                                                            | ₱97,000                                      | ₱18,770                                                      | ₱18,302  | ₱468     | ₱–      | ₱9,619                      |
| Counterparty Risk-Weighted Assets in the Trading Books                                                                                                                                         |                                              |                                                              |          |          |         |                             |
| Interest Rate Contracts                                                                                                                                                                        | ₱1,115                                       | ₱–                                                           | ₱–       | ₱–       | ₱–      | ₱–                          |
| Exchange Rate Contracts                                                                                                                                                                        | 107,982                                      | 2,413                                                        | 1,685    | 728      | –       | 1,523                       |
| Total                                                                                                                                                                                          | ₱109,097                                     | ₱2,413                                                       | ₱1,685   | ₱728     | ₱–      | ₱1,523                      |



|                                                                                                                                                                                                | Group<br>2021                                |                                                              |                 |                 |                | Total<br>Weighted<br>Assets |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------|-----------------|-----------------|----------------|-----------------------------|
|                                                                                                                                                                                                | Credit Risk<br>Total Credit<br>Risk Exposure | Total<br>Credit Risk<br>Exposure<br>after Risk<br>Mitigation | 0%-50%          | 75%-100%        | 150%           |                             |
| <b>Risk-Weighted On-Books Assets</b>                                                                                                                                                           |                                              |                                                              |                 |                 |                |                             |
| Cash on hand                                                                                                                                                                                   | ₱8,893                                       | ₱8,893                                                       | ₱8,893          | ₱ –             | ₱ –            | ₱ –                         |
| Checks and other cash items                                                                                                                                                                    | 10                                           | 10                                                           | 10              | –               | –              | 2                           |
| Due from BSP                                                                                                                                                                                   | 103,413                                      | 103,413                                                      | 103,413         | –               | –              | –                           |
| Due from other banks                                                                                                                                                                           | 54,287                                       | 54,287                                                       | 52,378          | 1,909           | –              | 27,510                      |
| Financial assets at FVTPL                                                                                                                                                                      | 38                                           | 38                                                           | –               | 38              | –              | 38                          |
| Financial assets at FVOCI                                                                                                                                                                      | 66,230                                       | 48,510                                                       | 27,306          | 21,204          | –              | 21,925                      |
| Financial assets at amortized cost                                                                                                                                                             | 169,602                                      | 169,602                                                      | 150,330         | 19,272          | –              | 26,753                      |
| Loans and receivables                                                                                                                                                                          | 340,587                                      | 340,465                                                      | 44,197          | 288,980         | 7,288          | 318,599                     |
| SPURRA                                                                                                                                                                                         | 23,421                                       | 4,684                                                        | 4,684           | –               | –              | –                           |
| Sales contract receivable (SCR)                                                                                                                                                                | 1,421                                        | 1,421                                                        | –               | 134             | 1,286          | 2,064                       |
| ROPA                                                                                                                                                                                           | 5,891                                        | 5,891                                                        | –               | –               | 5,891          | 8,837                       |
| Other assets                                                                                                                                                                                   | 27,058                                       | 27,058                                                       | 2               | 27,056          | –              | 27,056                      |
| <b>Total risk-weighted on-books assets not covered by CRM</b>                                                                                                                                  | <b>800,851</b>                               | <b>764,272</b>                                               | <b>391,213</b>  | <b>358,593</b>  | <b>14,465</b>  | <b>432,784</b>              |
| <b>Total risk-weighted on-books assets covered by CRM</b>                                                                                                                                      | <b>–</b>                                     | <b>36,579</b>                                                | <b>36,579</b>   | <b>1</b>        | <b>–</b>       | <b>3,747</b>                |
|                                                                                                                                                                                                | <b>₱800,851</b>                              | <b>₱800,851</b>                                              | <b>₱427,792</b> | <b>₱358,594</b> | <b>₱14,465</b> | <b>₱436,531</b>             |
| <b>Risk-Weighted Off-Books Assets</b>                                                                                                                                                          |                                              |                                                              |                 |                 |                |                             |
| Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances)                                                                                                            | ₱2,884                                       | ₱–                                                           | ₱–              | ₱2,884          | ₱–             | ₱2,884                      |
| Transaction-related contingencies (e.g., performance bonds, bid bonds, warranties and stand-by LCs related to particular transactions)                                                         | 2,656                                        | –                                                            | –               | 1,328           | –              | 1,328                       |
| Trade-related contingencies arising from movements of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one year | 32,436                                       | –                                                            | –               | 6,487           | –              | 6,487                       |
|                                                                                                                                                                                                | <b>₱37,976</b>                               | <b>₱–</b>                                                    | <b>₱–</b>       | <b>₱10,699</b>  | <b>₱–</b>      | <b>₱10,699</b>              |
| <b>Counterparty Risk-Weighted Assets in the Banking Books</b>                                                                                                                                  |                                              |                                                              |                 |                 |                |                             |
| <b>Repo-style Exposure</b>                                                                                                                                                                     | <b>₱23,575</b>                               | <b>₱4,902</b>                                                | <b>₱4,144</b>   | <b>₱758</b>     | <b>₱–</b>      | <b>₱2,830</b>               |
| <b>Counterparty Risk-Weighted Assets in the Trading Books</b>                                                                                                                                  |                                              |                                                              |                 |                 |                |                             |
| Interest Rate Contracts                                                                                                                                                                        | ₱2,550                                       | ₱–                                                           | ₱–              | ₱–              | ₱–             | ₱–                          |
| Exchange Rate Contracts                                                                                                                                                                        | 59,150                                       | 1,764                                                        | 1,010           | 754             | –              | 1,249                       |
| Credit Derivatives                                                                                                                                                                             | 512                                          | 27                                                           | 27              | –               | –              | 14                          |
| <b>Total</b>                                                                                                                                                                                   | <b>₱62,212</b>                               | <b>₱1,791</b>                                                | <b>₱1,037</b>   | <b>₱754</b>     | <b>₱–</b>      | <b>₱1,263</b>               |



|                                                                                                                                                                                                               | Parent Bank                                  |                                                              |          |          |        |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------|----------|----------|--------|-----------------------------|
|                                                                                                                                                                                                               | 2022                                         |                                                              |          |          |        |                             |
|                                                                                                                                                                                                               | Credit Risk<br>Total Credit<br>Risk Exposure | Total<br>Credit Risk<br>Exposure<br>after Risk<br>Mitigation | 0%-50%   | 75%-100% | 150%   | Total<br>Weighted<br>Assets |
| <b>Risk-Weighted On-Books Assets</b>                                                                                                                                                                          |                                              |                                                              |          |          |        |                             |
| Cash on hand                                                                                                                                                                                                  | ₱8,924                                       | ₱8,924                                                       | ₱8,924   | ₱ –      | ₱ –    | ₱–                          |
| Due from BSP                                                                                                                                                                                                  | 66,595                                       | 66,595                                                       | 66,595   | –        | –      | –                           |
| Due from other banks                                                                                                                                                                                          | 42,278                                       | 42,278                                                       | 40,929   | 1,348    | –      | 20,007                      |
| Financial assets through other<br>comprehensive income                                                                                                                                                        | 80,384                                       | 69,148                                                       | 49,392   | 19,756   | –      | 24,015                      |
| Financial assets at amortized cost                                                                                                                                                                            | 239,143                                      | 239,143                                                      | 218,985  | 20,159   | –      | 27,269                      |
| Loans and receivables                                                                                                                                                                                         | 379,934                                      | 378,629                                                      | 90,084   | 286,201  | 2,344  | 324,589                     |
| SPURRA                                                                                                                                                                                                        | 14,645                                       | 1,539                                                        | 1,539    | –        | –      | –                           |
| SCR                                                                                                                                                                                                           | 2,063                                        | 2,063                                                        | –        | 989      | 1,074  | 2,600                       |
| ROPA                                                                                                                                                                                                          | 3,839                                        | 3,839                                                        | –        | –        | 3,839  | 5,759                       |
| Other assets                                                                                                                                                                                                  | 26,189                                       | 26,189                                                       | –        | 26,189   | –      | 26,189                      |
| Total risk-weighted on-books assets not<br>covered by CRM                                                                                                                                                     | 863,994                                      | 838,347                                                      | 476,448  | 354,642  | 7,257  | 430,428                     |
| Total risk-weighted on-books assets<br>covered by CRM                                                                                                                                                         | –                                            | 25,647                                                       | 25,647   | –        | –      | 3,439                       |
|                                                                                                                                                                                                               | ₱863,994                                     | ₱863,994                                                     | ₱502,095 | ₱354,642 | ₱7,257 | ₱433,867                    |
| <b>Risk-Weighted Off-Books Assets</b>                                                                                                                                                                         |                                              |                                                              |          |          |        |                             |
| Direct credit substitutes (e.g., general<br>guarantee of indebtedness and<br>acceptances)                                                                                                                     | ₱4,536                                       | ₱–                                                           | ₱–       | ₱4,536   | ₱–     | ₱4,536                      |
| Transaction-related contingencies (e.g.,<br>performance bonds, bid bonds,<br>warrantees and stand-by LCs<br>related to particular transactions)                                                               | 4,600                                        | –                                                            | –        | 2,300    | –      | 2,300                       |
| Trade-related contingencies arising<br>from movements of goods (e.g.,<br>documentary credits collateralized<br>by the underlying shipments) and<br>commitments with an original<br>maturity of up to one year | 17,826                                       | –                                                            | –        | 3,565    | –      | 3,565                       |
|                                                                                                                                                                                                               | ₱26,962                                      | ₱–                                                           | ₱–       | ₱10,401  | ₱–     | ₱10,401                     |
| <b>Counterparty Risk-Weighted Assets<br/>in the Banking Books</b>                                                                                                                                             |                                              |                                                              |          |          |        |                             |
| Repo-style Exposure                                                                                                                                                                                           | ₱97,000                                      | ₱18,770                                                      | ₱18,302  | ₱468     | ₱–     | ₱9,619                      |
| <b>Counterparty Risk-Weighted Assets<br/>in the Trading Books</b>                                                                                                                                             |                                              |                                                              |          |          |        |                             |
| Interest Rate Contracts                                                                                                                                                                                       | ₱1,115                                       | ₱–                                                           | ₱–       | ₱–       | ₱–     | ₱–                          |
| Exchange Rate Contracts                                                                                                                                                                                       | 107,982                                      | 2,413                                                        | 1,685    | 728      | –      | 1,523                       |
| Total                                                                                                                                                                                                         | ₱109,097                                     | ₱2,413                                                       | ₱1,685   | ₱728     | ₱–     | ₱1,523                      |





|                                                                                                                                                                                                               | Parent Bank                                  |                                                              |          |          |        |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------|----------|----------|--------|-----------------------------|
|                                                                                                                                                                                                               | 2021                                         |                                                              |          |          |        |                             |
|                                                                                                                                                                                                               | Credit Risk<br>Total Credit<br>Risk Exposure | Total<br>Credit Risk<br>Exposure<br>after Risk<br>Mitigation | 0%-50%   | 75%-100% | 150%   | Total<br>Weighted<br>Assets |
| Risk-Weighted On-Books Assets                                                                                                                                                                                 |                                              |                                                              |          |          |        |                             |
| Cash on hand                                                                                                                                                                                                  | ₱7,989                                       | ₱7,989                                                       | ₱7,989   | ₱ –      | ₱ –    | ₱ –                         |
| Due from BSP                                                                                                                                                                                                  | 67,480                                       | 67,480                                                       | 67,480   | –        | –      | –                           |
| Due from other banks                                                                                                                                                                                          | 51,337                                       | 51,337                                                       | 50,924   | 413      | –      | 25,287                      |
| Financial assets through other<br>comprehensive income                                                                                                                                                        | 66,083                                       | 48,363                                                       | 27,159   | 21,204   | –      | 21,906                      |
| Financial assets at amortized cost                                                                                                                                                                            | 165,377                                      | 165,377                                                      | 146,105  | 19,272   | –      | 26,735                      |
| Loans and receivables                                                                                                                                                                                         | 284,490                                      | 284,424                                                      | 42,890   | 237,699  | 3,834  | 261,484                     |
| SPURRA                                                                                                                                                                                                        | 15,541                                       | 3,108                                                        | 3,108    | –        | –      | –                           |
| SCR                                                                                                                                                                                                           | 1,352                                        | 1,352                                                        | –        | 101      | 1,251  | 1,977                       |
| ROPA                                                                                                                                                                                                          | 4,359                                        | 4,359                                                        | –        | –        | 4,359  | 6,538                       |
| Other assets                                                                                                                                                                                                  | 18,731                                       | 18,731                                                       | –        | 18,731   | –      | 18,731                      |
| Total risk-weighted on-books assets not<br>covered by CRM                                                                                                                                                     | 682,739                                      | 652,520                                                      | 345,655  | 297,420  | 9,444  | 362,658                     |
| Total risk-weighted on-books assets<br>covered by CRM                                                                                                                                                         | –                                            | 30,220                                                       | 30,219   | 1        | –      | 3,740                       |
|                                                                                                                                                                                                               | ₱682,739                                     | ₱682,740                                                     | ₱375,874 | ₱297,421 | ₱9,444 | ₱366,398                    |
| Risk-Weighted Off-Books Assets                                                                                                                                                                                |                                              |                                                              |          |          |        |                             |
| Direct credit substitutes (e.g., general<br>guarantee of indebtedness and<br>acceptances)                                                                                                                     | ₱2,884                                       | ₱–                                                           | ₱–       | ₱2,884   | ₱–     | ₱2,884                      |
| Transaction-related contingencies (e.g.,<br>performance bonds, bid bonds,<br>warrantees and stand-by LCs<br>related to particular transactions)                                                               | 2,656                                        | –                                                            | –        | 1,328    | –      | 1,328                       |
| Trade-related contingencies arising<br>from movements of goods (e.g.,<br>documentary credits collateralized<br>by the underlying shipments) and<br>commitments with an original<br>maturity of up to one year | 32,345                                       | –                                                            | –        | 6,469    | –      | 6,469                       |
|                                                                                                                                                                                                               | ₱37,885                                      | ₱–                                                           | ₱–       | ₱10,681  | ₱–     | ₱10,681                     |
| Counterparty Risk-Weighted Assets in<br>the Banking Books                                                                                                                                                     |                                              |                                                              |          |          |        |                             |
| Repo-style Exposure                                                                                                                                                                                           | ₱23,575                                      | ₱4,902                                                       | ₱4,144   | ₱758     | ₱–     | ₱2,830                      |
| Counterparty Risk-Weighted Assets in<br>the Trading Books                                                                                                                                                     |                                              |                                                              |          |          |        |                             |
| Interest Rate Contracts                                                                                                                                                                                       | ₱2,550                                       | ₱–                                                           | ₱–       | ₱–       | ₱–     | ₱–                          |
| Exchange Rate Contracts                                                                                                                                                                                       | 59,150                                       | 1,764                                                        | 1,010    | 754      | –      | 1,249                       |
| Credit Derivatives                                                                                                                                                                                            | 512                                          | 27                                                           | 27       | –        | –      | 14                          |
| Total                                                                                                                                                                                                         | ₱62,212                                      | ₱1,791                                                       | ₱1,037   | ₱754     | ₱–     | ₱1,263                      |

Risk weighted on-balance sheet assets covered by credit risk mitigants were based on collateralized transactions as well as guarantees by the Philippine National Government and those guarantors and exposures with the highest credit rating.

Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on the ratings by Standard & Poor's, Moody's, Fitch and Philratings on exposures to Sovereigns, Multilateral Development Banks, Banks, Local Government Units, Government Corporations and Corporates.



Minimum Capital Requirement

Under the relevant provisions of current BSP regulations, the required minimum capitalization of a universal bank is ₱20.0 billion both as of December 31, 2022 and 2021. As of those dates, the Bank is in compliance with these regulations.

Basel III Leverage Ratio (BLR)

BSP Circular Nos. 881 and 990 cover the implementing guidelines on the BLR framework designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.00%. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

The details of the BLR as of December 31, 2022 and 2021 follow (amounts in millions, except for percentages):

|                  | Consolidated     |         | Parent Bank    |         |
|------------------|------------------|---------|----------------|---------|
|                  | 2022             | 2021    | 2022           | 2021    |
| Tier 1 Capital   | <b>₱72,817</b>   | ₱83,042 | <b>₱51,658</b> | ₱69,094 |
| Exposure Measure | <b>1,035,178</b> | 820,457 | <b>888,335</b> | 702,738 |
| BLR              | <b>7.03%</b>     | 10.12%  | <b>5.82%</b>   | 9.83%   |

Under the framework, BLR is defined as the capital measure divided by the exposure measure. Capital measure is Tier 1 capital. Exposure measure is the sum of on-balance sheet exposures, derivative exposures, security financing exposures and off-balance sheet items.

Ensuring Sufficient Capital

On January 15, 2009, the BSP issued Circular No. 639, which articulates the need for banks to adopt and document an Internal Capital Adequacy Assessment Process (ICAAP). All universal and commercial banks are expected to perform a thorough assessment of all their material risks, as well as maintain capital adequate to support these risks. This is intended to complement the current regulatory capital requirement of at least 10% of risk assets, which only covers credit, market and operational risks. On December 29, 2009, the BSP issued Circular No. 677 that effectively extends the implementation of the ICAAP from January 2010 to January 2011.

Cognizant of the importance of a strong capital base to meet strategic and regulatory requirements, the Parent Bank has adopted a robust ICAAP on a group-wide level that is consistent with its risk philosophy and risk appetite. The ICAAP Document embodies the Group's risk philosophy, risk appetite, and risk governance framework and structure, and integrates these with: (a) the Group's strategic objectives and long-term strategies; (b) the five-year financial and business plans; and, (c) the capital plan and dividend policy.

The ICAAP's objective is to ensure that the BOD and senior management actively and promptly identify and manage the material risks arising from the general business environment, and that an appropriate level of capital is maintained to cover these risks.

On January 4, 2018, the BSP issued Circular No. 989 which mandates the conduct of stress testing exercise of banks. The Group's ICAAP Document considered the impact of severe but plausible scenarios on the Group's capital position. The results are thoroughly discussed during RMC meetings, and reported to the Board. In the course of its discussions, the BOD and senior management may request for additional stress testing scenarios or revisions to the test assumptions in order to better align these to current trends and forecasts.



The Group has a cross-functional ICAAP technical team, comprised of representatives from the core risk management units - credit, market, operational, information technology, and emerging risks; corporate planning; financial controllership; treasury; internal audit; and compliance. This ensures a well-coordinated approach to the development, documentation, implementation, review, improvement, and maintenance of the various sub-processes included in the ICAAP.

The key members of the ICAAP technical team are enrolled in further training as well as various fora and briefings to enhance their knowledge and expertise particularly on the subjects of ICAAP, Basel III, and their interface with PFRS.

The Group's ICAAP Document is subjected each year to an independent review by the Internal Audit Division (IAD) to provide reasonable assurance that the Group has met the regulatory requirements. For the 2022 ICAAP Document submission, the results of the audit assessment were presented to the Audit Committee and the BOD.

Based on IAD's assessment of the ICAAP document, its related supporting documents, and existing processes and structures, IAD reported that the Group has satisfactorily complied with the minimum requirements prescribed in BSP Circular No. 639. Presence of a proper governance and oversight function of the ICAAP, comprehensive risk management framework, and sound capital management process were verified in the audit process. For 2022, the Group and Parent Bank's ICAAP Document was submitted to the BSP on April 11, 2022.

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## **6. Segment Reporting**

### Business Segments

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

#### *(a) Consumer Banking*

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

#### *(b) Corporate and Commercial Banking*

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

#### *(c) Treasury and Trust*

This segment is principally responsible for managing the Bank's liquidity and funding requirements, and handling transactions in the financial markets covering foreign exchange, fixed income trading and investments, and derivatives. The segment also includes trust, asset management and fiduciary services provided by the Bank to its customers.

#### *(d) Headquarters*

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



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

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

### Analysis of Segment Information

Segment information of the Group as of and for the years ended December 31, 2022, 2021 and 2020 follow (amounts in millions):

|                                            | Consumer<br>Banking | Corporate and<br>Commercial<br>Banking | Treasury | Headquarters | Total      |
|--------------------------------------------|---------------------|----------------------------------------|----------|--------------|------------|
| <b>December 31, 2022</b>                   |                     |                                        |          |              |            |
| Results of operations                      |                     |                                        |          |              |            |
| Net interest income and other income       | ₱33,984             | ₱8,965                                 | ₱6,445   | ₱2,806       | ₱52,200    |
| Other expenses                             | (16,890)            | (3,330)                                | (2,026)  | (9,282)      | (31,528)   |
| Income before credit losses and income tax | ₱17,094             | ₱5,635                                 | ₱4,419   | (₱6,476)     | 20,672     |
| Provision for credit losses                |                     |                                        |          |              | (4,068)    |
| Tax expense                                |                     |                                        |          |              | (3,931)    |
| Net income                                 |                     |                                        |          |              | ₱12,673    |
| Segment resources                          | ₱355,635            | ₱234,622                               | ₱350,252 | ₱152,229     | ₱1,092,738 |
| Segment liabilities                        | ₱527,698            | ₱129,613                               | ₱216,889 | ₱70,396      | ₱944,596   |
| Other information:                         |                     |                                        |          |              |            |
| Depreciation and amortization              | ₱1,100              | ₱10                                    | ₱12      | ₱486         | ₱1,608     |
| Capital expenditures                       | 974                 | 273                                    | 140      | 2,779        | 4,166      |

|                                            | Consumer<br>Banking | Corporate and<br>Commercial<br>Banking | Treasury | Headquarters | Total    |
|--------------------------------------------|---------------------|----------------------------------------|----------|--------------|----------|
| <b>December 31, 2021</b>                   |                     |                                        |          |              |          |
| Results of operations                      |                     |                                        |          |              |          |
| Net interest income and other income       | ₱19,574             | ₱10,070                                | ₱14,078  | ₱1,394       | ₱45,116  |
| Other expenses                             | (11,314)            | (2,754)                                | (1,870)  | (8,382)      | (24,320) |
| Income before credit losses and income tax | ₱8,260              | ₱7,316                                 | ₱12,208  | (₱6,988)     | 20,796   |
| Provision for credit losses                |                     |                                        |          |              | (5,811)  |
| Tax expense                                |                     |                                        |          |              | (2,407)  |
| Net income                                 |                     |                                        |          |              | ₱12,578  |
| Segment resources                          | ₱225,696            | ₱211,258                               | ₱343,716 | ₱50,425      | ₱831,095 |
| Segment liabilities                        | ₱397,983            | ₱132,848                               | ₱121,784 | ₱66,267      | ₱718,882 |
| Other information:                         |                     |                                        |          |              |          |
| Depreciation and amortization              | ₱995                | ₱9                                     | ₱9       | ₱611         | ₱1,624   |
| Capital expenditures                       | 398                 | 342                                    | 7        | 2,583        | 3,330    |



## Segment Reporting and Fair Value Measurement and Offsetting of Financial Assets and Financial Liabilities

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|                                               | Consumer<br>Banking | Corporate and<br>Commercial<br>Banking | Treasury | Headquarters | Total    |
|-----------------------------------------------|---------------------|----------------------------------------|----------|--------------|----------|
| December 31, 2020                             |                     |                                        |          |              |          |
| Results of operations                         |                     |                                        |          |              |          |
| Net interest income and<br>other income       | ₱17,244             | ₱10,776                                | ₱14,558  | (₱481)       | ₱42,097  |
| Other expenses                                | (9,839)             | (2,556)                                | (2,046)  | (6,932)      | (21,373) |
| Income before credit<br>losses and income tax | ₱7,405              | ₱8,220                                 | ₱12,512  | (₱7,413)     | 20,724   |
| Provision for credit losses                   |                     |                                        |          |              | (8,382)  |
| Tax expense                                   |                     |                                        |          |              | (781)    |
| Net income                                    |                     |                                        |          |              | ₱11,561  |
| Segment resources                             | ₱198,004            | ₱191,700                               | ₱263,197 | ₱121,558     | ₱774,459 |
| Segment liabilities                           | ₱325,529            | ₱142,167                               | ₱137,240 | ₱64,371      | ₱669,307 |
| Other information:                            |                     |                                        |          |              |          |
| Depreciation and amortization                 | ₱984                | ₱3                                     | ₱7       | ₱413         | ₱1,407   |
| Capital expenditures                          | 370                 | 163                                    | 19       | 1,030        | 1,582    |

### 7. Fair Value Measurement and Offsetting of Financial Assets and Financial Liabilities

#### Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.



When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

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

The financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are grouped into the fair value hierarchy as follows:

*a) Financial instruments measured at fair value*

**Group**

|                           | December 31, 2022 |                  |                | Total             |
|---------------------------|-------------------|------------------|----------------|-------------------|
|                           | Level 1           | Level 2          | Level 3        |                   |
| <i>Resources</i>          |                   |                  |                |                   |
| Financial assets at FVTPL |                   |                  |                |                   |
| Debt securities           | <b>₱6,996,559</b> | <b>₱—</b>        | <b>₱—</b>      | <b>₱6,996,559</b> |
| Equity securities         | <b>39,338</b>     | <b>411,050</b>   | <b>31,000</b>  | <b>481,388</b>    |
| Derivative assets         | —                 | <b>1,122,881</b> | <b>52,688</b>  | <b>1,175,569</b>  |
| Trust fund assets         | —                 | <b>60,109</b>    | —              | <b>60,109</b>     |
| Financial assets at FVOCI |                   |                  |                |                   |
| Debt securities           | <b>79,489,027</b> | —                | —              | <b>79,489,027</b> |
| Equity securities         | —                 | —                | <b>272,735</b> | <b>272,735</b>    |
| <i>Liabilities</i>        |                   |                  |                |                   |
| Derivative liabilities    | —                 | <b>1,546,773</b> | —              | <b>1,546,773</b>  |
|                           |                   |                  |                |                   |
|                           | December 31, 2021 |                  |                | Total             |
|                           | Level 1           | Level 2          | Level 3        |                   |
| <i>Resources</i>          |                   |                  |                |                   |
| Financial assets at FVTPL |                   |                  |                |                   |
| Debt securities           | <b>₱4,334,697</b> | <b>₱30,343</b>   | <b>₱—</b>      | <b>₱4,365,040</b> |
| Equity securities         | <b>37,735</b>     | <b>140,800</b>   | <b>31,000</b>  | <b>209,535</b>    |
| Derivative assets         | —                 | <b>1,017,236</b> | <b>48,194</b>  | <b>1,065,430</b>  |
| Trust fund assets         | —                 | <b>62,802</b>    | —              | <b>62,802</b>     |
| Financial assets at FVOCI |                   |                  |                |                   |
| Debt securities           | <b>65,475,025</b> | —                | —              | <b>65,475,025</b> |
| Equity securities         | —                 | —                | <b>197,585</b> | <b>197,585</b>    |
| <i>Liabilities</i>        |                   |                  |                |                   |
| Derivative liabilities    | —                 | <b>750,009</b>   | —              | <b>750,009</b>    |

**Parent Bank**

|                           | December 31, 2022 |                  |               | Total             |
|---------------------------|-------------------|------------------|---------------|-------------------|
|                           | Level 1           | Level 2          | Level 3       |                   |
| <i>Resources</i>          |                   |                  |               |                   |
| Financial assets at FVTPL |                   |                  |               |                   |
| Debt securities           | <b>₱6,996,559</b> | <b>₱—</b>        | <b>₱—</b>     | <b>₱6,996,559</b> |
| Equity securities         | —                 | <b>411,050</b>   | —             | <b>411,050</b>    |
| Derivative assets         | —                 | <b>1,122,881</b> | <b>52,688</b> | <b>1,175,569</b>  |
| Financial assets at FVOCI |                   |                  |               |                   |
| Debt securities           | <b>79,421,431</b> | —                | —             | <b>79,421,431</b> |
| Equity securities         | —                 | —                | <b>46,247</b> | <b>46,247</b>     |
| <i>Liabilities</i>        |                   |                  |               |                   |
| Derivative liabilities    | —                 | <b>1,546,773</b> | —             | <b>1,546,773</b>  |



| December 31, 2021         |            |           |         |            |
|---------------------------|------------|-----------|---------|------------|
|                           | Level 1    | Level 2   | Level 3 | Total      |
| <b>Resources</b>          |            |           |         |            |
| Financial assets at FVTPL |            |           |         |            |
| Debt securities           | P4,334,697 | P30,343   | P–      | P4,365,040 |
| Equity securities         | –          | 140,800   | –       | 140,800    |
| Derivative assets         | –          | 1,017,236 | 48,194  | 1,065,430  |
| Financial assets at FVOCI |            |           |         |            |
| Debt securities           | 65,329,018 | –         | –       | 65,329,018 |
| Equity securities         | –          | –         | 41,673  | 41,673     |
| <b>Liabilities</b>        |            |           |         |            |
| Derivative liabilities    | –          | 750,009   | –       | 750,009    |

b) *Financial instruments measured at amortized cost and investment properties for which fair value is disclosed*

Group

| December 31, 2022                  |                |              |             |             |              |
|------------------------------------|----------------|--------------|-------------|-------------|--------------|
|                                    | Carrying Value | Level 1      | Level 2     | Level 3     | Total        |
| <b>Resources</b>                   |                |              |             |             |              |
| <b>Financial Assets</b>            |                |              |             |             |              |
| Financial assets at amortized cost | P244,627,904   | P219,164,614 | P–          | P–          | P219,164,614 |
| Loans and other receivables        | 479,657,898    | –            | –           | 473,119,154 | 473,119,154  |
| <b>Nonfinancial Assets</b>         |                |              |             |             |              |
| Investment properties              | 8,258,873      | –            | –           | 16,767,610  | 16,767,610   |
| <b>Liabilities</b>                 |                |              |             |             |              |
| <b>Financial Liabilities</b>       |                |              |             |             |              |
| Deposit liabilities                | 711,303,942    | –            | –           | 711,341,525 | 711,341,525  |
| Bills payable                      | 132,846,789    | –            | 127,994,547 | –           | 127,994,547  |
| Notes and bonds payable            | 51,644,325     | –            | 48,770,253  | –           | 48,770,253   |

| December 31, 2021                  |                |              |            |             |              |
|------------------------------------|----------------|--------------|------------|-------------|--------------|
|                                    | Carrying Value | Level 1      | Level 2    | Level 3     | Total        |
| <b>Resources</b>                   |                |              |            |             |              |
| <b>Financial Assets</b>            |                |              |            |             |              |
| Financial assets at amortized cost | P166,362,179   | P164,087,461 | P–         | P–          | P164,087,461 |
| Loans and other receivables        | 359,774,631    | –            | –          | 368,384,627 | 368,384,627  |
| <b>Nonfinancial Assets</b>         |                |              |            |             |              |
| Investment properties              | 8,673,344      | –            | –          | 17,735,995  | 17,735,995   |
| <b>Liabilities</b>                 |                |              |            |             |              |
| <b>Financial Liabilities</b>       |                |              |            |             |              |
| Deposit liabilities                | 570,500,892    | –            | –          | 570,599,091 | 570,599,091  |
| Bills payable                      | 51,168,138     | –            | 50,737,318 | –           | 50,737,318   |
| Notes and bonds payable            | 69,853,986     | –            | 70,223,779 | –           | 70,223,779   |

Parent Bank

| December 31, 2022                  |                |              |            |             |              |
|------------------------------------|----------------|--------------|------------|-------------|--------------|
|                                    | Carrying Value | Level 1      | Level 2    | Level 3     | Total        |
| <b>Resources</b>                   |                |              |            |             |              |
| Financial assets at amortized cost | P235,400,671   | P210,794,053 | P–         | P–          | P210,794,053 |
| Loans and other receivables        | 393,765,594    | –            | –          | 387,226,850 | 387,226,850  |
| Investment properties              | 7,124,049      | –            | –          | 16,572,598  | 16,572,598   |
| <b>Liabilities</b>                 |                |              |            |             |              |
| Deposit liabilities                | 623,921,032    | –            | –          | 623,958,615 | 623,958,615  |
| Bills payable                      | 99,309,124     | –            | 94,456,882 | –           | 94,456,882   |
| Notes and bonds payable            | 51,644,325     | –            | 48,770,253 | –           | 48,770,253   |



|                                    | December 31, 2021 |              |            |             |              |
|------------------------------------|-------------------|--------------|------------|-------------|--------------|
|                                    | Carrying Value    | Level 1      | Level 2    | Level 3     | Total        |
| <i>Resources</i>                   |                   |              |            |             |              |
| Financial assets at amortized cost | ₱162,139,448      | ₱159,885,712 | ₱–         | ₱–          | ₱159,885,712 |
| Loans and other receivables        | 291,118,202       | –            | –          | 299,728,198 | 299,728,198  |
| Investment properties              | 7,435,877         | –            | –          | 16,498,528  | 16,498,528   |
| <i>Liabilities</i>                 |                   |              |            |             |              |
| Deposit liabilities                | 493,059,181       | –            | –          | 493,157,380 | 493,157,380  |
| Bills payable                      | 28,577,774        | –            | 28,146,954 | –           | 28,146,954   |
| Notes and bonds payable            | 69,789,836        | –            | 70,159,629 | –           | 70,159,629   |

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years. Certain disclosures required for financial instruments measured at fair value and classified as Level 3 are not presented as these financial instruments are comprised of derivative assets and unquoted equity securities that are not material to the financial statements.

Below information provided about how the fair values of the Group's classes of financial instruments are determined.

- (a) *For Cash and other cash items, Due from BSP and other banks, Interbank loans receivable, SPURRA (included under loans and other receivable) and Returned checks and other cash items, and Other liabilities such as Manager's checks, Bills purchased, Accounts payable, Accrued interest payable, Payment orders payable and Due to Treasurer of the Philippines* Management considers that the carrying amounts approximate their fair value due to their short-term nature. Accordingly, these are not presented in the tables above.
- (b) *Debt securities*  
Fair values of debt securities under Level 1, composed of government securities issued by the Philippine government and other foreign governments and private debt securities, are determined based on quoted prices at the close of business as appearing on Bloomberg. Fair values of debt securities under Level 2 composed of government securities, determined based on observable input prices of similar securities appearing on Bloomberg.
- (c) *Derivatives*  
The fair values of derivative financial instruments that are not quoted in an active market are determined through valuation techniques using the net present value computation (see Note 3). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.
- (d) *Equity securities*  
Instruments included in Level 1 comprise equity securities classified as financial assets at FVTPL. These securities are valued based on their closing prices published by the Philippine Stock Exchange.

Club shares classified as financial assets at FVTPL are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.





Equity instruments included in Level 3 are UIC's investment in unquoted equity securities valued using the adjusted net asset method. The adjusted net asset method involves deriving the fair value of the investee's equity instruments by reference to the fair value of its assets and liabilities. Adjustments in the fair value of the investee's net assets, such as discount for the lack of liquidity, were also considered in the valuation. The Level 3 unquoted equity instruments are not material to the consolidated financial statements.

(e) *Loans and receivables, Deposit liabilities and Bills payable*

The Group maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(f) *Notes and bonds payable*

Fair values of notes and bonds payable under Level 2 are determined based on quoted prices at the close of business as appearing on PDEX and Bloomberg. These are classified as Level 2 due to absence of an active market.

(g) *Investment properties*

The fair values of the Group's investment properties are determined on the basis of the appraisals performed by internal appraisers (for investment properties with values below ₱5 million) and independent appraisal companies acceptable to the BSP (for investment properties with fair values above ₱5 million), with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation process is conducted by the appraisers with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, appraisal companies take into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management's assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair values of investment properties are determined using the market data approach that reflects observable and recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable property in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable and recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value will be the lower level of the hierarchy or Level 3. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value.

There has been no change to the valuation techniques used by the Group during the year for its investment properties.

Offsetting Financial Assets and Financial Liabilities

Certain financial assets and financial liabilities of the Group and the Parent Bank with amounts presented in the statements of financial position as of December 31, 2022 and 2021 are subject to offsetting, enforceable master netting arrangements and similar agreements. However, there were no financial assets and financial liabilities presented at net in the statements of financial position.



## Fair Value Measurement, Offsetting of Financial Assets and Financial Liabilities and Cash and Balances with the BSP

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Presented below is the financial assets and financial liabilities subject to offsetting but the related amounts are not set-off in the statements of financial position.

|                                    | Group                                                       |                                                                    |                     |                   |                                                             |                                                                    |                     |                 |
|------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------|---------------------|-------------------|-------------------------------------------------------------|--------------------------------------------------------------------|---------------------|-----------------|
|                                    | December 31, 2022                                           |                                                                    |                     |                   | December 31, 2021                                           |                                                                    |                     |                 |
|                                    | Net amount presented in the statement of financial position | Related amounts not set off in the statement of financial position |                     |                   | Net amount presented in the statement of financial position | Related amounts not set off in the statement of financial position |                     |                 |
|                                    |                                                             | Financial Instruments                                              | Collateral Received | Net Exposure      |                                                             | Financial Instruments                                              | Collateral Received | Net Exposure    |
| <b>Financial assets</b>            |                                                             |                                                                    |                     |                   |                                                             |                                                                    |                     |                 |
| <b>Derivative assets</b>           |                                                             |                                                                    |                     |                   |                                                             |                                                                    |                     |                 |
| Currency forwards                  | ₱807,279                                                    | ₱379,452                                                           | ₱–                  | ₱427,827          | ₱468,358                                                    | ₱344,744                                                           | ₱–                  | ₱123,614        |
| Cross currency interest rate swaps | 315,602                                                     | 21,550                                                             | –                   | 294,052           | 547,012                                                     | 88,973                                                             | –                   | 458,039         |
| <b>Loans and receivables</b>       | 23,948,338                                                  | –                                                                  | 23,948,338          | –                 | 23,841,824                                                  | –                                                                  | 23,841,824          | –               |
| <b>Total financial assets</b>      | <b>₱25,071,219</b>                                          | <b>₱401,002</b>                                                    | <b>₱23,948,338</b>  | <b>₱721,879</b>   | <b>₱24,857,194</b>                                          | <b>₱433,717</b>                                                    | <b>₱23,841,824</b>  | <b>₱581,653</b> |
| <b>Financial liabilities</b>       |                                                             |                                                                    |                     |                   |                                                             |                                                                    |                     |                 |
| <b>Derivative liabilities</b>      |                                                             |                                                                    |                     |                   |                                                             |                                                                    |                     |                 |
| Currency forwards                  | ₱1,306,506                                                  | ₱379,452                                                           | ₱–                  | ₱927,054          | ₱260,235                                                    | ₱344,744                                                           | ₱–                  | (₱84,509)       |
| Cross currency swaps               | 240,267                                                     | 21,550                                                             | –                   | 218,717           | 489,774                                                     | 88,973                                                             | –                   | 400,801         |
| <b>Deposit liabilities</b>         | 652,651                                                     | 331,529                                                            | –                   | 321,122           | 585,863                                                     | 421,082                                                            | –                   | 164,781         |
| <b>Bills Payable</b>               | 23,553,973                                                  | 23,553,973                                                         | –                   | –                 | 23,420,742                                                  | 23,420,742                                                         | –                   | –               |
| <b>Total financial liabilities</b> | <b>₱25,753,397</b>                                          | <b>₱24,286,504</b>                                                 | <b>₱–</b>           | <b>₱1,466,893</b> | <b>₱24,756,614</b>                                          | <b>₱24,275,541</b>                                                 | <b>₱–</b>           | <b>₱481,073</b> |

|                                    | Parent Bank                                                 |                                                                    |                     |                   |                                                             |                                                                    |                     |                 |
|------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------|---------------------|-------------------|-------------------------------------------------------------|--------------------------------------------------------------------|---------------------|-----------------|
|                                    | December 31, 2022                                           |                                                                    |                     |                   | December 31, 2021                                           |                                                                    |                     |                 |
|                                    | Net amount presented in the statement of financial position | Related amounts not set off in the statement of financial position |                     |                   | Net amount presented in the statement of financial position | Related amounts not set off in the statement of financial position |                     |                 |
|                                    |                                                             | Financial Instruments                                              | Collateral Received | Net Exposure      |                                                             | Financial Instruments                                              | Collateral Received | Net Exposure    |
| <b>Financial assets</b>            |                                                             |                                                                    |                     |                   |                                                             |                                                                    |                     |                 |
| <b>Derivative assets</b>           |                                                             |                                                                    |                     |                   |                                                             |                                                                    |                     |                 |
| Currency forwards                  | ₱807,279                                                    | ₱379,452                                                           | ₱–                  | ₱427,827          | ₱468,358                                                    | ₱344,744                                                           | ₱–                  | ₱123,614        |
| Cross currency interest rate swaps | 315,602                                                     | 21,550                                                             | –                   | 294,052           | 547,012                                                     | 88,973                                                             | –                   | 458,039         |
| <b>Loans and receivables</b>       | 14,966,340                                                  | –                                                                  | 14,966,340          | –                 | 15,946,079                                                  | –                                                                  | 15,946,079          | –               |
| <b>Total financial assets</b>      | <b>₱16,089,221</b>                                          | <b>₱401,002</b>                                                    | <b>₱14,966,340</b>  | <b>₱721,879</b>   | <b>₱16,961,449</b>                                          | <b>₱433,717</b>                                                    | <b>₱15,946,079</b>  | <b>₱581,653</b> |
| <b>Financial liabilities</b>       |                                                             |                                                                    |                     |                   |                                                             |                                                                    |                     |                 |
| <b>Derivative liabilities</b>      |                                                             |                                                                    |                     |                   |                                                             |                                                                    |                     |                 |
| Currency forwards                  | ₱1,306,506                                                  | ₱379,452                                                           | ₱–                  | ₱927,054          | ₱260,235                                                    | ₱344,744                                                           | ₱–                  | (₱84,509)       |
| Cross currency swaps               | 240,267                                                     | 21,550                                                             | –                   | 218,717           | 489,774                                                     | 88,973                                                             | –                   | 400,801         |
| <b>Deposit liabilities</b>         | 610,047                                                     | 331,529                                                            | –                   | 278,518           | 564,035                                                     | 404,783                                                            | –                   | 159,252         |
| <b>Bills Payable</b>               | 14,634,811                                                  | 14,634,811                                                         | –                   | –                 | 15,541,296                                                  | 15,541,296                                                         | –                   | –               |
| <b>Total financial liabilities</b> | <b>₱16,791,631</b>                                          | <b>₱15,367,342</b>                                                 | <b>₱–</b>           | <b>₱1,424,289</b> | <b>₱16,855,340</b>                                          | <b>₱16,379,796</b>                                                 | <b>₱–</b>           | <b>₱475,544</b> |

## 8. Cash and Balances with the BSP

These accounts are composed of the following as of December 31:

|                           | Group              |                     | Parent Bank        |                    |
|---------------------------|--------------------|---------------------|--------------------|--------------------|
|                           | 2022               | 2021                | 2022               | 2021               |
| Cash and other cash items | ₱9,891,536         | ₱8,904,903          | ₱8,924,249         | ₱7,988,517         |
| Due from BSP              |                    |                     |                    |                    |
| Mandatory reserves        | ₱62,263,916        | ₱46,511,088         | ₱59,250,130        | ₱44,334,946        |
| Non-mandatory reserves    | 32,346,392         | 56,896,858          | 7,337,991          | 23,143,443         |
|                           | <b>₱94,610,308</b> | <b>₱103,407,946</b> | <b>₱66,588,121</b> | <b>₱67,478,389</b> |

Cash consists primarily of funds in the form of Philippine currency notes and coins in the Group and the Parent Bank's vault and those in the possession of tellers, including ATMs. Other cash items include cash items (other than currency and coins on hand) such as checks drawn on other banks or other branches that were received after the Group and the Parent Bank's clearing cut-off time until the close of the regular banking hours.



Mandatory reserves represent the balance of the deposit account maintained with the BSP to meet reserve requirements and to serve as clearing account for interbank claims (see Note 21). Due from BSP bears annual interest rates ranging from 1.50% to 5.00% in 2022, from 1.50% to 2.00% in 2021, and from 1.50% to 4.30% in 2020, except for the amounts within the required reserve as determined by the BSP. Total interest income on Due from BSP recognized by the Group amounted to ₱896,452, ₱665,311, and ₱962,515, in 2022, 2021, and 2020, respectively, while the total interest income on Due from BSP recognized by the Parent Bank amounted to ₱487,778, ₱325,236, and ₱709,244, in 2022, 2021, and 2020, respectively.

Under Section 254 of the MORB, a bank shall keep its required reserves in the form of deposits placed in the bank's demand deposit account with the BSP. Section 254.1 of the MORB further provides that such deposit account with the BSP is not considered as a regular current account as drawings against such deposits shall be limited to: (a) settlement of obligation with the BSP, and (b) withdrawals to meet cash requirements.

## 9. Due from Other Banks

The balance of this account consists of regular deposits with the following:

|               | <b>Group</b>       |             | <b>Parent Bank</b> |             |
|---------------|--------------------|-------------|--------------------|-------------|
|               | <b>2022</b>        | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| Foreign banks | <b>₱41,686,572</b> | ₱51,138,501 | <b>₱41,686,572</b> | ₱51,009,025 |
| Local banks   | <b>4,553,392</b>   | 3,119,964   | <b>576,957</b>     | 299,958     |
|               | <b>₱46,239,964</b> | ₱54,258,465 | <b>₱42,263,529</b> | ₱51,308,983 |

The breakdown of this account as to currency follows:

|                  | <b>Group</b>       |             | <b>Parent Bank</b> |             |
|------------------|--------------------|-------------|--------------------|-------------|
|                  | <b>2022</b>        | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| U.S. dollars     | <b>₱39,093,926</b> | ₱48,927,115 | <b>₱38,909,437</b> | ₱48,946,007 |
| Philippine pesos | <b>4,362,703</b>   | 3,262,944   | <b>570,757</b>     | 294,570     |
| Other currencies | <b>2,783,335</b>   | 2,068,406   | <b>2,783,335</b>   | 2,068,406   |
|                  | <b>₱46,239,964</b> | ₱54,258,465 | <b>₱42,263,529</b> | ₱51,308,983 |

Annual interest rates on these deposits range from 0.00% to 2.30% in 2022, from 0.00% to 2.00% in 2021, and from 0.00% to 3.00% in 2020. Total interest income on Due from other banks earned by the Group amounted to ₱103,736, ₱14,429, and ₱59,459 in 2022, 2021, and 2020, respectively, while total interest income earned by the Parent Bank amounted to ₱97,199, ₱7,634, and ₱46,791 in 2022, 2021, and 2020, respectively.

Due from other banks is net of allowance for credit losses amounting to ₱18,447 and ₱32,407, as of December 31, 2022 and 2021, respectively.



# **10. Interbank Loans Receivable and Securities Purchased under Repurchase Agreements**

Interbank loans receivable consists of foreign currency-denominated loans granted to other banks with terms ranging from 1 to 68 days in 2022 and from 3 to 63 days in 2021. SPURRA represents short-term placements with the BSP and private entities where the underlying securities cannot be sold or re-pledged to parties other than the contracting party.

Interest income on interbank loans amounted to ₱260,343, ₱23,256, and ₱95,857 in 2022, 2021, and 2020, respectively, for the Group, and ₱259,183, ₱22,170, and ₱95,451 in 2022, 2021, and 2020, respectively, for the Parent Bank. Interest income on SPURRA amounted to ₱566,019, ₱300,764, and ₱444,275 in 2022, 2021, and 2020, respectively, for the Group, and ₱393,663, ₱204,381, and ₱273,324 in 2022, 2021, and 2020, respectively, for the Parent Bank.

Annual interest rates on interbank loans receivable range from 0.05% to 5.03% in 2022, from 0.01% to 2.00% in 2021, and 0.01% to 4.00% in 2020. SPURRA bears nominal annual interest ranging from 0.00% to 5.23% in 2022, from 0.10% to 3.05% in 2021, and from 0.21% to 3.05% in 2020.

# **11. Financial Assets at Fair Value through Profit or Loss**

The Group's and Parent Bank's financial assets at FVTPL as of December 31, 2022 and 2021 consist of the following:

|                                          | <b>Group</b>      |             | <b>Parent Bank</b> |             |
|------------------------------------------|-------------------|-------------|--------------------|-------------|
|                                          | <b>2022</b>       | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| Debt securities held for trading         | <b>₱6,996,559</b> | ₱4,365,040  | <b>₱6,996,559</b>  | ₱4,365,040  |
| Equity securities designated<br>at FVTPL | <b>481,388</b>    | 209,535     | <b>411,050</b>     | 140,800     |
| Derivative assets                        | <b>1,175,569</b>  | 1,065,430   | <b>1,175,569</b>   | 1,065,430   |
|                                          | <b>₱8,653,516</b> | ₱5,640,005  | <b>₱8,583,178</b>  | ₱5,571,270  |

The breakdown of this account as to currency follows:

|                  | <b>Group</b>      |             | <b>Parent Bank</b> |             |
|------------------|-------------------|-------------|--------------------|-------------|
|                  | <b>2022</b>       | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| U.S. dollars     | <b>₱3,348,270</b> | ₱4,514,447  | <b>₱3,348,270</b>  | ₱4,514,447  |
| Philippine pesos | <b>5,304,291</b>  | 1,125,261   | <b>5,233,953</b>   | 1,056,526   |
| Others           | <b>955</b>        | 297         | <b>955</b>         | 297         |
|                  | <b>₱8,653,516</b> | ₱5,640,005  | <b>₱8,583,178</b>  | ₱5,571,270  |

The Group recognized fair value gains (losses) on financial assets at FVTPL amounting to (₱281,559), (₱440,044), and ₱809,253 in 2022, 2021, and 2020, respectively, while the Parent Bank recognized fair value gains (losses) on financial assets at FVTPL amounting to (₱282,465), (₱440,453), and ₱811,217 in 2022, 2021, and 2020, respectively, and included as part of Gains (losses) on trading and investment securities at FVTPL and FVOCI in the statement of income.



Interest income generated from these financial assets amounted to ₱203,766, ₱244,587, and ₱524,261 in 2022, 2021, and 2020, respectively, of both the Group and the Parent Bank. In 2022, annual interest rates on these financial assets range from 2.38% to 9.25% and from 1.38% to 9.63% for securities denominated in Philippine peso and U.S. dollars, respectively. In 2021, annual interest rates on these financial assets range from 2.38% to 4.62% and from 1.38% to 10.63% for securities denominated in Philippine peso and U.S. dollars, respectively. In 2020, annual interest rates on these financial assets range from 1.38% to 5.88% and from 0.96% to 7.03% for securities denominated in Philippine peso and U.S. dollars, respectively.

Derivative instruments include warrants, foreign exchange forwards and swaps and cross-currency interest rate swaps. These derivative instruments represent commitments to purchase/sell/exchange foreign currency or bonds on a future date at an agreed price, exchange rate and/or interest rates.

Equity securities include PSE listed securities, club shares and unquoted equity securities.

The aggregate contractual or notional amount of derivative financial instruments and the total fair values of derivative financial assets and liabilities of the Group and the Parent Bank are set out below.

|                                    | December 31, 2022 |             |                          |
|------------------------------------|-------------------|-------------|--------------------------|
|                                    | Notional          | Fair Values |                          |
|                                    | Amount            | Assets      | Liabilities<br>(Note 24) |
| Currency forwards                  |                   |             |                          |
| Bought                             | ₱74,853,141       | ₱288,247    | ₱1,263,097               |
| Sold                               | 25,708,489        | 519,032     | 43,409                   |
| Cross currency interest rate swaps |                   |             |                          |
| Payer                              | 3,751,347         | 15,823      | 234,509                  |
| Receiver                           | 3,917,497         | 299,779     | 5,758                    |
| Warrants                           | 5,017,950         | 52,688      | —                        |
|                                    |                   | ₱1,175,569  | ₱1,546,773               |
| December 31, 2021                  |                   |             |                          |
| Currency forwards                  |                   |             |                          |
| Bought                             | ₱31,946,925       | ₱ 466,591   | ₱36,806                  |
| Sold                               | 22,392,884        | 1,767       | 223,429                  |
| Cross currency interest rate swaps |                   |             |                          |
| Payer                              | 2,548,063         | 296,467     | 207,593                  |
| Receiver                           | 2,540,260         | 250,545     | 282,181                  |
| Warrants                           | 7,649,850         | 50,060      | —                        |
|                                    |                   | ₱1,065,430  | ₱750,009                 |



## 12. Financial Assets at Amortized Cost

The Group's and the Parent Bank's financial assets at amortized cost as of December 31, 2022 and 2021 consist of the following:

|                                            | Group               |              | Parent Bank         |              |
|--------------------------------------------|---------------------|--------------|---------------------|--------------|
|                                            | 2022                | 2021         | 2022                | 2021         |
| Government bonds and other debt securities | <b>₱242,659,492</b> | ₱163,748,924 | <b>₱233,522,259</b> | ₱159,616,193 |
| Private bonds and commercial papers        | <b>2,273,341</b>    | 2,862,393    | <b>2,183,341</b>    | 2,772,393    |
|                                            | <b>244,932,833</b>  | 166,611,317  | <b>235,705,600</b>  | 162,388,586  |
| Allowance for impairment (Note 20)         | <b>(304,929)</b>    | (249,138)    | <b>(304,929)</b>    | (249,138)    |
|                                            | <b>₱244,627,904</b> | ₱166,362,179 | <b>₱235,400,671</b> | ₱162,139,448 |

Investment securities of both the Group and the Parent Bank with an aggregate principal amount of ₱103,659,400 and ₱23,664,920 of December 31, 2022 and 2021, respectively, were pledged as collaterals for bills payable under repurchase agreements (see Note 22).

The breakdown of this account as to currency as of December 31, 2022 and 2021 follows:

|                  | Group               |              | Parent Bank         |              |
|------------------|---------------------|--------------|---------------------|--------------|
|                  | 2022                | 2021         | 2022                | 2021         |
| Philippine pesos | <b>₱211,267,150</b> | ₱133,898,721 | <b>₱202,039,917</b> | ₱129,675,990 |
| U.S. dollars     | <b>31,492,475</b>   | 30,644,377   | <b>31,492,475</b>   | 30,644,377   |
| Others           | <b>1,868,279</b>    | 1,819,081    | <b>1,868,279</b>    | 1,819,081    |
|                  | <b>₱244,627,904</b> | ₱166,362,179 | <b>₱235,400,671</b> | ₱162,139,448 |

Financial assets at amortized cost denominated in Philippine pesos have annual fixed interest rates ranging from 2.38% to 18.25% in 2022, from 1.03% to 18.25% in 2021, and from 1.69% to 18.25% in 2020, while financial assets at amortized cost denominated in U.S. dollars and Euros have annual fixed interest rates ranging from 3.25% to 9.5% in 2022 and 2021, and from 2.31% to 7.11% in 2020. These bonds have remaining maturities of 1 year to 31 years as at December 31, 2022 and 2021 and 1 year to 29 years as at December 31, 2020.

Interest income generated from these financial assets, including amortization of premium or discount, amounted to ₱9,731,453, ₱5,865,798, and ₱7,202,846 in 2022, 2021, and 2020, respectively, by the Group, and ₱9,330,858, ₱5,777,352, and ₱7,061,489 in 2022, 2021, and 2020, respectively, by the Parent Bank. This is shown as part of Interest income on investment securities at amortized cost and FVOCI account in the statement of income.

Government bonds with aggregate face value of ₱1.2 billion and ₱1.0 billion as of December 31, 2022, and 2021, respectively, are deposited with BSP as security for the Bank's faithful compliance with its fiduciary obligations (see Note 31).



The Parent Bank sold investment securities classified as Investment securities at amortized cost with carrying amount of ₱1.7 billion, ₱47.4 billion, and ₱57.8 billion in 2022, 2021, and 2020, respectively, resulting in gains totaling ₱0.10 billion, ₱8.45 billion, and ₱5.11 billion in 2022, 2021, and 2020, respectively (see Note 3).

*Reclassification of Financial assets Measured at Fair Value Through Other Comprehensive Income to Financial Assets at Amortized Cost for prudential reporting*

In response to the effects on the financial markets of the COVID-19 pandemic, the BSP has issued BSP Memorandum No. M-2020-022 dated April 8, 2020 allowing BSP-supervised financial institutions to reclassify its investments in debt securities that are booked under a fair value category to amortized cost category. For valuation purposes, under the BSP relief, banks can choose until April 30, 2020 to reclassify its debt securities using any value date from March 1, 2020 to April 30, 2020; and choose to reclassify subsequent to April 30, 2020 to September 30, 2020 using the value date as of the date when the reclassification is made.

In 2020, the Bank availed of the BSP relief for prudential reporting purposes and reclassified the Bank's FCDU's debt financial assets at FVTPL and at FVOCI to Financial assets at amortized cost classification with fair market values of ₱5.6 billion and ₱6.0 billion, respectively, using March 5, 2020 as valuation date. To maintain full compliance with PFRS, the Bank retained the original classification of its debt financial assets consistent with the requirements of PFRS 9 in its general purpose financial statements prepared under PFRS.

As of December 31, 2020, the amortized cost and fair value of the outstanding reclassified securities for prudential reporting amounted to ₱5.66 billion and ₱5.75 billion, respectively. Had these securities not been reclassified from FVTPL and FVOCI to Financial assets at amortized cost for prudential reporting purposes, the net unrealized gain recognized in profit or loss and OCI for the year ended December 31, 2020 would have increased by ₱69.52 million and ₱22.09 million, respectively.

Under BSP Memorandum No. M-2021-011, the BSP-supervised financial institution that intends to revert to PFRS 9 for prudential reporting purposes shall classify its outstanding debt securities as of the start of the financial reporting period when such a decision was made. On January 1, 2021, the Bank decided to revert to PFRS 9 for prudential reporting purposes and accordingly, reversed the reclassification for prudential reporting effective January 1, 2021.

### 13. Financial Assets at Fair Value Through Other Comprehensive Income

The Group's and the Parent Bank's financial assets at FVOCI as of December 31, 2022 and 2021 consist of the following:

|                                     | <b>Group</b>       |             | <b>Parent Bank</b> |             |
|-------------------------------------|--------------------|-------------|--------------------|-------------|
|                                     | <b>2022</b>        | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| Debt securities:                    |                    |             |                    |             |
| Government bonds                    | <b>₱62,104,853</b> | ₱47,097,138 | <b>₱62,095,606</b> | ₱47,046,877 |
| Private bonds and commercial papers | <b>17,384,174</b>  | 18,377,887  | <b>17,325,825</b>  | 18,282,141  |
| Equity securities                   | <b>272,735</b>     | 197,585     | <b>46,247</b>      | 41,673      |
|                                     | <b>₱79,761,762</b> | ₱65,672,610 | <b>₱79,467,678</b> | ₱65,370,691 |



The breakdown of this account as to currency as of December 31, 2022 and 2021 follows:

|                  | Group              |             | Parent Bank        |             |
|------------------|--------------------|-------------|--------------------|-------------|
|                  | 2022               | 2021        | 2022               | 2021        |
| U.S. dollars     | <b>₱56,151,879</b> | ₱46,793,028 | <b>₱55,925,392</b> | ₱46,637,115 |
| Philippine pesos | <b>23,609,883</b>  | 18,879,582  | <b>23,542,286</b>  | 18,733,576  |
|                  | <b>₱79,761,762</b> | ₱65,672,610 | <b>₱79,467,678</b> | ₱65,370,691 |

The Group has designated the above equity securities as at FVOCI because they are held for long-term investments and are neither held-for-trading nor designated as at FVTPL. Unquoted equity securities pertain to golf club shares and investments in non-marketable equity securities.

Debt securities denominated in Philippine pesos have annual interest rates ranging from 2.88% to 9.25% for 2022, from 2.88% to 6.88% for 2021, and from 3.70% to 5.33% for 2020, while debt securities denominated in U.S. dollars have annual interest rates ranging from 1.25% to 9.63% in 2022, from 1.13% to 9.63% in 2021, and from 1.03% to 8.43% in 2020. Interest income, including amortization of premium or discount, amounted to ₱2,758,288 and ₱2,752,764 in 2022 for the Group and Parent Bank, respectively, ₱1,840,975 and ₱1,833,323 in 2021 for the Group and Parent Bank, respectively, and ₱881,817 and ₱875,707 in 2020 for the Group and Parent Bank, respectively, and is shown as part of Interest income on investment securities at amortized cost and FVOCI account in the statement of income.

In 2022, 2021 and 2020, the Group and the Parent Bank recognized gains from the sale of investments securities at FVOCI amounting to ₱0.10 billion, ₱0.66 billion, and ₱3.02 billion, respectively. The amounts are included under Gains on trading and investments securities at FVTPL and FVOCI in the statement of income.

As of December 31, 2022 and 2021, allowance for credit losses credited against other comprehensive income amounted to ₱12,287 and ₱12,031, respectively.





## 14. Loans and Other Receivables

The Group's and the Parent Bank's loans and other receivables as of December 31, 2022 and 2021 consist of the following:

|                                                             | Group               |              | Parent Bank         |              |
|-------------------------------------------------------------|---------------------|--------------|---------------------|--------------|
|                                                             | December 31         |              | December 31         |              |
|                                                             | 2022                | 2021         | 2022                | 2021         |
| Receivables from customers:                                 |                     |              |                     |              |
| Loans and discounts                                         | <b>₱459,972,123</b> | ₱325,222,919 | <b>₱372,906,505</b> | ₱265,140,532 |
| Customers' liabilities under acceptances and trust receipts | <b>11,616,859</b>   | 11,051,652   | <b>11,616,859</b>   | 11,051,652   |
| Bills purchased                                             | <b>3,180,968</b>    | 458,312      | <b>3,180,968</b>    | 458,312      |
| Accrued interest receivable                                 | <b>5,725,612</b>    | 3,155,283    | <b>2,892,184</b>    | 2,323,363    |
|                                                             | <b>480,495,562</b>  | 339,888,166  | <b>390,596,516</b>  | 278,973,859  |
| Unearned discounts                                          | <b>(2,204,459)</b>  | (1,417,089)  | <b>(204,265)</b>    | (158,506)    |
| Allowance for impairment (Note 20)                          | <b>(14,038,685)</b> | (13,435,022) | <b>(9,177,037)</b>  | (10,035,885) |
|                                                             | <b>464,252,418</b>  | 325,036,055  | <b>381,215,214</b>  | 268,779,468  |
| Other receivables:                                          |                     |              |                     |              |
| Accounts receivable                                         | <b>9,316,601</b>    | 7,106,075    | <b>6,718,338</b>    | 2,742,044    |
| Accrued interest receivable                                 | <b>4,244,524</b>    | 3,186,024    | <b>4,063,998</b>    | 3,072,794    |
| Sales contracts receivable                                  | <b>2,319,031</b>    | 1,518,579    | <b>2,215,959</b>    | 1,446,756    |
| Unquoted debt securities classified as loans                | –                   | 1,538        | –                   | –            |
| Installment contracts receivable                            | <b>2,188</b>        | 3,451        | –                   | –            |
|                                                             | <b>15,882,344</b>   | 11,815,667   | <b>12,998,295</b>   | 7,261,594    |
| Allowance for impairment (Note 20)                          | <b>(476,864)</b>    | (497,833)    | <b>(447,915)</b>    | (464,156)    |
|                                                             | <b>15,405,480</b>   | 11,317,834   | <b>12,550,380</b>   | 6,797,438    |
|                                                             | <b>₱479,657,898</b> | ₱336,353,889 | <b>₱393,765,594</b> | ₱275,576,906 |

Restructured loans amounted to ₱2,766,595 and ₱1,307,006 as of December 31, 2022 and 2021, respectively, for the Group, and ₱2,733,513 and ₱1,250,276 as of December 31, 2022 and 2021, respectively, for the Parent Bank. Interest income on these restructured loans amounted to ₱136,650, ₱38,733, and ₱9,067 in 2022, 2021, and 2020, respectively, for the Group, and ₱136,129, ₱25,189, and ₱6,126 in 2022, 2021, and 2020, respectively, for the Parent Bank.

The maturity profile of loans and other receivables (net of unearned discounts) follows:

|                                  | Group               |              | Parent Bank         |              |
|----------------------------------|---------------------|--------------|---------------------|--------------|
|                                  | 2022                | 2021         | 2022                | 2021         |
| Less than one year               | <b>₱206,542,153</b> | ₱102,745,416 | <b>₱197,799,858</b> | ₱89,910,665  |
| One year to less than five years | <b>169,116,975</b>  | 147,755,010  | <b>97,237,602</b>   | 97,636,022   |
| Beyond five years                | <b>118,514,319</b>  | 99,786,318   | <b>108,353,086</b>  | 98,530,260   |
|                                  | <b>₱494,173,447</b> | ₱350,286,744 | <b>₱403,390,546</b> | ₱286,076,947 |

Loans and other receivables bear annual interest ranging from 4.25% to 14.00% in 2022, and from 4% to 14% in 2021 and 2020.



The breakdown of loans (receivable from customers excluding accrued interest receivable) as to type of interest rate follows:

|                         | <b>Group</b>        |              | <b>Parent Bank</b>  |              |
|-------------------------|---------------------|--------------|---------------------|--------------|
|                         | <b>2022</b>         | <b>2021</b>  | <b>2022</b>         | <b>2021</b>  |
| Variable interest rates | <b>₱274,129,500</b> | ₱248,928,907 | <b>₱274,129,500</b> | ₱248,924,378 |
| Fixed interest rates    | <b>200,640,450</b>  | 87,803,976   | <b>113,574,832</b>  | 27,726,118   |
|                         | <b>₱474,769,950</b> | ₱336,732,883 | <b>₱387,704,332</b> | ₱276,650,496 |

The amounts of interest income per type of loans and receivables for each reporting period are as follows:

|                                  | <b>Group</b>       |             |             |
|----------------------------------|--------------------|-------------|-------------|
|                                  | <b>2022</b>        | <b>2021</b> | <b>2020</b> |
| Receivables from customers       | <b>₱32,404,519</b> | ₱24,686,931 | ₱28,287,521 |
| Other receivables:               |                    |             |             |
| Sales contracts receivable       | <b>141,615</b>     | 101,402     | 118,611     |
| Installment contracts receivable | <b>286</b>         | 318         | 514         |
| Others                           | <b>3,458,294</b>   | 2,583,798   | 18          |
|                                  | <b>₱36,004,714</b> | ₱27,372,449 | ₱28,406,664 |

|                            | <b>Parent Bank</b> |             |             |
|----------------------------|--------------------|-------------|-------------|
|                            | <b>2022</b>        | <b>2021</b> | <b>2020</b> |
| Receivables from customers | <b>₱23,773,696</b> | ₱17,402,061 | ₱19,689,313 |
| Sales contracts receivable | <b>133,692</b>     | 95,200      | 113,383     |
|                            | <b>₱23,907,388</b> | ₱17,497,261 | ₱19,802,696 |

## 15. Investments in Subsidiaries and Associates

### Investment in Subsidiaries

This account in the Parent Bank's financial statements pertains to investments in the following subsidiaries, which are accounted for using the equity method:

|                       | <b>% Interest</b> | <b>2022</b>        | <b>2021</b> |
|-----------------------|-------------------|--------------------|-------------|
| Acquisition costs:    |                   |                    |             |
| CSB                   | 99.79%            | <b>₱6,746,861</b>  | ₱6,746,861  |
| CFSI (Note 1)         | 100%              | <b>5,073,025</b>   | —           |
| UnionDigital (Note 1) | 100%              | <b>3,000,000</b>   | 1,000,000   |
| UBX                   | 100%              | <b>1,100,000</b>   | 1,100,000   |
| UIC                   | 100%              | <b>924,861</b>     | 924,861     |
| FUPI                  | 100%              | <b>290,002</b>     | 290,002     |
| UBPSI                 | 100%              | <b>5,000</b>       | 5,000       |
| UDC                   | 100%              | <b>3,125</b>       | 3,125       |
|                       |                   | <b>₱17,142,874</b> | ₱10,069,849 |



The movement of investments in subsidiaries is shown below:

|                                                      | 2022               | 2021        | 2020        |
|------------------------------------------------------|--------------------|-------------|-------------|
| Acquisition costs:                                   |                    |             |             |
| Beginning balances                                   | <b>₱10,069,849</b> | ₱8,573,349  | ₱7,870,847  |
| Additional investments (Note 1)                      | <b>7,073,025</b>   | 1,500,000   | 702,502     |
| Others                                               | —                  | (3,500)     | —           |
|                                                      | <b>17,142,874</b>  | 10,069,849  | 8,573,349   |
| Accumulated equity in total comprehensive income:    |                    |             |             |
| Beginning balances                                   | <b>13,013,106</b>  | 13,294,638  | 12,652,786  |
| Share in net profit (Note 28)*                       | <b>1,712,086</b>   | 1,173,016   | 953,082     |
| Dividends                                            | <b>(188,000)</b>   | (1,496,811) | —           |
| Impairment on investment in FUPI (Note 28)           | —                  | —           | (290,002)   |
| Share in other comprehensive income (loss) (Note 29) | <b>82,778</b>      | 38,774      | (21,228)    |
| Others                                               | <b>(4,384)</b>     | 3,489       | —           |
|                                                      | <b>14,615,586</b>  | 13,013,106  | 13,294,638  |
| Net investment in subsidiaries                       | <b>₱31,758,460</b> | ₱23,082,955 | ₱21,867,987 |

\*The share in net profit for CSB in 2021 and 2020 is net of goodwill impairment charge of ₱529.6 million and ₱223.2 million, respectively.

The Parent Bank's direct subsidiaries are all incorporated in the Philippines. The principal place of business of these subsidiaries is in Metro Manila, Philippines except for CSB, which has its principal place of operations in Cebu, Philippines.

#### *Acquisition of shares of CFSI*

Citicorp Financial Services and Insurance Brokerage Philippines, Inc. is a domestic corporation organized to engage in the business of marketing insurance products and to act as a broker of debt and equity securities of every kind and description. CFSI is engaged in the brokerage of debt securities, third-party investment funds, and insurance products. On December 23, 2021, the CFSI's shareholders sold to Union Bank of the Philippines their respective ownership totaling to 100% of the shares as part of the acquisition, which was completed on August 1, 2022 (see Note 1).

#### *Purchase of preferred shares issued by FUPI*

In October 2020, the Parent Bank subscribed to FUPI's non-voting, non-cumulative and redeemable preferred shares for a total consideration of ₱290.0 million. The subscription was used to support FUPI in meeting its maturing pre-need plans during 2020. As of December 31, 2020, the Parent Bank assessed that the preferred shares will not be redeemed or settled in the foreseeable future, as FUPI will not be generating additional income or revenues moving forward. In 2020, the Parent Bank provided a full valuation allowance of ₱290.0 million, presented under Miscellaneous expense (see Note 28). This transaction is eliminated in consolidation and has no impact on the consolidated financial statements.

#### *Acquisition of Bangko Kabayan*

In February 2019, CSB and UIC acquired 70% ownership, with CSB owning 49% and UIC owning 21% (See Note 1). For convenience purposes, the Group used March 31, 2020 as the date of business combination.



The acquisition resulted in goodwill as follows (amounts in thousands):

|                                                       |         |                 |
|-------------------------------------------------------|---------|-----------------|
| Purchase price                                        |         | ₱681,745        |
| Share in fair value of net assets acquired:           |         |                 |
| Final fair values of net assets acquired              | 808,009 |                 |
| Less: Proportionate share of non-controlling interest | 242,403 | 565,606         |
| <b>Final Goodwill</b>                                 |         | <b>₱116,139</b> |

The goodwill arising from the acquisition is attributed to expected synergies in the operations of the Group and Bangko Kabayan and the planned expansion of network to rural areas and extend the digital products offered by the Parent Bank. None of the goodwill recognized is expected to be deductible for income tax purposes.

The fair value of the loans and receivables acquired as part of the business combination amounted to ₱1.95 billion, with gross contractual amount of ₱2.04 billion. Net cash outflow related to the acquisition of Bangko Kabayan amounted to ₱38.09 million, net of cash acquired.

#### *Acquisition of PBI*

On January 5, 2018, CSB and UIC acquired 75% ownership of PBI (see Note 1).

The acquisition resulted in a gain on bargain purchase as follows (amounts in thousands):

|                                                       |          |                |
|-------------------------------------------------------|----------|----------------|
| Purchase price                                        |          | ₱58,000        |
| Share in fair value of net assets acquired:           |          |                |
| Final fair values of net assets acquired              | ₱111,054 |                |
| Less: Proportionate share of non-controlling interest | 27,763   | 83,291         |
| <b>Gain on Bargain Purchase (Note 28)</b>             |          | <b>₱25,291</b> |

The fair value of the loans and receivables acquired as part of the business combination amounted to ₱252.41 million, with gross contractual amount of ₱360.56 million. Net cash inflow related to the acquisition of PBI amounted to ₱140.47 million, net of cash acquired.

#### UBX and UBX SG Investment Transactions

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

#### Investments in Pacific Payments Pte. Ltd

On February 21, 2020, UBX SG acquired 25% of Pacific Payments Pte. Ltd. (PPPL)'s outstanding capital for a total consideration amounting to \$1.6 million (₱50.0 million). PPPL is a holding company that was incorporated in Singapore in November 2014.

On June 18, 2021, UBX SG sold its 25% stake in Pacific Payments Pte. Ltd.'s for a total consideration of \$5.4 million (₱262.4 million) resulting in a gain on sale of investment in associate amounting to \$3 million (₱156.0 million). UBX SG will use the proceeds to pursue growth and investments opportunities.



Investments in Integra Partners' Fund

On January 31, 2021, UBX SG subscribed \$2.5 million in Integra Partners' Fund II as a Limited Partner. Out of the \$2.5 million subscribed, UBX SG has paid \$286 thousands (₱13.7 million) or around 10% ownership. Integra Partners is a venture Capital (VC) firm based out of Singapore and is considered one of SE Asia's premier Fintech and Healthtech VC funds. UBX SG's investment in the fund indicates its commitment to invest in the fintech space and drive healthcare and financial inclusion in Southeast Asia. Additionally, the partnership further cements the existing strategic relationship with Integra Partners.

Investments in CC Mobile Financial Services Philippines, Inc.

On September 6, 2019, UBX acquired 35% of CC Mobile Financial Services Philippines, Inc. (CCPH) outstanding capital stock for a total consideration amounting to ₱50.0 million. CCPH was incorporated in the Philippines to engage in the business of a financing company by extending credit facilities, by discounting or factoring commercial paper or accounts receivable, by sales finance, by buying and selling contracts, leases, chattel mortgages, or other evidences of indebtedness, or by financial or operating leasing of movable as well as immovable property, and real estate mortgages, without engaging in quasi-banking functions or trust operations. CCPH is accounted for as an investment in associate in the Group's financial statements.

On June 11, 2021, UBX sold its 35% equity ownership in CC Mobile Financial Services Philippines, Inc. to Fintech Platform Ventures Pte Ltd. (FPV) pursuant to a corporate restructuring of the Finscore Group intended to consolidate the ownership of all its subsidiaries under one Singaporean holding company – FPV. UBX PH has agreed to assign the receivable from FPV arising from the sale to UBX SG. In exchange, UBX SG issued 64,760 Class A Redeemable Preferred Shares (RPS) ("UBX shares") at an issue price of \$1.04 million (₱53.03 million) to UBX PH. UBX SG has, in turn, entered into a Subscription and Shareholders' Agreement dated June 4, 2021 wherein it subscribed to 1,350,000 shares (31.98% equity ownership) in FPV, free from any encumbrances, for the aggregate subscription consideration of \$1.39 million (₱70.88 million). As of December 31, 2021, UBX SG has 31.98% ownership in FPV, which in turn has 100% ownership in CC Mobile Financial Services Philippines, Inc.

Investments with NYK Ventures Pte Ltd.

On August 2, 2021, UBX SG subscribed to 811 non-cumulative, non-convertible preference shares of NYK Ventures Pte Ltd. (NYK) at a price of \$317.79 per share or a total of \$0.26 million (₱12.80 million) in addition to its exiting interest in NYK. This additional subscription was an exercise of UBX SG's pro rata rights to maintain an equity stake in NYK's wholly-owned subsidiary, PDAX, Inc. of 2.58%.

Investment in Associates

As of December 31, 2022 and 2021, the Group has investment in associates with aggregate carrying amounts of ₱123,396 and ₱142,355, respectively. The aggregate share in losses on these associates amounted to ₱30,125, ₱14,186, and ₱3,665 in 2022, 2021, and 2020, respectively.

Subscription was an exercise of UBX SG's pro rata rights to maintain an equity stake in NYK's wholly-owned subsidiary, PDAX, Inc. of 2.58%.



Investment in Associates

As of December 31, 2022 and 2021, the Group has investment in associates with aggregate carrying amounts of ₱123,396 and ₱142,355, respectively. The aggregate share in losses on these associates amounted to ₱30,125, ₱14,186, and ₱3,665 in 2022, 2021, and 2020, respectively.

Summarized Financial Information

The following table presents the financial information for CSB, UnionDigital, PETNET, UBX, CFSI, UIC, Bangko Kabayan, FAIR Bank, and PBI as of and for the years ended December 31, 2022 and 2021:

|                | Assets       | Liabilities  | Revenues    | Net Profit<br>(Loss) |
|----------------|--------------|--------------|-------------|----------------------|
| <b>2022</b>    |              |              |             |                      |
| CSB            | ₱131,980,351 | ₱112,633,815 | ₱13,335,969 | ₱2,649,777           |
| UnionDigital   | 12,908,553   | 10,357,201   | 408,801     | (426,016)            |
| PETNET         | 1,608,759    | 439,900      | 1,032,183   | 235,901              |
| UBX            | 1,087,251    | 392,437      | 280,430     | (220,944)            |
| CFSI           | 1,511,034    | 204,336      | 295,014     | 117,317              |
| UIC            | 1,145,003    | 70,566       | 173,615     | 88,894               |
| Bangko Kabayan | 3,597,388    | 3,027,477    | 435,462     | 76,853               |
| FAIR Bank      | 299,029      | 226,998      | 72,518      | (15,098)             |
| PBI            | 180,755      | 185,658      | 45,098      | (14,920)             |
|                |              |              |             |                      |
|                | Assets       | Liabilities  | Revenues    | Net Profit<br>(Loss) |
| <b>2021</b>    |              |              |             |                      |
| CSB            | ₱119,142,549 | ₱102,472,266 | ₱10,748,877 | ₱1,142,631           |
| UnionDigital   | 1,000,000    | 29,000       | —           | (29,000)             |
| PETNET         | 1,323,318    | 221,018      | 762,178     | 125,231              |
| UBX            | 1,034,660    | 170,004      | 338,857     | 64,032               |
| UIC            | 1,134,027    | 128,363      | 134,682     | 53,708               |
| Bangko Kabayan | 3,357,782    | 2,870,298    | 336,203     | 46,706               |
| FAIR Bank      | 359,699      | 244,493      | 70,863      | (28,314)             |
| PBI            | 243,553      | 289,492      | 70,698      | (114,293)            |

**16. Bank Premises, Furniture, Fixtures and Equipment**

The gross carrying amounts and accumulated depreciation and amortization of bank premises, furniture, fixtures and equipment as of December 31, 2022 and 2021 are shown below.

|                                              | Group           |                   |                                         |                       |                                         |                   |
|----------------------------------------------|-----------------|-------------------|-----------------------------------------|-----------------------|-----------------------------------------|-------------------|
|                                              | Land            | Buildings         | Furniture,<br>Fixtures and<br>Equipment | Right-of-use<br>Asset | Leasehold<br>Rights and<br>Improvements | Total             |
| <b>December 31, 2022</b>                     |                 |                   |                                         |                       |                                         |                   |
| Cost                                         | ₱850,660        | ₱5,070,587        | ₱5,314,628                              | ₱3,416,378            | ₱1,852,361                              | ₱16,504,614       |
| Accumulated depreciation and<br>amortization | —               | (929,215)         | (3,477,933)                             | (2,112,457)           | (1,278,390)                             | (7,797,995)       |
| <b>Net carrying amounts</b>                  | <b>₱850,660</b> | <b>₱4,141,372</b> | <b>₱1,836,695</b>                       | <b>₱1,303,921</b>     | <b>₱573,971</b>                         | <b>₱8,706,619</b> |
|                                              |                 |                   |                                         |                       |                                         |                   |
| <b>December 31, 2021</b>                     |                 |                   |                                         |                       |                                         |                   |
| Cost                                         | ₱850,660        | ₱3,061,143        | ₱4,946,472                              | ₱2,817,848            | ₱1,748,553                              | ₱13,424,676       |
| Accumulated depreciation and<br>amortization | —               | (814,284)         | (3,095,504)                             | (1,623,221)           | (1,125,896)                             | (6,658,905)       |
| <b>Net carrying amounts</b>                  | <b>₱850,660</b> | <b>₱2,246,859</b> | <b>₱1,850,968</b>                       | <b>₱1,194,627</b>     | <b>₱622,657</b>                         | <b>₱6,765,771</b> |



|                                              | Parent Bank     |                   |                                         |                       |                                         | Total              |
|----------------------------------------------|-----------------|-------------------|-----------------------------------------|-----------------------|-----------------------------------------|--------------------|
|                                              | Land            | Buildings         | Furniture,<br>Fixtures and<br>Equipment | Right-of-use<br>Asset | Leasehold<br>Rights and<br>Improvements |                    |
| <b>December 31, 2022</b>                     |                 |                   |                                         |                       |                                         |                    |
| Cost                                         | <b>₱248,301</b> | <b>₱4,574,015</b> | <b>₱3,878,962</b>                       | <b>₱2,751,126</b>     | <b>₱904,476</b>                         | <b>₱12,356,880</b> |
| Accumulated depreciation and<br>amortization | –               | (671,565)         | (2,348,595)                             | (1,682,023)           | (418,663)                               | (5,120,846)        |
| <b>Net carrying amounts</b>                  | <b>₱248,301</b> | <b>₱3,902,450</b> | <b>₱1,530,367</b>                       | <b>₱1,069,103</b>     | <b>₱485,813</b>                         | <b>₱7,236,034</b>  |
| <b>December 31, 2021</b>                     |                 |                   |                                         |                       |                                         |                    |
| Cost                                         | ₱248,301        | ₱2,621,552        | ₱3,650,598                              | ₱2,177,921            | ₱824,212                                | ₱9,522,584         |
| Accumulated depreciation and<br>amortization | –               | (596,994)         | (2,027,948)                             | (1,221,229)           | (340,087)                               | (4,186,258)        |
| <b>Net carrying amounts</b>                  | <b>₱248,301</b> | <b>₱2,024,558</b> | <b>₱1,622,650</b>                       | <b>₱956,692</b>       | <b>₱484,125</b>                         | <b>₱5,336,326</b>  |

A reconciliation of the carrying amounts at the beginning and end of 2022 and 2021 of this account (including right-of-use assets) is shown below:

|                                                                                                | Group           |                   |                                         |                        |                                         | Total             |
|------------------------------------------------------------------------------------------------|-----------------|-------------------|-----------------------------------------|------------------------|-----------------------------------------|-------------------|
|                                                                                                | Land            | Buildings         | Furniture,<br>Fixtures and<br>Equipment | Right-of-Use<br>Assets | Leasehold<br>Rights and<br>Improvements |                   |
| Balances at January 1, 2022, net of<br>accumulated depreciation and<br>amortization            | <b>₱850,660</b> | <b>₱2,246,859</b> | <b>₱1,850,968</b>                       | <b>₱1,194,627</b>      | <b>₱622,657</b>                         | <b>₱6,765,771</b> |
| Additions                                                                                      | –               | 15,282            | 454,858                                 | 523,806                | 81,451                                  | 1,075,397         |
| Disposals                                                                                      | –               | –                 | (24,849)                                | –                      | –                                       | (24,849)          |
| Reclassifications/adjustments                                                                  | –               | 23,476            | (2,784)                                 | 136,607                | (23,309)                                | 133,990           |
| Depreciation and amortization<br>charges for the year                                          | –               | (96,708)          | (494,052)                               | (620,499)              | (152,494)                               | (1,363,753)       |
| Effects of business combination<br>(Note 1)                                                    | –               | 1,952,463         | 52,554                                  | 69,380                 | 45,666                                  | 2,120,063         |
| <b>Balances at December 31, 2022,<br/>net of accumulated<br/>depreciation and amortization</b> | <b>₱850,660</b> | <b>₱4,141,372</b> | <b>₱1,836,695</b>                       | <b>₱1,303,921</b>      | <b>₱573,971</b>                         | <b>₱8,706,619</b> |

|                                                                                                | Group           |                   |                                         |                        |                                         | Total             |
|------------------------------------------------------------------------------------------------|-----------------|-------------------|-----------------------------------------|------------------------|-----------------------------------------|-------------------|
|                                                                                                | Land            | Buildings         | Furniture,<br>Fixtures and<br>Equipment | Right-of-Use<br>Assets | Leasehold<br>Rights and<br>Improvements |                   |
| Balances at January 1, 2021, net of<br>accumulated depreciation and<br>amortization            | ₱859,082        | ₱2,331,896        | ₱1,931,401                              | ₱1,126,620             | ₱645,769                                | ₱6,894,768        |
| Additions                                                                                      | –               | 2,202             | 400,807                                 | 666,029                | 102,596                                 | 1,171,634         |
| Disposals                                                                                      | (8,422)         | (9,833)           | (19,024)                                | –                      | –                                       | (37,279)          |
| Reclassifications/adjustments                                                                  | –               | (12,761)          | (4,003)                                 | (385)                  | (572)                                   | (17,721)          |
| Depreciation and amortization<br>charges for the year                                          | –               | (64,645)          | (458,213)                               | (597,637)              | (125,136)                               | (1,245,631)       |
| <b>Balances at December 31, 2021,<br/>net of accumulated<br/>depreciation and amortization</b> | <b>₱850,660</b> | <b>₱2,246,859</b> | <b>₱1,850,968</b>                       | <b>₱1,194,627</b>      | <b>₱622,657</b>                         | <b>₱6,765,771</b> |



|                                                                                 | Parent Bank     |                   |                                   |                     |                                   | Total             |
|---------------------------------------------------------------------------------|-----------------|-------------------|-----------------------------------|---------------------|-----------------------------------|-------------------|
|                                                                                 | Land            | Buildings         | Furniture, Fixtures and Equipment | Right-of-Use Assets | Leasehold Rights and Improvements |                   |
| Balances at January 1, 2022, net of accumulated depreciation and amortization   | <b>₱248,301</b> | <b>₱2,024,558</b> | <b>₱1,622,650</b>                 | <b>₱956,692</b>     | <b>₱484,125</b>                   | <b>₱5,336,326</b> |
| Additions                                                                       | —               | —                 | 273,418                           | 514,000             | 34,597                            | 822,015           |
| Disposals                                                                       | —               | —                 | (17,318)                          | —                   | —                                 | (17,318)          |
| Reclassifications/adjustments                                                   | —               | —                 | (1,393)                           | (250)               | —                                 | (1,643)           |
| Depreciation and amortization charges for the year                              | —               | (74,571)          | (399,334)                         | (464,534)           | (78,575)                          | (1,017,014)       |
| Effects of business combination (Note 1)                                        | —               | 1,952,463         | 52,344                            | 63,195              | 45,666                            | 2,113,668         |
| Balances at December 31, 2022, net of accumulated depreciation and amortization | <b>₱248,301</b> | <b>₱3,902,450</b> | <b>₱1,530,367</b>                 | <b>₱1,069,103</b>   | <b>₱485,813</b>                   | <b>₱7,236,034</b> |
| Balances at January 1, 2021, net of accumulated depreciation and amortization   | ₱248,301        | ₱2,084,184        | ₱1,732,358                        | ₱935,946            | ₱524,577                          | ₱5,525,366        |
| Additions                                                                       | —               | —                 | 285,567                           | 431,171             | 31,824                            | 748,562           |
| Disposals                                                                       | —               | —                 | (13,643)                          | —                   | —                                 | (13,643)          |
| Reclassifications/adjustments                                                   | —               | (15,062)          | —                                 | 170                 | —                                 | (14,892)          |
| Depreciation and amortization charges for the year                              | —               | (44,564)          | (381,632)                         | (410,595)           | (72,276)                          | (909,067)         |
| Balances at December 31, 2021, net of accumulated depreciation and amortization | <b>₱248,301</b> | <b>₱2,024,558</b> | <b>₱1,622,650</b>                 | <b>₱956,692</b>     | <b>₱484,125</b>                   | <b>₱5,336,326</b> |

The Group has leases for branch offices, parking lots, stalls for specific events, signage and computer equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statement of financial position as a ROU asset and a lease liability.

Generally, the Group is restricted from assigning and subleasing the leased assets. The lease contracts are cancellable upon mutual agreement of the parties or renewable under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5% to 10%. As of December 31, 2022 and 2021, the Group has neither a contingent rent payable nor an asset restoration obligation in relation with these lease agreements.

The Group's leasing activities qualified to recognize ROU assets mainly comprise of branch offices and parking lots with remaining lease terms ranging from 1 to 10 years.

The details of depreciation and amortization in the consolidated statements of income follow:

|                                                   | Group             |                   |                   |
|---------------------------------------------------|-------------------|-------------------|-------------------|
|                                                   | 2022              | 2021              | 2020              |
| Bank premises, furniture, fixtures and equipment* | <b>₱743,254</b>   | ₱647,994          | ₱658,806          |
| Investment properties (Note 17)                   | <b>370,290</b>    | 406,421           | 358,351           |
| Computer software (Note 19)                       | <b>349,683</b>    | 405,150           | 286,680           |
| Foreclosed machineries and chattel                | <b>144,646</b>    | 164,114           | 103,063           |
|                                                   | <b>₱1,607,873</b> | <b>₱1,623,679</b> | <b>₱1,406,900</b> |

\*Excluding depreciation of ROU asset presented in Occupancy amounting to ₱620,499 and ₱597,637 in 2022 and 2021, respectively.





|                                                   | <b>Parent Bank</b> |                   |                   |
|---------------------------------------------------|--------------------|-------------------|-------------------|
|                                                   | <b>2022</b>        | <b>2021</b>       | <b>2020</b>       |
| Bank premises, furniture, fixtures and equipment* | <b>₱552,480</b>    | ₱498,472          | 499,189           |
| Investment properties (Note 17)                   | <b>358,600</b>     | 394,241           | 350,290           |
| Computer software (Note 19)                       | <b>252,365</b>     | 253,745           | 159,428           |
| Foreclosed machineries and chattel                | <b>4,119</b>       | —                 | —                 |
|                                                   | <b>₱1,167,564</b>  | <b>₱1,146,458</b> | <b>₱1,008,907</b> |

\*Excluding depreciation of ROU asset presented in Occupancy amounting to ₱464,534 and ₱410,595 in 2022 and 2021, respectively.

In 2022, 2021, and 2020 depreciation charges amounted to ₱620.50 million, ₱597.64 million, and ₱521.52 million, respectively, for the ROU asset of the Group and ₱464.53 million, ₱410.60 million, and ₱438.31 million, respectively, for ROU of the Parent Bank. This is shown as part of Occupancy in the consolidated and parent bank statements of income.

Under BSP rules, investments in bank premises, furniture, fixtures and equipment should not exceed 50% of the Parent Bank's unimpaired capital. As of December 31, 2022 and 2021, the Parent Bank has satisfactorily complied with this requirement.

## 17. Investment Properties

The Group's and the Parent Bank's investment properties include several parcels of land and buildings held for rentals and foreclosed properties. The composition of and movements in this account under the cost model are shown below.

|                             | <b>Group</b>             |             | <b>Parent</b>            |             |
|-----------------------------|--------------------------|-------------|--------------------------|-------------|
|                             | <b>As at December 31</b> |             | <b>As at December 31</b> |             |
|                             | <b>2022</b>              | <b>2021</b> | <b>2022</b>              | <b>2021</b> |
| Cost                        | <b>₱11,432,533</b>       | ₱11,700,174 | <b>₱10,129,917</b>       | ₱10,288,745 |
| Accumulated depreciation    | <b>(3,101,955)</b>       | (2,930,403) | <b>(2,934,165)</b>       | (2,756,443) |
| Accumulated impairment loss | <b>(71,705)</b>          | (96,427)    | <b>(71,703)</b>          | (96,425)    |
| Net carrying amounts        | <b>₱8,258,873</b>        | ₱8,673,344  | <b>₱7,124,049</b>        | ₱7,435,877  |

The movements in the Group's and the Parent Bank's investment properties are shown below.

|                                                  | <b>Group</b>                   |                              |                    |
|--------------------------------------------------|--------------------------------|------------------------------|--------------------|
|                                                  | <b>2022</b>                    |                              |                    |
|                                                  | <b>Building Held for Lease</b> | <b>Foreclosed Properties</b> | <b>Total</b>       |
| <b>Cost</b>                                      |                                |                              |                    |
| Balances at January 1                            | <b>₱2,533,566</b>              | <b>₱9,166,608</b>            | <b>₱11,700,174</b> |
| Reclassifications / adjustments                  | —                              | <b>(41,189)</b>              | <b>(41,189)</b>    |
| Additions                                        | —                              | <b>842,881</b>               | <b>842,881</b>     |
| Disposals                                        | —                              | <b>(1,069,333)</b>           | <b>(1,069,333)</b> |
| Balances at December 31                          | <b>2,533,566</b>               | <b>8,898,967</b>             | <b>11,432,533</b>  |
| <b>Accumulated depreciation and amortization</b> |                                |                              |                    |
| Balances at January 1                            | <b>736,553</b>                 | <b>2,193,850</b>             | <b>2,930,403</b>   |
| Reclassifications / adjustments                  | <b>434</b>                     | <b>(9,042)</b>               | <b>(8,608)</b>     |
| Depreciation                                     | <b>52,738</b>                  | <b>317,552</b>               | <b>370,290</b>     |
| Disposals                                        | —                              | <b>(190,130)</b>             | <b>(190,130)</b>   |
| Balances at December 31                          | <b>789,725</b>                 | <b>2,312,230</b>             | <b>3,101,955</b>   |
| <b>Accumulated impairment losses</b>             |                                |                              |                    |
| Balance at January 1                             | —                              | <b>96,427</b>                | <b>96,427</b>      |
| Reversals on provision for impairment            | —                              | <b>(24,722)</b>              | <b>(24,722)</b>    |
| Balances at December 31                          | —                              | <b>71,705</b>                | <b>71,705</b>      |
| <b>Net book values</b>                           | <b>₱1,743,841</b>              | <b>₱6,515,032</b>            | <b>₱8,258,873</b>  |



|                                                  | Group<br>2021              |                          |                   |
|--------------------------------------------------|----------------------------|--------------------------|-------------------|
|                                                  | Building Held<br>for Lease | Foreclosed<br>Properties | Total             |
| <b>Cost</b>                                      |                            |                          |                   |
| Balances at January 1                            | ₱2,506,566                 | ₱9,217,408               | ₱11,723,974       |
| Reclassifications / adjustments                  | —                          | (785)                    | (785)             |
| Additions                                        | 27,000                     | 303,167                  | 330,167           |
| Disposals                                        | —                          | (353,182)                | (353,182)         |
| Balances at December 31                          | 2,533,566                  | 9,166,608                | 11,700,174        |
| <b>Accumulated depreciation and amortization</b> |                            |                          |                   |
| Balances at January 1                            | 684,038                    | 1,956,551                | 2,640,589         |
| Reclassifications / adjustments                  | (20)                       | (66)                     | (86)              |
| Depreciation                                     | 52,535                     | 353,886                  | 406,421           |
| Disposals                                        | —                          | (116,521)                | (116,521)         |
| Balances at December 31                          | 736,553                    | 2,193,850                | 2,930,403         |
| <b>Accumulated impairment losses</b>             |                            |                          |                   |
| Balance at January 1                             | —                          | 161,019                  | 161,019           |
| Reclassifications / adjustments                  | —                          | 57                       | 57                |
| Reversals on provision for impairment            | —                          | (64,649)                 | (64,649)          |
| Balances at December 31                          | —                          | 96,427                   | 96,427            |
| <b>Net book values</b>                           | <b>₱1,797,013</b>          | <b>₱6,876,331</b>        | <b>₱8,673,344</b> |

|                                                  | Parent Bank<br>2022        |                          |                   |
|--------------------------------------------------|----------------------------|--------------------------|-------------------|
|                                                  | Building Held<br>for Lease | Foreclosed<br>Properties | Total             |
| <b>Cost</b>                                      |                            |                          |                   |
| Balances at January 1                            | ₱2,198,110                 | ₱8,090,635               | ₱10,288,745       |
| Reclassification                                 | —                          | (1,224)                  | (1,224)           |
| Additions                                        | —                          | 831,156                  | 831,156           |
| Disposals                                        | —                          | (988,760)                | (988,760)         |
| Balances at December 31                          | 2,198,110                  | 7,931,807                | 10,129,917        |
| <b>Accumulated depreciation and amortization</b> |                            |                          |                   |
| Balances at January 1                            | 603,427                    | 2,153,016                | 2,756,443         |
| Depreciation                                     | 45,854                     | 312,746                  | 358,600           |
| Disposals                                        | —                          | (180,878)                | (180,878)         |
| Balances at December 31                          | 649,281                    | 2,284,884                | 2,934,165         |
| <b>Accumulated impairment losses</b>             |                            |                          |                   |
| Balances at January 1 and December 31            | —                          | 96,425                   | 96,425            |
| Reversals on provision for impairment            | —                          | (24,722)                 | (24,722)          |
| Balances at December 31                          | —                          | 71,703                   | 71,703            |
| <b>Net book values</b>                           | <b>₱1,548,829</b>          | <b>₱5,575,220</b>        | <b>₱7,124,049</b> |

|                                                  | Parent Bank<br>2021        |                          |                   |
|--------------------------------------------------|----------------------------|--------------------------|-------------------|
|                                                  | Building Held<br>for Lease | Foreclosed<br>Properties | Total             |
| <b>Cost</b>                                      |                            |                          |                   |
| Balances at January 1                            | ₱2,171,110                 | ₱8,128,628               | ₱10,299,738       |
| Additions                                        | 27,000                     | 261,438                  | 288,438           |
| Disposals                                        | —                          | (299,431)                | (299,431)         |
| Balances at December 31                          | 2,198,110                  | 8,090,635                | 10,288,745        |
| <b>Accumulated depreciation and amortization</b> |                            |                          |                   |
| Balances at January 1                            | 557,796                    | 1,918,321                | 2,476,117         |
| Depreciation                                     | 45,631                     | 348,610                  | 394,241           |
| Disposals                                        | —                          | (113,915)                | (113,915)         |
| Balances at December 31                          | 603,427                    | 2,153,016                | 2,756,443         |
| <b>Accumulated impairment losses</b>             |                            |                          |                   |
| Balances at January 1 and December 31            | —                          | 161,074                  | 161,074           |
| Reversals on provision for impairment            | —                          | (64,649)                 | (64,649)          |
| Balances at December 31                          | —                          | 96,425                   | 96,425            |
| <b>Net book values</b>                           | <b>₱1,594,683</b>          | <b>₱5,841,194</b>        | <b>₱7,435,877</b> |



Real property taxes related to these investment properties paid by the Group and recognized as expense in 2022, 2021, and 2020 totaled ₱41,242, ₱33,676, and ₱44,653, respectively, and are presented as part of Taxes and licenses account under Other expenses in the statements of income.

Rent income earned by the Group on its investment properties under operating leases amounted to ₱209,600, ₱108,047, and ₱142,033, in 2022, 2021, and 2020, respectively, and is included as part of Rental account under Miscellaneous income in the statements of income (see Note 28).

The gain from foreclosure of loan collaterals, presented as part of Miscellaneous income in the statements of income (see Note 28), amounted to ₱466.39 million, ₱135.31 million, and ₱153.88 million, in 2022, 2021, and 2020, respectively, for the Group and the Parent Bank.

The gain (loss) on disposal of foreclosed properties, presented as part of Miscellaneous income in the statements of income (see Note 28), amounted to ₱1,224.04 million, (₱43.69 million), and ₱229.15 million, in 2022, 2021, and 2020, respectively, for the Group, and ₱1,193.00 million, ₱207.36 million, and ₱195.47 million in 2022, 2021, and 2020, respectively, for the Parent Bank.

Information about the fair value of investment properties is presented in Note 7.

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**18. Goodwill**

Goodwill represents the excess of the acquisition cost over the fair value arising from the acquisitions of (a) former iBank's in April 2006; (b) CSB in January 2013, (c) PR Savings Bank by CSB in June 2018, (d) PETNET in December 2018, (e) Bangko Kabayan in March 2020, and (f) Citigroup Inc.'s consumer banking business in the Philippines in August 2022 (see Note 1).

For the 2022 acquisition of Citigroup's consumer banking business, the Group has provisionally determined the fair value of assets and liabilities acquired and the related goodwill, including determining any goodwill that is expected to be deductible for income tax purposes.

For impairment testing purposes, the goodwill of the Group acquired through business combinations is allocated to the following CGUs:

- a. With respect to acquisition of iBank, to the Parent Bank's Retail Banking and Parent Bank's Corporate and Commercial Banking;
- b. With respect to the goodwill from the acquisition of CSB and PR Savings Bank, to CSB's DepEd salary loans business and motorcycle loans business, respectively;
- c. With respect to the goodwill from the acquisition of PETNET, the separate cash generating unit of PETNET at entity level;
- d. With respect to the goodwill from the acquisition of Bangko Kabayan, the separate cash generating unit of Bangko Kabayan at entity level; and,
- e. With respect to the goodwill from the acquisition of Citigroup Inc.'s consumer banking business in the Philippines, the separate cash generating unit of (i) a group of CGU within the Consumer Banking Group; and (ii) CFSI at entity level



The following presents the movement of goodwill of the Group for 2022 and 2021:

|                                                 | <b>Group</b>       |             |
|-------------------------------------------------|--------------------|-------------|
|                                                 | <b>2022</b>        | <b>2021</b> |
| Beginning balance                               | <b>₱14,818,932</b> | ₱15,348,531 |
| Acquisition of business and subsidiary (Note 1) | <b>47,491,355</b>  | –           |
| Impairment during the year (Note 28)            | –                  | (529,599)   |
| Ending balance                                  | <b>₱62,310,287</b> | ₱14,818,932 |

The goodwill of the Group is allocated to the following CGUs:

|                                                | <b>Group</b>       |             | <b>Parent Bank</b> |             |
|------------------------------------------------|--------------------|-------------|--------------------|-------------|
|                                                | <b>2022</b>        | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| Parent Bank                                    |                    |             |                    |             |
| Parent Bank's Consumer Banking Business        | <b>₱43,772,364</b> | ₱–          | <b>₱43,772,364</b> | ₱–          |
| Parent Bank's Corporate and Commercial Banking | <b>3,208,998</b>   | 3,208,998   | <b>3,208,998</b>   | 3,208,998   |
| Parent Bank's Retail Banking                   | <b>4,677,900</b>   | 4,677,900   | <b>4,677,900</b>   | 4,677,900   |
|                                                | <b>51,659,262</b>  | 7,886,898   | <b>51,659,262</b>  | 7,886,898   |
| CSB                                            |                    |             |                    |             |
| CSB's DepEd Salary Loans Business*             | <b>3,371,353</b>   | 3,371,353   | –                  | –           |
| CSB's Motorcycle Loans Business**              | <b>2,729,424</b>   | 2,729,424   | –                  | –           |
|                                                | <b>6,100,777</b>   | 6,100,777   | –                  | –           |
| PETNET                                         | <b>715,118</b>     | 715,118     | –                  | –           |
| CFSI                                           | <b>3,718,991</b>   | –           | –                  | –           |
| Bangko Kabayan                                 | <b>116,139</b>     | 116,139     | –                  | –           |
|                                                | <b>₱62,310,287</b> | ₱14,818,932 | <b>₱51,659,262</b> | ₱7,886,898  |

\*Arising from the acquisition of CSB amounting to ₱3.37 billion

\*\*Arising from the acquisition of PR Savings Bank amounting to ₱3.48 billion. Goodwill impairment recognized for CSB's motorcycle loans business amounted to ₱529.60 million and ₱223.17 million in 2021 and 2020, respectively

Refer to Note 15 for the discussions on the acquisition of and merger with PR Savings Bank and acquisition of Bangko Kabayan  
Refer to Note 1 for the discussion on the acquisition of the Citigroup Inc.'s consumer banking business

The Parent Bank's Consumer banking business relates to a group of CGUs which comprises of the consumer banking business acquired from Citibank N.A. (see Note 1), the Parent Bank's credit card banking business, and the asset backed-lending business. As of December 31, 2022, the Bank has yet to complete the allocation of goodwill to the individual CGUs. As allowed by PFRS, the Bank allocated the goodwill to the aggregation of the group of CGUs which are expected to benefit from the synergies arising from the acquisition. The Parent Bank expects to finalize the allocation of goodwill within 1 year from the acquisition date.

The Group performed its annual impairment test in December of each year, unless indicators for impairment warrant earlier reassessment. The Group considers various internal and external sources of information in assessing whether there is any indication that goodwill is impaired including if there are significant changes with an adverse effect on the CGUs that have taken place during the period in the technological, market, economic or legal environment in which the Group operates.

As a result of the ongoing economic uncertainty brought about by the COVID-19 pandemic, the results of the motorcycle lending business were lower than expected.

The volume of loan releases was lower and the motorcycle loans reported higher NPLs, indicating a potential impairment of goodwill.



The recoverable amount of the motorcycle loans' CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. Key assumptions in VIU calculation of CGUs are most sensitive to loan growth rate and discount rate. Future cash flows and growth rates were based on historical experiences and strategies developed, including assessment of impact of the COVID-19 pandemic. The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to a comparable entity, market observable inputs and assumptions consistent with the valuation practice. Refer to Note 3 for the disclosure of assumptions used in the impairment assessment.

As a result of this analysis, management has recognized an impairment charge of ₱529.6 million in 2021 against goodwill with a carrying amount of ₱3,259.0 million as of December 31, 2020 and ₱223.2 million in 2020 against goodwill with a carrying amount of ₱3,482.2 million as of December 31, 2019. The impairment charge is recorded under Miscellaneous expenses in the statement of income. In 2022, the Group performed its annual impairment test and noted that there is no additional impairment to recognize for the motorcycle CGU.

## 19. Other Resources

The composition of Other resources account as of December 31 follows:

|                                      | Group              |             | Parent Bank        |             |
|--------------------------------------|--------------------|-------------|--------------------|-------------|
|                                      | 2022               | 2021        | 2022               | 2021        |
| Deferred tax assets (Note 30)        | <b>₱7,923,240</b>  | ₱7,046,605  | <b>₱5,964,897</b>  | ₱5,677,282  |
| Software under development           | <b>6,190,999</b>   | 3,366,928   | <b>6,190,999</b>   | 3,366,928   |
| Computer software – net              | <b>3,989,158</b>   | 2,335,558   | <b>1,499,300</b>   | 1,722,139   |
| Advances and other investments       | <b>1,755,564</b>   | 1,640,920   | <b>1,754,866</b>   | 1,597,023   |
| Creditable withholding taxes         | <b>1,604,581</b>   | 1,114,195   | <b>1,400,877</b>   | 1,061,256   |
| Prepaid expenses                     | <b>985,548</b>     | 701,181     | <b>804,153</b>     | 427,183     |
| Deferred charges                     | <b>561,734</b>     | 378,832     | –                  | –           |
| Documentary stamps                   | <b>363,585</b>     | 406,610     | <b>329,892</b>     | 222,117     |
| Non-current assets held for sale     | <b>331,476</b>     | 333,917     | –                  | –           |
| Trust fund assets                    | <b>61,681</b>      | 62,802      | –                  | –           |
| Net retirement asset (Note 29)       | <b>31,955</b>      | 62,899      | –                  | –           |
| Returned checks and other cash items | <b>29,999</b>      | 169,164     | <b>29,999</b>      | 169,164     |
| Miscellaneous                        | <b>2,555,092</b>   | 1,628,501   | <b>1,663,750</b>   | 1,091,950   |
|                                      | <b>26,384,612</b>  | 19,248,112  | <b>19,638,733</b>  | 15,335,042  |
| Allowance for impairment (Note 20)   | <b>(42,783)</b>    | (66,449)    | <b>(3,298)</b>     | (26,964)    |
|                                      | <b>₱26,341,829</b> | ₱19,181,663 | <b>₱19,635,435</b> | ₱15,308,078 |

Trust fund assets are maintained to cover pre-need liabilities of FUPI for pre-need plans computed based on the provisions of PAS 37 as required by the IC and validated by a qualified actuary in compliance with the rules and regulations of the IC based on the amended PNUCA. The trust fund assets are managed by the Parent Bank's Trust and Investment Services Group (TISG).



The details of FUPI's trust fund assets as of December 31 follow:

|                           | 2022           | 2021           |
|---------------------------|----------------|----------------|
| Due from other banks*     | <b>₱2,362</b>  | ₱16,241        |
| Financial assets at FVTPL | <b>44,901</b>  | 33,519         |
| Financial assets at FVOCI | <b>14,320</b>  | 14,450         |
| Miscellaneous – net       | <b>98</b>      | (1,408)        |
|                           | <b>₱61,681</b> | <b>₱62,802</b> |

\*As of December 31, 2022 and 2021, due from other banks included under trust fund assets comprising placements with the Parent Bank and not included in the above amounted to ₱11.61 million and ₱17.05 million, respectively.

Financial assets at FVTPL comprise of investments in shares of listed companies, government securities and other corporate debt instruments. The trust fund generated income (loss) of (₱1.30 million), ₱0.21 million, and (₱14.98 million) in 2022, 2021, and 2020, respectively (see Note 28).

The movements in the Computer software account follow:

|                                   | Group             |                   | Parent Bank       |                   |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                   | 2022              | 2021              | 2022              | 2021              |
| Balance at beginning of year      | <b>₱2,335,558</b> | ₱1,495,492        | <b>₱1,722,139</b> | ₱1,013,475        |
| Additions                         | <b>2,027,117</b>  | 1,255,269         | <b>29,528</b>     | 962,409           |
| Amortization charges for the year | <b>(349,683)</b>  | (405,150)         | <b>(252,365)</b>  | (253,745)         |
| Reclassifications                 | <b>(23,834)</b>   | (10,053)          | <b>(2)</b>        | –                 |
| Balance at end of year            | <b>₱3,989,158</b> | <b>₱2,335,558</b> | <b>₱1,499,300</b> | <b>₱1,722,139</b> |

Miscellaneous includes foreclosed machineries, chattels, motorcycle and automobiles, security deposits and ongoing improvements on the Group's and the Parent Bank's branches and offices.

## 20. Allowance for Impairment

The breakdown of allowance for impairment is shown in the table below:

|                                                    | Group              |                    | Parent Bank        |                    |
|----------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                    | 2022               | 2021               | 2022               | 2021               |
| Receivable from customers (Note 14)                | <b>₱14,038,685</b> | ₱13,435,022        | <b>₱9,177,037</b>  | ₱10,035,885        |
| Other receivables (Note 14)                        | <b>476,864</b>     | 497,833            | <b>447,915</b>     | 464,156            |
| Investments and placements<br>(Notes 9, 12 and 13) | <b>335,663</b>     | 293,576            | <b>331,543</b>     | 289,455            |
| Others                                             | <b>114,488</b>     | 162,876            | <b>75,001</b>      | 123,389            |
|                                                    | <b>₱14,965,700</b> | <b>₱14,389,307</b> | <b>₱10,031,496</b> | <b>₱10,912,885</b> |

Allowance for impairment of investments and placements include the Group's and the Parent Bank's financial assets at amortized cost, debt financial assets at FVOCI, due from other banks and interbank loans receivables. Others refer to allowance for impairment of investment properties and other resources.

With the foregoing level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance for any losses that the Group may incur from the non-collection or nonrealization of its receivables and other risk assets.



The reconciliation of allowance for the total receivables from customers follows.

Total Receivables from Customers - Group

|                                                                                                                                            | 2022        |            |             |             |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------|-------------|-------------|
|                                                                                                                                            | Stage 1     | Stage 2    | Stage 3     | Total       |
| Balances at beginning of year                                                                                                              | ₱1,460,927  | ₱861,913   | ₱11,112,182 | ₱13,435,022 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022                                                                   | 1,658,539   | —          | —           | 1,658,539   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022                                                          | —           | 632,846    | 1,893,670   | 2,526,516   |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (1,313,814) | 795,907    | (910,571)   | (1,428,478) |
| Amounts written-off                                                                                                                        | 1,202,776   | (498,644)  | (704,132)   | —           |
| Transfers to Stage 1                                                                                                                       | 619,827     | (447,721)  | (172,106)   | —           |
| Transfers to Stage 2                                                                                                                       | (356,893)   | (213,335)  | 570,228     | —           |
| Transfers to Stage 3                                                                                                                       | (779,436)   | (88,775)   | 1,348,038   | 479,827     |
| Impact on ECL of exposures transferred between stages                                                                                      | (16,799)    | (4,383)    | (2,611,559) | (2,632,741) |
| Balances at end of year                                                                                                                    | ₱2,475,127  | ₱1,037,808 | ₱10,525,750 | ₱14,038,685 |

|                                                                                                                                            | 2021        |           |             |             |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------|-------------|-------------|
|                                                                                                                                            | Stage 1     | Stage 2   | Stage 3     | Total       |
| Balances at beginning of year                                                                                                              | ₱1,789,161  | ₱784,234  | ₱7,900,469  | ₱10,473,864 |
| Newly originated assets that remained in Stage 1 as at December 31, 2021                                                                   | 969,433     | —         | —           | 969,433     |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021                                                          | —           | 101,461   | 1,927,323   | 2,028,784   |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (1,922,757) | (400,158) | 2,445,450   | 122,535     |
| Amounts written-off                                                                                                                        | —           | —         | (1,659,357) | (1,659,357) |
| Transfers to Stage 1                                                                                                                       | 1,383,303   | (61,985)  | (1,321,318) | —           |
| Transfers to Stage 2                                                                                                                       | (32,285)    | 490,466   | (458,181)   | —           |
| Transfers to Stage 3                                                                                                                       | (88,197)    | (59,047)  | 147,244     | —           |
| Impact on ECL of exposures transferred between stages                                                                                      | (637,731)   | 6,942     | 2,130,552   | 1,499,763   |
| Balances at end of year                                                                                                                    | ₱1,460,927  | ₱861,913  | ₱11,112,182 | ₱13,435,022 |



Total Receivables from Customers – Parent Bank

|                                                                                                                                            | 2022        |           |             |             |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------|-------------|-------------|
|                                                                                                                                            | Stage 1     | Stage 2   | Stage 3     | Total       |
| Balances at beginning of year                                                                                                              | ₱522,406    | ₱758,099  | ₱8,755,380  | ₱10,035,885 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022                                                                   | 1,020,405   | –         | –           | 1,020,405   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022                                                          | –           | 448,013   | 1,081,563   | 1,529,576   |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (1,367,151) | 732,291   | (991,410)   | (1,626,270) |
| Transfers to Stage 1                                                                                                                       | 1,199,324   | (495,056) | (704,268)   | –           |
| Transfers to Stage 2                                                                                                                       | 638,024     | (466,129) | (171,895)   | –           |
| Transfers to Stage 3                                                                                                                       | 458,270     | (59,499)  | (398,771)   | –           |
| Impact on ECL of exposures transferred between stages                                                                                      | (773,454)   | (88,554)  | 1,347,808   | 485,800     |
| Amounts written-off                                                                                                                        | (21)        | (3)       | (2,268,335) | (2,268,359) |
| Balances at end of year                                                                                                                    | ₱1,697,803  | ₱829,162  | ₱6,650,072  | ₱9,177,037  |

|                                                                                                                                            | 2021      |          |             |             |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|-------------|-------------|
|                                                                                                                                            | Stage 1   | Stage 2  | Stage 3     | Total       |
| Balances at beginning of year                                                                                                              | ₱695,641  | ₱696,176 | ₱6,299,830  | ₱7,691,647  |
| Newly originated assets that remained in Stage 1 as at December 31, 2021                                                                   | 421,378   | –        | –           | 421,378     |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021                                                          | –         | 4,296    | 1,381,647   | 1,385,943   |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (537,120) | 22,868   | 1,085,105   | 570,853     |
| Transfers to Stage 1                                                                                                                       | 639,247   | (55,944) | (583,303)   | –           |
| Transfers to Stage 2                                                                                                                       | (31,408)  | 126,184  | (94,776)    | –           |
| Transfers to Stage 3                                                                                                                       | (27,600)  | (42,423) | 70,023      | –           |
| Impact on ECL of exposures transferred between stages                                                                                      | (637,732) | 6,942    | 2,130,553   | 1,499,763   |
| Amounts written-off                                                                                                                        | –         | –        | (1,533,699) | (1,533,699) |
| Balances at end of year                                                                                                                    | ₱522,406  | ₱758,099 | ₱8,755,380  | ₱10,035,885 |





Reconciliation of the allowance for impairment by class follows:

Corporate Loans - Group and Parent Bank

|                                                                                                                                            | 2022     |           |             |             |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|-------------|-------------|
|                                                                                                                                            | Stage 1  | Stage 2   | Stage 3     | Total       |
| Balances at beginning of year                                                                                                              | ₱109,824 | ₱595,309  | ₱1,436,992  | ₱2,142,125  |
| Newly originated assets that remained in Stage 1 as at December 31, 2022                                                                   | 26,340   | —         | —           | 26,340      |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022                                                          | —        | 3,564     | 16,182      | 19,746      |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (87,059) | (273,367) | (285,686)   | (646,112)   |
| Transfers to Stage 1                                                                                                                       | 96,869   | (96,869)  | —           | —           |
| Transfers to Stage 2                                                                                                                       | (1,708)  | 1,708     | —           | —           |
| Transfers to Stage 3                                                                                                                       | —        | —         | —           | —           |
| Impact on ECL of exposures transferred between stages                                                                                      | (95,755) | 2,952     | —           | (92,803)    |
| Amounts written-off                                                                                                                        | —        | —         | (1,025,902) | (1,025,902) |
| Balances at end of year                                                                                                                    | ₱48,511  | ₱233,297  | ₱141,586    | ₱423,394    |

|                                                                                                                                            | 2021     |          |            |            |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|------------|------------|
|                                                                                                                                            | Stage 1  | Stage 2  | Stage 3    | Total      |
| Balances at beginning of year                                                                                                              | ₱120,932 | ₱511,583 | ₱781,968   | ₱1,414,483 |
| Newly originated assets that remained in Stage 1 as at December 31, 2021                                                                   | 89,983   | —        | —          | 89,983     |
| Newly originated assets that moved to Stage 3 as at December 31, 2021                                                                      | —        | —        | —          | —          |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (73,593) | (35,708) | 401,514    | 292,213    |
| Transfers to Stage 1                                                                                                                       | —        | —        | —          | —          |
| Transfers to Stage 2                                                                                                                       | (27,478) | 49,144   | (21,666)   | —          |
| Transfers to Stage 3                                                                                                                       | (20)     | —        | 20         | —          |
| Impact on ECL of exposures transferred between stages                                                                                      | —        | 70,290   | 275,156    | 345,446    |
| Amounts written-off                                                                                                                        | —        | —        | —          | —          |
| Balances at end of year                                                                                                                    | ₱109,824 | ₱595,309 | ₱1,436,992 | ₱2,142,125 |



Commercial Loans - Group and Parent Bank

|                                                                                                                                            | 2022      |           |            |            |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|------------|------------|
|                                                                                                                                            | Stage 1   | Stage 2   | Stage 3    | Total      |
| Balances at beginning of year                                                                                                              | ₱236,600  | ₱140,537  | ₱2,202,547 | ₱2,579,684 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022                                                                   | 308,773   | —         | —          | 308,773    |
| Newly originated assets that moved to Stage 2 & 3 as at December 31, 2022                                                                  | —         | 235,401   | 180,066    | 415,467    |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (224,944) | (125,034) | 247,975    | (102,003)  |
| Transfers to Stage 1                                                                                                                       | 85,256    | (533)     | (84,723)   | —          |
| Transfers to Stage 2                                                                                                                       | —         | 42,776    | (42,776)   | —          |
| Transfers to Stage 3                                                                                                                       | (5,527)   | (4,863)   | 10,390     | —          |
| Impact on ECL of exposures transferred between stages                                                                                      | (85,109)  | (42,757)  | 383,315    | 255,449    |
| Amounts written-off                                                                                                                        | —         | —         | —          | —          |
| Balances at end of year                                                                                                                    | ₱315,049  | ₱245,527  | ₱2,896,794 | ₱3,457,370 |

|                                                                                                                                            | 2021      |          |            |            |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|------------|------------|
|                                                                                                                                            | Stage 1   | Stage 2  | Stage 3    | Total      |
| Balances at beginning of year                                                                                                              | ₱171,096  | ₱60,333  | ₱1,808,878 | ₱2,040,307 |
| Newly originated assets that remained in Stage 1 as at December 31, 2021                                                                   | 230,047   | —        | —          | 230,047    |
| Newly originated assets that moved to Stage 3 as at December 31, 2021                                                                      | —         | —        | —          | —          |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (163,661) | 81,053   | 191,398    | 108,790    |
| Transfers to Stage 1                                                                                                                       | 28,653    | (15)     | (28,638)   | —          |
| Transfers to Stage 2                                                                                                                       | (57)      | 57       | —          | —          |
| Transfers to Stage 3                                                                                                                       | (1,183)   | (953)    | 2,136      | —          |
| Impact on ECL of exposures transferred between stages                                                                                      | (28,295)  | 62       | 273,770    | 245,537    |
| Amounts written-off                                                                                                                        | —         | —        | (44,997)   | (44,997)   |
| Balances at end of year                                                                                                                    | ₱236,600  | ₱140,537 | ₱2,202,547 | ₱2,579,684 |

In 2022, there were no write-offs for corporate loans.



Home Loans - Group and Parent Bank

|                                                                                                                                            | 2022      |          |            |            |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|------------|------------|
|                                                                                                                                            | Stage 1   | Stage 2  | Stage 3    | Total      |
| Balances at beginning of year                                                                                                              | ₱28,163   | ₱13,510  | ₱2,147,296 | ₱2,188,969 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022                                                                   | 322,534   | —        | —          | 322,534    |
| Newly originated assets that moved to Stage 3 as at December 31, 2022                                                                      | —         | 4,492    | 49,243     | 53,735     |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | 112,530   | 2,082    | (730,590)  | (615,978)  |
| Transfers to Stage 1                                                                                                                       | 491,523   | (7,213)  | (484,310)  | —          |
| Transfers to Stage 2                                                                                                                       | (196)     | 90,171   | (89,975)   | —          |
| Transfers to Stage 3                                                                                                                       | (390)     | (2,998)  | 3,388      | —          |
| Impact on ECL of exposures transferred between stages                                                                                      | (478,968) | (66,213) | 355,503    | (189,678)  |
| Amounts written-off                                                                                                                        | —         | —        | (2,899)    | (2,899)    |
| Balances at end of year                                                                                                                    | ₱475,196  | ₱33,831  | ₱1,247,656 | ₱1,756,683 |

|                                                                                                                                            | 2021      |          |            |            |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|------------|------------|
|                                                                                                                                            | Stage 1   | Stage 2  | Stage 3    | Total      |
| Balances at beginning of year                                                                                                              | ₱44,774   | ₱49,512  | ₱1,503,801 | ₱1,598,087 |
| Newly originated assets that remained in Stage 1 as at December 31, 2021                                                                   | 18,009    | —        | —          | 18,009     |
| Newly originated assets that moved to Stage 3 as at December 31, 2021                                                                      | —         | 1,470    | 49,035     | 50,505     |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (33,025)  | (5,794)  | 336,434    | 297,615    |
| Transfers to Stage 1                                                                                                                       | 509,549   | (26,268) | (483,281)  | —          |
| Transfers to Stage 2                                                                                                                       | (376)     | 63,544   | (63,168)   | —          |
| Transfers to Stage 3                                                                                                                       | (1,877)   | (16,321) | 18,198     | —          |
| Impact on ECL of exposures transferred between stages                                                                                      | (508,891) | (52,633) | 841,529    | 280,005    |
| Amounts written-off                                                                                                                        | —         | —        | (55,252)   | (55,252)   |
| Balances at end of year                                                                                                                    | ₱28,163   | ₱13,510  | ₱2,147,296 | ₱2,188,969 |



Consumer Products - Group and Parent Bank

Consumer Products include auto loans, business line, credit cards and the acquired credit card and the acquired credit card and personal loan portfolio from Citibank.

|                                                                                                                                            | 2022        |           |            |            |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------|------------|------------|
|                                                                                                                                            | Stage 1     | Stage 2   | Stage 3    | Total      |
| Balances at beginning of year                                                                                                              | ₱24,322     | ₱4,732    | ₱2,362,695 | ₱2,391,749 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022                                                                   | 270,921     | —         | —          | 270,921    |
| Newly originated assets that moved to Stage 3 as at December 31, 2022                                                                      | —           | 59,936    | 824,492    | 884,428    |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (1,059,607) | 1,129,937 | (133,045)  | (62,715)   |
| Transfers to Stage 1                                                                                                                       | 524,413     | (390,089) | (134,324)  | —          |
| Transfers to Stage 2                                                                                                                       | 639,929     | (601,577) | (38,352)   | —          |
| Transfers to Stage 3                                                                                                                       | 468,188     | (50,749)  | (417,439)  | —          |
| Impact on ECL of exposures transferred between stages                                                                                      | (112,417)   | 15,913    | 573,457    | 476,953    |
| Amounts written-off                                                                                                                        | (20)        | (3)       | (896,785)  | (896,808)  |
| Balances at end of year                                                                                                                    | ₱755,729    | ₱168,100  | ₱2,140,699 | ₱3,064,528 |

|                                                                                                                                            | 2021      |          |             |             |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|-------------|-------------|
|                                                                                                                                            | Stage 1   | Stage 2  | Stage 3     | Total       |
| Balances at beginning of year                                                                                                              | ₱286,507  | ₱64,162  | ₱1,699,675  | ₱2,050,344  |
| Newly originated assets that remained in Stage 1 as at December 31, 2021                                                                   | 6,257     | —        | —           | 6,257       |
| Newly originated assets that moved to Stage 3 as at December 31, 2021                                                                      | —         | 256      | 1,257,487   | 1,257,743   |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (249,073) | (15,855) | 217,392     | (47,536)    |
| Transfers to Stage 1                                                                                                                       | 94,047    | (25,223) | (68,823)    | —           |
| Transfers to Stage 2                                                                                                                       | (2,165)   | 8,374    | (6,209)     | —           |
| Transfers to Stage 3                                                                                                                       | (17,393)  | (20,053) | 37,445      | —           |
| Impact on ECL of exposures transferred between stages                                                                                      | (93,858)  | (6,929)  | 646,997     | 546,210     |
| Amounts written-off                                                                                                                        | —         | —        | (1,421,269) | (1,421,269) |
| Balances at end of year                                                                                                                    | ₱24,322   | ₱4,732   | ₱2,362,695  | ₱2,391,749  |



Other Consumer Products - Citi

|                                                                                                                                            | 2022            |                |                |                 |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|----------------|-----------------|
|                                                                                                                                            | Stage 1         | Stage 2        | Stage 3        | Total           |
| Balances as of acquisition date                                                                                                            | P—              | P—             | P—             | P—              |
| Newly originated assets that remained in Stage 1 as at December 31, 2022                                                                   | 53,523          | —              | —              | 53,523          |
| Newly originated assets that moved to Stage 3 as at December 31, 2022                                                                      | —               | 11,561         | 211            | 11,772          |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (1,430,693)     | 1,131,267      | 548,439        | 249,013         |
| Transfers to Stage 1                                                                                                                       | 407,167         | (389,656)      | (17,511)       | —               |
| Transfers to Stage 2                                                                                                                       | 640,004         | (604,393)      | (35,611)       | —               |
| Transfers to Stage 3                                                                                                                       | 468,620         | (49,947)       | (418,673)      | —               |
| Impact on ECL of exposures transferred between stages                                                                                      | —               | —              | —              | —               |
| Amounts written-off                                                                                                                        | —               | —              | —              | —               |
| Balances at end of year                                                                                                                    | <b>P138,621</b> | <b>P98,832</b> | <b>P76,855</b> | <b>P314,308</b> |

CSB Salary Loans – Group

|                                                                                                                                            | 2022            |                 |                 |                   |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-------------------|
|                                                                                                                                            | Stage 1         | Stage 2         | Stage 3         | Total             |
| Balances at beginning of year                                                                                                              | <b>P157,803</b> | <b>P86,678</b>  | <b>P644,341</b> | <b>P888,822</b>   |
| Newly originated assets that remained in Stage 1 as at December 31, 2022                                                                   | 217,944         | —               | —               | 217,944           |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022                                                          | —               | 156,532         | 187,114         | 343,646           |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | 4,882           | (37,605)        | (83,561)        | (116,284)         |
| Transfers to Stage 1                                                                                                                       | 2,576           | (2,446)         | (130)           | —                 |
| Transfers to Stage 2                                                                                                                       | (15,629)        | 16,043          | (414)           | —                 |
| Transfers to Stage 3                                                                                                                       | (80,335)        | (40,447)        | 120,782         | —                 |
| Amounts written-off                                                                                                                        | (16,441)        | (4,258)         | (18,996)        | (39,695)          |
| Balances at end of year                                                                                                                    | <b>P270,800</b> | <b>P174,497</b> | <b>P849,136</b> | <b>P1,294,433</b> |



|                                                                                                                                            | 2021      |          |           | Total     |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|-----------|-----------|
|                                                                                                                                            | Stage 1   | Stage 2  | Stage 3   |           |
| Balances at beginning of year                                                                                                              | ₱84,326   | ₱23,036  | ₱272,213  | ₱379,575  |
| Newly originated assets that remained in Stage 1 as at December 31, 2021                                                                   | 128,013   | —        | —         | 128,013   |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021                                                          | —         | 85,014   | 120,267   | 205,281   |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (150,515) | (47,869) | 489,963   | 291,579   |
| Transfers to Stage 1                                                                                                                       | 153,373   | (1,469)  | (151,904) | —         |
| Transfers to Stage 2                                                                                                                       | (428)     | 40,567   | (40,139)  | —         |
| Transfers to Stage 3                                                                                                                       | (56,966)  | (12,601) | 69,567    | —         |
| Amounts written-off                                                                                                                        | —         | —        | (115,626) | (115,626) |
| Balances at end of year                                                                                                                    | ₱157,803  | ₱86,678  | ₱644,341  | ₱888,822  |

Other Receivables from CustomersGroup

|                                                                                                                                            | 2022      |           |            | Total      |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|------------|------------|
|                                                                                                                                            | Stage 1   | Stage 2   | Stage 3    |            |
| Balances at beginning of year                                                                                                              | ₱904,215  | ₱21,145   | ₱2,318,313 | ₱3,243,673 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022                                                                   | 512,027   | —         | —          | 512,027    |
| Newly originated assets that moved to Stage 3 as at December 31, 2022                                                                      | —         | 172,921   | 636,573    | 809,494    |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (59,616)  | 99,894    | 74,336     | 114,614    |
| Transfers to Stage 1                                                                                                                       | 2,139     | (1,494)   | (645)      | —          |
| Transfers to Stage 2                                                                                                                       | (2,569)   | 3,158     | (589)      | —          |
| Transfers to Stage 3                                                                                                                       | (738,829) | (114,278) | 853,107    | —          |
| Impact on ECL of exposures transferred between stages                                                                                      | (7,187)   | 1,330     | 35,763     | 29,906     |
| Amounts written-off                                                                                                                        | (338)     | (122)     | (666,977)  | (667,437)  |
| Balances at end of year                                                                                                                    | ₱609,842  | ₱182,554  | ₱3,249,881 | ₱4,042,277 |



|                                                                                                                                            | 2021        |           |            |            |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------|------------|------------|
|                                                                                                                                            | Stage 1     | Stage 2   | Stage 3    | Total      |
| Balances at beginning of year                                                                                                              | ₱1,081,526  | ₱75,608   | ₱1,833,934 | ₱2,991,068 |
| Newly originated assets that remained in Stage 1 as at December 31, 2021                                                                   | 497,124     | —         | —          | 497,124    |
| Newly originated assets that moved to Stage 3 as at December 31, 2021                                                                      | —           | 14,720    | 500,534    | 515,254    |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (1,252,889) | (375,985) | 808,748    | (820,126)  |
| Transfers to Stage 1                                                                                                                       | 597,683     | (9,010)   | (588,673)  | —          |
| Transfers to Stage 2                                                                                                                       | (1,782)     | 328,780   | (326,998)  | —          |
| Transfers to Stage 3                                                                                                                       | (10,759)    | (9,119)   | 19,878     | —          |
| Impact on ECL of exposures transferred between stages                                                                                      | (6,688)     | (3,849)   | 93,103     | 82,566     |
| Amounts written-off                                                                                                                        | —           | —         | (22,213)   | (22,213)   |
| Balances at end of year                                                                                                                    | ₱904,215    | ₱21,145   | ₱2,318,313 | ₱3,243,673 |

Parent Bank

|                                                                                                                                            | 2022      |          |           |           |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|-----------|-----------|
|                                                                                                                                            | Stage 1   | Stage 2  | Stage 3   | Total     |
| Balances at beginning of year                                                                                                              | ₱123,498  | ₱4,009   | ₱605,851  | ₱733,358  |
| Newly originated assets that remained in Stage 1 as at December 31, 2022                                                                   | 91,837    | —        | —         | 91,837    |
| Newly originated assets that moved to Stage 3 as at December 31, 2022                                                                      | —         | 144,620  | 11,580    | 156,200   |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (108,071) | (1,327)  | (90,064)  | (199,462) |
| Transfers to Stage 1                                                                                                                       | 1,263     | (352)    | (911)     | —         |
| Transfers to Stage 2                                                                                                                       | (1)       | 793      | (792)     | —         |
| Transfers to Stage 3                                                                                                                       | (4,001)   | (889)    | 4,890     | —         |
| Impact on ECL of exposures transferred between stages                                                                                      | (1,205)   | 1,551    | 35,533    | 35,879    |
| Amounts written-off                                                                                                                        | (1)       | —        | (342,749) | (342,750) |
| Balances at end of year                                                                                                                    | ₱103,319  | ₱148,405 | ₱223,338  | ₱475,062  |



|                                                                                                                                            | 2021     |         |          | Total    |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|----------|
|                                                                                                                                            | Stage 1  | Stage 2 | Stage 3  |          |
| Balances at beginning of year                                                                                                              | ₱72,332  | ₱10,586 | ₱505,508 | ₱588,426 |
| Newly originated assets that remained in Stage 1 as at December 31, 2021                                                                   | 77,082   | —       | —        | 77,082   |
| Newly originated assets that moved to Stage 3 as at December 31, 2021                                                                      | —        | 2,569   | 75,125   | 77,694   |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (17,766) | (828)   | (61,635) | (80,229) |
| Transfers to Stage 1                                                                                                                       | 6,999    | (4,438) | (2,561)  | —        |
| Transfers to Stage 2                                                                                                                       | (1,333)  | 5,065   | (3,732)  | —        |
| Transfers to Stage 3                                                                                                                       | (7,128)  | (5,096) | 12,224   | —        |
| Impact on ECL of exposures transferred between stages                                                                                      | (6,688)  | (3,849) | 93,103   | 82,566   |
| Amounts written-off                                                                                                                        | —        | —       | (12,181) | (12,181) |
| Balances at end of year                                                                                                                    | ₱123,498 | ₱4,009  | ₱605,851 | ₱733,358 |

Investments and PlacementsGroup

|                                                                                        | 2022     |          |         | Total    |
|----------------------------------------------------------------------------------------|----------|----------|---------|----------|
|                                                                                        | Stage 1  | Stage 2  | Stage 3 |          |
| Balances at beginning of year                                                          | ₱58,265  | ₱235,311 | ₱—      | ₱293,576 |
| Newly originated assets that remained in Stage 1 as at December 31, 2022               | 392      | —        | —       | 392      |
| Effect of collections and other movements in receivable balance (excluding write-offs) | (14,481) | 56,176   | —       | 41,695   |
| Impact of changes in ECL model and assumptions                                         | —        | —        | —       | —        |
| Balances at end of year                                                                | ₱44,176  | ₱291,487 | ₱—      | ₱335,663 |

|                                                                                        | 2021     |           |         | Total     |
|----------------------------------------------------------------------------------------|----------|-----------|---------|-----------|
|                                                                                        | Stage 1  | Stage 2   | Stage 3 |           |
| Balances at beginning of year                                                          | ₱47,489  | ₱320,249  | ₱—      | ₱367,738  |
| Newly originated assets that remained in Stage 1 as at December 31, 2021               | 22,046   | —         | —       | 22,046    |
| Effect of collections and other movements in receivable balance (excluding write-offs) | —        | 235,311   | —       | 235,311   |
| Impact of changes in ECL model and assumptions                                         | (11,270) | (320,249) | —       | (331,519) |
| Balances at end of year                                                                | ₱58,265  | ₱235,311  | ₱—      | ₱293,576  |





Parent Bank

|                                                                                        | 2022           |                 |           |                 |
|----------------------------------------------------------------------------------------|----------------|-----------------|-----------|-----------------|
|                                                                                        | Stage 1        | Stage 2         | Stage 3   | Total           |
| Balances at beginning of year                                                          | <b>₱54,144</b> | <b>₱235,311</b> | <b>₱–</b> | <b>₱289,455</b> |
| Newly originated assets that remained in Stage 1 as at December 31, 2022               | 392            | –               | –         | 392             |
| Newly originated assets that moved to Stage 2 as at December 31, 2022                  | –              | –               | –         | –               |
| Effect of collections and other movements in receivable balance (excluding write-offs) | (14,480)       | 56,176          | –         | 41,696          |
| Amounts written-off                                                                    | –              | –               | –         | –               |
| Impact of changes in ECL model and assumptions                                         | –              | –               | –         | –               |
| <b>Balances at end of year</b>                                                         | <b>₱40,056</b> | <b>₱291,487</b> | <b>₱–</b> | <b>₱331,543</b> |

|                                                                                        | 2021           |                 |           |                 |
|----------------------------------------------------------------------------------------|----------------|-----------------|-----------|-----------------|
|                                                                                        | Stage 1        | Stage 2         | Stage 3   | Total           |
| Balances at beginning of year                                                          | ₱43,368        | ₱320,249        | ₱–        | ₱363,617        |
| Newly originated assets that remained in Stage 1 as at December 31, 2021               | 22,046         | –               | –         | 22,046          |
| Newly originated assets that moved to Stage 2 as at December 31, 2021                  | –              | 235,311         | –         | 235,311         |
| Effect of collections and other movements in receivable balance (excluding write-offs) | (11,270)       | (320,249)       | –         | (331,519)       |
| Amounts written-off                                                                    | –              | –               | –         | –               |
| Impact of changes in ECL model and assumptions                                         | –              | –               | –         | –               |
| <b>Balances at end of year</b>                                                         | <b>₱54,144</b> | <b>₱235,311</b> | <b>₱–</b> | <b>₱289,455</b> |

**21. Deposit Liabilities**

The breakdown of deposit liabilities account follows:

|                                   | Group               |                     | Parent Bank         |                     |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                   | 2022                | 2021                | 2022                | 2021                |
| Due to banks:                     |                     |                     |                     |                     |
| Demand                            | <b>₱1,729,960</b>   | ₱1,678,258          | <b>₱1,729,960</b>   | ₱1,677,428          |
| Savings                           | <b>195,453</b>      | 248,022             | <b>195,396</b>      | 218,560             |
| Time                              | <b>159,893</b>      | 283,161             | <b>157,364</b>      | 241,148             |
| Long-term certificate of deposits | <b>10,000</b>       | 10,000              | <b>10,000</b>       | 10,000              |
|                                   | <b>2,095,306</b>    | 2,219,441           | <b>2,092,720</b>    | 2,147,136           |
| Due to customers:                 |                     |                     |                     |                     |
| Demand                            | <b>230,351,833</b>  | 202,882,728         | <b>231,635,193</b>  | 204,576,762         |
| Savings                           | <b>194,825,277</b>  | 136,181,999         | <b>188,285,189</b>  | 131,856,271         |
| Time                              | <b>281,041,526</b>  | 226,226,724         | <b>198,917,930</b>  | 151,489,012         |
| Long-term certificate of deposits | <b>2,990,000</b>    | 2,990,000           | <b>2,990,000</b>    | 2,990,000           |
|                                   | <b>709,208,636</b>  | 568,281,451         | <b>621,828,312</b>  | 490,912,045         |
|                                   | <b>₱711,303,942</b> | <b>₱570,500,892</b> | <b>₱623,921,032</b> | <b>₱493,059,181</b> |



The breakdown of deposit liabilities account as to currency follows:

|                    | Group               |              | Parent Bank         |              |
|--------------------|---------------------|--------------|---------------------|--------------|
|                    | 2022                | 2021         | 2022                | 2021         |
| Philippine pesos   | <b>₱619,749,669</b> | ₱474,511,262 | <b>₱532,366,759</b> | ₱397,069,551 |
| Foreign currencies | <b>91,554,273</b>   | 95,989,630   | <b>91,554,273</b>   | 95,989,630   |
|                    | <b>₱711,303,942</b> | ₱570,500,892 | <b>₱623,921,032</b> | ₱493,059,181 |

Deposit liabilities bear annual interest rates ranging from 0.00% to 7.00% in 2022, from 0.00% to 8.00% in 2021, and from 0.00% to 9.5% in 2020 for the Group and from 0.00% to 5.75% in 2022, from 0.00% to 5.75% in 2021, and from 0.39% to 1.65% in 2020 for the Parent Bank. Demand and savings deposits usually have either fixed or variable interest rates while time deposits have fixed interest rates.

#### *Long Term Negotiable Certificate of Deposits (LTNCD)*

On December 12, 2017, the MB of the BSP approved the Parent Bank's issuance of up to ₱20,000,000 of Long-term Negotiable Certificate of Deposits (LTNCD). Out of the approved amount, ₱3,000,000 were issued on February 21, 2018 at a fixed coupon rate of 4.375% per annum, payable quarterly and will mature on August 21, 2023. The net proceeds were utilized to further improve the Parent Bank's maturity profile and support business expansion plans.

Interest expense on the deposit liabilities amounted to ₱6,021,671, ₱2,967,692, and 5,616,821, in 2022, 2021, and 2020 respectively, in the Group's statements of income, and ₱4,196,509, ₱1,805,424, and ₱4,256,480 in 2022, 2021, and 2020, respectively, in the Parent Bank's statements of income.

Under existing BSP regulations, non-FCDU deposit liabilities of the Bank are subject to unified reserve requirement equivalent to 14.0% (under BSP Circulars 1041, 1056 and 1063) as at December 31, 2019. In 2020, BSP Circulars 1082 and 1092 were issued reducing the reserve requirement to 12.0%, 3.0% and 2.0% for universal and commercial banks, thrift banks, and rural banks, respectively. BSP Circulars 1083, 1087, and 1100 were issued in 2020 to provide guidelines allowing the use of eligible loans to MSME and large enterprises for alternative compliance to required reserves for deposit liabilities.

LTNCDs are subject to required reserves of 4.0% under BSP Circular 1041. As of December 31, 2022 and 2021, the Group is in compliance with such regulations.

Regular reserves as of December 31, 2022 and 2021 amounted to ₱62,263,916 and ₱46,511,088, respectively, for the Group, and ₱59,250,130 and ₱44,334,946, respectively, for the Parent Bank (see Note 8).

## 22. Bills Payable

Bills payable consist of borrowings from:

|                                                     | Group               |             | Parent Bank        |             |
|-----------------------------------------------------|---------------------|-------------|--------------------|-------------|
|                                                     | 2022                | 2021        | 2022               | 2021        |
| Banks, other financial institutions and individuals | <b>₱131,571,232</b> | ₱47,399,884 | <b>₱98,043,240</b> | ₱26,323,437 |
| Others                                              | <b>1,275,557</b>    | 3,768,254   | <b>1,265,884</b>   | 2,254,337   |
|                                                     | <b>₱132,846,789</b> | ₱51,168,138 | <b>₱99,309,124</b> | ₱28,577,774 |



Bills payable to banks and other financial institutions consist mainly of amortized cost balance of short-term borrowings. Certain bills payable to banks and other financial institutions are collateralized by investment securities (see Notes 12 and 38).

Other bills payable of the Group mainly pertain to availments of short-term loan lines from certain related parties (see Note 32).

The breakdown of bills payable as to currency follows:

|                    | Group               |             | Parent Bank        |             |
|--------------------|---------------------|-------------|--------------------|-------------|
|                    | 2022                | 2021        | 2022               | 2021        |
| Foreign currencies | <b>₱99,303,162</b>  | ₱28,569,107 | <b>₱99,303,162</b> | ₱28,569,107 |
| Philippine pesos   | <b>33,543,627</b>   | 22,599,031  | <b>5,962</b>       | 8,667       |
|                    | <b>₱132,846,789</b> | ₱51,168,138 | <b>₱99,309,124</b> | ₱28,577,774 |

The breakdown of interest expense on bills payable, which is presented as part of Interest expense on bills payable and other liabilities account in the statements of income, follows:

|                                                     | Group             |            |            | Parent Bank       |          |          |
|-----------------------------------------------------|-------------------|------------|------------|-------------------|----------|----------|
|                                                     | 2022              | 2021       | 2020       | 2022              | 2021     | 2020     |
| Banks, other financial institutions and individuals | <b>₱3,002,685</b> | ₱1,229,757 | ₱1,628,474 | <b>₱1,621,975</b> | ₱175,039 | ₱702,463 |
| BSP                                                 | —                 | 21         | 52,614     | —                 | 21       | 52,614   |
| Others                                              | <b>485</b>        | 762        | 1,211      | <b>485</b>        | 762      | 1,211    |
|                                                     | <b>₱3,003,170</b> | ₱1,230,540 | ₱1,682,299 | <b>₱1,622,460</b> | ₱175,822 | ₱756,288 |

In November 2022, the Parent Bank raised \$358 million 3-year syndicated loan facility. The proceeds will be used to partially refinance the USD Senior Medium Term Notes, which matured on November 29, 2022 (see Note 23).

The range of interest rates of bills payable per currency follows:

|                    | Group and Parent Bank |                |                |
|--------------------|-----------------------|----------------|----------------|
|                    | 2022                  | 2021           | 2020           |
| Philippine pesos   | <b>1.00% to 8.37%</b> | 1.00% to 8.28% | 3.34% to 4.50% |
| Foreign currencies | <b>1.06% to 5.23%</b> | 0.10% to 3.05% | 0.04% to 3.05% |



## 23. Notes and Bonds Payable

The Group's and the Parent Bank's notes and bonds payable as of December 31, 2022 and 2021 consist of the following:

|                                                               | Coupon<br>Interest | Principal<br>Amount | Outstanding Balance  |                      | Issue Date        | Maturity Date     | Redemption Date  |
|---------------------------------------------------------------|--------------------|---------------------|----------------------|----------------------|-------------------|-------------------|------------------|
|                                                               |                    |                     | December 31,<br>2022 | December 31,<br>2021 |                   |                   |                  |
| USD Senior Medium Term Notes Due 2022                         | 3.369%             | ₱27,877,500         | ₱–                   | ₱25,488,553          | November 29, 2017 | November 29, 2022 |                  |
| USD Senior Medium Term Notes Due 2025                         | 2.125%             | 16,726,500          | 16,659,943           | 15,219,465           | October 22, 2020  | October 22, 2025  |                  |
| Peso Digital Bonds                                            | 3.250%             | 11,000,000          | 10,937,832           | –                    | June 2, 2022      | December 2, 2023  |                  |
| Peso Senior Series C Bonds Due 2023                           | 2.750%             | 8,115,000           | 8,097,039            | 8,073,690            | December 9, 2020  | December 9, 2023  | December 9, 2023 |
| USD Social Bonds Due 2028                                     | 4.061%*            | 8,363,250           | 8,312,899            | 7,589,032            | July 23, 2021     | July 23, 2028     |                  |
| Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025 | 5.250%             | 6,800,000           | 6,756,565            | 6,750,838            | February 24, 2020 | May 24, 2030      | May 24, 2030     |
| Peso Senior Series B Bonds Due 2022                           | 6.000%             | 5,800,000           | –                    | 5,790,951            | June 3, 2019      | June 3, 2022      | June 3, 2022     |
| Peso Senior Series D Bonds Due 2026                           | 3.375%             | 885,000             | 880,047              | 877,307              | December 9, 2020  | March 9, 2026     | March 9, 2026    |
| <b>Total for Parent Bank</b>                                  |                    | 85,567,250          | 51,644,325           | 69,789,836           |                   |                   |                  |
| Loans payable                                                 | 5.750%             | 150,000             | –                    | 64,150               | May 31, 2018      | May 31, 2023      |                  |
| <b>Total for Group</b>                                        |                    | ₱85,717,250         | ₱51,644,325          | ₱69,853,986          |                   |                   |                  |

\*floating interest rate based on LIBOR

### USD Senior Medium Term Notes Due 2022

The USD500 million Senior Medium Term Notes Due 2022 were issued under the Parent Bank's USD One Billion Medium Term Note (MTN) Programme and were rated Baa2 by Moody's.

The Notes were listed on the Singapore Exchange Securities Trading Limited (SGX-ST) and constitute direct, unconditional, unsubordinated and unsecured obligations of the Parent Bank and will rank *pari passu* among themselves and equally with all other unsecured obligations of the Parent Bank from time to time outstanding. In November 2022, the Notes have matured and were refinanced through a syndicated loan facility (see Note 22).

### USD Senior Medium Term Notes Due 2025

These USD300 million Senior Medium Term Notes Due 2025 were issued under the updated USD 2 Billion MTN Programme of the Parent Bank and were also rated Baa2 by Moody's. The Notes were also listed on the SGX-ST.

The Notes will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions of the issuance) unsecured obligations of the Parent Bank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Parent Bank from time to time outstanding.



Peso Digital Bonds Due 2023

On June 2, 2022, the Parent Bank successfully issued the country's first-ever offering of Peso Digital Bonds amounting to ₱11.0 billion. The Digital Bonds with a tenor of 1.5 years and a fixed rate of 3.25% per annum were issued out of the Bank's existing ₱39 billion Bond Program. The Digital Bonds were listed and available for trading on PDEX.

A first for the Philippines, this digital public bond offering and issuance marks a milestone and the success of this Proof of Concept and paves the way for future utilization of Distributed Ledger / Blockchain Technology towards more automated and operationally efficient local capital markets. The Digital Bonds were issued through the digital registry and digital depository of the Phil. Depository & Trust Corp. utilizing infrastructure powered by #STACS blockchain and which new digital infrastructure is kept interoperable with the traditional trading to clearing infrastructure of the Phil. Dealing & Exchange Corp. Fixed Income Market.

Peso Senior Series C Bonds Due 2023

The ₱8.12 billion worth of fixed rate Senior Series C Bonds were issued as part of the dual-tranche issuance of the Bank on December 9, 2020 under its existing ₱39 Billion Bond Program. The bonds were listed on the PDEX.

The Bank may, at its sole option and subject to the Terms and Conditions of the issuance, redeem the Bonds at par plus accrued interest (if any), without premium or penalty, as of but excluding the Early Redemption Date.

The Bonds constitute direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, enforceable according to the Terms and Conditions of the Bonds, and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves, and at least *pari passu* with all other present and future direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, except for any obligation enjoying a statutory preference or priority established under Philippine laws.

USD Social Bonds Due 2028

The International Finance Corporation (IFC) invested in a USD 150 million social bond issued by the Bank under its sustainable finance framework. The social bond carries a floating rate interest and is unsecured. It is the first social bond by the Parent Bank and its longest-term USD-denominated bond to date. Proceeds from the bond will be used to finance loans to micro, small and medium-sized enterprises (MSMEs).

The Parent Bank shall at all times maintain, and abstain from any action which may result in the breach of, several financial parameters provided in the subscription agreement with IFC.

Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025

The Basel III-compliant Unsecured Subordinated Tier 2 Notes were issued by the Parent Bank under its BSP-approved issuance of ₱20.0 Billion Unsecured Subordinated Notes Qualifying as Tier 2 Capital.



Unless the Notes are previously redeemed, the Initial Interest Rate will be reset at the equivalent of the Initial Spread per annum plus the Benchmark as of Reset Date as defined in the Terms and Conditions of the Notes. Subject to certain conditions, the BSP Guidelines, and the Terms and Conditions, the Parent Bank may redeem the Notes in whole and not only in part on the Redemption Option Date at 100% of the face value of the Notes, plus accrued and unpaid interest as of but excluding the Redemption Option Date.

The Notes have a loss absorption feature which means the Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Trigger Event. A Non-Viability Trigger Event is deemed to have occurred when the Issuer is considered non-viable as determined by the BSP.

The Tier II Notes constitute a direct, unconditional, fixed, unsecured and subordinated obligation of the Bank. Claims in respect of the Tier II Notes will rank: (a) junior to the claims of holders of all deposits and general creditors of the Bank; (b) *pari passu* with obligations of the Bank that are, expressly or by applicable laws, subordinated so as to rank *pari passu* with claims in respect of securities constituting “Tier 2” capital of the Bank; and (c) senior to (i) the claims for payment of any obligation that, expressly or by applicable law, is subordinated to the Tier II Notes, (ii) the claims in respect of securities constituting “Tier 1” capital of the Bank, and (iii) the rights and claims of holders of equity shares of the Bank.

#### Peso Senior Series B Bonds Due 2022

These ₱5.8 billion worth of Senior Corporate Series B Bonds were issued under the Parent Bank’s ₱39 Billion Corporate Bonds Program. These fixed rate Bonds were issued in scripless form and were listed in the PDEX.

The Bonds constitute direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, enforceable according to the Terms and Conditions of the Bonds, and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves, and at least *pari passu* with all other present and future direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, except for any obligation enjoying a statutory preference or priority established under Philippine laws.

The Bank may redeem the Bonds in whole and not only in part on the Early Redemption Date at the face value of the Bonds, plus accrued and unpaid interest as of but excluding the Early Redemption Date. The Bonds were redeemed at par on maturity date on June 3, 2022.

#### Peso Senior Series D Bonds Due 2026

These fixed rate Senior Series Bonds Due 2026 worth ₱885.0 million formed part of the Bank’s dual-tranche issuance on December 9, 2020. The Bonds were issued under the existing ₱39 Billion Corporate Bonds Program of the Bank.

The Bank may, at its sole option and subject to the Terms and Conditions of the issuance, redeem the Bonds at par plus accrued interest (if any), without premium or penalty, as of but excluding the Early Redemption Date.

The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Bank.



Loans Payable

On May 31, 2018, UIC availed of a term loan in the amount of ₱150,000 with a local bank. The loan is unsecured and carries a fixed interest rate of 5.75% per annum payable semi-annually. The term of the loan is five (5) years and is payable in seven (7) equal semi-annual amortization commencing at the end of the second year from availment. UIC prepaid the remaining balance of the loan before its maturity date on November 29, 2022.

The interest expense on notes and bonds payable amounted to ₱2,490,116, ₱2,197,668, and ₱2,431,837 in 2022, 2021, and 2020, respectively, for the Group, and ₱2,465,079, ₱2,173,188, and ₱2,408,257 in 2022, 2021, and 2020, respectively, for the Parent Bank. These are included under Interest Expense on Bills payable and other liabilities account in the statements of income.

As of December 31, 2022 and 2021, the Group is in compliance with all the debt covenants on the above notes and bonds.

**24. Other Liabilities**

Other liabilities consist of the following as of December 31:

|                                                      | <b>Group</b>       |             | <b>Parent Bank</b> |             |
|------------------------------------------------------|--------------------|-------------|--------------------|-------------|
|                                                      | <b>2022</b>        | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| Accounts payable                                     | <b>₱15,322,620</b> | ₱5,799,285  | <b>₱13,765,817</b> | ₱4,827,329  |
| Accrued taxes and other expenses                     | <b>10,718,444</b>  | 5,663,843   | <b>8,825,604</b>   | 4,611,427   |
| Manager's checks                                     | <b>7,333,511</b>   | 6,894,499   | <b>7,319,745</b>   | 6,894,499   |
| Bills purchased - domestic and foreign               | <b>3,180,968</b>   | 458,312     | <b>3,180,968</b>   | 458,312     |
| Other dormant credits                                | <b>2,831,198</b>   | 2,330,284   | <b>2,742,792</b>   | 2,235,569   |
| Derivative liabilities (Note 11)                     | <b>1,546,773</b>   | 750,009     | <b>1,546,773</b>   | 750,009     |
| Lease liabilities                                    | <b>1,424,530</b>   | 1,382,880   | <b>1,177,555</b>   | 1,043,850   |
| Post-employment defined benefit obligation (Note 29) | <b>998,997</b>     | 1,026,250   | <b>910,109</b>     | 893,028     |
| Unearned income - bancassurance (Note 32)            | <b>715,710</b>     | 733,333     | <b>715,710</b>     | 733,333     |
| Payment orders payable                               | <b>614,557</b>     | 485,268     | <b>614,557</b>     | 485,268     |
| Withholding taxes payable                            | <b>451,502</b>     | 183,284     | <b>358,269</b>     | 142,249     |
| Pre-need reserves                                    | <b>12,346</b>      | 15,127      | —                  | —           |
| Miscellaneous                                        | <b>3,649,330</b>   | 1,636,843   | <b>3,488,317</b>   | 1,357,936   |
|                                                      | <b>₱48,800,486</b> | ₱27,359,217 | <b>₱44,646,216</b> | ₱24,432,809 |

The unearned income represents the unamortized portion of the Exclusive Access Fees (EAF) arising from the Parent Bank's bancassurance agreement with a related party (see Note 32).

Set out below is the carrying amount of lease liabilities and the movements during the year:

|                                         | <b>Group</b>      |             | <b>Parent Bank</b> |             |
|-----------------------------------------|-------------------|-------------|--------------------|-------------|
|                                         | <b>2022</b>       | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| As at January 1                         | <b>₱1,382,880</b> | ₱1,219,584  | <b>₱1,043,850</b>  | ₱1,004,057  |
| Payments                                | <b>(659,030)</b>  | (579,065)   | <b>(496,312)</b>   | (446,112)   |
| Additions                               | <b>567,389</b>    | 673,608     | <b>514,000</b>     | 431,142     |
| Accretion of interest (Note 34)         | <b>67,851</b>     | 68,753      | <b>56,240</b>      | 54,763      |
| Effect of business combination (Note 1) | <b>65,440</b>     | —           | <b>59,777</b>      | —           |
| As at December 31                       | <b>₱1,424,530</b> | ₱1,382,880  | <b>₱1,177,555</b>  | ₱1,043,850  |



Accretion of interest is included as part of Interest expense on bills payable and other liabilities account in the statements of income.

As at December 31, 2022 and 2021, the Group has no lease commitments which have not yet commenced.

The breakdown of Accrued taxes and other expenses account follows:

|                                | <b>Group</b>       |             | <b>Parent Bank</b> |             |
|--------------------------------|--------------------|-------------|--------------------|-------------|
|                                | <b>2022</b>        | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| Accrued interest payable       | <b>₱1,801,913</b>  | ₱787,447    | <b>₱1,418,309</b>  | ₱626,544    |
| Accrued income and other taxes | <b>1,044,520</b>   | 613,119     | <b>663,356</b>     | 330,028     |
| Other accruals                 | <b>7,872,011</b>   | 4,263,277   | <b>6,743,939</b>   | 3,654,855   |
|                                | <b>₱10,718,444</b> | ₱5,663,843  | <b>₱8,825,604</b>  | ₱4,611,427  |

Other accruals represent mainly fringe and other personnel benefits.

## 25. Capital Funds

### Capital Stock

The Parent Bank's capital stock as of December 31, 2022 and 2021 consists of the following:

|                                        | <b>Shares</b>        |               | <b>Amount</b>      |             |
|----------------------------------------|----------------------|---------------|--------------------|-------------|
|                                        | <b>2022</b>          | <b>2021</b>   | <b>2022</b>        | <b>2021</b> |
| Common – ₱10 par value                 |                      |               |                    |             |
| Authorized                             | <b>2,530,785,238</b> | 2,530,785,238 | <b>₱25,307,852</b> | ₱25,307,852 |
| Issued and outstanding                 |                      |               |                    |             |
| As at beginning of the year            | <b>1,219,362,818</b> | 1,218,471,467 | <b>12,193,628</b>  | 12,184,715  |
| Shares issued                          | <b>922,743,946</b>   | 891,351       | <b>9,227,440</b>   | 8,913       |
| As at end of the year                  | <b>2,142,106,764</b> | 1,219,362,818 | <b>21,421,068</b>  | 12,193,628  |
| Preferred – ₱100 par value, non-voting |                      |               |                    |             |
| Authorized                             | <b>100,000,000</b>   | 100,000,000   | <b>₱10,000,000</b> | ₱10,000,000 |
| Issued and outstanding                 | –                    | –             | –                  | –           |

On June 29, 1992, the Bank was originally listed with the then Makati Stock Exchange, now PSE. A total of 89.7 million shares were issued at an issue price of ₱22.50. As of December 31, 2022 and 2021, there are 2,139.6 million shares and 1,219.4 million shares listed at the PSE. The number of holders and the closing price of the said shares is 4,961 and ₱86.10 per share as of December 31, 2022, respectively, and 4,949 and ₱99.50 per share as of December 31, 2021, respectively.

### *Issuance of Shares under the Employee Stock Plan*

The Bank issued 199,964 and 516,435 common shares on January 28, 2022 and February 4, 2022, respectively, 891,351 common shares on January 29, 2021, and 861,906 common shares on January 24, 2020, to qualified employees under the Parent Bank's Employee Stock Payment Plan.





*Distribution of Stock Dividends*

On January 5, 2022, the Parent Bank issued 304,838,842 common shares at par value of ₱10 for whole shares and paid ₱0.14 million for 1,862.5 fractional shares in relation to the 25% stock dividends approved by the Bank's BOD and stockholders on June 25, 2021 and August 11, 2021, respectively.

*Issuance of Shares through Stock Rights*

On May 16, 2022, the Parent Bank issued approximately 617.2 million common shares priced at ₱64.81 per share. The shares were offered to eligible shareholders as of record date of April 11, 2022 at a ratio of 1 right share for every 2.4707 existing common shares. The newly issued shares were listed at the PSE on the same date. Net proceeds to the Parent Bank from the Offer amounted to ₱39.80 billion.

Surplus Free

On August 11, 2021, the Parent Bank held a special stockholders meeting and approved the following matters:

- a. Amendment of the Parent Bank's Articles of Incorporation (AOI) to increase the authorized capital stock from ₱23.1 billion to ₱35.3 billion, with the increase of ₱12.2 billion equivalent to 1,219,362,818 common shares with a par value of ₱10.00.
- b. Declaration of 25% stock dividends in the amount of ₱3.0 billion equivalent to 304,840,705 common shares with a par value of ₱10.00, to comply with the required 25% subscription of the increase in authorized capital stock.

The stock dividend is presented as Stock dividend distributable in the statement of financial position as of December 31, 2021.

On October 14, 2021 and November 17, 2021, the Parent Bank obtained the BSP and the SEC approval, respectively, for the increase in the authorized capital stock and for the issuance of common shares to stockholders of record as of December 9, 2021 and payment date on January 5, 2022 (see Note 36).

Fractional shares resulting from the stock dividend declaration will be paid in cash based on the closing rate of ₱74.90 as of June 25, 2021, the date of approval by the BOD of the stock dividend declaration and computed up to two (2) decimal places.

The following is a summary of the cash dividends declared and distributed by the Parent Bank in 2022, 2021, and 2020:

| <b>Date of Declaration</b> | <b>Date of Record</b>    | <b>Date of BSP Approval</b> | <b>Date of Payment</b> | <b>Dividend per Share</b> | <b>Outstanding Shares</b> | <b>Total Amount</b> |
|----------------------------|--------------------------|-----------------------------|------------------------|---------------------------|---------------------------|---------------------|
| <b>January 28, 2022</b>    | <b>February 14, 2022</b> | N/A                         | <b>March 2, 2022</b>   | <b>₱2.80</b>              | <b>1,524,918,059</b>      | <b>₱4,269,771</b>   |
| January 29, 2021           | February 15, 2021        | N/A                         | March 4, 2021          | 3.50                      | 1,219,362,818             | 4,267,770           |
| January 24, 2020           | February 7, 2020         | N/A                         | February 24, 2020      | 3.50                      | 1,218,471,467             | 4,264,650           |

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



### Surplus Reserves

The amended PNUCA requires that the portion of retained earnings representing Trust fund income of FUPI be automatically restricted to payments of benefits of plan holders and related payments as allowed in the amended PNUCA. The accumulated Trust Fund income, net of releases representing the amount of Trust fund income that pertains to the matured and pre-terminated plans of planholders which have been withdrawn from the trust fund during the year, should be appropriated and presented separately as Surplus Reserves in the statements of changes in capital funds. FUPI transferred out ₱55.79 million, ₱0.66 million, and ₱1,458.7 million from appropriated reserves for the years ended December 31, 2022, 2021, and 2020, respectively.

In compliance with BSP regulations, a portion of the Group's income from trust operations is setup as Surplus Reserves. For the years ended December 31, 2022, 2021, and 2020, the Group and the Parent Bank appropriated ₱31.7 million, ₱24.0 million, and ₱17.1 million, respectively.

Included in this account is the difference between the 1% general loan loss provision (GLLP) over the computed ECL allowance for credit losses related to Stage 1 accounts, as a required BSP appropriation. As of December 31, 2022 and 2021, surplus reserves related to the difference between GLLP over ECL allowance amounted to ₱2.12 billion and ₱2.44 billion, respectively, for the Group and, ₱1.7 billion and ₱2.02 billion, respectively, for the Parent Bank.

## **26. Maturity Profile of Assets and Liabilities**

The following tables show an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the statement of financial position date:

|                                                      | Group                  |                        |                      |                        |                        |                    |
|------------------------------------------------------|------------------------|------------------------|----------------------|------------------------|------------------------|--------------------|
|                                                      | 2022                   |                        |                      | 2021                   |                        |                    |
|                                                      | Due within<br>one year | Due beyond<br>one year | Total                | Due within<br>one year | Due beyond<br>one year | Total              |
| <b>Financial Assets</b>                              |                        |                        |                      |                        |                        |                    |
| Cash and other cash items                            | ₱9,891,536             | ₱–                     | ₱9,891,536           | ₱8,904,903             | ₱–                     | ₱8,904,903         |
| Due from BSP                                         | 94,610,308             | –                      | 94,610,308           | 103,407,946            | –                      | 103,407,946        |
| Due from other banks                                 | 46,258,411             | –                      | 46,258,411           | 54,290,872             | –                      | 54,290,872         |
| IBLR                                                 | –                      | –                      | –                    | 17,492,657             | –                      | 17,492,657         |
| SPURRA                                               | 23,553,973             | –                      | 23,553,973           | 23,420,742             | –                      | 23,420,742         |
| Trading and investment securities                    |                        |                        |                      |                        |                        |                    |
| at FVTPL                                             | 8,653,516              | –                      | 8,653,516            | 5,640,005              | –                      | 5,640,005          |
| at amortized cost - gross                            | 431,164                | 244,501,669            | 244,932,833          | 3,956,003              | 162,655,314            | 166,611,317        |
| at FVOCI                                             | 6,127,961              | 73,633,801             | 79,761,762           | 36,405                 | 65,636,205             | 65,672,610         |
| Loans and receivables - net of<br>unearned discounts | 206,542,153            | 287,631,294            | 494,173,447          | 102,745,416            | 247,541,328            | 350,286,744        |
| Other resources                                      | 245,340                | 1,787,617              | 2,032,957            | 233,374                | 1,702,411              | 1,935,785          |
|                                                      | <b>396,314,362</b>     | <b>607,554,381</b>     | <b>1,003,868,743</b> | <b>320,128,323</b>     | <b>477,535,258</b>     | <b>797,663,581</b> |

(Forward)



|                                                          | Group                  |                        |                       |                        |                        |                     |
|----------------------------------------------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|---------------------|
|                                                          | 2022                   |                        |                       | 2021                   |                        |                     |
|                                                          | Due within<br>one year | Due beyond<br>one year | Total                 | Due within<br>one year | Due beyond<br>one year | Total               |
| <b>Nonfinancial Assets</b>                               |                        |                        |                       |                        |                        |                     |
| Investment in associates                                 | P–                     | P123,396               | P123,396              | P–                     | P142,355               | P142,355            |
| Bank premises, furniture, fixtures<br>and equipment      | –                      | 16,504,614             | 16,504,614            | –                      | 13,424,676             | 13,424,676          |
| Investment properties                                    | –                      | 11,432,533             | 11,432,533            | –                      | 11,700,174             | 11,700,174          |
| Goodwill                                                 | –                      | 62,310,287             | 62,310,287            | –                      | 14,818,932             | 14,818,932          |
| Other resources                                          | 2,953,714              | 21,397,941             | 24,351,655            | 2,653,680              | 14,658,647             | 17,312,327          |
|                                                          | 2,953,714              | 111,768,771            | 114,722,485           | 2,653,680              | 54,744,784             | 57,398,464          |
|                                                          | <u>P399,268,076</u>    | <u>P719,323,152</u>    | <u>P1,118,591,228</u> | <u>P322,782,003</u>    | <u>P532,280,042</u>    | <u>P855,062,045</u> |
| Allowance for credit losses and<br>impairment (Notes 20) |                        |                        | 14,953,413            |                        |                        | 14,377,276          |
| Accumulated depreciation<br>(Notes 16 and 17)            |                        |                        | 10,899,950            |                        |                        | 9,589,308           |
|                                                          |                        |                        | 25,853,363            |                        |                        | 23,966,584          |
|                                                          |                        |                        | <u>P1,092,737,865</u> |                        |                        | <u>P831,095,461</u> |
| <b>Financial Liabilities</b>                             |                        |                        |                       |                        |                        |                     |
| Deposit liabilities                                      | P649,537,302           | P61,766,640            | P711,303,942          | P509,088,972           | P61,411,920            | P570,500,892        |
| Bills payable                                            | 107,029,992            | 25,816,797             | 132,846,789           | 37,518,356             | 13,649,782             | 51,168,138          |
| Notes and bonds payable                                  | 8,097,039              | 43,547,286             | 51,644,325            | 31,279,504             | 38,574,482             | 69,853,986          |
| Other liabilities                                        | 38,313,521             | 4,625,903              | 42,939,424            | 20,074,647             | 1,787,707              | 21,862,354          |
|                                                          | 802,977,854            | 135,756,626            | 938,734,480           | 597,961,479            | 115,423,891            | 713,385,370         |
| <b>Nonfinancial Liabilities</b>                          |                        |                        |                       |                        |                        |                     |
| Accrued income and other taxes                           | 1,044,520              | –                      | 1,044,520             | 613,119                | –                      | 613,119             |
| Other liabilities                                        | 451,502                | 4,365,040              | 4,816,542             | 183,284                | 4,700,460              | 4,883,744           |
|                                                          | 1,496,022              | 4,365,040              | 5,861,062             | 796,403                | 4,700,460              | 5,496,863           |
|                                                          | <u>P804,473,876</u>    | <u>P140,121,666</u>    | <u>P944,595,542</u>   | <u>P598,757,882</u>    | <u>P120,124,351</u>    | <u>P718,882,233</u> |

|                                                      | Parent Bank            |                        |             |                        |                        |             |
|------------------------------------------------------|------------------------|------------------------|-------------|------------------------|------------------------|-------------|
|                                                      | 2022                   |                        |             | 2021                   |                        |             |
|                                                      | Due within<br>one year | Due beyond<br>one year | Total       | Due within<br>one year | Due beyond<br>one year | Total       |
| <b>Financial Assets</b>                              |                        |                        |             |                        |                        |             |
| Cash and other cash items                            | P8,924,249             | P–                     | P8,924,249  | P7,988,517             | P–                     | P7,988,517  |
| Due from BSP                                         | 66,588,121             | –                      | 66,588,121  | 67,478,389             | –                      | 67,478,389  |
| Due from other banks                                 | 42,277,856             | –                      | 42,277,856  | 51,337,269             | –                      | 51,337,269  |
| IBLR                                                 | –                      | –                      | –           | 17,492,657             | –                      | 17,492,657  |
| SPURRA                                               | 14,634,811             | –                      | 14,634,811  | 15,541,296             | –                      | 15,541,296  |
| Trading and investment securities                    |                        |                        |             |                        |                        |             |
| at FVTPL                                             | 8,583,178              | –                      | 8,583,178   | 5,571,270              | –                      | 5,571,270   |
| at amortized cost - gross                            | 356,113                | 235,349,487            | 235,705,600 | 3,877,699              | 158,510,888            | 162,388,587 |
| at FVOCI                                             | 6,108,089              | 73,359,589             | 79,467,678  | –                      | 65,370,691             | 65,370,691  |
| Loans and receivables - net of<br>unearned discounts | 197,799,858            | 205,590,687            | 403,390,545 | 89,910,665             | 196,166,281            | 286,076,946 |
| Other resources                                      | 183,757                | 1,754,866              | 1,938,623   | 169,164                | 1,597,023              | 1,766,187   |
|                                                      | 345,456,032            | 516,054,629            | 861,510,661 | 259,366,926            | 421,644,883            | 681,011,809 |

(Forward)



## Maturity Profile of Assets and Liabilities and Service Charges, Fees and Commissions

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|                                                  | Parent Bank         |                     |                     |                     |                     |                     |
|--------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                  | 2022                |                     |                     | 2021                |                     |                     |
|                                                  | Due within one year | Due beyond one year | Total               | Due within one year | Due beyond one year | Total               |
| <b>Nonfinancial Assets</b>                       |                     |                     |                     |                     |                     |                     |
| Investment in subsidiaries                       | P=                  | P31,758,460         | P31,758,460         | P=                  | P23,082,955         | P23,082,955         |
| Bank premises, furniture, fixtures and equipment | —                   | 12,356,880          | 12,356,880          | —                   | 9,522,584           | 9,522,584           |
| Investment properties                            | —                   | 10,129,917          | 10,129,917          | —                   | 10,288,745          | 10,288,745          |
| Goodwill                                         | —                   | 51,659,262          | 51,659,263          | —                   | 7,886,898           | 7,886,898           |
| Other resources                                  | 2,534,922           | 15,165,189          | 17,700,111          | 2,141,413           | 11,427,442          | 13,568,855          |
|                                                  | 2,534,922           | 121,069,708         | 123,604,630         | 2,141,413           | 62,208,624          | 64,350,037          |
|                                                  | <u>P347,990,954</u> | <u>P637,124,337</u> | <u>P985,115,291</u> | <u>P261,508,339</u> | <u>P483,853,507</u> | <u>P745,361,846</u> |
| Allowance for credit losses and impairment       |                     |                     | 10,019,209          |                     |                     | 10,900,854          |
| Accumulated depreciation (Notes 16 and 17)       |                     |                     | 8,055,011           |                     |                     | 6,942,701           |
|                                                  |                     |                     | <u>18,074,220</u>   |                     |                     | <u>17,843,555</u>   |
|                                                  |                     |                     | <u>P967,041,071</u> |                     |                     | <u>P727,518,291</u> |
| <b>Financial Liabilities</b>                     |                     |                     |                     |                     |                     |                     |
| Deposit liabilities                              | 584,787,370         | 39,133,662          | 623,921,032         | 443,573,142         | 49,486,039          | P493,059,181        |
| Bills payable                                    | 88,265,362          | 11,043,762          | 99,309,124          | 23,646,105          | 4,931,669           | 28,577,774          |
| Notes and bonds payable                          | 8,097,039           | 43,547,286          | 51,644,325          | 31,279,504          | 38,510,332          | 69,789,836          |
| Other liabilities                                | 35,164,978          | 4,255,586           | 39,420,564          | 18,271,686          | 1,362,008           | 19,633,694          |
|                                                  | 716,314,749         | 97,980,296          | 814,295,045         | 516,770,437         | 94,290,048          | 611,060,485         |
| <b>Nonfinancial Liabilities</b>                  |                     |                     |                     |                     |                     |                     |
| Accrued income and other taxes                   | 663,356             | —                   | 663,356             | 330,028             | —                   | 330,028             |
| Other liabilities                                | 358,269             | 4,204,027           | 4,562,296           | 142,249             | 4,326,838           | 4,469,087           |
|                                                  | 1,021,625           | 4,204,027           | 5,225,652           | 472,277             | 4,326,838           | 4,799,115           |
|                                                  | <u>P717,336,374</u> | <u>P102,184,323</u> | <u>P819,520,697</u> | <u>P517,242,714</u> | <u>P98,616,886</u>  | <u>P615,859,600</u> |

## 27. Service Charges, Fees and Commissions

This account is broken down as follows:

|                                          | Group             |                   |                   | Parent Bank       |                   |                   |
|------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                          | 2022              | 2021              | 2020              | 2022              | 2021              | 2020              |
| Service charges                          | P5,308,086        | P2,817,479        | P1,402,768        | P4,812,508        | P1,850,655        | P1,040,199        |
| Commissions from bancassurance (Note 32) | 528,592           | 230,570           | 148,338           | 528,592           | 230,570           | 148,338           |
| Bank commissions                         | 241,109           | 189,630           | 190,677           | 218,555           | 157,510           | 128,194           |
| Others                                   | 703,884           | 535,632           | 604,856           | 126,107           | 253,621           | 406,889           |
|                                          | <u>P6,781,671</u> | <u>P3,773,311</u> | <u>P2,346,639</u> | <u>P5,685,762</u> | <u>P2,492,356</u> | <u>P1,723,620</u> |

Others include various commission income from securities brokering and management fees.



## 28. Miscellaneous Income and Expenses

Miscellaneous Income

Miscellaneous income is composed of the following:

|                                                                    | <b>Group</b>      |             |             |
|--------------------------------------------------------------------|-------------------|-------------|-------------|
|                                                                    | <b>2022</b>       | <b>2021</b> | <b>2020</b> |
| Foreign exchange gains - net                                       | <b>₱2,151,194</b> | ₱1,295,539  | ₱535,536    |
| Gain (loss) on sale of investment properties (Note 17)             | <b>1,224,045</b>  | (43,689)    | 229,148     |
| Recoveries from charged-off assets                                 | <b>579,130</b>    | 164,270     | 94,523      |
| Gain on foreclosure of investment properties (Note 17)             | <b>466,388</b>    | 135,309     | 153,876     |
| Income from trust operations (Note 31)                             | <b>316,939</b>    | 239,994     | 171,271     |
| Fines and penalties                                                | <b>289,138</b>    | 175,877     | 209,382     |
| Rental (Notes 17 and 34)                                           | <b>218,019</b>    | 116,450     | 154,077     |
| Gain (loss) on sale of property and equipment                      | <b>(14,849)</b>   | 18,108      | (8,641)     |
| Dividend                                                           | <b>6,076</b>      | 145,789     | 200,671     |
| Trust fund income (loss) (Note 19)                                 | <b>(1,301)</b>    | 212         | (14,976)    |
| Gain on sale of investments in associates and subsidiary (Note 15) | —                 | 167,332     | —           |
| Gain from bargain purchase (Note 15)                               | —                 | —           | 25,291      |
| Others                                                             | <b>1,363,805</b>  | 446,624     | 328,838     |
|                                                                    | <b>₱6,598,584</b> | ₱2,861,815  | ₱2,078,996  |

|                                                        | <b>Parent Bank</b> |             |             |
|--------------------------------------------------------|--------------------|-------------|-------------|
|                                                        | <b>2022</b>        | <b>2021</b> | <b>2020</b> |
| Share in net profit of subsidiaries (Note 15)          | <b>₱1,712,086</b>  | ₱1,173,016  | ₱953,082    |
| Foreign exchange gains – net                           | <b>1,523,650</b>   | 869,122     | 242,388     |
| Gain on sale of investment properties (Note 17)        | <b>1,193,004</b>   | 207,360     | 195,471     |
| Recoveries from charged-off assets                     | <b>533,616</b>     | 131,843     | 48,258      |
| Gain on foreclosure of investment properties (Note 17) | <b>466,388</b>     | 135,309     | 153,876     |
| Income from trust operations (Note 31)                 | <b>316,939</b>     | 239,994     | 171,271     |
| Fines and penalties                                    | <b>289,138</b>     | 175,877     | 209,382     |
| Rental (Notes 17 and 34)                               | <b>154,907</b>     | 132,734     | 164,177     |
| Dividend                                               | <b>2,768</b>       | 145,789     | 200,671     |
| Gain (loss) on sale of property and equipment          | <b>(429)</b>       | 1,900       | 6,236       |
| Others                                                 | <b>1,305,788</b>   | 329,884     | 220,236     |
|                                                        | <b>₱7,497,855</b>  | ₱3,542,828  | ₱2,565,048  |

Miscellaneous Expenses

The breakdown of miscellaneous expenses follows:

|                                                              | <b>Group</b>       |             |             |
|--------------------------------------------------------------|--------------------|-------------|-------------|
|                                                              | <b>2022</b>        | <b>2021</b> | <b>2020</b> |
| Information technology                                       | <b>₱3,115,086</b>  | ₱1,559,722  | ₱1,072,710  |
| Advertising and publicity                                    | <b>2,653,507</b>   | 1,078,193   | 657,220     |
| Insurance                                                    | <b>1,353,558</b>   | 1,095,425   | 1,085,667   |
| Outside services                                             | <b>1,260,553</b>   | 1,304,352   | 882,658     |
| Management and professional fees                             | <b>1,062,648</b>   | 424,333     | 421,616     |
| Card related expenses                                        | <b>730,958</b>     | 493,255     | 326,021     |
| Supervision and compliance costs                             | <b>684,576</b>     | 597,197     | 579,870     |
| Communication                                                | <b>460,209</b>     | 434,029     | 279,268     |
| Provision for impairment of non-current assets held for sale | <b>372,323</b>     | 383,288     | 181,410     |
| Stationery and supplies                                      | <b>360,432</b>     | 369,415     | 221,047     |
| Transportation and travel                                    | <b>334,164</b>     | 175,810     | 177,591     |
| Litigation                                                   | <b>183,726</b>     | 73,377      | 189,844     |
| Repairs and maintenance                                      | <b>169,308</b>     | 129,711     | 168,584     |
| Fines and penalties                                          | <b>87,503</b>      | 65,679      | 49,665      |
| Representation and entertainment                             | <b>74,712</b>      | 43,165      | 39,516      |
| Reversal of impairment on investment properties (Note 17)    | <b>(24,695)</b>    | (64,649)    | —           |
| Impairment on goodwill (Note 18)                             | —                  | 529,599     | 223,172     |
| Others                                                       | <b>1,873,129</b>   | 1,585,169   | 1,193,207   |
|                                                              | <b>₱14,751,697</b> | ₱10,277,070 | ₱7,749,066  |



|                                                                  | <b>Parent Bank</b> |             |             |
|------------------------------------------------------------------|--------------------|-------------|-------------|
|                                                                  | <b>2022</b>        | <b>2021</b> | <b>2020</b> |
| Information technology                                           | <b>₱2,937,704</b>  | ₱1,475,863  | ₱1,015,784  |
| Advertising and publicity                                        | <b>2,585,483</b>   | 1,052,145   | 619,558     |
| Insurance                                                        | <b>1,176,892</b>   | 952,327     | 967,995     |
| Outside services                                                 | <b>863,284</b>     | 706,927     | 607,103     |
| Card related expenses                                            | <b>730,958</b>     | 493,255     | 326,021     |
| Management and professional fees                                 | <b>676,020</b>     | 337,332     | 320,891     |
| Supervision and compliance costs                                 | <b>660,929</b>     | 517,116     | 553,058     |
| Communication                                                    | <b>324,773</b>     | 287,329     | 143,293     |
| Stationery and supplies                                          | <b>292,157</b>     | 322,034     | 173,489     |
| Transportation and travel                                        | <b>171,298</b>     | 80,497      | 92,934      |
| Litigation                                                       | <b>170,532</b>     | 69,306      | 189,347     |
| Repairs and maintenance                                          | <b>124,642</b>     | 92,144      | 122,550     |
| Representation and entertainment                                 | <b>63,983</b>      | 36,471      | 34,107      |
| Reversal of impairment on investment properties (Note 17)        | <b>(24,722)</b>    | (64,649)    | —           |
| Provision for impairment of investment in subsidiaries (Note 15) | —                  | —           | 290,002     |
| Others                                                           | <b>1,147,982</b>   | 789,174     | 670,331     |
|                                                                  | <b>₱11,901,915</b> | ₱7,147,271  | ₱6,126,463  |

## 29. Salaries and Employee Benefits

### Salaries and Employee Benefits Expense

Expenses recognized for employee benefits are as follows:

|                                              | <b>Group</b>       |             |             |
|----------------------------------------------|--------------------|-------------|-------------|
|                                              | <b>2022</b>        | <b>2021</b> | <b>2020</b> |
| Short-term benefits:                         |                    |             |             |
| Salaries and wages                           | <b>₱5,581,557</b>  | ₱4,378,637  | ₱4,042,160  |
| Bonuses and fringe benefits                  | <b>3,304,037</b>   | 3,279,091   | 2,964,199   |
| Social security costs                        | <b>267,273</b>     | 209,543     | 172,358     |
| Other benefits                               | <b>200,104</b>     | 250,263     | 175,912     |
| Post-employment and other long-term benefits | <b>677,742</b>     | 529,168     | 454,575     |
|                                              | <b>₱10,030,713</b> | ₱8,646,702  | ₱7,809,204  |

|                                              | <b>Parent Bank</b> |             |             |
|----------------------------------------------|--------------------|-------------|-------------|
|                                              | <b>2022</b>        | <b>2021</b> | <b>2020</b> |
| Short-term benefits:                         |                    |             |             |
| Salaries and wages                           | <b>₱4,234,232</b>  | ₱3,167,844  | ₱2,958,540  |
| Bonuses and fringe benefits                  | <b>2,480,198</b>   | 2,712,001   | 2,359,984   |
| Social security costs                        | <b>164,995</b>     | 123,634     | 101,542     |
| Other benefits                               | <b>159,729</b>     | 160,551     | 114,174     |
| Post-employment and other long-term benefits | <b>513,582</b>     | 427,390     | 376,741     |
|                                              | <b>₱7,552,736</b>  | ₱6,591,420  | ₱5,910,981  |

### Post-employment Defined Benefit Plan and Defined Contribution Plan

#### *(a) Characteristics of the Defined Benefit Plan*

The Group maintains funded, tax-qualified, noncontributory pension plans covering all regular full-time employees that are being administered by appointed trustee banks, including the Parent Bank's TISG, for the Parent Bank, UIC, CSB, FUIFAI, Bangko Kabayan, PBI, and PETNET. Under these pension plans, all covered employees are entitled to cash benefits after satisfying certain age and service requirements.



The Group maintains various retirement plans. Two of which are being maintained for UnionBank and former iBank employees, hence, the Parent Bank presents pension information in its financial statements separately for the three plans. The other pension plans are for UIC, CSB, FUIFAI, Bangko Kabayan, PBI, PETNET, CFSI and former Citigroup Inc.'s consumer banking business employees.

#### UnionBank Plan

The normal retirement age is 60. The plan also provides for an early retirement at age 55, or age 50 with the completion of at least ten years of service. However, late retirement is subject to the approval of the Parent Bank's BOD. Normal retirement benefit is an amount equivalent to 150% of the final monthly salary for each year of credited service.

#### Former iBank Plan

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with the completion of at least ten years of service and late retirement subject to the approval of the Parent Bank's BOD on a case-to-case basis. Normal retirement benefit is an amount equivalent to 125% of the final monthly covered compensation for every year of credited service.

#### UIC Plan

The optional retirement age is 60 and the compulsory retirement age is 65. Both must have a minimum of five years of credited service. Both have retirement benefit equal to one-half month's salary as of the date of retirement multiplied by the employee's year of service. Upon retirement of an employee, whether optional or compulsory, his services may be continued or extended on a case to case basis upon agreement of management and employee.

This is based on the retirement plan benefits provided in the Retirement Law (R.A. No. 7641). Under the law, unless the parties provide for broader inclusions, the term one-half (1/2) month salary shall mean fifteen (15) days plus one-twelfth (1/12) of the 13th month pay and the cash equivalent of not more than (5) days of service incentive leaves.

#### CSB Plan

The normal retirement age is 60 or completion of 30 years of service whichever is earlier. The service of any member, however, may be extended from year-to-year beyond the normal retirement date, provided such an extension of service is with the consent of the member and the express approval of CSB. The plan also provides for an early retirement after completion of at least ten years of service. Normal retirement benefit is an amount equivalent to 100% of the final basic monthly salary multiplied by the number of years of service prior to January 1, 2008 and 150% of the final basic monthly salary for services rendered starting January 1, 2008.

#### FUIFAI Plan

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of FUIFAI's BOD. Normal retirement benefit is an amount equivalent to 150% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.



PETNET Plan

The normal retirement age is 60. The plan also provides for an early retirement at age 50 with the completion of at least ten years of service and late retirement beyond age 60. However, early and late retirement are subject to the approval of the company. Retirement benefit is an amount equivalent to 92% of the final monthly salary for each year of continuous service.

Bangko Kabayan Plan

The normal retirement age is 60 with at least five years of credited service. Retirement benefit is an amount equivalent to 100%, 125% or 150% of the latest basic monthly salary for each year of credited service if the years of service is 10 years but less than 15 years, 15 years but less than 20 years, and 20 years or more, respectively.

PBI Plan

The normal retirement age is 60 with at least five years of credited service. Retirement benefit is an amount equivalent to 22.5 days pay for every year of credited service.

Former Citibank, N.A., PH Consumer Business PlansFund B and Fund C

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with the completion of at least ten years of continuous service. Normal retirement benefit is an amount equivalent to 200% of the final average covered monthly salary for each year of credited service.

The Parent Bank and Citigroup, Inc. agreed that the previous tenure of Citi employees will be continued upon joining with the Group.

*(b) Characteristics of the Defined Contribution Plans*

The Group maintains a defined contribution plan covering all regular and permanent employees. Starting on the date of membership of an employee in the Plan, the employer shall contribute to the retirement fund 8% of the member's salary as defined every month. As this plan operates in the Philippines, it is subject to R.A. No. 7641, which requires a minimum benefit equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year.

Former Citibank, N.A., PH Consumer Business PlanFund D

Fund D is an allocated fund established to hold contributions on behalf of and made by the employees and the corresponding earnings and losses on such contributions. The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with the completion of at least ten years of continuous service. Normal retirement benefit is an amount equivalent to the sum of (a) 100% of the balance in the Member's Individual Account Balances (IAB) attributable to the employer's contributions as of most recent valuation prior to his retirement date adjusted for subsequent contributions and earnings and (b) 100% of the balance in the Member's IAB attributable to the employee's contributions as of most recent valuation prior to his retirement date adjusted for subsequent contributions and earnings.





CFSI Plan

The unfunded, contributory defined contribution retirement plan covers all regular full-time employees. Contribution to the plan is equal to 8% of the annual basic salary of each covered employee.

*(c) Analysis of Amounts Presented in the Financial Statements*

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented in the subsequent pages are based on the actuarial valuation reports obtained from independent actuaries in 2022 and 2021.

The amounts of post-employment defined benefit obligation (net retirement asset) recognized in the statements of financial position are determined as follows (see Notes 19 and 24):

|                                 | <b>Group</b>      |             |
|---------------------------------|-------------------|-------------|
|                                 | <b>2022</b>       | <b>2021</b> |
| Present value of the obligation | <b>₱6,194,063</b> | ₱5,285,027  |
| Fair value of plan assets       | <b>5,227,021</b>  | 4,321,676   |
|                                 | <b>₱967,042</b>   | ₱963,351    |

As of December 31, 2022 and 2021, the net retirement obligation amounting to ₱967,042 and ₱963,351 is separately shown as Net retirement asset of ₱31,955 and ₱62,899, respectively (see Note 19), and as Post-employment defined benefit obligation of ₱998,997 and ₱1,026,250, respectively (see Note 24).

|                                 | <b>Parent Bank – UnionBank Plan</b> |             |
|---------------------------------|-------------------------------------|-------------|
|                                 | <b>2022</b>                         | <b>2021</b> |
| Present value of the obligation | <b>₱3,669,196</b>                   | ₱3,876,193  |
| Fair value of plan assets       | <b>2,958,901</b>                    | 3,017,887   |
|                                 | <b>₱710,295</b>                     | ₱858,306    |

|                                 | <b>Parent Bank – Former iBank Plan</b> |             |
|---------------------------------|----------------------------------------|-------------|
|                                 | <b>2022</b>                            | <b>2021</b> |
| Present value of the obligation | <b>₱564,801</b>                        | ₱638,772    |
| Fair value of plan assets       | <b>538,071</b>                         | 604,050     |
|                                 | <b>₱26,730</b>                         | ₱34,722     |

|                                 | <b>Parent Bank – Former Citibank<br/>PH Consumer Business Plans</b> |  |
|---------------------------------|---------------------------------------------------------------------|--|
|                                 | <b>2022</b>                                                         |  |
| Present value of the obligation | <b>₱1,234,712</b>                                                   |  |
| Fair value of plan assets       | <b>1,061,628</b>                                                    |  |
|                                 | <b>₱173,084</b>                                                     |  |



The movements in the present value of the post-employment benefit obligation recognized in the financial statements are as follows:

|                                           | <b>Group</b>      |             |             |
|-------------------------------------------|-------------------|-------------|-------------|
|                                           | <b>2022</b>       | <b>2021</b> | <b>2020</b> |
| Balance at beginning of year              | <b>₱5,285,027</b> | ₱5,225,149  | ₱3,912,530  |
| Current service cost                      | <b>579,173</b>    | 529,168     | 456,544     |
| Interest expense                          | <b>244,198</b>    | 158,374     | 182,222     |
| Past service cost                         | —                 | —           | (1,969)     |
| Remeasurements:                           |                   |             |             |
| Actuarial losses (gains) arising from     |                   |             |             |
| Changes in financial assumptions          | <b>(917,442)</b>  | (524,992)   | 747,764     |
| Experience adjustments                    | <b>27,707</b>     | 60,611      | (190)       |
| Changes in demographic assumptions        | <b>(3,246)</b>    | 977         | 4,095       |
| Benefits paid                             | <b>(375,742)</b>  | (164,260)   | (157,627)   |
| Effects of business combinations*(Note 1) | <b>1,354,388</b>  | —           | 81,780      |
| Balance at end of year                    | <b>₱6,194,063</b> | ₱5,285,027  | ₱5,225,149  |

\* represents retirement obligation of employees from the acquired business at the date of business combination

|                                       | <b>Parent Bank - UnionBank Plan</b> |             |             |
|---------------------------------------|-------------------------------------|-------------|-------------|
|                                       | <b>2022</b>                         | <b>2021</b> | <b>2020</b> |
| Balance at beginning of year          | <b>₱3,876,193</b>                   | ₱3,861,379  | ₱2,862,263  |
| Current service cost                  | <b>382,470</b>                      | 393,374     | 347,923     |
| Interest expense                      | <b>176,416</b>                      | 135,011     | 126,301     |
| Remeasurements:                       |                                     |             |             |
| Actuarial losses (gains) arising from |                                     |             |             |
| Changes in financial assumptions      | <b>(599,271)</b>                    | (400,963)   | 601,247     |
| Experience adjustments                | <b>1,911</b>                        | 74,233      | 7,076       |
| Changes in demographic assumptions    | —                                   | —           | 7,660       |
| Benefits paid                         | <b>(168,523)</b>                    | (186,841)   | (91,091)    |
| Balance at end of year                | <b>₱3,669,196</b>                   | ₱3,876,193  | ₱3,861,379  |

|                                       | <b>Parent Bank - Former iBank Plan</b> |             |             |
|---------------------------------------|----------------------------------------|-------------|-------------|
|                                       | <b>2022</b>                            | <b>2021</b> | <b>2020</b> |
| Balance at beginning of year          | <b>₱638,772</b>                        | ₱683,325    | ₱550,665    |
| Current service cost                  | <b>30,598</b>                          | 34,016      | 28,818      |
| Interest expense                      | <b>28,868</b>                          | 22,387      | 24,807      |
| Remeasurements:                       |                                        |             |             |
| Actuarial losses (gains) arising from |                                        |             |             |
| Changes in financial assumptions      | <b>(86,572)</b>                        | (71,578)    | 108,630     |
| Experience adjustments                | <b>(3,563)</b>                         | 6,241       | 1,006       |
| Changes in demographic assumptions    | —                                      | 1,134       | (5,280)     |
| Benefits paid                         | <b>(43,302)</b>                        | (36,753)    | (25,321)    |
| Balance at end of year                | <b>₱564,801</b>                        | ₱638,772    | ₱683,325    |

|                                         | <b>Parent Bank – Former Citibank PH Consumer Business Plans</b> |  |
|-----------------------------------------|-----------------------------------------------------------------|--|
|                                         | <b>2022</b>                                                     |  |
| Balance at beginning of year            | <b>₱—</b>                                                       |  |
| Effect of business combination (Note 1) | <b>1,332,245</b>                                                |  |
| Current service cost                    | <b>46,423</b>                                                   |  |
| Interest expense                        | <b>30,592</b>                                                   |  |
| Remeasurements:                         |                                                                 |  |
| Actuarial losses (gains) arising from   |                                                                 |  |
| Changes in financial assumptions        | <b>(191,487)</b>                                                |  |
| Experience adjustments                  | <b>16,939</b>                                                   |  |
| Balance at end of year                  | <b>₱1,234,712</b>                                               |  |



The movements in the fair value of plan assets are presented below.

|                                                                   | <b>Group</b>      |                   |                   |
|-------------------------------------------------------------------|-------------------|-------------------|-------------------|
|                                                                   | <b>2022</b>       | <b>2021</b>       | <b>2020</b>       |
| Balance at beginning of year                                      | <b>₱4,321,676</b> | <b>₱4,113,808</b> | <b>₱3,572,539</b> |
| Interest income                                                   | <b>208,245</b>    | <b>118,247</b>    | <b>167,778</b>    |
| Return on plan asset (excluding amounts included in net interest) | <b>(520,217)</b>  | <b>39,271</b>     | <b>117,046</b>    |
| Contributions to the plan                                         | <b>417,379</b>    | <b>219,028</b>    | <b>353,473</b>    |
| Benefits paid                                                     | <b>(261,690)</b>  | <b>(168,678)</b>  | <b>(157,625)</b>  |
| Effects of business combinations (Note 1)                         | <b>1,061,628</b>  | <b>—</b>          | <b>60,597</b>     |
| Balance at end of year                                            | <b>₱5,227,021</b> | <b>₱4,321,676</b> | <b>₱4,113,808</b> |

|                                                                   | <b>Parent Bank - UnionBank Plan</b> |                   |                   |
|-------------------------------------------------------------------|-------------------------------------|-------------------|-------------------|
|                                                                   | <b>2022</b>                         | <b>2021</b>       | <b>2020</b>       |
| Balance at beginning of year                                      | <b>₱3,017,887</b>                   | <b>₱2,857,169</b> | <b>₱2,471,361</b> |
| Interest income                                                   | <b>143,174</b>                      | <b>96,851</b>     | <b>111,781</b>    |
| Return on plan asset (excluding amounts included in net interest) | <b>(426,421)</b>                    | <b>20,665</b>     | <b>109,553</b>    |
| Contributions to the plan                                         | <b>392,784</b>                      | <b>230,043</b>    | <b>255,565</b>    |
| Benefits paid                                                     | <b>(168,523)</b>                    | <b>(186,841)</b>  | <b>(91,091)</b>   |
| Balance at end of year                                            | <b>₱2,958,901</b>                   | <b>₱3,017,887</b> | <b>₱2,857,169</b> |

|                                                                   | <b>Parent Bank - Former iBank Plan</b> |                 |                 |
|-------------------------------------------------------------------|----------------------------------------|-----------------|-----------------|
|                                                                   | <b>2022</b>                            | <b>2021</b>     | <b>2020</b>     |
| Balance at beginning of year                                      | <b>₱604,050</b>                        | <b>₱582,491</b> | <b>₱541,311</b> |
| Interest income                                                   | <b>27,177</b>                          | <b>18,888</b>   | <b>24,212</b>   |
| Return on plan asset (excluding amounts included in net interest) | <b>(73,813)</b>                        | <b>16,291</b>   | <b>22,019</b>   |
| Contributions to the plan                                         | <b>23,959</b>                          | <b>23,133</b>   | <b>20,270</b>   |
| Benefits paid                                                     | <b>(43,302)</b>                        | <b>(36,753)</b> | <b>(25,321)</b> |
| Balance at end of year                                            | <b>₱538,071</b>                        | <b>₱604,050</b> | <b>₱582,491</b> |

|                                                                   | <b>Parent Bank - Former Citibank PH Consumer Business Plans</b> |  |
|-------------------------------------------------------------------|-----------------------------------------------------------------|--|
|                                                                   | <b>2022</b>                                                     |  |
| Balance at beginning of year                                      | <b>₱—</b>                                                       |  |
| Effect of business combination (Note 1)                           | <b>1,061,628</b>                                                |  |
| Interest income                                                   | <b>25,088</b>                                                   |  |
| Return on plan asset (excluding amounts included in net interest) | <b>(25,088)</b>                                                 |  |
| Balance at end of year                                            | <b>₱1,061,628</b>                                               |  |



The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

|                                                                                            | <b>Group</b>      |                   |
|--------------------------------------------------------------------------------------------|-------------------|-------------------|
|                                                                                            | <b>2022</b>       | <b>2021</b>       |
| Bank deposits                                                                              | <b>₱403,505</b>   | <b>₱453,805</b>   |
| Quoted equity securities:                                                                  |                   |                   |
| Financial and insurance activities                                                         | <b>2,614,648</b>  | 2,114,621         |
| Real estate activities                                                                     | <b>68,099</b>     | 159,786           |
| Electricity, gas and water                                                                 | <b>35,533</b>     | 15,192            |
| Wholesale and retail trade                                                                 | <b>13,376</b>     | 7,366             |
| Others                                                                                     | <b>123,645</b>    | 160,451           |
|                                                                                            | <b>2,855,301</b>  | 2,457,416         |
| Debt securities:                                                                           |                   |                   |
| Corporate bonds                                                                            | <b>813,103</b>    | 1,123,070         |
| Philippine government bonds                                                                | <b>40,124</b>     | 132,660           |
|                                                                                            | <b>853,227</b>    | 1,255,730         |
| Receivable related to the plan assets of the employees from the acquired business (Note 1) | <b>1,061,628</b>  | —                 |
| Others                                                                                     | <b>53,360</b>     | 154,725           |
|                                                                                            | <b>₱5,227,021</b> | <b>₱4,321,676</b> |

|                                    | <b>Parent Bank - UnionBank Plan</b> |                   |
|------------------------------------|-------------------------------------|-------------------|
|                                    | <b>2022</b>                         | <b>2021</b>       |
| Bank deposits                      | <b>₱337,013</b>                     | <b>₱382,607</b>   |
| Quoted equity securities:          |                                     |                   |
| Financial and insurance activities | <b>1,854,600</b>                    | 1,408,610         |
| Real estate activities             | <b>54,953</b>                       | 130,001           |
| Electricity, gas and water         | <b>21,170</b>                       | 7,264             |
| Wholesale and retail trade         | <b>10,799</b>                       | 5,815             |
| Others                             | <b>99,570</b>                       | 137,445           |
|                                    | <b>2,041,092</b>                    | 1,689,135         |
| Debt securities:                   |                                     |                   |
| Corporate bonds                    | <b>552,495</b>                      | 867,833           |
| Philippine government bonds        | <b>20,364</b>                       | 65,640            |
|                                    | <b>572,859</b>                      | 933,473           |
| Others                             | <b>7,937</b>                        | 12,672            |
|                                    | <b>₱2,958,901</b>                   | <b>₱3,017,887</b> |

|                             | <b>Parent Bank - Former iBank Plan</b> |                 |
|-----------------------------|----------------------------------------|-----------------|
|                             | <b>2022</b>                            | <b>2021</b>     |
| Bank deposits               | <b>₱43,396</b>                         | <b>₱39,799</b>  |
| Quoted equity securities:   |                                        |                 |
| Financial intermediation    | <b>353,260</b>                         | 350,903         |
| Real estate activities      | <b>13,143</b>                          | 29,781          |
| Wholesale and retail trade  | <b>2,577</b>                           | 1,551           |
| Others                      | <b>29,351</b>                          | 22,916          |
|                             | <b>398,331</b>                         | 405,151         |
| Debt securities:            |                                        |                 |
| Corporate bonds             | <b>95,256</b>                          | 150,598         |
| Philippine government bonds | <b>—</b>                               | 7,508           |
|                             | <b>95,256</b>                          | 158,106         |
| Others                      | <b>1,088</b>                           | 994             |
|                             | <b>₱538,071</b>                        | <b>₱604,050</b> |



Equity securities under the fund are primarily investments in corporations listed in the PSE, which include ₱352,208 and ₱277,114 investments in the shares of stocks of the Parent Bank as of December 31, 2022 and 2021, respectively, while debt securities represent investments in government and corporate bonds, which include ₱354,516 and ₱479,891 investment in the notes of the Parent Bank as of December 31, 2022 and 2021, respectively (see Note 32).

The fair values of the above equity and debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). The retirement fund neither provides any guarantee or surety for any obligation of the Parent Bank nor its investments in the Bank's shares of stocks covered by any restriction and liens. Bank deposits are maintained with reputable financial institutions, which include ₱348,462 and ₱394,281 deposits with the Parent Bank as of December 31, 2022 and 2021, respectively (see Note 32).

Actual returns on plan assets amounted to (₱311,972) in 2022, ₱157,518 in 2021, and ₱284,824 in 2020 for the Group. Actual returns on plan assets amounted to (₱283,247) in 2022, ₱117,517 in 2021, and ₱221,334 in 2020 for UnionBank Plan and (₱46,636) in 2022, ₱35,179 in 2021, and ₱46,231 in 2020 for Former iBank Plan.

The amounts recognized in the statements of income in respect of the post-employment defined benefit plan are as follows:

|                                                                 | <b>Group</b>    |             |             |
|-----------------------------------------------------------------|-----------------|-------------|-------------|
|                                                                 | <b>2022</b>     | <b>2021</b> | <b>2020</b> |
| Current service cost                                            | <b>₱579,173</b> | ₱529,168    | ₱456,544    |
| Past service cost                                               | —               | —           | (1,969)     |
| Net interest expense (income)                                   | <b>35,953</b>   | 40,127      | 14,444      |
|                                                                 | <b>₱615,126</b> | ₱569,295    | ₱469,019    |
| <b>Parent Bank - UnionBank Plan</b>                             |                 |             |             |
|                                                                 | <b>2022</b>     | <b>2021</b> | <b>2020</b> |
| Current service cost                                            | <b>₱382,470</b> | ₱393,374    | ₱347,923    |
| Net interest expense (income)                                   | <b>33,242</b>   | 38,160      | 14,520      |
|                                                                 | <b>₱415,712</b> | ₱431,534    | ₱362,443    |
| <b>Parent Bank - Former iBank Plan</b>                          |                 |             |             |
|                                                                 | <b>2022</b>     | <b>2021</b> | <b>2020</b> |
| Current service cost                                            | <b>₱30,598</b>  | ₱34,016     | ₱28,818     |
| Net interest expense (income)                                   | <b>1,691</b>    | 3,499       | 595         |
|                                                                 | <b>₱32,289</b>  | ₱37,515     | ₱29,413     |
| <b>Parent Bank - Former Citibank PH Consumer Business Plans</b> |                 |             |             |
|                                                                 | <b>2022</b>     |             |             |
| Current service cost                                            | <b>₱46,423</b>  |             |             |
| Net interest expense (income)                                   | <b>5,504</b>    |             |             |
|                                                                 | <b>₱51,927</b>  |             |             |



The amounts recognized in other comprehensive income in respect of the post-employment defined benefit plan are as follows:

|                                                                    | <b>Group</b>                                                    |             |                   |
|--------------------------------------------------------------------|-----------------------------------------------------------------|-------------|-------------------|
|                                                                    | <b>2022</b>                                                     | <b>2021</b> | <b>2020</b>       |
| Actuarial losses (gains) arising from changes in:                  |                                                                 |             |                   |
| Financial assumption                                               | <b>(P917,442)</b>                                               | (P524,992)  | P747,764          |
| Experience adjustments                                             | <b>27,707</b>                                                   | 60,611      | (190)             |
| Demographic assumptions                                            | <b>(3,246)</b>                                                  | 977         | 4,095             |
| Return on plan assets (excluding amounts included in net interest) | <b>520,217</b>                                                  | (39,271)    | (117,046)         |
|                                                                    | <b>(P372,764)</b>                                               | (P502,675)  | P634,623          |
|                                                                    |                                                                 |             |                   |
|                                                                    | <b>Parent Bank - UnionBank Plan</b>                             |             |                   |
|                                                                    | <b>2022</b>                                                     | <b>2021</b> | <b>2020</b>       |
| Actuarial losses (gains) arising from changes in:                  |                                                                 |             |                   |
| Financial assumption                                               | <b>(P599,271)</b>                                               | (P400,963)  | P601,247          |
| Experience adjustments                                             | <b>1,911</b>                                                    | 74,233      | 7,076             |
| Demographic assumptions                                            | <b>—</b>                                                        | —           | 7,660             |
| Return on plan assets (excluding amounts included in net interest) | <b>426,421</b>                                                  | (20,665)    | (109,553)         |
|                                                                    | <b>(P170,939)</b>                                               | (P347,395)  | P506,430          |
|                                                                    |                                                                 |             |                   |
|                                                                    | <b>Parent Bank - Former iBank Plan</b>                          |             |                   |
|                                                                    | <b>2022</b>                                                     | <b>2021</b> | <b>2020</b>       |
| Actuarial losses (gains) arising from changes in:                  |                                                                 |             |                   |
| Financial assumption                                               | <b>(P86,572)</b>                                                | (P71,578)   | P108,630          |
| Experience adjustments                                             | <b>(3,563)</b>                                                  | 6,241       | 1,006             |
| Demographic assumptions                                            | <b>—</b>                                                        | 1,134       | (5,280)           |
| Return on plan assets (excluding amounts included in net interest) | <b>73,813</b>                                                   | (16,291)    | (22,019)          |
|                                                                    | <b>(P16,322)</b>                                                | (P80,494)   | P82,337           |
|                                                                    |                                                                 |             |                   |
|                                                                    | <b>Parent Bank - Former Citibank PH Consumer Business Plans</b> |             |                   |
|                                                                    | <b>2022</b>                                                     |             |                   |
| Actuarial losses (gains) arising from changes in:                  |                                                                 |             |                   |
| Financial assumption                                               |                                                                 |             | <b>(P191,487)</b> |
| Experience adjustments                                             |                                                                 |             | <b>16,939</b>     |
| Return on plan assets (excluding amounts included in net interest) |                                                                 |             | <b>25,088</b>     |
|                                                                    |                                                                 |             | <b>(P149,460)</b> |

In addition to the above items, the Parent Bank also recognized its share of the other comprehensive income of subsidiaries in respect of the post-employment defined benefit plan amounting to P30,406 gain, P38,907 gain, and P21,228 loss in 2022, 2021, and 2020, respectively (see Note 15).

The Group and the Parent Bank expect to contribute P715,489 and P609,131, respectively, in 2023.



In determining the retirement benefits, the following actuarial assumptions were used:

|                                  | <b>Group</b>       |             |             |
|----------------------------------|--------------------|-------------|-------------|
|                                  | <b>2022</b>        | <b>2021</b> | <b>2020</b> |
| Retirement age                   | <b>60</b>          | 60          | 60          |
| Average remaining working life   | <b>5-26 years</b>  | 6-27 years  | 6-19 years  |
| Discount rate                    | <b>4.00%-7.56%</b> | 3.88%-5.15% | 3.37%-3.98% |
| Expected rate of salary increase | <b>2.00%-7.00%</b> | 2.00%-6.00% | 3.50%-6.00% |
| Employee turnover rate           | <b>0%-26%</b>      | 0%-22%      | 0%-22%      |

|                                  | <b>Parent Bank - UnionBank Plan</b> |             |             |
|----------------------------------|-------------------------------------|-------------|-------------|
|                                  | <b>2022</b>                         | <b>2021</b> | <b>2020</b> |
| Retirement age                   | <b>60</b>                           | 60          | 60          |
| Average remaining working life   | <b>10 years</b>                     | 10 years    | 10 years    |
| Discount rate                    | <b>7.23%</b>                        | 5.02%       | 3.80%       |
| Expected rate of salary increase | <b>6.00%</b>                        | 6.00%       | 6.00%       |
| Employee turnover rate           | <b>0%-18%</b>                       | 0%-18%      | 0%-18%      |

|                                  | <b>Parent Bank - Former iBank Plan</b> |             |             |
|----------------------------------|----------------------------------------|-------------|-------------|
|                                  | <b>2022</b>                            | <b>2021</b> | <b>2020</b> |
| Retirement age                   | <b>60</b>                              | 60          | 60          |
| Average remaining working life   | <b>9 years</b>                         | 9 years     | 9 years     |
| Discount rate                    | <b>7.05%</b>                           | 4.87%       | 3.47%       |
| Expected rate of salary increase | <b>6.00%</b>                           | 6.00%       | 6.00%       |
| Employee turnover rate           | <b>0%-15%</b>                          | 0%-15%      | 0%-16%      |

|                                  | <b>2022</b>          |
|----------------------------------|----------------------|
| Retirement age                   | <b>60</b>            |
| Average remaining working life   | <b>8 to 15 years</b> |
| Discount rate                    | <b>7.25%</b>         |
| Expected rate of salary increase | <b>7.00%</b>         |
| Employee turnover rate           | <b>0%-16%</b>        |

Assumptions regarding future mortality and disability are based on published statistics and mortality tables. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

*(d) Risk Associated with the Retirement Plan*

The plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

- *Investment and Interest Risk*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plans are mostly invested in equity securities. Due to the long-term nature of plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plans efficiently.



- *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(e) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding pages.

- *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31:

**Group**

|                          | Impact on Post-Employment Defined Benefit Obligation |                        |                        |
|--------------------------|------------------------------------------------------|------------------------|------------------------|
|                          | Change in Assumption                                 | Increase in Assumption | Decrease in Assumption |
| <b>December 31, 2022</b> |                                                      |                        |                        |
| Discount rate            | +/-1.0%                                              | (P828,743)             | P1,028,688             |
| Salary growth rate       | +/-1.0%                                              | 1,082,018              | (913,920)              |
| Turn-over rate           | +/-20.0%                                             | 218,908                | (219,330)              |
| <b>December 31, 2021</b> |                                                      |                        |                        |
| Discount rate            | +/-1.0%                                              | (P380,097)             | P445,039               |
| Salary growth rate       | +/-1.0%                                              | 485,262                | (441,600)              |
| Turn-over rate           | +/-20.0%                                             | (77,292)               | 86,152                 |

**UnionBank Plan**

|                          | Impact on Post-Employment Defined Benefit Obligation |                        |                        |
|--------------------------|------------------------------------------------------|------------------------|------------------------|
|                          | Change in Assumption                                 | Increase in Assumption | Decrease in Assumption |
| <b>December 31, 2022</b> |                                                      |                        |                        |
| Discount rate            | +/-1.0%                                              | (P408,525)             | P535,066               |
| Salary growth rate       | +/-1.0%                                              | 567,417                | (448,200)              |
| Turn-over rate           | +/-20.0%                                             | (11,449)               | 10,234                 |
| <b>December 31, 2021</b> |                                                      |                        |                        |
| Discount rate            | +/-1.0%                                              | (P277,799)             | P322,564               |
| Salary growth rate       | +/-1.0%                                              | 334,843                | (293,992)              |
| Turn-over rate           | +/-20.0%                                             | (30,641)               | 32,356                 |





**Former iBank Plan**

|                          | Impact on Post-Employment Defined Benefit Obligation |                        |                        |
|--------------------------|------------------------------------------------------|------------------------|------------------------|
|                          | Change in Assumption                                 | Increase in Assumption | Decrease in Assumption |
| <b>December 31, 2022</b> |                                                      |                        |                        |
| Discount rate            | +/-1.0%                                              | (P33,091)              | P33,091                |
| Salary growth rate       | +/-1.0%                                              | 39,756                 | (36,030)               |
| Turn-over rate           | +/-20.0%                                             | 2,295                  | (2,488)                |
| <b>December 31, 2021</b> |                                                      |                        |                        |
| Discount rate            | +/-1.0%                                              | (P43,844)              | P49,790                |
| Salary growth rate       | +/-1.0%                                              | 51,843                 | (46,517)               |
| Turn-over rate           | +/-20.0%                                             | (2,388)                | 2,568                  |

**Former Citibank Consumer PH Business Plans**

|                          | Impact on Post-Employment Defined Benefit Obligation |                        |                        |
|--------------------------|------------------------------------------------------|------------------------|------------------------|
|                          | Change in Assumption                                 | Increase in Assumption | Decrease in Assumption |
| <b>December 31, 2022</b> |                                                      |                        |                        |
| Discount rate            | +/-1.0%                                              | (80,949)               | 106,031                |
| Salary growth rate       | +/-1.0%                                              | 109,062                | (84,810)               |
| Turn-over rate           | +/-20.0%                                             | (11,035)               | 12,894                 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

- *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Group through its Retirement Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations. In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets as of December 31, 2022 and 2021 consists of equity securities and bonds, although the Group also invests in bank deposits. The Group believes that equity securities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a diversified portfolio of investments in corporations listed in the PSE.



There has been no change in the Group's strategies to manage its risks from previous periods.

- *Funding Arrangements and Expected Benefit Payment*

There is no minimum funding requirement in the country.

The maturity profile of undiscounted expected benefits payments from the plan follows:

**Group**

|                                   | 2022               | 2021        |
|-----------------------------------|--------------------|-------------|
| Within one year                   | <b>₱1,048,430</b>  | ₱829,934    |
| More than one year to five years  | <b>1,813,795</b>   | 1,732,138   |
| More than five years to ten years | <b>3,162,944</b>   | 2,900,740   |
| More than ten years to 15 years   | <b>3,496,334</b>   | 3,232,845   |
| More than 15 years to 20 years    | <b>4,245,541</b>   | 3,803,723   |
| More than 20 years                | <b>9,593,251</b>   | 8,990,049   |
|                                   | <b>₱23,360,295</b> | ₱21,489,429 |

**UnionBank Plan**

|                                   | 2022               | 2021        |
|-----------------------------------|--------------------|-------------|
| Within one year                   | <b>₱855,865</b>    | ₱680,507    |
| More than one year to five years  | <b>1,445,904</b>   | 1,364,443   |
| More than five years to ten years | <b>2,488,192</b>   | 2,296,339   |
| More than ten years to 15 years   | <b>2,555,103</b>   | 2,425,424   |
| More than 15 years to 20 years    | <b>2,973,476</b>   | 2,586,973   |
| More than 20 years                | <b>7,092,184</b>   | 6,584,739   |
|                                   | <b>₱17,410,724</b> | ₱15,938,425 |

**Former iBank Plan**

|                                   | 2022              | 2021       |
|-----------------------------------|-------------------|------------|
| Within one year                   | <b>₱111,905</b>   | ₱92,016    |
| More than one year to five years  | <b>200,496</b>    | 215,090    |
| More than five years to ten years | <b>366,961</b>    | 345,267    |
| More than ten years to 15 years   | <b>337,843</b>    | 328,879    |
| More than 15 years to 20 years    | <b>256,911</b>    | 286,944    |
| More than 20 years                | <b>104,205</b>    | 156,389    |
|                                   | <b>₱1,378,321</b> | ₱1,424,585 |

**Former Citibank Consumer PH Business Plans**

|                                   | 2022              |
|-----------------------------------|-------------------|
| Within one year                   | <b>₱129,138</b>   |
| More than one year to five years  | <b>443,752</b>    |
| More than five years to ten years | <b>842,952</b>    |
| More than ten years to 15 years   | <b>1,385,234</b>  |
| More than 15 years to 20 years    | <b>1,723,058</b>  |
| More than 20 years                | <b>3,321,125</b>  |
|                                   | <b>₱7,845,259</b> |

The weighted average duration of the defined benefit obligation is 16 years in 2022 and 19 years in 2021.



## 30. Income Taxes

Current and Deferred Income Taxes

The components of income tax expense (benefit) for the years ended December 31, 2022, 2021, and 2020 are as follows:

|                                                                                                  | <b>Group</b>       |             |             |
|--------------------------------------------------------------------------------------------------|--------------------|-------------|-------------|
|                                                                                                  | <b>2022</b>        | <b>2021</b> | <b>2020</b> |
| <i>Reported in profit or loss</i>                                                                |                    |             |             |
| Current tax expense:                                                                             |                    |             |             |
| Final tax                                                                                        | <b>₱2,231,917</b>  | ₱1,269,860  | ₱1,162,262  |
| Regular corporate income tax (RCIT)                                                              | <b>1,333,468</b>   | 826,288     | 706,944     |
| MCIT                                                                                             | <b>1,467</b>       | 74,426      | 295,570     |
|                                                                                                  | <b>3,566,852</b>   | 2,170,574   | 2,164,776   |
| Deferred tax expense (benefit) relating to origination and reversal of temporary differences     | <b>364,589</b>     | 236,495     | (1,383,396) |
|                                                                                                  | <b>₱3,931,441</b>  | ₱2,407,069  | ₱781,380    |
| <i>Reported in other comprehensive income</i>                                                    |                    |             |             |
| Deferred tax expense (benefit) relating to origination and reversal of actuarial gains or losses | <b>₱93,191</b>     | ₱193,286    | (₱190,387)  |
|                                                                                                  |                    |             |             |
|                                                                                                  | <b>Parent Bank</b> |             |             |
|                                                                                                  | <b>2022</b>        | <b>2021</b> | <b>2020</b> |
| <i>Reported in profit or loss</i>                                                                |                    |             |             |
| Current tax expense:                                                                             |                    |             |             |
| Final tax                                                                                        | <b>₱2,029,648</b>  | ₱1,158,225  | ₱991,134    |
| RCIT                                                                                             | <b>108,513</b>     | 35,941      | 18,358      |
| MCIT                                                                                             | <b>—</b>           | 74,108      | 292,860     |
|                                                                                                  | <b>2,138,161</b>   | 1,268,274   | 1,302,352   |
| Deferred tax expense (benefit) relating to origination and reversal of temporary differences     | <b>789,832</b>     | 420,188     | (1,232,987) |
|                                                                                                  | <b>₱2,927,993</b>  | ₱1,688,462  | ₱69,365     |
| <i>Reported in other comprehensive income</i>                                                    |                    |             |             |
| Deferred tax expense (benefit) relating to origination and reversal of actuarial gains or losses | <b>₱84,180</b>     | ₱174,589    | (₱176,630)  |



The reconciliation of the statutory income tax rate and the effective income tax rate follows:

|                                                           | <b>Group</b>  |         |         |
|-----------------------------------------------------------|---------------|---------|---------|
|                                                           | <b>2022</b>   | 2021    | 2020    |
| Statutory income tax rate                                 | <b>25.00%</b> | 25.00%  | 30.00%  |
| Adjustment for income subjected to lower income tax rates | <b>(3.20)</b> | (2.11)  | (3.04)  |
| CREATE related adjustments                                | —             | 6.25    | —       |
| Tax effects of:                                           |               |         |         |
| FCDU income before tax                                    | <b>(1.73)</b> | (17.72) | (15.04) |
| Non-taxable income                                        | <b>(0.89)</b> | (0.76)  | (17.04) |
| Non-deductible expenses                                   | <b>3.20</b>   | 3.06    | 5.77    |
| Others                                                    | <b>1.29</b>   | 2.34    | 5.69    |
| Effective income tax rate                                 | <b>23.67%</b> | 16.06%  | 6.34%   |

|                                                           | <b>Parent Bank</b> |         |         |
|-----------------------------------------------------------|--------------------|---------|---------|
|                                                           | <b>2022</b>        | 2021    | 2020    |
| Statutory income tax rate                                 | <b>25.00%</b>      | 25.00%  | 30.00%  |
| Adjustment for income subjected to lower income tax rates | <b>(3.15)</b>      | (1.97)  | (2.94)  |
| CREATE related adjustments                                | —                  | 5.68    | —       |
| Tax effects of:                                           |                    |         |         |
| FCDU income before tax                                    | <b>(1.86)</b>      | (18.79) | (16.38) |
| Non-taxable income                                        | <b>(3.68)</b>      | (0.27)  | (18.56) |
| Non-deductible expenses                                   | <b>3.31</b>        | 2.07    | 5.69    |
| Others                                                    | <b>(0.68)</b>      | (0.23)  | 2.80    |
| Effective income tax rate                                 | <b>18.94%</b>      | 11.90%  | 0.61%   |

The components of the net deferred tax assets presented under Other resources (see Note 19) as of December 31, 2022, and 2021 follow:

|                                       | <b>Group</b>      |            |
|---------------------------------------|-------------------|------------|
|                                       | <b>2022</b>       | 2021       |
| Deferred tax assets:                  |                   |            |
| Allowance for impairment              | <b>₱4,088,549</b> | ₱3,154,151 |
| Accrued other expenses                | <b>1,203,425</b>  | 844,124    |
| Net operating loss carry over (NOLCO) | <b>477,682</b>    | 1,031,132  |
| Deferred service fees                 | <b>405,965</b>    | 313,598    |
| Excess MCIT                           | <b>368,069</b>    | 589,621    |
| Investment properties                 | <b>353,181</b>    | 312,034    |
| Unrealized foreign exchange loss      | <b>169,644</b>    | 107,845    |
| Others                                | <b>1,190,370</b>  | 860,670    |
|                                       | <b>8,256,885</b>  | 7,213,175  |
| Deferred tax liabilities:             |                   |            |
| Unrealized foreign exchange gain      | <b>126,653</b>    | 66,705     |
| Capitalized interest                  | <b>22,880</b>     | 21,965     |
| Others                                | <b>184,112</b>    | 77,900     |
|                                       | <b>333,645</b>    | 166,570    |
| Net deferred tax assets               | <b>₱7,923,240</b> | ₱7,046,605 |



|                                       | <b>Parent Bank</b> |             |
|---------------------------------------|--------------------|-------------|
|                                       | <b>2022</b>        | <b>2021</b> |
| Deferred tax assets:                  |                    |             |
| Allowance for credit losses           | <b>₱3,055,124</b>  | ₱2,359,049  |
| Accrued other expenses                | <b>1,196,466</b>   | 814,379     |
| Net operating loss carry-over (NOLCO) | <b>466,729</b>     | 1,025,934   |
| Excess MCIT                           | <b>366,968</b>     | 588,491     |
| Investment properties                 | <b>276,990</b>     | 301,229     |
| Unrealized foreign exchange loss      | <b>169,646</b>     | 103,683     |
| Others                                | <b>690,645</b>     | 614,327     |
|                                       | <b>6,222,568</b>   | 5,807,092   |
| Deferred tax liabilities:             |                    |             |
| Unrealized foreign exchange gain      | <b>123,159</b>     | 66,705      |
| Capitalized interest                  | <b>22,880</b>      | 21,965      |
| Others                                | <b>111,632</b>     | 41,140      |
|                                       | <b>257,671</b>     | 129,810     |
| Net deferred tax assets               | <b>₱5,964,897</b>  | ₱5,677,282  |

Other deferred tax asset includes post-retirement obligation and other future deductible items.

The Parent Bank's NOLCO follows:

| <b>Year incurred</b> | <b>Amount</b>     | <b>Expired</b>  | <b>Applied</b>    | <b>Balances</b>   | <b>Availment period</b> |
|----------------------|-------------------|-----------------|-------------------|-------------------|-------------------------|
| 2018                 | ₱644,228          | ₱644,228        | ₱—                | ₱—                | 2019-2021               |
| 2019                 | 1,736,818         | —               | 1,736,818         | —                 | 2020-2022               |
| 2020                 | 2,211,455         | —               | 500,000           | 1,711,455         | 2021-2025*              |
| 2021                 | 155,461           | —               | —                 | 155,461           | 2022-2026*              |
|                      | <b>₱4,747,962</b> | <b>₱644,228</b> | <b>₱2,236,818</b> | <b>₱1,866,915</b> |                         |

\*The NOLCO can be carried over as a deduction from gross income for the next five consecutive taxable years from the year it was incurred pursuant to Revenue Regulations No. 25-2020 (RR 25-2020), implementing Section 4(bbbb) of Republic Act No. 11494 or the Bayanihan to Recover as One Act.

The Parent Bank's MCIT follows:

| <b>Year incurred</b> | <b>Amount</b>   | <b>Expired</b>  | <b>Applied</b>  | <b>Balances</b> | <b>Availment period</b> |
|----------------------|-----------------|-----------------|-----------------|-----------------|-------------------------|
| 2018                 | ₱182,501        | ₱182,501        | ₱—              | ₱—              | 2019-2021               |
| 2019                 | 221,523         | —               | 221,523         | —               | 2020-2022               |
| 2020                 | 214,453         | —               | —               | 214,453         | 2021-2023               |
| 2021                 | 152,515         | —               | —               | 152,515         | 2022-2024               |
|                      | <b>₱770,992</b> | <b>₱182,501</b> | <b>₱221,523</b> | <b>₱366,968</b> |                         |

The Parent Bank's MCIT can be applied against regular corporate income tax liability for the next three consecutive years after the MCIT was incurred.

#### Relevant Tax Regulations

##### *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill*

As a result of the changes brought about by CREATE, applicable tax rates for future taxable and deductible amounts for purposes of deferred tax measurement were reduced from 30% to 25%.



This resulted in a reduction in the provision for current income tax in 2021 by ₱156.36 million and by ₱78.41 million for the Group and the Parent Bank, respectively, that is recognized in the 2021 statement of income. In addition, as a result of the change in the tax rate, the deferred tax balances have been remeasured from 30% to 25%, resulting in reduction in net deferred tax asset of ₱1,156.01 million and ₱948.86 million for the Group and the Parent Bank, respectively, increase in provision for deferred income tax by ₱1,088.04 million and ₱881.24 million for the Group and the Parent Bank, respectively, in the 2021 statement of income, and decrease in other comprehensive income by ₱68.01 million and ₱67.62 million for the Group and the Parent Bank, respectively, in the 2021 statement of comprehensive income.

The following are the relevant tax regulations affecting the Group:

#### *Income Tax*

- (a) MCIT, computed at 1% gross income from July 1, 2020 to June 30, 2023, net of allowable deductions as defined under the tax regulations, or to RCIT of 25% effective July 1, 2020, whichever is higher;
- (b) FCDU transactions with non-residents of the Philippines are tax-exempt, while interest income on foreign currency loans from residents other than depository banks under the expanded system is subject to 10% income tax;
- (c) Withholding tax of 15% is imposed on interest earned under the expanded foreign currency deposit system; and,
- (d) NOLCO can be claimed as deductions against taxable income within three years after NOLCO is incurred. The excess of the MCIT over income tax due may be carried over to the three succeeding taxable years and credited against income tax due provided the Bank is in RCIT position. On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of Bayanihan to Recover as One Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

#### *Gross Receipts Tax*

Banks are subject to gross receipts tax under Sec. 121 of the National Internal Revenue Code as amended.

#### *Documentary Stamp Tax*

Documentary stamp taxes (DST) (at varying rates) are imposed on the following:

- (a) Bank checks, drafts, or certificate of deposit not bearing interest, and other instruments;
- (b) Bonds, loan agreements, promissory notes, bills of exchange, drafts, instruments and securities issued by the Government of any of its instrumentalities, deposit substitute debt instruments, certificates of deposits bearing interest and other not payable on sight or demand;
- (c) Acceptance of bills of exchange and letters of credit; and,
- (d) Bills of lading or receipt.



The significant provisions relating to DST under TRAIN are summarized below:

- (a) On every original issue of debt instruments, there shall be collected a DST of 1.50 on each 200 or fractional part thereof of the issue price of any such debt instrument; provided, that for such debt instruments with terms of less than one year, the DST to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days; provided further that only one DST shall be imposed on either loan agreement or promissory notes to secure such loan.
- (b) On all sales or transfer of shares or certificates of stock in any corporation, there shall be collected a DST of 1.50 on each 200, or fractional part thereof, of the par value of such stock.
- (c) On all bills of exchange (between points within the Philippines) or drafts, there shall be collected a DST of 0.60 on each 200, or fractional part thereof, of the face value of any such bill of exchange or draft.
- (d) The following instruments, documents and papers shall be exempt from DST:
  - Borrowings and lending of securities executed under the Securities Borrowing and Lending Program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority;
  - Loan agreements or promissory notes, the aggregate of which does not exceed 250,000 or any such amount as may be determined by the Secretary of Finance, executed by an individual for his purchase on installment for his personal use;
  - Sale, barter or exchange of shares of stock listed and traded through the local stock exchange (as amended by RA No. 9648);
  - Fixed income and other securities traded in the secondary market or through an exchange;
  - Derivatives including repurchase agreements and reverse repurchase agreements;
  - Bank deposit accounts without a fixed term or maturity; and,
  - Interbank call loans with maturity of not more than seven days to cover deficiency in reserve against deposit liabilities.

#### Itemized Deduction

In 2022, 2021 and 2020, the Parent Bank opted to claim itemized deductions.

### **31. Trust Operations**

The following securities and other properties held by the Parent Bank in fiduciary or agency capacity (for a fee) for its customers are not included in the accompanying statement of financial position since these are not properties of the Parent Bank.

|             | 2022               | 2021        |
|-------------|--------------------|-------------|
| Investments | <b>₱88,449,123</b> | ₱86,667,533 |
| Others      | <b>3,199,964</b>   | 3,308,879   |
|             | <b>₱91,649,087</b> | ₱89,976,412 |



In compliance with the requirements of the General Banking Act relative to the Parent Bank's trust functions:

- (a) Investment in government securities with a total face value of ₱1,210,600 and ₱1,000,000 as of December 31, 2022 and 2021, respectively, are deposited with BSP as security for the Parent Bank's faithful compliance with its fiduciary obligations (see Note 12); and,
- (b) Ten percent of the Parent Bank's trust income is transferred to Surplus reserves. This yearly transfer is required until the surplus reserves for trust function is equivalent to 20% of the Parent Bank's authorized capital stock. No part of such reserves shall at anytime be paid out as dividends, but losses accruing in the course of business may be charged against such surplus. As of December 31, 2022 and 2021, the reserve for trust functions amounted to ₱336,655 and ₱304,961, respectively, and is included as part of Surplus reserves in the statements of financial position (see Note 25).

Income from trust operations of the Group and the Parent Bank amounted to ₱316,939, ₱239,994, and ₱171,271 in 2022, 2021 and 2020, respectively. These are shown as Income from trust operations account under Miscellaneous income in the statements of income (see Note 28).

### 32. Related Party Transactions

The Group's and Parent Bank's related parties include subsidiaries, stockholders, key management personnel and others as described below.

The Parent Bank's transactions with related parties, except deposit transactions, are reviewed and approved by the Bank's RPT Management Review Committee (for non-material transactions), endorsed by the RPT Board Committee, and ultimately approved or confirmed by the BOD. The terms and prices are benchmarked against market prices, non-RPT transactions and on a cost-plus basis as practiced by the market if market prices are not available. In other instances, valuations are made by appraisers and third party consultants in determining prices.

The summary of the Group's significant transactions with its related parties as of and for the years ended December 31, 2022 and 2021 are as follows:

| Related Party Category               | 2022                  |                     | 2021                  |                     | Terms and Conditions/Nature                                                                         |
|--------------------------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------------------------------------------------------------------------------------|
|                                      | Amount of Transaction | Outstanding Balance | Amount of Transaction | Outstanding Balance |                                                                                                     |
| <b>Applicable to the Parent Bank</b> |                       |                     |                       |                     |                                                                                                     |
| <b>Subsidiaries</b>                  |                       |                     |                       |                     |                                                                                                     |
| Lease of properties:                 |                       |                     |                       |                     |                                                                                                     |
| Lease income                         | ₱33,550               | ₱–                  | ₱34,069               | ₱–                  | Lease renewed every 5 years with 5% escalation rate                                                 |
| Refundable deposits                  | 2,356                 | 2,356               | 1,959                 | 1,959               |                                                                                                     |
|                                      |                       |                     |                       |                     |                                                                                                     |
| Management services                  | 161,188               | –                   | 51,660                | –                   | Project management fee, management services, commission and service charges paid to/by subsidiaries |
| Deposit liabilities:                 |                       |                     |                       |                     |                                                                                                     |
|                                      |                       |                     |                       |                     |                                                                                                     |
| Outstanding balance                  | –                     | 1,961,153           | –                     | 3,202,201           |                                                                                                     |
| Net movements                        | (1,241,048)           | –                   | 1,779,947             | –                   |                                                                                                     |
| Interest expense on deposits         | 76,410                | –                   | 2,530                 | –                   | With interest rate based on average daily bank deposit rate.                                        |

(Forward)





| Related Party Category                                                           | 2022                  | Outstanding Balance | 2021                  | Outstanding Balance | Terms and Conditions/Nature                                                                                           |
|----------------------------------------------------------------------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------|
|                                                                                  | Amount of Transaction |                     | Amount of Transaction |                     |                                                                                                                       |
| Receivables purchase agreements:                                                 |                       |                     |                       |                     |                                                                                                                       |
| Purchase of receivables                                                          | ₱9,979,340            | ₱—                  | ₱—                    | ₱—                  | Purchase of DepEd receivables from CSB                                                                                |
| Sale of receivables                                                              | 6,682,351             | —                   | —                     | —                   | Sale of qualified Quick Loan Accounts to UnionDigital                                                                 |
| Interbank borrowing                                                              |                       |                     |                       |                     |                                                                                                                       |
| Net movements                                                                    | 3,000,521             | —                   | —                     | —                   | Short-term borrowing with annual fixed rate ranging from 2.125% in 2022. No outstanding balances as of 2022 and 2021. |
| Interest expense                                                                 | 531                   | —                   | —                     | —                   |                                                                                                                       |
| Advances:                                                                        |                       |                     |                       |                     |                                                                                                                       |
| Outstanding balance                                                              | —                     | 79,573              | —                     | 71,201              | Various expenses advanced by the Bank                                                                                 |
| Net movements                                                                    | 8,372                 | —                   | 54,906                | —                   |                                                                                                                       |
| Other liabilities                                                                | —                     | 375,978             | —                     | 38,411              | Various expenses and service fees                                                                                     |
| <b>Applicable to the Group and the Parent Bank</b>                               |                       |                     |                       |                     |                                                                                                                       |
| <b>Stockholders and related parties under common ownership</b>                   |                       |                     |                       |                     |                                                                                                                       |
| Deposit liabilities:                                                             |                       |                     |                       |                     |                                                                                                                       |
| Outstanding balance                                                              | —                     | 6,709,215           | —                     | 25,459,765          | With interest rate based on average daily bank deposit rate                                                           |
| Net movements                                                                    | (18,750,550)          | —                   | 19,173,145            | —                   |                                                                                                                       |
| Interest expense on deposits                                                     | 37,919                | —                   | 12,714                | —                   |                                                                                                                       |
| Bills payable:                                                                   |                       |                     |                       |                     |                                                                                                                       |
| Outstanding balance                                                              | —                     | 13,936              | —                     | 13,916              | Long term liability with annual fixed rate of 4%                                                                      |
| Net movements                                                                    | 20                    | —                   | 19                    | —                   |                                                                                                                       |
| Interest expense                                                                 | 56,658                | —                   | 64,428                | —                   |                                                                                                                       |
| Income from bancassurance business:                                              |                       |                     |                       |                     |                                                                                                                       |
| Commission income                                                                | 377,657               | —                   | 230,570               | —                   | Income recognized on sale of insurance policies in accordance with the bancassurance agreement                        |
| Unearned income                                                                  | —                     | 715,710             | —                     | 733,333             | Unearned income from Exclusive Access Fees arising from the bancassurance agreement                                   |
| Sale of Investment properties                                                    |                       |                     |                       |                     |                                                                                                                       |
| Sales contract receivable                                                        | 591,410               | 413,987             | —                     | —                   |                                                                                                                       |
| Gain on disposal                                                                 | 226,901               | —                   | —                     | —                   | Sale of foreclosed property                                                                                           |
| Unearned income                                                                  | 52,004                | 52,004              | —                     | —                   |                                                                                                                       |
| Loans receivable                                                                 | (8,829)               | 909                 | 9,738                 | 9,738               | Secured borrowings with annual interest of 8.0% and 12.0% in 2022 and 2021                                            |
| <b>Key management personnel Directors, officers and other related interests:</b> | 2,973,832             | —                   | 2,460,301             | —                   | Employee benefits related to key management personnel.                                                                |
| Loans                                                                            | 639,635               | 639,635             | 535,780               | 535,780             | Employee fringe benefit loans with annual fixed interest rate from 0.00% to 8.0% in 2022 and 2021                     |
| Accounts receivable                                                              | 156,659               | 156,659             | 144,509               | 144,509             | Fringe benefits related to employee cars and laptop lease                                                             |

Outstanding receivables from and payables to related parties, if any, arising from lease of properties, management services and advances are unsecured and generally settled in cash within 12 months or upon demand.



Lease of Properties

In February 2014, the Parent Bank entered into a lease agreement with UIC, whereby the latter, as a lessee, leases one of the Parent Bank's investment properties for a period of five years. In October 2019, the lease agreement was amended to reduce the area of UIC's leased premises upon the renewal of the lease agreement. In 2022, the lease agreement was further amended to reduce the area of UIC's leased premises, reduce the number of parking slots and reduce the rental rate upon the renewal of the lease agreement. UIC pays the Parent Bank a monthly rent of ₱100 with 5% annual escalation rate, exclusive of VAT.

CSB leases certain investment properties with the Parent Bank with lease term covering five years. CSB pays the Parent Bank a fixed monthly rent for its leases with 5% annual escalation rate. In May 2020, CSB renewed one of its lease agreements for another five years.

In June 2019, the Parent Bank entered into a lease agreement with UBX for a period of five years. UBX pays the Parent Bank a fixed monthly rent with 5% annual escalation rate.

Management Services

The Parent Bank entered into service agreements with CSB, UIC, FAIR Bank, PETNET, UBX, and UnionDigital to perform to perform various services including corporate accounting, human resource, legal, corporate secretarial, operations support, IT-related and data science.

Deposit Liabilities and Interest Expense

The deposit accounts of subsidiaries and stockholders with the Parent Bank generally earn interest based on daily bank deposit rates.

Advances

The Parent Bank also has advances to CSB, FUIFAI, UnionDigital, CFSI, PETNET and UBX as of December 31, 2022 and 2021. These are generally settled in cash upon demand.

Bills Payable and Interest Expense

In 2020, CSB availed of a loan with Aboitiz Foundation, Inc., amounting to ₱14 million which is payable in five years and bears an annual interest rate of 4.0%. This borrowing had an outstanding balance of ₱13.94 million and ₱13.92 million (net of unamortized debt issue costs) as of December 31, 2022 and 2021, respectively.

In 2022 and 2021, CSB availed of short-term borrowings from AEVI, Aboitiz Power Corporation, and Aboitiz and Co., Inc., related parties under common ownership, amounting to ₱2.10 billion, ₱23.82 billion, and nil, respectively, and ₱3.35 billion, ₱31.87 billion, and ₱12.64 billion, respectively. Availments have been paid in full as of end of the reporting period.

Bancassurance Agreement

On January 27, 2017, the Parent Bank and its subsidiary, CSB, entered into a bancassurance partnership (the Agreement) with Insular Life Assurance Company, Ltd. (Insular Life). Under the Agreement, Insular Life paid the Parent Bank an amount representing Exclusive Access Fee (EAF) with a term of 15 years. In the event that the cumulative annualized premium earned (APE) sold during the first five-year period is less than the agreed minimum amount, the Parent Bank shall refund the proportion of EAF that equals the proportion by which the cumulative APE is less the minimum amount. As of December 31, 2022, there are ongoing negotiations on a revised agreement and is currently being reviewed by the parties.



EAF recognized for 2022 is presented as Commission from bancassurance under Service charges, fees and commissions account in the statements of income. Unearned income arising from this transaction is presented as Unearned Income - bancassurance under Other liabilities account in the statements of financial position (see Note 24).

Under the distribution agreement, Insular Life will have exclusive access to the branch network of the Parent Bank and CSB. Additionally, the Parent Bank's sales force, composed of relationship managers and financial advisors, shall be trained and licensed to sell life insurance products. Under the same Agreement, the Parent Bank shall earn commissions on all insurance policies sold by the Parent Bank. Commissions earned in 2022 and 2021 are presented as part of Commissions from bancassurance under Service charges, fees and commissions account in the statements of income (see Note 27).

#### Receivables Purchase Agreements

##### *Department of Education (DepEd) Loans*

On February 28, 2022, the Parent Bank entered into an agreement with CSB to purchase, in a true sale and without recourse basis, and for cash consideration, certain DepEd loans in one or more tranches for up to a maximum outstanding principal amount of ₱10 billion. The Parent Bank completed the purchase of the first tranche of receivables with outstanding principal of ₱99.31 million on April 8, 2022, and the second tranche of receivables with outstanding principal of ₱9.98 billion on July 4, 2022.

##### *Quick Loans*

On August 1, 2022 (the "Effective Date"), the Parent Bank entered into an agreement (the "Agreement") with UnionDigital to sell, in a true sale and without recourse basis, and for cash consideration, loan accounts from the Parent Bank's Quick Loans portfolio that are existing and granted as of the Effective Date and during the Term of the Agreement, which pass the eligibility criteria including the credit score, borrower profile, loan tenors and terms acceptable to UnionDigital. The Agreement shall remain valid and subsisting until terminated by the Parties as defined and allowed under the Agreement. The total outstanding principal sold to UnionDigital in 2022 amounted to ₱6.68 billion.

#### Sale of Investment Properties

In June 2022, the Parent Bank sold to Lima Land, Inc., a related party under common ownership, parcels of foreclosed land with carrying value of ₱312.50 million for a consideration of ₱591.41 million, payable until 2027. The Bank recognized Gain on disposal of investment properties amounting to ₱226.91 million and Unearned income of ₱52.00 million on the date of sale. As of December 31, 2022, the sales contract receivable had an outstanding balance of ₱413.99 million.

#### Key Management Personnel Compensation

The compensation of key management personnel for the Group and Parent Bank follows:

|                          | <b>Group</b>      |             |             |
|--------------------------|-------------------|-------------|-------------|
|                          | <b>2022</b>       | <b>2021</b> | <b>2020</b> |
| Short-term benefits      | <b>₱2,565,550</b> | ₱2,298,705  | ₱2,097,510  |
| Post-employment benefits | <b>197,044</b>    | 91,915      | 103,265     |
| Other long-term benefits | <b>211,238</b>    | 69,681      | 13,163      |
|                          | <b>₱2,973,832</b> | ₱2,460,301  | ₱2,213,938  |



|                          | <b>Parent Bank</b> |                   |                   |
|--------------------------|--------------------|-------------------|-------------------|
|                          | <b>2022</b>        | <b>2021</b>       | <b>2020</b>       |
| Short-term benefits      | <b>₱2,126,299</b>  | ₱1,885,566        | ₱1,783,964        |
| Post-employment benefits | <b>182,200</b>     | 74,477            | 87,882            |
| Other long-term benefits | <b>205,565</b>     | 63,703            | 7,786             |
|                          | <b>₱2,514,064</b>  | <b>₱2,023,746</b> | <b>₱1,879,632</b> |

Directors' fees incurred by the Group amounted to ₱130,788, ₱141,415, and ₱91,830 in 2022, 2021 and 2020, respectively, and by the Parent Bank amounted to ₱100,687, ₱118,039, and ₱80,010 in 2022, 2021 and 2020.

#### Loans and Other Transactions

In the ordinary course of business, the Group has loans, deposits and other transactions with its related parties and with certain DOSRI. Under the Group's existing policies, these transactions are made substantially on the same terms and conditions as transactions with other individuals and businesses of comparable risks. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of the deposit and book value of their investment in the Group. In the aggregate, loans to DOSRI generally should not exceed the total equity or 15% of the total loan portfolio of the Group, whichever is lower.

The following additional information is presented relative to DOSRI loans:

|                                                       | <b>Group</b>    |             | <b>Parent Bank</b> |             |
|-------------------------------------------------------|-----------------|-------------|--------------------|-------------|
|                                                       | <b>2022</b>     | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| Total DOSRI loans                                     | <b>₱640,544</b> | ₱545,518    | <b>₱616,127</b>    | ₱507,225    |
| Unsecured DOSRI loans                                 | <b>272,992</b>  | 247,341     | <b>263,012</b>     | 223,880     |
| % of DOSRI loans to total loan portfolio              | <b>0.13%</b>    | 0.16%       | <b>0.16%</b>       | 0.18%       |
| % of unsecured DOSRI loans to total DOSRI loans       | —%              | —%          | —%                 | —%          |
| % of past due DOSRI loans to total DOSRI loans        | —%              | —%          | —%                 | —%          |
| % of non-accruing DOSRI accounts to total DOSRI loans | —%              | —%          | —%                 | —%          |

The total unsecured DOSRI loans above include loans extended to employees treated as fringe benefits that are excluded in determining the compliance with the individual ceiling under subsection X330.1 of the MORB. Accordingly, the percentage of unsecured DOSRI loans to total DOSRI loans as presented above is nil.

On January 31, 2007, BSP issued Circular No. 560 which provides the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said circular, the total outstanding exposures to each of the Parent Bank's subsidiaries and affiliates shall not exceed 10% of bank's net worth, the unsecured portion of which shall not exceed 5% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20% of the net worth of the lending bank.

#### Transactions with the Retirement Plan

The retirement fund of the Group covered under defined benefit post-employment plan maintained for qualified employees is administered by the Retirement Committee. The members of the Retirement Committee are Senior Executives and officers of the Parent Bank as approved by the Chairman/Chief Executive Officer. Through its Retirement Committee, it has appointed TISG as one of its trustees for the retirement fund which is covered by trust agreements.



The composition of the retirement plan assets in the actuarial valuation reports of the Parent Bank and its subsidiaries as of December 31, 2022 and 2021 are disclosed in Note 29. As of December 31, 2022 and 2021, total assets of the retirement plan managed by the TISG of the Parent Bank as contained in the actuarial valuation reports amounted to ₱4.03 billion and ₱4.16 billion, respectively.

As of December 31, 2022 and 2021, the carrying value of the fund is equivalent to its fair value.

The Parent Bank and its subsidiaries' retirement plans have transactions directly and indirectly with the Parent Bank as of December 31, 2022 and 2021 as follows:

|                                           | 2022                     |                        | 2021                     |                        |
|-------------------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                           | Amount<br>of Transaction | Outstanding<br>Balance | Amount<br>of Transaction | Outstanding<br>Balance |
| Investment in Parent Bank shares          | ₱75,094                  | ₱352,208               | ₱90,904                  | ₱277,114               |
| Investments in Parent Bank notes payable: |                          |                        |                          |                        |
| Outstanding balance                       | —                        | 354,516                | —                        | 479,891                |
| Net movements                             | (125,375)                | —                      | 35,792                   | —                      |
| Interest income                           | 17,093                   | —                      | 23,393                   | —                      |
| Accrued interest income                   | —                        | 6,486                  | —                        | 2,232                  |
| Deposit liabilities:                      |                          |                        |                          |                        |
| Outstanding balance                       | —                        | 348,462                | —                        | 394,281                |
| Net movements                             | (45,819)                 | —                      | 40,684                   | —                      |
| Interest income on deposits               | 11,397                   | —                      | 12,427                   | —                      |
| Dividend income                           | 9,064                    | —                      | 9,064                    | —                      |

The investment in Parent Bank shares are primarily held for re-sale and the Group's retirement fund does not intend to exercise its voting rights over those shares. The terms of the investment in notes payable are discussed in Note 23.

#### Group Health Insurance from a Related Party

The Parent Bank entered into a contract with Insular Life for its group health insurance. The group health insurance package amounted to ₱166,093 and ₱122,774, covering October 2021 to September 2022 and October 2020 to September 2021, respectively.

#### Receivable from Kingswood Project

UIC acts as the project and fund manager of Kingswood Project. As fund manager, UIC is responsible for the treasury and money management as well as arranging the necessary facilities and accounting for the development of the project. UIC also receives a certain percentage of the sales price related to Kingswood Project as sales commission and to compensate for the marketing expenses incurred. As of December 31, 2022 and 2021, the receivable of UIC from Kingswood Project amounted to ₱33.2 million and ₱29.30 million, respectively.



### 33. Earnings Per Share

In 2022, 2021 and 2020, the Group and the Parent Bank have no outstanding potentially dilutive securities, hence, basic earnings per share are equal to diluted earnings per share.

As a result of the stock dividends declared by the Parent Bank on August 11, 2021 to stockholders of record as of December 9, 2021 and paid on January 5, 2022 (see Notes 25 and 36), the weighted average number of outstanding common shares have been adjusted retrospectively. As required under PFRS, the Bank is required to adjust the weighted average number of shares for purposes of computing the basic earnings per share for all periods presented when there are stock dividends are issued after reporting period but before the financial statements have been authorized for issue.

The basic and diluted earnings per share were computed as follows:

|                                                                                            | <b>Group</b>       |                    |                    |
|--------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
|                                                                                            | <b>2022</b>        | <b>2021</b>        | <b>2020</b>        |
| Net profit attributable to Parent Bank's stockholders                                      | <b>₱12,529,248</b> | <b>₱12,525,376</b> | <b>₱11,553,430</b> |
| Divided by:                                                                                |                    |                    |                    |
| Weighted average number of outstanding common shares                                       | <b>1,911,431</b>   | 1,219,289          | 1,218,400          |
| Adjustment related to stock dividend                                                       | —                  | 304,839            | 304,839            |
| Weighted average number of outstanding common shares, after adjustment for stock dividends | <b>1,911,431</b>   | 1,524,128          | 1,523,239          |
| Basic and diluted earnings per share                                                       | <b>₱6.55</b>       | <b>₱8.22</b>       | <b>₱7.58</b>       |
|                                                                                            | <b>Parent Bank</b> |                    |                    |
|                                                                                            | <b>2022</b>        | <b>2021</b>        | <b>2020</b>        |
| Net profit                                                                                 | <b>₱12,529,248</b> | <b>₱12,525,376</b> | <b>₱11,263,423</b> |
| Divided by:                                                                                |                    |                    |                    |
| Weighted average number of outstanding common shares                                       | <b>1,911,431</b>   | 1,219,289          | 1,218,400          |
| Adjustment related to stock dividend                                                       | —                  | 304,839            | 304,839            |
| Weighted average number of outstanding common shares, after adjustment for stock dividends | <b>1,911,431</b>   | 1,524,128          | 1,523,239          |
| Basic and diluted earnings per share                                                       | <b>₱6.55</b>       | <b>₱8.22</b>       | <b>₱7.39</b>       |



## 34. Commitments and Contingent Liabilities

Leases*Group as Lessee*

The Group leases various branch premises for an average period of seven years. The lease contracts are cancellable upon mutual agreement of the parties or renewable at the Parent Bank's option under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5%. Some leases include a clause to enable adjustment of the rental charge on an annual basis based on prevailing market rates. As of December 31, 2022 and 2021, the Parent Bank has neither a contingent rent payable nor an asset restoration obligation in relation with these lease agreements.

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2022 and 2021 as required by PFRS 16:

|                              | <b>Group</b>    |             | <b>Parent Bank</b> |             |
|------------------------------|-----------------|-------------|--------------------|-------------|
|                              | <b>2022</b>     | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| 1 year or less               | <b>₱532,912</b> | ₱544,131    | <b>₱419,854</b>    | ₱422,382    |
| more than 1 years to 2 years | <b>391,940</b>  | 432,768     | <b>307,215</b>     | 335,421     |
| more than 2 years to 3 years | <b>237,140</b>  | 280,220     | <b>199,287</b>     | 214,405     |
| more than 3 years to 4 years | <b>89,969</b>   | 81,764      | <b>78,118</b>      | 49,877      |
| more than 5 years            | <b>22,077</b>   | 33,895      | <b>16,331</b>      | 324         |

The following are the amounts recognized in profit or loss for the years ended December 31, 2022 and 2021:

|                                                    | <b>Group</b>    |             | <b>Parent Bank</b> |             |
|----------------------------------------------------|-----------------|-------------|--------------------|-------------|
|                                                    | <b>2022</b>     | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| Amortization expense of ROU assets<br>(Note 16)    | <b>₱620,499</b> | ₱597,637    | <b>₱464,534</b>    | ₱410,595    |
| Interest expense on lease liabilities<br>(Note 24) | <b>67,851</b>   | 68,753      | <b>56,240</b>      | 54,763      |
| Expenses relating to short term – leases           | <b>171,523</b>  | 130,223     | <b>132,394</b>     | 152,513     |
| Total amount recognized in profit or loss          | <b>₱859,873</b> | ₱796,613    | <b>₱653,168</b>    | ₱617,871    |

*Group as Lessor*

The Group has entered into commercial property leases on the Group's surplus offices. These non-cancellable leases have remaining non-cancellable lease terms of one to four years.

Total rent income earned included under Miscellaneous income account in the statements of income (see Note 28) by the Group and the Parent Bank for the years ended December 31, 2022, 2021 and 2020 are as follows:

|             | <b>2022</b>     | <b>2021</b> | <b>2020</b> |
|-------------|-----------------|-------------|-------------|
| Group       | <b>₱218,019</b> | ₱116,450    | ₱154,077    |
| Parent Bank | <b>154,907</b>  | 132,734     | 164,177     |



The estimated minimum future annual rentals receivable under non-cancellable operating leases follows:

|                                       | <b>Group</b>    |                 |
|---------------------------------------|-----------------|-----------------|
|                                       | <b>2022</b>     | <b>2021</b>     |
| Within one year                       | <b>₱142,891</b> | ₱121,058        |
| Beyond one year but within five years | <b>257,160</b>  | 242,240         |
|                                       | <b>₱400,051</b> | <b>₱363,298</b> |

|                                       | <b>Parent Bank</b> |                 |
|---------------------------------------|--------------------|-----------------|
|                                       | <b>2022</b>        | <b>2021</b>     |
| Within one year                       | <b>₱133,423</b>    | ₱107,316        |
| Beyond one year but within five years | <b>246,878</b>     | 229,575         |
|                                       | <b>₱380,301</b>    | <b>₱336,891</b> |

#### Others

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, which are not reflected in the accompanying financial statements. The Group recognizes in its books any losses and liabilities incurred in the course of its operations as soon as these become determinable and quantifiable. Management believes that, as of December 31, 2022, no additional material losses or liabilities are required to be recognized in the accompanying financial statements as a result of the above commitments and transactions.

There are several suits, assessments or notices and claims that remain unsettled. Management believes, based on the opinion of its legal counsels, that the ultimate outcome of such suits, assessments and claims will not have a material effect on the Group's and the Parent Bank's financial position and results of operations.

### 35. Notes to the Statements of Cash Flows

Presented below is the supplemental information on the Group's and the Parent Bank's liabilities arising from financing activities:

|                                                            | Group      |               |                         |                    |               |
|------------------------------------------------------------|------------|---------------|-------------------------|--------------------|---------------|
|                                                            | LTNCD      | Bills Payable | Notes and Bonds Payable | Lease Liabilities* | Total         |
| Balances at January 1, 2022                                | ₱3,000,000 | ₱51,168,138   | ₱69,853,986             | ₱1,382,880         | ₱125,405,004  |
| Cash flows from financing activities:                      |            |               |                         |                    |               |
| Additions                                                  | —          | 306,504,535   | 13,904,476              | —                  | 320,409,011   |
| Repayment of borrowings                                    | —          | (225,725,630) | (38,183,199)            | (659,030)          | (264,567,859) |
| Non-cash financing activities:                             |            |               |                         |                    |               |
| Effects of foreign exchange rate changes                   | —          | 899,746       | 5,982,985               | —                  | 6,882,731     |
| New lease arrangements                                     | —          | —             | —                       | 567,389            | 567,389       |
| Effect of business combination                             | —          | —             | —                       | 65,440             | 65,440        |
| Amortization of debt issue costs and accretion of interest | —          | —             | 86,077                  | 67,851             | 153,928       |
| Balances as of December 31, 2022                           | ₱3,000,000 | ₱132,846,789  | ₱51,644,325             | ₱1,424,530         | ₱188,915,644  |

\*additions to lease liabilities arising from initial recognition of ROU assets are considered non-cash financing activities





|                                                            | Group      |               |                         |                    |               |
|------------------------------------------------------------|------------|---------------|-------------------------|--------------------|---------------|
|                                                            | LTNCD      | Bills Payable | Notes and Bonds Payable | Lease Liabilities* | Total         |
| Balances at January 1, 2021                                | ₱3,000,000 | ₱54,223,543   | ₱59,853,656             | ₱1,219,584         | ₱118,296,783  |
| Cash flows from financing activities:                      |            |               |                         |                    |               |
| Additions                                                  | —          | 127,075,530   | 11,057,895              | —                  | 138,133,425   |
| Repayment of borrowings                                    | —          | (131,247,110) | (3,473,520)             | (579,065)          | (135,299,695) |
| Non-cash financing activities:                             |            |               |                         |                    |               |
| Effects of foreign exchange rate changes                   | —          | 1,116,175     | 2,403,418               | —                  | 3,519,593     |
| New lease arrangements                                     | —          | —             | —                       | 673,608            | 673,608       |
| Amortization of debt issue costs and accretion of interest | —          | —             | 12,537                  | 68,753             | 81,290        |
| Balances as of December 31, 2021                           | ₱3,000,000 | ₱51,168,138   | ₱69,853,986             | ₱1,382,880         | ₱125,405,004  |

\*additions to lease liabilities arising from initial recognition of ROU assets are considered non-cash financing activities

|                                                            | Parent Bank |               |                         |                    |               |
|------------------------------------------------------------|-------------|---------------|-------------------------|--------------------|---------------|
|                                                            | LTNCD       | Bills Payable | Notes and Bonds Payable | Lease Liabilities* | Total         |
| Balances at January 1, 2022                                | ₱3,000,000  | ₱28,577,774   | ₱69,789,836             | ₱1,043,850         | ₱102,411,460  |
| Cash flows from financing activities:                      |             |               |                         |                    |               |
| Additions                                                  | —           | 247,352,242   | 10,932,289              | —                  | 258,284,531   |
| Repayment of borrowings                                    | —           | (177,520,637) | (35,112,500)            | (496,312)          | (213,129,449) |
| Non-cash financing activities:                             |             |               |                         |                    |               |
| Effects of foreign exchange rate changes                   | —           | 899,745       | 5,948,623               | —                  | 6,848,368     |
| New lease arrangements                                     | —           | —             | —                       | 514,000            | 514,000       |
| Effect of business combination                             | —           | —             | —                       | 59,777             | 59,777        |
| Amortization of debt issue costs and accretion of interest | —           | —             | 86,077                  | 56,240             | 142,317       |
| Balances as of December 31, 2022                           | ₱3,000,000  | ₱99,309,124   | ₱51,644,325             | ₱1,177,555         | ₱155,131,004  |

\*additions to lease liabilities arising from initial recognition of ROU assets are considered non-cash financing activities

|                                                            | Parent Bank |               |                         |                    |              |
|------------------------------------------------------------|-------------|---------------|-------------------------|--------------------|--------------|
|                                                            | LTNCD       | Bills Payable | Notes and Bonds Payable | Lease Liabilities* | Total        |
| Balances at January 1, 2021                                | ₱3,000,000  | ₱34,502,422   | ₱59,746,856             | ₱1,004,057         | ₱98,253,335  |
| Cash flows from financing activities:                      |             |               |                         |                    |              |
| Additions                                                  | —           | 62,765,158    | 7,650,000               | —                  | 70,415,158   |
| Repayment of borrowings                                    | —           | (69,805,980)  | —                       | (446,112)          | (70,252,092) |
| Non-cash financing activities:                             |             |               |                         |                    |              |
| Effects of foreign exchange rate changes                   | —           | 1,116,174     | 2,380,651               | —                  | 3,496,825    |
| New lease arrangements                                     | —           | —             | —                       | 431,142            | 431,142      |
| Amortization of debt issue costs and accretion of interest | —           | —             | 12,329                  | 54,763             | 67,092       |
| Balances as of December 31, 2021                           | ₱3,000,000  | ₱28,577,774   | ₱69,789,836             | ₱1,043,850         | ₱102,411,460 |

\*additions to lease liabilities arising from initial recognition of ROU assets are considered non-cash financing activities

Non-cash investing activities of the Group for the years ended December 31, 2022 and 2021 include additions to investment properties in settlement of loans and receivables amounting to ₱376.49 million and ₱245.00 million, respectively, and disposals of properties with carrying values of ₱1,482.10 million and ₱87.63 million, respectively, through sales contract receivables.



**36. Events After the End of the Reporting Period****Reclassification of Financial Assets at FVOCI into Financial Assets at Amortized cost**

The acquisition of Citigroup Inc.'s consumer banking business in the Philippines (the Acquisition) in August 2022 substantially altered the Parent Bank's balance sheet composition on both the asset and liability side. The Acquisition resulted in significant increase in the Parent Bank's consumer loan and the Parent Bank expects that its foray into consumer segment will continue to increase in the coming years. The Acquisition resulted in significant change in the FCDU deposit profile and together with the existing diversified funding structure in the FCDU resulted in the change in the management of financial assets in the FCDU moving forward and allowing the FCDU to hold investment securities to maturity.

These developments have led the Parent Bank to reevaluate its asset and liability management strategies and proactively manage its balance sheet and ensure that its capital remain adequate and stable. Existing bank assets, including those in the FVOCI Business Model have been reviewed on how they should be managed moving forward, including the re-assessment on their accounting classification and the related impact to capital. As a result of these substantial changes in the balance sheet, the Parent Bank has determined that there have been fundamental changes to its existing business model for managing FVOCI securities. As part of the Parent Bank's governance process, the business model change has been presented to the Market Risk Committee and Risk Management Committee for review, and for approval and endorsement to the BOD. In line with this, the Parent Bank's BOD in its meeting held on December 16, 2022, approved the reclassification of FCDU FVOCI (excluding the FX Liquidity sub-portfolio) to FCDU HTC.

As required by PFRS 9, the reclassification was effected prospectively on January 1, 2023, the first day of the reporting period following the change in business model. The reclassification on January 1, 2023 resulted in (1) the decrease in FCDU FVOCI securities with fair value of \$903.21 million (₱50.36 billion), (2) reversal of related net unrealized fair value losses on FVOCI amounting to \$185.36 million (₱10.33 billion) and (3) increase in FCDU HTC financial assets at amortized cost amounting to \$1.09 billion (₱60.69 billion), as if the investment securities had always been carried at amortized cost.

**Dividend Declaration**

On February 1, 2023, the Parent Bank's BOD approved the declaration of cash dividends at ₱2.00 per share for a total of ₱4,707,549 in favor of all stockholders of the Bank, payable from the unrestricted retained earnings of the Bank as of December 31, 2022. Record date for stockholders entitled to the cash dividend is February 15, 2023 and payment is expected to be made on February 27, 2023.

**Issuance of Shares through Stock Rights**

On February 6, 2023, the Bank issued approximately 210.97 million common shares priced at ₱56.88 per share. The shares were offered to eligible shareholders as of the record date of January 12, 2023 at a ratio of 1 rights share for every 10.1536 existing common shares. The newly issued shares were listed on the PSE on the same date.

**Issuance of Shares under the Employee Stock Plan**

The Parent Bank issued 697,339 common shares to qualified employees under the Parent Bank's Employee Stock Payment Plan on February 6, 2023.



**37. Supplementary Information Required Under Revenue Regulations 15-2010**

Presented below is the supplementary information required by the Bureau of Internal Revenue (BIR) under RR 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

Gross Receipts Tax

In lieu of the value-added tax (VAT), the Parent Bank is subject to the GRT imposed on all banks and non-bank financial intermediaries pursuant to Section 121 of the Tax Code.

The Parent Bank reported total GRT amounting to ₱1.81 billion in 2022 as shown under Taxes and Licenses account. Total GRT payable as of December 31, 2022 amounted to ₱0.64 billion and is included as part of Accrued taxes and other expenses under Other liabilities account in the 2022 statement of financial position.

Documentary Stamp Tax

The Bank is enrolled under the Electronic DST System. In general, the Parent Bank's DST transactions arise from the execution of debt instruments, security documents, and bills of exchange.

For the year ended December 31, 2022, DST affixed amounted to ₱2.20 billion.

Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2022 are shown below:

|                           |                   |
|---------------------------|-------------------|
| Final                     | ₱1,221,197        |
| Expanded                  | 265,820           |
| Compensation and benefits | 1,356,221         |
|                           | <u>₱2,843,238</u> |

Taxes and Licenses

The details of taxes and licenses in 2022 of the Parent Bank are as follows:

|                                  |                   |
|----------------------------------|-------------------|
| GRT                              | ₱1,805,035        |
| DST                              | 799,397           |
| Real property tax                | 35,250            |
| Fringe benefit tax (FBT)         | 59,041            |
| Local and business permits       | 38,143            |
| Miscellaneous                    | 61,012            |
| Less:                            |                   |
| FBT charged to employee benefits | 59,041            |
|                                  | <u>₱2,738,837</u> |

Excise Taxes

The Parent Bank does not have excise taxes accrued since it did not have any transactions subject to excise tax.

Other Required Tax Information

The Parent Bank has not paid or accrued any excise taxes or customs' duties and tariff fees as it had no importation for the year ended December 31, 2022.

The Parent Bank has no pending tax assessment and case in courts or other regulatory bodies outside of the BIR as at December 31, 2022.



## 38. Supplementary Information Required Under BSP Circular 1074

Presented below is the supplementary information required by the BSP under BSP Circular 1074.

Basic quantitative indicators of financial performance

| <b>Group</b>                                                                     | <b>2022</b>   | <b>2021</b> | <b>2020</b> |
|----------------------------------------------------------------------------------|---------------|-------------|-------------|
| Return on average capital funds:                                                 |               |             |             |
| $\frac{\text{Net profit}}{\text{Average total capital funds}^*}$                 | <b>9.7%</b>   | 11.6%       | 11.5%       |
| Return on average resources:                                                     |               |             |             |
| $\frac{\text{Net profit}}{\text{Average total resources}^*}$                     | <b>1.3%</b>   | 1.6%        | 1.5%        |
| Net interest margin:                                                             |               |             |             |
| $\frac{\text{Net interest income}}{\text{Average interest-earning resources}^*}$ | <b>4.9%</b>   | 4.6%        | 4.5%        |
| Liquidity ratio:                                                                 |               |             |             |
| $\frac{\text{Current Assets}}{\text{Current Liabilities}}$                       | <b>49.63%</b> | 53.9%       | 56.3%       |
| Debt-to-equity ratio:                                                            |               |             |             |
| $\frac{\text{Liabilities}}{\text{Equity}}$                                       | <b>6.4:1</b>  | 6.4:1       | 6.4:1       |
| Asset-to-equity ratio:                                                           |               |             |             |
| $\frac{\text{Asset}}{\text{Equity}}$                                             | <b>7.4:1</b>  | 7.4:1       | 7.4:1       |
| Interest rate coverage ratio:                                                    |               |             |             |
| $\frac{\text{Earnings before interests and taxes}}{\text{Interest expense}}$     | <b>2.4:1</b>  | 3.3:1       | 2.2:1       |

\*Average amount is calculated based on current year-end and previous year-end balances



| <b>Parent Bank</b>                                                              | <b>2022</b>   | <b>2021</b> | <b>2020</b> |
|---------------------------------------------------------------------------------|---------------|-------------|-------------|
| Return on average capital funds:                                                |               |             |             |
| $\frac{\text{Net profit}}{\text{Average total capital funds*}}$                 | <b>9.7%</b>   | 11.6%       | 11.1%       |
| Return on average resources:                                                    |               |             |             |
| $\frac{\text{Net profit}}{\text{Average total resources*}}$                     | <b>1.5%</b>   | 1.6%        | 1.6%        |
| Net interest margin:                                                            |               |             |             |
| $\frac{\text{Net interest income}}{\text{Average interest-earning resources*}}$ | <b>4.2%</b>   | 3.9%        | 4.0%        |
| Liquidity ratio:                                                                |               |             |             |
| $\frac{\text{Current Assets}}{\text{Current Liabilities}}$                      | <b>48.51%</b> | 50.6%       | 55.4%       |
| Debt-to-equity ratio:                                                           |               |             |             |
| $\frac{\text{Liabilities}}{\text{Equity}}$                                      | <b>5.5:1</b>  | 5.5:1       | 5.6:1       |
| Asset-to-equity ratio:                                                          |               |             |             |
| $\frac{\text{Asset}}{\text{Equity}}$                                            | <b>6.5:1</b>  | 6.5:1       | 6.6:1       |
| Interest rate coverage ratio:                                                   |               |             |             |
| $\frac{\text{Earnings before interests and taxes}}{\text{Interest expense}}$    | <b>2.8:1</b>  | 4.3:1       | 2.5:1       |

\*Average amount is calculated based on current year-end and previous year-end balances



Capital instruments issued

The Parent Bank's capital instruments consist of the following:

*Capital stock*

As of December 31, 2022 and 2021, the Parent Bank has outstanding capital stock shown below (peso amounts in thousands):

|                                        | Shares        |               | Amount      |             |
|----------------------------------------|---------------|---------------|-------------|-------------|
|                                        | 2022          | 2021          | 2022        | 2021        |
| Common – ₱10 par value                 |               |               |             |             |
| Authorized                             | 2,530,785,238 | 2,530,785,238 | ₱25,307,852 | ₱25,307,852 |
| Issued and outstanding                 |               |               |             |             |
| As at beginning of the year            | 1,219,362,818 | 1,218,471,467 | 12,193,628  | 12,184,715  |
| Shares issued                          | 922,743,946   | 891,351       | 9,227,440   | 8,913       |
| As at end of the year                  | 2,142,106,764 | 1,219,362,818 | 21,421,068  | 12,193,628  |
| Preferred – ₱100 par value, non-voting |               |               |             |             |
| Authorized                             | 100,000,000   | 100,000,000   | ₱10,000,000 | ₱10,000,000 |
| Issued and outstanding                 | –             | –             | –           | –           |

*Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025*

The Basel III-compliant Unsecured Subordinated Tier 2 Notes were issued by the Parent Bank under its BSP-approved issuance of ₱20.0 Billion Unsecured Subordinated Notes Qualifying as Tier 2 Capital.

Unless the Notes are previously redeemed, the Initial Interest Rate will be reset at the equivalent of the Initial Spread per annum plus the Benchmark as of Reset Date as defined in the Terms and Conditions of the Notes. Subject to certain conditions, the BSP Guidelines, and the Terms and Conditions, the Parent Bank may redeem the Notes in whole and not only in part on the Redemption Option Date at 100% of the face value of the Notes, plus accrued and unpaid interest as of but excluding the Redemption Option Date.

The Notes have a loss absorption feature which means the Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Trigger Event. A Non-Viability Trigger Event is deemed to have occurred when the Issuer is considered non-viable as determined by the BSP.

The Tier II Notes constitute a direct, unconditional, fixed, unsecured and subordinated obligation of the Bank. Claims in respect of the Tier II Notes will rank: (a) junior to the claims of holders of all deposits and general creditors of the Bank; (b) *pari passu* with obligations of the Bank that are, expressly or by applicable laws, subordinated so as to rank *pari passu* with claims in respect of securities constituting “Tier 2” capital of the Bank; and (c) senior to (i) the claims for payment of any obligation that, expressly or by applicable law, is subordinated to the Tier II Notes, (ii) the claims in respect of securities constituting “Tier 1” capital of the Bank, and (iii) the rights and claims of holders of equity shares of the Bank.



Concentration of credit exposures

An analysis of concentrations of credit risk for loans and other receivables and investment securities (grossed up for any allowance for credit losses and unearned discounts) of the Group and the Parent Bank by industry and by geographic location as of December 31, 2022 and 2021 is shown below (amounts in thousands):

|                                                                               | Group                       |        |                                   |              |
|-------------------------------------------------------------------------------|-----------------------------|--------|-----------------------------------|--------------|
|                                                                               | 2022                        |        |                                   |              |
|                                                                               | Loans and Other Receivables |        | Trading and Investment Securities | Total        |
|                                                                               | Amount                      | %      |                                   |              |
| Concentration by industry                                                     |                             |        |                                   |              |
| Financial and insurance activities                                            | ₱34,819,473                 | 7.07   | ₱451,417,807                      | ₱486,237,280 |
| Real estate activities                                                        | 90,231,828                  | 18.33  | 7,150,000                         | 97,381,828   |
| Information and communication                                                 | 35,095,786                  | 7.13   | —                                 | 35,095,786   |
| Wholesale and retail trade, repair of motor vehicles                          | 32,282,632                  | 6.56   | —                                 | 32,282,632   |
| Manufacturing                                                                 | 28,515,108                  | 5.79   | 2,665,228                         | 31,180,336   |
| Transportation and storage                                                    | 21,836,091                  | 4.44   | 1,884,539                         | 23,720,630   |
| Arts, entertainment and recreation                                            | 12,627,793                  | 2.57   | —                                 | 12,627,793   |
| Electricity, gas steam and air conditioning supply                            | 13,090,565                  | 2.66   | 24,106,204                        | 37,196,769   |
| Other service activities                                                      | 15,924,128                  | 3.24   | 2,845,681                         | 18,769,809   |
| Construction                                                                  | 6,110,416                   | 1.24   | —                                 | 6,110,416    |
| Activities of households as employers and undifferentiated goods and services | 4,320,351                   | 0.88   | —                                 | 4,320,351    |
| Agriculture, forestry and fishing                                             | 2,284,137                   | 0.46   | —                                 | 2,284,137    |
| Accommodation and food service activities                                     | 1,540,725                   | 0.31   | —                                 | 1,540,725    |
| Professional, scientific and technical activities                             | 472,896                     | 0.10   | —                                 | 472,896      |
| Other consumption                                                             | 97,556,795                  | 19.82  | —                                 | 97,556,795   |
| Others                                                                        | 95,486,796                  | 19.40  | 2,782,659                         | 98,269,455   |
|                                                                               | ₱492,195,520                | 100.00 | ₱492,852,118                      | ₱985,047,638 |
| Concentration by location                                                     |                             |        |                                   |              |
| Philippines                                                                   | ₱492,195,520                | 100.00 | ₱398,026,315                      | ₱890,221,835 |
| Others - Asia                                                                 | —                           | —      | 23,944,279                        | 23,944,279   |
| South America                                                                 | —                           | —      | 6,061,624                         | 6,061,624    |
| North America                                                                 | —                           | —      | 7,441,164                         | 7,441,164    |
| United States                                                                 | —                           | —      | 50,591,184                        | 50,591,184   |
| Europe                                                                        | —                           | —      | 6,787,552                         | 6,787,552    |
|                                                                               | ₱492,195,520                | 100.00 | ₱492,852,118                      | ₱985,047,638 |



|                                                                               | Group                       |        |                                   |              |
|-------------------------------------------------------------------------------|-----------------------------|--------|-----------------------------------|--------------|
|                                                                               | 2021                        |        |                                   |              |
|                                                                               | Loans and Other Receivables |        | Trading and Investment Securities | Total        |
|                                                                               | Amount                      | %      |                                   |              |
| <i>Concentration by industry</i>                                              |                             |        |                                   |              |
| Financial and insurance activities                                            | ₱31,360,342                 | 9.00   | ₱369,049,548                      | ₱400,409,890 |
| Real estate activities                                                        | 71,096,154                  | 20.40  | 7,938,117                         | 79,034,271   |
| Information and communication                                                 | 39,474,234                  | 11.32  | —                                 | 39,474,234   |
| Wholesale and retail trade, repair of motor vehicles                          | 31,380,275                  | 9.00   | —                                 | 31,380,275   |
| Manufacturing                                                                 | 27,322,891                  | 7.84   | 2,531,824                         | 29,854,715   |
| Transportation and storage                                                    | 18,861,331                  | 5.41   | 2,204,090                         | 21,065,421   |
| Arts, entertainment and recreation                                            | 14,639,649                  | 4.20   | —                                 | 14,639,649   |
| Electricity, gas steam and air conditioning supply                            | 13,690,875                  | 3.93   | 25,214,821                        | 38,905,696   |
| Other service activities                                                      | 7,918,474                   | 2.27   | —                                 | 7,918,474    |
| Construction                                                                  | 4,337,687                   | 1.24   | —                                 | 4,337,687    |
| Activities of households as employers and undifferentiated goods and services | 2,384,261                   | 0.68   | —                                 | 2,384,261    |
| Agriculture, forestry and fishing                                             | 1,679,982                   | 0.48   | —                                 | 1,679,982    |
| Accommodation and food service activities                                     | 1,455,059                   | 0.42   | —                                 | 1,455,059    |
| Professional, scientific and technical activities                             | 702,425                     | 0.20   | —                                 | 702,425      |
| Other consumption                                                             | 11,947,034                  | 3.43   | —                                 | 11,947,034   |
| Others                                                                        | 70,333,736                  | 20.18  | 3,360,048                         | 73,693,784   |
|                                                                               | ₱348,584,409                | 100.00 | ₱410,298,448                      | ₱758,882,857 |
| <i>Concentration by location</i>                                              |                             |        |                                   |              |
| Philippines                                                                   | ₱348,584,409                | 100.00 | ₱298,874,158                      | ₱647,458,567 |
| Others - Asia                                                                 | —                           | —      | 29,545,178                        | 29,545,178   |
| South America                                                                 | —                           | —      | 5,622,054                         | 5,622,054    |
| North America                                                                 | —                           | —      | 9,725,349                         | 9,725,349    |
| United States                                                                 | —                           | —      | 54,686,572                        | 54,686,572   |
| Europe                                                                        | —                           | —      | 11,845,137                        | 11,845,137   |
|                                                                               | ₱348,584,409                | 100.00 | ₱410,298,448                      | ₱758,882,857 |

|                                                                               | Parent Bank                 |        |                                   |              |
|-------------------------------------------------------------------------------|-----------------------------|--------|-----------------------------------|--------------|
|                                                                               | 2022                        |        |                                   |              |
|                                                                               | Loans and Other Receivables |        | Trading and Investment Securities | Total        |
|                                                                               | Amount                      | %      |                                   |              |
| <i>Concentration by industry</i>                                              |                             |        |                                   |              |
| Financial and insurance activities                                            | ₱40,015,301                 | 10.01  | ₱401,020,548                      | ₱441,035,849 |
| Other consumption                                                             | 97,115,155                  | 24.30  | —                                 | 97,115,155   |
| Real estate activities                                                        | 89,587,397                  | 22.42  | 7,150,000                         | 96,737,397   |
| Information and communication                                                 | 35,091,072                  | 8.78   | —                                 | 35,091,072   |
| Wholesale and retail trade, repair of motor vehicles                          | 31,351,303                  | 7.85   | —                                 | 31,351,303   |
| Manufacturing                                                                 | 28,359,410                  | 7.10   | 2,665,228                         | 31,024,638   |
| Transportation and storage                                                    | 21,735,910                  | 5.44   | 1,884,539                         | 23,620,449   |
| Other service activities                                                      | 15,761,449                  | 3.94   | 2,845,681                         | 18,607,130   |
| Electricity, gas steam and air conditioning supply                            | 13,090,425                  | 3.28   | 24,106,204                        | 37,196,629   |
| Arts, entertainment and recreation                                            | 12,626,780                  | 3.16   | —                                 | 12,626,780   |
| Construction                                                                  | 5,993,159                   | 1.50   | —                                 | 5,993,159    |
| Activities of households as employers and undifferentiated goods and services | 4,317,198                   | 1.08   | —                                 | 4,317,198    |
| Accommodation and food service activities                                     | 1,347,158                   | 0.34   | —                                 | 1,347,158    |
| Agriculture, forestry and fishing                                             | 1,193,414                   | 0.30   | —                                 | 1,193,414    |
| Professional, scientific and technical activities                             | 465,180                     | 0.11   | —                                 | 465,180      |
| Others                                                                        | 1,542,640                   | 0.39   | 2,782,659                         | 4,325,299    |
|                                                                               | ₱399,592,951                | 100.00 | ₱442,454,859                      | ₱842,047,810 |
| <i>Concentration by location</i>                                              |                             |        |                                   |              |
| Philippines                                                                   | ₱399,592,951                | 100.00 | ₱347,629,056                      | ₱747,222,007 |
| Others - Asia                                                                 | —                           | —      | 23,944,279                        | 23,944,279   |
| South America                                                                 | —                           | —      | 6,061,624                         | 6,061,624    |
| North America                                                                 | —                           | —      | 7,441,164                         | 7,441,164    |
| United States                                                                 | —                           | —      | 50,591,184                        | 50,591,184   |
| Europe                                                                        | —                           | —      | 6,787,552                         | 6,787,552    |
|                                                                               | ₱399,592,951                | 100.00 | ₱442,454,859                      | ₱842,047,810 |





|                                                                               | Parent Bank                 |               |                                   |                     |
|-------------------------------------------------------------------------------|-----------------------------|---------------|-----------------------------------|---------------------|
|                                                                               | 2021                        |               |                                   |                     |
|                                                                               | Loans and Other Receivables |               | Trading and Investment Securities | Total               |
|                                                                               | Amount                      | %             |                                   |                     |
| <i>Concentration by industry</i>                                              |                             |               |                                   |                     |
| Financial and insurance activities                                            | ₱31,284,376                 | 11.05         | ₱325,797,652                      | ₱357,082,028        |
| Real estate activities                                                        | 70,604,445                  | 24.93         | 7,938,117                         | 78,542,562          |
| Information and communication                                                 | 39,469,530                  | 13.94         | –                                 | 39,469,530          |
| Wholesale and retail trade, repair of motor vehicles                          | 30,431,511                  | 10.74         | –                                 | 30,431,511          |
| Manufacturing                                                                 | 27,198,763                  | 9.6           | 2,531,824                         | 29,730,587          |
| Transportation and storage                                                    | 18,718,271                  | 6.61          | 2,204,090                         | 20,922,361          |
| Arts, entertainment and recreation                                            | 14,638,343                  | 5.17          | –                                 | 14,638,343          |
| Electricity, gas steam and air conditioning supply                            | 13,690,729                  | 4.83          | 25,214,821                        | 38,905,550          |
| Other service activities                                                      | 7,730,986                   | 2.73          | –                                 | 7,730,986           |
| Construction                                                                  | 4,251,467                   | 1.50          | –                                 | 4,251,467           |
| Activities of households as employers and undifferentiated goods and services | 2,325,684                   | 0.82          | –                                 | 2,325,684           |
| Accommodation and food service activities                                     | 1,285,301                   | 0.45          | –                                 | 1,285,301           |
| Professional, scientific and technical activities                             | 700,048                     | 0.25          | –                                 | 700,048             |
| Agriculture, forestry and fishing                                             | 372,018                     | 0.13          | –                                 | 372,018             |
| Other consumption                                                             | 11,752,569                  | 4.15          | –                                 | 11,752,569          |
| Others                                                                        | 8,775,218                   | 3.10          | 3,246,816                         | 12,022,034          |
|                                                                               | <b>₱283,229,259</b>         | <b>100.00</b> | <b>₱366,933,320</b>               | <b>₱650,162,579</b> |
| <i>Concentration by location</i>                                              |                             |               |                                   |                     |
| Philippines                                                                   | ₱283,229,259                | 100.00        | ₱255,509,030                      | ₱538,738,289        |
| Others - Asia                                                                 | –                           | –             | 29,545,178                        | 29,545,178          |
| South America                                                                 | –                           | –             | 5,622,054                         | 5,622,054           |
| North America                                                                 | –                           | –             | 9,725,349                         | 9,725,349           |
| United States                                                                 | –                           | –             | 54,686,572                        | 54,686,572          |
| Europe                                                                        | –                           | –             | 11,845,137                        | 11,845,137          |
|                                                                               | <b>₱283,229,259</b>         | <b>100.00</b> | <b>₱366,933,320</b>               | <b>₱650,162,579</b> |

**Breakdown of total loans as to security and status****As to security**

The breakdown of total loans and other receivables (net of unearned discounts) as to secured, with corresponding collateral types, and unsecured loans follows (amounts in thousands):

|                  | Group               |              | Parent Bank         |              |
|------------------|---------------------|--------------|---------------------|--------------|
|                  | 2022                | 2021         | 2022                | 2021         |
| Secured:         |                     |              |                     |              |
| Real estate      | <b>₱12,265,747</b>  | ₱10,306,870  | <b>₱10,408,920</b>  | ₱8,781,142   |
| Deposit hold-out | <b>374,133</b>      | 441,795      | <b>331,529</b>      | 404,783      |
| Chattel mortgage | <b>84,735</b>       | 484,577      | –                   | 430,580      |
| Others           | <b>66,576,638</b>   | 35,608,038   | <b>65,419,101</b>   | 35,572,532   |
|                  | <b>79,301,253</b>   | 46,841,280   | <b>76,159,550</b>   | 45,189,037   |
| Unsecured        | <b>414,872,194</b>  | 326,866,206  | <b>327,230,996</b>  | 256,429,206  |
|                  | <b>₱494,173,447</b> | ₱373,707,486 | <b>₱403,390,546</b> | ₱301,618,243 |

The breakdown as to secured and unsecured of non-accruing loans of the Group and the Parent Bank as of December 31 follows:

|           | Group              |             | Parent Bank        |             |
|-----------|--------------------|-------------|--------------------|-------------|
|           | 2022               | 2021        | 2022               | 2021        |
| Secured   | <b>₱8,869,679</b>  | ₱4,657,991  | <b>₱8,706,112</b>  | ₱4,310,580  |
| Unsecured | <b>13,010,007</b>  | 14,291,767  | <b>5,014,561</b>   | 8,564,337   |
|           | <b>₱21,879,686</b> | ₱18,949,758 | <b>₱13,720,673</b> | ₱12,874,917 |



*As to status*

Non-performing loans (NPLs) of the Group and the Parent Bank as of December 31, 2022 and 2021 are presented below, net of the related allowance for credit losses in compliance with BSP Circular 855, respectively (amounts in thousands).

|                                              | Group               |              | Parent Bank        |             |
|----------------------------------------------|---------------------|--------------|--------------------|-------------|
|                                              | 2022                | 2021         | 2022               | 2021        |
| Gross NPLs                                   | <b>₱21,879,686</b>  | ₱18,949,758  | <b>₱13,720,673</b> | ₱12,874,917 |
| Specific allowance for credit losses on NPLs | <b>(10,791,956)</b> | (10,072,401) | <b>(6,951,092)</b> | (7,529,574) |
|                                              | <b>₱11,087,730</b>  | ₱8,877,357   | <b>₱6,769,581</b>  | ₱5,345,343  |

Under BSP Circular 941, an account or exposure is considered non-performing, even without any missed contractual payments, when it is deemed impaired under existing applicable accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, in the case of secured accounts. All other accounts, even if not considered impaired, shall be considered non-performing if any contractual principal and/or interest are past due for more than ninety (90) days, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after it has become past due. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

Non-performing loans, investment, receivables, or any financial asset (and/or any replacement loan) shall remain classified as such until (a) there is a sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.

Information on the amounts of performing and non-performing loans and receivables (gross of allowance for impairment and credit losses) per product line of the Group and Parent Bank are as follows:

|                                    | Group               |                    |                     | Parent Bank  |                |              |
|------------------------------------|---------------------|--------------------|---------------------|--------------|----------------|--------------|
|                                    | 2022                |                    | Total               | 2021         |                | Total        |
|                                    | Performing          | Non-Performing     |                     | Performing   | Non-Performing |              |
| Corporate loans                    | <b>₱130,325,055</b> | <b>₱174,917</b>    | <b>₱130,499,972</b> | ₱117,506,723 | ₱1,167,863     | ₱118,674,586 |
| Consumer products*                 | <b>95,958,602</b>   | <b>3,243,884</b>   | <b>99,202,486</b>   | 15,700,041   | 2,419,612      | 18,119,653   |
| Commercial loans                   | <b>71,273,065</b>   | <b>3,959,433</b>   | <b>75,232,498</b>   | 66,908,763   | 3,033,984      | 69,942,747   |
| Home loans                         | <b>59,923,287</b>   | <b>5,736,182</b>   | <b>65,659,469</b>   | 52,407,938   | 5,806,732      | 58,214,670   |
| CSB salary loans                   | <b>58,843,468</b>   | <b>5,185,814</b>   | <b>64,029,282</b>   | 42,268,532   | 3,356,560      | 45,625,092   |
| Other receivables from customers** | <b>42,292,399</b>   | <b>3,579,456</b>   | <b>45,871,855</b>   | 26,146,411   | 3,165,007      | 29,311,418   |
| Total receivables from customers   | <b>₱458,615,876</b> | <b>₱21,879,686</b> | <b>₱480,495,562</b> | ₱320,938,408 | ₱18,949,758    | ₱339,888,166 |

\*Comprised of Small and Medium Enterprise (SME) Financial Products and Consumer Loans

\*\*Comprised of HR loans, quick loans and Home Credit receivables



|                                    | Parent Bank  |                |              |              |                |              |
|------------------------------------|--------------|----------------|--------------|--------------|----------------|--------------|
|                                    | 2022         |                |              | 2021         |                |              |
|                                    | Performing   | Non-Performing | Total        | Performing   | Non-Performing | Total        |
| Corporate loans                    | ₱130,325,055 | ₱174,917       | ₱130,499,972 | ₱117,506,723 | ₱1,167,863     | ₱118,674,586 |
| Consumer products*                 | 95,958,602   | 3,243,884      | 99,202,486   | 15,700,041   | 2,419,612      | 18,119,653   |
| Commercial loans                   | 71,273,065   | 3,959,433      | 75,232,498   | 66,908,763   | 3,033,984      | 69,942,747   |
| Home loans                         | 59,923,287   | 5,736,182      | 65,659,469   | 52,407,938   | 5,806,732      | 58,214,670   |
| Other receivables from customers** | 19,395,834   | 606,257        | 20,002,091   | 13,575,477   | 446,726        | 14,022,203   |
| Total receivables from customers   | ₱376,875,843 | ₱13,720,673    | ₱390,596,516 | ₱266,098,942 | ₱12,874,917    | ₱278,973,859 |

\*Comprised of Small and Medium Enterprise (SME) Financial Products and Consumer Loans

\*\*Comprised of HR loans, quick loans and Home Credit receivables

### Related party loans

As of December 31, 2022 and 2021, the Group's and the Parent Bank's related party loans solely consist of DOSRI loans, as shown below (peso amounts in thousands):

|                                                                     | Group    |          | Parent Bank |          |
|---------------------------------------------------------------------|----------|----------|-------------|----------|
|                                                                     | 2022     | 2021     | 2022        | 2021     |
| Total DOSRI loans                                                   | ₱640,544 | ₱545,518 | ₱616,127    | ₱507,225 |
| Unsecured DOSRI loans                                               | 272,992  | 247,341  | 263,012     | 223,880  |
| Total related party loans (including DOSRI loans)                   | 640,544  | 545,518  | 616,127     | 507,225  |
| Unsecured related party loans (including DOSRI loans)               | 272,992  | 247,341  | 263,012     | 223,880  |
| % of DOSRI/related party loans to total loan portfolio              | 0.13%    | 0.16%    | 0.16%       | 0.18%    |
| % of unsecured DOSRI/related party loans to total DOSRI loans       | —%       | —%       | —%          | —%       |
| % of past due DOSRI/related party loans to total DOSRI loans        | —%       | —%       | —%          | —%       |
| % of non-accruing DOSRI/related party accounts to total DOSRI loans | —%       | —%       | —%          | —%       |

The total unsecured DOSRI loans above include loans extended to employees treated as fringe benefits that are excluded in determining the compliance with the individual ceiling under subsection X330.1 of the MORB. Accordingly, the percentage of unsecured DOSRI loans to total DOSRI loans as presented above is nil.

### Secured liability and assets pledged as security

The Group's and the Parent Bank's bills payable under repurchase agreements amounted to ₱78.23 billion and ₱18.67 billion as of December 31, 2022 and 2021, respectively.

Investment securities of both the Group and the Parent Bank with carrying values of ₱106.71 million and ₱23.47 million as of December 31, 2022 and 2021, respectively, were pledged against bills payable under repurchase agreement.



Commitments and contingencies

Following is a summary of the Group and Parent Bank's commitments and contingent accounts (amounts in thousands):

|                                          | <b>Group</b>       |             | <b>Parent Bank</b> |             |
|------------------------------------------|--------------------|-------------|--------------------|-------------|
|                                          | <b>2022</b>        | <b>2021</b> | <b>2022</b>        | <b>2021</b> |
| Trust department accounts                | <b>₱91,649,087</b> | ₱89,976,412 | <b>₱91,649,087</b> | ₱89,976,412 |
| Forward exchange bought                  | <b>74,853,141</b>  | 31,946,925  | <b>74,853,141</b>  | 31,946,925  |
| Forward exchange sold                    | <b>25,708,489</b>  | 22,392,884  | <b>25,708,489</b>  | 22,392,884  |
| Commitments                              | <b>50,820,675</b>  | 61,930,576  | <b>50,773,475</b>  | 61,840,156  |
| Inward bills for collections             | <b>17,307,197</b>  | 13,342,960  | <b>17,307,197</b>  | 13,342,960  |
| Other derivatives                        | <b>13,801,894</b>  | 12,738,173  | <b>13,801,894</b>  | 12,738,173  |
| Unused standby letters of credit         | <b>8,986,154</b>   | 5,849,338   | <b>8,986,154</b>   | 5,849,338   |
| Spot exchange bought                     | <b>3,378,510</b>   | 1,332,437   | <b>3,378,510</b>   | 1,332,437   |
| Spot exchange sold                       | <b>3,530,275</b>   | 4,086,222   | <b>3,530,275</b>   | 4,086,222   |
| Outstanding guarantees issued            | <b>1,426,923</b>   | 1,208,727   | <b>1,426,685</b>   | 1,208,675   |
| Other commitment and contingent accounts | <b>111,295</b>     | 64,607      | <b>48,960</b>      | 10,910      |

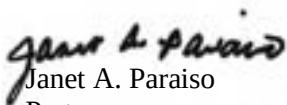


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Union Bank of the Philippines (the Bank) and its Subsidiaries (together with the Bank, the Group) and the parent bank financial statements of Union Bank of the Philippines as at December 31, 2022 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 February 27, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated and parent bank financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Bank's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated and parent bank financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated and parent bank financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated and parent bank financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Janet A. Paraiso

Partner

CPA Certificate No. 92305

Tax Identification No. 193-975-241

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 92305-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9369768, January 3, 2023, Makati City

February 27, 2023

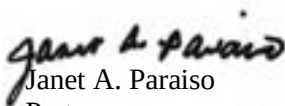


## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Union Bank of the Philippines (the Bank) and its Subsidiaries (together with the Bank, the Group) and the parent bank financial statements of Union Bank of the Philippines as at December 31, 2022 and for each of the years in the period ended December 31, 2022 and have issued our report thereon dated February 27, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated and parent bank financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Bank's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated and parent bank financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Bank's consolidated and parent bank financial statements as at December 31, 2022 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Janet A. Paraiso

Partner

CPA Certificate No. 92305

Tax Identification No. 193-975-241

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 92305-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9369768, January 3, 2023, Makati City

February 27, 2023



# **UNION BANK OF THE PHILIPPINES**

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Rule 68-4.H (Index C-II): Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

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- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule G. Capital Stock



**UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES**  
**INDEX TO SUPPLEMENTARY SCHEDULES**  
**DECEMBER 31, 2022**

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**B. Independent Auditors' Report on the SEC Supplementary Schedules  
Filed Separately from the Basic Financial Statements**

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**Union Bank of the Philippines and Subsidiaries**  
SEC Released Amended SRC Rule 68  
Annex 68-J  
Schedule A - Financial Assets  
December 31, 2022

|                                                                                    | Number of Shares or<br>Principal Amount of<br>Bonds and Notes | Amount Shown in the Statement<br>Financial Position | Value Based on Market<br>Quotation at Statement of<br>Condition Date | Income Received and<br>Accrued |
|------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------|--------------------------------|
| <b>FINANCIAL ASSETS AT FAIR VALUE<br/>THROUGH PROFIT OR LOSS</b>                   |                                                               |                                                     |                                                                      |                                |
| <b>Debt Securities</b>                                                             |                                                               |                                                     |                                                                      |                                |
| Bureau of Treasury                                                                 | 5,953,791,314                                                 | P 5,738,000,925                                     | P 5,738,000,925                                                      | P 125,619,959                  |
| Banco De Oro                                                                       |                                                               |                                                     |                                                                      | 110,705                        |
| Filinvest Development Corporation                                                  | 1,561,140                                                     | 1,530,698                                           | 1,530,698                                                            | 64,218                         |
| FPT Finance Ltd.                                                                   | 72,481,500                                                    | 67,849,207                                          | 67,849,207                                                           | 3,435,457                      |
| International Container Terminal Services, Inc.                                    | 56,201,040                                                    | 48,803,275                                          | 48,803,275                                                           | 2,667,138                      |
| PT Indonesia Asahan Aluminium (Persero)                                            | 334,530,000                                                   | 334,371,035                                         | 334,371,035                                                          | 19,048,603                     |
| JG Summit Holdings                                                                 | 33,285,735                                                    | 29,173,615                                          | 29,173,615                                                           | 1,492,426                      |
| Metropolitan Bank and Trust Company                                                | 500,000                                                       | 481,306                                             | 481,306                                                              | 7,886                          |
| Megaworld Corporation                                                              | 89,208,000                                                    | 81,396,948                                          | 81,396,948                                                           | 4,506,195                      |
| Philippine National Bank                                                           | 2,787,750                                                     | 2,620,401                                           | 2,620,401                                                            | 593,378                        |
| Power Finance Corporation Ltd.                                                     | 167,265,000                                                   | 159,997,336                                         | 159,997,336                                                          | 5,421,012                      |
| Power Sector Asset and Liabilities Management Corp                                 | 280,949,445                                                   | 328,362,473                                         | 328,362,473                                                          | 26,966,270                     |
| Rizal Commercial Banking Corporation                                               | 100,080,225                                                   | 98,541,929                                          | 98,541,929                                                           | 4,581,164                      |
| Republic of Philippines                                                            | 11,151,000                                                    | 9,085,723                                           | 9,085,723                                                            | 216,841                        |
| San Miguel Corp                                                                    | 10,500,000                                                    | 10,081,876                                          | 10,081,876                                                           | 113,313                        |
| Vista Land and Lifescapes, Inc.(Vista Land)                                        | 90,434,610                                                    | 86,261,957                                          | 86,261,957                                                           | 9,928,447                      |
| <b>Total Debt Securities</b>                                                       |                                                               | <b>P 6,996,558,704</b>                              | <b>P 6,996,558,704</b>                                               | <b>P 204,773,012</b>           |
| <b>Equity Securities</b>                                                           |                                                               |                                                     |                                                                      |                                |
| Alta Vista Golf & Country Club                                                     | 1                                                             | 400,000                                             | 400,000                                                              | -                              |
| Cebu Country Club                                                                  | 2                                                             | 26,000,000                                          | 26,000,000                                                           | -                              |
| Celebrity (Sports) Plaza, Inc.                                                     | 1                                                             | 250,000                                             | 250,000                                                              | -                              |
| Manila Polo Club                                                                   | 9                                                             | 378,000,000                                         | 378,000,000                                                          | -                              |
| The Metropolitan Club, Inc. - A                                                    | 10                                                            | 2,500,000                                           | 2,500,000                                                            | -                              |
| The Metropolitan Club, Inc. - B                                                    | 13                                                            | 3,900,000                                           | 3,900,000                                                            | -                              |
|                                                                                    |                                                               | <b>P 411,050,000</b>                                | <b>P 411,050,000</b>                                                 | <b>P -</b>                     |
| Abacore Capital (ABACUS)                                                           | 200,000                                                       | P 416,000                                           | P 416,000                                                            | P -                            |
| A. Soriano Corporation                                                             | 31,250                                                        | 282,500                                             | 282,500                                                              | 78,125                         |
| Empire Easet                                                                       | 5,857,808                                                     | 1,101,268                                           | 1,101,268                                                            | -                              |
| Global Estates Resort (formerly Fil-Estate Land)                                   | 760,500                                                       | 707,265                                             | 707,265                                                              | -                              |
| Metro Alliance (formerly Marsman & Company, Inc.)                                  | 645,000                                                       | 419,250                                             | 419,250                                                              | -                              |
| Petron Corporation                                                                 | 249,100                                                       | 597,840                                             | 597,840                                                              | 24,910                         |
| Republic Glass Holdings Corporation                                                | 733,000                                                       | 2,272,300                                           | 2,272,300                                                            | 65,970                         |
| Shang Properties, Inc. (formerly KOUK)                                             | 147,142                                                       | 373,741                                             | 373,741                                                              | 75,852                         |
| Project Quest Corporation                                                          | 8,750,000                                                     | 31,151,011                                          | 31,151,011                                                           | 3,062,500                      |
| Philippine Depository & Trust Corp. (formely Phil. Central Depository, Inc.)       | 5,228                                                         | 959,171                                             | 959,171                                                              | -                              |
| Abacore Capital (ABACUS)                                                           | 256,000                                                       | 532,480                                             | 532,480                                                              | -                              |
| Asia Best International, Inc. (formerly AGP INDUSTRIAL CORP. - A (Halted – Prev. C | 4                                                             | 14                                                  | 14                                                                   | -                              |
| Cosco Capital (formerly Alcorn Gold Resources – B)                                 | 99,000                                                        | 462,330                                             | 462,330                                                              | -                              |
| Araneta Properties, Inc. A                                                         | 544                                                           | 555                                                 | 555                                                                  | -                              |
| Benguet Corp. -A                                                                   | 355                                                           | 1,456                                               | 1,456                                                                | -                              |
| Benguet Corp. -B                                                                   | 1,702                                                         | 7,131                                               | 7,131                                                                | -                              |
| Banco De Oro                                                                       | 72                                                            | 7,610                                               | 7,610                                                                | -                              |
| Leisure & Resorts World Corp – A                                                   | 166                                                           | 400                                                 | 400                                                                  | -                              |
| Imperial Resources Inc – A                                                         | 30                                                            | 32                                                  | 32                                                                   | -                              |
| Keppel Phil. Properties - A                                                        | 593                                                           | 2,354                                               | 2,354                                                                | -                              |
| Mabuhay Holdings, Inc.                                                             | 170,000                                                       | 38,420                                              | 38,420                                                               | -                              |
| Omico Mining & Industrial Corp.                                                    | 800                                                           | 264                                                 | 264                                                                  | -                              |
| Philodrill Corporation - B (Class A and B are considered the same)                 | 280,554                                                       | 2,749                                               | 2,749                                                                | -                              |
| Prime Media Holdings Incorporated (FIRST E BANK)                                   | 939                                                           | 1,953                                               | 1,953                                                                | -                              |
| Wellex Industries, Inc. (Republic Resources)                                       | 333                                                           | 77                                                  | 77                                                                   | -                              |
| Shiptek Solutions Corp Ph                                                          | -                                                             | 31,000,000                                          | 31,000,000                                                           | -                              |
|                                                                                    |                                                               | <b>P 70,338,171</b>                                 | <b>P 70,338,171</b>                                                  | <b>P 3,307,357</b>             |
| <b>Total Equity Securities</b>                                                     |                                                               | <b>P 481,388,171</b>                                | <b>P 481,388,171</b>                                                 | <b>P 3,307,357</b>             |

**Union Bank of the Philippines and Subsidiaries**  
SEC Released Amended SRC Rule 68  
Annex 68-J  
Schedule A - Financial Assets  
December 31, 2022

|                                                                      | Number of Shares or<br>Principal Amount of<br>Bonds and Notes | Amount Shown in the Statement<br>Financial Position | Value Based on Market<br>Quotation at Statement of<br>Condition Date | Income Received and<br>Accrued |
|----------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------|--------------------------------|
| <b>Derivative Assets</b>                                             |                                                               |                                                     |                                                                      |                                |
| Australia and New Zealand Bank                                       | P                                                             | 221,017                                             | P 221,017                                                            | P -                            |
| Australia and New Zealand Bank - Manila Branch                       |                                                               | 104,622,970                                         | P 104,622,970                                                        | -                              |
| Barclays Bank                                                        |                                                               | 26,624                                              | 26,624                                                               | -                              |
| Banco De Oro                                                         |                                                               | 135,239,139                                         | 135,239,139                                                          | -                              |
| BNP Paribas                                                          |                                                               | 2,555,000                                           | 2,555,000                                                            | -                              |
| Bank of New York                                                     |                                                               | 2,505,000                                           | 2,505,000                                                            | -                              |
| Bank of the Philippine Islands                                       |                                                               | 18,462,432                                          | 18,462,432                                                           | -                              |
| China Banking Corporation                                            |                                                               | 44,223,479                                          | 44,223,479                                                           | -                              |
| Citibank N A                                                         |                                                               | 7,764,567                                           | 7,764,567                                                            | -                              |
| East West Banking Corporation                                        |                                                               | 12,846,314                                          | 12,846,314                                                           | -                              |
| EPL Propack Philippines, Inc.                                        |                                                               | 1,433,237                                           | 1,433,237                                                            | -                              |
| General Metal Container Corp. of the Phils.                          |                                                               | 41,694                                              | 41,694                                                               | -                              |
| Goldman Sachs                                                        |                                                               | 437,025                                             | 437,025                                                              | -                              |
| JP Morgan Chase Bank                                                 |                                                               | 127,722                                             | 127,722                                                              | -                              |
| Malayan Bank Savings & Mortgage Bank                                 |                                                               | 578,418                                             | 578,418                                                              | -                              |
| Metropolitan Bank and Trust Company                                  |                                                               | 146,214,271                                         | 146,214,271                                                          | -                              |
| Micro Mechanics Technology International Inc                         |                                                               | 21,759                                              | 21,759                                                               | -                              |
| Monark Equipment Corporation                                         |                                                               | 123,194                                             | 123,194                                                              | -                              |
| Morgan Stanley Dean Witter and Company                               |                                                               | 6,595                                               | 6,595                                                                | -                              |
| Philippine National Bank                                             |                                                               | 9,468,433                                           | 9,468,433                                                            | -                              |
| Rizal Commercial Banking Corporation                                 |                                                               | 122,905,949                                         | 122,905,949                                                          | -                              |
| Standard Chartered Bank                                              |                                                               | 39,661,809                                          | 39,661,809                                                           | -                              |
| Standard Chartered Bank                                              |                                                               | 279,037                                             | 279,037                                                              | -                              |
| Sutherland Global Services Philippines, Inc.                         |                                                               | 147,711,518                                         | 147,711,518                                                          | -                              |
| Transcom Worldwide                                                   |                                                               | 19,147,815                                          | 19,147,815                                                           | -                              |
| Unioil Petroleum Philippines Inc                                     |                                                               | 5,806,899                                           | 5,806,899                                                            | -                              |
| Individual Clients                                                   |                                                               | 299,778,720                                         | 299,778,720                                                          | -                              |
| ING Bank NV Manila Trust Department                                  |                                                               | 669,843                                             | 669,843                                                              | -                              |
| Credit Suisse International Group                                    |                                                               | 52,688,475                                          | 52,688,475                                                           | -                              |
| <b>Total Derivative Assets</b>                                       | P                                                             | <u>1,175,568,955</u>                                | P <u>1,175,568,955</u>                                               | P <u>-</u>                     |
| <b>Total - Financial Assets at Fair Value through Profit or Loss</b> | P                                                             | <u><b>8,653,515,830</b></u>                         | P <u><b>8,653,515,830</b></u>                                        | P <u><b>208,080,369</b></u>    |

**Union Bank of the Philippines and Subsidiaries**  
SEC Released Amended SRC Rule 68  
Annex 68-J  
Schedule A - Financial Assets  
December 31, 2022

|                                                            | Number of Shares or<br>Principal Amount of<br>Bonds and Notes | Amount Shown in the Statement<br>Financial Position | Value Based on Market<br>Quotation at Statement of<br>Condition Date | Income Received and<br>Accrued |
|------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------|--------------------------------|
| <b>FINANCIAL ASSETS AT AMORTIZED COST</b>                  |                                                               |                                                     |                                                                      |                                |
| <b>Government bonds and other debt securities</b>          |                                                               |                                                     |                                                                      |                                |
| Indonesian Government                                      | 5,976,936,000                                                 | P 6,396,783,928                                     | P 6,201,616,049                                                      | P 296,083,390                  |
| Bangko Sentral ng Pilipinas                                | -                                                             | -                                                   | -                                                                    | 59,910,555                     |
| Abu Dhabi National Energy Co.(TAQA)                        | 446,040,000                                                   | 446,825,879                                         | 443,203,186                                                          | 19,136,709                     |
| Bharat Petroleum Corp. Ltd.                                | 3,150,157,500                                                 | 3,073,365,711                                       | 2,972,275,354                                                        | 155,694,646                    |
| NTPC Limited                                               | 278,775,000                                                   | 276,318,566                                         | 264,139,313                                                          | 18,327,193                     |
| Perusahaan Perseroan(Persero) PT Perusahaan Listrik Negara | 836,325,000                                                   | 1,068,547,619                                       | 941,083,070                                                          | 55,127,080                     |
| Petroleos Mexicanos                                        | 5,413,810,500                                                 | 5,373,756,673                                       | 3,553,853,139                                                        | 353,625,772                    |
| Petroleum Nasional Berhad(Petronas)                        | 557,550,000                                                   | 557,391,082                                         | 540,622,782                                                          | 19,519,111                     |
| Saudi Arabian Oil Company                                  | 1,393,875,000                                                 | 1,401,954,836                                       | 1,269,393,599                                                        | 55,597,133                     |
| Petroleos Mexicanos                                        | 1,902,985,056                                                 | 1,869,729,136                                       | 1,482,216,030                                                        | 99,588,290                     |
| Brazil Sovereign Group                                     | 1,672,650,000                                                 | 1,960,459,926                                       | 1,746,478,541                                                        | 106,053,396                    |
| Bureau of Treasury                                         | 198,922,505,337                                               | 203,401,768,723                                     | 182,990,336,695                                                      | 7,586,363,405                  |
| Colombia Sovereign Group                                   | 1,003,590,000                                                 | 1,294,182,122                                       | 941,277,097                                                          | 60,117,451                     |
| Peru Sovereign Group                                       | 1,784,160,000                                                 | 2,560,498,385                                       | 2,181,599,482                                                        | 98,872,356                     |
| Qatar Sovereign Group                                      | 278,775,000                                                   | 278,987,457                                         | 268,507,717                                                          | 8,950,575                      |
| Saudi Arabia Sovereign Group                               | 390,285,000                                                   | 411,904,848                                         | 386,870,006                                                          | 13,951,893                     |
| Sultanate of Oman Sovereign Group                          | 724,815,000                                                   | 774,746,120                                         | 661,437,176                                                          | 45,945,322                     |
| Turkey Sovereign Group                                     | 2,230,200,000                                                 | 2,226,982,158                                       | 1,533,276,996                                                        | 128,953,409                    |
| Uruguay Sovereign Group                                    | 111,510,000                                                   | 148,056,034                                         | 138,720,670                                                          | 5,816,791                      |
| Bureau of Treasury                                         | 345,500,000                                                   | 344,735,084                                         | 331,359,135                                                          | 13,484,986                     |
| Bureau of Treasury                                         | 8,697,850,000                                                 | 8,787,497,518                                       | 7,944,200,825                                                        | 382,894,363                    |
| Bureau of Treasury                                         | 5,000,634                                                     | 5,000,634                                           | 5,000,634                                                            | 398,288                        |
| <b>Total Government bonds and other debt securities</b>    |                                                               | <b>P 242,659,492,439</b>                            | <b>P 216,797,467,496</b>                                             | <b>P 9,584,412,114</b>         |
| <b>Private bonds and commercial papers</b>                 |                                                               |                                                     |                                                                      |                                |
| Hindustan Petroleum Corp. Ltd.                             | 836,325,000                                                   | P 811,757,563                                       | P 782,632,935                                                        | P 38,088,828                   |
| JG Summit Holdings                                         | 144,963,000                                                   | 144,963,000                                         | 143,762,706                                                          | 6,324,515                      |
| STI Education Services Group, Inc.                         | 45,370,000                                                    | 45,370,000                                          | 39,046,269                                                           | 2,884,575                      |
| Vista Land and Lifescapes, Inc.(Vista Land)                | 1,181,250,000                                                 | 1,181,250,000                                       | 1,311,704,297                                                        | 104,303,320                    |
| Aboitiz Power Corporation                                  | 50,000,000                                                    | 50,000,000                                          | 50,000,000                                                           | 1,911,200                      |
| SMC Bonds                                                  | 40,000,000                                                    | 40,000,000                                          | 40,000,000                                                           | 2,304,520                      |
| <b>Total Private bonds and commercial papers</b>           |                                                               | <b>P 2,273,340,563</b>                              | <b>P 2,367,146,207</b>                                               | <b>P 155,816,958</b>           |
| Less: Allowance for credit losses                          |                                                               | ( 304,928,833 )                                     |                                                                      | -                              |
| <b>Total - Financial Assets at Amortized Cost</b>          |                                                               | <b>P 244,627,904,169</b>                            | <b>P 219,164,613,703</b>                                             | <b>P 9,740,229,072</b>         |

**Union Bank of the Philippines and Subsidiaries**  
SEC Released Amended SRC Rule 68  
Annex 68-J  
Schedule A - Financial Assets  
December 31, 2022

|                                                                                                      | Number of Shares or<br>Principal Amount of<br>Bonds and Notes | Amount Shown in the Statement<br>Financial Position | Value Based on Market<br>Quotation at Statement of<br>Condition Date | Income Received and<br>Accrued |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------|--------------------------------|
| <b>FINANCIAL ASSETS AT FAIR VALUE THROUGH<br/>OTHER COMPREHENSIVE INCOME</b>                         |                                                               |                                                     |                                                                      |                                |
| <b>Government and private bonds and other debt securities</b>                                        |                                                               |                                                     |                                                                      |                                |
| Metropolitan Bank and Trust Company                                                                  | 446,040,000                                                   | P 398,786,522                                       | P 398,786,522                                                        | P 581,341                      |
| Philippine National Bank                                                                             | 453,678,435                                                   | 426,444,119                                         | 426,444,119                                                          | 5,771,897                      |
| Del Monte Pacific Limited                                                                            | 2,787,750,000                                                 | 2,658,259,013                                       | 2,658,259,013                                                        | 6,245,113                      |
| Filinvest Development Corporation                                                                    | 2,202,322,500                                                 | 2,159,377,211                                       | 2,159,377,211                                                        | 2,375,968                      |
| FPT Finance Ltd.                                                                                     | 1,735,708,905                                                 | 1,624,779,749                                       | 1,624,779,749                                                        | 6,406,457                      |
| International Container Terminal Services, Inc.                                                      | 2,319,408,000                                                 | 1,876,216,300                                       | 1,876,216,300                                                        | 8,983,272                      |
| JG Summit Holdings                                                                                   | 2,888,722,305                                                 | 2,531,849,551                                       | 2,531,849,551                                                        | 15,117,188                     |
| Manila Water Company, Inc.                                                                           | 3,319,764,210                                                 | 2,783,954,267                                       | 2,783,954,267                                                        | 2,539,812                      |
| Megaworld Corporation                                                                                | 3,162,033,315                                                 | 2,885,165,678                                       | 2,885,165,678                                                        | 2,740,473                      |
| Vista Land and Lifescapes, Inc.(Vista Land)                                                          | 836,325,000                                                   | 797,736,965                                         | 797,736,965                                                          | 4,456,779                      |
| Power Finance Corporation Ltd.                                                                       | 1,728,405,000                                                 | 1,423,047,689                                       | 1,423,047,689                                                        | 448,151                        |
| PT Pertamina(Persero)                                                                                | 713,440,980                                                   | 690,312,287                                         | 690,312,287                                                          | 17,371,647                     |
| Saudi Arabia Sovereign Group                                                                         | 1,338,120,000                                                 | 1,086,071,717                                       | 1,086,071,717                                                        | 891,840                        |
| US Treasury/Sovereign Group                                                                          | 20,629,350,000                                                | 16,238,689,229                                      | 16,238,689,229                                                       | 165,038,275                    |
| Bureau of Treasury                                                                                   | 38,317,860,000                                                | 33,031,678,034                                      | 33,031,678,034                                                       | 14,120,647                     |
| Power Sector Asset and Liabilities Management Corp                                                   | 5,916,274,560                                                 | 6,741,893,547                                       | 6,741,893,547                                                        | 372,372,385                    |
| Republic of Philippines                                                                              | 1,115,100,000                                                 | 906,866,226                                         | 906,866,226                                                          | 709,420                        |
| Indonesian Government                                                                                | 1,393,875,000                                                 | 1,160,303,366                                       | 1,160,303,366                                                        | 45,131                         |
| Bureau of Treasury                                                                                   | 10,000,000                                                    | 9,247,107                                           | 9,247,107                                                            | 1,582,986                      |
| Vista Land and Lifescapes, Inc.(Vista Land)                                                          | 30,000,000                                                    | 28,924,998                                          | 28,924,998                                                           | 1,725,360                      |
| Aboitiz Power Corp                                                                                   | 10,000,000                                                    | 9,552,167                                           | 9,552,167                                                            | 527,570                        |
| Ayala Land Inc                                                                                       | 20,000,000                                                    | 19,871,960                                          | 19,871,960                                                           | 1,556,747                      |
| San Miguel Corp                                                                                      | -                                                             | -                                                   | -                                                                    | 130,792                        |
| <b>Total Government and private bonds and other debt securities</b>                                  |                                                               | <b>P 79,489,027,702</b>                             | <b>P 79,489,027,702</b>                                              | <b>P 631,739,251</b>           |
| <b>Equity Securities</b>                                                                             |                                                               |                                                     |                                                                      |                                |
| BANCNET                                                                                              | 50,000                                                        | P 5,000,000                                         | P 5,000,000                                                          | P -                            |
| BAP Consulting, Inc.                                                                                 | 12,500                                                        | 1,250,000                                           | 1,250,000                                                            | -                              |
| BAP-Credit Bureau                                                                                    | -                                                             | 50,000                                              | 50,000                                                               | -                              |
| Coop Society Swift                                                                                   | -                                                             | 3,139                                               | 3,139                                                                | -                              |
| Cruztelco                                                                                            | 90                                                            | 9,000                                               | 9,000                                                                | -                              |
| Eastern Visayas Tel Co.                                                                              | 100                                                           | 5,000                                               | 5,000                                                                | -                              |
| Fixed Income Exchange                                                                                | 125,000                                                       | 1,250,000                                           | 1,250,000                                                            | -                              |
| Local Government Unit Guaranty Corporation                                                           | 50,000                                                        | 5,000,000                                           | 5,000,000                                                            | -                              |
| Local Government Unit Guaranty Corporation                                                           | 50,000                                                        | 5,000,100                                           | 5,000,100                                                            | -                              |
| Makati Executive Center                                                                              | 1                                                             | 31,500                                              | 31,500                                                               | -                              |
| Manila Electric Company                                                                              | 21,934                                                        | 219,340                                             | 219,340                                                              | -                              |
| Metropolitan Threater                                                                                | 1                                                             | 40,000                                              | 40,000                                                               | -                              |
| Metropolitan Waterworks and Sewerage System                                                          | -                                                             | 150                                                 | 150                                                                  | -                              |
| Philippine Clearing House Corporation                                                                | 21,000                                                        | 5,000,000                                           | 5,000,000                                                            | -                              |
| Philam                                                                                               | 2                                                             | 1,000,000                                           | 1,000,000                                                            | -                              |
| Philam Properties Corp.                                                                              | -                                                             | 500,000                                             | 500,000                                                              | -                              |
| Philippine Dealing System Holdings Corporation (formerly Philippine Central Depository Incorporated) | 31,690                                                        | 3,169,000                                           | 3,169,000                                                            | -                              |
| Pilipino Telephone Corporation                                                                       | 75                                                            | 6,000                                               | 6,000                                                                | -                              |
| Rockwell Land Corporation                                                                            | 2                                                             | 700,000                                             | 700,000                                                              | -                              |
| Steel Asia                                                                                           | -                                                             | 13,439,870                                          | 13,439,870                                                           | -                              |
| Philippine Airlines                                                                                  | 4,573,528                                                     | 4,573,528                                           | 4,573,528                                                            | -                              |
| Benguet Corp                                                                                         | 462                                                           | 1,903                                               | 1,903                                                                | -                              |
| A Brown Company                                                                                      | 2,471                                                         | 1,779                                               | 1,779                                                                | -                              |
| Victorias Milling Company Inc.                                                                       | 58                                                            | 173                                                 | 173                                                                  | -                              |
| Integra Fund LLP                                                                                     | -                                                             | 48,417,701                                          | 48,417,701                                                           | -                              |
| NYK Ventures Pte. Ltd.                                                                               | 4,459                                                         | 78,366,366                                          | 78,366,366                                                           | -                              |
| Consensus Software Inc.                                                                              | 29,240                                                        | 99,700,000                                          | 99,700,000                                                           | -                              |
| <b>Total Equity Securities</b>                                                                       |                                                               | <b>P 272,734,549</b>                                | <b>P 272,734,549</b>                                                 | <b>P -</b>                     |
| <b>Total - Financial Assets at Fair value through OCI</b>                                            |                                                               | <b>P 79,761,762,251</b>                             | <b>P 79,761,762,251</b>                                              | <b>P 631,739,251</b>           |
| <b>GRAND TOTAL</b>                                                                                   |                                                               | <b>P 333,043,182,250</b>                            | <b>P 307,579,891,784</b>                                             | <b>P 10,580,048,692</b>        |

**Union Bank of the Philippines and Subsidiaries**

SEC Released Amended SRC Rule 68

Annex 68-J

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

December 31, 2022

| Name and Designation of Debtor | Balance at Beginning<br>of Year | Additions | Deductions        |                     | Ending Balance |             | Balance at End of<br>Year |
|--------------------------------|---------------------------------|-----------|-------------------|---------------------|----------------|-------------|---------------------------|
|                                |                                 |           | Amounts Collected | Amounts Written-off | Current        | Not Current |                           |

**RECEIVABLES FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS  
ARE WITHIN THE ORDINARY COURSE OF BUSINESS OF THE BANK**

**Union Bank of the Philippines and Subsidiaries**

SEC Released Amended SRC Rule 68

Annex 68-J

Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

December 31, 2022

| Name and Designation of Debtor                                           | Balance at Beginning of Year |            | Additions | Deductions                 |                     | Ending Balance |             | Balance at End of Year |           |             |
|--------------------------------------------------------------------------|------------------------------|------------|-----------|----------------------------|---------------------|----------------|-------------|------------------------|-----------|-------------|
|                                                                          |                              |            |           | Amounts Collected/<br>Paid | Amounts Written-off | Current        | Not Current |                        |           |             |
| Accounts Receivable from Related Parties                                 |                              |            |           |                            |                     |                |             |                        |           |             |
| City Savings Bank, Inc. (Subsidiary)                                     | P                            | 37,631,396 | P         | -                          | P                   | 37,631,396     | P           | -                      | P         | -           |
| UnionDigital Bank, Inc. (Subsidiary)                                     |                              | 29,000,000 |           | 23,977,467                 |                     | -              |             | 52,977,467             |           | 52,977,467  |
| UBX Philippines Corporation (Subsidiary)                                 |                              | 4,548,244  |           | 24,685,461                 |                     | 28,602,804     |             | 630,901                |           | 630,901     |
| Citicorp Financial Services and Insurance Brokerage Philippines, Inc. (S |                              | -          |           | 37,327,617                 |                     | 13,950,953     |             | 23,376,664             |           | 23,376,664  |
| PetNet, Inc. (Subsidiary)                                                |                              | -          |           | 2,575,004                  |                     | -              |             | -                      | 2,575,004 | 2,575,004   |
| First Union Insurance and Financial Agencies, Inc. (Subsidiary)          |                              | 20,995     |           | 13,174                     |                     | 20,995         |             | 13,174                 |           | 13,174      |
|                                                                          | P                            | 71,200,635 | P         | 88,578,723                 | P                   | 80,206,148     | P           | 76,998,206             | P         | 2,575,004   |
|                                                                          |                              |            |           |                            |                     | -              |             |                        |           | 79,573,210  |
| Accounts Payable to Related Parties                                      |                              |            |           |                            |                     |                |             |                        |           |             |
| UBX Philippines Corporation (Subsidiary)                                 | P                            | 37,789,293 | P         | 199,079,858                | P                   | 159,725,584    | P           | 77,143,567             | p         | -           |
| UnionDigital Bank, Inc. (Subsidiary)                                     |                              | -          |           | 298,259,426                |                     | -              |             | 298,259,426            |           | -           |
| UBP Investments Corporation (Subsidiary)                                 |                              | 396,967    |           | -                          |                     | -              |             | -                      | 396,967   | 396,967     |
| Bangko Kayaban, Inc. (Bangko Kabayan) (Subsidiary)                       |                              | 224,690    |           | 68,808,519                 |                     | 68,855,189     |             | 178,020                |           | -           |
|                                                                          | P                            | 38,410,950 | P         | 566,147,803                | P                   | 228,580,773    | P           | 375,581,013            | P         | 396,967     |
|                                                                          |                              |            |           |                            |                     | -              |             |                        |           | 375,977,980 |

**Union Bank of the Philippines and Subsidiaries**

SEC Released Amended SRC Rule 68

Annex 68-J

Schedule D - Long-term Debt

December 31, 2022

| Title of Issue and Type of Obligation                         | Amount Authorized by Indenture<br>(Amounts in PhP) | Amount Shown Under Caption "Current<br>Portion of Long-term Debt" in Related<br>Statement of Financial Position | Amount Shown Under Caption "Long-term<br>Debt" in related Statement of Financial<br>Condition |
|---------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| USD Senior Medium Term Notes Due 2025                         | P 16,726,500,000                                   | P -                                                                                                             | P 16,659,943,444                                                                              |
| Peso Senior Series C Bonds Due 2023                           | 39,000,000,000                                     | 8,097,039,177                                                                                                   | -                                                                                             |
| Peso Senior Series D Bonds Due 2026                           |                                                    | -                                                                                                               | 880,047,212                                                                                   |
| Peso Digital Bonds                                            |                                                    | 10,937,831,987.0                                                                                                | -                                                                                             |
| USD IFC Social Bonds                                          | 8,363,250,000                                      | -                                                                                                               | 8,312,897,528                                                                                 |
| Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025 | 20,000,000,000                                     | -                                                                                                               | 6,756,565,400                                                                                 |
| Long Term Negotiable Certificate of Deposit 2023              | 20,000,000,000                                     | 3,000,000,000                                                                                                   | -                                                                                             |

**Details:**

|                                                               | <u>Maturity Date</u> | <u>Interest Rate</u> |
|---------------------------------------------------------------|----------------------|----------------------|
| USD Senior Medium Term Notes Due 2025                         | October 22, 2025     | 2.125%               |
| Peso Senior Series C Bonds Due 2023                           | December 9, 2023     | 2.750%               |
| Peso Senior Series D Bonds Due 2026                           | March 9, 2026        | 3.375%               |
| Peso Digital Bonds                                            | December 2, 2023     | 3.250%               |
| USD IFC Social Bonds                                          | July 23, 2028        | 4.061%*              |
| Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025 | May 24, 2030         | 5.250%               |
| Long Term Negotiable Certificate of Deposit 2023              | August 21, 2023      | 4.375%               |

\*floating rate

**Union Bank of the Philippines and Subsidiaries**

SEC Released Amended SRC Rule 68

Annex 68-J

Schedule G - Capital Stock

December 31, 2022

| Title of Issue  | Number of Shares Authorized | Number of Shares Issued and Outstanding as Shown Under the Related Statement of Condition Caption | Number of Shares Reserved for Options, Warrants, Conversion and Other Rights | Number of Shares Held by |                                   |                    |
|-----------------|-----------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------|-----------------------------------|--------------------|
|                 |                             |                                                                                                   |                                                                              | Related Parties          | Directors, Officers and Employees | Others             |
| Common Stock    | <u>2,530,785,238</u>        | <u>2,142,106,764</u>                                                                              | <u>5,000,000</u>                                                             | <u>1,736,920,289</u>     | <u>45,314,561</u>                 | <u>359,871,914</u> |
| Preferred Stock | <u>100,000,000</u>          | <u>-</u>                                                                                          | <u>-</u>                                                                     | <u>-</u>                 | <u>-</u>                          | <u>-</u>           |



**Annex 68 -D**

**Reconciliation of Retained Earnings Available for Dividend Declaration  
For the Year Ended December 31, 2022  
(Amounts in Thousands of Philippine Pesos)**

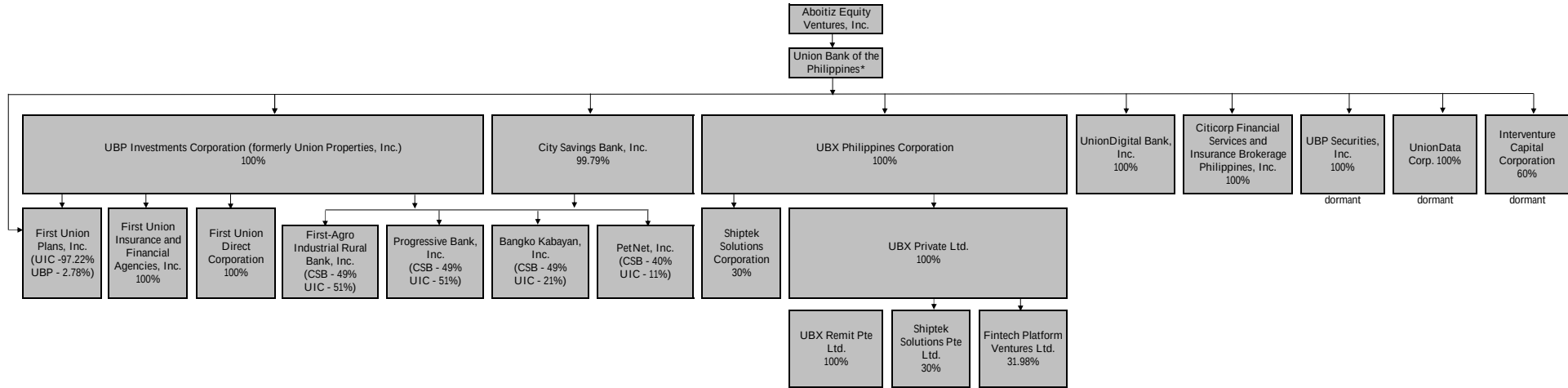
**UNION BANK OF THE PHILIPPINES  
UnionBank Plaza, Meralco Avenue corner Onyx Street and Sapphire Road  
Ortigas Center, Pasig City**

|                                                                                                                          |          |                          |
|--------------------------------------------------------------------------------------------------------------------------|----------|--------------------------|
| <b>Unappropriated Retained Earnings at Beginning of Year, as Previously Reported</b>                                     | P        | 82,754,489               |
| <b>Prior Years' Outstanding Reconciling Items, net of tax</b>                                                            |          |                          |
| Accumulated equity in net profit of subsidiaries                                                                         | (        | 15,688,321 )             |
| Accumulated net unrealized gain on foreclosure/initial recognition of investment properties, net of related depreciation | (        | 1,132,936 )              |
| Deferred tax assets                                                                                                      | (        | 5,575,980 )              |
| <b>Unappropriated Retained Earnings, as Adjusted to Available for<br/>Dividend Distribution, Beginning of Year</b>       |          | 60,357,252               |
| <b>Add: Net Profit Actually Earned/Realized during the Year</b>                                                          |          |                          |
| Net profit during the period closed to Retained Earnings                                                                 | P        | <u>12,529,248</u>        |
| <b>Less: Non-actual/unrealized income, net of tax</b>                                                                    |          |                          |
| Net reversal/realizations from deferred tax asset                                                                        | (        | 534,247 )                |
| Share in net profit of subsidiaries                                                                                      |          | 1,712,086                |
| Unrealized fair value gains on foreign exchange revaluation                                                              |          | 158,297                  |
| Net unrealized gain on foreclosure/initial recognition<br>of properties, net of related depreciation                     |          | <u>185,092</u>           |
| Subtotal                                                                                                                 |          | <u>1,521,228</u>         |
| <b>Net Profit Actually Earned/Realized during the Year</b>                                                               |          | 11,008,020               |
| <b>Add (Less):</b>                                                                                                       |          |                          |
| Dividend declarations during the period                                                                                  | (        | 4,269,771 )              |
| Release of Retained Earnings Appropriation during the period                                                             |          | <u>293,854</u>           |
|                                                                                                                          | (        | <u>3,975,917 )</u>       |
| <b>Total Retained Earnings, End of the Year<br/>Available for Dividend Declaration</b>                                   | <b>P</b> | <b><u>67,389,355</u></b> |

**UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES**  
 UnionBank Plaza, Meralco Avenue corner Onyx Street and Sapphire Road,  
 Ortigas Center, Pasig City

**Map Showing the Relationship Between and Among the Bank  
 and its Related Entities\*\***  
 December 31, 2022

## CONGLOMERATE MAPPING



\* Union Bank of the Philippines (UBP) is effectively 49.92% owned by Aboitiz Equity Ventures, Inc. (AEVI); hence, UBP is an associate of AEVI in accordance with PAS 28, *Investments in Associates*.

\*\* Required by Securities and Exchange Commission, Revised Securities Regulation Code Rule 68, as revised, dated January 6, 2022.

**Annex 68 -E**

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

**Union Bank of the Philippines and Subsidiaries**

As of December 31, 2022

| <b>Ratio</b>                 | <b>Formula</b>                                                 | <b>Current Year</b> | <b>Prior Year</b> |
|------------------------------|----------------------------------------------------------------|---------------------|-------------------|
| Current ratio                | Current Assets/ Current Liabilities                            | <b>49.6%</b>        | 53.9%             |
| Acid test ratio              | Current Assets/ Current Liabilities                            | <b>49.6%</b>        | 53.9%             |
| Solvency ratios              | Net Profit After Tax, Before Non-cash<br>Expenses/ Liabilities | <b>2.2%</b>         | 3.2%              |
| Debt-to-equity ratio         | Liabilities/ Equity                                            | <b>6.4:1</b>        | 6.4:1             |
| Asset-to-equity ratio        | Asset/ Equity                                                  | <b>7.4:1</b>        | 7.4:1             |
| Interest rate coverage ratio | Earnings before interests and taxes/<br>Interest expense       | <b>2.4:1</b>        | 3.3:1             |
| Return on equity             | Net Profit/ Average Total Capital Funds*                       | <b>9.7%</b>         | 11.6%             |
| Return on assets             | Net Profit/ Average Total Resources*                           | <b>1.3%</b>         | 1.6%              |
| Net interest margin          | Net Interest Income/ Average Interest-<br>earning Resources*   | <b>4.9%</b>         | 4.6%              |

*\*Average amount is calculated based on current year-end and previous year-end balances.*

ANNEX 68-I

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE  
PUBLIC

Union Bank of the Philippines  
For the Period Ended December 31, 2022

1. Gross and net proceeds as disclosed in the final prospectus

UBP Stock Rights Offering:

|                       |                          |
|-----------------------|--------------------------|
| <b>Gross Proceeds</b> | <b>40,000,000,000.00</b> |
| <b>Net Proceeds</b>   | <b>39,819,100,000.00</b> |

2. Actual gross and net proceeds

UBP Stock Rights Offering:

|                             |                          |
|-----------------------------|--------------------------|
| <b>Gross Proceeds</b>       | <b>39,999,999,971.05</b> |
| <b>Total Offer Expenses</b> | <b>202,517,760.78</b>    |
| <b>Net Proceeds</b>         | <b>39,797,482,210.27</b> |

3. Each expenditure item where the proceeds were used

The net proceeds of the SRO in the amount of PHP 39,797,482,210.27 has been fully disbursed to partially fund the Bank's acquisition of the consumer banking business of Citigroup, Inc. in the Philippines in accordance with the approved Use of Proceeds of the Bank's SRO.

Total Offer Expenditures amounting to Php 202,517,760.78 include the SEC Filing Fee, Documentary Stamp Tax, PSE Listing and Processing Fee, Legal and Professional Fees, and Other Miscellaneous Expenses.

4. Balance of the proceeds as at end of reporting period

Nil. Proceeds has been fully utilized as of end of reporting period.



# Banking to the Top with Innovation

2022 SUSTAINABILITY REPORT



About the Cover

In the midst of surmounting challenges posed by the pandemic, 2022 was marked by an unprecedented sprint to the height of sustainability. The year was all about Banking to the Top with Innovation, with people such as UnionBank’s partners and beneficiaries, at the helm of its digital transformation initiative. The Bank considers employees and partner communities as co-creators of innovative and enabling products and solutions that foster change and improve lives. This people-first mindset sets the tone for a long-term push to the summit, promoting financial inclusion and generating inclusive prosperity for Filipinos.

The Bank is well on its way to the top with efforts to embed ESG in the organization. This includes an improved Environmental and Social Risk Policy, a strengthened ESG Monitoring System, and a workforce capable of implementing the Tech Up Pilipinas initiative. Recognized as the Best Bank for ESG in 2022, UnionBank is on track to reach its goal of becoming one of the country’s top three ESG banks. The climb to sustainability will only intensify, as the Bank scales up its ESG programs and sets its sights on becoming the most commercially viable consumer bank in the Philippines acknowledged for its contributions to the social good.

THIS REPORT IS INTERACTIVE 

About this Report

The Union Bank of the Philippines 2022 Sustainability Report covers UnionBank’s business, sustainability strategy, and performance. Its primary purpose is to explain how UnionBank creates value for its stakeholders over time – not only as a provider of banking and other financial services, but also as a responsible employer and an active contributor to society. The report affirms digital inclusion as a way of enabling people to co-create innovations with UnionBank, leading to better products and ultimately, a better planet.

**Reporting Framework:** GRI Standards 2021  
**Approach to GRI:** In accordance  
**Reporting Scope:** Parent Bank and subsidiary City Savings Bank  
**Reporting Period:** January to December 31, 2022  
**Reporting Cycle:** Annual  
**Previous Report:** UnionBank’s 2021 SR, “Tech Up Pilipinas,” published in April 2022.

The Bank’s fifth sustainability report provides updates on environmental, social, and governance performance following its sustainability policy, framework, and metrics. UnionBank’s interdepartmental technical working group provided the latest developments in its sustainability journey as part of the governance and data management process to meet regulatory and stakeholder reportorial requirements.

This report was prepared in accordance with the GRI Standards. It follows the Sustainability Reporting Guidelines of the Securities and Exchange Commission (SEC) and refers to applicable guidance from the World Economic Forum’s Integrated Reporting Document and the United Nations Sustainable Development Goals metrics.

This report may be downloaded at [www.unionbankph.com/sustainability](http://www.unionbankph.com/sustainability).

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# Purpose Statement and Bank DNA

## Vision

To become one of the top three universal banks in the Philippines by building a bank of enduring greatness.

## Purpose

To co-create innovations for a better world.

## Values

As we co-create the future, we remain rooted to our three core values:

### Integrity

I do the right thing at all times. I am trustworthy, transparent, and authentic. I treat everyone with respect. I am fair, honest, and accountable for all my actions.

### Magis

I am obsessed with the customer. I continuously innovate. I learn fast to build capabilities. I achieve great results with an agile mindset.

### Ubuntu

I collaborate. I seek to understand through courageous conversations. I give feedback: real-time, and on-demand. I communicate clearly and openly.

## Corporate Brand Idea

Powering the future of banking.

## Distinguishing Beliefs

Forward thinking. Innovative. Open. Agile.

## Employer Brand

Own the future.

## Credo

We are a dynamic bank committed to bringing the future of banking to the present by being forward thinking, innovative, open, and agile.

We seek to provide our customers with the best solutions and experiences. We are committed to driving our customers to success by powering our systems with advanced technology and platforms. We are accelerating their growth by connecting them to a whole new world of opportunities.

We are more than a bank. We seek to transform the lives of Filipinos and make their dreams a reality.

**Our goal is to co-create innovations for a better world.**



# Business Profile

Union Bank of the Philippines (UnionBank) is a publicly listed universal bank and a pioneer of digital banking and financial technology in the Philippines. UnionBank’s clientele encompasses retail, middle-market, and corporate customers, as well as major government institutions.

Originally known as “Union Savings and Mortgage Bank,” UnionBank was incorporated on August 16, 1968. By 1982, it was given the license to operate as a commercial bank and a decade after, its common shares were listed in the Philippine Stock Exchange. On July 15, 1992 it was granted the license to operate as a universal bank. There were two mergers with the International Corporate Bank (Interbank) in 1994 and the International Exchange Bank (iBank) in 2006.

For the past 41 years, innovation has been at the forefront of UnionBank’s thrust to continually elevate customer experience while committing to enabling and empowering the underbanked and unbanked segments of the country.

UnionBank’s main operating businesses are organized and managed separately according to the nature of products and services provided and the different markets served, with each segment representing a strategic business unit. The Bank’s main business segments are as follows:



## Consumer Banking

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



## Corporate and Commercial Banking

This segment principally handles loans and other credit facilities, deposit and currents accounts for corporate, institutional, small and medium enterprises, and middle market customers.



## Treasury

This segment is principally responsible for managing the Bank’s liquidity and funding requirements, and handling transactions in financial markets covering foreign exchange, fixed income trading, and investments and derivatives.



## Headquarters

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

## Mass Market and Financial Inclusion

UnionBank leverages its mass market reach and technology to promote financial inclusion using two major vehicles:



CitySavings is the thrift bank subsidiary and the mass market arm of the banking group. With its basic philosophy of “Simple is Good,” CitySavings offers clients simple and straightforward banking, coupled with warm and helpful customer service reaching the underserved markets in the rural areas of the Philippines. CitySavings retained this “small bank” personality while growing its network mainly through teachers, motorcycle, and microfinance loans. CitySavings is geared towards making the financing experience for its niche customers easy and convenient, ensuring high touch at any level of customer interaction.



Launched with innovation and digital transformation in mind, UnionBank’s technology arm houses initiatives, platforms, and investments in fintech companies to make banking natural, open, and accessible through embedded banking ecosystems. UBX aims to positively impact financial inclusivity and business growth through technology. It will build platforms that bring businesses and people together and provide access to needed technology and services while creating marketplaces that aggregate supply and demand.

## Partnerships

UnionBank pursues strategic partnerships with organizations and institutions that align with the advocacy on innovation and digital transformation for social good, which is geared towards bringing to life the Bank’s Purpose of “co-creating innovations for a better world.”



### Lombard Odier partnership

In 2016, UnionBank entered into a cooperation agreement with Lombard Odier, a Swiss global wealth and asset manager, to expand its wealth and asset management businesses. UnionBank and Lombard Odier work to offer estate planning solutions, and a global and diversified multi-asset fund customized for high-net-worth and ultra-high-net-worth clients. Both organizations are collaborating on developing appropriate and timely sustainability metrics to comply with the regulatory environment and strengthen the role of sustainable finance in facilitating endeavors that create social good, preserve the environment, and make life better for many people.



### Asian Institute of Digital Transformation (AIDT)

On September 7, 2022, UnionBank officially opened the AIDT Education Hub and signed a Memorandum of Agreement between the Department of Trade and Industry (DTI) and UnionBank Innovation Campus, which will be the site of DTI’s National Center for Artificial Intelligence Research (CAIR) and Industry 4.0 Pilot Factory (I4PF). The AIDT has since trained 600 graduates from the private and public sectors including representatives of the Court of Appeals, Social Security System, Government Service Insurance System, Supreme Court of the Philippines, Bureau of Internal Revenue, and Securities and Exchange Commission, among many others.



### UBX and Bixie partnership on online finance hub for women

UBX partnered with Singapore-based Bixie Pte. Ltd., on an open finance platform targeting women. Under the partnership, Bixie will leverage UBX’s platform to disburse aid funds directly to Filipino women beneficiaries through a “last mile” disbursement network of the UnionBank unit’s banking-as-a-service venture called “i2i.” The i2i has a network of over 3,000 banking agents that provide basic banking solutions and services in unserved and underserved areas in the Philippines.



# Geographic Presence

Operations by region



# Economic Contribution



**Php 1.09T**  
Total Assets



**Php 199.83B**  
Market Capitalization  
(as of March 20, 2022)



**7,784**  
Workforce  
(including all subsidiaries)



**385**  
Branches nationwide  
(including all subsidiaries)



**>100**  
Products and  
platforms provided



**17.05M**  
New customers served



**Php 52.2B**  
Revenue



**Php 2.8**  
Dividends per share



**Php 9.87B**  
Government payment



**Php 10.03B**  
Employees' salaries



**Php 15.52B**  
Suppliers' payment



**Php 4.42B**  
Innovation investment



**Php 45.78M**  
CSR investment



## LEADERSHIP

## Joint Message of the Chairman and President & CEO

### Dear Stakeholders,

The COVID-19 pandemic brought unprecedented changes to global banking, demanding flexibility and innovation in our digital banking strategies to meet customers' rapidly evolving needs and preferences. UnionBank's willingness and capacity to adapt to necessary external environmental changes, relentless appetite for bringing many of the region's most cutting-edge offerings to our communities, and unwavering dedication to delivering the best and most convenient solutions for our customers mean that we remain at the forefront of digitalization in the Philippines and beyond.

**"With "Tech Up Pilipinas" as our sustainability mission, we look for ways to create meaningful impact on society as we focus on digital transformation, sustainable finance, and inclusive prosperity."**

As we continue our thrust in equipping Filipinos with digital skills and capability building, we co-create innovations by designing products, services, and programs that pave the way to a sustainable future for our planet. Banking to the top with innovation and technology for social good has always been our aspiration.

The digital transformation we started way back in 2015 prepared us to become a leader in digital banking—it gave us an edge during hard lockdowns and as customer behavior shifted to digital—and we now have over 10 million customers, of which over 5 million were new-to-bank customers from 2020 to 2022.

Our Sustainable Finance Framework maps the benefits of the ripple effects we create by financing specific initiatives to promote environmental and social benefits.

Our dual-transformation strategy—Strengthening Today While Creating Tomorrow—is among the main reasons we have been leading digital banking in the country over the past few years. This, combined with operational strength and innovation, allows the bank to keep moving forward.

**ERRAMON I. ABOITIZ**  
Chairman

**EDWIN R. BAUTISTA**  
President & CEO



## Clear path towards becoming a bank of enduring greatness

Our mission is to build a bank of enduring greatness. This means that whether banking moves towards 100 percent digital and mobile platforms, embedded banking, open finance, or all of these, we will be ready--and our stakeholders will have the assurance that our business is sustainable.

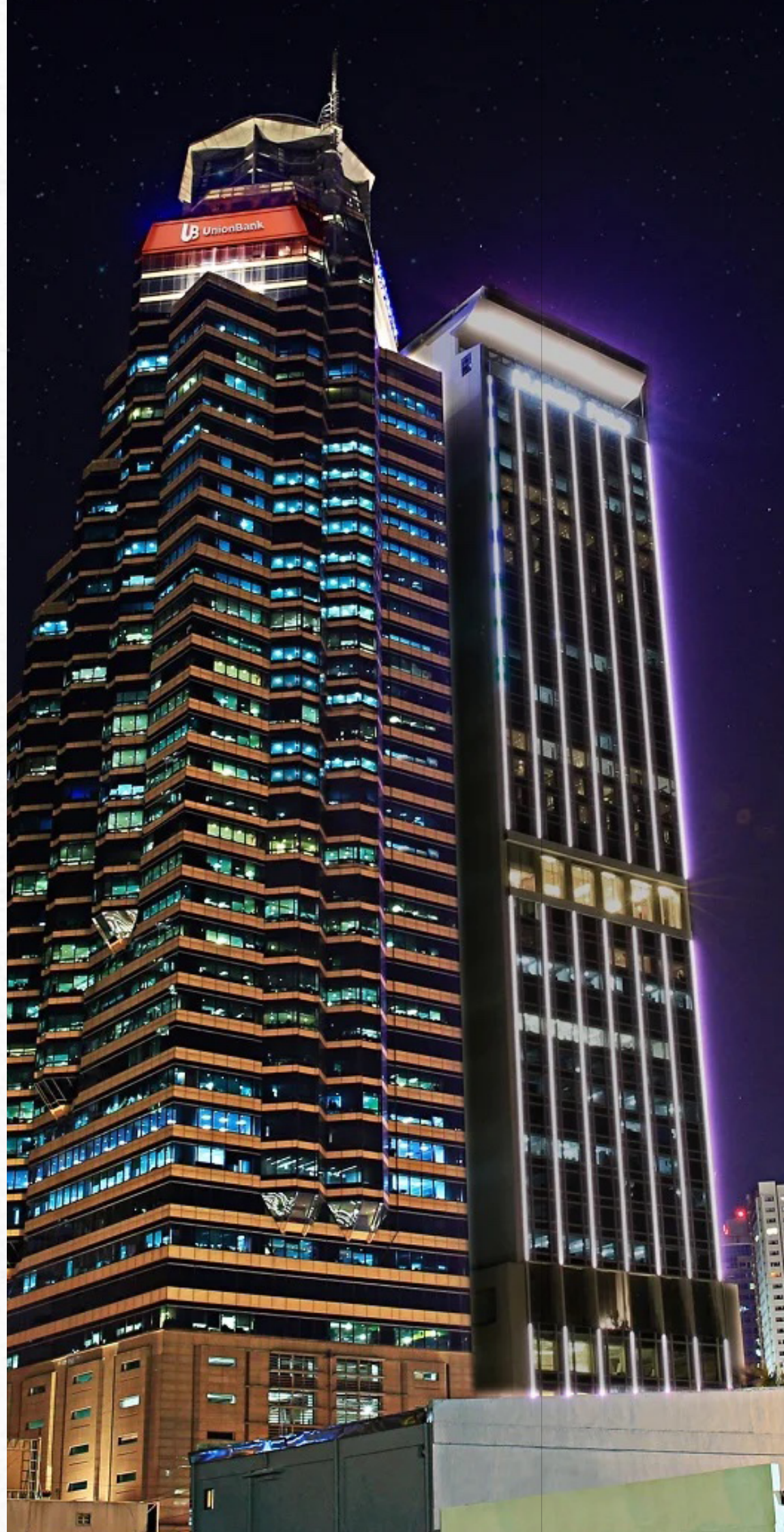
However, we also believe that achieving our goal to fully align our digital transformation strategy with sustainable value creation does not happen overnight. It takes employee and stakeholder engagement and confidence, which require leadership and whole-of-organization commitment to implement and fully embed.

**“We aspire to make sustainability an intrinsic part of how we live the Bank’s higher purpose of co-creating innovations for a better world. In the coming years, employees will own the future by owning initiatives that contribute to the Bank’s sustainability goals.”**

In 2022, we launched various programs which elevate our initiatives beyond traditional notions of sustainability, mostly centered on environmental preservation and protection. We are pursuing a purposeful shift in the behavior, mindset, and culture of our now 5,000-strong organization.

We are committed as ever to Tech Up Pilipinas through projects such as UBPXcellerator, which trains Filipinos to build digital skills and capabilities in designing and building products, services, and platforms that will improve their lives and their nearby communities.

PAGE 32 FOR TECH UP PILIPINAS 



In 2022, the program helped 16,209 learners become upskilled in data science, blockchain, cloud computing, and other emerging technologies.

We also have much to look forward to this year in terms of UnionBank’s Environmental, Social, and Governance (ESG) and Sustainability initiatives. In 2021, the International Finance Corporation (IFC) invested USD150M in a seven-year social bond issued by the Bank. The bond, which was issued under our new sustainable finance framework, is the first social bond by the Bank and its longest-term USD-denominated bond to date. This further strengthened our commitment to continuously embed ESG into UnionBank’s culture.

Co-creating starts with innovating in ways that also articulate our ESG principles better, such as empowering UnionBankers with knowledge of our three-year roadmap towards sustainable finance, with efforts like the IFC’s social bond that helps micro-, small-, and medium-sized enterprises (MSMEs) in the Philippines.

## Banking to the top with innovation

In September 2022, Asiamoney named UnionBank the Philippines’ “Best Bank for ESG” in recognition of our commitment to ESG, and for being an incubator for innovation and digitalization as complementary pursuits. One of the initiatives cited by the award is our aforementioned partnership with IFC. Uplifting and building strong, entrepreneurial, and resilient communities will open opportunities for us to gain new customers and make new deals.

We are in the best position to help our local entrepreneurs and their businesses become more globally competitive. This compels us to share with them what we have created and learned. Our rallying cry over the past three years has been Tech Up Pilipinas and we are keen to advance by helping our government speed up our country’s digital adoption.



**16,209**  
learners  
upskilled



**USD150M**  
invested in a  
seven-year social  
bond issued by  
the bank

Asiamoney  
named  
UnionBank  
the Philippines’  
“Best Bank  
for ESG” in  
recognition  
of our ESG  
commitments  
and for nurturing  
innovation and  
digitalization.





Initiatives like this are especially significant for the Philippines' two million registered businesses, which are mostly MSMEs, plus millions more unregistered. Around 40 percent of them have no access to digital tools, despite serving many millions of consumers. This positions our Bank's fintech subsidiary as a vital conduit for businesses to provide financial services to their markets. UBX lends considerable support to UnionBank's digital banking ambitions as it gives financial service providers an opportunity to onboard their products and services to the UBX Open Finance Platform. Through UBX, UnionBank will continue to build and invest in technologies that allow others to innovate, as well. Regardless of whether they are collaborators or competitors, the impact of financial inclusion can unlock the potential of businesses and people.

The launch of the UnionBank Innovation Campus in San Pedro, Laguna is a realization of our vision of having the country's first collaboration and innovation space where our employees, stakeholders, partners, and customers can co-create products and services to drive impact in industry, communities, and the nation. It will be home to hackathons, business presentations and pitches, and networking activities between entrepreneurs and investors. This first-in-industry one-hectare property will also house various centers of excellence. It serves as a research hub, a collaboration space, an

office for business continuity purposes, and a training camp for UnionBank University, UBPXcellerator, and the Asian Institute of Digital Transformation Programs. The launch of the innovation hub also ushered in the first of many partnership hackathons with the government.

We also completed a monumental deal in August 2022 to acquire the Philippine retail banking operation of CitiBank. The acquisition is vital to creating opportunities for growth in the Philippines, and it will propel UnionBank toward becoming one of the country's leading consumer banks. A significant factor in our successful bid was UnionBank's preparedness and technological capability to integrate their business with CitiBank. This acquisition of Citi's consumer banking business in the Philippines accelerates our goal of becoming a great consumer bank with one of the most diversified consumer-banking portfolios today.

From our subsidiaries, CitySavings is the category leader for public school teacher loans, public sector salary loans, and motorcycle loans to independent dealerships. It has always cared deeply for its customers, which is the reason it succeeds. It became especially evident during the pandemic as the Bank continued to serve by equipping its sales teams with motorcycles and tablets, allowing them to reach customers and provide loans despite the lockdowns and border controls.

CitySavings is committed to providing capability-building opportunities and enabling educators to teach and touch the lives of learners nationwide. We make it our mission to co-create a safe, empowered, and more sustainable teaching and learning environment.

We also commercially launched UnionDigital Bank, one of only six digital banks licensed by the Bangko Sentral ng Pilipinas (BSP). As a fully digital bank, UnionDigital is more accessible to underbanked and underserved Filipinos all over the country. 'Leaving no one behind', UnionDigital will bridge the gap between regulation and innovation to provide every Filipino with access to the latest financial technologies to create a high functioning, booming digital economy.

**“Our tech up mission is UnionBank's commitment to continuous evolution.”**

Embedded in our DNA is a customer-centric mindset. With technology at the forefront of our efforts and as customer needs constantly evolve, we need to be agile and adaptive to change as we innovate to stay competitive and sustainable.

We recognize that sustainability, just like digital transformation, is not a destination but a journey. In the same way that the Bank understands that it must continuously assess and adapt its technologies, processes, and customer experiences to stay ahead of the curve and meet the changing needs of its customers, it must also remain agile and

open to emerging climate and social risks. This open-ended approach to sustainability demonstrates our commitment to finding strategies to serve our stakeholders better.

For our 2023 goals, we have set a bold three-year target of becoming the largest and most profitable consumer bank in the Philippines. We believe it is doable and, already, we are in the top three for certain retail products and for posting record customer growth. In this journey, we have also made it a goal to become one of the top three ESG banks in the Philippines, and our leadership position in digital banking puts us in the right position for these aspirations.

Our continuing digital transformation paves the way for us to leverage technology for social good. With our Sustainable Finance Framework, we consciously support and finance specific initiatives that promote environmental and social benefits. Complementing it with capability building will enable and develop our employees, especially product managers, to offer banking, tech, or fintech solutions to customers and provide access to globally competitive bank products that promote inclusive prosperity.

**We are a leader in digital banking in the country (and perhaps the region), yet this is not really the end objective but simply a way for us to forge ahead. We will become a leader in sustainability through innovation, sustainable finance, and inclusive prosperity, and in the process, continue to help tech up customers, partners, and institutions in line with our Tech Up Pilipinas mission.**

**ERRAMON I. ABOITIZ**  
Chairman

**EDWIN R. BAUTISTA**  
President & CEO



# Sustainability at UnionBank

The UnionBank Sustainability Policy outlines commitments aligned with the Bank's purpose to co-create innovations for a better world and its mission to Tech Up Pilipinas by focusing on digital transformation, sustainable finance, and inclusive prosperity.



# Scope and Materiality

The report is based on extensive internal monitoring of content integral to UnionBank’s strategy, performance, reputation, and value creation. This report primarily presents data on UnionBank’s sustainability performance, with additional data on the CitySavings subsidiary. It follows the GRI Reporting Principles of stakeholder inclusiveness, sustainability context, materiality, completeness, accuracy, balance, clarity, comparability, reliability, and timeliness.

The Board Committee on Corporate Governance oversees sustainability. The CSR and Sustainability Unit under the Human Resources Group is the steward of the report, tasked with leading the bank-wide technical working group composed of members from units in risk management, compliance and corporate governance, treasury, operations, private banking, information technology, facilities management, and business services.

| Reporting Process                             | Prioritize                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Validate and Review                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Application of the GRI process and principles | <div>Engagement of key stakeholder groups on the materiality of topics to be disclosed, including revision of the sustainability policy, framework, and metrics on environmental, social, and governance.</div> <div>Development of sustainable finance roadmap in compliance with the mandate of the Bangko Sentral ng Pilipinas and reports and disclosures following industry best practices and applicable standards of global sustainability raters.</div> | <div>Ranking the importance of identified topics as informed by the materiality process, based on perceived scale of impact with the reasonable interests of the Bank and its stakeholders.</div> <div>Review of the sustainability framework, material topics, and key performance indicators by the Sustainability Advisory Council and Senior Management in relation to the strategic interests of the Bank and its units.</div> <div>Data gathering and reporting on topics important to stakeholders.</div> <div>Internal review and assessment.</div> |
| Activities conducted by the Bank              | <div>Kick-off meeting and sustainability learning and working sessions.</div> <div>Stakeholder engagement exercise (primarily internal stakeholders).</div> <div>Stakeholder concerns review (utilizing external stakeholder engagement channels).</div>                                                                                                                                                                                                        | <div>Consultations with the Chair &amp; CEO, members of the Reputation Council, Unit Heads, and data owners.</div> <div>Story conference and one-on-one interviews with business unit heads and subject matter experts.</div>                                                                                                                                                                                                                                                                                                                               |

## Materiality Assessment

In 2021, UnionBank revisited its topics and conducted a new materiality exercise facilitated by the Business for Sustainable Development (BSD). Issues material to the company were identified based on impacts, risks, and opportunities from a list of sustainability issues based on multiple frameworks. The process also defined a long list of sustainability topics from the Sustainability Reporting Guidelines for Publicly Listed Companies from the Security and Exchange Commission (SEC).

Issues identified in the previous steps were further assessed based on criteria that consider the extent of UnionBank’s negative impact on the societal challenge, its capability to effect change, and impact on the Bank’s value creation.

Previously identified sustainability issues were grouped into similar themes to identify the Bank’s strategic areas of action. Societal issues were also grouped according to their rating on the matrix in the earlier activity. Current sustainability initiatives were matched with corresponding issues and mapped to strategic areas of action.

The material topics were then defined and prioritized based on their impact to UnionBank and their importance to stakeholders. Employee and customer feedback were used to update and prioritize the sustainability topics.

## Material Topics

*\* topics in bold are reported on this year*

| People<br>Digital Transformation                                                                                                                                                                                                                                           | Planet<br>Sustainable Finance                                                                                                                        | Purpose<br>Inclusive Prosperity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div>Usability and Accessibility*</div> <div>Customer Experience*</div> <div>Data Privacy and Integrity*</div> <div>Cybersecurity and Resilience*</div> <div>Information Security*</div> <div>Innovation*</div> <div>Digital Inclusion</div> <div>Digital Capability</div> | <div>Risk Management*</div> <div>Climate Change Issues</div> <div>Sustainable Finance</div> <div>Risk Management for Sustainability Management</div> | <div>Business Ethics*</div> <div>Financial Performance*</div> <div>Labor Standards and Human Rights*</div> <div>Environmental Compliance</div> <div>Socioeconomic Compliance</div> <div>Employee Experience</div> <div>Employment</div> <div>Total Well-being (Compensation and Benefits)</div> <div>Employee Volunteerism</div> <div>Community Engagement</div> <div>Indirect Economic Performance</div> <div>Local Enterprise and Workforce Development</div> <div>Diversity and Inclusion</div> <div>Anti-Corruption Practices</div> <div>Procurement Practices</div> |

Stakeholder Consultation

Sustainability reporting requires a review of significant concerns by stakeholders. Their feedback allows UnionBank to address their concerns effectively.

The following stakeholders were consulted on a regular basis using different modes of engagement. In 2022, stakeholders were primarily engaged virtually to allow lines of communication to remain open despite lockdowns.

| Stakeholder Group                                                                                                               | Top Concern                                                                                                                                                                            | Material Topic                                                                                                                                                                                                                                                                                       | Engagement Channels                                                                                                                                                                                                                             | Frequency of Engagement                                                        | UnionBank Response                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <b>Customers</b>                               | Access to customer service, product-related inquiries                                                                                                                                  | <ul style="list-style-type: none"><li>■ Usability and Accessibility</li><li>■ Customer Experience</li><li>■ Data Privacy and Integrity</li><li>■ Cybersecurity and Resilience</li><li>■ Information Security</li><li>■ Innovation</li><li>■ Digital Inclusion</li><li>■ Digital Capability</li></ul> | <ul style="list-style-type: none"><li>■ Online channels (Facebook, e-mail, Twitter, Instagram, LinkedIn, Glassdoor, corporate pages)</li><li>■ Customer service hotline</li><li>■ Consumer complaints are reported at the Board level</li></ul> | Daily                                                                          | <ul style="list-style-type: none"><li>■ 24-hour customer support center that handles product inquiries, relationship management, and customer care.</li><li>■ Rafa, a 24/7 customer service chatbot accessible through Facebook messenger.</li><li>■ UnionBank branches were evaluated using the Net Promoter Score (NPS), and scored 90% from January to December 2022. CitySavings branches were evaluated based on Customer Satisfaction and scored 99%.</li></ul> |
|  <b>Employees</b>                               | Health and medical benefits; health and safety; loans and government-mandated benefits; inclusion (for example, health and safety includes workers in UnionBank-controlled workplaces) | <ul style="list-style-type: none"><li>■ Labor Standards and Human Rights</li><li>■ Employee Experience</li><li>■ Employment</li><li>■ Total Wellbeing</li><li>■ Employee Volunteerism</li><li>■ Diversity and Inclusion</li></ul>                                                                    | HR Helpdesk                                                                                                                                                                                                                                     | Daily (HR services), Bi-weekly (Employee Relations initiatives)                | <ul style="list-style-type: none"><li>■ Health and medical assistance (outside of PhilHealth) for employees</li><li>■ Safety audits, ERT training</li><li>■ In-house clinics and accredited hospitals</li><li>■ <i>Tutok Kalusugan</i>, health programs, Annual Physical Exams</li><li>■ Health management policies (including flu, tuberculosis, hepatitis A and B, and others)</li><li>■ 17 employees are members of the Health and Safety committee</li></ul>      |
|  <b>Communities</b>                           | Relevant and continuing community development projects                                                                                                                                 | <ul style="list-style-type: none"><li>■ Business Ethics</li><li>■ Labor Standards and Human Rights</li><li>■ Diversity and Inclusion</li><li>■ Local Enterprise and Workforce Development</li><li>■ Community Engagement</li><li>■ Employee Volunteerism</li></ul>                                   | <ul style="list-style-type: none"><li>■ Assigned account managers per area</li><li>■ Website</li></ul>                                                                                                                                          | Immediate feedback (e.g., after a Go Beyond Communities activity is completed) | <ul style="list-style-type: none"><li>■ GBC</li><li>■ UBPXcellerator, UHack</li><li>■ MS Ambassadors</li><li>■ SSS UMID, Pag-Ibig, i2i rural bank, GlobalLinker</li></ul>                                                                                                                                                                                                                                                                                             |
|  <b>Regulators, LGUs, Government Agencies</b> | Labor issues, occupational health and safety                                                                                                                                           | <ul style="list-style-type: none"><li>■ Risk Management</li><li>■ Sustainable Finance</li><li>■ Climate Change Issues</li><li>■ Risk Management for Sustainability Management</li><li>■ Environmental Compliance</li><li>■ Socioeconomic Compliance</li></ul>                                        | Reportorial submissions                                                                                                                                                                                                                         | Annual, or as needed                                                           | <ul style="list-style-type: none"><li>■ Sustainability Report</li><li>■ Department of Labor and Employment (DOLE) workplace inspections</li></ul>                                                                                                                                                                                                                                                                                                                     |
|  <b>Shareholders</b>                          | Risk mitigation and effectiveness of approach                                                                                                                                          | <ul style="list-style-type: none"><li>■ Business Ethics</li><li>■ Financial Performance</li><li>■ Indirect Economic Performance</li></ul>                                                                                                                                                            | <ul style="list-style-type: none"><li>■ Board and Committee Meetings</li><li>■ Financial results briefings</li></ul>                                                                                                                            | Annual (stockholders' meeting)<br><br>Quarterly (financial results briefings)  | <ul style="list-style-type: none"><li>■ Investor Relations briefs</li><li>■ Sustainability Report</li></ul>                                                                                                                                                                                                                                                                                                                                                           |

■ Digital Transformation■ Sustainable Finance■ Inclusive Prosperity



# Sustainability Framework

The Sustainability Framework complements the Sustainability Policy and provides guidance on how to identify, develop, implement, and pursue programs and initiatives that enhance the Bank’s sustainability performance. The framework focuses on three pillars—People, Planet, and Purpose—to align the sustainability agenda with the Bank’s strategy. Moreover, the ESG mission of ‘Teching Up’ the country is expressed in three focus areas: Digital Transformation, Sustainable Finance, and Inclusive Prosperity. All these distinguish UnionBank from other banks, enabling it to truly innovate and improve lives.

PURPOSE  
**Co-create innovations for a better world.**

ESG MISSION  
**Tech Up Pilipinas**

CORE VALUES  
**Integrity, Magis, Ubuntu**

SUSTAINABILITY  
**Governance & Policies**

[VIEW HERE](#) 

## STAKEHOLDERS



**Regulators, LGUs, Government Agencies**



**Shareholders**



**Customers**



**Employees**



**Communities**

| Pillar  | Focus Area                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| People  | <div><b>Digital Transformation</b><br/><i>Developing innovative platforms</i></div> <div>By developing innovative platforms, the Bank is able to leverage investment to contribute to the future of the nation. This is fueled by initiatives in digital capability building through innovation-driven internal and external training offered in communities served by the Bank.</div> <div><ul style="list-style-type: none"><li>■ Initiatives on Innovation + R&amp;D</li><li>■ Programs to build digital capability</li><li>■ Partnerships that enable innovation among community partners</li></ul></div>                                                                         |
| Planet  | <div><b>Sustainable Finance</b><br/><i>Providing capital for sustainable products</i></div> <div>The Bank understands its inherent responsibility of moving capital and taking an active role in mitigating environmental and social risks in all of its financing activities. By lending to an ecosystem engaged in commerce and local economies such as MSMEs, and by investing in technologies that enable financial inclusion, it contributes to a higher purpose of co-creating innovations for a better world.</div> <div><ul style="list-style-type: none"><li>■ Investment on commerce and local economies</li><li>■ Environmental and Social Risk management</li></ul></div> |
| Purpose | <div><b>Inclusive Prosperity</b><br/><i>Monitoring impact</i></div> <div>This focus area monitors the overall impact of the Bank’s business strategy aligned with its ESG agenda: from employment generation to community empowerment through digital capacity building.</div> <div><ul style="list-style-type: none"><li>■ Accessible and quality bank products at scale</li><li>■ Economic value distributed (societal flow of revenues)</li><li>■ Employment generated</li></ul></div>                                                                                                                                                                                             |

| Commitments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div><p>We ensure that our stakeholders are empowered to #OwnTheFuture, fueled by our culture to collaborate with like-minded partners to support sustainable communities.</p><p>We believe that UnionBank’s employees form the lifeblood of the company. We invest in their personal and professional growth by ensuring the highest standards in talent attraction and retention, career development, health and wellness, providing meaningful volunteering opportunities, and building a culture of sustainability so that they become the Bank’s ambassadors in the communities we serve.</p></div> |
| <div><p>We push for innovative thinking in designing products and modeling programs. We are committed to managing our environmental impact responsibly and delivering meaningful products and services.</p><p>We recognize the need to operate differently to address the threats of climate change and enable our stakeholders to pursue a sustainable lifestyle.</p></div>                                                                                                                                                                                                                             |
| <div><p>We are industry disruptors seeking to transform banking and financial services. Most importantly, we ensure that no one gets left behind in our sustainability and digital transformation journey.</p><p>We act according to our core values to cultivate long-term relationships with the people that we serve. We believe that we can only aim for enduring greatness if we can engage our customers and business partners with genuine empathy.</p></div>                                                                                                                                     |

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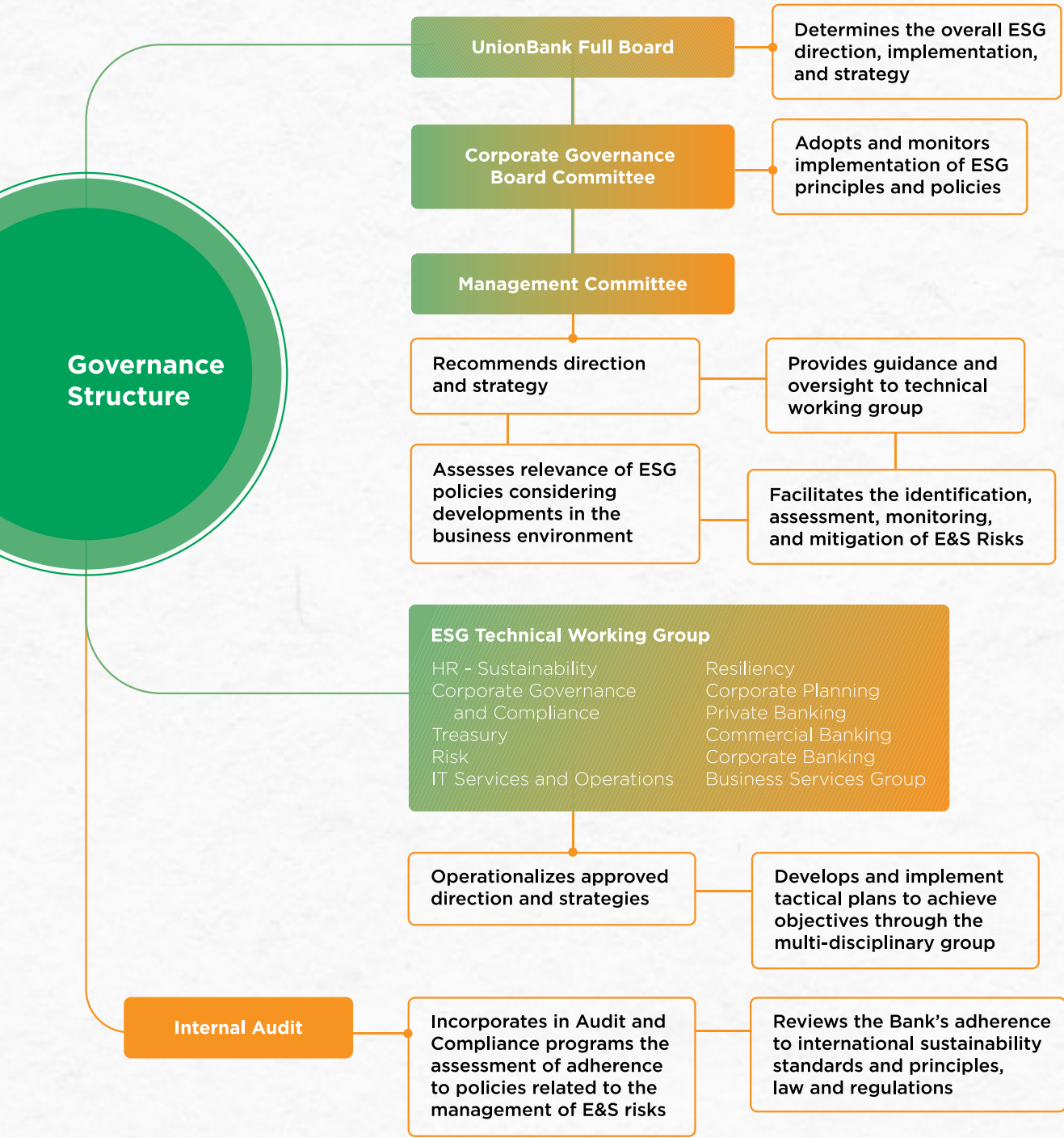
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[READ MORE HERE](#) 



# Governance

Led by the Chairman and CEO, all UnionBankers are responsible for upholding the Sustainability Policy. The Sustainability Unit monitors all sustainability programs and reports to the Environmental, Social, and Governance (ESG) Technical Working Group and Management Committee for support and guidance. The Board Committee on Corporate Governance oversees all ESG matters.



# Policy

UnionBankers contribute to sustainability by pursuing digital transformation and investing in relevant social and environmental programs, which benefit all stakeholders. UnionBank powers the future of banking by co-creating innovations for a better world. UnionBank commits to:



Uphold, protect, and respect the environment, human rights, and labor standards.



Engage internal and external stakeholders for continuous improvement and to promote cooperation.



Contribute to enhancing positive social and environmental impacts.



Foster the development of in-house learning, management capacity, and leadership on sustainability issues.



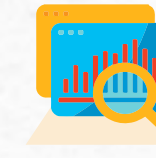
Provide products and services that contribute to the well-being of people, the environment, and the economy; reduce or avoid unsustainable practices; and demonstrate positive impacts to the most important issues of the business.



Comply with all national laws and regulations.



Implement inclusive business programs and initiatives.



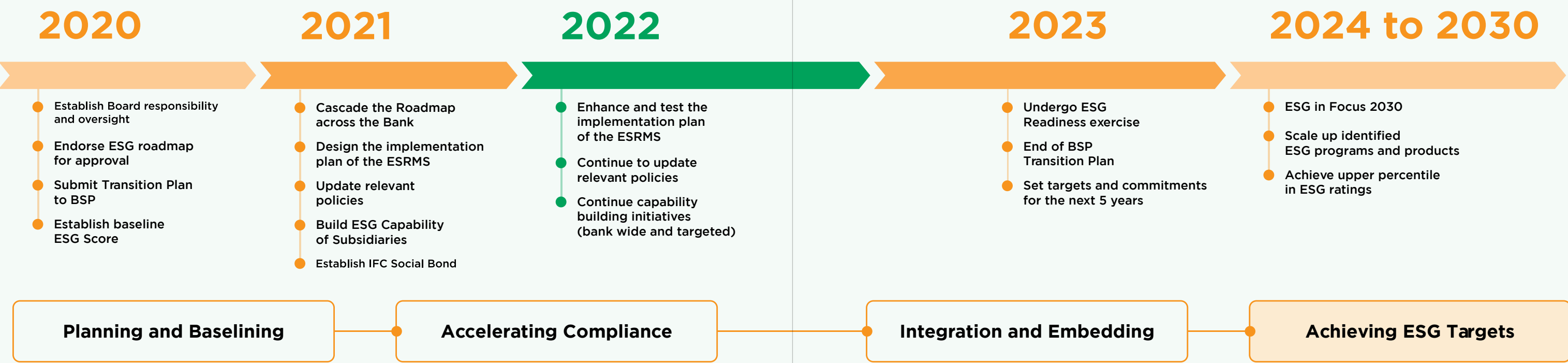
Communicate transparently about sustainability performance.

For more company policies,

[GO TO LINK HERE](#) 



# Transitioning to ESG



## From Compliance to Culture

The FOCUS 2030 Digital Transformation Strategy was developed to fulfill this mission with five key imperatives to drive the move forward:

- Financial Value
- Operational Excellence
- Customer Franchise
- UnionBank Brand/Experience
- Superior Innovation

UnionBank is dedicated to becoming one of the top three universal banks in the Philippines by 2025.



Tech Up Pilipinas embodies UnionBank’s sustainability strategy. It ensures that ESG is embedded in the overall business strategy as an integral part of the Bank’s digital transformation journey. It is about people, mindset, and culture, that allow the Bank to leverage its digital expertise and continuous innovation.

**Metrics**

- Digital Transformation
- Sustainable Finance
- Inclusive Prosperity

As Union Bank’s sustainability ambition aligns with the FOCUS 2030 digital transformation strategy, this roadmap will be in lockstep with the overall business goal of “teching up” employees and fellow Filipinos to co-create innovations for a better world.

The roadmap aims to take sustainability from compliance to culture, ensuring that everyone is on board. The plan includes complying with the BSP Circular 1085 by defining the roles and responsibilities of the Board of Directors and integrating ESG in the organizational structure as the initial, yet vital, step.

This is followed by cascading the roadmap to the whole Bank; adopting an ESG Reporting standard; and updating policies involving Sustainability, Human Rights, Code of Conduct, Credit, Investment Policy, among others. The rollout also included sustainability learning and appreciation through the Bank’s capability building programs and incorporating them in our culture program.

All these efforts will enable the embedding of ESG in the DNA of UnionBankers.

ESG Risk Monitoring System

UnionBank continues to enhance its environmental and social risk policy in line with the Bangko Sentral ng Pilipinas (BSP) mandate to develop a **sustainable finance framework (SFF)**.

From an Environmental standpoint, UnionBank adheres to BSP’s SFF mandate, learning from Aboitiz Equity Ventures’ climate value at risk methodology. Since the Philippines is not a big carbon emitter, environmental due diligence is aligned with basic environmental standards as national development goals transition to ESG. From a Social standpoint, the Bank uses technology for social good and builds capacity to promote inclusive prosperity. There is greater focus on establishing a sound and efficient credit scoring methodology to encourage entrepreneurial growth among customers and small businesses. In Governance, UnionBank highlights the importance of cybersecurity as a critical commodity sought by customers with direct impacts on the digital transformation strategy. UnionBank continuously benchmarks practices with global standards and adopts best practices to earn the trust of customers and suppliers.

UnionBank currently lends to a wide pool of companies and projects, including those that may have E&S risks, that contribute to the country’s development plan. Understanding clients’ approach to and improving their awareness of E&S issues is an important component of the risk management process. This allows the Bank to make informed decisions, provide borrowers with guidance as they transition to sustainable operations, and safeguard clients’ long-term economic viability. The objective of the policy is to manage the Bank’s lending business and its associated risks in a manner that balances the clients’ interests and the Bank’s safety and soundness.

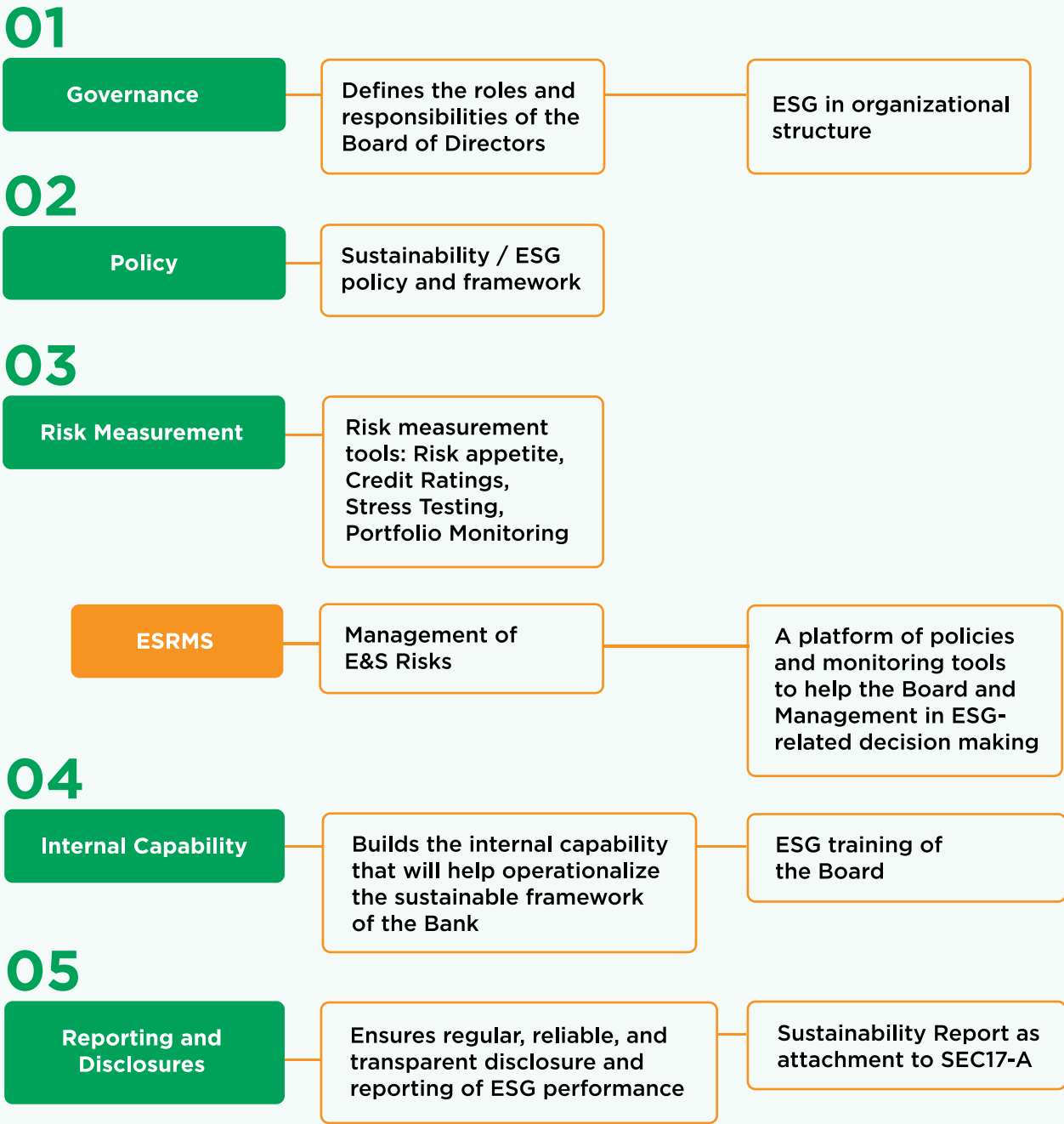
Transition Plan Progress

Consultations were conducted from May to October 2020 to develop the roadmap to transition to ESG. The ESG Technical Working Group (TWG) was established in May 2020 and consulted with the Board of Directors, the Management Committee, Center Group Heads and Leaders, and ESG consultants to develop and implement UnionBank’s Sustainable Finance Framework to comply with BSP Memorandum Circular 1085.

Beyond compliance, the ESG TWG will also embed sustainability in the Bank’s DNA through policies, programs, and processes. An enterprise-wide gap analysis was conducted, which provided baseline data for the roadmap. Through cadence meetings, the ESG TWG created the action items below:

- Corporate Governance and Compliance: Institutionalize the adoption of sustainability principles, including E&S Risk areas in the Bank
- Environmental and Social Risk Management System: Develop an E&S risk management system and manual and embed E&S risk in existing documents.
- Building Capabilities for Stakeholders: Promote a culture that fosters and embeds environmentally and socially responsible business decisions
- Sustainable Finance: Develop financial products and services that integrate ESG into business decisions
- Communication Plan: Ensure transparent, updated, and comprehensive disclosure of Bank’s ESG performance
- Audit and Alignment: Audit and assess adherence to international sustainability standards and requirements of Circular No. 1085

The circular essentially aims to integrate environmental, social, and governance topics in the Bank’s strategic pursuits consistent with its size, risk profile, and complexity of operations. The following diagram outlines the key requirements of the circular, which must be established within a three-year transitory period.



Since 2020, policies, processes, and tools were created and updated to align with the mandates of Circular 1085, and the Bank is on its way to completely embedding sustainability objectives in the organization.



Updates on the key requirements of the circular may be found below:

Environmental and Social Risk Policy and Strategic Objectives

The E&S policy is based on a two-pronged strategy. First, to mobilize finance for sustainable development by promoting financial inclusion, providing capital for infrastructure, and providing finance for innovation and digital transformation. Second, to develop a sustainable finance practice by promoting market integrity, assessing risks, and proposing mitigation programs to address risks, analyze trade-offs, and build sustainable programs and transition plans for clients. This is UnionBank’s contribution as the Philippines transitions to a more circular economy as outlined in the Philippine Sustainable Finance Roadmap.

The Bank’s risk management approach is guided by the following principles:

- Understanding the characteristics of the E&S risks and their impacts on clients and the Bank
- Using a science-based approach in developing the risk severity scale, which captures the magnitude and frequency of risks
- Setting practical and actionable risk controls to assess clients
- Developing a due diligence tool that allows effective assessment and management of the risks without significantly affecting the transaction costs of the Bank

Overview of the Environmental and Social Risk Management System (ESRMS)

The ESRMS Framework is anchored to the Bank’s philosophy and is based on 1085, 1128, and BSP Memo 2022-042. A sector and geographic-specific risk approach were used to comply with BSP requirements and identify and characterize direct and indirect E&S risks that can pose financial threats to the Bank through its clients. These risks arise when E&S issues impact the creditworthiness of the client.

The enhanced E&S policy will be implemented starting April 1, 2023. The Bank is also integrating E&S risk into its Internal Credit Risk Rating System (ICRRS), which will be rolled out for the May 2023 portfolio.

E&S due diligence (ESDD) submission is currently monitored manually, and non-submission is a documentary deficiency subject to the guidelines of Credit and Operations Risk Control. The E&S assessment identifies and documents E&S issues in the client’s business operations and suggests time-bound actions to bridge gaps or mitigate E&S risks. E&S Risk Officers monitor progress of these action plans on a regular basis and report quarterly to the Risk Management Committee.

The E&S policy was continuously enhanced, and a third party vendor was engaged to review the ESRMS and address gaps in the E&S policy to fully comply with BSP requirements. The engagement concluded in January 2023 with a series of training sessions for all Bank staff directly handling E&S responsibilities.

The Operational Risk Management (ORM) manual was updated to include and assess E&S operational risks. ORM included general risk statements for units directly involved in E&S activities for the Risk & Control Risk Assessment (RCSA). Creation of Key Risk Indicators (KRI) are also ongoing to conduct

frequent monitoring of risk exposures. Incident Reports and Risk Treatment Action Plan are also in place. The ORM unit enhanced their capacities by attending E&S focused events and training the Unit Risk and Compliance Officers (URCOs) in the quarterly URCO meetings.

Social Bond Allocation and Impact Report

On July 23, 2021, UnionBank Issued a seven-year USD 150 million (Php 7.55 billion) Social Bond with the International Finance Corporation (IFC) as sole investor.

The proceeds of the Social Bond shall be allocated exclusively to qualified Micro, Small, and Medium Enterprises (MSME) loans, screened against the IFC eligibility criteria and exclusion list.

In the Philippines, MSMEs accounted for over 90% of businesses and over 60% of jobs pre-COVID-19, but MSME loans only accounted for less than 5% of total bank loans in the country as of end-September

2022. Increased access to financing for MSMEs are critical to their continued recovery and inclusion, which in turn, can aid the economy in its path to recovery.

MSMEs have also been disproportionately impacted by COVID-19 and the Social Bond helped UnionBank boost financing for MSMEs primarily through its supply chain financing platform and enabled using digital technologies.

As of December 31, 2022, the Social Bond Use of Proceeds Registry amounted to Php 8.08 billion, representing 106.99% allocation to the gross proceeds of the Social Bond.



4,221 MSME Loans financed by proceeds of social bond

76.76% refinancing of outstanding loans; 23.24% financing of new loans



100% belong to the Employment Generation Social Project Category, since proceeds are used exclusively for MSME loans

SGV performed a limited assurance engagement on the Use of Proceeds of the Social Bond as of and for the year ended December 31, 2022.



Breakdown of E&S Risk Exposures of the Bank per industry or sector

Based on the E&S review, top industries in terms of outstanding balance are real estate development, holding companies, and roads and bridges.

| Industry                   | O/S Balance<br>(in Php M) | % O/S  |
|----------------------------|---------------------------|--------|
| Real Estate Development    | 18,713.9                  | 18.9%  |
| Holding Company            | 17,229.1                  | 17.4%  |
| Roads and Bridges          | 16,647.0                  | 16.8%  |
| Gaming and Leisure         | 12,872.4                  | 13.0%  |
| Telecommunications         | 11,780.9                  | 11.9%  |
| Energy                     | 8,881.1                   | 9.0%   |
| Infrastructure             | 3,403.0                   | 3.4%   |
| Manufacturing              | 3,124.5                   | 3.2%   |
| Construction               | 2,020.1                   | 2.0%   |
| Wholesale and Retail Trade | 1,755.2                   | 1.8%   |
| Air Transport              | 909.9                     | 0.9%   |
| Mining                     | 539.9                     | 0.5%   |
| Meat Processing            | 325.6                     | 0.3%   |
| Oil and Gas                | 278.0                     | 0.3%   |
| Water Utility/Water Sale   | 181.1                     | 0.2%   |
| Funeral Services           | 148.0                     | 0.1%   |
| Transportation and Storage | 99.1                      | 0.1%   |
| Wastewater Treatment       | -                         | 0.0%   |
| Total                      | 98,908.8                  | 100.0% |

Information on existing and emerging E&S risks and their impact on the bank

No critical E&S risks assessed in 2022 that were not mitigated from the existing pool of clients, hence, no impacts on the Bank. Similarly, there were also no E&S operational risks highlighted in 2022.

Other initiatives to promote adherence to internationally recognized sustainability standards and practices

UnionBank continuously reviews existing disclosures in the Annual and Sustainability Reports to ensure that the new ESG elements and metrics are communicated in a timely manner. It also assesses the relevance and effectiveness of ESG reporting standards such as the frameworks of the Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Disclosures (TCFD), and World Economic Forum (WEF).

UnionBank is also aware that international ESG Raters measure and monitor how the Bank adapts to changes in the regulatory landscape. Accordingly, UnionBank uses past ESG performance, gathered through disclosures and indicators, to manage Environmental and Social risks. As ESG Raters develop proprietary methodologies based on best ESG practices, various international ESG standards, and legislations, UnionBank aims to improve its ESG ratings by measuring and monitoring its sustainability performance.

Sustainability Learning and Appreciation Courses

UnionBank prepares employees on ESG issues and sustainable finance by developing ESG courses and training programs and incorporating these into the bank-wide learning and development programs. Some of these courses include ESG 101, Introduction to Sustainable Finance, and targeted learning sessions for relevant units who will be implementing products and processes related to the ESRMS. The rollout and schedules of these trainings are based on priorities according to compliance, operation, and relevance to developments in the market.

Awards & Recognition

AsiaMoney Award for Best Bank for ESG 2022

AsiaMoney recognized UnionBank as the Philippines’ best bank for ESG 2022 for efforts to incorporate environment, social, and governance principles into its operations. This includes the issuance of the seven-year USD150 million (Php 7.55 billion) Social Bond in partnership with the IFC. Issued under its sustainable finance framework, the IFC Social Bond is the Bank’s first and the longest-duration dollar-denominated issue.

The proceeds from the bond provide an innovative way to boost financing for vital sectors through its supply chain financing platform and digital technologies. This strategy creates jobs, strengthens and deepens the domestic capital markets, and develops a more resilient, efficient, and inclusive financial system. The bond supports the Bank’s efforts to contribute to attaining

the United Nations Sustainable Development Goals protocols, as well as the Philippines’ goal to be among the Group of 20 countries by 2050.

In addition, UnionBank’s sustainable finance framework establishes the Bank’s infrastructure for conducting business with environmental and social benefits without sacrificing profit. The Bank also focuses on fostering financial inclusion, encouraging employee engagement in communities through the corporate social responsibility program, and providing the workforce and communities with innovative tools to foster a greener and more sustainable future. Innovation and digitalization are used to build strong, entrepreneurial, and resilient communities which demonstrate UnionBank’s commitment to ESG.

July

- **Best Digital Bank in Southeast Asia** from Capital Finance International

July

- **Europa Award (Sustainability)** Green Buildings for the ARK Branches

August

- **Stevie Awards for Great Employers**
  - Employer of the Year Banking (Bronze)
  - Leadership Training or Program TechLEAD (Silver)
  - Employee Engagement (Bronze)

- **Best Innovation in Retail Banking PH** from International Banker

September

- **HR Asia** Best Companies to Work for in Asia 2022
- **Asiamoney** Best Bank for ESG 2022
- **Back-to-Back SME Bank of the Year PH** from Asian Banking and Finance

- **Domestic Retail Bank of the Year PH** from Asian Banking and Finance

November

- **Philippine HR Awards** Platinum Employer of the Year >1000 Employees (Highest recognition)
- **Great Place to Work** Certified 2022–2023
- **Asian Legal Business Awards** Philippine In-House Team of The Year HR Legal
- **5-time Digital Bank of the Year PH** from The Asset Triple A

December

- **3-time Best Retail Bank in the Philippines** from The Asian Banker
- **Back-to-Back Best Bank for Customer Experience in Southeast Asia** from Global Brands Magazine
- **2022 Transformation Champion** from BIAN (Banking Industry Architectural Network)



# Wrapping Up, Moving Forward

**Tech Up Pilipinas** encapsulates UnionBank's sustainability aspirations, integrating innovations and embedding the environmental, social, governance framework into its digital transformation strategy.

The Bank's financial technological breakthroughs and digital capability programs ensure the co-creation of innovations, driven by the mission to 'tech up' customers, business partners, and other stakeholders. Empowering and enabling the workforce and fellow Filipinos with digital skills and

capabilities, UnionBank leverages existing expertise, partnerships, and strengths to create products and solutions to improve the businesses and communities it serves.

The Tech Up Pilipinas mission is enabled by the Bank's three focus areas—Digital Transformation, Sustainable Finance, and Inclusive Prosperity—where progress on metrics aligned with business goals is monitored to ensure sustainable products and processes.

## Digital Transformation

UnionBank accelerated innovations in products and processes and increased investment in innovation by more than 130% from 2020. As customers shifted to online and digital platforms, paperless transactions grew 140% since 2020. Streamlining and upgrading processes, the Bank also invested in its workforce. Funding for employee development and training rose from Php 14.41 million in 2020 to Php 24.32 million in 2022. Digital corporate citizenship and programs such as UBPXcellerator thrived during the pandemic. From 70 modules made available to the public in 2020, UnionBank now offers 136 modules for free.

## Sustainable Finance

UnionBank and its subsidiaries continue to provide loans to teachers and entrepreneurs driven by a global initiative for financial institutions to create more sustainable financing products. The Bank's Sustainable Finance Framework provides guidance on financing specific initiatives that promote environmental and social benefits. The Bank helps micro, small, and medium enterprises (MSMEs) grow their businesses so they can, in turn, employ and help more Filipino families. SeekCap disbursed more than Php 4 billion since 2020 and its community-driven approach and alternative data helped develop data-driven lending products that cater to MSMEs' unique needs. CitySavings continued to dominate the market for teachers' loans and disbursed Php 79.39 billion in 2022, a 70% increase from 2020.

## Inclusive Prosperity

In the past three years, UnionBank provided employment, educated Filipinos through UBPXcellerator, and fostered financial inclusivity through products that benefit communities and businesses. Entrepreneurs who use the GlobalLinker business management tool increased from 48,000 in 2020 to more than 70,000 in 2022. Financial institutions that signed up for Project i2i grew by more than 40% from 2021, from 84 to 102 rural banks onboarded into the blockchain platform. In 2022, the UBPXcellerator Program upskilled 16,209 learners in Data Science, Blockchain, Cloud, and other emerging technologies, an increase from only 2,000 in 2020.



## Future Forward

The Tech Up Pilipinas mission is a commitment to continuous evolution. In 2023, UnionBank began capitalizing on its leading position in digital banking by setting a three-year target to become the largest and most profitable consumer bank in the Philippines, as well as one of the country's top three ESG banks.

This ongoing digital transformation journey will leverage technology for social good. The Sustainable Finance Framework will continue to support and finance initiatives that promote environmental and social benefits. Complementing these with capability building will empower the workforce to offer banking, tech, or fintech solutions and provide access to globally competitive bank products that promote inclusive prosperity. Stronger efforts will be scaling up ESG programs and products, further embedding sustainability in the organization and aiming for the upper percentile in ESG ratings.

Leadership in digital banking is not the end goal, but a path to UnionBank's true objective: to be a leader in sustainability through innovation, sustainable finance, and inclusive prosperity.





# Tech Up Pilipinas Highlights

## Php 4.42B

investment in innovation

- more than 100 products and platforms offered to customers

▲ From 1.9B in 2020

## 148.19M

transactions

- 119.49M UB Online
- 17.36M SME App

▲ From 14.8M in 2020

## 11.34M

Paperless transactions:

- 82.19% of branch transactions

▲ From 4.72M in 2020

## 5.46M

Digital platform users

- 442,711 new digital accounts opened

▲ From 3.1M in 2020

## DIGITAL TRANSFORMATION

## Php 24.32M

investment on employee development and training

▲ From 14.41M in 2020

## 94 Programs

on digital learning

▲ From 29 in 2020

## 8,924

Volunteer Hours

▲ From 1,353 in 2020

## 1,326

Communities Served

▲ From 29 in 2020

## 136 Modules

offered to the public

▲ From 70 in 2020

## 83,162

Beneficiaries

▲ From 81,610 in 2020



## Php 24.7M

investment in LEED-certified branches and buildings

27 LEED-certified branches and buildings

## PHP 47.08B

economic value plowed back to society

▲ From 32B in 2020

## 75,008 business owners

who are active users of GlobalLinker business management tool

▲ From 48,000 in 2020

## PHP 45.78B

investment in corporate social responsibility program



## 114,583 signups

payment gateway for e-sellers

▲ From 98,000 in 2020

## GLOBALLINKER

Php 932M

in deposits

Php 4B

in loans

## 120 sign-ups

in Project i2i Financial institution

▼ From 181 in 2020

## 7,784 employees

▲ From 5,177 in 2020

## INCLUSIVE PROSPERITY

## SUSTAINABLE FINANCE

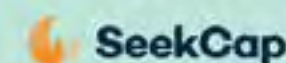


## Php 93.68B

loans disbursed

- Php 79.39B teachers' loans disbursed
- Php 5.28B motorcycle loans disbursed
- Php 1.56B SME loans disbursed

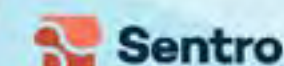
▲ From 53.1 Billion in 2020



## Php 2.70B

loans disbursed through online lending platform

▲ From 1.5B in 2020



## 36,564 signups

online shop builder

▲ From 30,000 in 2020

## 16,209 Filipinos

educated by the UBPCcellerator program

▲ From 2,159 in 2020

1,588 outsourced personnel and contractor employed by the bank

▲ From 1,576 in 2020

## 102 rural banks

onboarded in the blockchain platform

▲ From 89 in 2020

## 90,000+ MSMEs

registered on SME Business Banking Platform (total number of micro and SME customers)

▲ From 38,000 in 2020



# People

## Digital Transformation

We ensure that our stakeholders are empowered to #OwnTheFuture, fueled by our culture to collaborate with like-minded partners to support sustainable communities.

“Now more than ever, kids need mentorship. This is why our program with UnionBank was so impactful. In such a short period of time, students felt seen and heard. Our students felt more confident in school knowing that at the end of every week, they could rely on someone that would support them unconditionally. This support was priceless.”

**Jaton Zulueta**  
Executive Director and Founder,  
AHA! Learning Center On UnionBank's  
Own Our Future mentoring Program  
with AHA! Learning Center

**Best Companies to  
Work for in Asia 2022**

HR Asia

**Great Place to Work**

Certified 2021, 2022

**Stevie Awards**

for Great Employers

**Platinum Employer  
of the Year**

Philippine HR Awards  
(Highest recognition)



PEOPLE

Digital Transformation

UnionBank began its digital transformation journey in 2016 with the promise “to leave no one behind.” Providing digital banking services, its investment in the nation’s future is fueled by digital capability building both for its employees and the communities it serves. Adapting to the demands of tomorrow requires the Bank to develop next-generation skills, close the talent gap, and future-proof potential for itself and its stakeholders.

The Bank adopted the Agile Operating Model (AOM) as a blueprint for seamlessly integrating UnionBankers into a digital environment, thereby shaping the Bank’s interactions, approaches, and governance through innovative collaboration among its empowered, self-organized, and cross-functional customer-centric teams.

Holding tight to its purpose of co-creating innovations for a better world, the Bank forged PeopleTech – people at the core, technology at the fore – to advance its digital delivery capabilities. PeopleTech accelerates internal and external talent development, enabling the design of products, services, and programs that are kind to the planet.



4.41/5  
Year-end  
Engagement  
Score



90%  
Survey  
Participation

4.45/5  
Overall  
Satisfaction



4.61/5  
Proud  
UnionBanker

Approach and Metrics

UnionBank’s human capital development strategy nurtures the social capital built over the years and uses this to pivot people’s skills, behavior, and mindset to achieve digital transformation.

The human capital development program takes a comprehensive approach to identifying skill gaps, measuring human capital management, and developing company-wide knowledge-sharing systems to keep up with industry trends. This approach makes UnionBank align employees’ productivity, performance, and competitiveness.

FOR DIGITAL TRANSFORMATION METRICS

SEE PAGE 36

Enablers of PeopleTech:  
Internal Initiatives for People

UnionBank’s supportive infrastructure, processes, and resources future-proof the Bank and provide opportunities for UnionBankers to collaborate and innovate. The Bank inspires employees to grow beyond their respective departments and adopt a holistic set of skills to gain competence and prepare for the many “futures of work.” UnionBank operationalizes its PeopleTech mission through the following programs:



12  
LEAD graduates  
promoted to  
Assistant Vice-  
President and up

67  
LEADS currently  
undergoing  
training and  
residency

“Employees  
benefit from  
programs that  
democratize  
learning and  
allow multi-  
specialization  
and talent  
mobility  
within the  
organization.”

Student Mentoring Program (SMP)

is a pre-hire initiative to train and mentor top-notch students from universities and other institutions. Participants benefit from a virtual internship to experience UnionBank’s agile and collaborative culture.

Leadership Accelerated Development (LEAD) Management Trainee Program

launched in 2017, this program for future leaders targets the top 5% of each graduating class. LEAD Management Trainees (LEADS) are assigned to various units to create solutions, build new products, or improve current organizational processes, enabling them to make valuable contributions and attain personal career goals.

Technical Lead Program (Tech LEAD)

is a 12-month fast-tracked technical development program covering emerging technologies while gaining business acumen and leadership foundations through blended learning interventions. It has seeded 35 future tech leaders in UnionBank in Data Science, Information Security, Customer Experience, Enterprise Architecture, Solutions Delivery, Infrastructure and Service Management, and Digital Delivery. Tech LEAD culminates with a CSR initiative called ‘Pay IT Forward’.

Provided with the right tools and training to excel in preparation for leadership roles, employees benefit from these programs that democratize learning and allow multi-specialization and talent mobility within the organization.





**UnionBank University** continuously grows its library of self-paced or instructor-led learning courses to strengthen employees' core capabilities while giving them opportunities to explore and upskill for a potential career-shift and co-create innovations for immediate communities.

At the University, cross-functional teams create products, services, and solutions that are commercialized or institutionalized. Traditional training programs and immersion labs provide leaders with firsthand experience in growing startups, which gives them a head start as leaders capable of using design thinking and business-model canvas to create human-centric solutions for complex problems.

For new tech and digital related jobs and roles, about 80% were filled internally as retooled and upskilled employees took a bold step in transforming their careers from traditional banking into tech, product management, and business development.

“Employees took a bold step in transforming their careers from traditional banking into tech, product management, and business development.”



▲ Above: UnionBank officially welcomed over 1,700 new UnionBankers after the acquisition of Citibank's Consumer Business Banking in the Philippines.

Below: Series of events with Amazon Web Services to train and provide certifications to UnionBankers

**Learning Pathways** supports the shift from a competency-based to a capability-based learning philosophy through a curated set of learning resources such as articles, books, and e-learning videos that complement the learning modules of 1Uhub, the Bank's internal Human Resources Services platform that champions learning across the organization.

**Cloud Cadetship** is the biggest UBPIXcellerator Program to date. UnionBank partnered with Amazon Web Services (AWS) and Microsoft on the first multi-cloud program that offered free AWS and Microsoft Azure training and certification vouchers, as well as mentorship from UBP Cloud Experts. Three of the 60 finalists of the Cloud Ideathon Challenge during the UB Innovation Festival were hired into the Technical LEAD Program.

**Centers of Excellence and Communities of Practice** give employees the opportunity to upskill and lead projects to improve products, services, and processes for customers. Employees experiment and learn through the Cloud Center of Excellence, Open Finance and Digital Services Center of Excellence, and Metaverse Center of Excellence.

**Tech hUB** is UnionBank's first podcast, which debuted on Spotify in April 2022. It is one of the country's premier podcasts in the Tech/ Fintech Industry, and it raises awareness of emerging technology trends and the realities of working in the digital age. The podcast aims to attract talent to careers in the tech/ fintech industry. Tech hUB, one of the top 15 career podcasts in the Philippines, has released two seasons with 16 episodes and has earned a 5-star rating on Spotify.



**Cloud Cadetship:**



**1000+**  
Registrations  
Nationwide

**129**  
Cadets

**60**  
Participants in  
the final Cloud  
Ideathon Challenge



**1**  
“Gamechangers”  
Episode on Cloud



The Workforce

True to its commitment to maintain a strong culture and a highly engaged workforce, UnionBank maintained an annual attrition rate of 8.95% in 2022—lower than the industry standard of 10%. The Bank’s high engagement rate matches the global best business standard of 4.41. UnionBank is proud to be Great Place to Work®-certified in 2021 and 2022. This was made through its programs in engagement, retention, and capability building that enable UnionBankers to #OwnTheFuture.

UnionBankers are the building blocks of the digital transformation strategy, and harnessing their talent powers the machinery of the Bank’s growth. The UnionBank signature workplace is agile, collaborative, empowering, and inclusive. Policies and programs attract and retain talent and enhance total well-being, productivity, recognition, and the potential for innovation.

#OnewithU: UBP’s Biggest Onboarding

UnionBank officially welcomed over 1,700 new UnionBankers after the acquisition of Citibank’s Consumer Business Banking in the Philippines. August 1, 2022 marked the first day UnionBank and Citi Consumer Business were considered one entity by regulators, stakeholders, customers, and employees.



▲ Over 5,000 UnionBankers participated in ‘#OneWithU,’ a multi-location celebration at UnionBank Plaza, the Bank’s over 300 branches, subsidiary offices, and acquired offices and branches in Eastwood, Greenhills, Makati, and Cebu. The main event at UB Square was streamed through a live broadcast on YouTube.

The stronger UnionBank Team ensures it will uphold the legacy that Citi has built for over 100 years in the Philippines.

|                | 2020  | 2021  | 2022  |
|----------------|-------|-------|-------|
| UnionBank      | 3,506 | 3,789 | 5,468 |
| Head Office    | 1,795 | 2,261 | 3,904 |
| Branch Network | 1,711 | 1,618 | 1,564 |
| CitySavings    | 3,284 | 3,411 | 1,936 |
| Head Office    | 958   | 965   | 440   |
| Branch Network | 2,326 | 2,446 | 1,496 |
| Total          | 6,790 | 7,290 | 7,784 |

Attrition Rate

|              | Voluntary Attrition  |                | Involuntary Attrition |                |
|--------------|----------------------|----------------|-----------------------|----------------|
|              | No. of Separated TMs | Attrition Rate | No. of Separated TMs  | Attrition Rate |
| UnionBank    | 622                  | 9%             | 32                    | 2%             |
| FUFAI        | 0                    | 0%             | 0                     | 0%             |
| FUP          | 0                    | 0%             | 0                     | 0%             |
| UPI          | 1                    | 0%             | 0                     | 0%             |
| CFSI         | 0                    | 0%             | 0                     | 0%             |
| UnionDigital | 0                    | 0%             | 0                     | 0%             |
| CitySavings  | 244                  | 12.60%         | 11                    | 0.57%          |

New Hire Profile

|            | 2021 Count | 2021 (%) | 2022 Count | 2022 (%) |
|------------|------------|----------|------------|----------|
| UnionBank  |            |          |            |          |
| Male       | 272        | 45.95    | 1,006      | 41.06    |
| Female     | 320        | 54.05    | 1,444      | 58.94    |
| Below 30   | 335        | 56.59    | 1,009      | 41.18    |
| 30 to 50   | 242        | 40.88    | 1,377      | 56.20    |
| Above 50   | 15         | 2.53     | 64         | 2.61     |
| Luzon      | 567        | 95.78    | 2,396      | 97.80    |
| Visayas    | 14         | 2.36     | 18         | 0.73     |
| Mindanao   | 11         | 1.86     | 36         | 1.47     |
| Staff      | 65         | 10.98    | 176        | 1.41     |
| Supervisor | 281        | 47.47    | 11,332     | 91.02    |
| Manager    | 201        | 33.95    | 676        | 5.43     |
| AVP and Up | 45         | 7.60     | 266        | 2.14     |
| CSB        |            |          |            |          |
| Male       | 497        | 62.75    | 180        | 56.78    |
| Female     | 295        | 37.25    | 137        | 43.22    |
| Below 30   | 539        | 68.06    | 187        | 58.99    |
| 30 to 50   | 249        | 31.44    | 128        | 40.38    |
| Above 50   | 4          | 0.51     | 2          | 0.63     |
| Luzon      | 528        | 66.67    | 235        | 74.13    |
| Visayas    | 150        | 18.84    | 38         | 11.99    |
| Mindanao   | 114        | 14.39    | 44         | 13.88    |
| Staff      | 662        | 83.59    | 211        | 66.56    |
| Supervisor | 83         | 10.48    | 49         | 15.46    |
| Manager    | 39         | 4.92     | 46         | 14.51    |
| AVP and Up | 8          | 1.01     | 11         | 3.47     |



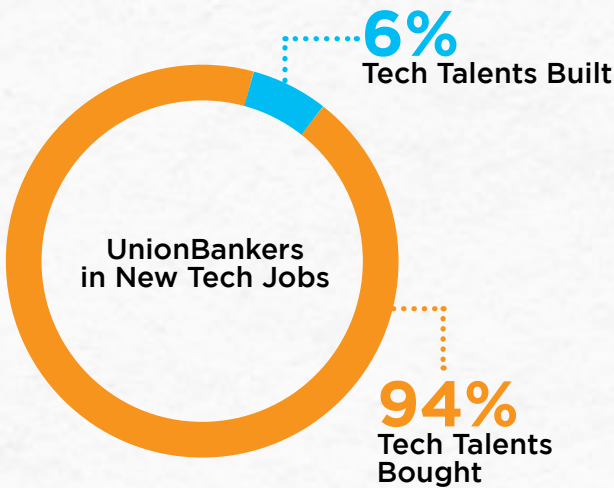
Achieving Digital to the Core

UnionBank continues to address challenges in its digital transformation journey, including the need for digital skills, competition from big tech companies encroaching on financial services, and the demand for a positive on-site and remote-work environment for employees.

The Bank shares its mindset, attitude, and levels of capability with employees, customers, and other stakeholders so that everyone moves together on the path to powering the future of banking. This is facilitated by super learning in a virtual first workplace through UnionBank’s capability framework, which starts by embedding its digital DNA in all aspects of the Bank.

The 23 Digital DNA Traits

Aside from developing apps and platforms, digital transformation covers the use of digital technology to automate and ensure that backend operations and customer service are efficient. All UnionBankers, including those not directly working on digital products, are expected to be effective and skilled in providing solutions that may require a new process or approach.



Move from becoming digital to being digital



Super learning is the way forward.

Accelerate the building of skill sets and proficiencies required for role transformation according to multiple capabilities

Ensure business leadership continuity



Cross-functional, agile, iterative development by squads and teams



Virtual-first employee experience

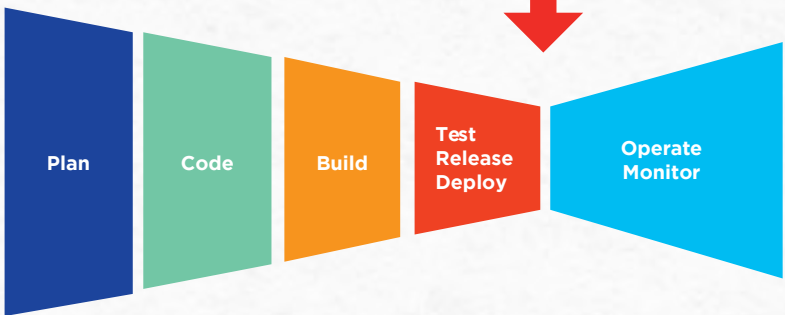
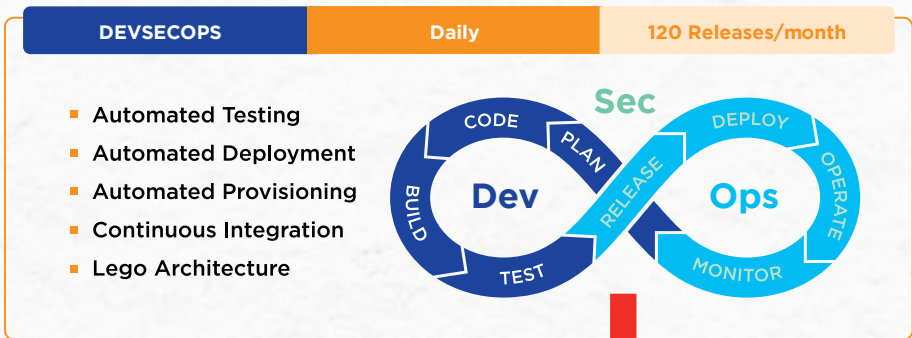
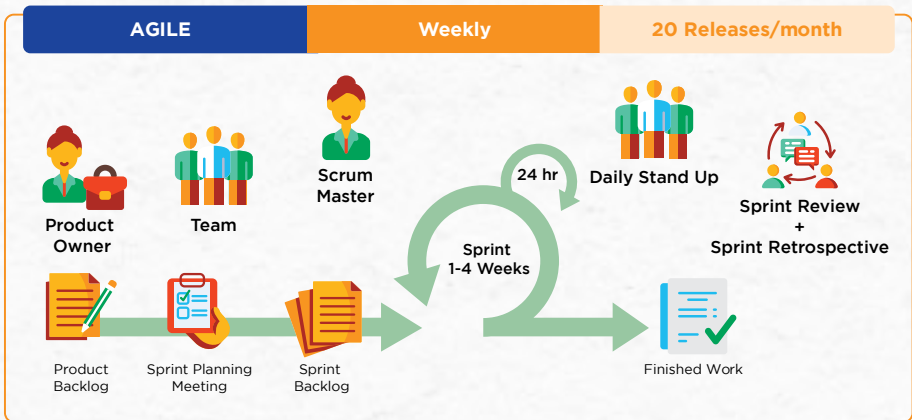
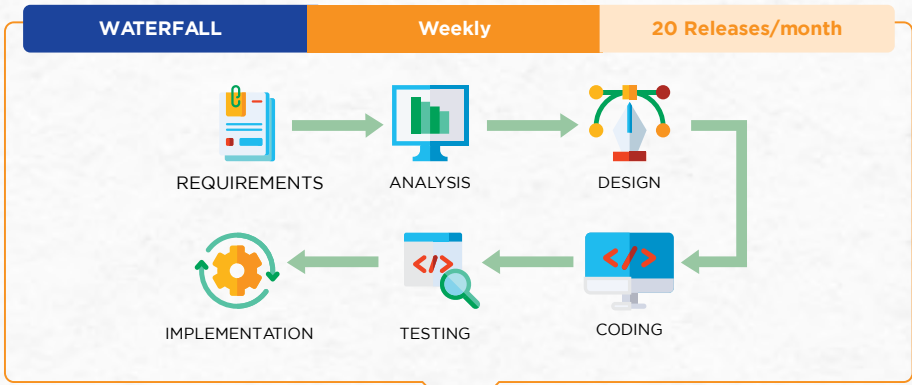


High value on health and wellness for business performance and continuity

From Agile to ‘DevSecOps’

The next phase of the digital transformation journey is evolving the agile way of working to ‘DevSecOps’ – a more seamless interplay of design, operations, and risk management. It integrates IT security early in the process to increase shared responsibility in the entire project cycle, allowing squads to harness the power of agile methodologies without compromising the goal of creating secure code.

DevSecOps promotes rapid response to change and needs, improves collaboration and communication among teams, generates more opportunities to unlock automated builds, and frees people to perform more high-value work.





Diversity, Equal Opportunities, and Inclusion

“With prime focus given to skill sets, UnionBank ensures equal opportunities for all.”

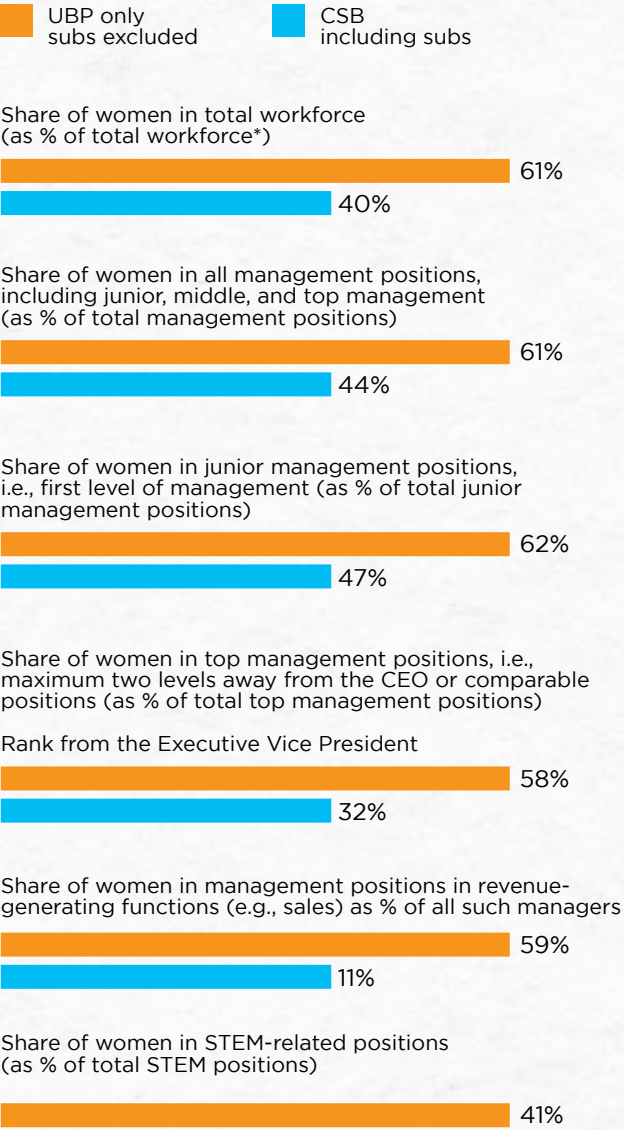
UnionBank provides a fair and non-discriminatory workspace for a future-ready interdisciplinary workforce. The Bank is committed to enhancing diversity among employees.

Inclusion of LGBTQ+ and Common-law Partners as Healthcare Dependents

On October 1, 2021, UnionBank gave employees with a legal civil status of “single” the option of listing their LGBTQ+ or common-law partners as one of their dependents under the company’s health insurance policy. This is part of the commitment to enhance diversity, equity, and inclusion, which also supports the UN Sustainable Development Goals specifically SDG 5: Reducing Inequalities.



Women in the Workforce



\*Total Workforce reported separately for UBP and CSB

UMatter

During the celebration of International Women’s Month 2022, UnionBank launched Umatter, its Diversity, Equity, and Inclusion (DEI) program targeting the LGBTQ+ and Future Forward Females pillars. This first-of-its-kind network aims to become a platform for inclusivity in and out of the workplace. The Bank also signed up as a member of the Philippine Financial Industry Pride association as a testament to its commitment to DEI.

Employee Development Programs



100% Employees received regular performance and career development reviews

16.69 Average training hours per employee

96,139 Total training hours

UnionBank continued to implement various programs to upscale skills and enhance productivity and well-being of employees. Virtual platforms were maintained and the Bank increased face-to-face engagements as pandemic restrictions eased. Some of the employee development programs implemented in 2022 include the following:

**Tech Vendor-Based Cloud and DevSecOps Learning Plans** are part of the Bank’s Cloud and DevSecOps transformation, which includes identified AWS, Microsoft, VMWare, Red Hat training, and certification programs to develop Cloud and DevSecOps expertise. The participants supported the migration of more than 600 workloads to the cloud in 2022.



4 certified employees in AWS Cloud Practitioner Foundational Level

7 certified employees in role-based AWS certifications

23.77% Full Time Equivalents (FTEs) in the program

**Fundamentals of Financial Instruments** focus on the basics of financial instruments and relevant principles on basic accounting and financial reporting, valuation, and financial risk management. It provides banking professionals with a better understanding of financial instruments, how they are accounted for and valued, and how to manage the related financial risks under prevailing banking regulations and standards.

3.16% Full Time Equivalents (FTEs) in the program

**ESRMS: Integrating Environmental & Social (E&S) Risk Areas in Wholesale Credit Analysis** is a course in line with the requirement of the Bangko Sentral ng Pilipinas for all Philippine banks to have an Environmental and Social Risk Management System (ESRMS), enabling employees to learn about the Bank’s sustainability mission with the application of its existing ESRMS in wholesale credit screening of portfolios.

42.57% Full Time Equivalents (FTEs) in the program





**Magis 2.0 Conversation** allows employees to learn more about the behaviors and mindsets needed in the Bank's DevSecOps transformation and commit to initiatives to support this shift. These conversations reveal better ways of working in a group to create innovations aligned with Magis 2.0 principles.



**The Ubuntugether Session** is a virtual brown bag get-together covering topics such as hybrid work, minimizing waste, and other topics related to well-being.



**Employee Engagement Team Action Planning\*** is a team-driven action planning program to share best practices to improve and sustain employee engagement levels.



**#Let'sBEEConnected\*** puts managers in face-to-face conversation with employees to better understand their potential contributions to the goal of becoming the leading digital mass market bank in the Philippines.



**Agile Now Podcast\*** is an interactive platform designed to deepen CitySavings Bankers understanding of new ways of working and learning as part of an Agile Team.

*\*CitySavings employee programs*

**Average Training Hours**  
by Gender and Employment

|                               | 2020  |       | 2021  |        | 2022         |              |
|-------------------------------|-------|-------|-------|--------|--------------|--------------|
|                               | UB    | CSB   | UB    | CSB    | UB           | CSB          |
| <b>Overall Average</b>        | 22.79 | 25.73 | 27.57 | 61.54  | <b>16.69</b> | <b>26.76</b> |
| <b>By Gender</b>              |       |       |       |        |              |              |
| Male                          | 17.17 | 24.08 | 24.18 | 26.90  | <b>14.52</b> | <b>21.94</b> |
| Female                        | 26.28 | 28.02 | 20.61 | 83.37  | <b>18.04</b> | <b>31.14</b> |
| <b>By Employment Category</b> |       |       |       |        |              |              |
| Senior Management             | 10.79 | 21.21 | 24.85 | 41.04  | <b>14.29</b> | <b>43.46</b> |
| Middle Management             | 16.95 | 39.45 | 26.34 | 108.83 | <b>15.56</b> | <b>32.75</b> |
| Supervisor                    | 28.16 | 26.55 | 29.57 | 36.26  | <b>17.91</b> | <b>33.34</b> |
| Rank-and-File                 | 30.55 | 22.04 | 24.38 | 78.81  | <b>16.11</b> | <b>19.66</b> |

**Total Training Hours**  
by Gender and Age

|                    | < 30             |                  | 30 - 50          |                  | > 50            |                 | Total             |
|--------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-------------------|
|                    | Female           | Male             | Female           | Male             | Female          | Male            |                   |
| <b>UnionBank</b>   | 23,498.50        | 9,737.00         | 35,643.50        | 19,238.00        | 4,963.00        | 3,059.00        | 96,139.00         |
| <b>CitySavings</b> | 8,887.60         | 7,211.38         | 14,713.64        | 17,181.33        | 523.64          | 1,306.33        | 49,823.92         |
| <b>Total</b>       | <b>32,386.10</b> | <b>16,948.38</b> | <b>50,357.14</b> | <b>36,419.33</b> | <b>5,486.64</b> | <b>4,365.33</b> | <b>145,962.92</b> |

**Total Training Hours**  
by Gender and Employment

|                    | Rank and File    |                  | Supervisor       |                  | Middle Management |                  | Senior Management |                 | Total             |
|--------------------|------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|-----------------|-------------------|
|                    | Female           | Male             | Female           | Male             | Female            | Male             | Female            | Male            |                   |
| <b>UnionBank</b>   | 8,570.00         | 2,930.00         | 36,005.00        | 16,333.00        | 14,788.00         | 9,367.00         | 4,742.00          | 3,404.00        | 96,139.00         |
| <b>CitySavings</b> | 10,192.52        | 12,260.20        | 9,762.25         | 7,406.93         | 3,665.60          | 4,808.42         | 504.50            | 1,223.50        | 49,823.92         |
| <b>Total</b>       | <b>18,762.52</b> | <b>15,190.20</b> | <b>45,767.25</b> | <b>23,739.93</b> | <b>18,453.60</b>  | <b>14,175.42</b> | <b>5,246.50</b>   | <b>4,627.50</b> | <b>145,962.92</b> |



Training and Development Inputs

|                                                                   | 2020     |        | 2021     |          | 2022     |          |
|-------------------------------------------------------------------|----------|--------|----------|----------|----------|----------|
|                                                                   | UB       | CSB    | UB       | CSB      | UB       | CSB      |
| Average hours per FTE of training and development                 | 22.79    | 26.20  | 27.57    | 61.54    | 16.69    | 26.76    |
| Average amount spent per FTE on training and development (in Php) | 4,110.47 | 158.23 | 4,102.11 | 2,981.51 | 4,222.69 | 5,065.51 |



Health, Safety, and Well-being

The Bank has a dedicated Occupational Health and Safety Office (OHS), tasked with ensuring regulatory compliance with environmental standards, Philippine Central Bank requirements, and local laws applicable to branches with host local governments that implement their own ordinances. This office continually monitors and coordinates with the various branches regarding their status and concerns through the bank-wide committee on safety and occupational health with members including

the employee union. To streamline this process, a digital tracking and monitoring system was launched to give branches access to pending OHS concerns.

Beyond focus and orientation on occupational safety and health, UnionBank also implements wellness programs, welfare policies, and well-being initiatives with the active participation of employees across all levels.

Work Safety

|                                                                      | 2020      | 2021      | 2022      |
|----------------------------------------------------------------------|-----------|-----------|-----------|
| <b>Injury Pyramid</b>                                                |           |           |           |
| Restricted Work Case (RWC)*                                          | 0         | 0         | 0         |
| Medical Treatment Case (MTC)*                                        | 0         | 87        | 0         |
| First Aid Case                                                       | 0         | 2         | 8         |
| <b>Other Statistics</b>                                              |           |           |           |
| Total number of employees                                            | 3,506     | 3,789     | 5,468     |
| Number of employees who are members of the Health & Safety Committee | 15        | 15        | 17        |
| Percentage of Employees under Health & Safety Committee              | 0.48%     | 0.40%     | 0.31%     |
| Total work hours                                                     | 7,010,000 | 7,027,088 | 8,491,768 |
| Total lost days*                                                     | 42        | 5,740     | 2,079     |

\*Includes Covid-19 Cases



Workplace conditions, labor standards, and human rights

|                                | 2020      | 2021      | 2022       |
|--------------------------------|-----------|-----------|------------|
| Disclosure                     |           |           |            |
| Safe Man-Hours                 | 2,045,167 | 9,072,255 | 17,564,023 |
| No. of work-related injuries   | 2         | 0         | 0          |
| No. of work-related fatalities | 0         | 0         | 0          |
| No. of work-related ill health | 13        | 40        | 0          |
| Number of safety drills        | 4         | 8         | 8          |

\*4 Emergency Drills, 4 Emergency Text Blasts

Types of injury and rates of injury, occupational diseases, lost days, and absenteeism

|                                                                                                                                                                                | 2020                  |                  | 2021                  |                  | 2022                  |                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|
| UnionBank Injuries                                                                                                                                                             | No. of Reported Cases | No. of Lost Days | No. of Reported Cases | No. of Lost Days | No. of Reported Cases | No. of Lost Days |
| Minor wounds                                                                                                                                                                   | 0                     | 0                | 0                     | 0                | 4                     | 0                |
| (+) confluent abrasion right arm and forearm sec. to VA; fracture intertrochanter - subtrochanter left hip femur; fracture distal radius right wrist due to vehicular accident | 2                     | 2                | 0                     | 0                | 0                     | 0                |
| Occupational diseases                                                                                                                                                          |                       |                  |                       |                  |                       |                  |
| Hypersensitivity reaction                                                                                                                                                      | 3                     | 0                | 4                     | 0                | 3                     | 0                |
| Musculoskeletal strain                                                                                                                                                         | 4                     | 0                | 8                     | 0                | 8                     | 0                |
| Tension headaches                                                                                                                                                              | 4                     | 0                | 21                    | 0                | 1                     | 0                |
| COVID-19 confirmed case                                                                                                                                                        | 3                     | 42               | 745                   | 5,740            | 297                   | 2,079            |
| Hypertension                                                                                                                                                                   | 11                    | 0                | 14                    | 0                | 10                    | 0                |
| Fatalities                                                                                                                                                                     |                       |                  |                       |                  |                       |                  |
| Work-related fatalities                                                                                                                                                        | 0                     | 0                | 0                     | 0                | 0                     | 0                |

Lost Time Injury Frequency Rate (LTIFR)

|                                                   | 2020      | 2021      | 2022      |
|---------------------------------------------------|-----------|-----------|-----------|
| Employees                                         |           |           |           |
| No. of LTI                                        | 2         | 0         | 0         |
| Total Hours Worked                                | 7,012,000 | 7,027,088 | 8,491,768 |
| Number of Employees (expected and in this report) | 3,506     | 3,789     | 5,468     |
| Data Coverage (as % employees)                    | 100%      | 100%      | 100%      |
| Contractors                                       |           |           |           |
| No. of LTI                                        | 0         | 0         | 0         |
| Total Hours Worked                                | 2,955,106 | 4,764,000 | 4,414,820 |
| Number of Employees (in this report)              | 1,576     | 1,588     | 1,881     |
| Number of Employees (expected)                    | 1,576     | 1,588     | 1,881     |
| Data Coverage (as % employees)                    | 100%      | 100%      | 100%      |

Occupational illness Frequency Rate (OIFR)

|                                                   | 2020      | 2021      | 2022      |
|---------------------------------------------------|-----------|-----------|-----------|
| Employees                                         |           |           |           |
| No. of Occupational Illness                       | 13        | 0         | 841       |
| Total Hours Worked                                | 7,010,000 | 7,027,088 | 8,491,768 |
| Number of Employees (expected and in this report) | 3,506     | 3,789     | 5,468     |
| Data Coverage (as % employees)                    | 100%      | 100%      | 100%      |

| Rates       | 2020   | 2021  | 2022  |
|-------------|--------|-------|-------|
| Injury rate | 28.53% | 0.00% | 0.00% |

Note: Rates were computed by multiplying applicable data (i.e., number of reported cases of injuries, lost days, and occupational diseases) and comparing them to the International Labor Organization’s base figure (200,000) relative to the total hours worked. The “Formulae on the Computation of the Equivalent Monthly Minimum Wage Rates” of the National Wages and Productivity Commission of the Department of Labor and Employment’s was used to estimate total man-hours.



Employee Volunteerism and Corporate Social Responsibility (CSR) Initiatives



1,326  
Communities served

83,162  
Beneficiaries

8,924  
Volunteer Hours

The CSR program is aligned with the overall digital transformation strategy and guided by policies on sustainability and CSR. GoBeyond Communities (GBC), the main CSR intervention, is an engagement program that allows employees to promote personal advocacies by conceptualizing, developing, and implementing community-enriching programs with UnionBank funding.

CSR initiatives are incubators of innovation that change communities for the better. In 2022, GBC focused on the overall sustainability mission of Tech Up Pilipinas as it leveraged the success of UnionBank’s innovation and digital transformation to help build strong and resilient communities. The Bank focused on the areas of e-commerce, education tech, and climate tech (community well-being and environment).

Innovating for Social Good

As the Bank pursues social good in line with its core business and strategies, it has also taken an active role in supporting hackathons anyone—from students to concerned citizens—who wants to contribute to solutions. Government restrictions during the COVID-19 pandemic led to fewer projects and reduced volunteer hours, but this did not necessarily lessen impact on community stakeholders. Training to be innovative and forward-thinking challenged UnionBankers to move past the standard approaches and practices. These platforms helped achieve UnionBank’s objectives of Tech Up Pilipinas and maintained access to educational modules.



▲ UnionBank celebrated its partnership with 161 representatives of schools and government agencies.

“UnionBank is dedicated to the objectives of the Tech Up Pilipinas initiative and to ensuring continuous access to educational modules.”

UnionBank Xcellerator Program (UBPXcellerator)

UnionBank embarked on its Agile transformation journey in 2016, which led to the creation of UBPXcellerator in 2018 to help future-proof UnionBank talent and create a pool of emerging technologies experts..

The program offers a variety of on-demand learning content and pathways for learners, educators, and career-shifters to gain basic, intermediate, and advanced knowledge in Blockchain, Data Science, Artificial Intelligences, Robotics, and other emerging technologies. With more businesses shifting to digital and contactless business models, the need for talent with capabilities classified as hard skills of the future – Data Science, Artificial Intelligence, Cloud Computing, API Technology, Coding, UI/UX Design, and Blockchain—is on the rise.

In response to this demand, UBPXcellerator created a community of Filipinos well-versed in Blockchain and emerging tech. Through UBPXcellerator’s People Tech program, UnionBankers and other interested learners may receive coaching from experts and the opportunity to work on cases related to their fields of interest. Around 30% of the best performers in the group are hired by the Bank, while the rest are deployed to partners and subsidiaries.

Free programs on Cloud, Data Science, and Data Privacy were also offered in 2022, increasing enrollment by 82% and the number of unique learners by 62% compared to 2021. UBPXcellerator completed eight programs and three Gamechanger episodes in partnership with universities and government agencies.



136  
Modules offered

16,209  
Filipinos educated

60  
Participants in the Final Cloud Ideathon Challenge



2023 targets:

Double the Learners.

Expand partnerships.

Offer non-tech related courses.



UnionBank pursued other strategic CSR partnerships aligned with the Bank's advocacy of innovation and its goal to co-create innovations for a better world. These include collaborations with:

- Development Academy of the Philippines (DAP) - Partnered to develop webinars and learning sessions on digital transformation to train a new batch of government executives and local government officials.
- Pasig City - Hosted the third Pasig City Climathon. The Bank supported participants who addressed social ills by designing waste management and renewable energy solutions. UnionBank awarded innovation prizes for the best socioeconomic and environmental solutions for the city.
- Global Learning Solutions Singapore - Established the Asian Institute of Digital Transformation (AIDT) in 2021. In six seasons, AIDT trained 199 professionals from the Government Sector, UBP transformation partners, members of academe, and Aboitiz Equity Ventures. The first three seasons kicked off with UnionBank Chief Human Resources Officer Michelle Rubio as Chief Learning Officer leading a team of volunteers from the Banking group who acted as Learning Mastery Coaches. UnionBank senior leaders Edwin Bautista, Henry Aguda, and David Hardoon are among the Global Faculty Mentors of AIDT's eight-week online Executive Masterclass in Digital Transformation. AIDT helps drive the Bank's mission to Tech Up Pilipinas by teaching organizations and leaders to create meaningful transformation and sustainable development.
- AHA! Learning Center - Mentored AHA scholars through #OwnYourFuture with AHA! Learning Center. AHA! Learning Center partners with local and international organizations to provide world-class, no-internet education solutions to empower Filipino public school students to become leaders.
- MentalHealthPH - Established Project #BetterMe to support the mental health education of frontliners.
- University of Asia and the Pacific - Established the National Economic Development and Values Formation program to revitalize character building and values formation in selected schools.
- Liter of Light - Provided solar lamps to the Dumagat community in Antipolo, Rizal.
- One Million Lights Philippines - Created Lightspeed, a fundraiser to donate solar lamps to communities.
- Rural Rising Philippines - Established Gulay Good Life to assist distressed Filipino partners.
- Philippine Parks and Biodiversity - Conducted Project rIPOrestation, which supported the Bantay Gubat Ipo Watershed Forest Rangers through an immersive hiking and tree planting event where volunteers donated necessary materials to protect the watershed.
- Sentinel Upcycling Technologies - Distributed upcycled plastic products to communities.
- Aboitiz Foundation Inc. and Philippine Disaster Resilience Foundation - Created Disaster Risk Reduction (DRR) 101, which formulates weather knowledge and disaster preparedness workshops.

[READ MORE !\[\]\(c3d993ca47bfe2a953c700506ce31fa0\_img.jpg\)](#)
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### UnionBank Innovation Campus

Tech Up Pilipinas unveiled the UnionBank Innovation Campus, its new home and dedicated innovation and collaboration space in Laguna, Philippines. This first-in-industry innovation hub, inaugurated in September 2022, will house various centers of excellence. It serves as a research hub, collaboration space, office for business continuity purposes, and training camp for UnionBank University, UBPXcellerator, and the AIDT Programs. The launch of the UnionBank Innovation Campus also ushered in the first of many partnership hackathons with the Government. UnionBank SME Segment, Department of Trade and Industry (DTI), and UBPXcellerator hosted a hackathon to solve e-commerce problems: five groups proposed solutions to problems of consumer protection in the face of the growing number of online businesses and the diverse catalog of products on the market.

### Other Projects of



- UBP Metro North Drive for Fire Victims of Navotas provided relief goods for affected families.
- Support for Brgy. Balingasa, Quezon City Fire Victims provisioned relief goods for affected households.
- We are with U! ITSG Go Beyond Activity for Victims of Super Typhoon Karding in San Miguel provided relief goods for typhoon victims.
- Project Pink educated teaching and non-teaching staff about the early detection and prevention of breast cancer.
- Bubong Para Sa U fundraiser repaired the roof of Sitio Talamsi 2 Elementary School in Bulacan that was damaged by Typhoon Karding, and facilitated the distribution of Christmas food packs to students.
- Smart Hydroponics System for General Santos City National High School supported the school's feeding program and built an on-site vegetable garden and Robotic Field Laboratory for students to observe technological applications in agriculture.
- Brigada Eskwela was supported by CitySavings with stakeholder engagement programs to ensure the health and safety of the school's facilities.
- Learning and Teaching Support provided technological support, learning equipment, and printing supplies to schools to facilitate "new normal" ways of teaching and learning.
- Brigada Pagbasa supported the DepEd campaign to increase reading proficiency by closing learners' literacy gaps.
- Project PeraParasyon taught literacy and practical wealth management to public school teachers.
- Calamity Recovery Project mobilizes calamity related assistance through relief distributions and education recovery support initiatives to typhoon-affected areas.
- Project SustainabilityTree supports environmental conservation efforts to improve people's health and well-being.
- Chapel Restoration with U, Paghahanda para sa Face to Face classes sa Child Development Center, and Simulan sa Upuan - provided upcycled chairs to various communities.
- Mangrove tree planting of 400 seedlings in Davao del Sur and Batangas

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Contribution to the UN Sustainable Development Goals (SDGs)

Ongoing initiatives support the SDGs, many of which are tied to broader programs in the Aboitiz Group and support the national agenda of the government. The Bank promotes long-term economic growth by increasing the capacity of individuals

and organizations in wealth management, as well as by empowering small-scale businesses and entrepreneurs. The CSR programs and activities that contributed to SDGs include the following:



- UBP Metro North Drive for Fire Victims of Navotas
- Support for Brgy. Balingasa, Quezon City Fire Victims
- We are with U! ITSG Go Beyond Activity for Victims of Super Typhoon Kardin in San Miguel



**Over 150**  
Families provided with relief goods



- Project #BetterMe
- Project Pink



**1,395**  
Beneficiaries



- #OwnYourFuture with AHA Learning Center
- Bubong Para Sa U
- Smart Hydroponics System for General Santos City National High School
- Brigada Eskwela
- Learning and Teaching Support
- Silungan at Daan, Handog ko para sa Kalinisan mo
- Brigada Pagbasa

**Php5,900,814.25**  
Amount spent



**367**  
Schools reached

**49,584**  
Beneficiaries



- Handwashing stations were built for three schools.



- Liter of Light

- Lightspeed



**50**  
Solar Lamps provided to Dumagat Community in Antipolo

**77**  
Households provided with solar lamps



- Gulay Good Life
- UBPXcellerator Program
- Project PeraParasyon taught literacy and practical wealth management to public school teachers.



**2.5 tons**  
of produce purchased from Filipino farmers

**2,691**  
Teachers taught literacy and practical wealth management



- Liter of Light
- Lightspeed
- Gulay Good Life
- UBP Metro North Helps Fire Victims of Navotas
- Relief drive for Brgy. Balingasa, Quezon City Fire Victims
- We are with U! ITSG Go Beyond Activity for victims of Super Typhoon Kardin in San Miguel
- Learning and Teaching Support
- Brigada Pagbasa



- Liter of Light
- Lightspeed
- Calamity Recovery Project
- Disaster Risk Reduction (DRR) 101
- Project SustainabiliTree





■ Sentinel Upcycling Technologies projects

[READ MORE](#)

■ Paghahanda para sa Face to Face Classes sa Child Development Center

■ Simulan sa Upuan - Upcycled school chair movement

■ Chapel Restoration with U



■ Liter of Light

■ Lightspeed

[READ MORE](#)

■ Project rIPOrestation

■ Mangrove Planting in Davao Del Sur & Batangas

■ Calamity Recovery Project

■ DRR 101

■ Project SustainabiliTree



**400**  
Mangrove seedlings

**Php 609,818**  
Donation Value



■ Mangrove Tree Planting in Davao Del Sur & Batangas

■ Sentinel Upcycling Technologies projects

■ Chapel Restoration with U

■ Paghahanda para sa Face to Face Classes sa Child Development Center

■ Simulan sa Upuan - Upcycled school chair movement



■ Project SustainabiliTree



**Partnerships with:**

■ AHA! Learning Center

■ Liter of Light

■ One Million Lights Philippines

■ Liter of Light

■ Rural Rising Philippines

■ Philippine Parks and Biodiversity

■ Sentinel Upcycling Technologies

■ MentalHealthPH

■ University of Asia and the Pacific

■ Aboitiz Foundation Inc. and Philippine Disaster Resilience Foundation

■ Scale Solutions

■ Future Proof

**CSR at a Glance**

| Results                                  | 2020        | 2021       | 2022              |
|------------------------------------------|-------------|------------|-------------------|
| Number of Direct and Group Beneficiaries | 280,330     | 198,469    | <b>83,162</b>     |
| Amount of CSR allocation                 | PHP 142.00M | PHP 38.20M | <b>Php 45.78M</b> |
| Number of CSR Projects                   | 911         | 876        | <b>898</b>        |
| Total Volunteer Hours                    | 5,437       | 5,800      | <b>8,924</b>      |
| Total Volunteers                         | 2,150       | 1,638      | <b>2,832</b>      |

*Note: Community outreach activities decreased to ensure employee safety amid the pandemic*



■ **Education**  
99 projects

■ **Inclusion**  
32 projects

■ **Employment & Livelihood**  
8 projects

■ **Environment**  
4 projects





# Planet

## Sustainable Finance

We push for innovative thinking in designing products and modeling programs. We are committed to managing our environmental impact responsibly and delivering meaningful products and services.

“As a small start-up social enterprise, it is hard to find organizations that believe in and support your mission and advocacy. That is why we are grateful to UnionBank because they helped us forge a path towards empowering underserved communities in taking climate action, promoting sustainability and an inclusive circular economy; gave us a chance to scale our programs and advocacies without bias...”

**Carla Munar**  
Founder and CEO of Scale Solutions,  
Organizer of the Pasig City Climathon

### Europa Award (Sustainability)

for Green Buildings for  
the ARK Branches

The award from the European Chamber of Commerce of the Philippines underscored the importance of bringing digital financial development in a sustainable and eco-responsible manner. The Europa Awards recognizes companies with exceptional performance and contributions to sustainability in line with global standards and the Philippine Development Plan.

[READ MORE](#) 



PLANET

Sustainable Finance

Creating a sustainable future requires immediate and concerted effort from most industries. The financial sector plays a key role in cultivating awareness of sustainability issues and in making investment decisions that take ESG factors into account. Stakeholders have vested interests in a company’s operational impacts, and they

expect businesses to do more to support issues they care about. Globally, banks are criticized for what they finance, given the environmental and social risks of their business, clients, and communities they serve. Cognizant of these, UnionBank takes sure and steady steps toward the sustainable future it aims to build.

Scorecard

|                              | 2020     | 2021       | 2022                |
|------------------------------|----------|------------|---------------------|
| Energy (in GJ)               | 39,978   | 57,632.90* | <b>89,834.328**</b> |
| GHG (in TCOe)                | 8,387.62 | 12,823.96  | <b>210,110.07</b>   |
| Water (in m3)                | 68,546   | 130,521    | <b>311,641.91**</b> |
| LEED-Certified Branches      | 22       | 25         | <b>25</b>           |
| Paper (in reams)             | 44,185   | 17,800     | <b>13,093</b>       |
| Ink Toners (in cartridges)** | 5,131    | 2,896      | <b>3,483</b>        |
| Recyclable Waste (Tonnes)    | 0.84     | 2.44       | <b>7.09**</b>       |
| Biodegradable Waste (Tonnes) | 1.01     | 2.36       | <b>7.00**</b>       |
| Residual Waste (Tonnes)      | 1.05     | 2.63       | <b>6.94**</b>       |
| Hazardous Waste (Tonnes)     | -        | 0.04       | <b>0.78**</b>       |

Planet

Note: UnionBank sources its water from a local water utility. The Bank does not recycle or reuse wastewater.

\*In 2021, data collection was improved to cover more branches nationwide. Increased electricity and water consumption for 2021 was due to branches going back to normal operations after the pandemic. Electricity consumption for 2021 was restated with a 21% increase due to clearer reassessment.

\*\*The increase in 2022 consumption was due to the change from remote working to hybrid operations for units in the head office.

\*\*\*Greater diesel oil consumption in 2021 was due to increased usage by motorcycle and other sales teams of CitySavings tasked with client visits to process loans during the pandemic. For 2022, diesel accounted for 263,644.50 L and gasoline for 40,261.08 L.



▲ LEED in Southeast Asia Series awarding ceremony where UnionBank received three awards for its recently certified branches in 2022.

Approach to environmental management

UnionBank fully commits to the energy efficiency goal of mitigating the environmental impact of its operations, which hinges upon digital transformation.

Processes and services are updated to continually improve resource management and reduce its carbon footprint.

The Bank aims to adopt Leadership in Energy and Environmental Design (LEED) principles in its branches to reduce carbon emissions and the consumption of water, electricity, and paper. Being in a digital and tech-driven business gives UnionBank the advantage of having minimal contribution to air pollution in its services and operations.

The goal of the emerging climate technology program is to enable people to co-create solutions and innovations that address problems, especially those that affect the environment. The backbone of climate technology is an extension of the sustainable finance program, which takes a holistic approach in facilitating the movement of financial capital so that stakeholders can integrate environmental practices into their businesses.

As a mover of capital, UnionBank directly affects economic development and is in a position to inspire clients to adopt sustainable business practices, protect ecosystems, and embrace diversity. Potential environmental impacts on ecosystems, biodiversity, air pollutants, and effluents are not considered of primary significance to the Bank, but



they are being studied as part of risk assessment for prospective clients. A dedicated section of this report outlines the Bank’s sustainable finance framework and its ongoing efforts to develop the environment and social risk monitoring system, which covers these indirect environmental impacts.

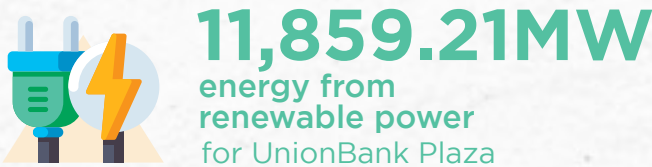
UnionBank’s Occupational Safety and Health Division monitors and ensures compliance with regulations and policies issued by the Department of Environment and Natural Resources (DENR) and other relevant government agencies. The Bank conducts monthly meetings with the

Environmental, Occupational Safety and Health Committee (EOSHC) and monitors GHG emissions and waste management as part of its environmental risk management. Aboitiz Equity Ventures provides guidance for the standard formula applied to the GHG tracking program. Waste management data, such as the volume of waste generated, are reflected in the quarterly self-monitoring report submitted to the Environmental Management Bureau. Guidelines, procedures, and training on proper waste management were established in collaboration with relevant units to consistently apply waste management parameters across organizational operations.

Resource efficiency in operations

Careful management of finite resources and the reduction of waste are vital to sustainability. Resource efficiency is a practical, inexpensive, and fast way to optimize the use of water, electricity, and paper resources.

UnionBank firmly resolved to minimize its carbon footprint by greening workspaces and its network of branches. The headquarters at UnionBank Plaza was the first high-rise financial center in the Philippines to operate using a fully-renewable energy source in 2017. In 2022, the Bank sourced 11,859.21 MW of energy from renewable power.



| Resource Consumption                                                                                                    | 2020    | 2021                     | 2022                 |
|-------------------------------------------------------------------------------------------------------------------------|---------|--------------------------|----------------------|
|  <b>Electricity</b><br>(in GJ)       | 39,978  | 57,632.90*<br>(Restated) | <b>89,834.33**</b>   |
|  <b>Water</b><br>(in M3)             | 68,546  | 130,521*                 | <b>311,641.91**</b>  |
|  <b>Paper</b><br>(in reams)          | 44,185  | 17,800                   | <b>13,093</b>        |
|  <b>Ink toner</b><br>(in cartridges) | 5,131   | 2,896                    | <b>3,483</b>         |
|  <b>Fuel</b><br>(in L)               | 160,382 | 479,979.23***            | <b>303,893.65***</b> |

Note: UnionBank sources its water from a local water utility. The Bank does not recycle or reuse wastewater.

\*In 2021, data collection was improved to cover more branches nationwide. Increased electricity and water consumption for 2021 was due to branches going back to normal operations after the pandemic. Electricity consumption for 2021 was restated with a 21% increase due to clearer reassessment.

\*\*The increase in 2022 consumption was due to the change from remote working to hybrid operations for units in the head office.

\*\*\*Greater diesel oil consumption in 2021 was due to increased usage by motorcycle and other sales teams of CitySavings tasked with client visits to process loans during the pandemic. For 2022, diesel accounted for 263,644.50 L and gasoline for 40,261.08 L.

| Carbon footprint     | 2020<br>(Readjusted) | 2021<br>(Readjusted) | 2022              |
|----------------------|----------------------|----------------------|-------------------|
| Total GHG (in TCO2e) | 8,387.62             | 12,823.96            | <b>210,110.07</b> |
| Scope 1              | 459.08               | 1,374.23             | <b>843.56</b>     |
| Scope 2              | 7,928.54             | 11,449.73            | <b>209,266.51</b> |

Note: Computation of Scope 1 and Scope 2 were reevaluated for 2020 (Formerly Scope 1: 458.85 TCOe, Scope 2: 792 TCOe, Total GHG: 466.77 TCOe) and 2021 (Formerly Scope 1: 1,374.23 TCOe, Scope 2: 11.45 TCOe, Total GHG: 1,384.99 TCOe). This was attributed to a more accurate method of measuring greenhouse gas (GHG) emissions. Coverage for 2021 only included 47 sites for UnionBank and 150 sites for CitySavings. 2022 Operations covered 194 sites for UnionBank and 150 sites for CitySavings.

Transforming to digital operations helps reduce the carbon footprint. In 2022, about 82.19% of total transactions switched to paperless or online processing, which saved around 532 trees. This also helped offset almost 132,920 kWh in energy consumption.

Bank branches and workspaces were transformed into sustainably designed structures following the principles of LEED. This thrust complemented the move to convert traditionally-structured branches into ARK and ARK Lite centers that use resources efficiently and incorporate paperless and digital features.



Environmental Initiatives

Closing the loop

UnionBank partnered with Sentinel Upcycling Technologies, a Philippine manufacturer of upcycled plastic products, to close a loop in the circular economy. Sentinel is one of the few upcyclers to respond to the growing plastic pollution problem in the Philippines by turning low-value plastic waste into durable products.

UnionBank provided Sentinel's durable products to communities in need through the GoBeyond Communities program, including:



50  
upcycled  
monobloc chairs  
to Lady Fatima Chapel



32  
upcycled  
kiddie chairs  
to Child  
Development Center



50  
upcycled  
school chairs  
to AFG Bernardino  
Memorial Trade School

As a result, UnionBank was able to support Sentinel and divert 55,436 plastic sachets and 110.87 kg of beverage cartons.

Lightspeed

Millions of Filipinos lack access to electricity and rely on kerosene lamps for light, which release hazardous fumes and are costly to maintain. To help address this issue, 26 interns mounted a virtual fun run to fundraise for solar lamps to donate to communities. Through the GoBeyond Communities program and One Million Lights Philippines, the group donated solar lamps to 77 households so that children may study and parents can continue to work at night.



Project riPOrestation

The Ipo Watershed lies within the town of Norzagaray and City of San Jose Del Monte in Bulacan and covers more than 6,000 hectares of forest. It is part of the larger Angat watershed, which supplies 97% of the water required by millions of households and businesses in the National Capital Region. Tech LEADs supported this watershed with tree planting activities and donated essential items to the Bantay Gubat Ipo Watershed Rangers, who play a vital role in protecting and restoring the watershed.



▲ UnionBank of the Philippines donated 20 16-liter bags with hammock, sleeping bags, flashlight and first aid kits, as well as 30 30-liter bags.



Liter of Light

UnionBank volunteers donated and distributed solar lamps to the Dumagat community of Antipolo, Rizal, who have limited access to electricity and mostly rely on kerosene lamps for light.



# Purpose

## Inclusive Prosperity

We are industry disruptors seeking to transform banking and financial services. Most importantly, we ensure that no one gets left behind in our sustainability and digital transformation journey.

“UnionBank has been there since the start of **Bounce Back PH** providing content for financial literacy webinars to SMEs...which are the cornerstone of our economy...I can relate to UnionBank’s SME strategy-focused programs. The Bank is known for being first in innovation and is willing to take the risk, especially on SMEs..”

**Jason Dela Rosa**  
Venture Builder | Entrepreneur | Author  
Founder, Bounce Back Philippines  
Innovative Impact Ventures, Inc.



PURPOSE

Inclusive Prosperity

Digital transformation provides a path to building a bank of enduring greatness as it blends financial expertise with innovation and technology to benefit people, communities, businesses, and society. Coupled with people development, technology adds value to society.

Approach to financial inclusion

UnionBank strives for economic growth that empowers people and businesses, creates new opportunities, reduces social inequalities, and leads to a better future. Integrated sustainable banking practices help achieve meaningful growth for those who share the Bank’s mission to tech up customers and stakeholders.

Innovative services and banking solutions uplift the lives of clients, patrons and communities. UnionBank intends to bring the country forward with purpose; thereby teching up the Philippines to foster inclusive financial prosperity.

The Bank’s goals are:

- **Bring financial services to rural areas.** Most Filipinos remain predominantly unbanked, which is an obstacle to overcoming poverty. Financial inclusiveness means using banking and financial services to elevate quality of life and improving accessibility—especially for those who live in remote areas.
- **Provide people with access to financial products.** UnionBank invests in technological infrastructure to put services and products within easy reach of all kinds of possible end-users at reasonable costs. These products and services, available in modern rural hubs and remote rural locations, increase possibilities for meaningful financial outcomes for all clients.
- **Reach out to the unbanked and underbanked.** The Bank makes it easy for the unbanked and underbanked to avail of products and services, including financial inclusion assistance from subsidiaries such as UnionDigital, UBX, and CitySavings.



▲ GBC Volunteers from ‘Bubong Para sa U’ at Sitio Talamsi II Elementary School in Dona Remedios Trinidad, Bulacan. Volunteers helped rebuild the typhoon-stricken school and provided noche buena packages for students and faculty members.

Plowing back the generated economic value

Business should focus not only on wealth generation but financial inclusion, prioritizing wealth distribution to reach the wide-ranging goal of inclusive prosperity.

| Value (in Php billions)             | 2020  | 2021  | 2022  |
|-------------------------------------|-------|-------|-------|
| Economic value generated            | 43.56 | 45.82 | 59.76 |
| Economic value distributed          | 32.00 | 33.24 | 47.09 |
| Payments to employees               | 7.81  | 8.65  | 10.03 |
| Payments to suppliers               | 8.50  | 11.25 | 15.53 |
| Occupancy                           | 0.90  | 0.89  | 1.03  |
| Depreciation and amortization       | 1.41  | 1.62  | 1.61  |
| Miscellaneous (Others)              | 6.19  | 8.73  | 12.89 |
| Payments to capital providers       | 9.85  | 6.51  | 11.62 |
| Deposit liabilities                 | 5.62  | 2.97  | 6.02  |
| Bills payable and other liabilities | 4.23  | 3.54  | 5.60  |
| Payments to governments             | 5.78  | 6.81  | 9.87  |
| Taxes and licenses                  | 3.50  | 2.88  | 4.11  |
| PDIC + Supervision Fees             | 1.49  | 1.52  | 1.82  |
| Tax expense                         | 0.78  | 2.41  | 3.93  |
| Donations to communities            | 0.06  | 0.02  | 0.04  |
| Economic value retained             | 11.56 | 12.58 | 12.67 |



## Innovation and financial inclusion in a digitally connected world

Throughout its digital transformation journey, UnionBank used innovative thinking to create game-changing financial products and services that benefitted entrepreneurs and clients from all sectors of the country.

The Bank's robust digital strategy, level of preparation, and goal of creating a shared sustainable future drove solid financial outcomes for all stakeholders. This allowed both the Bank and its clients to weather challenges, particularly those brought about by the COVID-19 pandemic.

### Open and embedded financial solutions and partnerships

As the leading open finance platform in the Philippines, UBX drives open finance and financial inclusion through its myriad solutions and vast network of reputable financial institutions, service providers, insurers, lenders, and payment channels.

UBX's extensive range of embedded financial services and solutions yielded impressive results and major milestones in 2022. The platform's customer base grew 184 times over the past three years, with transaction volumes reaching a growth rate of 411 times to Php 41B by the end of 2022. Moreover, UBX gained over 230,000 business-to-business clients, who in turn serve millions of local customers each day.

The company continues to build and invest in open platforms and technologies that encourage innovation and collaboration, unlocking business potential and benefiting consumers.

UnionBankers were equipped with digital tools, which facilitated smooth transitions and maintained uninterrupted operations—even during the lockdowns. The majority of branches remained open with full banking services, ensuring the safety of both employees and clients and equipping the workforce with the necessary operational resources. Apps and digital platforms allowed transactions from the safety of customers' homes.

All UBX platforms are digital, assuring uninterrupted service despite the pandemic. i2i, recognised as one of the Philippines' largest and fastest-growing financial networks, facilitates transfers across a network of financial institutions. It promotes agency banking through its mobile ATM service. UBX stepped up to digitally transform community-based financial institutions via i2i, enabling customers to use digital cash transfers to send funds and payments to over 11,000 locations nationwide.

UBX leads with financial solutions include MSMEs and NGOs to guarantee even the smallest organizations access to the financial tools and solutions they need to succeed.

In addition, BUx, an all-in-one payment platform, makes payment to e-commerce businesses easy. Sentro, a free online shopping platform with pre-integrated payment and logistics capabilities, facilitated creation of online shops and provided access to MSME products and services during the pandemic.

### Billions of loans processed for MSMEs

SeekCap, a digital lending marketplace for MSMEs in the Philippines, provides same-day approval for loans to help grow and scale up businesses. SeekCap processed Php 14B worth of loans in 2022 for over 65,000 registered MSMEs.

SeekCap's online platform and partnerships with lending institutions, digital communities, and eCommerce platforms make credit access easier for MSMEs. Partnerships with nine trusted lenders made 24 loan products available on the platform. Collaborations with Lazada and Foodpanda also expanded reach, and SeekCap's alliance with WomenBizPh improved access to business loans for women entrepreneurs.

This community-driven stance combined with data-driven lending helps develop projects that cater to the unique needs of MSMEs.



▲ UnionBank SME Banking app empowers MSMEs digitally to manage financial operations



Empowering women with digital payments

Kabalikat Para Sa Maunlad Na Buhay, Inc. (KMBI) empowers underprivileged Filipino women micro-entrepreneurs through access to loans, insurance, and capital build-up. With over 160,000 women served nationwide, BUx partnered with KMBI for a series of roadshows across Luzon, Visayas, and Mindanao in 2022.

During the roadshows, Filipina micro-entrepreneurs expressed difficulties in paying back loans due to the distance between their communities and local branches or partnered banks. It would take hours of travel to complete essential weekly banking, and some felt the journey was unsafe.

KMBI addressed these challenges by digitizing and automating its collection system using BUx, resulting in lower transaction costs and a streamlined payment process for Program Members. This initiative earned KMBI recognition as one of the four awardees of the Digital Champions - MFI Category during the 1st Digital Financial Inclusion Awards (DFIA).

Through BUx, women micro-entrepreneurs can pay their weekly dues from their homes through e-wallets such as GCash

and GrabPay. Moreover, they may settle their accounts in any of the 60,000 payment branches, including 7-Eleven, Palawan Pawnshop, and Cebuana Lhuillier. BUx’s real-time dashboard enables KMBI branch employees to monitor payments, reconcile dues, and generate multiple payment links in seconds using the batch invoicing feature.

UnionBank continues to tech up the Philippines, promoting wide-scale digital transformation for clients, partners, and institutions, and allowing stakeholders to weather crises and build resilience. Together, the Bank and its communities power the future and help strengthen the nation.



▲ KMBI expands loan payment options for women entrepreneurs using BUx’s payment links in 2022

The ‘Paleng-QR’ initiative: cashless payments in public markets

UnionBank heeded the call from the Bangko Sentral ng Pilipinas and the Department of the Interior and Local Government to promote cashless payments in public markets through the Paleng-QR initiative. Launched in Baguio City, the program encourages public market vendors, as well as public utility drivers, to conduct daily customer transactions using QR codes. Enabling QR payment transactions is part of UnionBank’s efforts to use digital tools to simplify payments between individuals, contributing to the overarching goal of financial inclusion.



▲ UnionBank travelled to Baguio City to participate during the “Paleng-QRPH” launch. Representatives were deployed to assist and provide support to individuals who are interested to learn more about the program; and those who wished to open an online account for the first time; among others.

Scorecard

|                                                                             | 2020                                    | 2021                              | 2022                                                                   |
|-----------------------------------------------------------------------------|-----------------------------------------|-----------------------------------|------------------------------------------------------------------------|
| Customer Service Satisfaction Rating (scale of 5 and 100% as the highest)   | UB: 4.904 out of 5<br><br>CSB: 90.80%   | UB: 4.91 out of 5<br><br>CSB: 91% | <b>New: UBP’s Net Promoter Score is at 90%*</b><br><br><b>CSB: 99%</b> |
| Number of customers served (cumulative recorded deposits and loan accounts) | UBP: 10.44M<br><br>CSB: 9,637 customers | UBP: 11.61M<br><br>CSB: 871,680   | <b>UBP: 16.04M</b><br><br><b>CSB: 1.01M</b>                            |
| CSR Beneficiaries (cumulative)                                              | 2,330,703                               | 2,395,107                         | <b>2,478,269</b>                                                       |

*\*In 2022, UnionBank started using the Net Promoter Score (NPS) Free-text Analysis Tool, which can automate the identification of user needs and gains through direct feedback analysis. This ensures that products, services, and interactions across channels satisfy customer needs and expectations. NPS from January to December 2022 is 90%. The target was initially set at 70%.*



▲ UnionBank strives to provide customers with the best solutions and experiences through innovations like the ARK branches



GRI Index

| GRI Standard                    | Disclosure                                                           | Location                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Requirement(s) Omitted                                                                                                                                                                                                                                               | Reason and Explanation                                                                                                                                                                         |
|---------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General disclosures             |                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details                                           | ■ About This Report <b>p. 2</b><br>■ Business Profile <b>pp. 6-7</b><br>■ Geographic presence <b>p. 8</b><br>■ Ownership and Legal Form <b>p. 100</b>                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                |
|                                 | 2-2 Entities included in the organization's sustainability reporting | About This Report <b>p. 2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                |
|                                 | 2-3 Reporting period, frequency and contact point                    | ■ About This Report <b>p. 2</b><br>■ The Team Behind this Report <b>p. 119</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                |
|                                 | 2-4 Restatements of information                                      | GHG emissions under Planet Scorecard and Carbon footprint <b>p. 66</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                |
|                                 | 2-5 External assurance                                               | The sustainability office, under the Chief Human Resources Officer presided over its creation. External assurance will be considered for the 2023 Sustainability Report.                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                |
|                                 | 2-6 Activities, value chain and other business relationships         | Union Bank of the Philippines is part of the financial sector of the Philippines.<br><br>UnionBank supports local enterprises and local populations to honor the mutually beneficial relationship it has with its host community. UnionBank's branch network is designed to encourage banking locally. UnionBank also does its part by investing in the local market, through its suppliers, and championship of small and medium enterprises (SMEs).<br><br>Customers and number of customers - Tech Up metrics (also for beneficiaries) <b>p. 79</b> | Report the total number of workers who are not employees and whose work is controlled by the organization and describe:<br><br>i. the most common types of worker and their contractual relationship with the organization<br><br>ii. the type of work they perform" | <b>Reason:</b> Information unavailable / Incomplete<br><br><b>Explanation:</b> Data for the type of work that contractors do is not readily available, but will be included in future reports. |
|                                 | 2-7 Employees                                                        | Annexes - People Tables <b>p. 112</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                |
|                                 | 2-8 Workers who are not employees                                    | Lost Time Injury Frequency Rate (LTIFR) <b>p. 55</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                |
|                                 | 2-9 Governance structure and composition                             | Governance Structure - <a href="https://www.unionbankph.com/about-us/who-we-are/structure">https://www.unionbankph.com/about-us/who-we-are/structure</a><br>Key executive officers - <a href="https://www.unionbankph.com/about-us/who-we-are/key-executive-officers">https://www.unionbankph.com/about-us/who-we-are/key-executive-officers</a><br>Board of Directors - <a href="https://www.unionbankph.com/about-us/who-we-are/board-of-directors">https://www.unionbankph.com/about-us/who-we-are/board-of-directors</a>                           |                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                |

| GRI Standard                    | Disclosure                                                                       | Location                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Requirement(s) Omitted | Reason and Explanation |
|---------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| General disclosures             |                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                        |                        |
| GRI 2: General Disclosures 2021 | 2-10 Nomination and selection of the highest governance body                     | Corporate governance selection process for Board of Directors and Senior Management found in Manual on Good Corporate - <a href="https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard">https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard</a>                                                                                                                                                                                                                               |                        |                        |
|                                 | 2-11 Chair of the highest governance body                                        | Chairman, Erwin Isidro M. Aboitiz is not a senior executive in UnionBank. <a href="https://www.unionbankph.com/about-us/who-we-are/board-of-directors">https://www.unionbankph.com/about-us/who-we-are/board-of-directors</a>                                                                                                                                                                                                                                                                                                             |                        |                        |
|                                 | 2-12 Role of the highest governance body in overseeing the management of impacts | Roles can be found in Manual on Good Governance - <a href="https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard">https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard</a>                                                                                                                                                                                                                                                                                                     |                        |                        |
|                                 | 2-13 Delegation of responsibility for managing impacts                           | Sustainability at UnionBank <b>p. 18</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                        |
|                                 | 2-14 Role of the highest governance body in sustainability reporting             | Sustainability at UnionBank <b>p. 18</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                        |
|                                 | 2-15 Conflicts of interest                                                       | Policy on Conflict of Interest under Government Policies: <a href="https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=4&amp;acc=4350">https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=4&amp;acc=4350</a><br>Also listed in UnionBank's RPT Policy: <a href="https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=5">https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=5</a> |                        |                        |
|                                 | 2-16 Communication of critical concerns                                          | Matters brought forward by shareholders within the context of the Annual Shareholders Meeting are dealt with in accordance with the Articles of Incorporation. (Sustainability at UnionBank, <b>p. 20</b> )                                                                                                                                                                                                                                                                                                                               |                        |                        |
|                                 | 2-17 Collective knowledge of the highest governance body                         | Sustainability Learning and Appreciation Courses <b>p. 32</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                        |                        |
|                                 | 2-18 Evaluation of the performance of the highest governance body                | Manual of Good Corporate Governance, Duties and Responsibilities of the Board of Directors: "Oversee the establishment of a bank-wide integrated approach to address its environmental, social and governance commitments in accordance with existing regulations and global standards." (Annexes - Corporate Governance, <b>p. 102</b> )<br><br>Because these issues are integrated into UnionBank's business model, there is no separate formal process for evaluating the performance of the Board of Directors in these respects.     |                        |                        |

GRI Index

| GRI Standard                    | Disclosure                                              | Location                                                                                                                                                                                                                                                                                                                                                                                              | Requirement(s) Omitted               | Reason and Explanation                                                                                                                          |
|---------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| General disclosures             |                                                         |                                                                                                                                                                                                                                                                                                                                                                                                       |                                      |                                                                                                                                                 |
| GRI 2: General Disclosures 2021 | 2-19 Remuneration policies                              | Remuneration Policy under Government Policies: <a href="https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=4&amp;acc=4357">https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=4&amp;acc=4357</a>                                                                                                                        |                                      |                                                                                                                                                 |
|                                 | 2-20 Process to determine remuneration                  | Process to determine remuneration is included in the annual report: <a href="https://www.unionbankph.com/company-disclosure/annual-reports">https://www.unionbankph.com/company-disclosure/annual-reports</a>                                                                                                                                                                                         |                                      |                                                                                                                                                 |
|                                 | 2-21 Annual total compensation ratio                    |                                                                                                                                                                                                                                                                                                                                                                                                       | 2-21 Annual total compensation ratio | <b>Reason:</b> Confidentiality constraints<br><br><b>Explanation:</b> Local laws do not require disclosures on annual total compensation ratio. |
|                                 | 2-22 Statement on sustainable development strategy      | Joint Message of the Chairman and President & CEO <b>p. 10</b>                                                                                                                                                                                                                                                                                                                                        |                                      |                                                                                                                                                 |
|                                 | 2-23 Policy commitments                                 | Sustainability Policy (Sustainability at UnionBank: Policy, <b>p. 25</b> )                                                                                                                                                                                                                                                                                                                            |                                      |                                                                                                                                                 |
|                                 | 2-24 Embedding policy commitments                       | <ul style="list-style-type: none"><li>■ Sustainability Policy (Sustainability at UnionBank: Policy, <b>p. 25</b>)</li><li>■ ESG Risk Monitoring System until Overview of Environmental and Social Risk Management System (ESRMS) (Sustainability at UnionBank, <b>p. 28-30</b>)</li><li>■ Sustainability Learning and Appreciation Courses (Sustainability at UnionBank, <b>p. 32</b>)</li></ul>      |                                      |                                                                                                                                                 |
|                                 | 2-25 Processes to remediate negative impacts            | Stakeholder Consultation (Sustainability at UnionBank <b>p. 20</b> )                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                 |
|                                 | 2-26 Mechanisms for seeking advice and raising concerns | The Team Behind this Report (Annexes, <b>p. 119</b> )                                                                                                                                                                                                                                                                                                                                                 |                                      |                                                                                                                                                 |
|                                 | 2-27 Compliance with laws and regulations               | <p>The Bank has governance policies and mechanisms in place to help fulfill its responsibilities to its stakeholders. They are subject to periodic review in order to ensure that they remain consistent with applicable regulations and industry best practice.</p> <p>The Bank’s ethical standards are institutionalized thru its Code of Conduct which ensures the placement of clear mandates</p> |                                      |                                                                                                                                                 |

| GRI Standard                    | Disclosure                                | Location                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Requirement(s) Omitted               | Reason and Explanation                                                                                                                                                     |
|---------------------------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General disclosures             |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                      |                                                                                                                                                                            |
| GRI 2: General Disclosures 2021 | 2-27 Compliance with laws and regulations | <p>for its employees to observe responsible business banking in the performance of their functions.</p> <p>Aside from ensuring compliance to its Code of Conduct, the Bank, as a whole, upholds a high standard in disclosure and transparency in order to assure the investing public an authentic and comprehensive perspective to its financial condition. The Bank complies with the required reportorial submissions under applicable laws and regulations and makes full, fair, accurate and timely public disclosures on material facts or events that may reasonably be expected to affect investor’s decisions.</p> <p>Ethical Standards and Governance Policies - <a href="https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=0">https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=0</a>”</p> |                                      |                                                                                                                                                                            |
|                                 | 2-28 Membership associations              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 2-28 Membership associations         | <b>Reason:</b> Information unavailable / Incomplete<br><br><b>Explanation:</b> This data is currently unavailable, but UnionBank will include this in the report for 2023. |
|                                 | 2-29 Approach to stakeholder engagement   | Scope and Materiality (Sustainability at UnionBank, <b>p. 20-21</b> )                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2-21 Annual total compensation ratio | <b>Reason:</b> Confidentiality constraints<br><br><b>Explanation:</b> Local laws do not require disclosures on annual total compensation ratio.                            |
|                                 | 2-30 Collective bargaining agreements     | Under People - Collective bargaining agreements <b>p. 115</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                      |                                                                                                                                                                            |
| Material Topics                 |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                      |                                                                                                                                                                            |
| GRI 3: Material Topics 2021     | 3-1 Process to determine material topics  | Scope and Materiality (Sustainability at UnionBank, <b>p. 18-19</b> )                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                                                                                                                                                            |
|                                 | 3-2 List of material topics               | Under Scope and Materiality (Material Topics) <b>p. 19</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                      |                                                                                                                                                                            |
| Usability and Accessibility     |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                      |                                                                                                                                                                            |
| GRI 3 Material Topics 2021      | 3-3 Management of material topics         | People - Innovating for Social Good <b>p. 56</b><br>Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                      |                                                                                                                                                                            |



GRI Index

| GRI Standard                                | Disclosure                                                                                         | Location                                                                                                                                                                                     | Requirement(s) Omitted | Reason and Explanation |
|---------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Material Topics                             |                                                                                                    |                                                                                                                                                                                              |                        |                        |
| Usability and Accessibility                 |                                                                                                    |                                                                                                                                                                                              |                        |                        |
| UnionBank’s Approach to Financial Inclusion | Bring financial services to the rural areas                                                        | Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b>                                                        |                        |                        |
|                                             | Make financial products accessible to more people                                                  | Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b>                                                        |                        |                        |
|                                             | Reach out to the unbanked and underbanked                                                          | Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b>                                                        |                        |                        |
| Customer Experience                         |                                                                                                    |                                                                                                                                                                                              |                        |                        |
| GRI 3 Material Topics 2021                  | 3-3 Management of material topics                                                                  | People - Innovating for Social Good <b>p. 56</b><br>Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b>    |                        |                        |
| UnionBank’s Approach to Financial Inclusion | Bring financial services to the rural areas                                                        | People - Innovating for Social Good <b>p. 56</b><br>Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b>    |                        |                        |
|                                             | Make financial products accessible to more people                                                  | People - Innovating for Social Good <b>p. 56</b><br>Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. p. 74-78</b> |                        |                        |
|                                             | Reach out to the unbanked and underbanked                                                          | People - Innovating for Social Good <b>p. 56</b><br>Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. p. 74-78</b> |                        |                        |
| Data Privacy and Integrity                  |                                                                                                    |                                                                                                                                                                                              |                        |                        |
| GRI 3 Material Topics 2021                  | 3-3 Management of material topics                                                                  | Annexes - Customer Privacy <b>p. 108</b><br>Annexes - Data Security <b>p. 110</b>                                                                                                            |                        |                        |
| GRI 418: Customer Privacy 2016              | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Annexes - Data Security <b>p. 110</b>                                                                                                                                                        |                        |                        |
| SASB Customer Privacy for Consumer Finance  | Number of account holders whose information is used for secondary purposes                         | Annexes - Customer Privacy <b>p. 108</b>                                                                                                                                                     |                        |                        |
|                                             | Total amount of monetary losses as a result of legal proceedings associated with customer privacy  | There are no cases on this. UnionBank has not had any data breaches that would lead to any legal proceedings.                                                                                |                        |                        |

| GRI Standard                                       | Disclosure                                                                                                                               | Location                                                                                                                                                                                                                                  | Requirement(s) Omitted | Reason and Explanation |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Material Topics                                    |                                                                                                                                          |                                                                                                                                                                                                                                           |                        |                        |
| Information Security, Cybersecurity and Resilience |                                                                                                                                          |                                                                                                                                                                                                                                           |                        |                        |
| GRI 3 Material Topics 2021                         | 3-3 Management of material topics                                                                                                        | Annexes - Data Security (Management Approach) <b>p. 111</b>                                                                                                                                                                               |                        |                        |
| SASB Data Security for Commercial Banks            | (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected” | Annexes - Data Security (table) <b>p. 110</b>                                                                                                                                                                                             |                        |                        |
|                                                    | “Description of approach to identifying and addressing data security risks”                                                              | Annexes - Data Security (Management Approach) <b>p. 111</b>                                                                                                                                                                               |                        |                        |
| Innovation                                         |                                                                                                                                          |                                                                                                                                                                                                                                           |                        |                        |
| GRI 3 Material Topics 2021                         | 3-3 Management of material topics                                                                                                        | People - Digital Transformation <b>p. 40</b>                                                                                                                                                                                              |                        |                        |
| GRI 404: Training and Education 2016               | 404-2 Programs for upgrading employee skills and transition assistance programs                                                          | People - Innovating for Social Good <b>p. 56</b>                                                                                                                                                                                          |                        |                        |
| UnionBank’s Approach to Financial Inclusion        | Bring financial services to the rural areas                                                                                              | Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b>                                                                                                     |                        |                        |
|                                                    | Make financial products accessible to more people                                                                                        | Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b>                                                                                                     |                        |                        |
|                                                    | Reach out to the unbanked and underbanked                                                                                                | Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b>                                                                                                     |                        |                        |
| Digital Inclusion                                  |                                                                                                                                          |                                                                                                                                                                                                                                           |                        |                        |
| GRI 3 Material Topics 2021                         | 3-3 Management of material topics                                                                                                        | People - Digital Transformation <b>p. 40</b><br>People - Innovating for Social Good <b>p. 56</b><br>Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b> |                        |                        |
| GRI 404: Training and Education 2016               | 404-2 Programs for upgrading employee skills and transition assistance programs                                                          | People - Innovating for Social Good <b>p. 56</b>                                                                                                                                                                                          |                        |                        |



GRI Index

| GRI Standard                                                      | Disclosure                                                                                                                                     | Location                                                                                                                              | Requirement(s) Omitted | Reason and Explanation |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Material Topics                                                   |                                                                                                                                                |                                                                                                                                       |                        |                        |
| Digital Inclusion                                                 |                                                                                                                                                |                                                                                                                                       |                        |                        |
| GRI 413: Local Communities 2016                                   | 413-1 Operations with local community engagement, impact assessments, and development programs                                                 | People - Innovating for Social Good <b>p. 56</b>                                                                                      |                        |                        |
| SASB Financial Inclusion & Capacity Building for Commercial Banks | (1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development “            | Tech Up Metrics - CSB Bonds <b>p. 37</b>                                                                                              |                        |                        |
|                                                                   | (1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development” | Tech Up Metrics - CSB Bonds <b>p. 37</b>                                                                                              |                        |                        |
|                                                                   | “Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers “                                         | Tech Up Metrics - New digital accounts opened <b>p. 36</b>                                                                            |                        |                        |
| UnionBank's Approach to Financial Inclusion                       | Bring financial services to the rural areas                                                                                                    | Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b> |                        |                        |
|                                                                   | Make financial products accessible to more people                                                                                              | Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b> |                        |                        |
|                                                                   | Reach out to the unbanked and underbanked                                                                                                      | Purpose - Our approach to financial inclusion until Innovation and financial inclusion in a digitally connected world <b>p. 74-78</b> |                        |                        |
| Digital Capability                                                |                                                                                                                                                |                                                                                                                                       |                        |                        |
| GRI 3 Material Topics 2021                                        | 3-3 Management of material topics                                                                                                              | People - Digital Transformation <b>p. 40</b><br>People - Innovating for Social Good <b>p. 56</b>                                      |                        |                        |
| GRI 404: Training and Education 2016                              | 404-2 Programs for upgrading employee skills and transition assistance programs                                                                | People - Innovating for Social Good <b>p. 56</b>                                                                                      |                        |                        |
| GRI 413: Local Communities 2016                                   | 413-1 Operations with local community engagement, impact assessments, and development programs                                                 | People - Innovating for Social Good <b>p. 56</b>                                                                                      |                        |                        |

| GRI Standard                                                                                                | Disclosure                                                                                                         | Location                                                                                                                                                                                                                                                                                     | Requirement(s) Omitted                                                                                                                                  | Reason and Explanation                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Topics                                                                                             |                                                                                                                    |                                                                                                                                                                                                                                                                                              |                                                                                                                                                         |                                                                                                                                                                                                                             |
| Risk Management                                                                                             |                                                                                                                    |                                                                                                                                                                                                                                                                                              |                                                                                                                                                         |                                                                                                                                                                                                                             |
| GRI 3 Material Topics 2021                                                                                  | 3-3 Management of material topics                                                                                  | ESG Risk Monitoring System <b>p. 28</b>                                                                                                                                                                                                                                                      |                                                                                                                                                         |                                                                                                                                                                                                                             |
| SASB Incorporation of Environmental, Social, and Governance Factors in Credit Analysis for Commercial Banks | Commercial and industrial credit exposure, by industry                                                             | Breakdown of E&S Risk Exposure of the Bank per Industry <b>p. 32</b>                                                                                                                                                                                                                         |                                                                                                                                                         |                                                                                                                                                                                                                             |
|                                                                                                             | Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis | ESG Risk Monitoring System <b>p. 28</b>                                                                                                                                                                                                                                                      |                                                                                                                                                         |                                                                                                                                                                                                                             |
| Climate Change Issues                                                                                       |                                                                                                                    |                                                                                                                                                                                                                                                                                              |                                                                                                                                                         |                                                                                                                                                                                                                             |
| GRI 3 Material Topics 2021                                                                                  | 3-3 Management of material topics                                                                                  | Planet - Introduction and approach to environmental management <b>p. 66</b>                                                                                                                                                                                                                  |                                                                                                                                                         |                                                                                                                                                                                                                             |
| GRI 301: Materials 2016                                                                                     | 301-1 Materials used by weight or volume                                                                           | Resource efficiency in operations <b>p. 68</b>                                                                                                                                                                                                                                               |                                                                                                                                                         |                                                                                                                                                                                                                             |
|                                                                                                             | 301-2 Recycled input materials used                                                                                |                                                                                                                                                                                                                                                                                              | a. Percentage of recycled input materials used to manufacture the organization's primary products and services.                                         | <b>Reason:</b> Information unavailable / Incomplete<br><br><b>Explanation:</b> UnionBank's products are currnently not using recyclable materials. Recyclable materials will be considered for future product improvements. |
|                                                                                                             | 3-3 Management of material topics                                                                                  |                                                                                                                                                                                                                                                                                              | a. Percentage of reclaimed products and their packaging materials for each product category<br>b. How the data for this disclosure have been collected. | <b>Reason:</b> Not applicable.<br><br><b>Explanation:</b> UnionBank's products and services are not products that can be reclaimed.                                                                                         |
| GRI 302: Energy 2016                                                                                        | 302-1 Energy consumption within the organization                                                                   | Resource efficiency in operations <b>p. 68</b>                                                                                                                                                                                                                                               |                                                                                                                                                         |                                                                                                                                                                                                                             |
|                                                                                                             | 302-2 Energy consumption outside the organization                                                                  |                                                                                                                                                                                                                                                                                              | 302-2 Energy consumption outside the organization                                                                                                       | <b>Reason:</b> Information unavailable / Incomplete                                                                                                                                                                         |
| GRI 303: Water and Effluents 2018                                                                           | 303-1 Interactions with water as a shared resource                                                                 | Water withdrawn, consumed, and discharged is indicated in [ <b>p. 69</b> of resource efficiency in our operations]. Water withdrawal and discharged is handled by third-party water providers for respective building or branch locations. No water-related impacts were identified in 2022. |                                                                                                                                                         |                                                                                                                                                                                                                             |

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| GRI Standard                      | Disclosure                                          | Location                                                                                                | Requirement(s) Omitted                                                                                                                                                                                                                                                                                                                                                                                                                                        | Reason and Explanation                                                                                                                                                                                              |
|-----------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Topics                   |                                                     |                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                     |
| Climate Change Issues             |                                                     |                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                     |
| GRI 303: Water and Effluents 2018 | 303-2 Management of water discharge-related impacts |                                                                                                         | A description of any minimum standards set for the quality of effluent discharge, andhow these minimum standards were determined, including:<br>i. how standards for facilities operating in locations with no local discharge requirements were determined<br>ii. any internally developed water quality standards or guidelines<br>iii. any sector-specific standards considered<br>iv. whether the profile of the receiving waterbody was considered.      | <b>Reason:</b> Not applicable.<br><br><b>Explanation:</b> This was not identified as a material topic for the Bank.                                                                                                 |
|                                   | 303-3 Water withdrawal                              | Water withdrawn is freshwater. Amount is indicated in [p. 68 of resource efficiency in our operations]. | Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:<br>i. Surface water<br>ii. Groundwater<br>iii. Seawater<br>iv. Produced water<br>v. Third-party water, and a breakdown of this total by the withdrawal sources listed ini-iv.v.                                                                                                                                 | <b>Reason:</b> Information unavailable / incomplete.<br><br><b>Explanation:</b> Water withdrawal is handled by a third-party water provider. Locations of water sources vary and are not included in data provided. |
|                                   | 303-4 Water discharge                               | Water withdrawn is freshwater. Amount is indicated in [p. 68 of resource efficiency in our operations]. | A breakdown of total water discharge to all areas in megaliters by the following categories:<br>i. Freshwater (≤1,000 mg/L Total Dissolved Solids)<br>ii. Other water (>1,000 mg/L Total Dissolved Solids).<br>b.Total water discharge to all areas with water stress in megaliters, and a breakdown ofthis total by the following categories:<br>i. Freshwater (≤1,000 mg/L Total Dissolved Solids)<br>ii. Other water (>1,000 mg/L Total Dissolved Solids). | <b>Reason:</b> Information unavailable / incomplete.<br><br><b>Explanation:</b> Water discharge is handled by a third-party water provider. Locations of water sources vary and are not included in data provided.  |
|                                   |                                                     |                                                                                                         | Priority substances of concern for which discharges are treated, including:<br>i. how priority substances of concern were defined, and any international standard,authoritative list, or criteria used<br>ii. the approach for setting discharge limits for priority substances of concern<br>iii. number of incidents of non-compliance with discharge limits.                                                                                               | <b>Reason:</b> Not applicable.<br><br><b>Explanation:</b> This was not identified as a material topic for the Bank.                                                                                                 |
|                                   | 303-5 Water consumption                             | Water withdrawn is freshwater. Amount is indicated in [p. 69 of resource efficiency in our operations]. | Total water consumption from all areas with water stress in megaliters.                                                                                                                                                                                                                                                                                                                                                                                       | <b>Reason:</b> Information unavailable / incomplete.<br><br><b>Explanation:</b> Water withdrawal is handled by a third-party water provider. Locations of water sources vary and are not included in data provided. |

| GRI Standard            | Disclosure                                                   | Location                                                                                                                                                                                                                                                                                                                                                                   | Requirement(s) Omitted                                                                                                                                                                                                     | Reason and Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Topics         |                                                              |                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Climate Change Issues   |                                                              |                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions                         | Resource efficiency in operations p. 68<br><br>GWP rate used for CO2 was 1 based on the values of the IPCC 6th report. Methods followed were based on the World Business Council for Sustainable Development GHG protocols.                                                                                                                                                |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                         | 305-2 Energy indirect (Scope 2) GHG emissions                | Resource efficiency in operations p. 68<br>GWP rate used for CO2 was 1 based on the values of the IPCC 6th report. Methods followed were based on the World Business Council for Sustainable Development GHG protocols.                                                                                                                                                    |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| GRI 306: Waste 2020     | 306-1 Waste generation and significant waste-related impacts | Planet Scorecard p. 66                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                         | 306-2 Management of significant waste-related impacts        | Data on waste is collected using a Microsoft Office Form on a quarterly basis. Each Branch Manager must complete a form detailing their quarterly waste generation in kilograms, which is then converted to metric tonnes (standard unit) by Microsoft Excel. The Occupational Safety and Health Division monitors the collected data using Microsoft Excel and One Drive. |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                         | 306-3 Waste generated                                        | Total waste generated for 2022 was 21.81 tonnes. Breakdown by waste type can be found in (p. Planet Scorecard) p. 66                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                         | 306-4 Waste diverted from disposal                           | Planet Scorecard until Closing the Loop pp. 66-70                                                                                                                                                                                                                                                                                                                          | Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations:<br>i. Preparation for reuse<br>ii. Recycling<br>iii. Other recovery operations. | <b>Reason:</b> Information unavailable / incomplete.<br><br><b>Explanation:</b> Following the regulations by the Department of Environment and Natural Resources - Environmental Management Bureau for hazardous waste, UnionBank strictly abides by its waste hauling, treatment, storage and disposal requirements. Treatment, storage and disposal is done in an accredited facility and once the process is complete, a certificate of treatment is provided to the Bank. |



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| GRI Standard                      | Disclosure                                                       | Location                                                                                                                                                                                    | Requirement(s) Omitted           | Reason and Explanation                                                                                                                                                                                                 |
|-----------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Topics                   |                                                                  |                                                                                                                                                                                             |                                  |                                                                                                                                                                                                                        |
| Climate Change Issues             |                                                                  |                                                                                                                                                                                             |                                  |                                                                                                                                                                                                                        |
| GRI 306: Waste 2020               | 306-5 Waste directed to disposal                                 |                                                                                                                                                                                             | 306-5 Waste directed to disposal | <b>Reason:</b> Information unavailable / incomplete.<br><br><b>Explanation:</b> Waste is collected by a hauler. Disposal method is not made known. Waste destination will be discussed with hauler for identification. |
| Sustainable Finance               |                                                                  |                                                                                                                                                                                             |                                  |                                                                                                                                                                                                                        |
| GRI 3 Material Topics 2021        | 3-3 Management of material topics                                | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                                  |                                                                                                                                                                                                                        |
|                                   | 301-2 Recycled input materials used                              | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                                  |                                                                                                                                                                                                                        |
|                                   | 301-3 Reclaimed products and their packaging materials           | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                                  |                                                                                                                                                                                                                        |
| GRI 3 Material Topics 2021        | 302-1 Energy consumption within the organization                 | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                                  |                                                                                                                                                                                                                        |
|                                   | 302-2 Energy consumption outside the organization                | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                                  |                                                                                                                                                                                                                        |
|                                   | 302-3 Energy intensity                                           | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                                  |                                                                                                                                                                                                                        |
|                                   | 302-4 Reduction of energy consumption                            | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                                  |                                                                                                                                                                                                                        |
|                                   | 302-5 Reductions in energy requirements of products and services | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                                  |                                                                                                                                                                                                                        |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource               | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                                  |                                                                                                                                                                                                                        |
|                                   | 303-2 Management of water discharge-related impacts              | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                                  |                                                                                                                                                                                                                        |

| GRI Standard                      | Disclosure                                                                                     | Location                                                                                                                                                                                    | Requirement(s) Omitted | Reason and Explanation |
|-----------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Material Topics                   |                                                                                                |                                                                                                                                                                                             |                        |                        |
| Sustainable Finance               |                                                                                                |                                                                                                                                                                                             |                        |                        |
| GRI 303: Water and Effluents 2018 | 303-3 Water withdrawal                                                                         | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   | 303-4 Water discharge                                                                          | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   | 303-5 Water consumption                                                                        | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
| GRI 305: Emissions 2016           | 305-1 Direct (Scope 1) GHG emissions                                                           | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   | 305-2 Energy indirect (Scope 2) GHG emissions                                                  | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   | 305-3 Other indirect (Scope 3) GHG emissions                                                   | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   | 305-4 GHG emissions intensity                                                                  | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   | 305-5 Reduction of GHG emissions                                                               | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   |                                                                                                |                                                                                                                                                                                             |                        |                        |
| GRI 306: Waste 2020               | 306-1 Waste generation and significant waste-related impacts                                   | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   | 306-2 Management of significant waste-related impacts                                          | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   | 306-3 Waste generated                                                                          | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   | 306-4 Waste diverted from disposal                                                             | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   | 306-5 Waste directed to disposal                                                               | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |
|                                   |                                                                                                |                                                                                                                                                                                             |                        |                        |
| GRI 413: Local Communities 2016   | 413-1 Operations with local community engagement, impact assessments, and development programs | UnionBank's Sustainable Finance Framework 2023: <a href="https://www.unionbankph.com/sustainability/sustainable-finance">https://www.unionbankph.com/sustainability/sustainable-finance</a> |                        |                        |

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| GRI Standard                                                                                                | Disclosure                                                                                                         | Location                                                                                                                                                                                                                                                                                                                                                                 | Requirement(s) Omitted | Reason and Explanation |
|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Material Topics                                                                                             |                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                          |                        |                        |
| Risk Management for Sustainability Management                                                               |                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                          |                        |                        |
| GRI 3 Material Topics 2021                                                                                  | 3-3 Management of material topics                                                                                  | ESG Risk Monitoring System <b>p. 28</b>                                                                                                                                                                                                                                                                                                                                  |                        |                        |
| SASB Incorporation of Environmental, Social, and Governance Factors in Credit Analysis for Commercial Banks | Commercial and industrial credit exposure, by industry                                                             | Breakdown of E&S Risk Exposure of the Bank per Industry <b>p. 32</b>                                                                                                                                                                                                                                                                                                     |                        |                        |
|                                                                                                             | Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis | ESG Risk Monitoring System <b>p. 28</b>                                                                                                                                                                                                                                                                                                                                  |                        |                        |
| Business Ethics                                                                                             |                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                          |                        |                        |
| GRI 3 Material Topics 2021                                                                                  | 3-3 Management of material topics                                                                                  | The Compliance function is independent of the business activities of the Bank. The Compliance Office ensures that the Bank, its branches, and subsidiaries comply with all Philippine banking and corporate laws and regulations, internal policies, corporate governance, ethical standards, and other best practices in the implementation of its business operations. |                        |                        |
| GRI 408: Child Labor 2016                                                                                   | 408-1 Operations and suppliers at significant risk for incidents of child labor                                    | UnionBank does not participate in any forms of child labor. UnionBank strictly abides by Republic Act No. 9231, Republic Act No. 10361, and International Labor Organization Convention No. 182 to avoid any form of child labor in the Bank.                                                                                                                            |                        |                        |
| GRI 409: Forced or Compulsory Labor 2016                                                                    | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor                     | UnionBank does not participate in any forms of forced or compulsory labor. UnionBank strictly abides by Republic Act No. 10364, International Labor Organization Convention No. 29 and Article 300 of the Philippine Labor Code to prevent any forms of forced or compulsory labor in the Bank.                                                                          |                        |                        |
| Financial Performance                                                                                       |                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                          |                        |                        |
| GRI 3 Material Topics 2021                                                                                  | 3-3 Management of material topics                                                                                  | Joint Message of the Chairman and President & CEO <b>p. 10</b>                                                                                                                                                                                                                                                                                                           |                        |                        |
| GRI 201: Economic Performance 2016                                                                          | 201-1 Direct economic value generated and distributed                                                              | Purpose - Plowing back the economic value generated <b>p. 75</b><br>Tech Up Metrics <b>pp. 36-37</b>                                                                                                                                                                                                                                                                     |                        |                        |

| GRI Standard                             | Disclosure                                                                                | Location                                                                                                                                                                                                                                      | Requirement(s) Omitted                                                               | Reason and Explanation                                                                                                                                                                                                                           |
|------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Topics                          |                                                                                           |                                                                                                                                                                                                                                               |                                                                                      |                                                                                                                                                                                                                                                  |
| Financial Performance                    |                                                                                           |                                                                                                                                                                                                                                               |                                                                                      |                                                                                                                                                                                                                                                  |
| GRI 201: Economic Performance 2016       | 201-2 Financial implications and other risks and opportunities due to climate change      |                                                                                                                                                                                                                                               | 201-2 Financial implications and other risks and opportunities due to climate change | <b>Reason:</b> Information unavailable / incomplete.<br><br><b>Explanation:</b> Aligned with the environmental and social risk management system, the model to compute for financial implications of climate risks is currently being developed. |
|                                          | 201-3 Defined benefit plan obligations and other retirement plans                         |                                                                                                                                                                                                                                               |                                                                                      |                                                                                                                                                                                                                                                  |
|                                          | 201-4 Financial assistance received from government                                       | SEC 17-A Report found in <a href="https://www.unionbankph.com/company-disclosure/sec-reports">https://www.unionbankph.com/company-disclosure/sec-reports</a>                                                                                  |                                                                                      |                                                                                                                                                                                                                                                  |
| Labor Standards and Human Rights         |                                                                                           |                                                                                                                                                                                                                                               |                                                                                      |                                                                                                                                                                                                                                                  |
| GRI 3 Material Topics 2021               | 3-3 Management of material topics                                                         | Sustainability Policy (Sustainability at UnionBank: Policy, <b>p. 25</b> )<br>People - Health, safety, and well-being <b>p. 53</b>                                                                                                            |                                                                                      |                                                                                                                                                                                                                                                  |
| GRI 402: Labor/Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes                                |                                                                                                                                                                                                                                               | 402-1 Minimum notice periods regarding operational changes                           | <b>Reason:</b> Confidentiality constraints<br><br><b>Explanation:</b> UnionBank does not disclose on any policies that discuss operational changes and how it executes this.                                                                     |
| GRI 408: Child Labor 2016                | 408-1 Operations and suppliers at significant risk for incidents of child labor           | UnionBank does not participate in any forms of child labor. UnionBank strictly abides by Republic Act No. 9231, Republic Act No. 10361, and International Labor Organization Convention No. 182 to avoid any form of child labor in the Bank. |                                                                                      |                                                                                                                                                                                                                                                  |
| GRI 417: Marketing and Labeling 2016     | 417-1 Requirements for product and service information and labeling                       | Annexes - Marketing and Labeling <b>p. 108</b>                                                                                                                                                                                                |                                                                                      |                                                                                                                                                                                                                                                  |
|                                          | 417-2 Incidents of non-compliance concerning product and service information and labeling | Annexes - Marketing and Labeling <b>p. 108</b>                                                                                                                                                                                                |                                                                                      |                                                                                                                                                                                                                                                  |
|                                          | 417-3 Incidents of non-compliance concerning marketing communications                     | Annexes - Marketing and Labeling <b>p. 108</b>                                                                                                                                                                                                |                                                                                      |                                                                                                                                                                                                                                                  |



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| GRI Standard               | Disclosure                                                   | Location                                                                                                                                                                                                                                                                                                                                                                   | Requirement(s) Omitted                                                                                                                                                                                                         | Reason and Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Topics            |                                                              |                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Environmental Compliance   |                                                              |                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| GRI 3 Material Topics 2021 | 3-3 Management of material topics                            | Planet - Our approach to environmental management <a href="#">p. 67</a>                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| GRI 306: Waste 2020        | 306-1 Waste generation and significant waste-related impacts | Planet Scorecard <a href="#">p. 66</a>                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                            | 306-2 Management of significant waste-related impacts        | Data on waste is collected using a Microsoft Office Form on a quarterly basis. Each Branch Manager must complete a form detailing their quarterly waste generation in kilograms, which is then converted to metric tonnes (standard unit) by Microsoft Excel. The Occupational Safety and Health Division monitors the collected data using Microsoft Excel and One Drive. |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                            | 306-3 Waste generated                                        | Total waste generated for 2022 was 21.81 tonnes. Breakdown by waste type can be found in ( <a href="#">p. 66</a> Planet Scorecard)                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                            | 306-4 Waste diverted from disposal                           | Planet Scorecard until Closing the Loop <a href="#">pp. 66-70</a>                                                                                                                                                                                                                                                                                                          | Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations:<br><br>i. Preparation for reuse<br>ii. Recycling<br>iii. Other recovery operations. | <b>Reason:</b> Information unavailable / incomplete.<br><br><b>Explanation:</b> Following the regulations by the Department of Environment and Natural Resources - Environmental Management Bureau for hazardous waste, UnionBank strictly abides by its waste hauling, treatment, storage and disposal requirements. Treatment, storage and disposal is done in an accredited facility and once the process is complete, a certificate of treatment is provided to the Bank. |
|                            | 306-5 Waste directed to disposal                             | ESG Risk Monitoring System <a href="#">p. 28</a>                                                                                                                                                                                                                                                                                                                           | 306-5 Waste directed to disposal                                                                                                                                                                                               | <b>Reason:</b> Information unavailable / incomplete.<br><br><b>Explanation:</b> Waste is collected by a hauler. Disposal method is not made known. Waste destination will be discussed with hauler for identification.                                                                                                                                                                                                                                                        |

| GRI Standard                                 | Disclosure                                                                                               | Location                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Requirement(s) Omitted                                                                                   | Reason and Explanation                     |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Material Topics                              |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                          |                                            |
| Socioeconomic Compliance                     |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                          |                                            |
| GRI 3 Material Topics 2021                   | 3-3 Management of material topics                                                                        | The Bank's risks are managed enterprise-wide by all units of the Bank as it adopted the Three Lines of Defense Model in Enterprise Risk Management (ERM). The processes, systems, compliance risks and controls are identified by the Business Units (1st line). The controls to mitigate the risk are assessed based on design and effectiveness by Enterprise Risk Management, Information Security and Compliance (2nd line). The assessments are validated by Internal Audit (3rd line). Tying all this up is an active oversight function by the Board of Directors. The Bank maintains transparent dealings with both external auditors and regulators in relation to the business, vision, plans and strategies. |                                                                                                          |                                            |
| GRI 419: Socioeconomic Compliance 2016       | 419-1 Non-compliance with laws and regulations in the social and economic area                           | There were no incidents of non-compliance with laws and regulations in the social and economic area.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                          |                                            |
| Employee Experience                          |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                          |                                            |
| GRI 3 Material Topics 2021                   | 3-3 Management of material topics                                                                        | People until approach and metrics <a href="#">p. 40</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                          |                                            |
| GRI 401: Employment 2016                     | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | UnionBank does not participate in any forms of child labor. UnionBank strictly abides by Republic Act No. 9231, Republic Act No. 10361, and International Labor Organization Convention No. 182 to avoid any form of child labor in the Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | <b>Reason:</b> Confidentiality constraints |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system                                                   | People - Health, safety, and well-being <a href="#">p. 53</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                          |                                            |
|                                              | 403-2 Hazard identification, risk assessment, and incident investigation                                 | UnionBank established a primary prevention of occupational risks, protection, and promotion of health at work, work-related social determinants of health, and improving the performance of health and safety management system. UnionBank's Occupational Safety and Health Division is conducting the following initiatives to further enhance management of identified risks:<br>1. Regular environmental compliance collaboration or coordination meeting with concerned units such as Branch Channel Management and Facility Management Group.<br>2. Monthly Environmental, Occupational Safety and Health (EOSH) Meeting with the EOSH Committee Meeting.                                                          |                                                                                                          |                                            |
|                                              | 403-3 Occupational health services                                                                       | All regular UnionBank employees are provided with a Health Maintenance Organization (HMO) through Insular Health Care, Inc. Employees may avail of the applicable services including annual check-ups and out-patient exams as necessary.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                          |                                            |

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| GRI Standard                                 | Disclosure                                                                                                          | Location                                                                                                                                                                                                                                      | Requirement(s) Omitted                                                                       | Reason and Explanation                                                                                                                                                                                                                     |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Topics                              |                                                                                                                     |                                                                                                                                                                                                                                               |                                                                                              |                                                                                                                                                                                                                                            |
| Employee Experience                          |                                                                                                                     |                                                                                                                                                                                                                                               |                                                                                              |                                                                                                                                                                                                                                            |
| GRI 403: Occupational Health and Safety 2018 | 403-4 Worker participation, consultation, and communiacion on occupational health and safety                        |                                                                                                                                                                                                                                               | 403-4 Worker participation, consultation, and communiacion on occupational health and safety | <b>Reason:</b> Confidentiality constraints<br><br><b>Explanation:</b> UnionBank does not currently disclose on the internal processes regarding the development of and execution of the occupational health and safety management system . |
|                                              | 403-5 Worker training on occupational health and safety                                                             | Relevant trainings as required by the Department of Labor and Employment are implemented for all relevant employees.                                                                                                                          |                                                                                              |                                                                                                                                                                                                                                            |
|                                              | 403-6 Promotion of worker health                                                                                    | All regular UnionBank employees are provided with a Health Maintenance Organization (HMO) through Insular Health Care, Inc. Employees may avail of the applicable services including annual check-ups and out-patient exams as necessary.     |                                                                                              |                                                                                                                                                                                                                                            |
|                                              | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | UnionBank has health and safety protocols that cover prevention and mitigation of health risks spreading within the Bank. These protocols were updated to cover the prevention of Covid-19 and are updated as necessary with new regulations. |                                                                                              |                                                                                                                                                                                                                                            |
|                                              | 403-8 Workers covered by an occupational health and safety management system                                        | OSH Tables <b>pp. 53-55</b>                                                                                                                                                                                                                   |                                                                                              |                                                                                                                                                                                                                                            |
|                                              | 403-9 Work-related injuries                                                                                         | OSH Tables <b>pp. 53-55</b>                                                                                                                                                                                                                   |                                                                                              |                                                                                                                                                                                                                                            |
|                                              | 403-10 Work-related ill health                                                                                      | OSH Tables <b>pp. 53-55</b>                                                                                                                                                                                                                   |                                                                                              |                                                                                                                                                                                                                                            |
|                                              | 404-1 Average hours of training per year per employee                                                               | People - Training hours <b>pp. 51-52</b>                                                                                                                                                                                                      |                                                                                              |                                                                                                                                                                                                                                            |
| GRI 403: Occupational Health and Safety 2018 | 404-2 Programs for upgrading employee skills and transition assistance programs                                     | People - Digital Transformation until Approach and Metrics <b>p. 40</b>                                                                                                                                                                       |                                                                                              |                                                                                                                                                                                                                                            |
|                                              | 404-3 Percentage of employees receiving regular performance and career development reviews                          | People - Performance appraisal                                                                                                                                                                                                                |                                                                                              |                                                                                                                                                                                                                                            |

| GRI Standard                                                   | Disclosure                                                                                                           | Location                                               | Requirement(s) Omitted                                                                                   | Reason and Explanation                                                                                                                                                                                         |
|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Topics                                                |                                                                                                                      |                                                        |                                                                                                          |                                                                                                                                                                                                                |
| Employee Experience                                            |                                                                                                                      |                                                        |                                                                                                          |                                                                                                                                                                                                                |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | People - Collective Bargaining <b>p. 115</b>           |                                                                                                          |                                                                                                                                                                                                                |
| Employment                                                     |                                                                                                                      |                                                        |                                                                                                          |                                                                                                                                                                                                                |
| GRI 3 Material Topics 2021                                     | 3-3 Management of material topics                                                                                    | People <b>p. 38</b>                                    |                                                                                                          |                                                                                                                                                                                                                |
| GRI 401: Employment 2016                                       | 401-1 New employee hires and employee turnover                                                                       | Annexes - People tables <b>p. 112</b>                  |                                                                                                          |                                                                                                                                                                                                                |
| Total Well-being (Compensation and Benefits)                   |                                                                                                                      |                                                        |                                                                                                          |                                                                                                                                                                                                                |
| GRI 3 Material Topics 2021                                     | 3-3 Management of material topics                                                                                    | People - approach and metrics <b>p. 40</b>             |                                                                                                          |                                                                                                                                                                                                                |
| GRI 401: Employment 2016                                       | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees             |                                                        | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | <b>Reason:</b> Confidentiality constraints<br><br><b>Explanation:</b> UnionBank's compensation and benefits package for all regular employees is confidential and not disclosed outside of the organization. . |
|                                                                | 401-3 Parental leave                                                                                                 |                                                        | 401-3 Parental leave                                                                                     | <b>Reason:</b> Information unavailable / incomplete.<br><br><b>Explanation:</b> UnionBank is currently not tracking this data, but will consider tracking this for future reports. .                           |
| Employee Volunteerism                                          |                                                                                                                      |                                                        |                                                                                                          |                                                                                                                                                                                                                |
| GRI 3 Material Topics 2021                                     | 3-3 Management of material topics                                                                                    | People - Volunteerism and CSR initiatives <b>p. 56</b> |                                                                                                          |                                                                                                                                                                                                                |
| GRI 413: Local Communities 2016                                | 413-1 Operations with local community engagement, impact assessments and development programs                        | People - Volunteerism and CSR initiatives <b>p. 56</b> |                                                                                                          |                                                                                                                                                                                                                |



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| GRI Standard                                  | Disclosure                                                                                    | Location                                                                                                                                                                                                                                                               | Requirement(s) Omitted | Reason and Explanation |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Material Topics                               |                                                                                               |                                                                                                                                                                                                                                                                        |                        |                        |
| Community Engagement                          |                                                                                               |                                                                                                                                                                                                                                                                        |                        |                        |
| GRI 3 Material Topics 2021                    | 3-3 Management of material topics                                                             | People - Digital Transformation <b>p. 40</b>                                                                                                                                                                                                                           |                        |                        |
| GRI 413: Local Communities 2016               | 413-1 Operations with local community engagement, impact assessments and development programs | People - Volunteerism and CSR initiatives <b>p. 56</b>                                                                                                                                                                                                                 |                        |                        |
|                                               | 413-2 Operations with significant actual and potential negative impacts on local communities  | UnionBank's Corporate Social Responsibility Program, the GoBeyond Communities (GBC) is a bottom-up approach that enables employees to create and implement projects that support the communities they are in. This approach minimizes negative impacts to communities. |                        |                        |
| Indirect Economic Performance                 |                                                                                               |                                                                                                                                                                                                                                                                        |                        |                        |
| GRI 3 Material Topics 2021                    | 3-3 Management of material topics                                                             | People - Digital Transformation until Approach and Metrics <b>p. 40</b><br>Tech Up Metrics <b>p. 36</b>                                                                                                                                                                |                        |                        |
| GRI 203: Indirect Economic Impacts 2016       | 203-1 Infrastructure investments and services supported                                       | People - Digital Transformation until Approach and Metrics <b>p. 40</b><br>Tech Up Metrics <b>p. 36</b>                                                                                                                                                                |                        |                        |
|                                               | 203-2 Significant indirect economic impacts                                                   | People - Digital Transformation until Approach and Metrics <b>p. 40</b><br>Tech Up Metrics <b>p. 36</b>                                                                                                                                                                |                        |                        |
| Local Enterprise and Workforce Development    |                                                                                               |                                                                                                                                                                                                                                                                        |                        |                        |
| GRI 3 Material Topics 2021                    | 3-3 Management of material topics                                                             | People - Digital Transformation until Approach and Metrics <b>p. 40</b><br>Tech Up Metrics <b>p. 36</b>                                                                                                                                                                |                        |                        |
| GRI 404: Training and Education 2016          | 404-2 Programs for upgrading employee skills and transition assistance programs               | People - Innovating for Social Good <b>p. 56</b>                                                                                                                                                                                                                       |                        |                        |
| GRI 413: Local Communities 2016               | 413-1 Operations with local community engagement, impact assessments and development programs | People - Volunteerism and CSR initiatives <b>p. 56</b><br>People - approach and metrics <b>p. 40</b><br>Tech Up Metrics <b>p. 36</b>                                                                                                                                   |                        |                        |
| Diversity and Inclusion                       |                                                                                               |                                                                                                                                                                                                                                                                        |                        |                        |
| GRI 3 Material Topics 2021                    | 3-3 Management of material topics                                                             | People - Diversity, Equal Opportunities and Inclusion <b>p. 48</b>                                                                                                                                                                                                     |                        |                        |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees                                            | Annexes - Board Diversity <b>p. 102</b><br>Annexes - People Tables <b>p. 112</b>                                                                                                                                                                                       |                        |                        |

| GRI Standard                                    | Disclosure                                                                     | Location                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Requirement(s) Omitted                                               | Reason and Explanation                                                                                                                                                              |
|-------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material Topics                                 |                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                      |                                                                                                                                                                                     |
| Diversity and Inclusion                         |                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                      |                                                                                                                                                                                     |
| GRI 405: Diversity and Equal Opportunity 2016   | 405-2 Ratio of basic salary and remuneration of women to men                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 405-2 Ratio of basic salary and remuneration of women to men         | <b>Reason:</b> Confidentiality constraints<br><br><b>Explanation:</b> Local laws do not require disclosures on salaries.                                                            |
| Anti-Corruption Practices                       |                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                      |                                                                                                                                                                                     |
| GRI 3 Material Topics 2021                      | 3-3 Management of material topics                                              | Annexes- Anti-Corruption <b>p. 104</b>                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                     |
| GRI 205: Anti-corruption 2016                   | 205-1 Operations assessed for risks related to corruption                      | Annexes- Anti-Corruption <b>p. 104</b>                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                     |
|                                                 | 205-2 Communication and training about anti-corruption policies and procedures | Annexes- Anti-Corruption <b>p. 104</b>                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                     |
|                                                 | 205-3 Confirmed incidents of corruption and actions taken                      | Annexes- Anti-Corruption <b>p. 104</b>                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                     |
| Procurement Practices                           |                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                      |                                                                                                                                                                                     |
| GRI 3 Material Topics 2021                      | 3-3 Management of material topics                                              | The Bank has a centralized approach to procurement for the management of resources and related expenses. This is spearheaded by the General Services – Procurement Services Team, led by the Bank's Procurement Officer. UnionBank complies with regulatory requirements and adhere to internal policies, such as the Procurement Guidelines, Outsourced Services Manual, Guidelines on Accreditation of Supplier and Service Providers and all related procedures. |                                                                      |                                                                                                                                                                                     |
| GRI 204: Procurement Practices 2016             | 204-1 Proportion of spending on local suppliers                                | 87.02% of UnionBank's procurement budget for all of its branches and facilities was spent on suppliers located in the Philippines.                                                                                                                                                                                                                                                                                                                                  |                                                                      |                                                                                                                                                                                     |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 308-1 New suppliers that were screened using environmental criteria  | <b>Reason:</b> Information unavailable / incomplete.<br><br><b>Explanation:</b> UnionBank is currently revising its procurement policies to include environmental and social risks. |
|                                                 | 308-2 Negative environmental impacts in the supply chain and actions           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 308-2 Negative environmental impacts in the supply chain and actions |                                                                                                                                                                                     |
| GRI 414: Supplier Social Assessment             | 414-1 New suppliers that were screened using social criteria                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 414-1 New suppliers that were screened using social criteria         |                                                                                                                                                                                     |
|                                                 | 414-2 Negative social impacts in the supply chain and actions taken            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 414-2 Negative social impacts in the supply chain and actions taken  |                                                                                                                                                                                     |



# Annexes

## Topics

- Ownership and legal form
- Products and services
- Corporate Governance
- Board diversity
- Codes of Conduct
- Anti-corruption policy
- Customer Relationship Management
- Customer health and safety
- Marketing and labeling
- Customer privacy
- Data security
- People tables
- Independent Limited Assurance Report

## Ownership and Legal Form

As of February 28, 2023, UnionBank's major shareholders are:

- Aboitiz Equity Ventures, Inc. **49.94%\***
- The Insular Life Assurance Co., Ltd. **12.28%\***
- Social Security System **18.31%\***
- PCD Nominee Corporation **12.69%**

*\*Inclusive of PCD-lodged shares*

## Products and Services

- **Cash Management Services**
  - The Portal by UnionBank (Business Banking) The Portal by UnionBank is an online cash management platform for corporate and business users to facilitate all their banking activities: initiate fund transfers, pay bills, monitor balances, approve transactions, and more with a single sign-in. Accessible via web or the mobile app (iOS and Android).
  - Disbursements
  - Collections
  - Payroll
  - Government Payments
  - Cards
  - Supply Chain Financing
  - Liquidity Management
- **UnionBank Online**  
Easily transfer funds and pay bills, including sending money to partner remittance centers: Palawan Express, Cebuana Lhuillier, LBC and PeraHub

- **Loan products**
- **SME Banking Solutions**
- **Trade Services and Products**
- **Credit Cards**
- **Debit Cards**
- **Visa Prepaid Cards**
- **Private Banking**
- **Investment Products**
- **Deposit Products**  
Savings Account, Checking Account, Investment Accounts
- **Investment and Trading Platforms**
  - A fully digital bond distribution platform that allows clients to create an account, withdraw cash from any bank using a debit card, and access electronic wallets like GCash or Paymaya. Bonds.PH allows clients to invest in various bonds issued by the Bureau of the Treasury (BTr) during the public offer period without the need for a bank account. The Bonds. PH mobile app is available 24/7, and it allows investors residing abroad to participate in a featured BTr issuance. As allowed by the terms and conditions of certain issuances, clients can also sell investments purchased from Bonds.PH.
  - U.FX: U.FX: A web-based foreign exchange (FX) dealing platform with live executable rates for the branches and mobile app. The platform allows for straight-through processing of FX transactions with competitive and live rates, not only for USD to Php, but also for most major currencies. The U.FX on the mobile application allows our clients to transact their FX needs anytime, anywhere.
  - Trust Services

- **Blockchain and API Business Group**  
The Bank's early forays into API, blockchain, and digital assets enabled the bank to lay down the groundwork for the banking infrastructure of the future, making UnionBank the market leader in the digital age and the first and only future-ready and digital-to-core bank in the Philippines. After years of early research and experimentation, the bank now boasts of having the capabilities of the bank of the future, API-ready, Blockchain-ready, AI-equipped, and now prepared to take the next leap into the Metaverse.

From the initial cryptocurrency offering of the award winning UnionBank Bitcoin ATM, this has since been furthered by additional virtual asset capability as it opened up additional service offerings this year to pilot customers. Randomly selected UnionBank customers can buy and sell Bitcoin through the UnionBank Online mobile app. Moreover, Digital Asset Markets Unit provides customers a convenient way to enter the cryptocurrency and digital asset space safely and securely by offering a virtual asset premium exchange and custody service via its OTC exchange service, another first for a Philippine Bank.

- **Digital Banking Services**
- **Priority Banking**
- **Pre-Need First Union Plans**
- **Real Property Management (UnionBank Investments Corp)**

For a complete list of UnionBank's Products and Services, read more on the latest Annual Report: <https://www.unionbankph.com/company-disclosure/annual-reports>



Corporate Governance

Good Governance Principles

The Bank has established strict laws and policies within the organization to ensure ethical business operations. All employees, management, suppliers, and representatives of the Bank are guided by our principles and norms of behavior. The Bank also undergoes regular self-assessment based on the ASEAN Corporate Governance Scorecard and submits an Integrated Annual Corporate Governance Report (I-ACGR).

UnionBank also aligns itself with the local and international standards for best practices. These include the guidelines provided by the Code of Corporate Governance issued by the Securities and Exchange Commission, the Bangko Sentral ng Pilipinas Circular No.

969 or the Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions, and the internationally recognized Organization for Economic Cooperation and Development (OECD) principles.

UnionBank Manuals, Government Codes, Governance Evaluation Mechanisms

Revised Manual on Good Corporate Governance, Philippine Financial Reporting Standards 9 (FPRS 9) by the Bangko Sentral ng Pilipinas. Internal Audit investigates in aid of administrative or criminal proceedings, and External Audit checks on whether financial statements are fairly presented in accordance with financial reporting standards.

| UnionBank Manuals                           | Government Codes                                                                                            | Governance Evaluation Mechanisms                                                                                                                                                                                    |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revised Manual on Good Corporate Governance | Philippine Financial Reporting Standards 9 (PFRS 9) by the Bangko Sentral                                   | Internal Audit – investigates in aid of administrative or criminal proceedings<br><br>External Audit – checks on whether financial statements are fairly presented in accordance with financial reporting standards |
| Code of Conduct                             | Sustainability Reporting Guidelines for Publicly Listed Companies by the Securities and Exchange Commission | Privacy Impact Assessment - manages confidentiality of client information                                                                                                                                           |
| Ethical Standards and Governance Policies   |                                                                                                             | Information Security, Risk, and Legal Assessments –safeguards and secures customer transactions                                                                                                                     |

Board Diversity Policy

The Bank recognizes the value of board diversity and as such strives to promote the same by non-discrimination on age, gender, religion, socio-political affiliation and status. Diversity in the composition of the members of the Board are upheld on a year-on-year basis in alignment with the fit and proper rule of the Bangko Sentral ng Pilipinas.

The membership of the Board is made up of a combination of varying core competencies. The Board demonstrates integrity and adherence with the principles of good governance and accountability to ensure a high standard of governance and oversight. Individually, members have a spread of skills and experiences that work correspondingly with each other. With the Bank’s ongoing

digital transformation, the Board ensures the security and privacy of the stakeholders’ information through laws and adhering to good governance principles.

Our [diversity statement](#) alludes to variety in field of expertise and background. It is non-discriminatory in a way that it does not limit diversity to gender, race, nor nationality.

Codes of Conduct

The following aspects are covered by UnionBank’s codes of conduct at a group level:

- Corruption and Bribery
- [Confidentiality of Information](#)
- [Conflicts of Interest](#)
- [Anti-Money Laundering](#)
- [Sustainability \(Environment, Health, and Safety\)](#)
- [Whistleblowing](#)

Coverage

- Contractors/Suppliers/Service Providers: Only whistleblowing policy for contractors/suppliers/etc.: 100% coverage, 100% written acknowledgement, part of bid process
- Employees and Subsidiaries: 100% coverage for all regular and seconded employees. Written acknowledgement and training is provided for all employees in the Parent Bank and subsidiaries.

Codes of Conduct Coverage

Upon hiring, all employees are required to accomplish training on the Bank’s Codes of Conduct and acknowledge that the training was accomplished and Codes of Conduct were understood.

| Coverage                            | UnionBank Employees | Subsidiaries |
|-------------------------------------|---------------------|--------------|
| Written/Digital Acknowledgement (%) | 100%                | 100%         |
| Training Provided (%)               | 100%                | 100%         |

Board Gender Diversity

Number of Female Directors as of December 31, 2022: 2

Systems and Procedures

The following mechanisms are in place to assure effective implementation of these codes of conduct:

- Responsibilities, accountabilities and reporting lines are systematically defined in all divisions and group companies
- Dedicated help desks, focal points, ombudsman, hotlines
- Employee performance appraisal systems integrates compliance/codes of conduct
- Disciplinary actions in case of breach



Anti-Corruption

**Which stakeholders are affected?**  
Employees, customers, business partners, suppliers, stockholders, board of directors

**What are the risks identified?**  
Operational and Reputational

The Bank is committed to conducting its business activities in a fair, honest and ethical manner. UnionBank has zero-tolerance for bribery and corruption and strives to apply the highest standards of corporate ethics and professionalism in the conduct of its business. This zero tolerance approach also means the Bank is committed to the mitigation, deterrence and detection of bribery, corruption and other unethical practices.

**What are the opportunities identified?**  
Conduct strong and consistent awareness campaign. Regularly update new employees, suppliers, and contractors. As a result, all employees, directors, vendors, related third parties, business partners and other stakeholders must comply with the

provisions of the Bank’s Anti-Bribery and Corruption Policy

Management Approach

UnionBank requires compliance with applicable Anti-Bribery and Corruption laws in the country.

Union Bank has bank-wide policies on anti-corruption such as its [Whistle Blowing Policy](#), and Fair Securities Dealing Policy.

This is part of the Bank’s effort to achieve disclosure and transparency. The policy on Anti-Money Laundering is also intended as a way to reduce the risk of entering into transactions that may be exploited and may then result in incidences of bribery or fraud among others.

The Board of Directors is ultimately responsible for the Bank’s Anti-Bribery and Corruption Compliance Program, which covers prohibition of receipt of gifts, entertainment and benefits, vendor management, whistleblowing, and other related activities.

Training on Anti-Corruption Policies and Procedures

Disclosure

|                                                                                                                   |      |
|-------------------------------------------------------------------------------------------------------------------|------|
| Percentage of employees to whom the organization’s anti-corruption policies and procedures have been communicated | 100% |
| Percentage of directors and management that have received anti-corruption training                                | 100% |
| Percentage of employees that have received anti-corruption training                                               | 100% |

Incidents of Corruption

Disclosure

|                                                                                                          |   |
|----------------------------------------------------------------------------------------------------------|---|
| Number of incidents in which directors were removed or disciplined for corruption                        | 0 |
| Number of incidents in which employees were dismissed or disciplined for corruption                      | 0 |
| Number of incidents when contracts with business partners were terminated due to incidents of corruption | 0 |

Customer Relationship Management

Customer Satisfaction

**Which stakeholders are affected?**  
Customers (customer protection, satisfaction level, complaints that have been addressed, maintaining the trust given to the Bank), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), regulators (regulations can be created and/or revised to protect and uphold the rights of customers), general public and media (these two have reputational impact).

**What are the risks identified?**  
Reputation Risks: Unsatisfied customers whose issues have not been resolved can provide negative feedback and public opinion. These can be shared over social media and circulated by the general public.

**What are the opportunities identified?**  
Higher customer satisfaction translates to trust and can ensure customer loyalty. It also attracts potential new customers and therefore, more sales and revenue for the Bank.

The Bank aims to continuously improve its products and services by taking into consideration past complaints, suggestions and feedback from its clients. Digital platforms are also constantly being enhanced and updated to fit the current and immediate needs of UnionBank customers.

Management Approach

The Bank conducts operations and provides quality customer service following our culture and DNA of integrity, magis and ubuntu.

The consumer assistance management system of the Bank includes consumer assistance policies and procedures, as well as the corporate structure for handling complaints.

The Consumer Affairs Group (CAG) is responsible for the monitoring and oversight of the Bank’s Customer Experience in compliance with BSP Circulars 857 and 1048 on Financial Consumer Protection. They shall be responsible for ensuring that the consumer assistance management process is necessary, updated, and conforming to the internal control framework of the Bank and complied with by all affected units. They are responsible for performing monitoring and oversight over the Bank’s Consumer Assistance.

The group keeps track, identifies and analyzes trends about the nature of the complaints and, when needed, recommends solutions to avoid recurrence or improve processes to deliver outstanding Customer Experience. CAG reports and escalates issues and concerns to Senior Management or to the Operational Risk Management Committee on a monthly basis about persistent “complaints against the Bank or UnionBankers” that have been received.

Net Promoter Score

UnionBank puts importance on upholding the rights of its customers throughout its business operations and the entire organization. This has resulted in a positive Net Promoter Score (NPS).

In 2022, UnionBank started using the Net Promoter Score (NPS) Free-text Analysis Tool, which can automate the identification of user needs and gains through direct feedback analysis. As a testament to ensuring the best customer experience, we make sure we continuously get feedback from customers. This ensures that our products, services, and interactions across channels keep on delighting our customers. UnionBank works closely with its Data Science and AI counterparts to help us analyze the vast data we get to allow us to keep on providing what our customers love and quickly address those that need improvement.



After using the tool for eight months, the Bank said it was able to streamline the analysis of more than 10,000 monthly survey responses and over 35,000 inquiries and complaints from customers.

Since launching our new platforms, we have seen tremendous growth in our digital business and are seeing higher NPS compared to our peers, particularly in our app and branch experiences. This affirms that we are on the right track.

UnionBank began using Net Promoter Score instead of CSAT. With 60,798 respondents, NPS from January to December 2022 is 90%. The target was set at 70%.

Meanwhile, CitySavings continued to use the Customer Satisfaction Survey as a tool to measure how their clients perceive the products and services they provide. In 2022, 99% or 138,942 out of 139,458 survey respondents were satisfied with CitySavings' products and/or services.

Total Number of Customers Served

|             |                                                                         |
|-------------|-------------------------------------------------------------------------|
| UnionBank   | 2.27M deposit accounts and loans opened in 2022                         |
|             | 11.49M current and existing deposit accounts and loans as of 12/31/2022 |
| CitySavings | 1.01M                                                                   |

Customer Health and Safety

Which stakeholders are affected?

Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

What are the risks identified?

UnionBank's financial products and services do not directly cause risks to the health and safety of its customers. Our customers' products and services can, however, indirectly cause health and safety risks to their own clients.

What are the opportunities identified?

As lenders of capital and intermediaries in financial transactions, the Bank can promote sustainable business practices (including health and safety) to its clients and customers.

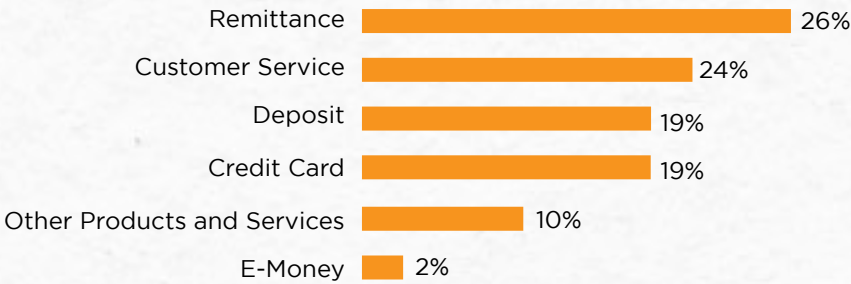
Management Approach

UnionBank's Sustainability Policy is aligned with its vision and brand promise and describes its ambition to neither cause nor contribute to adverse social and environmental impacts. By way of commitments, the Bank's statement addresses the (potential) direct impacts which it could create because of its operations and the products and services which it offers to the market.

As part of its ESG strategy, the Bank is developing its Environmental and Social Risk Management System (ESRMS), which will require that all environmental and social risks inherent or through its relationships, products, and services are reviewed and vetted with these considerations. This will guide the Bank in its risk assessment process to evaluate the negative and positive effects of a project that the Bank could finance.

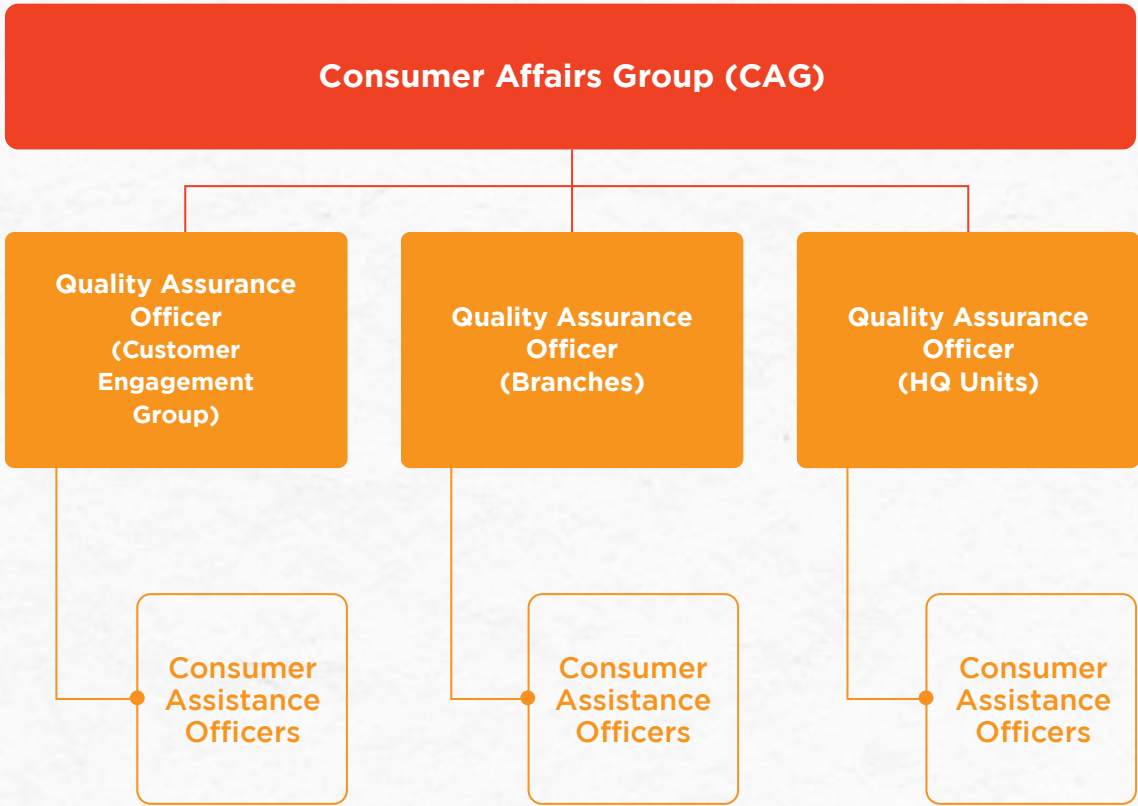
The Bank's Sustainability Policy guides decision-making at all levels, providing a frame of reference for our contributions to sustainable development, while managing risks and opportunities of a changing world.

This table summarizes the number of overall customer concerns in 2022:



A Consumer Assistance Officer (CAO) receives and acknowledges a customer's complaint/request/inquiry through any but not limited to the following channels: web-portal, walk-in or personal branch visit, letter, e-mail and telephone. The CAO performs initial investigation to identify concerned unit/s in charge of resolving the complaint/request/inquiry and logs the same into the Bank's central repository system. The client will receive notifications via email in acknowledgement of concern and upon resolution of the case.

The Quality Assurance Officer (QAO) monitors the progress of investigation to ensure compliance with the prescribed turnaround time and conducts follow-up as deemed necessary. The Resolving Consumer Assistance Officer assesses and investigates the request/complaint then completes the investigation within the required turnaround time based on the type of complaint and communicates the resolution to the customer in simple and clear language.





Marketing and Labeling

**Which stakeholders are affected?**  
Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

**What are the risks identified?**  
UnionBank adheres to national regulations on labelling and providing information about its financial products and services. Non-compliance can be subject to regulatory penalties. Transparent and responsible approach to various means and channels of communications, especially on any risks associated with the use of such products and services.

**What are the opportunities identified?**  
Innovative updates and approaches on marketing and labelling can result in better customer satisfaction ratings. The Bank strives to carefully assess and review all marketing campaigns, materials, and digital platforms (including the mobile app and website).

Management Approach

The Bank is able to provide consumer protection and satisfaction by being able to uphold the rights of its customers to the security of its products and services. This is part of the organization’s primary business.

The Bank also strives to be transparent and accurate in providing its customers access to information. The Bank provides information on the effects of subscribing to its products and services, including any economic, environmental or social impact. This is incorporated in its labelling and marketing communication aspects.

| Topic                                                         | Quantity       |
|---------------------------------------------------------------|----------------|
| Number of substantiated complaints on marketing and labelling | Not applicable |
| Number of complaints addressed                                | Not applicable |

Customer Privacy

**Which stakeholders are affected?**  
Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

**What are the risks identified?**  
Breaches in customer privacy and loss of customer data can lead to regulatory penalties and reputational risks.

UnionBank ensures that it informs all data processors how the Bank protects personal information of clients following the privacy-by-design principles. All customers would also be notified of how their personal data is being processed.

**What are the opportunities identified?**  
Improvement to the Bank’s customer privacy processes and measures can ensure customer satisfaction. This will allow customers to trust the Bank and continue to drive revenues and new clients along the way.

Conduct trainings for employees, management, and subcontractors to continuously update everyone on customer privacy regulations, market changes, and risks. Compliance courses on customer privacy for employees and awareness campaigns remind everyone in the organization to remain vigilant to changes and can therefore improve processes and mitigate risks better.

| Topic                                                                                         | Number                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of substantiated complaints on customer privacy                                        | 1                                                                                                                                                                                                                                                                                    |
| Number of complaints addressed                                                                | 1                                                                                                                                                                                                                                                                                    |
| No. of customers, users, and account holders whose information is used for secondary purposes | 100%<br><br>We monitor the percentage of users whose customer data is used for secondary purposes. 100% of customers’ data is used for secondary purposes. These are processed for secondary purposes other than banking products and services, subject to the Bank’s privacy policy |

**Management Approach**  
UnionBank places utmost importance on respecting and valuing our clients’ right to privacy. We would like to inform you that we are taking the necessary steps for the protection and security of your personal information and of your use of our services.

As provided by the Data Privacy Act of 2012 (“DPA”), its Implementing Rules and Regulations (“IRR”), and issuances by the National Privacy Commission, the Bank guarantees that we are compliant with all the requirements mandated by law, as well as with the generally accepted global data protection standards and regulations.

The Bank ensures continued protection of your personal information with our organizational, physical, and technical measures for data protection, including policies for evaluation, monitoring, and review of operations and security risks. This Privacy Policy informs you of updates in our corporate policies regarding the collection, use, storage, disclosure, and disposal of personal information we receive and collect from the Bank’s customers, payees, users, and any individual who communicate, raise inquiries and concerns, as well as transact with us through our authorized representatives, bank branches, official websites and platforms, and web-based applications and channels.

This Privacy Policy shall be subject to changes in our policies and the law. We shall notify you of the changes by posting in our website and other means of communication for your information and reference.



Data Security

UnionBank places a high value on the protection of our clients’ data, information, and assets ensuring their integrity, reliability and security across the organization.

Which stakeholders are affected?

Customers, (customer protection and satisfaction level and complaints and concern resolution), investors (reputational impact due to customer relationship management and satisfaction can be a factor for investment/divestment), and regulators (regulations can be created and/or revised to protect and uphold the rights of customers).

What are the risks identified?

Cybersecurity security breaches, including customer data leakage or theft may occur in the Bank. To mitigate these risks, the Bank implemented a robust cybersecurity control such as:

- Information security policy which is continuously updated and internally available to all employees.
- Various education and awareness campaigns through different channels such as web-based learnings, social media posts, and email blasts to further strengthen the awareness of our employees to information security.
- An identity and access management process including review and clean-up of access to systems, making sure that the right people have the right access at the right time.

- Layered security controls from the network, application, and endpoint such as firewall, encryption mechanism and database monitoring solution.
- Vulnerability assessments, compliance reviews, red teaming exercises to uncover vulnerabilities, issues or lapses on all Bank’s systems and processes that could be compromised by cyber criminals.
- A 24/7 incident response capabilities to monitor, detect and respond to cybersecurity attacks.

What are the opportunities identified?

As UnionBank continuously improves its information security measures to combat cybersecurity threats, it can demonstrate to the stakeholders the Bank’s commitment in providing a secured and future forward banking experience. This can lead to better customer satisfaction and ultimately, better revenues for the Bank.

| Topic                                                               | Quantity |
|---------------------------------------------------------------------|----------|
| Number of data breaches, including leaks, thefts and losses of data | None     |

Management Approach

The Bank ensures continued protection of customers’ personal information. We continually update customers of changes to our corporate policies regarding the collection, use, storage, disclosure, and disposal of personal information.

Under the Data Privacy Act of 2012, our customers have the following rights:  
Right to be informed – you may demand the details as to how your personal information is being processed or have been processed by the Bank, including the existence of automated decision-making and profiling systems.

Right to access – upon written request, you may demand reasonable access to your personal information, which may include the contents of your processed personal information, the manner of processing, sources where they were obtained, recipients and reason of disclosure.

Right to dispute – you may dispute inaccuracy or error in your personal information in the Bank systems through our contact center representatives.

Right to object – you may suspend, withdraw, and remove your personal information in certain further processing, upon demand, which includes your right to opt-out to any commercial communication or advertising purposes from the Bank.

Right to data erasure – based on reasonable grounds, you have the right to suspend, withdraw or order blocking, removal or destruction of your personal data from the Bank’s filing system, without prejudice to the Bank’s continuous processing for commercial, operational, legal, and regulatory purposes.

Right to secure data portability – you have the right to obtain from the Bank your personal information in an electronic or structured format that is commonly used and allows for further use.

Right to be indemnified for damages – as data subject, you have every right to be indemnified for any damages sustained due to such violation of your right to privacy through inaccurate, false, unlawfully obtained or unauthorized use of your information.

Right to file a complaint – you may file your complaint or any concerns with our Data Protection Office at 44/F UnionBank Plaza, Meralco Avenue corner Onyx Road, Pasig City, 1600, Metro Manila, Philippines or **dpo@unionbankph.com** and/or with the National Privacy Commission through [www.privacy.gov.ph](http://www.privacy.gov.ph)



People Tables

Values for the reporting period were determined in 2023.

A. New Hire Profile

|            | 2021 Count | 2021 (%) | 2022 Count | 2022 (%) |
|------------|------------|----------|------------|----------|
| UnionBank  |            |          |            |          |
| Male       | 272        | 46       | 1,006      | 41.06    |
| Female     | 320        | 54       | 1,444      | 58.94    |
|            |            |          |            |          |
| Below 30   | 335        | 57       | 1,009      | 41.18    |
| 30 to 50   | 242        | 41       | 1,377      | 56.20    |
| Above 50   | 15         | 3        | 64         | 2.61     |
|            |            |          |            |          |
| Luzon      | 567        | 96       | 2,396      | 97.80    |
| Visayas    | 14         | 2        | 18         | 0.73     |
| Mindanao   | 11         | 2        | 36         | 1.47     |
|            |            |          |            |          |
| Staff      | 65         | 11       | 176        | 1.41     |
| Supervisor | 281        | 47       | 11,332     | 91.02    |
| Manager    | 201        | 34       | 676        | 5.43     |
| AVP and Up | 45         | 8        | 266        | 2.14     |
| CSB        |            |          |            |          |
| Male       | 497        | 15       | 180        | 56.78    |
| Female     | 295        | 9        | 137        | 43.22    |
|            |            |          |            |          |
| Below 30   | 539        | 16       | 187        | 59       |
| 30 to 50   | 249        | 7        | 128        | 40.38    |
| Above 50   | 4          | 0        | 2          | 0.63     |
|            |            |          |            |          |
| Luzon      | 528        | 15       | 235        | 74.13    |
| Visayas    | 150        | 4        | 38         | 11.99    |
| Mindanao   | 114        | 3        | 44         | 13.88    |
|            |            |          |            |          |
| Staff      | 662        | 19       | 211        | 66.56    |
| Supervisor | 83         | 2        | 49         | 15.46    |
| Manager    | 39         | 1        | 46         | 14.51    |
| AVP and Up | 8          | 0        | 11         | 3.47     |

Note: Significant change in hires due to citibank acquisition.

B. Workforce Headcount

|                            | 2022  |
|----------------------------|-------|
| UnionBank                  | 5,468 |
| Head Office                | 3,904 |
| Branch Network             | 1,564 |
| UnionBank Subsidiaries     | 181   |
| FUFAI                      | 8     |
| FUP                        | 2     |
| UPI                        | 8     |
| CFSI                       | 52    |
| UnionDigital               | 111   |
| UBX                        | 199   |
| UnionBank and Subsidiaries | 5,848 |
| CitySavings                | 1,936 |
| Head Office                | 440   |
| Branch Network             | 1,496 |
| Total                      | 7,784 |

C. Workforce Breakdown by Employment Type

| Metric                                                   | New Hires |       | Turnover |      | Regular / Probationary |       | Fixed Term / Project-based |      |
|----------------------------------------------------------|-----------|-------|----------|------|------------------------|-------|----------------------------|------|
|                                                          | Female    | Male  | Female   | Male | Female                 | Male  | Female                     | Male |
| UnionBank                                                | 1,373     | 878   | 392      | 257  | 3,359                  | 2,109 | 78                         | 23   |
| FUFAI                                                    | 0         | 0     | 0        | 0    | 5                      | 3     | 0                          | 0    |
| FUP                                                      | 0         | 0     | 0        | 0    | 2                      | 0     | 0                          | 0    |
| UPI                                                      | 0         | 0     | 0        | 1    | 3                      | 5     | 0                          | 0    |
| CFSI                                                     | 34        | 18    | 0        | 0    | 34                     | 18    | 0                          | 0    |
| UnionDigital                                             | 52        | 59    | 11       | 8    | 52                     | 59    | 0                          | 0    |
| UBX                                                      | 35        | 56    | 31       | 73   | 69                     | 125   | 1                          | 4    |
| CitySavings                                              | 137       | 180   | 92       | 163  | 780                    | 1,156 | 5                          | 4    |
| Total UnionBank, CitySavings, and UnionBank Subsidiaries | 1,631     | 1,191 | 526      | 502  | 4,304                  | 3,475 | 84                         | 31   |



D. Workforce Breakdown by Gender, Rank, and Age

|             | < 30   |      | 30 - 50 |       | > 50   |      | Total |
|-------------|--------|------|---------|-------|--------|------|-------|
|             | Female | Male | Female  | Male  | Female | Male |       |
| Staff       | 276    | 97   | 107     | 119   | 32     | 38   | 669   |
| Supervisors | 125    | 96   | 940     | 557   | 32     | 46   | 1,796 |
| Managers    | 775    | 423  | 652     | 457   | 108    | 47   | 2,462 |
| AVP and Up  | 5      | 7    | 247     | 172   | 60     | 50   | 541   |
| Subsidiary  | 61     | 88   | 98      | 110   | 9      | 14   | 380   |
| Total       | 1,242  | 711  | 2,044   | 1,415 | 241    | 195  | 5,848 |

\*Includes UnionBank and its subsidiaries

|             | < 30   |      | 30 - 50 |      | > 50   |      | Total |
|-------------|--------|------|---------|------|--------|------|-------|
|             | Female | Male | Female  | Male | Female | Male |       |
| Staff       | 246    | 289  | 172     | 389  | -      | 8    | 1,104 |
| Supervisors | 69     | 48   | 181     | 229  | 1      | 4    | 532   |
| Managers    | 11     | 9    | 84      | 136  | 4      | 19   | 263   |
| AVP and Up  | -      | -    | 7       | 14   | 5      | 11   | 37    |
| Total       | 326    | 346  | 444     | 768  | 10     | 42   | 1,936 |

\*CitySavings only

F. Workforce Breakdown by Gender, Location and Rank

|             | Luzon  |       | Visayas |      | Mindanao |      | Singapore |      | Total |
|-------------|--------|-------|---------|------|----------|------|-----------|------|-------|
|             | Female | Male  | Female  | Male | Female   | Male | Female    | Male |       |
| Staff       | 344    | 200   | 51      | 31   | 20       | 23   | 0         | 0    | 669   |
| Supervisors | 1,608  | 957   | 97      | 42   | 43       | 27   | 0         | 0    | 2,774 |
| Managers    | 818    | 564   | 48      | 25   | 18       | 11   | 0         | 0    | 1,484 |
| AVP and Up  | 304    | 223   | 6       | 3    | 2        | 2    | 0         | 1    | 541   |
| Subsidiary  | 155    | 208   | 8       | 6    | 3        | -    | 0         | 0    | 380   |
| Total       | 3,229  | 2,152 | 210     | 107  | 86       | 63   | -         | 1    | 5,848 |

\*Includes UnionBank and its subsidiaries

|             | Luzon  |      | Visayas |      | Mindanao |      | Singapore |      | Total |
|-------------|--------|------|---------|------|----------|------|-----------|------|-------|
|             | Female | Male | Female  | Male | Female   | Male | Female    | Male |       |
| Staff       | 264    | 433  | 108     | 136  | 46       | 117  | -         | -    | 1,104 |
| Supervisors | 174    | 196  | 59      | 57   | 18       | 28   | -         | -    | 532   |
| Managers    | 73     | 100  | 21      | 42   | 5        | 22   | -         | -    | 263   |
| AVP and Up  | 9      | 20   | 3       | 5    | -        | -    | -         | -    | 37    |
| Total       | 520    | 749  | 191     | 240  | 69       | 167  | -         | -    | 1,936 |

G. Workforce breakdown by Gender, and Nationality

|                           |        |       | Total |
|---------------------------|--------|-------|-------|
|                           | Female | Male  |       |
| Asian                     | 4,305  | 3,473 | 7,778 |
| Black or African American | -      | 5     | 5     |
| Hispanic or Latino        | -      | -     | -     |
| White                     | -      | 1     | 1     |
| Indigenous                | -      | 1     | -     |
| Total                     | 4,305  | 3,479 | 7,784 |

\*Includes UnionBank, CitySavings and UnionBank subsidiaries

H. Workforce covered by Collective Bargaining Agreement

|      | UB  | CSB |
|------|-----|-----|
| 2020 | 20% | 10% |
| 2021 | 17% | 49% |
| 2022 | 12% | 42% |

Note: All rank-and-file employees are automatically covered by a CBA as part of their employee union membership





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## Independent Limited Assurance Report

The Stockholders and Board of Directors  
Union Bank of the Philippines  
Meralco Avenue corner Onyx Street  
Ortigas Center, Pasig City

### Scope

We have been engaged by the Union Bank of the Philippines (UBP) to perform a 'limited assurance engagement', as defined by the Philippines Standards on Assurance Engagements (PSAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, to report on UBP's Social Bond issued to International Finance Corporation (IFC) (the Social Bond) as of and for the year ended December 31, 2022 as detailed in the 'Subject Matter' below.

### Subject matter

The Subject Matter covers the UBP's Social Bond Use of Proceeds, as described in the Operational Procedures for IFC Social Bond Use of Proceeds and in its Sustainable Finance Framework (SFF).

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### Criteria applied by UBP

In issuing the Social Bond, UBP applied the International Capital Market Association's (ICMA) Social Bond Principles (SBP) requirements on Use of Proceeds.

### UBP's responsibilities

The Management of UBP is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### SGV's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with PSAE 3000, and the terms of reference for this engagement as agreed with UBP on March 10, 2023. Those standards require that we plan

and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Regulation Commission and have the required competencies and experience to conduct this assurance engagement.

SGV also applies Philippine Standard on Quality Control 1 (Redrafted), *Quality Controls for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

1. Obtained policies and procedures established by UBP related to the issuance of the Social Bond and checked alignment to the requirements of SBP.
2. Checked eligibility of assets for inclusion in UBP's Social Bond against the criteria as described in the Operational Procedures for IFC Social Bond Use of Proceeds and in its SFF.
3. Obtained list of loans granted to Micro, Small and Medium Enterprises (MSMEs) in which proceeds of the Social Bond were allocated and screened against the IFC eligibility criteria and exclusion list.
4. Checked the breakdown of obtained MSMEs loans based on industry, and total amount per loan to ensure compliance with the IFC criteria.



5. Checked the accuracy of calculations performed within the schedule of MSME loans and obtained evidence as to the accuracy and completeness of the MSME loans schedule.

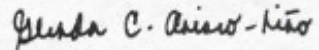
6. Performed inquiries and analytical procedures to test if the eligibility criteria were met.

We also performed such other procedures as we considered necessary in the circumstances.

### Conclusion

Based on our procedures and the evidences obtained, we are not aware of any material modifications that should be made to the Subject Matter as of and for the year ended December 31, 2022, in order for it to be in accordance with the Criteria.

SYCIP GORRES VELAYO & CO.

  
Glenda C. Anisco-Niño  
Partner

March 22, 2023

## Team Behind the Report

### Sustainability Office

Michelle E. Rubio - Chief Human Resources Officer

Angelica Marie J. Ozaeta - CSR and Sustainability Head

Ma. Camille S. Vergara - CSR and Sustainability Manager

### Sustainability Technical Working Group and Sustainability Data Stewards

Data Privacy Office

Branch Channel Management

SME Group

Compliance and Corporate Governance Office

Corporate Planning

Corporate Product Management

Customer Experience Group

Customer Segment Management

Facilities Management

Financial Reporting and Accounting Standards

Human Resource Group

Environmental and Occupational Safety and Health

Information Security Office

Legal Division

Operations Group

Private Banking

Procurement

Resiliency

Risk

Treasury

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