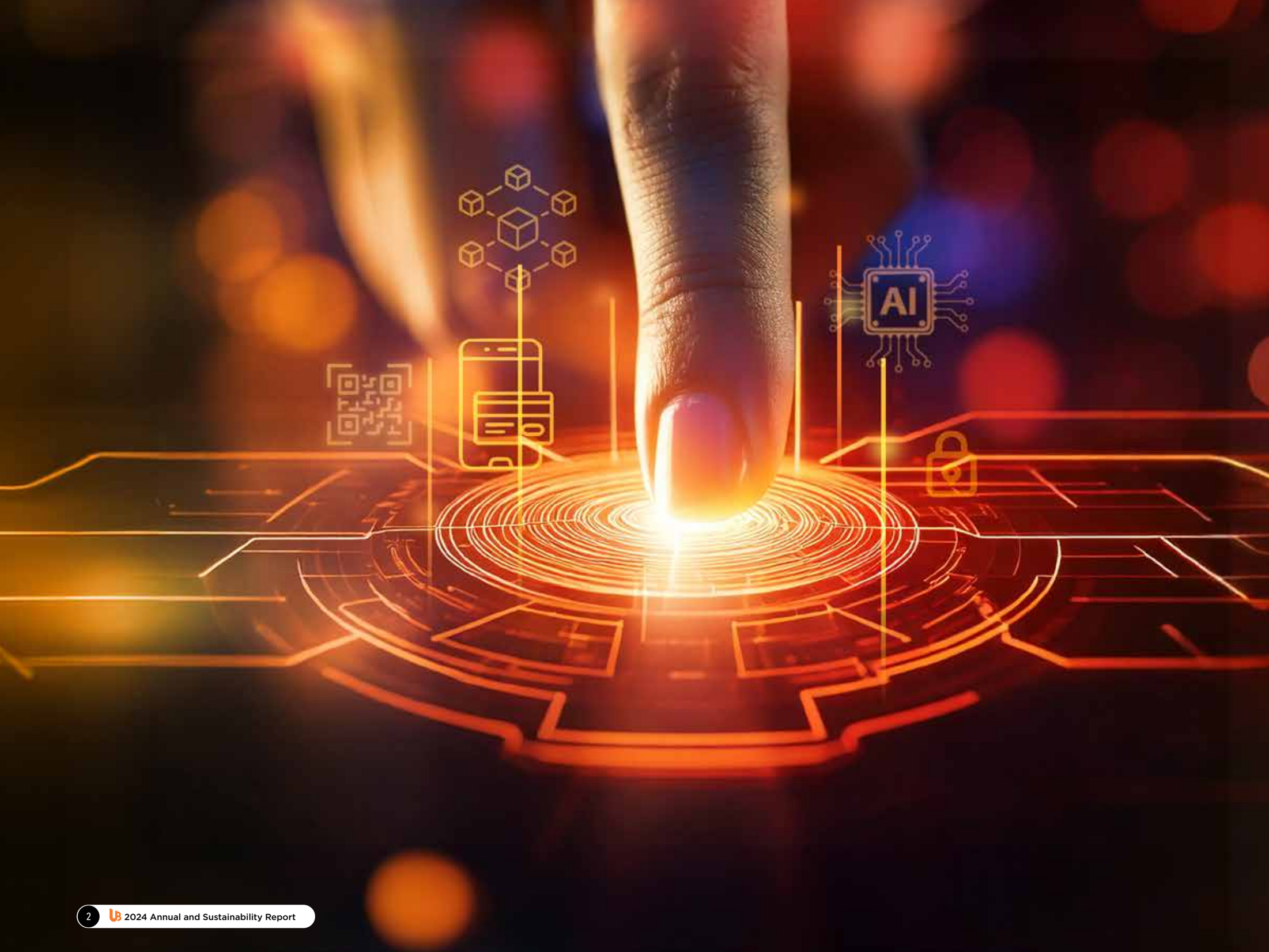

UnionBank
AI
Next Level Banking
UNLOCKED
2024 Annual & Sustainability Report


AI

# About UnionBank

Union Bank of the Philippines (UBP | UnionBank), a publicly listed universal bank, is at the forefront of redefining the future of banking. Widely recognized as a digital trailblazer, UnionBank continues to champion innovation. It has been strategically working toward its Great Retail Bank aspiration and now aims to build the next-generation institution for Filipinos and businesses.

On its digital transformation journey, UnionBank has set noteworthy milestones in banking innovation. It launched a well-designed, user-friendly, and feature-rich bank website, introduced online banking services, pioneered the Philippines' first electronic savings account (EON), and developed the chatbot Rafa. UnionBank also led the way in fully digital account opening and redefined branch banking with The Ark—its fully digital branch concept.

Capitalizing on the gains of transformation, UnionBank continued on the path of pursuing customer-focused banking solutions. In 2018, it launched UBX, now among the Philippines' leading open finance platforms. In July 2022, it introduced UnionDigital, the only digital bank owned by a publicly listed bank in the country. By 2024, UnionBank successfully integrated Citi's retail business, a major acquisition from 2022.

UnionBank's commitment to innovation, digital transformation, and excellence in banking services, has consistently set industry benchmarks in customer experience and financial technology as seen by the local and international awards it has collected.

UnionBank's future-forward vision is to maintain its industry leadership by delivering exceptional experiences and empowering customers and businesses to achieve their financial goals.


UnionBank
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

I earn the trust of my stakeholders through Integrity, Magis and Ubuntu.

- **INTEGRITY**
  I do the right thing at all times.
  I am trustworthy, transparent & authentic.
  I treat everyone with respect.
  I am fair, honest and accountable for any 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.
  I collaborate.
- **UBUNTU**
  I seek to understand through courageous conversations.
  I give feedback, real-time and on demand.
  I communicate clearly and openly.

## CORPORATE BRAND IDEA

Powering the Future of Banking

## DISTINGUISHING BELIEFS

Forward-Thinking | Innovative | Open | Agile

## EMPLOYER BRAND

Own the Future. Co-create Innovations.

## CREDO

We are a dynamic and caring team of bold, agile and engaged experts committed to make the difference for our stakeholders by creating meaningful experiences, innovative services and solutions.

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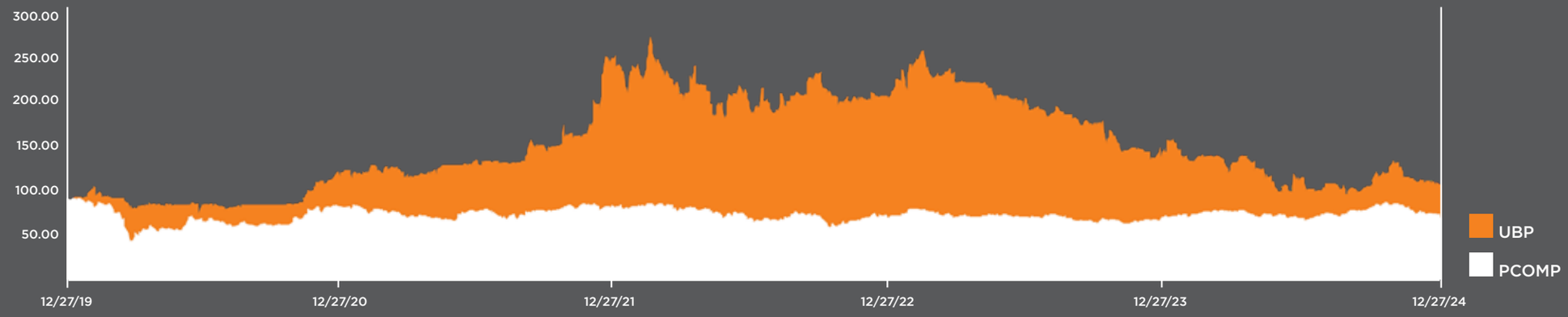
**204** Financial Statements

# TWO-YEAR FINANCIAL HIGHLIGHTS

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Profitability | | | | |
| Total Net Interest Income | 58.03 | 51.98 | 44.96 | 37.69 |
| Total Non-Interest Income | 21.52 | 18.80 | 17.78 | 18.90 |
| Total Operating Income | 79.55 | 70.78 | 62.74 | 56.60 |
| Provision for Credit Losses | 19.60 | 14.04 | 13.23 | 11.03 |
| Total Operating Income After Provision or Credit Losses | 59.95 | 56.74 | 49.51 | 45.57 |
| Total Other Expenses | 44.27 | 44.89 | 33.59 | 35.22 |
| Net Income Before Tax | 15.68 | 11.85 | 15.92 | 10.35 |
| Income Tax Expense | 3.65 | 2.64 | 3.69 | 1.53 |
| Net Income After Tax | 12.03 | 9.20 | 12.23 | 8.83 |
| | | | | |
| Balance Sheet | | | | |
| Liquid Assets | 128.06 | 145.76 | 89.80 | 99.61 |
| Trading & Investment Securities | 373.22 | 357.26 | 362.67 | 347.71 |
| Loans and Other Receivables, net | 522.66 | 526.15 | 406.18 | 411.82 |
| Other Assets | 121.50 | 115.98 | 135.05 | 130.47 |
| Total Assets | 1,145.44 | 1,145.14 | 993.70 | 989.61 |
| Deposits | 676.32 | 712.57 | 572.48 | 597.56 |
| Other Liabilities | 273.05 | 256.95 | 225.99 | 216.97 |
| Total Liabilities | 949.37 | 969.52 | 798.47 | 814.52 |
| Total Equity | 196.07 | 175.63 | 195.23 | 175.09 |

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | | | | |
| Selected Ratios | | | | |
| Return on Average Equity | 6.4% | 5.6% | 6.6% | 5.5% |
| Return on Average Assets | 1.1% | 0.8% | 1.2% | 0.9% |
| CET1 Capital Ratio | 15.6% | 13.9% | 15.5% | 13.2% |
| Tier1 Capital Ratio | 15.6% | 13.9% | 15.5% | 13.2% |
| Capital Adequacy Ratio | 17.3% | 15.7% | 17.5% | 15.3% |
| | | | | |
| Per CommonShare Data* | | | | |
| Cash Dividends* | 1.00 | 0.80 | 1.00 | 0.80 |
| Earnings: | | | | |
| Basic | 3.75 | 3.06 | 3.85 | 2.97 |
| Diluted | 3.75 | 3.06 | 3.85 | 2.97 |
| Book Value | 61.65 | 59.16 | 61.39 | 58.98 |
| *Earned for the year but declared and paid the following year | | | | |
| | | | | |
| Others | | | | |
| Head Count | | | | |
| Officers | 6,353 | 6,354 | 4,657 | 4,819 |
| Staff | 2,147 | 2,156 | 631 | 663 |

## UnionBank and PSEi Stock Performance

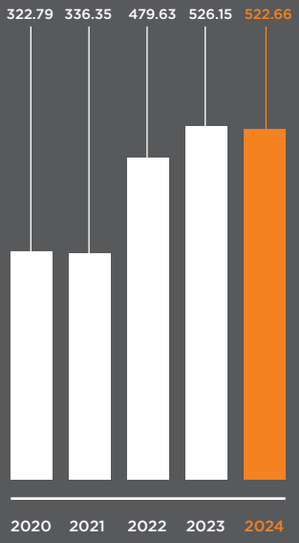


# FIVE-YEAR FINANCIAL HIGHLIGHTS

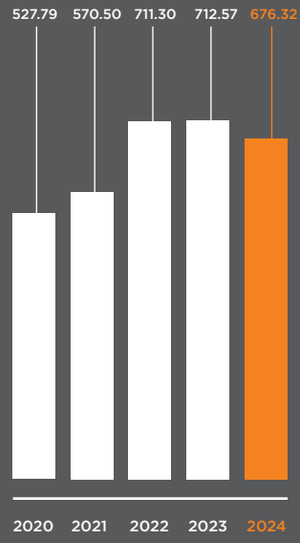
## TOTAL RESOURCES



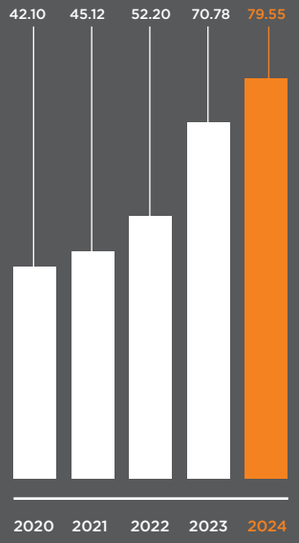

## TOTAL LOANS



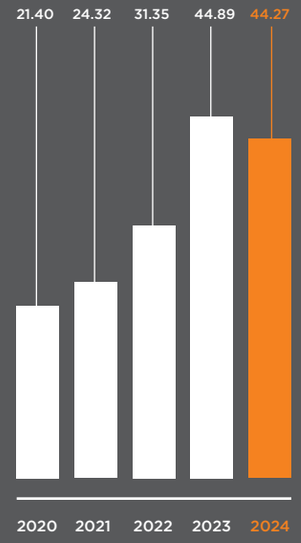

## TOTAL DEPOSITS



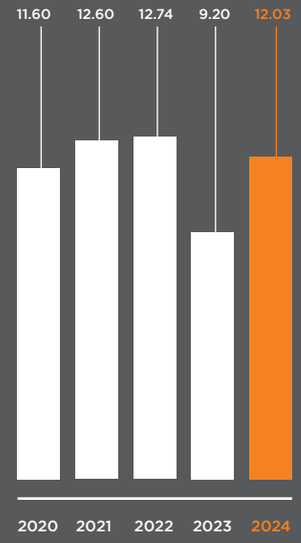

## NET REVENUE



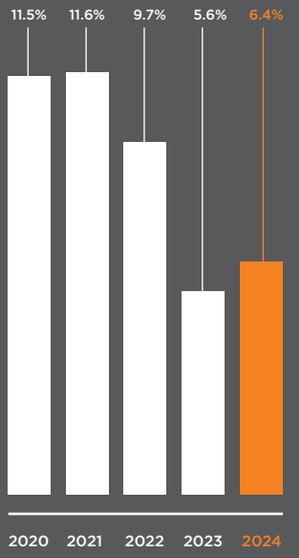

## OPERATING EXPENSES



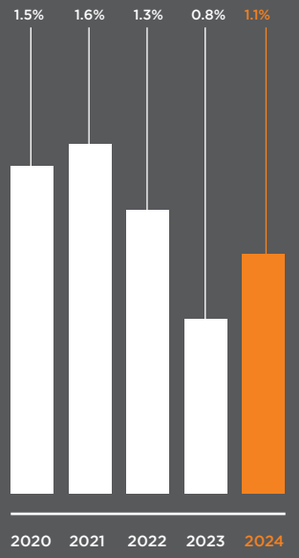

## NET INCOME




## RETURN ON AVERAGE EQUITY



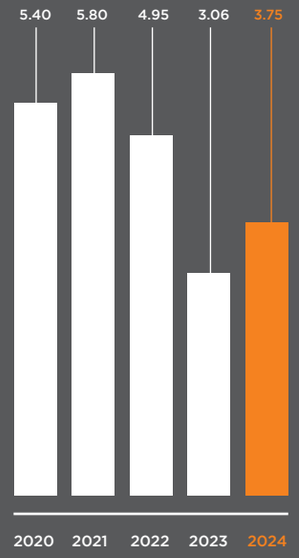

## RETURN ON AVERAGE ASSETS



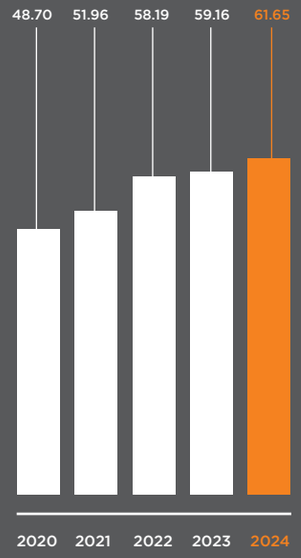

## COST TO INCOME




## EARNINGS PER SHARE

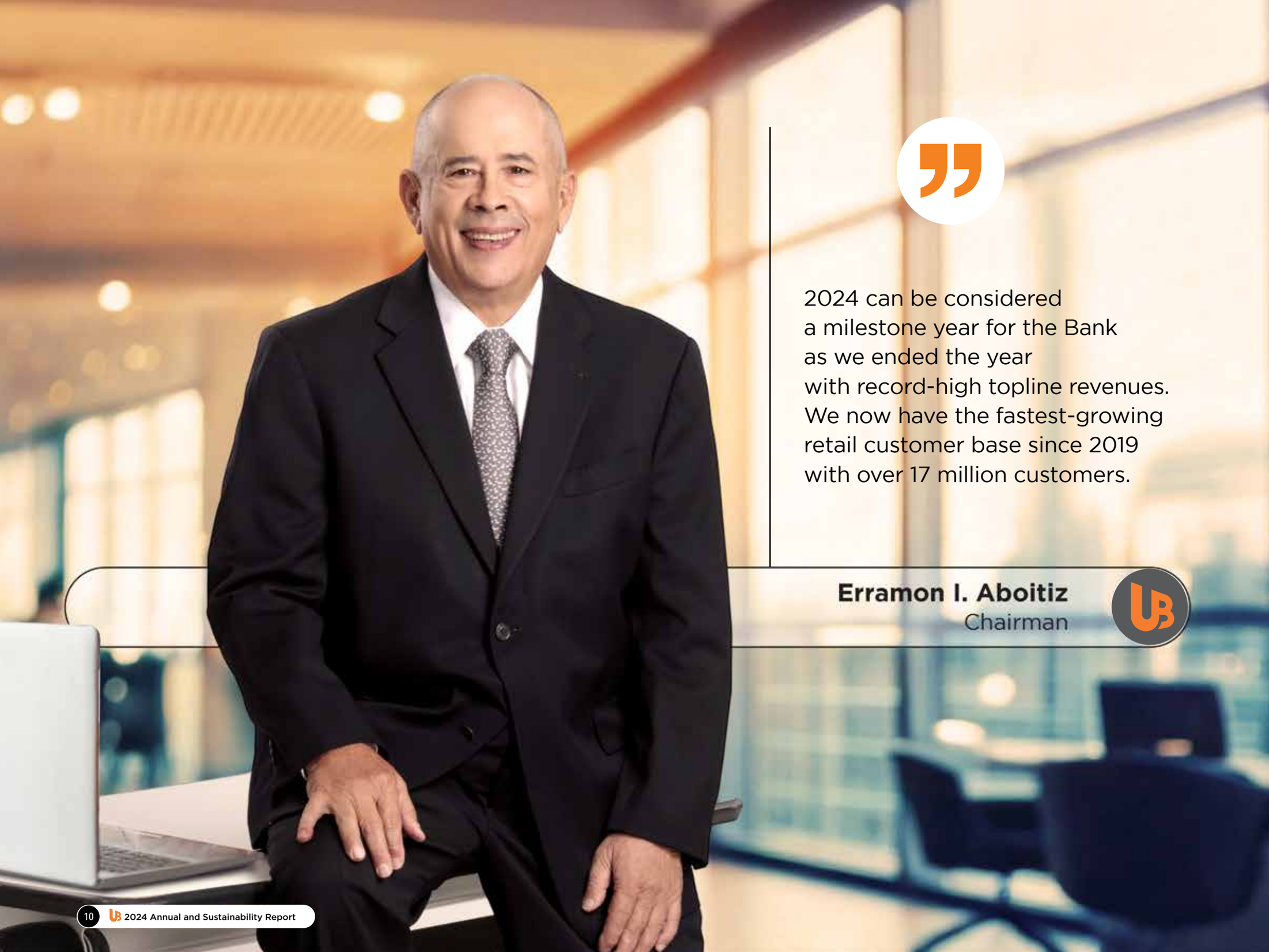



## BOOK VALUE PER SHARE




## CAPITAL ADEQUACY RATIO





2024 can be considered
a milestone year for the Bank
as we ended the year
with record-high topline revenues.
We now have the fastest-growing
retail customer base since 2019
with over 17 million customers.

**Erramon I. Aboitiz**
Chairman

## CHAIRMAN'S MESSAGE

# A DECADE OF TRANS-FORMATION

# CHAIRMAN'S MESSAGE

**As we move forward, our customers will remain at the forefront of our strategy. We will continue to provide exceptional banking experiences by upholding security, efficiency, and innovation in every interaction.**

UnionBank's journey towards building a Bank of Enduring Greatness was one defined by relentless innovation, digital evolution, and an unwavering dedication to customer-centricity. This transformation has been powered by two game-changing shifts:

1. **Investing in Digital as the Future of Banking** – Digital channels were geared towards delivering the best customer experiences, while core systems were aimed to sustain a low cost-to-serve model. Our robust technology infrastructure and innovative digital platforms were instrumental for us to have been able to successfully integrate the acquired consumer business from Citi.

2. **Building a More Predictable Earnings Base** – We strengthened our recurring income streams with our focus on Retail Banking, maximizing the exponential growth of our retail customers from our digitally acquired deposit customers and the addition of the migrated ex-Citi consumer business. This has provided us with more stable sources of balance sheet growth that drives recurring net interest income and fees.

**Successes and Lessons Along the Way**

2024 can be considered a milestone year for the Bank as we ended the year with record-high topline revenues. We now have the fastest-growing retail customer base since 2019 with over 17 million customers. Our position as a major player in consumer banking has been reinforced by the expansion of our customer transactions, as well as enhanced risk and operating model. The UnionBank brand is stronger than ever due to reputation, customer loyalty, and market position.

Scaling up came with challenges and valuable lessons. Our rapid expansion into mass and underserved markets led to higher-than-expected credit costs; but these insights will shape and strengthen our strategies moving forward. This will be one of the key areas we will be prioritizing, especially for our subsidiaries, so we can resume our efforts in serving the needs of this sizeable segment.

**Strengthening our Customer Centric Approach**

As we move forward, our customers will remain at the forefront of our strategy. We will continue to provide exceptional banking experiences by upholding security, efficiency, and innovation in every interaction. We will keep on delivering new and exciting product and service innovations which are designed and built around our customers' needs and goals.

## As we continue to push the limits of what banking can be, we are grateful to our devoted customers for growing with us.

As a bank scaling to serve our over 17 million customers, we must further enhance operational stability while proactively anticipating and mitigating internal and external threats so we can keep on delivering our desired experiences consistently and reliably. We understand that the smallest issues will impact our customers exponentially, especially given how interconnected banking is today. To adequately protect and serve our customers, we are actively investing in our systems to enhance stability and efficiency.

We will also challenge ourselves to regularly improve our processes through data-driven strategies and time-tested techniques (e.g. Six Sigma Principles).

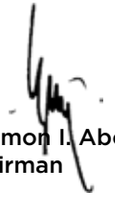
These will allow us to minimize system downtime and prevent cybercrime/ fraud, which will then enable us not just to deliver, but also sustain a next-level banking experience.

**Gratitude**

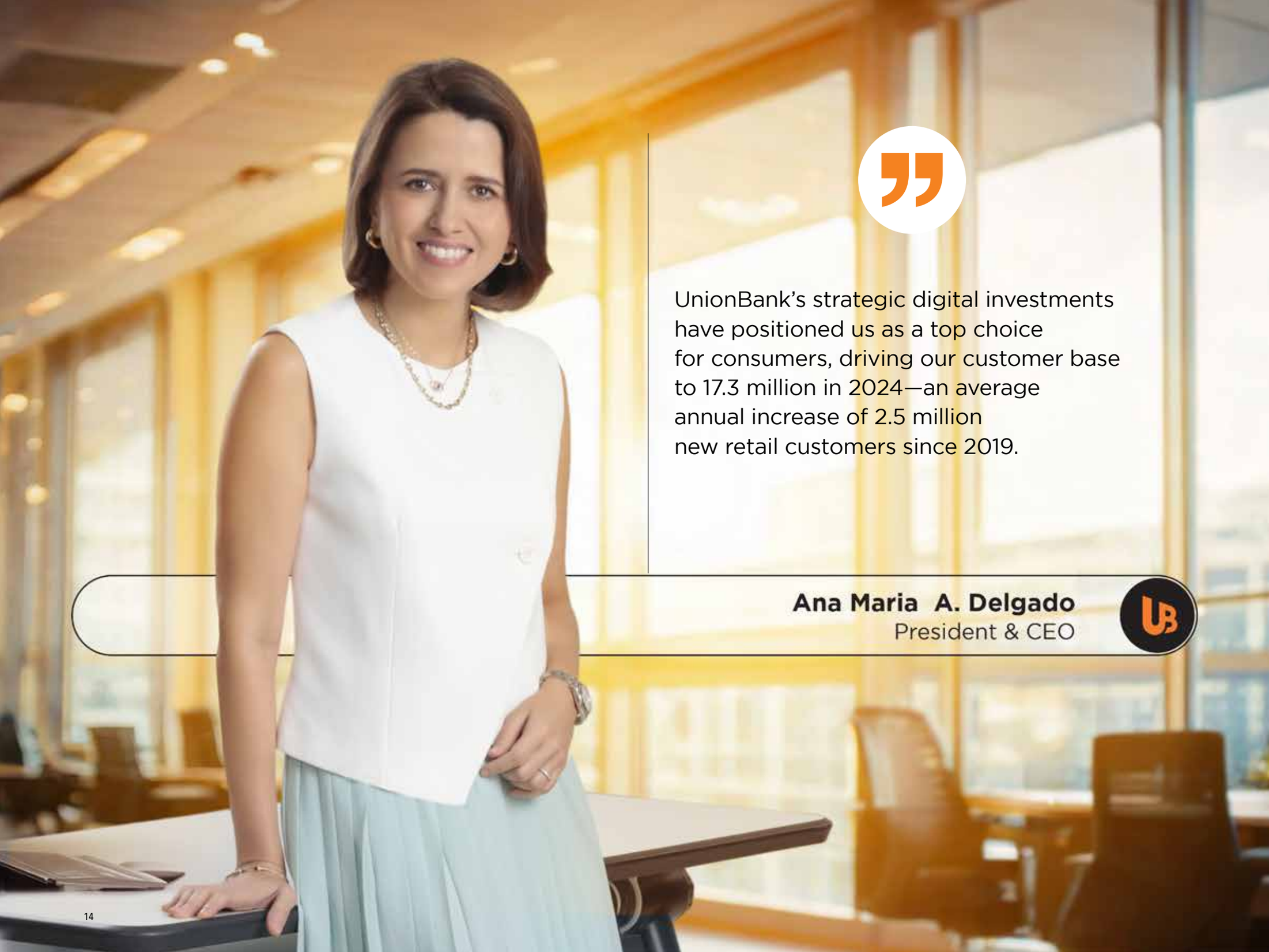
I want to express my profound appreciation to every UnionBanker for their steadfast dedication to innovation and customer-centricity. As we continue to push the limits of what banking can be, we are grateful to our devoted customers for growing with us. We thank our shareholders for their unwavering support in helping us accomplish our strategic objectives. We also appreciate the advice our regulators have given us on ensuring stability of the banking system.

Lastly, I would like to express my gratitude to Edwin Bautista for spearheading UnionBank's digital transformation during the previous ten years. I also welcome Ana Aboitiz Delgado; her extensive experience and commitment to customer service will provide the strong leadership UnionBank needs as we enter the next phase of our transformation, driving customer-centric innovations and redefining the future of banking.

The Future of Banking is here with **U**.



**Erramon I. Aboitiz**
**Chairman**



UnionBank's strategic digital investments have positioned us as a top choice for consumers, driving our customer base to 17.3 million in 2024—an average annual increase of 2.5 million new retail customers since 2019.

**Ana Maria A. Delgado**
President & CEO

REPORT OF THE PRESIDENT & CEO

# 2024: A DEFINING YEAR FOR UnionBank

# REPORT OF THE PRESIDENT & CEO

**The seamless integration of Citi's consumer business highlights UnionBank's ability to execute complex, large-scale transformations with speed and precision.**

The year 2024 marks a pivotal chapter in UnionBank's history—one defined by strategic milestones, stronger financial performance, and accelerated transformation. With the successful integration of the Citi consumer franchise and the continued expansion of our digital leadership, we achieved record-high revenues, fueling earnings recovery and laying a solid foundation for future growth.

**Successfully completed the Citi Consumer Integration**

The seamless integration of Citi's consumer business highlights UnionBank's ability to execute complex, large-scale transformations with speed and precision. More than just a technical migration, this achievement was about welcoming Citi's customers into the UnionBank ecosystem while preserving and enhancing the products and services they trust.

Our consumer business continues to thrive, with new credit card acquisitions growing by over 100% in 2024—propelled by targeted campaigns, innovative digital marketing, and an expanded suite of products and services. As a result, UnionBank is now the third-largest credit card issuer in the country, positioning us strongly for continued growth.

Beyond acquiring new clients, we are unlocking synergies between UnionBank and the acquired business by adopting best practices and enhancing key capabilities. This includes real-time credit card approvals and strategic partnerships with brands such as Samsung Finance, S&R, Shell, and Mercury Drug.

With the integration complete, UnionBank is well-positioned to leverage its scale, innovation, and expertise to create even greater value for our customers and shareholders.

**Strengthening Our Digital Leadership**

UnionBank's strategic digital investments have positioned us as a top choice for consumers, driving our customer base to 17.3 million in 2024—an average annual increase of 2.5 million new retail customers since 2019.

Our leadership in digital banking is evident in the rapid adoption of digital channels. Of our 17.3 million clients, 5.1 million are digital customers—an 8.6x increase from pre-pandemic levels. More customers than ever are choosing digital platforms for their banking needs, with digitally opened accounts growing 103 times since 2019. This surge underscores the strong demand for seamless, accessible, and frictionless banking.

The UnionBank Online app remains the most downloaded and highest-rated banking app on Google Play Store. More customers are also transacting digitally. In 2024, the app processed around 105 million fund transfer transactions, a 33% increase from last year.

**Record High Revenues**

In 2024, UnionBank achieved a record-high net revenue of PHP 79.5 billion, reflecting a 12% year-on-year growth. This was driven by recurring income streams, primarily from net interest income and fee-based revenues.

Net interest income grew by 12% year-on-year, reaching PHP 58.0 billion. This is fueled by widening net interest margins on the back of the strong growth in high-yielding consumer loans and successful funding cost management.

In 2024, consumer loans account for 61% of our total loan portfolio, in-line with our deliberate shift to this segment. Currently, UnionBank boasts the 4th largest consumer portfolio among major banks. This portfolio shift contributed to a 49-basis-point improvement in net interest margin (NIM), from 5.5% in 2023 to 6.0% in 2024.

**As I take on this responsibility, I am committed to honoring and building upon our digital transformation legacy, as we pursue our vision of building a bank of enduring greatness.**

Fee-based income also grew significantly, reaching PHP 21.5 billion in 2024, a 14% increase from the previous year, driven by our expanding customer base which inevitably resulted in an increasing volume of transactions, including bill payments, fund transfers, interchange fees, and other card-related revenues.

Altogether, UnionBank ranks second in NIMs and Fees-to-Assets among publicly listed banks. This strong revenue performance, along with prudent cost management, allowed us to generate PHP 12 billion net income in 2024, a 31% increase from the previous year.

Our efforts to expand our retail base to the mass and underserved segments, through our subsidiaries, also gave us many learnings and insights that has helped us sharpen our credit management and operating models to ensure we profitably pursue the potential of this market.

**Advancing Sustainability and Financial Inclusion**
Through extensive training, responsible financing, and climate resilience initiatives we've strengthened our sustainability efforts. In 2024, we delivered over 1,000 ESG training hours, cut power consumption by 30%, and enhanced disaster response strategies to mitigate climate risks.

As a responsible financial partner, we've expanded credit access for teachers, MSMEs, and underserved communities through CitySavings' first social bond, backed by the International Finance Corporation (IFC). This reinforces our commitment to sustainable banking and inclusive growth, creating lasting value for stakeholders and communities.

**Taking UnionBank to the Next Level**
With a solid foundation in place, we are ready to propel UnionBank into the future. To take UnionBank to the next level, we must be ready for the next generation of banking—one that goes beyond digitization.

Digital is no longer just an enabler; it is at the core of how we operate. As mobile banking, embedded finance, and AI-driven decision-making continue to evolve, financial services are being redefined—and UnionBank is at the forefront of this revolution.

Today's customers expect seamless, secure, and personalized banking experiences—anytime, anywhere. To meet these expectations, UnionBank is evolving into a Next Generation Bank—one that delivers next-generation banking to all generations.

At the heart of this proposition is a deep focus on understanding our customers. By anticipating their needs, we can design the right financial products and integrate seamlessly into their daily lives.

To achieve this, we must:

- ✓ Deliver exceptional experiences across all channels with consistency and trust.
- ✓ Strengthen our high-tech, high-touch approach, balancing digital convenience with human connection and physical presence.
- ✓ Leverage data-driven insights to enhance customer experiences and create greater value.

By embracing the Next Generation Bank mindset, we position ourselves to win over the next wave of consumers and businesses—the largest and most economically active generation the Philippines has ever seen.

Now is the time to seize this opportunity.

**Gratitude**
I would like to express my deepest gratitude to our Board of Directors for their steadfast guidance and leadership over the years.

Thank you to our customers, regulatory and business partners, and shareholders for your unwavering trust and support.

Most importantly, my heartfelt thanks go to all UnionBankers for your dedication, hard work, and relentless pursuit of excellence.

As I take on this responsibility, I am committed to honoring and building upon this legacy, as we pursue our vision of building a bank of enduring greatness.

We move forward with optimism and determination, knowing that the future begins with **U**.



**Ana Maria A. Delgado**
**President & CEO**



# RAJAN UTTAMCHANDANI

**ESQUIRE FINANCING**

# BRIDGING THE GAP

## How Esquire Financing is Transforming SME Lending

Small and medium enterprises (SMEs) are the backbone of the Philippine economy. Yet, they face a persistent challenge: access to capital. Enter Esquire Financing Inc., the largest non-collateral SME loan provider in the country. They are redefining access to capital through speed, flexibility, and innovation.

"When an SME needs capital, they need it fast. And that's where we come in," says Rajan Uttamchandani, Esquire Financing's Chairman and CEO. "We're not their main source of funding, we're their immediate source of funding.

Esquire Financing is built on three values: efficiency, flexibility, and integrity. "Efficiency, because we're able to process loans fast. Flexibility because we can customize loan repayment like the term and frequency. Integrity, of course, is the most important value for us. We trust our clients, we trust our people to be able to do credit properly," Rajan explains.

**Market Gap**

After working at American Express in the US, Rajan returned to the Philippines and engaged in microfinance in 2006. He later incorporated Esquire Financing in 2011, building on the foundation his father, Albert, established in 1974.

Esquire Financing was established with a clear mission: to serve the underserved segment of Philippine businesses. While microfinance institutions were already competing for the smallest enterprises, and large corporations had access to banking services, SMEs were left in the middle—banked but not backed.

Rajan identified a critical funding gap in the market early on. "Banks require collateral and financial documents that many SMEs simply don't have. That forces them to turn to informal lenders at unreasonably high rates. We wanted to change that."

With loan sizes ranging from Php 50,000 to Php 50 million, and approximately Php 16 billion disbursed last year, Esquire Financing has positioned itself firmly in this gap, focusing exclusively on productive business loans.

"We finance for three reasons: build, bridge, or buy," Rajan shares. "Building something, bridging receivables, or buying an asset—we're into growth finance."

Unlike traditional lenders, Esquire Financing evaluates businesses on character and capacity first, considering collateral and income tax returns only at the end of the process. "We lend because we know where they're going to use the money and how we're going to get paid back," Rajan notes.

**Click-and-Mortar Business**

Technology has been the company's secret weapon in delivering fast and seamless financial solutions. "When we started, our turnaround time was seven working days," Rajan shares. "Today, it's down to just seven minutes."

This remarkable speed is achieved through sophisticated systems. He explains, "People apply online, then documents get screened by different systems using robotics. Machine learning is utilized to analyze what used to be done manually. It's not one central system—but multiple systems connected through APIs, all integrated and talking to each other."

Instead of relying solely on traditional financial statements, Esquire Financing evaluates real-world business performance, supplier relationships, and cash flows."

Rajan emphasizes that they're a click-and-mortar business. "The application and approval are the click, but the second part is relationships. We don't let technology take over the relationship. Customers still engage with sales and relationship managers."

The company follows a supervised lending model, ensuring funds are used productively. "We wouldn't just give you a loan because you think you need that amount," he explains. "We analyze whether you really need it and where it's going. If it's payment to your supplier, we remit the funds directly to them."

This approach includes tracking outcomes: "We ask how your business will transform, how many employees you'll hire, and what your sales will be. We track performance before giving the second tranche, looking where their business stands after three months."

**Strategic Partnerships**

Esquire Financing's partnership with UnionBank has been crucial to its growth. This deep, long association with UnionBank spans decades, from Rajan's father all the way up to the current management team. "It's almost like a family relationship," Rajan notes. "We were able to grow with them." The connection is comprehensive: "UnionBank is really our main partner for cash management," he adds. "We do our disbursements to clients through them. Our salaries and payroll are through UnionBank."

Esquire Financing's business loans are also available on SeekCap, the online lending marketplace for SMEs developed by UnionBank's fintech subsidiary, UBX.

**The Path Forward**

Having served over 30,000 SMEs, Esquire Financing now aims to reach 100,000 customers—a target Rajan considers achievable through referrals and partnerships.

"If we get two or three referrals per customer, we'd hit 100,000 easily," he explains. "And the prospects that existing customers refer tend to be good credit."

As competition intensifies, Esquire Financing continues to innovate. "The market's more competitive now. It's a "low barrier to entry" business, but a "high barrier to success" business," Rajan observes.

To stay ahead, Esquire Financing invests in multiple distribution channels. Most of its dealings come from online inquiries, reaching 300,000 a year. "We also have an agent network of about 300 field agents to find customers for us, plus strategic partners like UnionBank that bring in transactions."

To scale further and compete with newer fintech players, Esquire Financing plans to offer smaller loans and be more aggressive but doing away with post-dated checks, which will help the company to hyperscale its business.

For Rajan, Esquire Financing is more than a lending company—it's an economic catalyst. His approach reflects his personal philosophy of entrepreneurship as a force for social good. "This company is meant to give back to the economy and create great jobs for SMEs. When we fund an SME, we don't just help one business, we help entire communities thrive. It is in our DNA to fuel the dreams of entrepreneurs across the Philippines."



# DR. DENNIS STA. ANA

**MAKATI LIFE MEDICAL CENTER**

# THE FUTURE OF HEALTHCARE

## How Makati Life Medical Center is redefining hospital culture and the patient experience

In the heart of Makati City stands what might be the future of Philippine healthcare. Makati Life Medical Center is a pioneering public-private partnership challenging traditional hospital models while promising to deliver world-class care at accessible prices.

At the helm of this ambitious venture is Dr. Dennis Sta. Ana, founder and CEO of Life Nurture Inc. and the driving force behind Makati Life. "Healthcare in the Philippines has been plagued by three major pain points – long wait times, prohibitive costs, and a stark divide in quality between the haves and have-nots," explains Dr. Dennis. Makati Life was born out of a response to these problems.

**Partnering with Makati City**

"When I first saw that unfinished building, I recognized its potential," Dr. Dennis recalls, referring to what would have been the *Ospital ng Makati 2*. He teamed up with Engr. William Russel Scheirman, Dr. Randy Talamayan, and friend Johnny Uy. They formed LifeNurture, Inc. to propose for the PHP 11 billion project.

"We submitted an unsolicited proposal to the Makati City government in 2020, as COVID began. Our proposition was simple but unprecedented – we would finish the building construction, equip it, and run it without costing the city a single centavo."

Their unsolicited proposal was accepted following a Swiss challenge. The Makati City government contributed the land and hospital shell, and LifeNurture invested PHP 7 billion to complete it. Today, Makati Life stands as a benchmark for future PPP healthcare projects in the country.

**Dignity in healthcare**

"Makati Life is a private hospital that's open to everyone," Dr. Dennis emphasizes. "We offer healthcare services that match or exceed those of larger hospitals—but at costs equal to or even lower than the city-run *Ospital ng Makati 1*—ensuring high-quality care is accessible to all."

"We treat all patients equally," he emphasizes. "Everyone deserves dignity in healthcare, no matter how they pay. Our Yellow Card patients receive the same quality of care, use the same advanced equipment, and are treated by the same specialists as our private-paying patients."

Dr. Dennis represents the next generation of healthcare leaders, bringing fresh perspectives to a traditional industry. An accomplished surgeon, he served for many years as Medical Director of Diliman Doctors Hospital, chaired the Department of Surgery at Marikina Valley Medical Center, and is the founder and president of Integra Healthcare Holdings, Inc., a healthcare ecosystem consortium.

**Revolutionizing the patient experience**

Makati Life's innovation goes beyond funding. Its operational philosophy is also unique. The hospital's outpatient department, which opened in May 2023, is the only OPD in the country that operates 24/7.

"We see about 800 patients daily with just five doctors at a time," Dr. Dennis shares. "How? By rethinking the appointment system. We try to keep our promise that patients with appointments will be seen within 15 minutes of arrival."

This efficiency comes from a well-planned scheduling system that spreads patient arrivals throughout the day. It contrasts with the traditional model, where patients often wait hours for a brief checkup.

"By empowering patients to schedule appointments and respecting their time, we achieve what many thought impossible – efficiency without sacrificing quality."

Makati Life's state-of-the-art operating rooms rival the most advanced facilities globally. Intensive care units connect to comfortable family lounge areas, allowing family members to remain close by during critical care while maintaining the sterile environment necessary for patient safety.

**Caring for the caregivers**

Perhaps most distinctive is Makati Life's philosophy on healthcare priorities. Dr. Dennis advocates moving beyond conventional approaches like "patient at center stage" or "patient comes first," emphasizing instead a more holistic "human experience" approach—one that equally values both patients and healthcare providers.

"To consistently deliver exceptional care, we must genuinely care for our caregivers," Dr. Dennis explains. This perspective addresses compassion fatigue directly, promoting staff well-being through initiatives such as three-day work weeks for nurses, comfortable lounges, sleeping pods, collaborative spaces, and even plans for an onsite gym.

By nurturing the human experience of its healthcare team, Makati Life ensures sustainable, high-quality care for everyone involved.

**Technology as an enabler**

Makati Life is leveraging cutting-edge technology to transform care delivery. The facility targets higher stages of HIMSS accreditation for digital healthcare – a benchmark no other Philippine hospital has achieved.

"We're not just claiming to be a smart hospital – we're pursuing certification to prove it," Dr. Dennis emphasizes. For instance, AI-enabled patient monitoring in the ICU allows one nurse to oversee four to five patients, surpassing the traditional ratio. These systems enhance human oversight with multiple safety layers, including central monitoring and mobile alerts for doctors.

Looking ahead, the center plans to introduce robotic surgery, balancing clinical outcomes with cost-effectiveness. "Robotics is the future of surgery," Dr. Dennis acknowledges. "But we want solutions that are accessible to many. What good is advanced technology if only a few can afford it?"

A key part of Makati Life's success is its partnership with Union Bank of the Philippines, which aligns with the center's tech-forward vision.

"We're grateful for UnionBank's support," Dr. Dennis says of the Bank's role in helping fund the project through a syndicated loan. "From the start, they provided free technology training through its Xcellerator Program. The Bank's advanced payroll system has also been crucial to our operations."

**Beyond One Hospital**

Recently, Makati Life was recognized as "Integrated Healthcare Provider of the Year - PH at the 2025 Healthcare Asia awards. For Dr. Sta. Ana, Makati Life is more than a hospital – it's part of a comprehensive healthcare ecosystem. He envisions a seamless patient experience that integrates hospital care with clinics, pharmacies, and home-based healthcare. "Imagine a system where your community doctor is informed about your treatment even before you're discharged, and your medicines are delivered directly to your home. That's the integrated future we're creating," he explains.

As Makati Life prepares to fully operationalize its 360-bed facility-including 22 Operating Rooms, 2 Catheterization Suites, 54 Critical Care rooms, 2 Linear Accelerators, and advanced AI-enabled equipment- Dr. Dennis remains focused on the bigger picture.

"This isn't simply about opening a hospital; it's about building a blueprint for healthcare transformation across the country," he concludes. "Our success here paves the way for similar partnerships nationwide. That's not just good business – it's good for the Filipino people."



# MENARDO JIMENEZ
# CARMEN JIMENEZ-ONG

**MENARCO DEVELOPMENT**

Menarco Development

# BUILDING BETTER

## How Menarco Development Created a New Blueprint for Office Developments

In the gleaming skyline of Bonifacio Global City stands a skyscraper that looks, at first glance, like many others. Yet Menarco Tower represents something revolutionary in Philippine real estate—a project designed with human wellness as its foundation and sustainability as its guiding principle. The multi-awarded boutique office landmark is considered the healthiest corporate building in the region.

"I wanted to create something that people didn't even know was needed," says Carmen Jimenez-Ong, Founder and CEO of Menarco Development Corporation. "Being a woman, I saw spaces as more nurturing. Work is hard enough—I'd rather be playing all the time," she adds with a characteristic warmth that reveals her creative spirit.

**An Enormous Challenge**

The story of the Menarco Tower begins with a property she acquired nearly two decades ago. When Carmen's father, Menardo Jimenez – a towering figure in Philippine business – challenged her to develop the land, she embraced the opportunity despite having no skyscraper construction experience.

Her father's approach was to encourage independence while providing support when needed. "I tell all my children: paddle your own canoe," says the 92-year-old patriarch, Menarco Development Chairman, and Carmen's staunchest supporter. "But I make myself available just in case there's a problem."

The construction project management presented countless challenges, particularly for a woman in a predominantly male industry. "Was it easy? No. Did I want to throw in the towel many, many times? Oh yes," Carmen admits. "Construction in the country is a headache. I was female, 39, in a sea of men who were all alpha. I had to learn how to command a room."

But being new in the field had an advantage, too. "I came into it with a very fresh perspective," Carmen reflects. "I was not bound by traditions."

**A Philosophy of Stewardship**

That fresh perspective would prove transformative. Instead of focusing solely on the building's economic potential, she approached the project with a strong sense of stewardship.

"I really believe that we are just stewards," Carmen emphasizes. "I think God looks for human beings who will take care of people and the planet. It all boils down to wanting to be able to face my children and my Creator to say, 'I think I've done a pretty good job with what you entrusted to me.'"

**Pioneering Wellness and Sustainability**

This inspired vision led the 32-storey Menarco Tower to become Southeast Asia's first WELL Certified Gold building in 2019. It also secured LEED Gold certification, EDGE Zero Carbon status, IMMUNE Building Standard's 5-Star rating, and Wired Score Platinum for digital connectivity, among other recognitions.

"These certifications are a testament to Menarco's commitment to wellness, sustainability, and supporting our tenants," Carmen explains. "All of this is necessary to do your best work."

Every aspect of Menarco Tower reflects this direction, from its double-glazed façade that reduces heat transfer, to its advanced air filtration systems. "The air is filtered, fresh, and chilled to an ambient temperature of about 23-24 degrees, which is based on science—what the body needs to feel comfortable," Carmen adds. "That is very important for human productivity."

The 100% Filipino-designed and built tower boasts of advanced water purification and full energy conservation, using 100% renewable energy. Its biophilic design incorporates natural elements like wood to reduce stress. The clean floor plate column-free design allows for maximum natural light, while human-centric lighting supports occupants' circadian rhythms.

**The Vertical Museum and Community Spaces**

What also distinguishes Menarco Tower is its Vertical Museum—a collection of contemporary Filipino art displayed on every floor, and is open for public tours. "It's a collection of museum-quality works by local, living artists," Carmen states proudly. The museum has attracted attention from major international institutions, such as the Met Museum, LACMA, and the Pompidou.

Community thrives at "The Yard" on the 8th floor, a gathering place where tenants can meet, eat, or relax. "We do community activities like farmers' markets, blood donation drives, and upcycling through our quarterly yard sale," Carmen explains. The 9th floor is dedicated to wellness, offering physical therapy, Pilates, and mental wellness resources.

**Business Success**

While wellness and sustainability remain at Menarco's core, the business results speak for themselves. Despite the challenges of the pandemic, Menarco Tower maintains full occupancy with rates higher than industry averages.

"Our building is full while others nearby have significant vacancies," Carmen observes. "I was asked what we're doing right, and I honestly believe it's not by my own strength, but by a big God who directs us."

The tenant mix that ranges from local startups to global firms reflects Carmen's vision for diversity and energy. "We house a wide range of amazing foreign and local companies—from tech to management consulting to movement oriented ones for young and for old. Menarco's interestingly curated," she points out.

**Banking Partnership**

Behind Menarco's success stands a crucial financial partnership with the Bank. "UnionBank has been amazing in teaching us how to invest our funds," Carmen acknowledges. "They've watched over our funds, so they themselves have been good stewards. There is a lot of trust with them." This relationship goes beyond traditional banking services. Carmen appreciates how UnionBank nurtures the next generation of business leaders like herself through its Private Banking events.

**Looking Forward**

Today, Menarco Development is working on its next project—a boutique townhouse residential development with a low-rise condominium in Quezon City. "We'll translate our healthy spaces philosophy into whatever good opportunity there is," Carmen shares enthusiastically.

For her, Menarco Tower represents more than a successful business venture—it's the physical manifestation of her faith, values, and vision. "My soul is here," Carmen says.

"Menarco likes to build better so people can breathe better, work better, and live better," she concludes. "When you really look at what works in Menarco, it's what you don't see—it's just what you feel."

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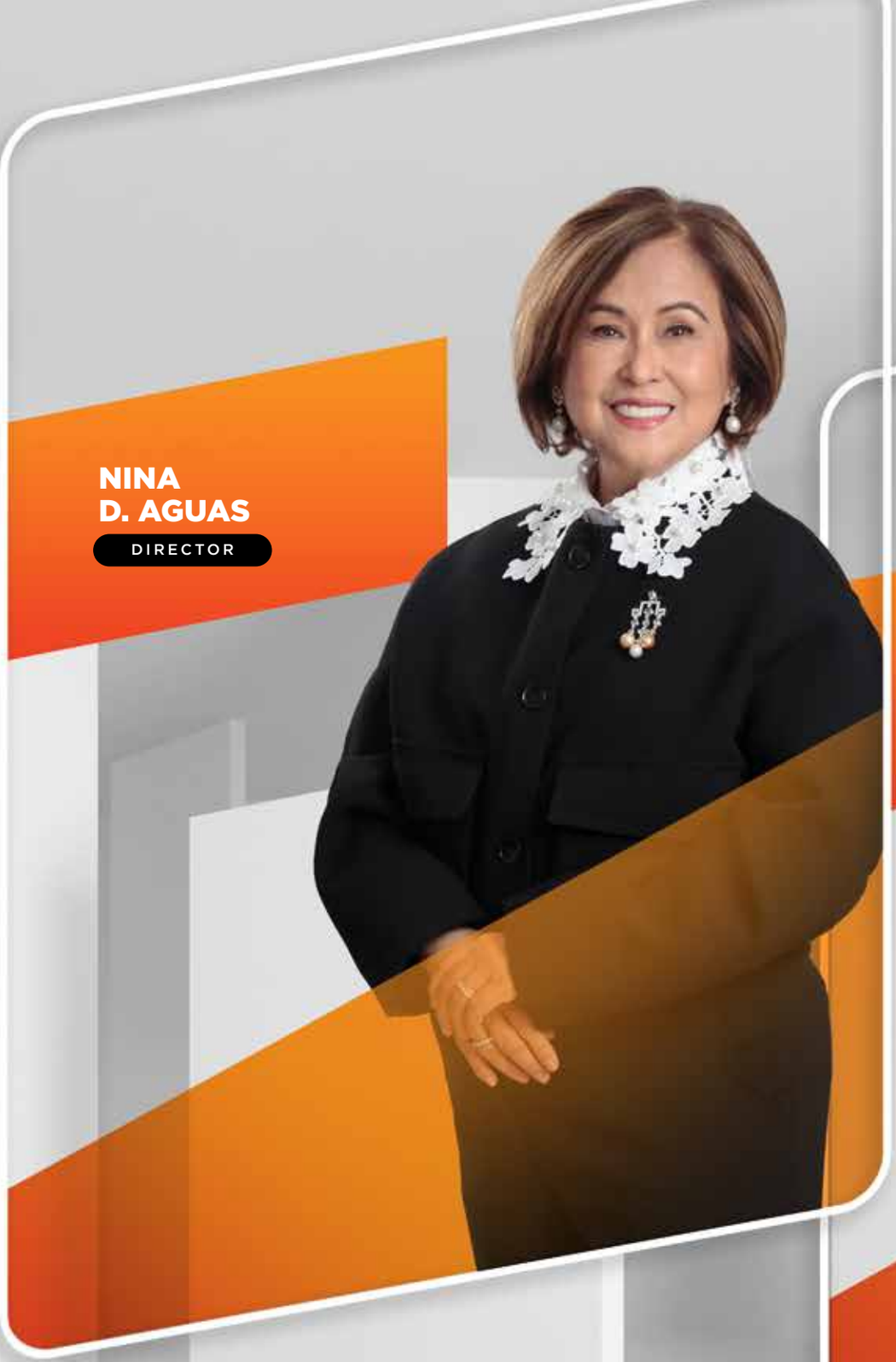
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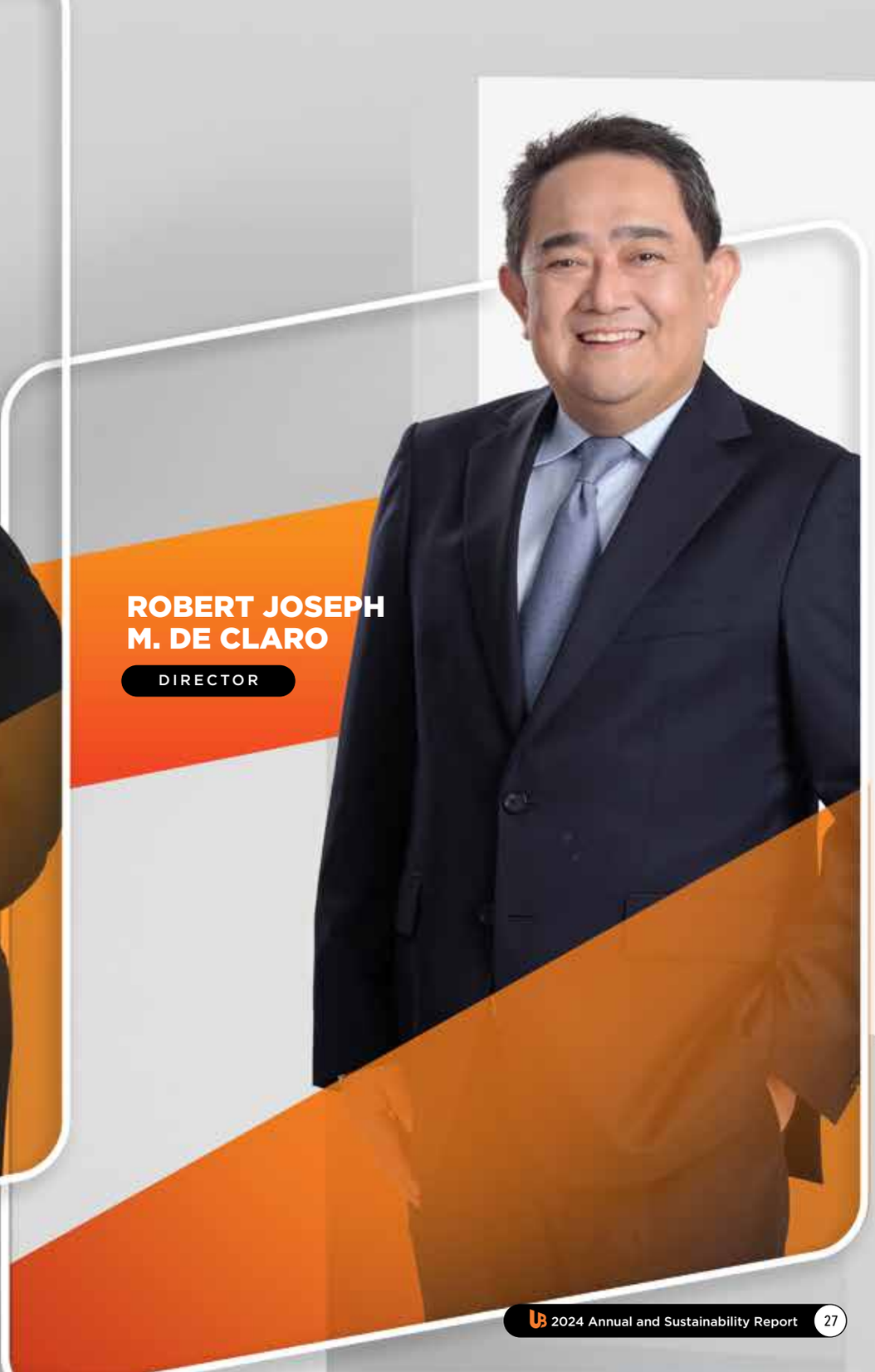
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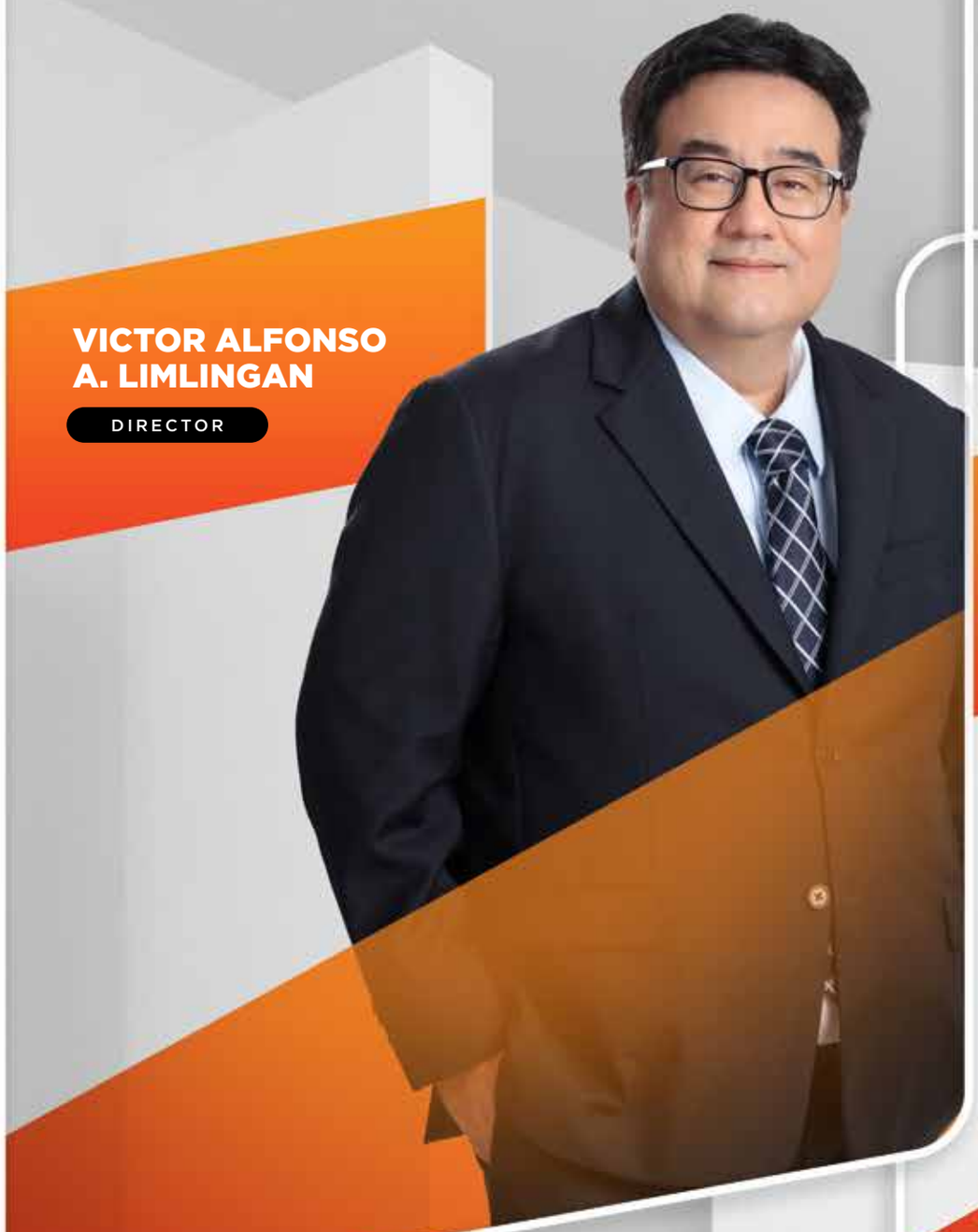
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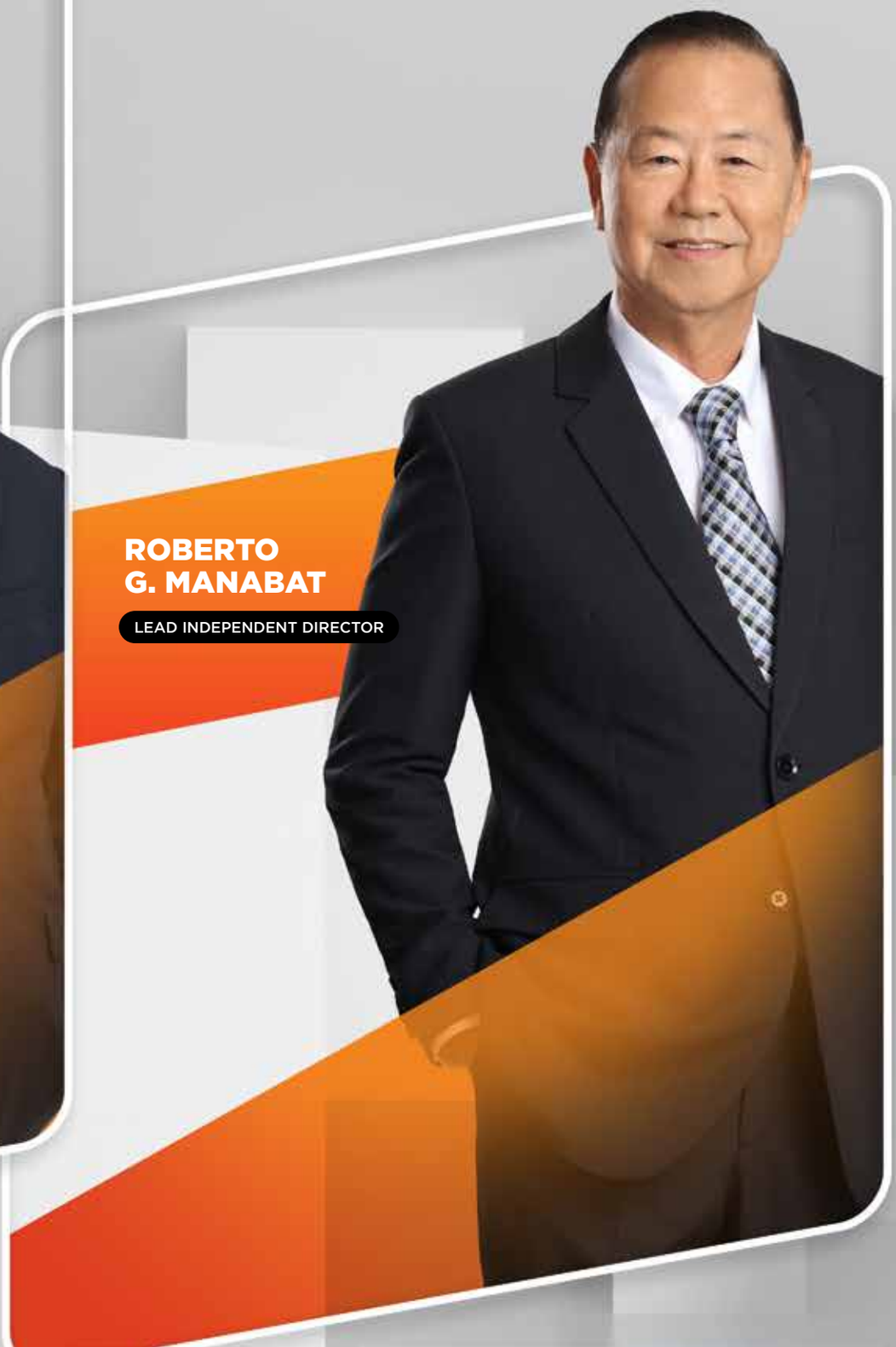
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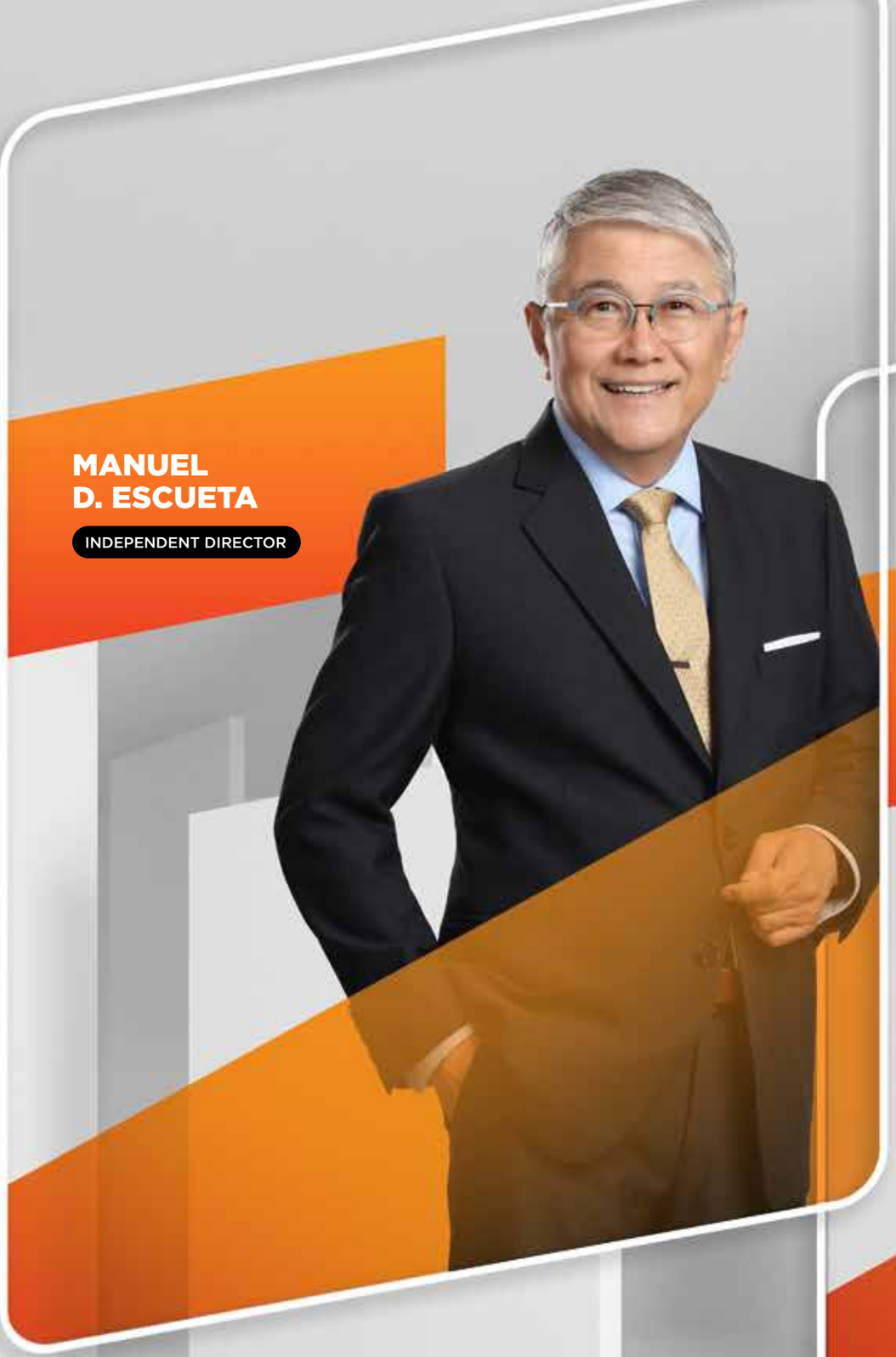
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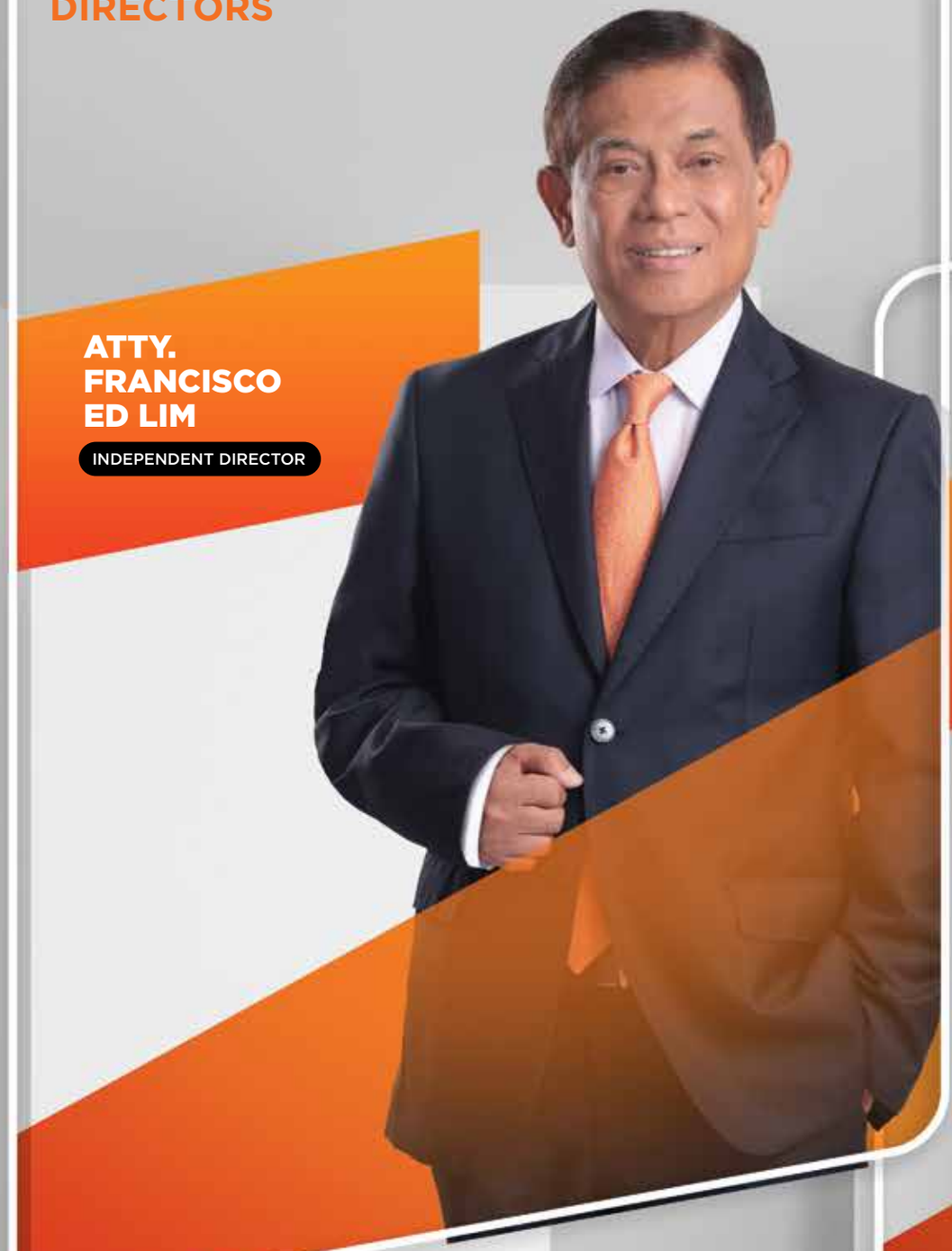
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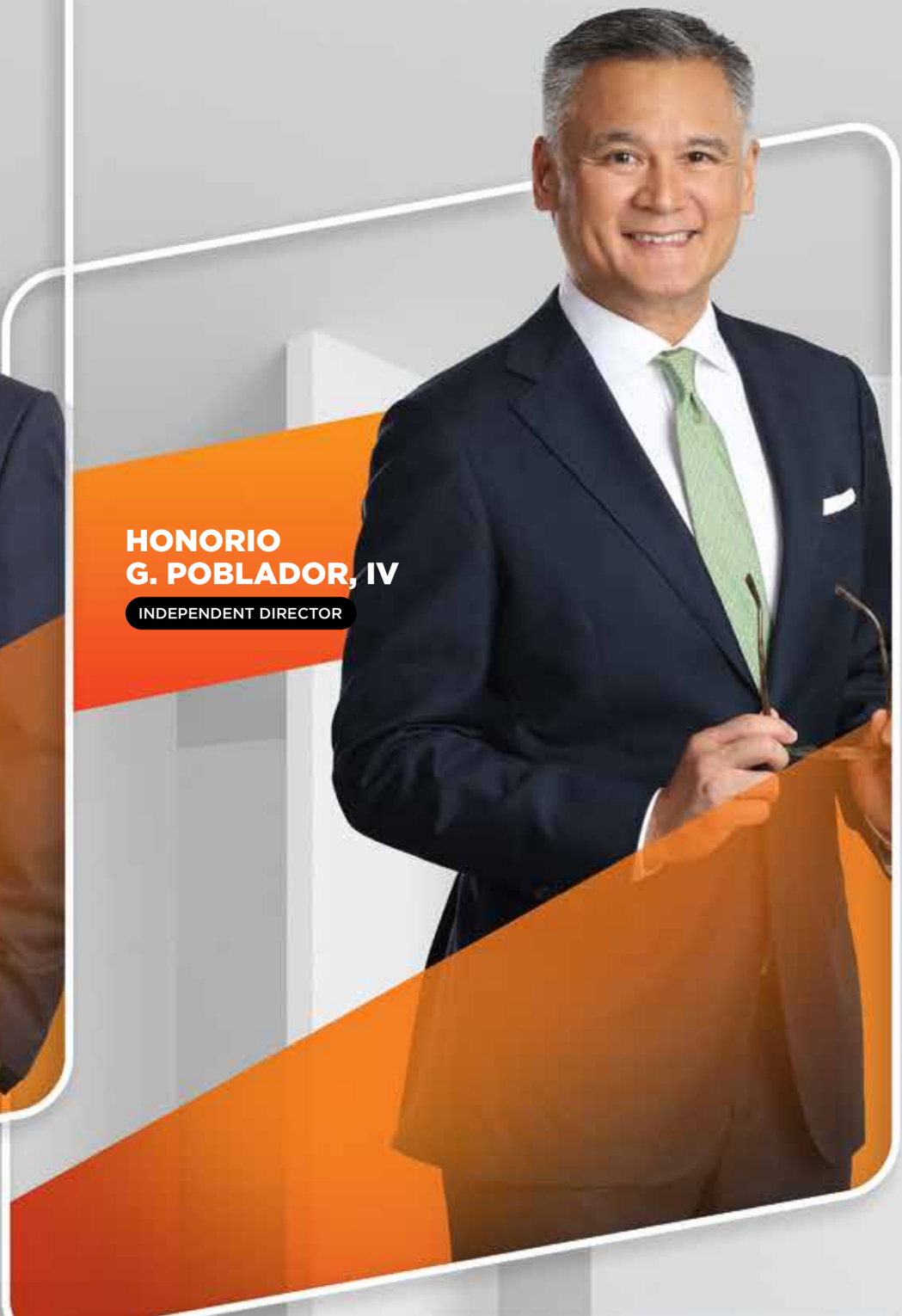
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# Leading the AI Banking Revolution

UnionBank is using AI to create seamless and more accessible customer experiences.




Banking's getting a serious upgrade, and artificial intelligence is behind it. Banking is now safer, faster, more convenient, and uniquely personal. And UnionBank is leading the charge.

For the Bank, AI is not just a tool for automation — it's the bridge connecting more Filipinos to financial opportunities previously beyond reach. Whether it's helping a small business owner access loans in real time or guiding a young consumer with personalized product recommendations, AI is simplifying decisions and removing friction from the banking experience.

This isn't just about automation or efficiency. It's about reimagining what banking can feel like — seamless, intuitive, and always one step ahead. For UnionBank, AI isn't a distant promise. It's how it's building a better way to bank.

**Beyond the Buzzword**

UnionBank leverages AI across multiple fronts, from strengthening cybersecurity and optimizing operations to creating personalized customer experiences through its robust digital channels. AI thrives on data, and it's the Bank's digital infrastructure that makes this possible, providing the scale, speed, and accessibility that AI needs to make an impact.

Automated intelligence streamlines routine tasks, freeing up teams to focus on what matters most: serving customers. UnionBank's AI systems process millions of transactions daily with accuracy and speed. They power smarter KYC processes, enhance fraud detection, and deliver hyper-personalized recommendations in real time. When a customer sees a credit card offer, it's not just a generic pitch; it's an AI-driven insight matched to their goals and behaviors.

UnionBank's use of AI goes far beyond efficiency. Advanced analytics uncover underserved segments, guiding the design of inclusive products that bring more Filipinos into the financial system. AI-driven risk models make lending more accessible while keeping safeguards in place, unlocking lending opportunities without compromising responsible risk management.

**The Human-AI Partnership**

UnionBank follows a clear principle: use AI to enhance — not replace — the human experience. From fraud prevention to credit scoring to responding to routine queries through chatbots, AI handles the heavy lifting behind the scenes. But building relationships, offering financial advice, or solving complex issues are still best handled by UnionBankers who are now empowered with AI.

With assisted intelligence, employees don't just work faster — they work smarter. AI equips them with the right information at the right time so they can respond more quickly, make better decisions, and offer more relevant support. This human-AI partnership ensures that every interaction is not only efficient but also personal.

One example of this is Max, the Bank's AI-powered assistant for relationship managers. Max surfaces data-driven insights about each client, enabling UnionBankers to anticipate needs and recommend tailored solutions. The result? Stronger customer relationships built on speed, trust, and a deeper understanding of every client's financial journey.

**Measuring Success**

UnionBank's human-centered AI strategy shows concrete results. Over 60% of transactions now happen through digital channels, with AI ensuring security and efficiency. The Bank's technology platform costs have fallen by 60%, and straight-through processing efficiency has tripled.

These efficiency gains translate directly to customer benefits. Borrowers receive greater access to loans. Customer inquiries are handled faster. Real-time fraud detection protects customer accounts better than before.

**Building an AI-Skilled Workforce**

In 2024, the Bank's Human Resource Group was recognized as an AI Pioneer at the LinkedIn Talent Awards, a prestigious honor given to organizations that lead in building AI capabilities within their workforce. UnionBank surpassed the global industry average in AI skills penetration.

At the heart of this achievement is the GenAI for UnionBankers program. This is a Bank-wide learning initiative that reshapes how employees work, solve issues, and serve customers.

Over 470 UnionBankers have finished six in-depth sessions. They learned about prompt engineering and advanced API integration through a mix of theories and real-world applications. These sessions help employees apply AI in their daily tasks, including content creation, decision-making, and customer service. A network of 37 GenAI Champions from 21 departments serves as internal advocates, driving engagement and practical application across the bank.

This investment in human capital has led to a pipeline of practical tools, generating immediate business benefits. For example, the GenAI Reputation Dashboard doubled sentiment analysis accuracy. The IT Operations Coach cut incident response time from two hours to just ten minutes. BoardGPT made board-level information retrieval 15 times more efficient. GenBI delivered instant AI-powered dashboards, enabling faster, data-driven decisions.

The Bank's investment in people enables AI-skilled UnionBankers to deliver the full benefits of AI to customers. This LinkedIn recognition validates UnionBank's commitment to responsible innovation and its vision of technology as an amplifier of human potential rather than a substitute for it.

**Leading the Future**

By leveraging AI, the Bank uncovers valuable insights that have previously been hidden in vast amounts of data points — insights that help UnionBank better understand and meet customers' needs, transforming raw data into actionable intelligence that enhances every interaction.

As UnionBank continues to lead in AI, it proves that the future of financial services lies in blending innovative technology with a strong focus on human needs. By putting people at the center of its AI strategy, the Bank has created a model for modern banking. The revolution in banking isn't just coming. At UnionBank, it's already here. And it's powered by AI that puts people first.



# The Great Transformation

**With the successful Citi migration, UnionBank has accelerated its move to become a Great Retail Bank.**







In March 2024, UnionBank reached a defining milestone: the successful migration of Citi's consumer business in the Philippines. This capped an 18-month journey of transformation, reinforcing UnionBank's position as a leader in retail banking.

The Php 72 billion deal merged UnionBank's digital-first approach with Citi's global banking expertise. It also strengthened key areas such as risk management, product development, and operational controls—laying a strong foundation for future growth.

**The Payoff**

The results speak for themselves. Since 2020, UnionBank's consumer loans have grown by 25% annually, now making up 61% of the total loan portfolio. Credit card acquisitions have skyrocketed, reaching 50,000 new cards issued per month and placing the Bank among the top three issuers in the country.

This momentum translated into financial gains. In 2024, net income surged by 31% to Php 12 billion, driven by stronger consumer business, improved margins, and higher fee-based revenues. The success of the integration is clear, not just in numbers, but in the way it has reshaped UnionBank's retail banking business.

**Seamless Integration**

UnionBank ensured that former Citi clients experienced a smooth transition. By replicating Citi's products on its platform, the Bank preserved all existing features and benefits.

Customers now enjoy a more seamless experience—real-time digital account openings, free global ATM withdrawals, and expanded branch access. For UnionBank's existing customers, the integration has also unlocked new opportunities, including enhanced credit card rewards and premium wealth management services.

More than 1 million credit and debit cards were replaced with UnionBank-branded plastics within a few months, and a vast majority of these have already been activated by customers.

Behind the scenes, the technical integration was just as successful. The Bank maintained service continuity throughout the transition while optimizing operations. By consolidating systems and eliminating redundancies, UnionBank reduced costs and increased efficiency.

**Brand Evolution**

With Citi's integration, UnionBank's brand has evolved—combining prestige with accessibility. It has maintained Citi's high service standards while extending these premium experiences to a broader customer base.

The Bank's strategic partnerships reflect this shift. Since the integration, the Bank has partnered with S&R, the country's top wholesaler to launch the first co-brand wholesale credit card in the country. The UnionBank S&R card boasts a rich value proposition with unlimited rebates, rewards on spends outside S&R and auto-renewal of a cardholder's S&R membership. As of end of 2024, there are already more than 54,000 cardholders with the UnionBank S&R credit card. In the same year, UnionBank partnered with Samsung Finance to offer an instant gadget loan allowing consumers to purchase Samsung gadgets via instant credit.

The Bank has also since partnered with Apple authorized resellers to offer instant credit card approval allowing customers to use their new UnionBank credit card on the spot to purchase Apple products. Customers can also opt to pay for their Apple purchases in installments with a better than cash pricing offer.

Finally, UnionBank has owned the entertainment space by bringing-in world-class productions like Hamilton and Miss Saigon aligning with its premium positioning, while new offerings such as the UnionBank Miles+ Card and UnionBank Reserve Card reinforce its status among discerning and affluent consumers.

The evolution extends beyond credit cards. UnionBank's wealth management business now oversees nearly Php 200 billion in assets, offering a blend of mass-market accessibility and high-net-worth services. Lower balance requirements have made wealth management more inclusive, while global investment partnerships with Lombard Odier, JP Morgan, and BlackRock provide clients with top-tier international investment options.

**Building for Scale**

The Citi acquisition didn't just enhance UnionBank's existing offerings. It also provided a blueprint for scaling its retail banking business.

By leveraging Citi's expertise, UnionBank has refined its ability to cross-sell. Customers now enjoy a broader range of financial solutions, from credit cards and personal loans to mortgages and vehicle financing. Streamlined processes such as a one-click credit card application for UnionBank depositors ensure that these services are more accessible and efficient. This not only enhances customer experience but also drives long-term profitability.

**Strategic Growth**

UnionBank's expansion strategy is rooted in its deep understanding of Filipino banking preferences. A mix of mobile apps, digital branches, kiosks, and ATMs ensure convenient access to financial services. Meanwhile, enhanced credit card rewards and lifestyle-driven perks keep customers engaged.

With Citi's consumer business now fully integrated, UnionBank serves over 17 million customers, moving it closer to its goal of being the largest and most profitable retail bank in the Philippines. More than just expanding its reach, the Bank is redefining retail banking. Positioned for long-term success, UnionBank is set to shape the next generation of financial services in the country.



# Leadership in Next Generation Banking

## A Conversation with UnionBank President and CEO Ana Aboitiz Delgado

As Union Bank of the Philippines ushers in a new era under the leadership of Ana Maria Aboitiz Delgado, we sat down with the new President and CEO to discuss her vision for the future of banking.

### Reimagining Banking for the Next Generation

**So, Ana, what does "next-generation banking" look like to you?**

People often think that next-generation banking is all about technology—the apps, the AI. But for me, it goes beyond digital transformation. It's rethinking what role banks play in people's lives and reimagining how banking can be delivered.

It means designing seamless, intelligent, and human-centered experiences that help our customers meet their financial goals. It means being thoughtful and consistent about the execution of these experiences to become the most loved and preferred bank for all customers.

**What's your vision for UnionBank moving forward?**

UnionBank's next chapter is about becoming the Next Generation Bank. I want us to be the bank that customers, both individuals and businesses, think of first because we are the best at solving their problems or better yet- because we make their lives easier. We want to set the benchmark for customer-centric banking—services that are frictionless, easy, reliable and offering products that add value to your life.

**What unique perspective do you bring as a leader?**

As a leader, people come first. Often times I tell our frontliners- you don't work for me- I work in service of you and your success. This is because I believe to achieve our goals we need to build a culture that is customer-centric, empowering and innovative. In a world where technology is the default and most convenient solution, building a deep connection and understanding of what our customers, employees and partners want will be a differentiator.

**The Human Side of Digital Banking**
**Let's talk about AI. What does it mean to you?**

I see AI as a powerful enabler to help us serve and empower people better -at- scale. AI can take something complex and make it intuitive, allowing us to offer financial services that are smarter, safer and more personalized.

**How is AI changing banking in practical ways?**

AI in banking will take two forms— automated intelligence and assisted intelligence. But they should be carefully used to deliver the third AI— actual impact. It is transforming how we serve customers in ways that weren't possible before. Imagine detecting fraud and stopping the transaction before it happens- all in real time.

At UnionBank, we're using AI to automate KYC processes, enhance fraud prevention, and provide hyper-personalized recommendations. What makes AI unique is how it amplifies human potential and human connection. It lets us do more for more people, at a scale we couldn't handle before as we were limited by the number of employees or branches we had.

**How do you balance technology with the human element of banking?**

Digital should enhance relationships, not replace them. While automation helps with efficiency, human connection creates loyal customers.

We talk about having a high-tech, high-touch approach. Digital channels offer convenience, but human connections and empathy are still at the heart of our customer relationships. Technology should free our people to focus on what humans do best—understanding needs, building trust, and solving complex problems.

**Focusing on the Customer Experience**
**What changes can customers expect under your leadership?**

More than a focus on change itself, our goal is to continuously improve and enhance our services. Our customers can expect banking experiences that are simpler, more intuitive, and personalized. We want to eliminate friction and anticipate our client's needs.

That means building deeper connections, providing them with better tools for managing their finances, and smarter ways to grow and protect your money.

**What's your vision for serving the next generation of banking customers?**

The next-generation customer isn't defined by age but by mindset and ways of living. Our focus is on bringing forward-thinking and value-adding solutions to both individuals and businesses that are ready and eager to improve the way they bank. We want to become the most trusted financial partner on their life journey. We are here for the long term and want to build relationships for generations to come.

## Building a Culture of Innovation

**What changes do you want to bring to UnionBank's culture?**

A heightened focus on collaboration, innovation, and being customer first. We want to nurture a culture where people feel empowered to challenge how things have always been done, to think creatively, and to lead with impact. We want UnionBank to be known as a place our employees can drive the change they want to see and make a difference, in any position that they hold in the bank.

**How do you plan to develop the next generation of banking leaders?**

We give people opportunities to take ownership over meaningful projects and provide the guardrails and guidance to see them through success. This comes from the principle that we believe the best way to develop leaders is to let them lead—to give them challenges that stretch their capabilities, while standing beside them to coach.

We are building leaders who understand both technology and human behavior, who can navigate change and inspire others to do the same.

## Growing in a Competitive Market

**How do you plan to grow UnionBank's market share?**

By building deep relationships with customers who share a next-generation mindset—those who value meaningful relationship, innovative thinking and forward-thinking solutions.

We are focused on creating banking experiences that help people thrive in this changing world. When customers feel you're relevant and care about their evolving needs, market share will naturally follow.

**How does being part of the Aboitiz group influence UnionBank's strategy?**

Being part of the Aboitiz Group is a powerful enabler for us. As the group evolves into the country's first techglomerate, we're uniquely positioned to blend technology, innovation, and collaboration.

Our connection to the Aboitiz ecosystem gives us access to deep industry expertise and cross-sector partnerships. This helps us develop solutions for real problems for individuals, families, and businesses.

## The Journey Forward

**What keeps you motivated?**

I am passionate about solving problems and driving change that helps make people's lives easier. I started as a management trainee at UnionBank in 2003, where I was part of the team that implemented a new core banking system for the bank. We were one of the first to move away from mainframe systems, and did it successfully. This move gave us a platform to be able to introduce many new products and experiences in a shorter span of time and gave us the ability to think about our customers' pain points and address them through customized solutions. This pioneering spirit and focus on uplifting customers' lives remain at the heart of every UnionBanker and will be our driving force for years to come.

# Next Generation Leaders Take the Helm

## UnionBank Executive Roundtable



> Aside from the "Next Best Offer" platform, we are also working on initiatives like AI-assisted "walk me" tools that enable customers to be guided through the digital banking landscapes, especially for those who find it overwhelming.
>
> -Pearlie Lontoc

The next generation of leaders at UnionBank share a common vision: leveraging technology to enhance banking experiences while maintaining the human connections that define excellent service.

We talked to Albert Cuadrante, Chief Marketing Officer and Chief Customer Experience and Digital Channels Officer; Pearlie Lontoc, Head of Relationship Banking; Raquel Sevidal, Head of Commercial Banking; and Erika Dizon-Go, Deputy Head of Transaction Banking, for a roundtable discussion.

### Next Generation Banking

**What does "next-generation banking" mean to each of you, and how do you see it evolving in the Philippines?**
**Albert:** Next-generation banking is about delivering exceptional experiences across both physical and digital channels. What's interesting for me is how interconnected these channels have become, which is why UnionBank's high-tech, high-touch approach is critical in how we interact with customers.

**Raquel:** For me, it goes beyond shifting how we deliver financial services – it's about new leaders and business models. We're using digital tools to create more accessible services while empowering leaders to steer transformation. In the Philippines, this will be powered by mobile use and fintech.

**Erika:** I see two dimensions to next generation banking. First, how our customers' needs are evolving, and second, how these needs are being translated by "next generation" banks. Consumers want personalized and analytical ways of banking. They've embraced what I call the "Notion of Now." They want things to be real-time and convenient. As people become busier, reducing friction becomes essential.

**Pearlie:** UnionBank has become known for its forward-thinking digital initiatives that simplify processes through user-friendly applications. I see next-generation banking becoming even more advanced as Filipinos adapt to having banking embedded in their daily lives.

**What unique perspectives do you bring as part of the next generation of banking leaders?**
**Erika:** As a millennial, I can see different points of view from previous generations and the upcoming ones. I am also an avid follower of "The 3 Layer Rule," which means it's essential to learn from those above you, those in the same generational category, and those younger than you. This helps to understand better what can be learned from the past, what can be applied now, and what we need to plan for in the future.

**Pearlie:** As relationship banking head, I bring in one of the most important perspectives—the voice of the customer. My role allows the Bank to gather valuable insights that leverage established rapport and constant customer communication.

## Customer Expectations

**How are customer needs and expectations changing?**
**Albert:** Digitalization has given control back to consumers. In the past, they had limited options. Now, consumers can control what they want to see, with many alternatives, including digital banks and e-wallets. Banks must remain relevant to these empowered customers.

**Pearlie:** People have access to many more products than before. Customers want personalized solutions that fit their financial goals, not one-size-fits-all offerings. They're used to seamless digital experiences and expect the same ease when managing finances. We need to create engaging, user-friendly experiences that align with their everyday lives.

**Raquel:** Corporate banking is evolving, focusing on digitalization, automation, and security. Businesses need real-time access, seamless transactions, and AI-driven insights to manage finances efficiently and stay competitive.

**Erika:** Corporate customers are very discerning. Our next-generation customers are looking to us to help them grow in alignment with their corporate objectives - through payroll services, liquidity management, or advanced analytics in their disbursements.

## Digital Technology

**What emerging technologies excite each of you the most and why?**
**Albert:** Definitely AI. I've seen exciting advancements with AI-developed campaigns. It presents an excellent opportunity to hyper-personalize our offers and make them more targeted and effective.

**Erika:** I'm excited about AI for operational efficiency. Technologies for personalized pricing based on customer segmentation will allow us to differentiate from competitors. McKinsey believes this could increase banking productivity by 5% or reduce expenditures by $300 billion.

**Raquel:** AI and data analytics excite me for their ability to enhance decision-making, detect fraud, and personalize services. These technologies make banking more innovative, more secure, and more responsive.

**Pearlie:** It's about leveraging innovations to strengthen customer connections. With AI, we can anticipate customer needs before they even ask, and provide tailored solutions when needed, building trust and understanding.



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> **-Albert Cuadrante**

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>
> -Erika Dizon-Go



**How are you approaching digital technology and AI in banking?**
**Raquel:** Digitalization enhances commercial and corporate banking by making account management and lending operations faster, more secure, and customer-friendly. AI speeds up loan approvals and risk management, while digital platforms offer personalized insights and better customer experiences.

**Pearlie:** We don't see digital technology and AI replacing the human touch that defines relationship banking. Instead, we view these tools as valuable assets that amplify our ability to provide personalized service to customers.

**How are you leveraging data in marketing and customer relationships?**
**Albert:** Digital transformation requires robust data analytics. The only way to recover technology investments is to use data to increase revenues through customer acquisition and lifetime value development.

**Pearlie:** We supplement insights from client conversations with our "Next Best Offer" platform powered by data analytics. This delivers personalized experiences that resonate with customers' needs and financial goals.

**Erika:** With so much data coming from our transactions and platforms, we are leveraging data analytics to give us more insights into understanding who our customers are, what they need, and even what type of new customers we can still gain. This helps us make better business decisions and predict customers' future needs.

## Customer Experience

**What innovations are you implementing to improve customer experience?**
**Erika:** We're developing a new framework that will allow us to serve specific customer segments more efficiently and appropriately end to end. This framework indicates the different strategies we plan to execute in the entire sales life, from how we plan to sell to them until how we plan to do after-sales methods based on customer size and current business with us, including their possible future impact on our bottom line.

**Pearlie:** Aside from the "Next Best Offer" platform, we are also working on initiatives like AI-assisted "walk me" tools that enable customers to be guided through the digital banking landscapes, especially for those who find it overwhelming. Through this tool, when customers log in to their online banking, we can introduce them to new features or products that match their interests through interactive walkthroughs.

## Leadership and Challenges

**What has been your most challenging moment as a leader, and how did you overcome it?**

**Erika:** Transitions are traditionally tough as they require managing people and their emotions, having difficult conversations, and re-hashing how things were done in the past. I reminded myself to avoid the "Ostrich Complex", where people veer away from negative scenarios. Instead, I faced challenges head-on with plans based on gathered information while focusing on the positive aspects that transitions can bring.

**Raquel:** Building a team with different work styles was challenging. I took the time to understand each person's method, offered guidance, and demonstrated better techniques. By motivating them and leading by example, I improved collaboration and performance.

**Albert:** Introducing end-to-end marketing in a bank was my biggest challenge. Marketing was seen primarily as communications development and media placement. With

support from leadership, we've evolved our marketing practice to align with global standards.

**Pearlie:** Transitioning from individual goals to collective team objectives was challenging. I cultivated a results-oriented team by establishing clear direction, accountability, and a supportive culture.

**How do you develop the next generation of leaders within your teams?**
**Raquel:** It starts with valuing, empowering, and motivating people while ensuring they feel heard and supported. Mentorship, training, and essential skills help them grow with confidence to take on bigger roles.

**Erika:** I have frequent one-on-ones throughout the year and ask for data-backed recommendations to give team members ownership. I also provide projects for them to lead, offering opportunities to excel. Nothing beats knowing someone believes in you from the beginning.

**Albert:** I encourage cross-posting and collaboration across functions and practice development coaching (helping them arrive at solutions) versus management coaching (giving them solutions).

**Can you explain UnionBank becoming a lifestyle bank rather than a financial institution?**
**Albert:** What this means is that UnionBank goes beyond everyday banking transactions. Of course, we need to excel at those basics, but our objective is to help customers realize their financial life goals through the experiences we enable and deliver.

## Innovation and Creativity

**How do you foster innovation and creativity within your organizations?**
**Erika:** Everyone is encouraged to speak up, and innovation is part of our KPIs. We conduct pre-mortems asking, "Why will this fail?" rather than post-mortems. We also validate with stakeholders and customers to maintain customer centricity and establish continuous feedback cycles.

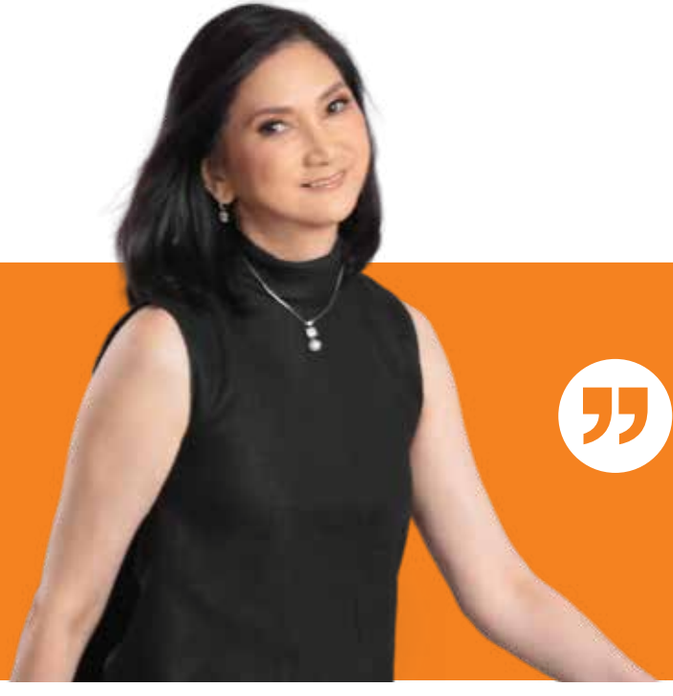
**Pearlie:** Innovation is deeply embedded in the UnionBank culture. We build upon this by creating spaces for creative thinking and rewarding innovative ideas from all levels.

## Future of Banking

**How do you see UnionBank's role in shaping the future of Philippine banking?**
**Raquel:** By being the leader in digital banking, UnionBank is making banking more accessible and customer-focused. With innovations like mobile banking and AI, the Bank is helping underserved communities and setting new standards of convenience and security. Its continued focus on digital solutions will drive a more inclusive and efficient ecosystem in the Philippines.

**Erika:** I believe UnionBank can lead the way. We're pioneers in many solutions, and these innovations usually emerge from leadership with a different mindset and a team that's eager, curious, and analytical. At our core, we're a collective group of people who want to redefine the future of banking as part of our fundamental purpose. I do not doubt that UnionBank can and will lead the way forward.

**Pearlie:** UnionBank has consistently led the way in revolutionizing the banking industry and will continue to do so. Our unique culture will serve as a model for others as we pave the path forward for the next generation of banking.



**It starts with valuing, empowering, and motivating people while ensuring they feel heard and supported. Mentorship, training, and essential skills help them grow with confidence to take on bigger roles.**

**-Raquel Sevidal**



# Banking Excellence on the Global Stage

## UnionBank's innovation and growth draw international acclaim







UnionBank keeps earning prestigious awards that confirm its leadership in digital banking. In 2024, its achievements reflect its seamless integration of technology, customer service, and business growth. Each milestone sets new standards in Philippine banking, solidifying UnionBank's innovative edge.

**Fortune 500 Milestone**
A standout moment for UnionBank is its inclusion in Fortune's first Southeast Asia 500 list, where it ranked 186th among the top regional companies. This honor places UnionBank with 38 elite Philippine firms driving economic growth.

The list also includes the Bank's parent company, Aboitiz Equity Ventures, which landed 59th. The inaugural Fortune Southeast Asia 500 list highlights the growing role of Southeast Asia in global supply chains, surpassing traditional markets in Europe and the U.S.

**Best Retail Bank in the Philippines**
UnionBank shines in the retail banking sector. The Asian Banker's Global Excellence in Retail Financial Services Programme has named it the Best Retail Bank in the Philippines for five years in a row. This award follows a thorough review of over 300 submissions worldwide. The Asian Banker cites the Bank's 43% year-on-year revenue growth and expansion to 15 million customers due to the Citi acquisition.

UnionBank's focus on digital innovation also sets it apart. With a BankQuality survey score of 101.44, the Bank excels in digital transactions and customer-friendly services. UnionBank is also the first universal bank licensed for virtual asset exchange services.

Marketing Team and CMO of the Year
At the 2024 Marketech APAC Marketing Technology Awards, the Bank was honored with the Marketing Team of the Year award. This award highlights UnionBank's ability in marketing technology and data-driven strategies. These efforts increased customer engagement and improved brand growth and business success.

Chief Marketing Officer Albert Cuadrante was also named CMO of the Year at the same event. This honor recognizes his leadership in changing UnionBank's marketing approach to a data-driven powerhouse. He has spearheaded initiatives that blend technology, creativity, and analytics, ensuring UnionBank remains a leader in digital banking.

**Marketing Company of the Year**
UnionBank added to its accolades by winning the "Marketing Company of the Year" award at the 42nd Agora Awards. This is a huge win as it is the first bank in decades to win this honor. This prestigious award goes to organizations that show excellence in marketing strategy, execution, and impact. UnionBank's ability to integrate digital banking, financial education, and customer engagement has set it apart in the industry.

The Agora Award underscores how UnionBank has successfully positioned itself as a forward-thinking bank that understands and adapts to consumer needs. With creative campaigns, new digital tools, and a strong focus on financial inclusion, the Bank has become the top choice for Filipino consumers. This award strengthens UnionBank's status as a marketing leader in banking.

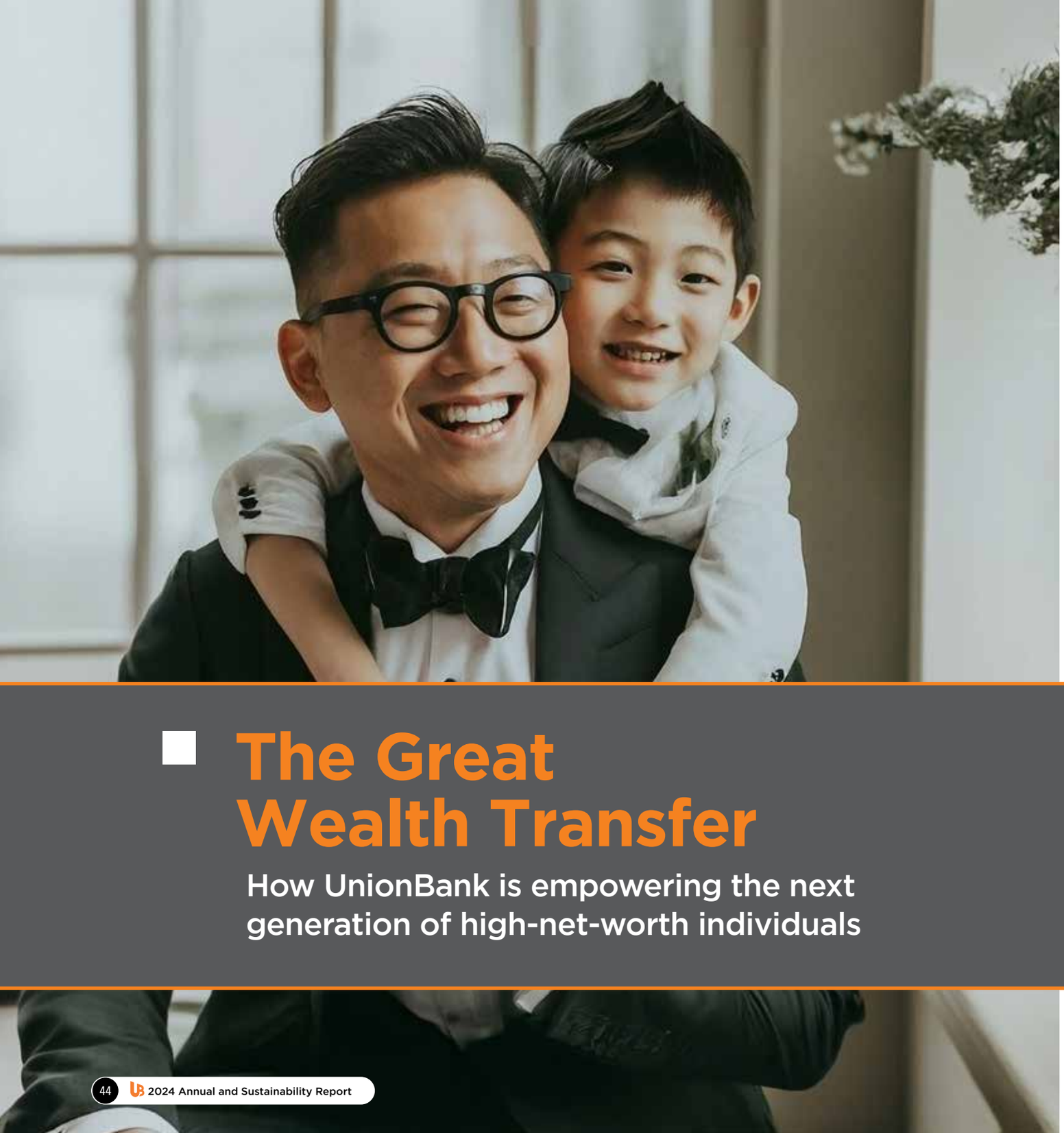
**Top 10 Most Valuable and Strongest Brands**
UnionBank's digital transformation has earned it a spot among the Philippines' Top 10 Most Valuable and Strongest Brands, as noted in Brand Finance's 2024 report. It has held this distinction for two years in a row. This recognition shows the Bank's ability to blend innovation, customer-centric strategies, and financial strength. UnionBank's brand value surged from $557 million to $679 million in 2024, reflecting the strong market confidence in its services and digital initiatives.

This growth comes from UnionBank's long-term investment in digital banking and customer experience. These efforts started in 2016 before digital banking became popular. The Bank has boosted its brand equity by improving its platforms, expanding financial services, and using new technology. Brand Finance's recognition shows that UnionBank is on the right track. Its focus on making banking more accessible, engaging, and secure is appealing to customers and industry leaders alike.

**Visa Champion Security Award**
UnionBank aims for excellence not just in customer experience and brand strength. It also leads in security and fraud prevention. UnionBank made history by becoming the only bank in the Philippines to win Visa's Champion Security Award in 2023. This award goes to banks that excel in fraud prevention, authentication approval rates, and risk management.

This award is important because digital threats in finance are getting more complex. UnionBank has invested in top security technologies, setting a new standard for banks. These include AI fraud detection, biometric authentication, and real-time transaction monitoring. The Bank continues to protect customers' financial assets and personal information by actively reducing risks and improving cybersecurity measures.

**A Future Built on Excellence**
These awards and recognitions showcase UnionBank's blend of innovation and customer-centric service. From leading retail banking to excelling in marketing, the Bank continues to raise industry standards. As UnionBank pursues its goal of attaining next-level banking, these achievements serve as validation and drive for future innovations in the financial services industry.



# The Great Wealth Transfer

## How UnionBank is empowering the next generation of high-net-worth individuals

Asia Pacific stands at the threshold of history's largest wealth transfer. Over the next decade, 70,000 high-net-worth individuals will pass approximately $2.5 trillion to their heirs. A younger, global-minded generation is stepping up to manage family wealth. They bring with them new priorities, challenges, and expectations.

UnionBank's Private Banking and Wealth Management have evolved to meet this pivotal shift. The new generation of wealth holders demands more than traditional asset management. They seek sustainable investments, digital solutions, and diversified portfolios. In response, UnionBank offers comprehensive solutions designed to bridge wealth between generations.

**Bridging Generations**

UnionBank Private Banking serves the Bank's highest tier of wealth clients. Through strategic partnerships with Lombard Odier, J. Rotbart & Co., Henley & Partners, Allianz, Fidelity Investments, BNY Investments, and Janus Henderson, the group provides bespoke solutions and alternative investments for ultra-high-net-worth families seeking to grow and preserve wealth across generations. It also provides comprehensive support for succession planning and inter-generational wealth transfer to enhance family services.

The transfer of wealth is not just about assets but also ensuring continuity across generations. NextGen Academy, a key initiative of UnionBank Private Banking, is designed to prepare future wealth holders for this responsibility.

This program extends beyond traditional financial education. It covers entrepreneurship, sustainable investing, digital innovation, and family governance. More importantly, it provides a structured environment where heirs can connect, learn, and develop the skills needed to manage their family's legacy.





Filipino investors recognize the importance of structured wealth transfer, yet only half have openly discussed succession planning with their families. NextGen Academy bridges this gap by initiating meaningful conversations and equipping the next generation with the knowledge and confidence to carry wealth forward.

**Expanding Investment Horizons**
Meanwhile, UnionBank Wealth Management, together with UnionBank Financial Services and Insurance Brokerage Inc. (UFSI), provides broad market access through partnerships with ATRAM, JP Morgan Asset Management, BlackRock, Allianz Global Investors, Fidelity International, PIMCO, UBS Asset Management, Aberdeen Investments, Schroders, BNY Investments, Janus Henderson, and many more domestic and international fund houses.

Clients can access over 320 fixed income securities like bonds, bills, and structured notes. They can also choose from more than 110 investment funds. The group's Qualified Buyers Program offers exclusive market themes, strategies, and access from global fund houses and international bond issuers. Investment themes include style (i.e., growth, income), geographic (i.e., single-country, regional), and thematic or sectoral (i.e., technology, financials, healthcare). Fixed-income issuers include domestic, international, sovereign, and corporate.

To meet the diverse needs of the current and next generations, UnionBank Wealth Management has introduced two distinct wealth segment propositions. These segments match various stages of wealth building.

UnionBank Access makes premium wealth management more accessible. It offers enhanced banking privileges, such as special foreign exchange rates, exclusive time-deposit offers, higher ATM withdrawal limits, and seamless cross-border fund transfers.

UnionBank Elite provides a full-scale wealth management experience – on top of the UnionBank Access privileges. Clients gain access to a dedicated team of experts—including personal service bankers, investment specialists, and insurance solutions managers—along with periodic market outlook and special interest client events, global investment products, zero-fee cross-border transfers, and premium financial services.

**Premium Services Redefined**
UnionBank Wealth Management and UnionBank Private Banking also enrich their clients' lives with premium perks, including free deposit insurance against cyber fraud, unlimited free global ATM withdrawals, and exclusive access to airport lounges.

The Wealth Center at The Ark takes this a step further, providing an elegant space for personal financial advice, wealth planning, and networking. These enhancements reflect a deep understanding of the evolving needs of next-generation wealth holders.

At the core of this transformation is technology. UnionBank's digital platforms provide seamless portfolio management, real-time insights, and advanced analytics. Yet, technology serves as a tool—not a replacement—for human touch. Relationship managers use digital solutions to enhance, rather than replace, personalized financial guidance. This ensures that clients receive strategic advice tailored to their long-term financial goals.

**Investing for the Next Generation**
UnionBank Private Banking has continuously adapted to the changing financial landscape. Private assets, in particular, present a compelling opportunity. They not only help provide product diversification but also offer the potential for higher returns with lower volatility.

Despite this, Philippine adoption of private assets remains low, with only 8% of investors including them in their portfolios. In contrast, over 70% of Asia Pacific investors have already embraced this asset class. This signals a significant opportunity for Filipino investors to explore new ways of growing and securing their wealth.

Aside from private assets, purpose-driven investments are another untapped investment theme. For the next generation of wealth holders, sustainable investing is a priority. Filipino investors are highly aware of sustainable and impact investing, yet many remain hesitant to take action. UnionBank Private Banking understands this shift and has expanded its sustainable investment offerings to align with clients' values.

**Building Lasting Legacies**
UnionBank Private Banking and UnionBank Wealth Management aim at building a legacy, not just growing, protecting, and preserving wealth. The Bank assists families with succession planning, governance structures, and aligning wealth with family values.

By combining global investment access, cutting-edge digital innovation, and deep local expertise, UnionBank empowers clients to navigate today's wealth challenges and create lasting financial legacies for future generations.



# Funding the Future of Financial Inclusion:

## CitySavings social bond






City Savings Bank, Inc. (CitySavings), a subsidiary of UnionBank, has achieved a landmark milestone as the first thrift bank in the country to issue a social bond. It has received a major investment of US$100 million (PHP5,858,000,000) from the International Finance Corporation (IFC), which is part of the World Bank Group.

This groundbreaking issuance marks a major step toward closing financial inclusion gaps in the Philippine banking industry. The social bond follows the International Capital Market Association's Social Bond Principles and the ASEAN Social Bond Standard. This aligns with global best practices for impact investment.

**Empowering Women and Vulnerable Communities**

The proceeds from the social bond will mainly finance loans for women in low and lower-middle-income groups. Investing in women is both socially responsible and smart business. These funds help this segment to start small ventures for supplemental income and pay for essential services like healthcare, education, and housing.

This issuance will help CitySavings reach underserved communities, supporting its mission to elevate lives. The initiative targets critical gaps in financial access, especially for women who face extra barriers to credit.

As the fourth-largest thrift bank in the Philippines, CitySavings is well-known for providing salary loans to public school teachers, government workers, and pensioners – groups that are often overlooked by larger commercial banks.

**Expanding Financial Inclusion**

Thrift banks like CitySavings play a vital role in the Philippine financial ecosystem. They have a community-centered approach that helps them support financial inclusion effectively.

The social bond enables CitySavings to enhance its reach and impact in many ways. Geographic expansion is a top priority, with funds supporting lending in underserved areas, especially in provinces with low banking access. This move will help tackle ongoing geographic disparities in financial access.

Product diversification is also an essential benefit of the social bond. Beyond salary loans, CitySavings can develop new financial products for low-income women entrepreneurs. These tailored offerings will address the unique challenges women face in securing financing.

Digital accessibility will improve as well, thanks to this funding. Part of the investment will enhance technology to make financial services more reachable in remote areas. CitiSavings can improve banking access by strengthening digital channels to help overcome physical infrastructure limits.

Financial literacy programs will complement these expanded services. Educational initiatives will help borrowers build skills in managing money. This way, they can get the most out of their loans.

**IFC's Strategic Investment**

As for the IFC, its investment in CitySavings' social bond contributes to developing capital markets in the Philippines. This is especially true for thematic bonds that support development goals.  This issuance will boost investor confidence and attract more capital to Philippine companies that promote social, economic, and gender equality.

This is not the first time the IFC has supported the development of the Philippine social finance market. In July 2021, IFC invested US$150 million in a social bond issued by CitySavings' parent company, UnionBank, to help micro, small, and medium enterprises recover from the pandemic.

These efforts provided about 4,000 loans to businesses hit by pandemic-related challenges.

**Market Impact and Future Outlook**

This pioneering social bond is likely to inspire other mid-sized financial institutions in the Philippines to pursue similar impact-focused funding. CitySavings shows that thematic bonds can benefit smaller institutions, opening new doors for socially responsible investment in the financial market.

Financial analysts say the bond links global capital to local needs, creating a sustainable financing model that benefits both investors and communities. As the program evolves, it could serve as a model for similar initiatives across the ASEAN region.

CitySavings is using this social bond to show how financial institutions can partner internationally to solve local development challenges, particularly in creating economic opportunities for women and underserved communities throughout the Philippines.

This investment also supports parent company UnionBank in advancing financial inclusion throughout the Philippines and helping transform the lives of all Filipinos.



# Global Alliances Power Next-Generation Banking

Strategic partnerships drive UnionBank's growth in wealth management and digital innovation.

ATRAM x INVESTMENT MANAGEMENT & TRUST CORPORATION

UBX x SBI

UnionBank's transformation continues to gain momentum, driven by strategic partnerships that redefine wealth management and digital banking. The Bank has secured two groundbreaking deals—one with ATRAM Group and the other with SBI Holdings—paving the way for enhanced financial services.

By combining global expertise with local insights, these partnerships strengthen UnionBank's leadership in innovation. They expand the Bank's digital capabilities and create new opportunities in wealth management.

**Creating Scale in Wealth Management**
UnionBank and ATRAM Group signed a definitive agreement to merge UnionBank's trust unit with ATRAM's trust unit, establishing a strong presence in Philippine wealth management. The merger, subject to regulatory approval, will boost UnionBank's trust and asset management business. Together, they manage over PHP 485 billion in assets.

As part of the deal, UnionBank invested PHP 300 million for a 27.5% stake in ATRAM. This merger strategically leverages UnionBank's digital strengths and ATRAM's innovative asset management solutions.

**Expanding Market Reach**
This alliance builds on UnionBank's wealth management capabilities after acquiring Citi's consumer business. The merger combines their trust subsidiaries—UnionBank Investment Management and Trust Corp. and ATRAM Trust Corp.—with ATRAM Trust Corp. as the surviving entity.

Now, UnionBank reaches a larger audience. It brings together ATRAM's two million retail investors and UnionBank's 17 million banking clients. This creates one of the largest wealth management networks in the Philippines, making investment services more accessible.

**Strengthening Digital Capabilities**
As it grows in wealth management, UnionBank is also enhancing its digital banking ecosystem. The Bank's fintech arm, UBX, welcomed Tokyo-based SBI Holdings as a strategic investor. SBI acquired a 16.67% stake in UBX, combining UnionBank's local expertise with SBI's global fintech leadership.

SBI Holdings is a key player in Japan's internet financial services. It brings advanced skills in blockchain technology, digital assets, and next-generation services.
This partnership allows UBX to accelerate digital innovation and transformation services and explore new financial solutions.

**Building on Digital Success**
UBX started as a spin-off from UnionBank in 2018. It has served over 250,000 businesses and captured a 22% market share in four years. Now, with SBI Holdings as a partner, UBX is set for even greater growth.

SBI's global network, with investments in over 1,000 companies, gives UBX access to cutting-edge technologies. This collaboration will enhance UBX's ability to create scalable digital solutions for the Philippine market.

The goal is to develop custom digital solutions for local businesses. By merging SBI's expertise in digital banking and crypto-assets with UBX's market knowledge, the partnership aims to address the unique needs of Filipino businesses and consumers.

**Creating Value Through Integration**
These partnerships reinforce UnionBank's drive to lead innovation in Philippine banking. The merger with ATRAM enhances the Bank's wealth management offerings, expanding investment choices and introducing new digital tools. At the same time, the partnership with SBI Holdings boosts UBX's digital banking capabilities, promoting financial inclusion and nation-building.

By blending global partnerships with local expertise, UnionBank is crafting a future-ready banking ecosystem.
These collaborations enable the Bank to meet the evolving needs of Filipino consumers and businesses, keeping it at the forefront of digital banking and wealth management in the Philippines.




# Credit Cards for the Next Generation

UnionBank is reshaping its credit cards to fit the values and lifestyles of a new generation of customers.







UnionBank's new credit card partnerships show its grasp of changing consumer needs. The Bank is turning traditional credit cards into lifestyle tools. These cards provide financial flexibility and meaningful rewards that match modern spending habits.

Whether focusing on health, daily commutes, or digital convenience, UnionBank's new credit cards do more than process transactions. They help customers make smarter choices while enjoying valuable benefits.

**Rewards for Health-Conscious Consumers**
The UnionBank Mercury Credit Card redefines health and wellness rewards. It offers an unmatched 5X points on all health-related spending. This includes medicines, vitamins, fitness gear, and gym memberships. The benefits don't stop at points; cardholders also get free annual physical exams, ambulance services, and a lifetime waiver on annual fees.

Through its partnership with Mercury Drug, UnionBank provides easy access to health essentials at over 1,200 locations nationwide. The card's sleek design features the iconic Mercury Man. This branding symbolizes a shared commitment to Filipino wellness, making it ideal for health-focused consumers.

Interested applicants for the UnionBank Mercury Credit Card can sign up here: https://UnionBankph.com/r/5xhnw.

**Lifestyle Companion for the Smart Motorist**
For those on the go, the upgraded UnionBank Shell Power Credit Card is revolutionary. It offers the highest fuel rebates—5% or up to PHP 4 per liter at Shell stations. Cardholders can save as much as PHP 15,000 annually. Meanwhile, the PowerFuel Savings promo offers unparalleled savings for all cardholders of up to PHP 12 off per liter every Wednesday.

In addition to fuel rebates, the card provides a 10% discount on lubricants, 5% rebates on tolls and auto services, and 24/7 roadside assistance. These benefits make it a must-have for modern motorists looking to save while maintaining their vehicles.

The UnionBank Shell Power Credit Card is more than just a fuel card. It fits seamlessly into daily life. Whether fueling up, shopping, dining, or traveling, cardholders enjoy global acceptance and Visa's top-notch security. It's a gateway to convenience, savings, and financial flexibility.

Applicants for the UnionBank Shell Power Credit Card can visit http://www.UnionBankph.com/r/GetUBShellPowerCardnow to sign up.

**Designed for the Next Generation**
UnionBank ensures these new credit cards offer an enhanced digital experience. With the UnionBank Online app, customers can manage their cards in real time. They can track spending, redeem rewards, and set controls with just a few taps. Digital onboarding makes applications easy, while instant transaction alerts provide the security and transparency that digital natives need.

These cards are not just payment tools; they reflect the values of today's consumers. By promoting wellness, enabling everyday savings, and delivering digital convenience, UnionBank's credit cards are crafted to support the next generation of Filipinos, helping them live smarter, healthier, and more rewarding lives.



# Cultivating Future Innovation Leaders






UnionBank's Innovation Garage at De La Salle-College of Saint Benilde is a major step toward preparing the next generation for a digital future. This cutting-edge facility changes how future leaders learn about emerging technologies, management, and design thinking. Located at The Atrium DLS-CSB Campus, the Innovation Garage blends theory with practice.

UnionBank's learning team collaborates with students, sharing real-world knowledge in artificial intelligence, data science, and digital innovation. This hands-on method helps students turn theory into practical skills. The top performers can join UnionBank, creating a clear path from education to success in digital banking.

**Beyond Traditional Learning**
The partnership with DLS-CSB, which began in 2018, has grown beyond standard education. They created innovative courses in data science and artificial intelligence, including an elective inspired by UnionBank's participation at the Singapore Fintech Festival. The curriculum reflects UnionBank's real-world experience in digital transformation, offering students valuable insights.

The Innovation Garage is more than just a classroom; it's an incubator for creativity and problem-solving. Students tackle real business challenges, devise innovative solutions, and learn to manage the complex blend of technology and business. This hands-on approach prepares graduates to lead innovation in finance.

**Creating Innovation Networks**
UnionBank's efforts go beyond individual growth. The Bank builds innovation networks between academia, industry, and tech partners. These connections help students grasp market needs, technology trends, and innovation opportunities. They also foster professional relationships that support future careers.

When choosing a partner for the Innovation Garage, UnionBank saw DLS-CSB as a perfect fit. The school is known for producing creative, tech-savvy graduates. This focus aligns well with UnionBank's goal of developing future banking leaders.

**Comprehensive Skill Development**
The Xcellerator Program recognizes that innovation leadership needs a mix of technical skills and business savvy. Students gain expertise in various areas, such as emerging technologies and finance applications, design thinking and user experience, and project management and agile methods. They also learn about data analysis, decision-making, leadership, and communication.

This well-rounded approach creates innovation leaders who can connect technology with business needs. The program emphasizes both technical skills and essential soft skills for effective leadership.

**Building Tomorrow's Workforce**
UnionBank's investment in future talent aligns with its vision of "Tech-Up Pilipinas." By cultivating innovation leaders, the Bank strengthens not only its future but also the country's digital economy. These initiatives help the next generation of Filipino talent compete and succeed globally.

The program's success shows in the quality of its graduates and their influence in banking. Alumni of UnionBank's talent programs now lead digital transformation efforts in the industry, highlighting the long-term benefits of investing in future talent.

**Industry Leadership**
UnionBank views the Innovation Garage as more than a training center. It represents an investment in the Philippines' digital future. The Bank aims to make it a Center of Excellence for La Sallian schools and the country, setting new benchmarks for tech education in finance.

The success of these programs illustrates how industry-academic partnerships can drive digital transformation. As technology reshapes banking and business, UnionBank's talent initiatives ensure that human skills keep pace with technological growth.

**Looking Forward**
The future of banking belongs to leaders who can use technology while focusing on human needs. UnionBank's talent programs develop these leaders—professionals who understand both the technical and human sides of digital change.

As these initiatives grow, they strengthen the pipeline of innovative talent in banking. This investment in future leaders keeps UnionBank at the forefront of digital innovation.

# MANAGEMENT COMMITTEE



**Albert Raymond C. Cuadrante**
Chief Marketing and Experience Officer
Digital Channels

**Ana Maria A. Delgado**
President & CEO

**Manuel R. Lozano**
Chief Finance Officer

**Manoj Varma**
Consumer Banking

**Johnson L. Sia**
Treasurer, Global Markets



**Atty. Arlene Joan T. Agustin**
Private Banking

**Dennis D. Omila**
Chief Transformation Officer

**Therese G. Chan**
Wealth and Brokerage

**Antonino Agustin S. Fajardo**
Corporate Banking

**Michaela Sophia E. Rubio**
Chief Human Resource Officer and CSR Head

# MANAGEMENT COMMITTEE



**Mukul Sukhani**
Cards and Personal Loans

**Edgar Allan G. Oblena**
Controller

**Pearlie P. Lontoc**
Relationship Banking

**Ramon G. Duarte**
Transaction Banking



**Raquel N. Sevidal**
Commercial Banking

**Antonio Sebastian T. Corro**
Chief Cross-Sell and
Chief External Relations Officer

**Erwin Wiriadi**
Chief Risk Officer

**Manish Chawla**
Chief Technology and
Operations Officer

# KEY EXECUTIVES



**ROMMEL JASON L. GALANG**
Chief Security Officer

**CARLO I. EÑANOSA**
Corporate Planning
and Investor Relations Head

**ATTY. ISAGANI A. CORTES**
Chief Compliance
and Governance Officer

**NORMAN C. GABRIEL**
Chief Audit Executive

**JOSE PAOLO G. RUFO**
Chief Information Security Officer
/Data Privacy Officer



# OUR PEOPLE MILESTONES

## Celebrating the Next Generation of UnionBankers

# OUR PEOPLE MILESTONES




In 2024, 'Great Together,' a unified UnionBank theme, was more than just a statement. Our people drove the Bank's success through innovation and collaborative ideas. We focused on helping our employees grow so they could create amazing experiences for our customers and communities.

We supported our team through wellness programs, skill-building opportunities, and clear paths for growth. We also embraced High Reliability Organization (HRO) practices—an approach that helps us spot and prevent problems before they happen—making us stronger and more prepared for challenges.

**Building Our Dream Team**
In 2024, we built a high-performance workforce ready to tackle our expanding business. We brought in strategic new hires while helping our current team members grow into new roles.

**Finding the Best Talent**
We implemented a multi-faceted approach to attract desired candidates! Through online campaigns, recruitment caravans, and same-day hiring events, we connected with great candidates and showcased why UnionBank is an awesome place to work. Our "I Got U" employee referral program turned our own team members into talent scouts, bringing in many qualified new hires.

These efforts helped us welcome 603 new employees to critical roles across the Bank.

### New Hire Profile

**TOTAL: 603**



**MEN**
**252**



**WOMEN**
**351**

### Age Group

**BELOW 30 Y.O.**
**381**

**BETWEEN 30–50 Y.O.**
**218**

**ABOVE 50 Y.O.**
**4**

## Our Workforce by Rank

**LEADERSHIP**
529

**MID-LEVEL**
4,116

**ENTRY LEVEL**
631









We're proud that many open positions were filled by our own people moving up or across departments. This shows our commitment to helping employees grow their careers with us. Our talent acquisition strategy was both effective and cost-efficient, bringing in great talent to the Bank.

**Growing Tomorrow's Leaders Today**
We believe in preparing for the future by developing strong leaders now. Our Succession Program identifies, grows, and keeps future leaders, creating smooth transitions when needed.

Our **Leading with Magis 2.0** program, run in partnership with organizational performance improvement experts Franklin Covey, reached over 100 executives and managers. The program taught them to be entrepreneurial, connected, people-focused, and transformational. Thirty UnionBankers completed this program, forming a powerful group of change-makers who will help shape our future.

We also launched the 'Business of Banking Masterclass' to keep our leaders sharp on banking basics, risk management, and other key areas. In 2025, we'll expand this program to include more teams across the Bank.

**Building a Culture Where Safety Comes First**
In 2024, we strengthened our High Reliability Organization (HRO) approach—a system that helps us work safely and effectively in complex situations. Our HRO Culture Assessment showed we're strong in operational awareness and resilience, with room to grow in spotting potential issues earlier.

Our Near Miss Conference and HRO STARS Storytelling campaign gathered over 1,000 insights from employees, dramatically improving how we understand and apply HRO principles.

The **HRO for Leaders** program taught leaders how to reduce errors and boost efficiency in our complex banking environment. This has already led to measurable improvements across multiple teams.

Other initiatives like hroXchange and our Mindful Moments campaign have helped make safety and reliability part of our everyday culture.

# OUR PEOPLE MILESTONES




**Creating a GREAT Retail Bank Together**
In May 2024, we launched our GREAT initiative to spark innovation, improve processes, and focus on customers. We gathered 101 rising leaders—our GREAT champions—to share our vision of becoming a truly great retail bank.

The workshop emphasized teamwork and strategic thinking. Participants committed to our values of Integrity, Magis (doing more), and Ubuntu (community spirit). This approach encourages ideas from all levels and has already launched 28 improvement projects set to finish by October 2025.

**Elevating Employee Engagement**
We know our people are our greatest asset. After successfully integrating our expanded consumer bank portfolio, we focused on making UnionBank an even better place to work. Our efforts in social responsibility, employee relations, and culture-building paid off with a 12% jump in employee engagement from 2023 to 2024.

**Creating a Safe, Inclusive Workplace**
We've built a peaceful, productive workplace through initiatives that strengthen relationships and promote well-being and safety.

Our comprehensive training programs cover important topics like the Safe Spaces Act, emergency preparedness, and our Code of Conduct. We regularly meet with our employee association (UBEA) and Family Welfare Committee to keep communication flowing.

These efforts have created a workplace where people feel valued, connected, and empowered to do their best work.

**Zero Injuries, Maximum Safety**
Our safety-first approach has achieved remarkable results—zero workplace injuries since 2020! This accomplishment, recognized with a Presidential Award from the Safety Organization of the Philippines Inc., shows our commitment to employee wellbeing and safety leadership in the banking industry.

## GoBeyond Communities



**GoBeyond Communities: Making a Difference Together**
Ubuntu—the spirit of community—is one of our core values. It reflects the Filipino bayanihan tradition of helping each other. Through our GoBeyond Communities (GBC) program, employees lead social responsibility initiatives aligned with UN Sustainable Development Goals. In 2024, our team contributed 2,404 volunteer hours, utilized a PHP 4,700,000 CSR budget, and helped 103,401 people.

**Highlights From Our Community Work**

**Education:**
Our "Pave the Wave" charity run, organized by our Customer Experience and Marketing Group with the Yellow Boat Foundation, attracted 180 runners and 25 UnionBank volunteers. We raised over Php235,000 to support education in underserved communities, helping 15 families and 300 students in Basilan.

**Livelihood and Employment:**
Volunteers from our Lipa Branch and neighboring locations visited Barangay Halang in Lipa City, Batangas. We donated a new fishing boat and cleaned the lakeshore. Our "Fishing Net and Gears Handog ni UnionBank" project provided resources to 200 local fishermen and taught financial literacy skills to help them manage their earnings better.



**Environment:**
Our LEAD Management Trainees visited the Pag-asa Pawikan Protection and Conservation Center in Bataan to help protect endangered sea turtles. They planted mangroves, cleaned coastal areas, and provided equipment for 30 volunteer rangers, including rechargeable flashlights, waterproof bags, and raincoats.

**Inclusion:**
Our Digital Channels Team hosted the "Steps of Love" charity run at Metrowalk, Pasig City. The event raised over Php46,000 for Tahanan Ng Pagmamahal Children's Home, which cares for 35 abandoned and neglected children.

Through these efforts, UnionBank and our employees are creating a more sustainable and fair future, showing how working together can address important social and environmental challenges. We're living our purpose: co-creating innovations for a better world.

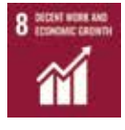
| UN SDG | Total No. of Projects | No. of Communities | No. of Individual Beneficiaries |
|---|---|---|---|
| 4 - Quality Education | 53 | 64 | 18,204 |
| 8 - Decent Work and Economic Growth | 10 | 12 | 2,213 |
| 10 - Reduced Inequalities | 24 | 31 | 82,332 |
| 11 - Sustainable Cities and Communities / 13 - Climate Action | 8 | 9 | 652 |




**How We Made a Difference Through Our CSR Program**




**4 - Quality Education**
We ran workshops, learning sessions, and school partnerships to improve access to education and develop skills. For example, in our "Tools for Success" project in Dipaculao, Aurora, we provided school supplies, equipment, hygiene kits, and nutritious food to help students learn better.




**8 - Decent Work and Economic Growth**
We offered training, financial help, and tools to communities to improve livelihoods. In our "Economic Empowerment Program" in Makati City, our Senior Ambassadors taught utilities and security staff how to make banana bread, sweet rice cake, and other treats to boost their income.




**10 - Reduced Inequalities**
We focused on advocacy, inclusion workshops, and support for underserved groups. Our "Lipa City Dental Mission" in Batangas provided free dental care to residents and helped underprivileged families with essential needs.




**11 - Sustainable Cities and Communities / 13 - Climate Action**
We organized clean-up drives, tree planting, and environmental awareness campaigns. In our Tech LEAD Tree Nurturing project at Masungi Georeserve, volunteers learned about tree care while other teams distributed cleaning supplies and promoted eco-friendly practices.

| Year | Total No. of Projects | No. of Communities | No. of Individual Beneficiaries | No. of Volunteers | No. of Volunteer Hours | Total CSR volunteer program budget spent* |
|---|---|---|---|---|---|---|
| 2024 | 95 | 116 | 103,401 | 2,404 | 264 | 5,729,664.38 |


2024
AWARDS
AND
RECOGNITION

## 2024

### MARKETING COMPANY OF THE YEAR
Agora

### BEST RETAIL BANK (PHILIPPINES) – UNIONBANK
The Asian Banker

### MARKETING TEAM OF THE YEAR: UNIONBANK
Marketech Asia Pacific (APAC)

### AMONG PH'S MOST VALUABLE BRAND IN 2024
Brand Finance

### AMONG TOP 500 REGIONAL COMPANIES
Fortune's 1st Southeast Asia 500 List

### LINKEDIN AI PIONEER
Linkedin Talent Awards

### ASIA'S BEST CFO MANUEL R LOZANO CFO
Corporate Governance Asia

### ADVANCES IN THE USE OF BLOCKCHAIN
Retail Banking International Digital CX Awards

### HIGHLY COMMENDED- EXCELLENCE IN EMPLOYEE RECOGNITION
Retail Banking International Digital CX Awards

### BEST INVESTOR RELATIONS COMPANY
Corporate Governance Asia

### 4-GOLDEN ARROWS FROM ASEAN CORPORATE GOVERNANCE SCORECARD
Institute of Corporate Directors (ICD)

### CMO OF THE YEAR: ALBERT CUADRANTE
Marketech Asia Pacific (APAC)

### BUSINESS MODEL INNOVATION – PLATINUM WINNER BNPL WITH SAMSUNG FINANCE+
Infosys Finacle Innovation Awards 2024

### CHAMPION SECURITY AWARD FOR 2023 (PH MARKET)
Visa

### UNIONBANK & UNIONDIGITAL AS AMONG THE WORLD'S BEST BANKS 2024
Forbes

### MICHELLE RUBIO AS THE 2023 DON RAMON ABOITIZ AWARDEE

### BEST DIGITAL BANK (PHILIPPINES)- UNIONDIGITAL BANK
The Asian Banker

### BEST ONBOARDING PROGRAM
Retail Banking International Digital CX Awards

### BUSINESS MODEL INNOVATION – PLATINUM WINNER (BNPL WITH SAMSUNG FINANCE+)
Infosys Finacle Innovation Awards 2024

### BEST INVESTOR RELATIONS PROFESSIONAL CARLO I. EÑANOSA
Corporate Governance Asia

## 2025

### BEST WEALTH BANK AWARD
The Asian Banker

### BEST LEARNING & DEVELOPMENT PROGRAMME
Retail Banker International

### TRAILBLAZING USE OF AI OR MACHINE LEARNING IN FINANCIAL SERVICES
Retail Banker International

# THE CEO AWARDS

Recognition given to flagship initiatives that fulfill the strategic imperatives of the organization and the vision of building a bank of enduring greatness

## Enabling Customer-Centric Innovation and Scalability for GCash

The UnionBank team is first to offer an online cash-in API for GCash corporate wallets, enabling real-time wallet validation and seamless cash-in services. By September 2024, this innovation processed more than a hundred billion pesos in transactions, capturing 20% of corporate partners' wallet share and solidifying UnionBank's leadership in digital banking.

**Awardees:**
Marianne Urbano
Rianne Reyes
Miguel Lozada
Jorelle Allison Ng
Kim Luke Kwan
Roy Ivan Cruz
Kyoji Sasota
Jeffrey Santos

**Business Sponsors:**
Pete Gamboa
Atty. Ann Chinika Tolentino

**Executive Sponsors:**
Erika Dizon
Ramon Duarte
Nino Fajardo
Donald Asuncion
Miguel Dans
Vanessa Sta. Ana

## Cards Cross-Sell

This project tapped into the Bank's depositor base to grow credit card acquisition by introducing a streamlined application process, an alternative pre-qualification model, and unique offers for qualified clients.

As a result, over hundred thousand cards were acquired with an 80% lower cost per account, a 33% response rate.

**Awardees:**
Ana Eliang
Charra May Sotayco
Trigger Say
Maricar Landagan

**Business Sponsors:**
Joy Arañas
Maam Tang
Aby Enciso
Clyd Tito
Amiel Domingo
Monette Cristi

**Executive Sponsor:**
Mukul Sukhani

## Project Blue: Citi Acquisition Implementation

Project Blue: Citi Acquisition Implementation showcases UnionBank's transformation through Builds, Data Migration, and Re-carding. In just 19 months, the bank successfully migrated Citi's consumer franchise, adding a million customers, millions of accounts and multi-trillion-dollar assets; with millions in dollars cost savings. Rebranding 900,000 cards and integrating Citi's strengths have enhanced customer experiences, driving innovation and solidifying UnionBank's path toward its 2025 retail goals.

### Part 1: Builds

UnionBank successfully integrated Citi's banking business, leveraging its strengths to enhance customer value, boost efficiency, and drive innovation. By combining Citi's best-in-class offerings with UnionBank's robust infrastructure, the bank introduced advanced features that elevated the banking experience. Delivered in under two years, this initiative ensured a seamless user experience, preserved transaction integrity, and aligned with the Citi migration timeline, further strengthening UnionBank's position as a top retail bank in the Philippines.

**Awardees:**
Robert Dela Pena
Noelyn Morales
Khae Relota
Ryanwell Manibo
Nerissa Yap

**Business Sponsors:**
Michelle Rodriguez
Mans Tiu

**Executive Sponsors:**
Manish Chawla
Dennis Omila
Cris Tismo

### Part 2: Data Migration

UnionBank's acquisition of Citi's consumer banking franchise marks a transformative step toward becoming the leading consumer bank in the Philippines. The acquisition, completed in under 2 years, brought about a million new customers, substantial app activations, and millions of accounts contributing to multi-trillion-dollar balances, all while ensuring data accuracy, compliance, and a seamless user experience. Exiting the Transition Services Agreement (TSA) with millions in dollars cost savings, this initiative has strengthened UnionBank's retail banking position and laid a solid foundation for achieving its 2025 goals.

**Awardees:**
Joel Ibay
Ben Altarejos
Nikki Jaluag
Sugarey Vinzon
Rannie Montojo

**Business Sponsors:**
Rommel Illunio
Rupert Enriquez
Gerand Elinzano

**Executive Sponsors:**
Manish Chawla
Dennis Omila
Dodong Montino

### Part 3: Re-Carding

UnionBank successfully rebranded nearly a million Citi-branded credit cards to UnionBank cards in just 10 weeks, achieving 85% delivery and over 70% activation. This initiative, aligned with the UBP-Citi Trademark Licensing Agreement (TMLA), ensured a seamless transition with zero reported incidents or fraud while preserving customer transaction integrity and relationships. By capitalizing on established customer connections and executing targeted marketing, UnionBank strengthened its brand, avoided potential penalties, and provided cardholders with a cohesive and enhanced experience.

**Awardees:**
Justin Abrantes
Matthew Gue
Jehan Ananggo
Katrine Mercado
Jomari Belgar
Daniel Lim

**Business Sponsors:**
Mary Mae Ramizo
Riza Marasigan
Loy Tecson
Jen Car Bataller
Jomar Bulanon
Benise Endencia

**Executive Sponsors:**
Manoj Varma
Mukul Sukhani
Carissa Sindiong
Nikhil Kumar
Leslee Tandoc
Gerand Elinzano

# SUBSIDIARIES




## CITY SAVINGS BANK

Ana Maria A. Delgado
Chairperson

Manuel G. Santiago, Jr.
President & CEO




## UBX PHILIPPINES CORPORATION

Jose Emmanuel U. Hilado
Chairman

John F. Januszczak
President & CEO




## UNIONDIGITAL BANK, INC.

Justo A. Ortiz
Chairman

Danilo J. Mojica, II
President & CEO




## UNIONBANK FINANCIAL SERVICES AND INSURANCE BROKERAGE, INC.

Manoj Varma
Chairman

Ramon Melchor E. Tejero
President & CEO



ERIC S. LUSTRE



MONTANO M. DIMAPILIS



ADRIAN ALFONSO T. OCAMPO



BEATRIZ B. ROMULO



NERISSA A. GONZAGA

**UNIONBANK INVESTMENT MANAGEMENT AND TRUST CORPORATION**

Erramon I. Aboitiz
Chairman

Eric S. Lustre
President & CEO

**FIRST UNION PLANS, INC.**

Montano M. Dimapilis
President

**UBP INVESTMENTS CORPORATION**

Manuel R. Lozano
Chairman

Montano M. Dimapilis
President & CEO

**FIRST UNION DIRECT CORPORATION**

Antonio Sebastian T. Corro
Chairman

Montano M. Dimapilis
President

**PETNET, INC.**

Manuel G. Santiago, Jr.
Chairman

Adrian Alfonso T. Ocampo
President & CEO

**BANGKO KABAYAN, INC.**

Lorenzo T. Ocampo
Chairman

Beatriz B. Romulo
President

**FIRST UNION INSURANCE & FINANCIAL AGENCIES, INC.**

Antonio Sebastian T. Corro
Chairman

Nerissa A. Gonzaga
President

# RISK MANAGEMENT



### Risk Culture and Philosophy

Given that banks and financial institutions are in the business of taking risks, UnionBank operates according to its established risk philosophy, where the Board is responsible for approving, reviewing, supervising, and overseeing the Bank's risk strategy, risk policies, risk appetite and risk limits.

Following the Board's instructions, the Bank's Senior Management and various risk management committees set up independent risk management functions to ensure that risks are properly understood, controlled, and managed, in addition to the risk processes which must be clearly aligned with the Bank's business strategies.



### Risk Appetite and Strategy

UnionBank's risk appetite is the level of risk that it is prepared to accept in pursuit of its business objectives and strategies. It is consistent with UnionBank's risk-taking capacity.

UnionBank's risk appetite is set by the Board of Directors. The risk appetite cannot be defined by a single number as it has many dimensions and is a combination of regulatory requirements and internal policy limits. The Bank's appetite for risk is influenced by a range of factors, including whether a risk is consistent with its core strategy and whether an appropriate return can be achieved from taking that risk. UnionBank has a lower appetite for risks that are not part of its core strategy.




### Risk Appetite Framework

A risk appetite framework has been established, which includes the Board approved risk appetite statements and the related risk policies and limits.

The risk appetite statements establish the philosophy and high-level boundaries for risk-taking activities across UnionBank. The risk policies and limits give more specific guidance for particular risks, providing clarity for management in making day-to-day decisions.
The specific appetite for each risk type is implemented and enforced by an extensive set of specific limits, controls, and governance processes.

### Risk Structure and Process

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 risks, processes, systems, compliance and controls are identified by the Business Units (1st line). The risks are measured by ERM to establish the controls and limits to mitigate the risks, likewise other controls identified by the Business Units to mitigate the risks are assessed based on design and effectiveness by ERM, Information Security and Compliance (2nd line). The internally developed risk measurement models used are validated by an independent party while the assessments of controls 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.



The Board of Directors (BOD) exercises oversight of the 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 Bank has established independent risk management units (RMUs) that objectively review and ensure compliance to the risk parameters set by the BOD. They are responsible for the monitoring and reporting of risks to senior management and the various committees of the Bank. The BOD is primarily responsible for setting the risk appetite, approving risk parameters, credit policies, and investment guidelines, as well as establishing the overall risk taking capacity of the Bank. To fulfil 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 members of the BOD, exercises certain functions as delegated by the BOD including, among others, the approval of credit proposals, asset recovery and real and other properties acquired (ROPA) sales within its delegated limits.
b. The Risk Management Committee (RMC), composed of seven members of the BOD, shall advise the Board of the Bank's overall current and future risk appetite, oversee Senior Management's adherence to the risk appetite statement, and report on the state of risk culture of the Bank.
c. The Market Risk Committee (MRC), composed of nine members of the BOD, majority of whom are independent directors, including the Chairman. The Committee 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 Operational Risk Management Committee (ORMC) is composed of at least seven (7) members of the BOD, all of whom are non-executive, with the Chairman being an independent director. The committee has the principal responsibility to review risk management policies and practices relating to bank-wide operational risk.
e. The Audit Committee (AudComm) is composed of at least seven members with at least four Independent Directors. All its members are appointed by the Board of Directors with most members, including the Chairman, preferably with accounting, auditing, or related financial management expertise of experience. The Audit Committee has an ongoing responsibility of assessing the effectiveness of the control environment, including the interrelation of other internal control components. It also serves as principal agent of the BOD in ensuring independence of the Bank's external auditors and the internal audit function, the integrity of management, and the adequacy of disclosures and reporting to stockholders. It also oversees the 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.

# CORPORATE GOVERNANCE REPORT

**In 2024, the Philippine banking industry demonstrated resiliency and sustained its strong performance despite navigating economic and environmental challenges that caused priced instability and changes in the monetary policies of the country.** Banks weathered through subdued domestic growth, the evolving regulatory landscape, and the rising competition between traditional banks and emerging fintech players.



With the rise of digital services offered by banks, the industry is expected to socio-economically evolve and meet new regulatory standards. In 2016, Unionbank embarked on its digital transformation journey and has since remained at the forefront of digital banking in the country. But the real litmus test lies in our execution. The bank's success and long-term sustainability are rooted in its dedication in driving innovation, strong leadership and whole-of-organization commitment, and strict adherence to regulatory policies and good corporate governance.

Our governance framework is anchored on competent leadership, strong compliance culture, robust internal controls, and effective reporting mechanisms across the organization.

**We are continuously pushing the boundaries of what is possible on this front. We achieved the four-golden arrow recognition for the 2023 ASEAN Corporate Governance Scorecard (ACGS) performance which represents our highest ACGS score since the Institute of Corporate Directors (ICD) inaugurated the Golden Arrow Awards in 2018. The ACGS is an assessment tool supported by a rigorous methodology that measures the governance performance of publicly listed companies in six (6) participating ASEAN member countries – Indonesia, Malaysia, Singapore, Thailand, Vietnam, and the Philippines.**



[From L-R] Aboitiz Equity Ventures (AEV) VP - Governance & Compliance Mailene De La Torre, VP for Corporate Affairs Suiee Suarez, AEV Chief Legal & Compliance Officer Connie Chu, and UnionBank Lead Independent Director Roberto Manabat receive plaques of recognition from the ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards.

While we ended the year on a stronger footing, we have barely scratched the surface of what we are capable of. In the pages that follow, we unveil the details of our governance framework and its implementation.

The contents of this report have been prepared in accordance with the disclosure requirements of the Manual of Regulations for Banks (MORB) of the Bangko Sentral, recommendations of SEC Memorandum Circular No. 19, Series of 2016 otherwise known as the Code of Corporate Governance for Publicly Listed Companies, and the prevailing best practices contained in the ACGS.

For comments, queries, and suggestions, please contact our Compliance and Corporate Governance Office at ubpcorporategovernance@unionbankph.com.

## OUR GOVERNANCE STRUCTURE

### Stockholders

Our stockholders are the ultimate owners of our business and serve as the highest authority in our governance structure. They enjoy the benefits of strong corporate governance, which we believe is critical not only for the success of the organization but also in advancing the interests of our shareholders.

### Board of Directors

Our Board of Directors serves as the governing body elected by the stockholders that exercises the corporate powers of the organization and has the fiduciary responsibility to protect UnionBank and all its shareholders.

The Board approves and oversees the company's vision, mission, and strategic priorities, and monitors the implementation of our corporate governance framework.

### Separation of the roles of the Chairman and CEO

The positions of the Chairman of the Board and the President & CEO are held by different individuals to foster an appropriate balance of power, increased accountability, effective decision making, and good governance. The division of the responsibilities and accountabilities between the Chairman and the President & CEO is clearly articulated and delineated in our governance policies.

The Chairman facilitates discussions of key issues by fostering an environment conducive to constructive debate and leveraging on the skills and expertise of individual directors. He also makes certain that the meeting agenda focuses on strategic matters, including key governance concerns.

The President & CEO executes and administers the policies approved by the Board and exercises such powers vested in him by the Board. He[1] is also responsible for the general supervision, administration, and management of the business and affairs of the organization.

[1] *Director Edwin R. Bautista stepped down as President and CEO of the bank but continues to serve as director.*
*Director Ana Maria A. Delgado was appointed as President and CEO of the bank effective January 1, 2025.*

### Lead Independent Director

The Lead Independent Director performs a more enhanced function over the other independent directors and leads them at Board meetings in raising queries and pursuing relevant matters, including discussion of risk appetites, and key control and governance concerns.

### Vice Chairman

The Vice Chairman of the Board takes on the role of the Chairman in the absence of or upon request by the Chairman.

### Board Committees

The Board has established various committees to oversee specific areas of the organization. These committees delve deeper into the details of their respective mandates and areas of expertise, and report back to the Board. The composition, functions, and responsibilities of all committees are properly defined and established in their respective charters.

### Corporate Secretary

Our Corporate Secretary assists the Board and the board committees in the conduct of their meetings. He also preserves the integrity of all documents, records, and other information essential to the conduct of his duties and responsibilities to the organization. He is a Filipino and a resident of the Philippines.

### Chief Compliance and Corporate Governance Officer

Our Chief Compliance and Corporate Governance Officer monitors and ensures the compliance of the organization with the relevant rules and regulations on corporate governance. As the head of the compliance function, she[2] also oversees the identification and management of regulatory compliance risks faced by the organization.

### Chief Risk Officer

Our Chief Risk Officer leads the development of the risk appetite of the organization. He reviews and implements appropriate policies, processes, and systems to ensure that the risk management capabilities of the organization are sufficiently robust and effective to fully support strategic objectives and risk-taking activities.

### Chief Audit Executive

Our Chief Audit Executive develops an audit plan based on robust risk assessment, including inputs from the Board, and ensures that such plan is comprehensive and adequately covers regulatory matters. He provides reasonable assurance that the key procedural controls of the organization are effective, appropriate, and complied with.

[2] *Ms. Joselynn B. Torres stepped down from her role as Chief Compliance and Corporate Governance Officer.*
*Atty. Isagani A. Cortes was appointed as the new Chief Compliance and Corporate Governance Officer effective January 1, 2025.*

# CORPORATE GOVERNANCE REPORT

### Management Committee

Our Management Committee (MANCOM) is composed of highly qualified leaders and respected practitioners in the fields of business, banking and finance, technology, marketing, and other relevant disciplines.

The MANCOM provides guidance on strategic decisions consistent with the Bank's purpose, brand, and core values and reviews policies and procedures that govern the Bank's businesses and operations while giving due consideration to the interests of various stakeholders.

### Subsidiaries

Together with our subsidiaries, we provide a full range of banking and other financial services to different market segments. Our subsidiaries enable us to be a highly diversified banking group that spans digital banking, thrift, and rural banking, trust and investments, equity securities, and insurance brokerage, to name a few.

## BOARD MATTERS

### Role of the Board

**Our Board plays a key role in shaping the organization's strategy, vision, purpose, and culture. Our Board creates value for shareholders and other stakeholders by setting appropriate governance standards, approving the right strategies, and overseeing the implementation of strategies to achieve our corporate objectives and strategic priorities.**

The details of the general responsibility, and specific duties and functions of our Board, can be found in our Manual on Corporate Governance, which is posted on our company website.

### Board composition

**Our 15-member Board is composed of directors who bring a wide range of skills and deep industry experience to our Boardroom. Our directors are elected at the annual meeting of stockholders, each of whom holds office for a term of one year, or until his successor has been chosen and qualified.**

In terms of degree of independence, our Board has three classifications of directorship.

In 2024, our executive directors are members of the Board who are actively involved in the day-to-day management and have executive responsibility for the operations of a part or whole of the organization, while the non-executive directors have no executive responsibility and does not perform any work related to the operations of the company.

Independent directors (who are also considered as non-executive directors) are members of the Board who are independent of management and the controlling shareholder and are free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

The following changes to the composition of the Board occurred prior to the issuance of this report:

- Director Edwin R. Bautista stepped down as President and CEO of the bank but continued to serve as director, serving a total of eight (8) years in the UBP board. Director Bautista is a seasoned banking professional who continues to provide invaluable expertise on digital banking, investments, and financial services.
- Director Ana Maria A. Delgado was appointed as President and CEO of the bank effective January 1, 2025. Director Delgado 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, consumer finance businesses, and institutional banking.
- Election of SSS-Nominee Atty. Santiago Dionisio Rodrigo Agdeppa as non-executive director, vice Director Rolando L. Macasaet, effective December 2, 2024. Director Agdeppa brought with him over four (4) decades of experience in the field of audit, public policy, and compliance.

### Board diversity, skills, and competencies

**Over the last few years, the makeup of our Board has changed dramatically to align with the diversity of the customers and markets we serve. We are ramping up our efforts to attract diverse talents and leaders into our organization, which allow us to think differently, solve problems more creatively, raise challenging questions, and make more accurate decisions.**

We believe that a diverse board is a key element in good corporate governance. As a matter of transparency, we have identified the following measurable objectives for implementing our Board Diversity Policy and the progress in achieving these objectives, in compliance with the standards espoused by the ASEAN Corporate Governance Scorecard:

- At least two (2) female directors
- At least five (5) independent directors
- At least two (2) directors with knowledge and expertise on information technology (IT), cybersecurity, and technology governance
- At least fifty percent (50%) of Board members with background or experience in banking and financial services

**GENDER**



2 FEMALE DIRECTORS

13 MALE DIRECTORS

**DIRECTORSHIP**

2 Executive

8 Non-Executive

5 Independent



**AGE**

2 31 to 50 Years Old

10 51 to 70 Years Old

3 71 and Above

**TENURE**

1 LESS THAN A YEAR

7 1 TO 5 YEARS

4 6 TO 10 YEARS

3 MORE THAN 10 YEARS

At the time of writing, our Board has achieved the above-mentioned diversity targets. Collectively, the competencies, skills, experience, and qualifications of our individual directors span different industries and sectors, including banking and financial services, utilities, marketing management, construction, manufacturing, power, infrastructure, pharmaceutical, food and beverage, and real estate.

In terms of gender diversity, we have two (2) female directors in the Board. We have five (5) out of nine (9) Board committees with female representation.

In terms of the type of directorships, we have two (2) executive directors, while the remaining Board members are non-executive and/or independent.

Our Board is also composed of directors with a mix of age and tenure, with new and younger directors bringing fresh ideas and perspectives into the table, while more senior and longer serving directors contributing institutional knowledge and insights about the business, operations, and history of the organization.

**Our Board is satisfied that its current demographics, collective expertise, and core competencies are sufficiently diverse to meet the needs of the organization.**

### Board vacancies

In accordance with Republic Act No. 11232 otherwise known as the Revised Corporation Code of the Philippines, any vacancy occurring in the Board other than by removal or by expiration of term is filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, said vacancies are filled by the stockholders in a regular or special meeting called for that purpose. A director elected to fill a vacancy is referred to as replacement director and serves only for the unexpired term of the predecessor in office. The Corporate Governance Committee, as the nomination screening body, follows the standards and guidelines set in its manual, assessing the nominee's profile and experience upon receipt of the nomination.

### Board nomination and election

**We have established strict and rigorous vetting and selection procedures, as summarized below, to effectively review the qualifications of nominees.**

The Compliance and Corporate Governance Office (CCGO) through the Corporate Secretary accepts the nominations from the shareholders. As a matter of practice, all shareholders, including minority shareholders, have the right to nominate candidates for seats on the Board.

CCGO reviews the profile of the nominees against *'fit and proper'* standards to ascertain that they possess all the qualifications and none of the disqualifications stipulated under the Manual of Regulations for Banks (MORB) and other applicable requirements under existing laws and BSP regulations.

We consider the following factors and criteria in the conduct of fit and proper test: integrity/probity; competence; relevant education/financial literacy/training; diligence; sufficiency of time to fully carry out responsibilities; and concurrent positions in the Bank and interlocking positions in other entities that may pose a conflict of interest.

Qualified nominees are requested to complete the nomination questionnaire. Upon review of the candidate's profile, CCGO presents the nominees to the Corporate Governance Committee (CGC).

CGC then endorses the final list of nominees for Board approval. Once approved by the Board, the election of directors will be held at the annual meeting of the shareholders.

We also consider the use of professional search firms, industry databases, or other external sources to search for qualified candidates to the Board.

Upon election, the CCGO prepares and submits the required certifications and other documentary and reportorial requirements to the BSP, in coordination with the directors concerned, pursuant to the confirmation of their election by the Monetary Board of the Bangko Sentral.

# CORPORATE GOVERNANCE REPORT

**Board culture, meetings, and attendance**

**A healthy board culture is the linchpin of good governance and effective board performance.**

Our board culture fosters an environment where open and constructive dialogue can take place, encourages challenging ideas, and puts a special emphasis on creativity and innovation, which leads to more thoughtful and productive discussions in the boardroom.

Our Board members devote sufficient time and attention to discuss and deliberate on important matters and issues at hand. Regular meetings of the Board are held monthly, the schedule of which is set before the start of the calendar year. Special meetings may be called if needed.

The agenda of the meetings, meeting materials, and supporting documents are uploaded to the Diligent Board, a secure board portal, at least five working days in advance, to give ample time for the directors to study the materials and prepare for the meeting.

Matters requiring decision and approval and matters which are for the Board's information are clearly set out on the agenda of the board meetings. Matters requiring board approval include the annual report and financial statements, policies, budgets, contracts, investments, major IT systems, material transactions, dividends, changes in strategic direction and priorities, changes in corporate governance and risk management framework, sustainability matters, to name a few.

The meetings are convened and presided by the Chairman of the Board. Board members engage in healthy debate, ask questions, and seek clarifications on the proposals presented.

Board members who cannot physically attend or vote at any meeting can participate and vote through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication.

**In 2024, the Board held a total of eighteen (18) regular and special meetings. All directors have complied with the fifty percent (50%) minimum attendance requirement to be eligible for re-election, and the seventy-five percent (75%) attendance rate recommended by the parameters of the ASEAN Corporate Governance Scorecard.**

| Name | No. of meetings attended | No. of meetings held[1] | % of meetings attended | No. of meetings attended physically | % of meetings attended physically |
|---|---|---|---|---|---|
| Erramon I. Aboitiz | 18 | 18 | 100.00 | 7 | 38.89 |
| Justo A. Ortiz | 18 | 18 | 100.00 | 7 | 38.89 |
| Edwin R. Bautista | 18 | 18 | 100.00 | 16 | 88.89 |
| Sabin M. Aboitiz | 17 | 18 | 94.44 | 7 | 38.89 |
| Ana Maria A. Delgado | 18 | 18 | 100.00 | 13 | 72.22 |
| Samel A. Aboitiz | 18 | 18 | 100.00 | 14 | 77.78 |
| Jose Emmanuel U. Hilado | 17 | 18 | 94.44 | 11 | 61.11 |
| Nina Perpetua D. Aguas | 17 | 18 | 94.44 | 7 | 38.89 |
| Rolando L. Macasaet[2] | 8 | 13 | 61.54 | 3 | 23.08 |
| Robert Joseph M. De Claro | 18 | 18 | 100.00 | 13 | 72.22 |
| Roberto G. Manabat | 18 | 18 | 100.00 | 6 | 33.33 |
| Manuel D. Escueta | 18 | 18 | 100.00 | 9 | 50.00 |
| Josiah L. Go | 18 | 18 | 100.00 | 11 | 61.11 |
| Francisco E. Lim | 18 | 18 | 100.00 | 11 | 61.11 |
| Honorio G. Poblador IV | 18 | 18 | 100.00 | 9 | 50.00 |
| Santiago Dionisio Rodrigo Agdeppa[3] | 2 | 2 | 100.00 | 2 | 100.00 |

[1] *Represents no. of Board meetings held in 2024 and during the incumbency of the director, as the case may be.*
[2] *Rolando L. Macasaet resigned effective October 6, 2024.*
[3] *Santiago Dionisio Rodrigo Agdeppa joined the Board effective December 2, 2024 and re*signed effective February 1, 2025.

Apart from the regular and special meetings of the Board, the non-executive directors also meet twice a year, without any executives present, to have an open discussion and provide an effective check on management on issues that may pertain to audit, risk, compliance, or governance. The topics may include challenges encountered in Management performance vis-a-vis the specific objectives on risk, control, and compliance.

The sessions are attended by the members of the Board who do not occupy executive positions and by the Chief Compliance and Corporate Governance Officer, Chief Audit Executive, Chief Risk Officer, and the External Auditor Partner.

In 2024, the sessions were held on January 19, July 20, and November 5.

| Name | No. of meetings attended | No. of meetings held[1] | % of meetings attended |
|---|---|---|---|
| Roberto G. Manabat[2] | 3 | 3 | 100.00 |
| Erramon I. Aboitiz | 3 | 3 | 100.00 |
| Justo A. Ortiz | 3 | 3 | 100.00 |
| Sabin M. Aboitiz | 3 | 3 | 100.00 |
| Samel A. Aboitiz | 3 | 3 | 100.00 |
| Jose Emmanuel U. Hilado | 3 | 3 | 100.00 |
| Nina Perpetua D. Aguas | 3 | 3 | 100.00 |
| Rolando L. Macasaet[3] | 1 | 2 | 50.00 |
| Robert Joseph M. De Claro | 3 | 3 | 100.00 |
| Manuel D. Escueta | 3 | 3 | 100.00 |
| Josiah L. Go | 3 | 3 | 100.00 |
| Francisco Ed. Lim | 3 | 3 | 100.00 |
| Honorio G. Poblador IV | 3 | 3 | 100.00 |
| Santiago Dionisio Rodrigo Agdeppa[4] | 0 | 0 | 00.00 |

[1] *Represents no. of Non-Executive Board meetings held in 2024 and during the incumbency of the director, as the case may be.*
[2] *Non-Executive Board is chaired by Roberto G. Manabat, lead independent director.*
[3] *Rolando L. Macasaet resigned effective October 6, 2024.*
[4] *Santiago Dionisio Rodrigo Agdeppa joined the Board effective December 2, 2024 and resigned effective February 1, 2025.*

## Board remuneration

The non-executive directors each receive a per diem of Php 160,000.00 for attendance in each meeting of the Board, except for the Chairman of the Board who receives Php 240,000.00.

The executive directors receive a per diem of Php 1,500.00 for attendance at Board meetings and Php 3,000.00 for each committee meeting.

The Chairman of each committee receives a per diem of Php 120,000.00 per meeting attended and a committee member receives a per diem of Php 80,000.00.

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 2024, the total annual compensation paid to the directors amounted to Php 383,348,273.99. To avoid security concerns, the Bank decided to disclose the annual compensation on an aggregate basis.

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

The total compensation of the CEO and the four most highly compensated officers is also disclosed in the definitive information statement. The report includes the compensation paid or accrued during the last two calendar years and to be paid in the ensuing calendar year.

There was no proposal to change the remuneration of directors presented during the annual meeting of shareholders in 2024.

| Name | Principal Position | Year | Aggregate Compensation (net of bonuses) | Bonuses |
|---|---|---|---|---|
| Edwin R. Bautista | President and Chief Executive Officer | 2024 | PHP 159,833,655.48 | PHP 35,564,387.53 |
| Manoj Varma | Senior Executive Vice President – Consumer Bank Head | | | |
| Ana Maria A. Aboitiz | Institutional Banking Head and Chief Customer Experience and Digital Channel Officer | | | |
| Dennis D. Omila | Executive Vice President – Chief Technology and Operations Officer | | | |
| Manuel R. Lozano | Executive Vice President – Chief Financial Officer | | | |
| All other officers & directors as a group unnamed | | 2024 | PHP 5,903,454,822.35 | PHP 1,130,531,179.12 |

# CORPORATE GOVERNANCE REPORT

### Board performance evaluation

**We believe in the concept of "Kaizen," a Japanese term used to denote continuous improvement, which has been fundamental to our growth momentum over the years.**

Our Board regularly carries out evaluations to appraise its performance as a collective body and individually and assess whether it possesses the right mix of backgrounds and competencies.

Each year, Board members (including the President and CEO) undertake the assessment of the performance and effectiveness of the Board as a collective body, Board committees of which they are members, and the Chairman of the Board.

The performance of the individual members of the Board is also being assessed, through self-assessment and independent assessment carried out by selected members of management.

The questionnaire contains varying statements pertaining to the roles, functions, and responsibilities of the Board, its committees, and individual members, based on leading corporate governance practices. Assessment metrics relate to board structure, leadership function, stakeholder relations, governance, controls, and conduct of meetings and facilities.

A five-point Likert scale was used to measure the respondents' agreement or disagreement with the statements provided, and open-ended questions were also incorporated to elicit more detailed responses pertaining to the overall performance of the Board and its committees, and areas to prioritize moving forward.

The evaluation results are aggregated, analyzed, and reported by the Compliance and Corporate Governance Office (CCGO) to the respective Board committees and to the Board. To maintain the anonymity and confidentiality of the responses, results are presented with no attribution to the respondents.

The Board may require a third-party assessor to conduct its annual performance assessment on its behalf or subject its existing performance assessment to third-party review. The assessor shall be pre-selected by the Corporate Governance Committee and presented to the Board for approval prior to engagement.

**In 2024, the results have been favorable and the Board as whole, its committees, the Chairman, CEO, and individual members have received affirmative ratings across all evaluation metrics.**

| Type of Assessment | Respondents | Scope and Criteria |
|---|---|---|
| Board Self-Assessment (as a collegial body) | All members of the Board, including the President and CEO | (1) characteristics of the Board as a single, functioning unit in relation to the performance of its collegial roles and responsibilities;<br>(2) actual board work accomplished within the year;<br>(3) board's ability to create a positive impact in its industry and towards its stakeholders and shareholders;<br>(4) oversight on trust activities; and<br>(5) recommendations to allow the respondents to better express their ideas. |
| Board Committee Self-Assessment | All members of the Board Committees | (1) characteristics of the Committee as a single, functioning unit in relation to roles and responsibilities;<br>(2) regularity and relevance of the meetings held by the Committee in relation to this roles, responsibilities and goals set for the calendar year;<br>(3) level of faithfulness of the Committee in fulfilling its duties and responsibilities;<br>(4) completeness of the Committee's list of responsibilities to fully account for the scope of its duties; and<br>(5) Direction and strategy for the coming year. |
| Assessment of the Chairman of the Board | All members of the Board except for the Chairman | (1) leadership of the Chairman;<br>(2) role of the Chairman in board training, continuing education, and performance review;<br>(3) items to focus on for the coming year. |
| Individual Self-Assessment | All members of the Board, including the President and CEO | (1) performance of the individual director in relation to the mandated specific duties and responsibilities of a director enumerated in the Manual of Regulations for Banks (MORB). |

### Board induction, training, and continuing education

**We do not rest on our laurels because the world keeps changing at a pace much faster than what we can imagine. Our Board champions lifelong learning to remain relevant in these fast-changing times and be cognizant of what is happening in the world.**

Upon joining the Board, new directors are properly oriented and briefed on matters pertaining to the organization's structure, business, strategies, and governance. The orientation program covers SEC-mandated topics and complies with the Bangko Sentral-prescribed syllabus on corporate governance for first-time directors.

Incumbent directors also attend continuing training programs and courses on specific regulations and corporate governance matters relevant to the organization, including audit, internal controls, risk management, financial technology, sustainability, and strategy.

Our directors also attended a series of learning sessions organized by Aboitiz Equity Ventures (AEV), conducted by renowned experts across the globe on areas such as geopolitics, artificial intelligence, sustainability and stakeholder management, and corporate culture and talent management. Directors have the option to attend UBP's Risk Governance and Compliance Summit Series, AEV's learning sessions, and other trainings from BSP accredited-service providers, provided they fulfill the mandatory 4-hour corporate governance training.

The programs and continuing training for all directors aim to promote effective board performance and in carrying out their duties and responsibilities. We make sure to regularly assess the needs of our directors to determine the appropriate scope and coverage of these programs.

At the time of writing, our Board members have attended the following trainings:

| Name | Program | Date | Training Provider/ Host |
|---|---|---|---|
| Erramon I. Aboitiz | Risk Governance and Compliance Summit Series Series 1, 2, 3 & 4 | March 11, May 28, July 29, and September 9 2024 | Union Bank of the Philippines |
| | 2024 Board Learning Sessions | November 26 2024 | Aboitiz Equity Ventures |
| Justo A. Ortiz | Risk Governance and Compliance Summit Series Series 1, 2 & 3 | March 11, May 28, July 29 2024 | Union Bank of the Philippines |
| | 2024 Board Learning Sessions | November 26 2024 | Aboitiz Equity Ventures |
| | AML/CTF Fundamentals | August 5 and 7 2024 | Anti-Money Laundering Council |
| Edwin R. Bautista | Risk Governance and Compliance Summit Series Series 1 & 2 | March 11 and May 28 2024 | Union Bank of the Philippines |
| | 2024 Board Learning Sessions | November 26 2024 | Aboitiz Equity Ventures |
| Sabin M. Aboitiz | Risk Governance and Compliance Summit Series Series 1, 2 & 4 | March 11, May 28, and September 9 2024 | Union Bank of the Philippines |
| | 2024 Board Learning Sessions | November 26, 2024 | Aboitiz Equity Ventures |
| Ana Maria A. Delgado | Risk Governance and Compliance Summit Series Series 1, 2, 3 & 4 | March 11, May 28, July 29, and September 9 2024 | Union Bank of the Philippines |
| | 2024 Board Learning Sessions | November 26 2024 | Aboitiz Equity Ventures |
| Samel A. Aboitiz | Risk Governance and Compliance Summit Series Series 1, 2 & 4 | March 11, May 28, and September 9 2024 | Union Bank of the Philippines |
| | 2024 Board Learning Sessions | November 26 2024 | Aboitiz Equity Ventures |
| Jose Emmanuel U. Hilado | Risk Governance and Compliance Summit Series Series 1 & 2 | March 11 and May 28 2024 | Union Bank of the Philippines |
| | 2024 Board Learning Sessions | November 26 2024 | Aboitiz Equity Ventures |
| Nina Perpetua D. Aguas | Risk Governance and Compliance Summit Series Series 1, 2 & 3 | March 11, May 28, July 29 2024 | Union Bank of the Philippines |
| Rolando L. Macasaet | Risk Governance and Compliance Summit Series Series 1 & 2 | March 11 and May 28 2024 | Union Bank of the Philippines |
| Robert Joseph M. De Claro | Risk Governance and Compliance Summit Series Series 1 & 2 | March 11 and May 28 2024 | Union Bank of the Philippines |
| Roberto G. Manabat | Risk Governance and Compliance Summit Series Series 1, 2 & 3 | March 11, May 28, July 29 2024 | Union Bank of the Philippines |
| | 2024 Board Learning Sessions | November 26 2024 | Aboitiz Equity Ventures |
| Manuel D. Escueta | Risk Governance and Compliance Summit Series Series 1, 2 & 3 | March 11, May 28, July 29 2024 | Union Bank of the Philippines |
| Josiah L. Go | Risk Governance and Compliance Summit Series Series 1, 2 & 3 | March 11, May 28, July 29 2024 | Union Bank of the Philippines |

| Name | Program | Date | Training Provider/ Host |
|---|---|---|---|
| Francisco Ed. Lim | Risk Governance and Compliance Summit Series Series 1, 2, 3 & 4 | March 11, May 28, July 29, and September 9 2024 | Union Bank of the Philippines |
| Honorio G. Poblador IV | Risk Governance and Compliance Summit Series Series 1, 2 & 4 | March 11, May 28, and September 9 2024 | Union Bank of the Philippines |
| | 2024 Board Learning Sessions | November 26 2024 | Aboitiz Equity Ventures |
| Santiago Dionisio Rodrigo Agdeppa[1] | Corporate Governance | October 28 2024 | SyCip Gorres Velayo & Company |

[1] Santiago Dionisio Rodrigo Agdeppa joined the Board effective December 2, 2024 and resigned effective February 1, 2025.

### Retirement and term limit

While prevailing governance standards recommend the adoption of mandatory retirement age limits for directors as a means to renew board composition, we believe that this is not always the most viable option, since adopting a fixed limit on director tenure could result in the arbitrary and premature retirement of seasoned directors with valued expertise and in-depth knowledge of the organization's business, structure, and history.

As an alternative to adopting a fixed retirement age limit for Board members, we have established robust procedures on the re-election of incumbent directors, in accordance with the 'fit and proper' rule, to ensure that they remain qualified for the position for the duration of their respective terms. Aptitude and integrity, professional diligence, and independent judgement of individual directors are being evaluated on a yearly basis, as part of the Board's performance assessment, the results of which are being considered for their re-election.

For independent directors, we have also adopted a maximum cumulative term limit of nine (9) years. After which, the independent director is perpetually barred from serving as independent director in the Bank, but may continue to serve as regular director.

As of December 31, 2024, we have no independent director whose tenure has reached this term limit.

| Name | Date of Appointment | Tenure[1] |
|---|---|---|
| Roberto G. Manabat | May 25, 2018 | 6 years and 7 months |
| Manuel D. Escueta | April 23, 2021 | 3 years and 8 months |
| Josiah L. Go | April 23, 2021 | 3 years and 8 months |
| Francisco Ed. Lim | May 28, 2021 | 3 years and 7 months |
| Honorio G. Poblador IV | April 28, 2023 | 1 year and 8 months |

[1] Tenure as of December 31, 2024.

### Shareholdings

**As a corporation vested with public interest, we have adopted strict policies governing trades of directors and key officers and those with access to material non-public information.**

Our Trading Blackout Policy restricts directors, officers, and employees who are privy to insider information to trade the Bank's traded securities during a pre-determined timeframe, which is the blackout period.

For structured events, blackout period is imposed beginning five (5) trading days before the date of knowledge or the receipt of the material non-public information, and until two (2) trading days after the submission of the periodic reports to the regulator.

For unstructured events, it is the period from date of knowledge or receipt of material non-public information to a period of not less than two (2) trading days after the public disclosure of the event.

The Chief Compliance and Corporate Governance Office (CCGO) issues the Trading Blackout notice based on the scheduled and unscheduled disclosures for the year, while the Corporate Secretary ensures compliance with the disclosure notices filed with our regulatory agencies and the stock exchange.

The table below shows the number of shares comprising the Bank's capital stock (all of which are voting shares) owned of record by the directors as of February 28, 2025:

| Title of Class | Name of Beneficial Owner | Number of Shares, Amount, and Nature of Legal and Beneficial Ownership | | | Citizenship | Percentage of Class |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| Common | Erramon I. Aboitiz | 607 | PHP 6,070.00 | (r) | Filipino | 0.00% |
| | | 39,359,208 | PHP 393,592,080.00 | (b) | | 1.19% |
| Common | Justo A. Ortiz | 5,639,675 | PHP 56,396,750.00 | (r) | Filipino | 0.17% |
| | | - | - | (b) | | 0.00% |
| Common | Edwin R. Bautista | 1,448,527 | PHP 14,485,270.00 | (r) | Filipino | 0.04% |
| | | - | - | (b) | | 0.00% |
| Common | Sabin M. Aboitiz | 381,771 | PHP 3,817,710.00 | (r) | Filipino | 0.01% |
| | | 5,221,896 | PHP 52,218,960.00 | (b) | | 0.16% |
| Common | Ana Maria A. Delgado | 167,092 | PHP 1,670,920.00 | (r) | Filipino | 0.00% |
| | | 5,268,449 | PHP 52,684,490.00 | (b) | | 0.16% |
| Common | Samel A. Aboitiz | 2,430,468 | PHP 24,304,680.00 | (r) | Filipino | 0.07% |
| | | - | - | (b) | | 0.00% |
| Common | Jose Emmanuel U. Hilado | 1,080,470 | PHP 10,804,700.00 | (r) | Filipino | 0.03% |
| | | - | - | (b) | | 0.00% |
| Common | Nina Perpetua D. Aguas | 1 | PHP 10.00 | (r) | Filipino | 0.00% |
| | | - | - | (b) | | 0.00% |
| Common | Robert Joseph M. De Claro | 1 | PHP 10.00 | (r) | Filipino | 0.00% |
| | | - | - | (b) | | 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 | Santiago Dionisio Rodrigo Agdeppa[1] | 1 | PHP 10.00 | (r) | Filipino | 0.00% |
| | | - | - | (b) | | 0.00% |
| Common | Roberto G. Manabat | 102 | PHP 1,020.00 | (r) | Filipino | 0.00% |
| | | - | - | (b) | | 0.00% |
| Common | Manuel D. Escueta | 102 | PHP 1,020.00 | (r) | Filipino | 0.00% |
| | | - | - | (b) | | 0.00% |
| Common | Josiah L. Go | 102 | PHP 1,020.00 | (r) | Filipino | 0.00% |
| | | 40,762 | PHP 407,620.00 | (b) | | 0.00% |
| Common | Atty. Francisco Ed. Lim | 13,636 | PHP 136,360.00 | (r) | Filipino | 0.00% |
| | | - | - | (b) | | 0.00% |
| Common | Honorio G. Poblador IV | 102 | PHP 1,020.00 | (r) | Filipino | 0.00% |
| | | - | - | (b) | | 0.00% |

*[1] Data as of December 31, 2024. Santiago Dionisio Rodrigo Agdeppa joined the Board effective December 2, 2024 and resigned effective February 1, 2025.*

The table below shows the summary of trading in company shares by directors in 2024.

| Name | Total Shareholdings as of Dec. 31, 2023 | Number of Shares Disposed | Number of Shares Acquired for 2024 | No. of Direct Shareholdings as of Dec. 31, 2024 | No. of Indirect Shareholdings as of Dec. 31, 2024 | Total Shareholdings as of Dec. 31, 2024 |
|---|---|---|---|---|---|---|
| Erramon I. Aboitiz | 26,627,030 | - | 12,732,785 | 607 | 39,359,208 | 39,359,815 |
| Justo A. Ortiz | 4,440,678 | - | 1,198,997 | 5,639,675 | - | 5,639,675 |
| Edwin R. Bautista | 1,137,288 | - | 311,239 | 1,448,527 | - | 1,448,527 |
| Sabin M. Aboitiz | 3,660,038 | - | 1,943,629 | 381,771 | 5,221,896 | 5,603,667 |
| Ana Maria A. Delgado | 3,870,655 | - | 1,564,886 | 167,092 | 5,268,449 | 5,435,541 |
| Samel A. Aboitiz | 1,564,465 | - | 866,003 | 2,430,468 | - | 2,430,468 |
| Jose Emmanuel U. Hilado | 766,847 | - | 313,623 | 1,080,470 | - | 1,080,470 |
| Nina Perpetua D. Aguas | 1 | - | - | 1 | - | 1 |
| Rolando L. Macasaet[1] | 1 | 1 | - | - | - | - |
| Robert Joseph M. De Claro | 1 | - | - | 1 | - | 1 |
| Roberto G. Manabat | 81 | - | 21 | 102 | - | 102 |
| Manuel D. Escueta | 81 | - | 21 | 102 | - | 102 |
| Josiah L. Go | 29,012 | - | 11,852 | 102 | 40,762 | 40,864 |
| Francisco Ed. Lim | 9,678 | - | 3,958 | 13,636 | - | 13,636 |
| Honorio G. Poblador IV | 81 | - | 21 | 102 | - | 102 |
| Santiago Dionisio R. Agdeppa[2] | - | - | 1 | 1 | - | 1 |

*[1] Rolando L. Macasaet resigned effective October 6, 2024.*
*[2] Santiago Dionisio Rodrigo Agdeppa joined the Board effective December 2, 2024 and resigned effective February 1, 2025.*

# CORPORATE GOVERNANCE REPORT

### Interlocking positions and time commitment

We are cognizant that effective sharing of managerial and technical expertise between the Bank and other entities promotes economies of scale and organizational synergies.

In this regard, we have established an effective governance process to ensure that the benefits of having directors with interlocking positions in other entities are optimized, in accordance with the principles set out under BSP Circular No. 1129, Series of 2021 on the Amendments to Corporate Governance Guidelines for BSP–Supervised Financial Institutions (BSFIs).

As a general rule, interlocking directorships are allowed provided the positions do not pose conflicts of interest. Board members with interlocking positions are reminded to comply with the Manual on Corporate Governance and Code of Conduct and must avoid circumstances that could result in conflicts of interest with UnionBank.

A non-executive director may concurrently serve as a director in a maximum of five (5) publicly listed companies. In addition, our executive directors shall not serve on more than two boards of listed companies outside of the group.

As of December 31, 2024, we have no director who has exceeded this limit on interlocking directorship positions held in publicly listed companies. The more detailed information on the interlocking positions of our directors can be found in the Profile of the Board of Directors section of this report.

For monitoring and reporting purposes, the Chief Compliance and Corporate Governance Office (CCGO), in coordination with the Human Resource (HR), submits to the BSP an annual report of all interlocking positions of its directors and officers within twenty (20) banking days from the end of each reference year.

## BOARD COMMITTEES

**The Board has established various committees to oversee specific areas of the organization. These committees delve deeper into the details of their respective mandates and areas of expertise, and report back to the Board. The composition, functions, and responsibilities of all committees are properly defined and established in their respective charters.**

### Audit Committee

Key focus areas:
- Oversees our financial reporting process, practices, and controls
- Monitors and evaluates the adequacy and effectiveness of our internal controls
- Oversees the internal audit and external audit functions
- Oversees the implementation of corrective actions
- Oversees the establishment of whistleblowing mechanism

| Name | No. of meetings attended | No. of meetings held[1] | % of meetings attended |
|---|---|---|---|
| Roberto G. Manabat[2] | 14 | 14 | 100.00 |
| Samel A. Aboitiz | 14 | 14 | 100.00 |
| Nina Perpetua D. Aguas | 14 | 14 | 100.00 |
| Robert Joseph M. De Claro[3] | 13 | 13 | 100.00 |
| Francisco Ed. Lim | 14 | 14 | 100.00 |
| Manuel D. Escueta | 14 | 14 | 100.00 |
| Josiah L. Go | 14 | 14 | 100.00 |
| Santiago Dionisio Rodrigo Agdeppa[4] | 1 | 1 | 100.00 |

*[1] Represents no. of Audit Committee meetings held in 2024 and during the incumbency of the director, as the case may be.*
*[2] Audit Committee is chaired by Roberto G. Manabat, an independent director, in compliance with the ACGS. The Committee is composed entirely of non-executive directors, with independent directors comprising majority of the members.*
*[3] Robert Joseph M. De Claro was a member of the Audit Committee until December 2, 2024.*
*[4] Santiago Dionisio Rodrigo Agdeppa joined the Board effective December 2, 2024 and resigned effective February 1, 2025.*

### Corporate Governance Committee

Key Focus Areas:
- Assists the Board in fulfilling its corporate governance responsibilities
- Conducts oversight functions over the Compliance and Corporate Governance Office of the Bank, Anti-Money Laundering Committee (AMLACOM) and review the status of cases under the Discipline Committee
- Serves as the Nomination Committee; reviews and evaluates the qualifications of all persons nominated to the Board as well as those nominated to positions requiring appointment by the Board
- Oversees the periodic performance evaluation of the Board and its committees
- Serves as the Remuneration Committee; oversees the design of the remuneration and other incentives policies
- Ensures the integration of environmental, social, and governance (ESG) principles on our corporate governance framework, strategies, and operations

| Name | No. of meetings attended | No. of meetings held[1] | % of meetings attended |
|---|---|---|---|
| Francisco Ed. Lim[2] | 19 | 19 | 100.00 |
| Erramon I. Aboitiz | 19 | 19 | 100.00 |
| Justo A. Ortiz | 18 | 19 | 94.74 |
| Nina Perpetua D. Aguas | 19 | 19 | 100.00 |
| Rolando L. Macasaet[3] | 4 | 8 | 50.00 |
| Roberto G. Manabat | 19 | 19 | 100.00 |
| Manuel D. Escueta | 19 | 19 | 100.00 |
| Josiah L. Go | 19 | 19 | 100.00 |
| Honorio G. Poblador IV | 18 | 19 | 94.74 |
| Robert Joseph M. De Claro[4] | 11 | 11 | 100.00 |

*[1] Represents no. of Corporate Governance Committee meetings held in 2024 and during the incumbency of the director, as the case may be.*
*[2] Corporate Governance Committee is chaired by Francisco Ed. Lim, an independent director, in compliance with the ACGS. The Committee is composed entirely of non-executive directors, with independent directors comprising majority of the members.*
*[3] Rolando L. Macasaet was appointed as alternative member of the Corporate Governance Committee effective April 26, 2024 and resigned on October 6, 2024.*
*[4] Robert Jospeh M. De Claro was appointed as regular member of the Corporate Governance Committee effective April 26, 2024 and attended four (4) meetings as alternate member in 2024.*
**Sabin M. Aboitiz serves as alternate member of the Corporate Governance Committee and attended eight (8) meetings in 2024.*

### Executive Committee

Key Focus Areas:

- Approves credit and loan transactions whether clean or secured within the approved limits set by the Board
- Confirms or notes approvals made by the Management within its delegated level of authority limits such as but not limited to the sale of real estate and other acquired properties, mortgage loans and bills purchase accommodations
- Endorses credit transactions beyond the Committee's approving limits for the approval of the Board
- Approval of such other transactions as may be initiated by business units within the Committee's limit of transactions

| Name | No. of meetings attended | No. of meetings held[1] | % of meetings attended |
|---|---|---|---|
| Erramon I. Aboitiz[2] | 18 | 19 | 94.74 |
| Justo A. Ortiz | 19 | 19 | 100.00 |
| Edwin R. Bautista | 18 | 19 | 94.74 |
| Sabin M. Aboitiz | 18 | 19 | 94.74 |
| Jose Emmanuel U. Hilado | 19 | 19 | 100.00 |
| Nina Perpetua D. Aguas | 19 | 19 | 100.00 |
| Rolando L. Macasaet[3] | 8 | 15 | 53.33 |
| Robert Joseph M. De Claro[4] | 1 | 1 | 100.00 |

*[1] Represents no. of Executive Committee meetings held in 2024 and during the incumbency of the director, as the case may be.*
*[2] Executive Committee is chaired by Erramon I. Aboitiz.*
*[3] Rolando L. Macasaet resigned effective October 6, 2024.*
*[4] Robert Joseph M. De Claro was appointed as regular member of the Executive Committee effective April 26, 2024 and attended ten (10) meetings as alternate member in 2024.*
**Ana Maria A. Delgado serves as alternate member of the Executive Committee and attended fifteen (15) meeting in 2024.*

### Information Technology and Cybersecurity Committee

Key Focus Areas:

- Reviews IT strategic plan to ensure alignment with business strategies, purpose, land core values
- Oversees to the development and implementation of a cohesive IT Risk Management System that will identify and address IT risk concerns on a continuous basis, monitor IT performance, status of major IT projects and other significant IT issues

- Oversees and assesses the quality and effectiveness of our cybersecurity program, including our personnel, policies, and procedures
- Oversees and reviews our controls to prevent, detect and respond to cyber-attacks or data breaches involving information technology systems, data, products, and services
- Oversees compliance with the Data Privacy Act of 2012 and other privacy and security regulations and requirements applicable to the data we receive, collect, create, use, process, and maintain

| Name | No. of meetings attended | No. of meetings held[1] | % of meetings attended |
|---|---|---|---|
| Justo A. Ortiz[2] | 13 | 13 | 100.00 |
| Edwin R. Bautista | 11 | 13 | 84.62 |
| Honorio G. Poblador IV | 13 | 13 | 100.00 |
| Rolando L. Macasaet[3] | 5 | 10 | 50.00 |
| Jose Emmanuel U. Hilado | 12 | 13 | 92.31 |
| Dennis D. Omila[4] | 12 | 13 | 92.31 |
| Robert Joseph M. De Claro[5] | 1 | 1 | 100.00 |

*[1] Represents no. of Information Technology and Cybersecurity Committee (ITCC) meetings held in 2024 and during the incumbency of the director, as the case may be.*
*[2] ITCC is chaired by Justo A. Ortiz.*
*[3] Rolando L. Macasaet resigned effective October 6, 2024.*
*[4] Dennis D. Omila was appointed as non-voting member of the ITCC effective April 28, 2023.*
*[5] Robert Joseph M. De Claro was appointed as regular member effective December 2, 2024 and attended six (6) meetings as an alternate member of the ITCC.*

### Market Risk Committee

Key Focus Areas:

- Reviews risk management policies and practices relating to market risk, interest rate risk in the banking book (IRRBB), and liquidity risk
- Reviews broad business strategies and policies for managing the market risk of the trading book, IRRBB, and liquidity risk including funding strategy and corresponding risk tolerance aligned with the strategic direction
- Monitors performance and overall market risk, IRRBB, and liquidity risk profiles, ensuring that the levels of these risks are maintained within tolerance and at prudent levels supported by adequate capital
- Mandates and tracks the resolution of breaches in risk limits and actions taken on deviations from policies and procedures

| Name | No. of meetings attended | No. of meetings held[1] | % of meetings attended |
|---|---|---|---|
| Honorio G. Poblador IV[2] | 12 | 12 | 100.00 |
| Josiah L. Go | 12 | 12 | 100.00 |
| Erramon I. Aboitiz | 12 | 12 | 100.00 |
| Justo A. Ortiz | 12 | 12 | 100.00 |
| Nina Perpetua D. Aguas | 12 | 12 | 100.00 |
| Francisco Ed. Lim | 12 | 12 | 100.00 |
| Roberto G. Manabat | 12 | 12 | 100.00 |
| Manuel D. Escueta | 12 | 12 | 100.00 |
| Robert Joseph M. De Claro[3] | 11 | 11 | 100.00 |
| Santiago Dionisio Rodrigo Agdeppa[4] | 0 | 1 | 0.00 |

*[1] Represents no. of Market Risk Committee meetings held in 2024 and during the incumbency of the director, as the case may be.*
*[2] Honorio G. Poblador IV was appointed as chairman of the Market Risk Committee effective April 28, 2023.*
*[3] Robert Joseph M. De Claro was appointed as member of the Market Risk Committee effective January 27, 2023 and was appointed as alternate member on December 2, 2024.*
*[4] Santiago Dionisio Rodrigo Agdeppa joined the Board effective December 2, 2024 and resigned effective February 1, 2025.*

*Operational Risk Management Committee*

Key Focus Areas:

- Develops an operational risk management strategy that is aligned with the Bank's overall business objectives. Reviews risk management policies and practices relating to operational and legal risks. Ensures that operational risk is appropriately considered in the capital adequacy assessment process of the Bank
- Approves operational risk management framework which shall form part of the enterprise risk management system
- Approves appropriate thresholds or limits to ensure that the level of operational risk is within the tolerance level
- Provides oversight on the implementation of a sound business continuity management framework

| Name | No. of meetings attended | No. of meetings held[1] | % of meetings attended |
|---|---|---|---|
| Josiah L. Go[2] | 13 | 13 | 100.00 |
| Justo A. Ortiz | 13 | 13 | 100.00 |
| Samel A. Aboitiz | 13 | 13 | 100.00 |
| Francisco Ed. Lim | 13 | 13 | 100.00 |
| Manuel D. Escueta | 13 | 13 | 100.00 |
| Roberto G. Manabat | 13 | 13 | 100.00 |
| Robert Joseph M. De Claro | 12 | 13 | 92.31 |

*[1] Represents no. of Operational Risk Management Committee (ORMC) meetings held in 2024 and during the incumbency of the director, as the case may be.*
*[2] ORMC is chaired by Josiah L. Go, an independent director.*

## Related Party Transactions Committee

Key Focus Areas:

- Evaluates all material related party transactions (RPTs) to ensure that these are not undertaken on less favorable economic terms to the Bank (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) compared to similar transactions with non-related parties
- Ensures that the appropriate disclosures relating to the bank's RPT exposures and policies on conflict of interests or potential conflict of interests are provided to the regulating and supervising authorities
- Assists the Board in ensuring that RPTs are undertaken only on an arm's length basis in compliance with the RPT Policy and applicable policies and guidelines of the BSP and SEC
- Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs to ensure that there is no conflict of interests. The Committee ensures the periodic review of policies and procedures

| Name | No. of meetings attended | No. of meetings held[1] | % of meetings attended |
|---|---|---|---|
| Francisco Ed. Lim[2] | 15 | 15 | 100.00 |
| Roberto G. Manabat | 15 | 15 | 100.00 |
| Manuel D. Escueta | 15 | 15 | 100.00 |
| Josiah L. Go[3] | 13 | 13 | 100.00 |
| Honorio G. Poblador IV[4] | 12 | 13 | 92.31 |

*[1] Represents no. of Related Party Transactions Committee meetings held in 2024 and during the incumbency of the director, as the case may be*
*[2] The Related Party Transactions Committee is chaired by Francisco Ed. Lim, an independent director. The Committee is composed entirely of independent directors in compliance with the ACGS.*
*[3] Josiah L. Go joined the Related Party Transactions Committee on January 26, 2024.*
*[4] Honorio G. Poblador IV was appointed as member on January 26, 2024.*

# CORPORATE GOVERNANCE REPORT

### Risk Management Committee

Key Focus Areas:

- Oversees the enterprise risk management framework and ensures that there is periodic review of the effectiveness of risk management systems and recovery plans
- Ensures that the current and emerging risk exposures are consistent with our strategic direction and overall risk appetite
- Approves policies related to risk management, with specific delegation to the Operational Risk Management Committee and Market Risk Committee for matters under their purview

| Name | No. of meetings attended | No. of meetings held[1] | % of meetings attended |
|---|---|---|---|
| Manuel D. Escueta[2] | 12 | 12 | 100.00 |
| Erramon I. Aboitiz | 11 | 12 | 91.67 |
| Justo A. Ortiz | 12 | 12 | 100.00 |
| Roberto G. Manabat | 12 | 12 | 100.00 |
| Josiah L. Go | 12 | 12 | 100.00 |
| Honorio G. Poblador IV | 12 | 12 | 100.00 |
| Robert Joseph M. De Claro[3] | 10 | 11 | 90.91 |
| Santiago Dionisio Rodrigo Agdeppa[4] | 0 | 1 | 0.00 |

*[1] Represents no. of Risk Management Committee meetings held in 2024 and during the incumbency of the director, as the case may be.*
*[2] Risk Management Committee is chaired by Manuel D. Escueta, an independent director.*
*[3] Robert Joseph M. De Claro was appointed as an alternate member of the Risk Management Committee effective December 2, 2024.*
*[4] Santiago Dionisio Rodrigo Agdeppa joined the Board effective December 2, 2024 and resigned effective February 1, 2025.*

### MANAGEMENT COMMITTEES

**Management committees are created to perform specific tasks not covered by the Board and its committees. Unlike Board committees, management committees have a greater role in the day-to-day activities of the organization due to the nature of the functional roles of its members, who are the key officers of the organization.**

At the time of writing, we have seventeen (17) management committees, all of which are fully functional and operating:

| Committee | Mandate |
|---|---|
| Anti-Money Laundering Committee | Proposes to the Board, through the Corporate Governance Committee, and monitors measures to actively prevent and address money laundering and terrorist financing risks |
| Architecture Steering Committee | Oversees the overall enterprise architecture of the Bank and its alignment with the Bank's business strategies and objectives |
| Asset-Liability Committee | Exercises oversight on the assessment of the adequacy and implementation of specific policies and procedures relating to market and liquidity risks |
| Credit Committee | Reviews matters for endorsement to the Executive Committee, Risk Management Committee, and the Board to ensure adequate senior management oversight in the management and monitoring of the Bank's credit and credit risk-taking activities |
| Crimes Investigations Committee | Investigates and determines if a criminal case should be filed and/or maintained by the Bank against an employee or a third person |
| Data Governance Management Committee | Reviews and approves recommendations for ensuring that the Bank generates and timely submits accurate reports for use in strategic decisions and regulatory reporting, in accordance with accounting and regulatory standards |
| Digital Integration Committee | Reviews the digital transformation roadmap, application and technology portfolios, ongoing and incoming initiatives to drive cost efficiencies across the banking group |
| Discipline Committee | Reviews the cases endorsed by the appropriate fact-finding body and decides on the administrative cases in a timely manner |
| Employee Loans Committee | Evaluates employee loan applications to ensure that the same is compliant with the Board-approved program and BSP policies |
| Insourcing Committee | Conducts annual review of the insourced services of the Bank |
| Management Committee | Provides guidance on strategic decisions consistent with the Bank's purpose, brand, and core values towards the attainment of long-term goals |
| Model Governance Management Committee | Oversees the development and promotion of responsible Artificial Intelligence (AI) Governance practices in the Bank and facilitates the coordination of the Bank's activities and initiatives related to the development and use of AI |
| Personnel Committee | Sets policies that aim to develop, strengthen, and sustain employee engagement, and ensures leadership succession at the executive level |
| Related Party Transaction Review Committee | Reviews and endorses related party transactions prior to presentation, endorsement, or notation by the RPT Committee |
| Reputation Management Committee | Ensures that all reputation management efforts are aligned, and messages communicated are consistent for all stakeholders |
| Resiliency Steering Committee | Provides the strategic direction for the Bank's Business Continuity Management System (BCMS) Framework |
| Retirement Committee | Responsible for the general management and administration of the UnionBank Retirement Plan and Retirement Fund for its employees |

### Selection Process for Senior Management

The hiring process for senior officers includes screening by the Management Committee members of the function or position that is being filled. If the nature of the function or position has interaction and/or direct transactions with another Center, the candidate is screened by the concerned Center Heads.

All executive hiring requires approval of the Board and disclosure to the SEC and BSP.

### Performance Assessment

**We conduct regular performance reviews to measure and evaluate the employee's strengths and areas for improvements, offer constructive feedback for skill development in the future, and assist with goal setting.**

Our performance management system, as integrated into our Balanced Scorecard (BSc) framework, aligns with our strategies in the key areas of financial performance, governance and risk management, operations, people and stakeholder management, and strategy execution.

Following a top-down approach, we have established lines of business BScs as a foundation to effectively implement our scorecard both on the unit and individual level.

### Orientation and Continuing Education

**Our supportive infrastructure, processes, and resources future-proof the Bank and provide opportunities for UnionBankers to collaborate and innovate.**

We inspire employees to grow beyond their respective departments and adopt a holistic set of skills to gain competence. We operationalize our PeopleTech mission through the following programs:

**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.

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.

### Retirement and Succession Management

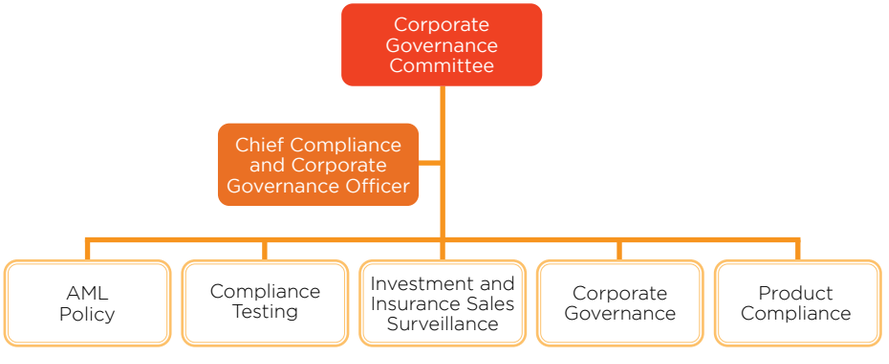
**We recognize that succession is an integral piece in driving our strategies. We conduct regular talent reviews to identify successors for critical positions and ensure leadership continuity.** Potential successors are assessed in terms of expertise and performance, leadership capability, culture alignment, and technology adoption. We cast a wider net of leadership pool through the management training program, identification of high-potential talents, leadership development, and external talent mapping.

Our deliberate and systematic effort to ensure leadership continuity covers retirement of eligible employees. Under our Retirement Policy, the normal retirement age is sixty (60) years with a provision for late retirement beyond the age of sixty (60) subject to approval of the Board.

### Remuneration

**Our remuneration policy is anchored on attracting, engaging, and retaining talents. We adhere to the philosophy of meritocracy across all employee ranks. Our remuneration structure is designed to ensure there is an appropriate balance of fixed and variable rewards that consider individual, group, and corporate performance.**

Eligible employees receive variable pay based on the performance for the preceding year. Eligible senior officers are participants in a deferred employee stock program.



Annual salary increases are based on performance and promotion. All teams and their employee team members have defined and measurable performance indicators and targets following the balanced scorecard framework.

Contributions are rewarded based on an appraisal conducted by senior management. Rewards could be withheld if an employee fails to meet performance requirements or if an administrative or disciplinary action is imposed against the employee.

## COMPLIANCE AND INTERNAL CONTROLS

### Our Compliance Framework

Around the world, the increasing number of corporate scandals, hefty fines, and growing regulatory scrutiny is what keeps compliance officers at night. The compliance landscape is rapidly changing as regulators work in protecting consumers from fraud and ensuring transparency in the consumer's financial transactions. Beyond consumer protection, regulators also shield banks from financial instability and risks through implementing monetary policies that aim to foster a stable and balanced economic environment for financial institutions.

**At UnionBank, we view compliance with regulations not only as an obligation, but as a way of doing business. We have established strong compliance programs and policies designed to specifically identify and mitigate risks that may erode the franchise value of UnionBank such as risks of legal or regulatory sanctions, material financial loss, or loss of reputation. Through our compliance efforts, we seek to do business in a way that engenders trust with our customers, investors, regulators, and the public.**

Our compliance team, the Compliance and Corporate Governance Office (CCGO), is equipped with deep knowledge and industry expertise to keep pace with the ever-changing regulatory horizon. We have a total of thirty-nine (39) compliance officers in charge of facilitating the effective management of compliance risk and ensures that our businesses and affairs are conducted within the boundaries of laws, rules, and regulations.

The Board has appointed the Chief Compliance and Corporate Governance Officer with the rank of Senior Vice President (SVP)[3] to reinforce adequate stature and authority of compliance in the organization. As the lead operating officer in compliance, she oversees the overall design and effective implementation of the compliance risk management system and supervises our compliance function. She serves on a full-time basis and functionally reports to the Corporate Governance Committee.

Forging a positive and productive working relationship with our regulators remains a key tenet of our governance agenda. We are aware that our compliance efforts to maintain the safety and soundness of the banking system are amplified when we work together with regulators who share the same goals.

We've bolstered our compliance efforts by taking an active role in various industrywide forums, conferences, regular examinations and thematic reviews, consultations, review of exposure drafts, surveys and studies of our regulators including the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), and Anti-Money Laundering Council (AMLC), to cement our position as an industry leader in compliance and good governance. We've also been working closely with external partners and industry observers including the Association of Bank Compliance Officers (ABCOMP), Bankers Association of the Philippines (BAP), Bankers Institute of the Philippines (BAIPHIL), Good Governance Advocates and Practitioners of the Philippines (GGAPP), and other organizations of like-minded finance and banking professionals whose mission is to professionalize the compliance system in the banking industry and develop constructive working relationship with regulators.

[3] *Ms. Joselynn B. Torres, with the rank of Senior Vice-President (SVP), stepped down from her role as Chief Compliance and Corporate Governance Officer. Atty. Isagani A. Cortes, with the rank of Executive Vice-President (EVP), was appointed as the new Chief Compliance and Corporate Governance Officer effective January 1, 2025*

### Combating Illicit Activity

**Anti-money laundering and countering the financing of terrorism**
**As the world becomes increasingly interconnected and digital, the fight against financial crime has become more challenging. The war in Ukraine, the coronavirus pandemic and the resultant lockdown measures, and the growing geopolitical tensions continue to put a spotlight on the international movement of money and highlighted the need for the global community to tackle these evolving risks.**

**We take our compliance obligations very seriously, and we are committed to combating illicit finance to maintain the integrity of the financial system. The five (5) pillars of our anti-money laundering and countering the financing of terrorism (AML/CFT) efforts are detailed below.**

**Policies and procedures.** We have established a comprehensive and risk-based money laundering and proliferation financing and terrorist financing prevention program to prevent UnionBank from being used as a money laundering site for the proceeds of any unlawful activity. We regularly review our policies and procedures to ensure that the provisions of the program remain relevant and responsive to address regulatory developments, risks, and threats.

**Customer identification and acceptance.** We maintain a system of verifying the true identity of our clients by establishing a clearly written customer acceptance and identification policy and procedures, including a set of graduated money laundering criteria for clients categorized depending on the risk it may pose to the Bank.

For corporate and juridical entities, the legal existence, ownership, control structures, and the authority and identification of all persons authorized to act on their behalf are verified. Our customer acceptance policies are implemented in a manner that is non-discriminatory to all customer types, ensuring that political exposure, religion, race, or ethnic origin are not used as the only basis to deny access to our products and services.

**Transaction monitoring and reporting.** Our transaction monitoring capabilities allow us to identify unusual business relationships and transactions, and report covered and suspicious transactions to our financial intelligence unit, the Anti-Money Laundering Council (AMLC).

**Continuing education and training.** We offer capacity-building activities and training opportunities to promote AML/CTF awareness and strong compliance culture across

the organization. Refresher courses are provided via UnionBank University to ensure that employees are updated with recent regulations, developments, and best practices.

**Working closely with the regulators.** Through effective implementation of these measures, we assist the Anti-Money Laundering Council (AMLC) and various law enforcement agencies in tracing and stopping the financial flows linked to predicate crime and terrorism, to make our society safer.

### Anti-bribery and anti-corruption

**We conduct our business transactions in an ethical and honest manner to support the integrity of the financial system. We take a zero-tolerance stance to bribery and corruption and are committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever we operate.**

Employees are prohibited from offering, paying, receiving, promising, or authorizing any gift or payment to any person directly or indirectly through or to a third party for the purpose of (i.e. in exchange for): (1) causing the person to act or fail to act in violation of a legal duty; (2) causing the person to abuse or misuse their position; (3) securing an improper advantage, contract or concession for the organization or any other party.

Furthermore, the bank does not tolerate any form of facilitation payments, extortion, or improper inducements.

| Training on Anti-Corruption Policies and Procedures | |
|---|---|
| Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated | 100% |
| Percentage of directors and management that have received anti-corruption training | 100% |
| Percentage of employees that have received anti-corruption training | 100% |

| Incidents of Corruption | |
|---|---|
| Number of incidents in which directors were removed or disciplined for corruption | 0 |
| Number of incidents in which employees were dismissed or disciplined for corruption | 0 |
| Number of incidents when contracts with business partners were terminated due to incidents of corruption | 0 |

### Product compliance

**In most organizations, compliance is viewed as a roadblock to business growth. Here at UnionBank, however, we consider our compliance team as a trusted partner and business enabler.**

As we continue to move the needle in providing innovative products and services to our customers, we have also organized our compliance function according to product segments to drive maximum value for the business.

Our product compliance officers (PCOs) provide guidance on rules and regulations relating to their respective business and product assignments – Treasury, Credit, Trust, Private Banking and Finance, Information Technology, and Operations. The PCOs provide compliance guidance and assist the lines of business in the design, development, and implementation of best-in-class compliance programs, policies, and practices.

### Compliance testing

**Our compliance testing exercise aims to assess adherence to banking laws, rules and regulations, and internal policies through a two-pronged approach: independent compliance and self-compliance testing.**

Independent compliance testing begins with the annual risk assessment of all the units identified in the compliance universe. After the risk assessment, we prioritize which units will be tested and which items in the compliance matrix will be covered.

We also utilize the results of the unit's self-testing and disclosure to the CCGO of any identified issues against regulations, and related action plans to address and resolve the exceptions noted. The results are subject to a desktop validation which includes a review of responses and action plans to determine consistency and comprehensiveness.

Identified breaches and/or deficiencies and the corrective measures recommended to address them are reported to the Board of Directors through the Corporate Governance Committee.

### Investment and insurance sales surveillance

**Consumer protection is at the top of our priorities. With the enactment of Republic Act No. 11765 otherwise known as the "Financial Products and Services Consumer Protection Act (FCPA)", BSP Circular No. 1160, Series of 2022, and the subsequent issuance of Republic Act No. 12010 or the Anti-Financial Account Scamming Act (AFASA), we ensure that appropriate mechanisms are in place to protect the interests of our consumers under the conditions of transparency, fair and sound market conduct, and fair, reasonable, and effective handling of financial consumer disputes, which are aligned with regulatory expectations and global best practices.**

# CORPORATE GOVERNANCE REPORT

We've established a dedicated Investment and Insurance Sales Surveillance team responsible for conducting an independent monitoring of sales activities to ensure full adherence to regulatory requirements and approved sales processes.

**Subsidiaries compliance oversight**

**Together with our subsidiaries, we provide a full range of banking and other financial services to different market segments. Our subsidiaries enable us to be a highly diversified banking group that spans digital banking, thrift, and rural banking, trust and investments, and insurance brokerage, to name a few.**

We have formulated a policy for subsidiary governance designed to ensure that the Parent Bank performs its oversight function over its subsidiaries in compliance with regulatory mandates and to facilitate alignment of corporate culture across the entire banking group.

Our Group Governance Policy provides general guidance to the members of the Board of UnionBank in the performance of its oversight function over the subsidiaries and defines the roles and reportorial duties of the directors and/or officers of the Parent Bank and its subsidiaries.

UBP strengthens its oversight functions through the Group Governance Council (GGC) and CEO Council. In these meetings, subsidiaries are provided the platform to present updates on regulatory, compliance, and financial matters. Together, the bank and its subsidiaries, work collaboratively to resolve emerging issues and discuss measures to enhance compliance.

**Related party transactions**

**We ensure that all our transactions with related parties are undertaken only on an arm's length basis and subjected to appropriate oversight of the Board and relevant committees to protect the Bank from conflicts of interest and abusive related party transactions (RPTs) that may arise.**

Our RPT Policy, which is approved by the Board, is strictly implemented across all covered transactions. The covered transactions include: (1) on-and-off-balance sheet credit exposures and claims and write-offs; (2) investments and/or subscriptions for debt/equity issuance; (3) consulting, professional, agency and other service arrangements/contracts; (4) purchases and sales of assets, including transfer of technology and intangible items; (5) construction arrangements/contracts; (6) lease arrangements/contracts; (7) trading and derivative transactions; (8) borrowings, commitments, guarantees and fund transfers such as advances to and from related parties; (9) sale, purchase, or supply of any goods or materials; (10) establishment of joint venture entities; (11) interim line extension of corporate & commercial loans; (12) capital infusion on subsidiaries; and (13) other transactions.

The guidelines ensure fairness and transparency and the appropriate handling and monitoring of RPTs. The bank strictly complies with regulations on Directors, Officers, Stockholders, and Related Interests (DOSRI) transactions.

These transactions are made and entered into substantially on the same terms and conditions as transactions with other individuals and businesses of comparable risks. Hence, the transactions likewise go through the same vetting and monitoring process applicable to ordinary or unrelated party transactions as set forth in the Bank's internal guidelines or policies.

Our Board members, stockholders, and executive officers are obliged to disclose any financial interest in any transaction or matter affecting the Bank, especially material facts pertaining to the transaction including the terms and conditions of the proposed transaction and deviations, if any. Likewise officers or employees who are related to the transacting party are required to abstain from the discussion, approval, and management of the transaction.

The table below shows the summary of material RPTs in 2024. All related party transactions were conducted fairly and at arm's length basis.

| Relationship | Nature | Terms & Conditions | Amount Contract Price | Outstanding Amount |
|---|---|---|---|---|
| DOSRI | Asset Swap/Corporate Credit Card/Credit Facilities/Lease Agreement/ROPA Sale/Others | Standard terms and conditions. | 15.084 Billion | |
| Affiliate | Purchase of products/ Corporate Credit Card/ Data Science&Consultancy Services/Health Insurance | Annual renewal; Standard terms and conditions | .652 Billion | |
| Subsidiary | Technology Services/Capital Infusion/Credit Facilities/ Lease Agreement/Insourcing Services/Cross Selling/Others | Standard Terms and Conditions | 11.522 Billion | |
| Other Related Party | Asset Swap/Credit Facilities/Lease Agreement/ Outsourcing/ROPA Sale/ Others | Standard Terms and Conditions | 20.825 Billion | 4.56 Billion |

The RPT Committee is responsible for assisting the Board in fulfilling its governance responsibilities on the review and approval of RPTs, as specified in our Policy. The RPT Committee is composed entirely of independent directors, including the Chairman. Our RPT Policy can be viewed on the Good Governance Standards microsite of our company website.

**AUDIT**

**The Board of Directors, through the Audit Committee, ensures the effectiveness and adequacy of our internal control system.**

The **Audit Committee** is a board-level committee that plays a key role in monitoring and evaluating the adequacy and effectiveness of the Bank's systems of internal control, risk management and corporate governance. It has an ongoing responsibility of assessing the effectiveness of the control environment, including its interrelation with other internal control components. It serves as the principal agent of the Board of Directors in evaluating the audit processes and ensuring independence of the Bank's external auditors and the internal audit function. It is also responsible for setting up the Internal Audit Group (IAG) and for the

appointment of the Chief Audit Executive and the Independent External Auditor who both report to the Audit Committee.

The Audit Committee consists of seven (7) members who are knowledgeable in accounting, auditing and related financial management matters. They are tasked to provide oversight of the Bank's financial reporting process, and of the internal and external audit functions. Among the responsibilities of the Audit Committee are:

- ***Oversight of the financial reporting process***. The Audit Committee ensures that the 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 IAG, and the external auditors, to effectively monitor the financial reporting process and the resolution of any significant financial reporting issues and concerns.
- ***Monitoring and evaluation on the adequacy and effectiveness of the Bank's Internal Control***. The Audit Committee, through the IAG, monitors and evaluates the adequacy and effectiveness of the Bank's internal control framework, the integrity of financial reporting, and security of physical assets, and ensures that a pro-active and forward-looking approach to evaluation of risks and controls is taken. The Audit Committee 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. Further, the Audit Committee requires management to maintain a comprehensive Internal Control Framework.
- ***Executive sessions with the Board and the Chief Audit Executive.*** The Audit Committee ensures the review by internal and external auditors of the effectiveness and efficiency of the Bank's internal control system. It reviews internal audit reports and corresponding recommendations to address the weaknesses noted on the areas/units audited, discusses the same with the Chief Audit Executive, and reports significant matters to the Board of Directors. It also requires that IAG report major audit results on a periodic basis to senior management.
- ***Oversight of the audit process.*** The Audit Committee is knowledgeable on the 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 and government agencies, as well as with relevant codes of ethics.
- ***Oversight of the whistleblowing mechanism***. The Audit Committee oversees the establishment of a whistleblowing mechanism in the 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 arrangements are in place for the independent investigation, appropriate follow-up, action, and subsequent resolution of complaints.

The Audit Committee satisfactorily performed all their duties as stipulated in the Audit Committee Charter, based on the results of the annual self-assessment. Further, based on the above initiatives, the Audit Committee views that the effectiveness of the internal controls, financial reporting process, and risk management systems of the Bank remain adequate and effective.

## INTERNAL AUDIT

The Internal Audit Group is independent of other organizational units of the Bank. It operates under the direct control of the Audit Committee and is given an appropriate standing within the Bank to be free from bias and interference. IAG is tasked to report on how well the Bank's processes, systems, operating units and activities are doing towards the attainment of corporate objectives, primarily by ensuring that established organizational controls are designed appropriately and are operating effectively. IAG conducts assurance and advisory engagements based on a forward-looking audit plan that is consistent with the Bank's strategic plans and priorities. IAG performs risk assessment using an audit universe comprised by entities that represent the complete risk landscape. This includes business units, application systems, processes, and subsidiary entities. In accordance with the Bank's Code of Conduct, IAG conducts investigations in aid of administrative proceedings.

The Parent Audit Committee, through the Parent Chief Audit Executive, oversees the internal audit function of the subsidiaries. The Group Internal Audit function was created to support the governance process and to promote quality and consistency across the Group.

## EXTERNAL AUDIT

The Bank's external auditors on the other hand examine its financial statements and express an opinion on whether the numbers reported in the Bank's Balance Sheet, Income Statement, and other financial statements are fairly presented in accordance with financial reporting standards. The Audit Committee recommends the appointment, re-appointment, and change of external auditors. External audit services are currently provided to the Bank by SGV & Co (EY Philippines).

## GOVERNANCE POLICIES

### Review of Corporate Strategy

Our corporate strategy is carefully reviewed, monitored, and overseen by the Board through a structured process. The strategy is presented to the Board, and a periodic exercise translates it into key performance indicators (KPIs) incorporated into the Bank's balanced scorecard. This enables ongoing monitoring and measurement of our strategic progress. The balanced scorecard, inclusive of strategic KPIs, is regularly (at least annually) presented to the Board, ensuring transparency and accountability.

Our Board guides the management in setting the priorities and defining the strategic agenda for the planning period. The process has been reviewed, monitored, and overseen by the Board in 2024.

The Chairman's Message and CEO Report provide high-level insights into our corporate strategy, vision, and objectives.

# CORPORATE GOVERNANCE REPORT

## Corporate Governance Confirmation Statement

**Good governance is woven into our corporate fabric and permeates our culture. As we strive to achieve governance excellence in every aspect of our business and operations, we have complied substantially with prevailing standards and best practices in governance in 2024.**

The details of our compliance with the Code of Corporate Governance for Publicly Listed Companies can be found in our Integrated Annual Corporate Governance Report, published on our company website.

## Corporate Governance Manual

Our actions are guided by the Manual on Corporate Governance, which provides an overview of how we are governed and how we operate.

We regularly review and update the provisions of the Manual to address regulatory developments in the industry. We submit the Manual to the SEC whenever there are significant changes or amendments. Our Manual is also publicly available on the company website for easy reference of our shareholders, regulators, investors, and other stakeholders.

## Dividends

### Cash Dividends

In accordance with the Bank's By-Laws, the Board of Directors (BOD) 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 cash dividends declared and distributed by the Bank in 2024, 2023 and 2022:

| Date of Declaration | Date of Record | Date of BSP Approval | Date of Payment | Dividend per Share | Outstanding Shares | Total Amount |
|---|---|---|---|---|---|---|
| January 26, 2024 | February 13, 2024 | N/A | February 20, 2024 | Php0.80 | 2,989,259,518 | Php2,391,407,614.40 |
| February 1, 2023 | February 15, 2023 | N/A | February 27, 2023 | 2.00 | 2,353,774,567 | 4,707,549,134.00 |
| January 28, 2022 | February 14, 2022 | N/A | March 2, 2022 | 2.80 | 1,524,918,059 | 4,269,770,565.20 |

On January 31, 2025, the Parent Bank's BOD approved a cash dividend at Php1.00 per share amounting Php3,316,405,584.00, issued to all stockholders of the Bank and payable from the unrestricted retained earnings of the Bank as of December 31, 2024. The record date for stockholders entitled to the cash dividend was February 17, 2025, and payment was made on February 24, 2025.

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.

### Stock Dividends

On February 24, 2023 and April 28, 2023, the Board of Directors and stockholders of the Bank approved, respectively, the declaration of 27% stock dividends in the amount of Php6,355,191,330.00 equivalent to 635,519,133 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 Php87.50 as of February 27, 2023, the next trading day at the PSE following the date of approval by the Board of Directors of the said declaration and computed up to two (2) decimal places.

On August 1, 2023 and December 5, 2023, the Parent Bank obtained the BSP and the SEC approvals, respectively, for the increase in the authorized capital stock and for the issuance of common shares to stockholders of record as of December 22, 2023 and payment date on January 4, 2024.

On January 4, 2024, the Bank issued 635.5 million common shares at par value of Php10.00 for whole shares and paid Php0.22 million for 2,550.79 fractional shares in relation to the 27% stock dividends.

## Code of Conduct

**Our Code of Conduct supports our unique employee culture. UnionBankers demonstrate the attributes of forward thinking, innovative, open, and agile which are helping UnionBank to power the future of banking.**

What is unique about UnionBank is how we:

- Live our Purpose to 'Co-create innovations for a better world';
- Constantly seek opportunities for growth, as an institution and as professionals;
- Treat people with respect;
- Collaborate with great people working in teams; and are
- Committed to a winning culture.

We enable the success of our stakeholders – our clients, colleagues, suppliers, shareholders, communities where we serve each other. We always strive to be the best in what we do. Every product, service, or endeavor at the workplace is nurtured by UnionBankers' faithful adherence and dedication to our values, nurtured by our passion to provide competent, effective, and delightful service.

Thus, our Code of Conduct embodies the principles for the personal and professional conduct of all UnionBankers, including third parties that the Bank uses in its operations like vendors, partners, and service providers, with practices founded on public trust and confidence. It is founded on the institution's unwavering commitment to the highest standards of responsible and ethical business practice, anchored on our Purpose, Values and our Core Competence of banking

## Whistleblowing mechanism

**Our Whistleblower Policy is intended to assist individuals to whistle blow on malpractices which they have discovered and to provide protection to the whistleblower.**

We ensure that such concerns are treated seriously, appropriately, and with utmost confidentiality.

Reportable incidents include unlawful activity, fraud, corruption, violation of policies and agreements including the Bank's Code of Conduct, to name a few.

A hotline was set up to warrant the anonymity and confidentiality of the reports whose merits will be evaluated by an investigating body, escalated to the Discipline Committee or the Compliance and Corporate Governance Office, as needed, and accorded the fitting course of action.

### Creditors' Rights

**As a universal bank, deposit-taking is one of our principal banking activities. We are committed to protect our depositors who serve as our main creditors.**

We ensure that our depositors have a reasonable understanding of the financial products and services which they acquire or avail of. Through our verified communication channels in traditional and digital platforms, we provide information that accurately represents the nature and structure of the product or service, its terms and conditions, as well as its fundamental benefits and risks.

Furthermore, we support the Philippine Deposit Insurance Coverage (PDIC) in its mandate to protect depositors by providing deposit insurance coverage for the depositing public and help promote financial stability. We advertise PDIC's deposit insurance protection in appropriate and accurate manner by incorporating the official PDIC Insurance Statement (Deposits are insured by PDIC up to P500,000 per depositor) on relevant advertisements and official communications.

Through these efforts, we ensure that our depositors are treated fairly, honestly, and professionally at all stages of our relationship.

### Supplier Selection and Accreditation

**We uphold the principles of truthfulness, fairness, and respect in our dealings with suppliers. We continue to build and maintain good relations by honoring agreements which are entered in conformity with the law and public policy.**

All purchases of equipment, supplies and services for the Bank are made based on quality, utility and price offered by the vendors. While the Bank may actively negotiate for favorable terms with its suppliers, it does not knowingly mislead them with respect to competitors' price and terms, its plans for future purchases, or other particulars of their transactions. The Bank does not use its vantage position as customer to impose unfair conditions that could not have been obtained by negotiations in good faith or commit acts or omissions that unjustly breach contractual obligations.

We implement a strict and fair Supplier Accreditation Policy for all suppliers and outsourced service providers where submission of comprehensive information sheets and applicable documentary requirements are mandatory. The suppliers are then subjected to an initial and ongoing assessment based on applicable criteria, including the company's status in its respective industry, liquidity evidenced by its business viability, and free from any major lawsuit or government action, among others.

### Consumer Protection

**Our Board and Senior Management are responsible for developing our consumer protection strategy and establishing an effective oversight over our consumer protection programs. Our Board is primarily responsible for the approving and overseeing the implementation of our Consumer Protection Risk Management System (CPRMS) while our Senior Management is responsible for ensuring that our practices are aligned with the approved Financial Consumer Protection Policies and CPRMS.**

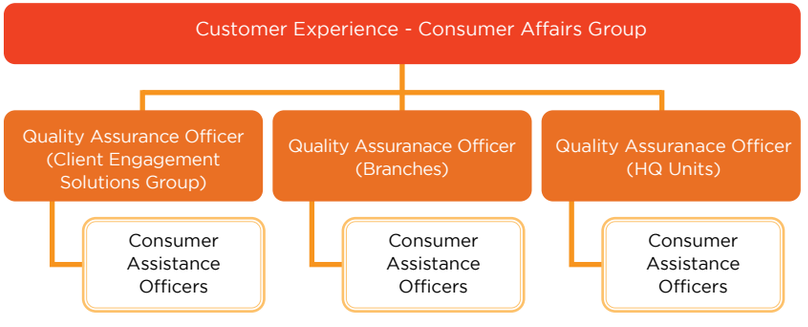
Risk assessment strategies are included as part of the Consumer Assistance Procedural Guidelines (CAPG) for control purposes, providing a basis for taking responsible steps to ensure that complaints/requests are handled appropriately.

The Customer Experience, Consumer Affairs Group (CX-CAG) is responsible for overseeing and monitoring the bank's complaints management process in compliance with BSP Circular 1160 on Financial Consumer Protection. CX-CAG reports and escalates issues and concerns to Senior Management or the Operational Risk Management Committee monthly.

The following procedures are observed for handling complaints:

- The complaint will be acknowledged at point of contact or within 1-2 days if sent via email.
- The appropriate unit of the bank will conduct a thorough review and investigation of the issue.
- The client will be notified via email once the concern has been resolved.

The Consumer Assistance Officer (CAO) handles and coordinates with internal business units to address and resolve complaints effectively. The CAO identifies weaknesses in internal controls and processes, determines root causes and undertakes appropriate action to prevent recurrence, as applicable to their unit. Meanwhile, the Quality Assurance Officer (QAO) reviews identified weaknesses in internal controls and processes, root causes and monitors the action taken/action plan to ensure non-recurrence, as applicable to their unit.



# CORPORATE GOVERNANCE REPORT

## RIGHTS OF SHAREHOLDERS

### Our stockholders are the ultimate owners of our business and serve as the highest authority in our governance structure.

They enjoy the benefits of strong corporate governance, which we believe is critical not only for the success of the organization but also in advancing the interests of our shareholders.

We treat all shareholders fairly and equitably, and recognize, protect and facilitate the exercise of their rights. Shareholders' rights and privileges relate to the following, among others: (a) pre-emptive rights; (b) right to receive dividends; (c) right to propose the holding of meetings, ask questions, and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting; (d) right to nominate and elect candidates to the Board; (e) voting rights including the right to participate in amendments to the company's constitution, the authorization of additional shares, and the transfer of all or substantially all assets of the company; (f) right to information; and (g) power of inspection.

The basic rights of our shareholders are disclosed in the Manual on Corporate Governance which is posted on our company website.

### Shareholders' meeting

**The meeting of the shareholders serves as a venue for them to express opinions, raise questions, and pass resolutions. We have two (2) types of meeting as stipulated in our By-laws.**

The annual meeting of the stockholders is held on the fourth Friday of the month of April of each year, if not a legal holiday, otherwise the next business day following.

The special meeting of the stockholders may be called for any purpose at any time by the Chairman of the Board, by the President, or by the holders of not less than one-third (1/3) of the subscribed capital stock of the corporation.

All meetings of the stockholders shall be held at the principal office of the organization, or at any place designated by the Board in the city or municipality where the principal office of the corporation is located.

In accordance with Sections 23 and 57 of the Revised Corporation Code which allow voting through remote communication or in absentia, our 2024 annual stockholders' meeting (ASM) was conducted virtually by secure videoconference facility at https://asm.unionbankph.com and facilitated at the 48th Floor Skylounge, UnionBank Plaza, Meralco Ave. cor. Onyx St., Ortigas Center, Pasig City last April 26, 2024.

### Before the ASM

The Corporate Secretary certified that notices of the Annual Stockholders' Meeting and the Definitive Information Statement were duly served by providing the Quick Response (QR) Code to all stockholders of the Bank as of record date of March 8, 2024, by e-mail for those stockholders who have given their e-mail addresses. Furthermore, the electronic copies of the Notice and Definitive Information Statement as well as the Requirements and Procedures for Registration to Participate through Remote Communication and Vote electronically in Absentia were posted on the Bank's website, and disclosed to The Philippine Stock Exchange, Inc.'s EDGE Portal and the Philippine Dealing and Exchange Corporation on March 15, 2024 In addition, pursuant to the SEC Notice posted on February 23, 2024, referring to the alternative distribution of the notice of stockholders meeting, Information Statement, and other documents in connection with the holding of Annual Meetings, the Notice of Meeting was published in the business sections of The Philippine Daily Inquirer and The Philippine Star, in print and online format, on March 20 and 21, 2024. The last publication was made thirty (36) days prior to this meeting, in accordance with Article IV Section 1(c) of UnionBank's Amended By-Laws and Section 49 of the Revised Corporation Code.The Definitive Information Statement contained the rationale and explanation for each agenda item which require shareholders' approval, the profile and business experience of the directors and nominees seeking election/re-election and identified the auditor seeking re-appointment. Proxy form was also made available in the document.

### During the ASM

Director Justo A. Ortiz, Vice Chairman of the Board, presided and called the Annual Meeting of the Stockholders of Union Bank of the Philippines ("UnionBank" or "Bank") to order. The Corporate Secretary, recorded the minutes of the proceedings. The Vice Chairman thanked the stockholders who attended the meeting via livestreaming, who have voted in absentia through the Bank's online voting portal, and who submitted their proxy forms appointing the Chairman as proxy.At the request of the Vice-Chairman, the Corporate Secretary presented the rules of conduct and procedures that govern the ASM. The Corporate Secretary explained that the stockholders have been notified of the rules of conduct and proceedings of the ASM as stated in the Explanation of Agenda items attached to the Notice of Meeting, which forms part of the Definitive Information Statement.

In addition, we engaged SyCip Gorres Velayo & Co. to conduct a third-party validation of the votes for the meeting.

Shareholders voted on the following agenda: (a) approval of the Minutes of the Annual Stockholders' Meeting held on April 28, 2023; (b) Approval of the Annual Report of Management on Operations for 2023 and the Audited Financial Statements as of December 31, 2023; (c) ratification of past actions of the Board of Directors, Board Committees, and Management; (d) appointment of the External Auditor for the year 2024; and (e) election of directors 2025-2026.

The shareholders were encouraged to express their opinions and raise any questions, either on the agenda or any other questions related to our business and operations. During the open forum, the Chairman, upon advice by the meeting moderator that there were a few questions received from stockholders sent via email thru the Office of the Corporate Secretary, answered all the questions, all of which were recorded in the Minutes of the meeting.

Stockholders were also invited to submit to the Office of the Corporate Secretary via email any other questions relative to the agenda items presented at the live webcast. The Bank's answers will be sent to the stockholders' e-mail addresses.

### After the ASM

The results of the meeting were disclosed to the PSE Edge and on the Bank's website on April 26, 2024. The Minutes contained the voting results (which included the approving, dissenting, and abstaining votes) for all resolutions/agenda items, questions raised by shareholders and answers given by the President and CEO, and attendance of the Board members and senior officers.

## DISCLOSURE AND TRANSPARENCY

**Transparency is one of the core principles of our governance framework. To ensure better protection of the rights of our shareholders and other stakeholders, full disclosure of our financial performance, results of operations, governance policies, programs and procedures, and other developments in the organization, is imperative.**

### Company website

Our company website is the primary source of corporate information, financial performance, products and services, contact information, news and advisories, and latest developments pertaining to UnionBank. Our website serves as a venue to disclose in a timely manner a wide range of information including:

- Financial statements/reports (latest quarterly)
- Materials provided in briefings to analysts and media
- Downloadable annual report
- Notice and minutes of the annual stockholders' meeting
- Company's constitution which includes our By-laws and Articles of Incorporation

### Annual Report

We issue our Annual Report to promote greater disclosure and transparency to the public. Our Annual Report outlines our key achievements over the past year and contains discussion on corporate objectives, financial and non-financial performance indicators, profile of the Board and key officers, corporate governance framework, dividend policy, and statement of management's responsibility for financial statements, to name a few.

### Financial statements

We also release our annual and quarterly reports to convey our financial performance in a comprehensive and accurate manner. The reports are also being disclosed in compliance with the reporting requirements of the SEC and PSE.

### Investor Relations

**UnionBank engages the investing public and potential investors through an effective Investor Relations (IR) Program. The investing community is updated on the Bank's performance, strategies, and management actions towards achieving a true and fair valuation of the Bank.**

Our Investor Relations Office (IRO) promotes transparency, guided by the following principles:

- Observance of the highest ethical standards to uphold the best interest of all stakeholders;
- Adherence to principles of good corporate governance to align with best practices;
- Conformance with PSE & SEC disclosure requirements and other relevant regulations; and
- Timely dissemination of material and accurate information to all stakeholders.

Our IRO ensures that relevant information about the Bank's activities and performance are communicated properly through regulatory reports and disclosures, press releases, annual stockholders' meetings, annual reports, website, investor presentations, conference calls, and other modes of communication.

Press releases, media briefings, and presentations to investors are also being utilized to communicate important news and developments or information about our business and to engage our shareholders.

The table below shows the summary of press releases issued in 2024.

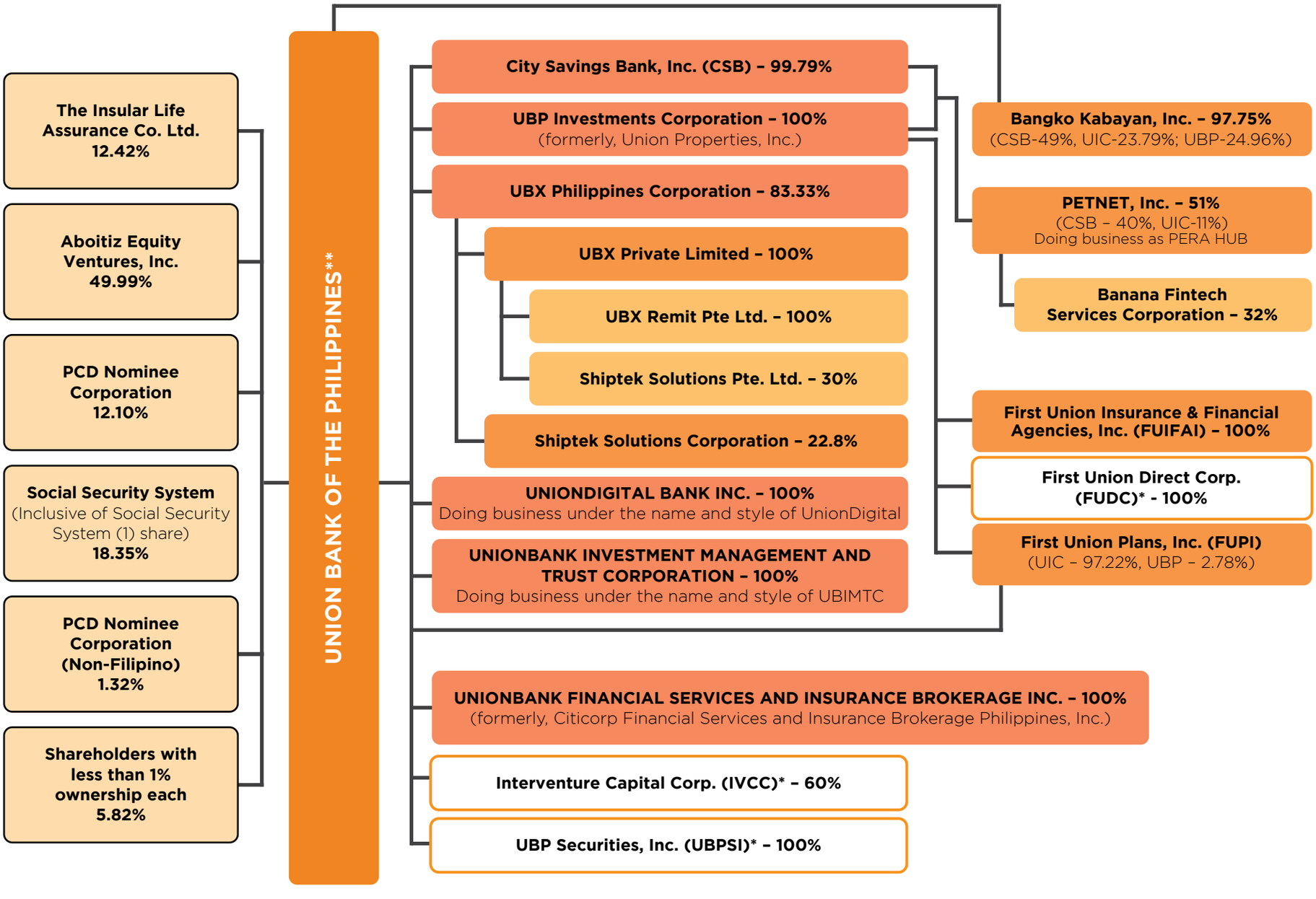
| Press releases | Date |
|---|---|
| UnionBank FY 2023 Net Income at PHP 9.2 billion | January 29, 2024 |
| UnionBank First Quarter Revenues Grows by 14% with Net Income at P2 billion | April 29, 2024 |
| Union Bank of the Philippines Completes PHP 10 Billion Stock Rights Offering | May 31, 2024 |
| UnionBank 1H2024 Net Income at PHP 5.1 billion | July 29, 2024 |
| UnionBank Year-to-Date Net Income at PHP 8.6 billion | October 28, 2024 |
| UnionBank and ATRAM Announce Merger | November 11, 2024 |

For queries, you may contact our Investor Relations Officer:

**Carlo I. Eñanosa**
34/F UnionBank Plaza,
Meralco Avenue corner Onyx and Sapphire Roads
Ortigas Center, Pasig City 1605
M: +63 917 825 0273
Email: investorrelations@unionbankph.com

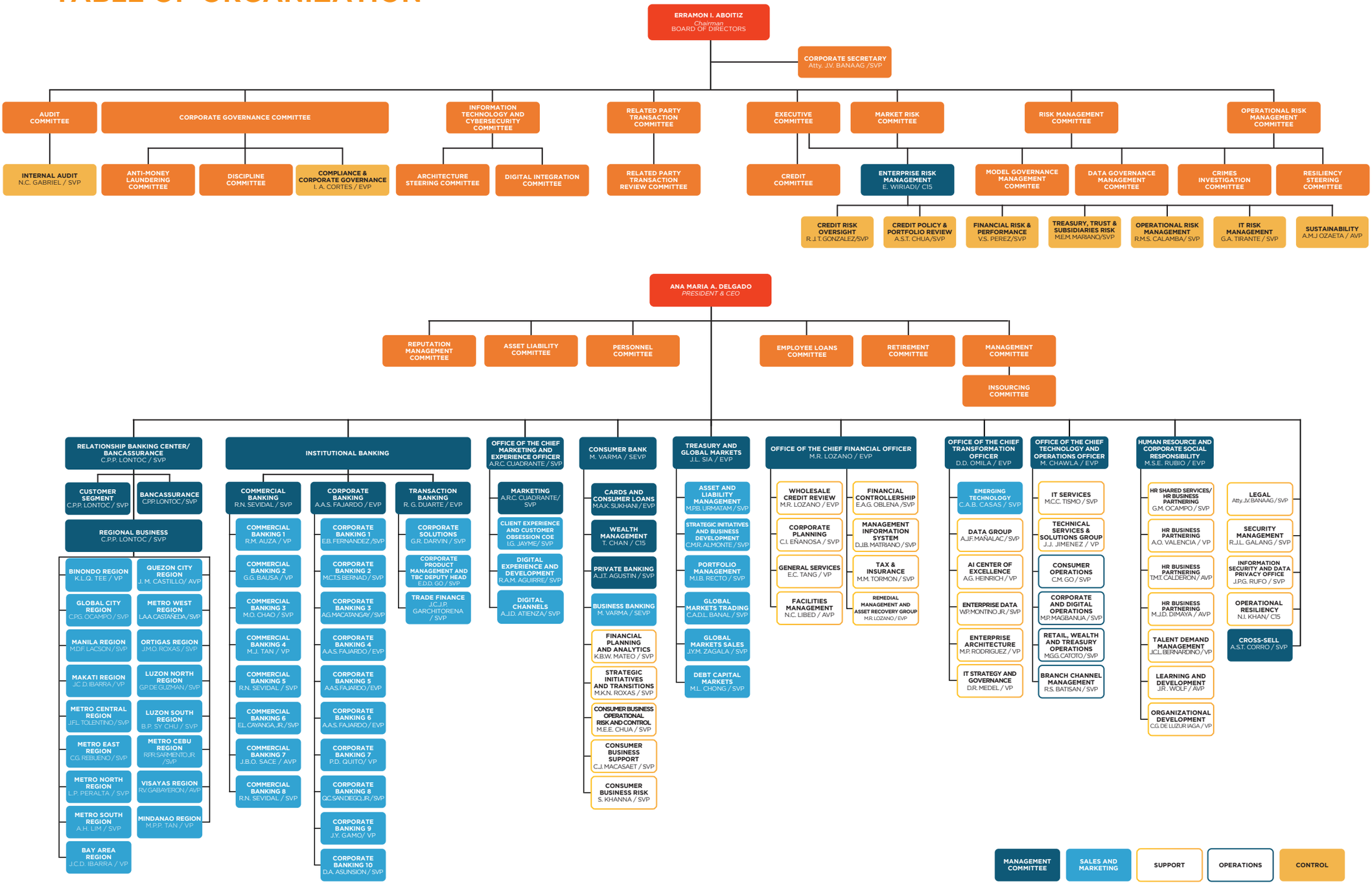
# CONGLOMERATE MAP

As of December 31, 2024




*Dormant.
** UBP Shareholders as of 30 November 2024

# TABLE OF ORGANIZATION



# PROFILE OF DIRECTORS

**Erramon I. Aboitiz**, 68, Filipino
Non-Executive Director, 36 years in the Board
Represents Aboitiz Equity Ventures

Serves as Chairman of UnionBank. He is also the Chairman of Board of Directors of Endeavor Philippines and UnionBank Investment Management and Trust Corporation. Mr. Aboitiz sits as Director of Aboitiz Equity Ventures, Inc.* and Aboitiz Power Corporation*. He is the Chairman of the Board of Trustees of the Asian Institute of Management, and a Board Observer of Aboitiz & Company, Inc.

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.

**Committee Memberships:**

| | | |
|---|---|---|
| Chairman | - | Executive Committee |
| Vice Chairman | - | Non-Executive Board |
| Member | - | Risk Management Committee, Market Risk Committee, Corporate Governance Committee |

**Publicly listed company*

**Justo A. Ortiz**, 67, Filipino
Non-Executive Director, 31 years in the Board
Represents Aboitiz Equity Ventures

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; as Director of the following companies: Aboitiz Equity Ventures, Inc.*, Aboitiz Foods Holdings, Inc., Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation, Concepcion Industrial Corporation*, and Philippine Payments Management, Inc., and; and as Member of Board of Trustees of The Insular Life Assurance Co., Ltd., Member of the Management Association of the Philippines; and Member of the Board of Trustees of Philippine Trade Foundation, Inc.

Mr. Ortiz was the Chief Executive Officer of UnionBank from 1993 to 2017. Prior to his stint in the Bank, 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.

**Committee Memberships:**

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

**Publicly listed company*

**Ana Maria A. Delgado**, 44, Filipino
Executive Director, 3 years in the Board

Serves as Director, President and Chief Executive Officer of Union Bank of the Philippines. Prior to her current role, she was the Senior Executive Vice President and Institutional Banking Head of the Bank. She is also a Director of City Savings Bank, Inc., Republic Cement and Aboitiz Equity Ventures, Inc.*

She began her career at UnionBank as a Product Manager under the Retail Banking Center and has since held multiple leadership roles spanning Institutional Banking, Customer Experience, SME Lending, and Consumer Finance. Before joining the Bank, she was an Assistant Vice President for Product Management at Citibank, N.A. from 2006 to 2008.

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

She is passionate about innovation and enhancing customer experiences, believing that modern banking extends beyond financial services to designing transformative products and solutions that improve people's lives.

**Committee Memberships:**

| | | |
|---|---|---|
| Member | - | Executive Committee, Information Technology and Cybersecurity Committee |
| Alternate Member | - | Market Risk Committee |

**Publicly listed company*

**Sabin M. Aboitiz**, 60, Filipino
Non-Executive Director, 11 years in the Board
Represents Aboitiz Equity Ventures

Serves as Director of UnionBank. He is Director, President and Chief Executive Officer of Aboitiz Equity Ventures, Inc. (AEV)*, and Chairman of the Board of Aboitiz Power Corporation*.

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

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

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.

**Committee Memberships:**

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

**Publicly listed company*

**Samel A. Aboitiz**, 33, Filipino
Non-Executive Director, 2 years in the Board
Represents Aboitiz Equity Ventures

Serves as Director of UnionBank. He is First Vice President for Finance, Accounting and Risk of Aboitiz Equity Ventures, Inc.* He is also concurrently Treasurer and Controller of Aboitiz & Company (ACO). He is a member of the Board of Advisors of ACO, and the Board of Directors of Aboitiz Renewables Inc. and San Fernando Light & Power Co. He served as Assistant Vice President and Controller for Coal Business Unit of Aboitiz Power Corporation* 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.

**Committee Memberships:**
Member - Non-Executive Board, Operations Risk Management Committee, Audit Committee
Alternate Member - Executive Committee, Risk Management Committee
**Publicly listed company*

**Jose Emmanuel U. Hilado,** 61, Filipino
Non-Executive Director, 1 year in the Board
Represents Aboitiz Equity Ventures

Serves as Director of UnionBank and its subsidiaries, UnionBank Investment Management and Trust Corporation, UnionDigital Bank Inc., and UBX Philippines Corporation. He currently serves as Senior Vice President – Chief Financial Officer, Corporate Information Officer, and Chief Risk Officer at Aboitiz Equity Ventures Inc.* (AEV) and holds directorships in various entities under the Aboitiz Group including Aboitiz Foundation, Inc., AEV CRH Holdings, Inc., AEV International Pte. Ltd., Aboitiz Data Innovation Pte. Ltd., Aboitiz Renewables, Inc., AEV Aviation Inc., and CCEP Aboitiz Beverages Philippines, Inc., amongst others. With over 30 years of banking experience, he has held various positions in treasury, trading, investments, correspondent banking, bank operations, human resources, and purchasing.

Mr. Hilado joined UnionBank in July 2017 as Senior Executive Vice President, Treasurer, and Head of Global Markets. He later became its Senior Executive Vice President and Chief Financial Officer, a position he held until December 2022.

His previous roles with publicly listed companies include Senior Executive Vice President and Chief Operating Officer at East West Bank*, Treasurer at RCBC*, and Chief Trader at BDO Unibank, Inc.* He is also a current member of the Financial Executives Institute of the Philippines.

He earned his bachelor's degree in Business Economics from the University of the Philippines and completed his MBA at Kellogg-Hong Kong University of Science and Technology. Additionally, he is a Certified Treasury Professional, which he obtained from the BAP-Ateneo Graduate School.

**Committee Memberships:**
Member - Non-Executive Board, Executive Committee
Alternate Member - Risk Management Committee, Market Risk Committee, Information Technology and Cybersecurity Committee
**Publicly listed company*

**Nina Perpetua D. Aguas**, 72, Filipino
Non-Executive Director, 8 years in the Board
Represents Insular Life Assurance, Co

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* and as Independent Director of Monde Nissin Corporation*.
She sits in the Governing Council of the Philippine Business Coalition for Women Empowerment (PBCWE). She is a member of Nextgen Organization of Women Corporate Directors (NOWCD) Philippines and its global community network Women Corporate Directors (WCD). 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*, 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.

**Committee Memberships:**
Member - Non-Executive Board, Executive Committee, Audit Committee, Market Risk Committee , Corporate Governance Committee
**Publicly listed company*

**Robert Joseph M. De Claro**, 53, Filipino
Non-Executive Director, 1 year in the Board
Represents Social Security System

Serves as Director of UnionBank. He was appointed as President and Chief Executive Officer of the Social Security System (SSS) on December 6, 2024. He serves as Vice Chairperson of the Social Security Commission (SSC), the governing body of the SSS. Prior to becoming President and Chief Executive Officer of the SSS, he was a member of the SSC representing the Employers sector since January 11, 2023. In the SSC, he served as Chairperson of the SSC Information Technology and Collection Committee and a member of the SSC Audit Committee, SSC Risk Management and Investment Committee, and SSC Governance Committee. He also represented the SSS in the Boards of UBP Investment Management and Trust Corporation. He was a former Director of Ionics, Inc.* and Transpotech and Services.

With a background in creating and spearheading startup and operating entities for over twenty-five (25) 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 is able to deliver double-digit gain in revenue through strategic growth strategies and with expertise in identifying opportunities, coupled with exceptional customer relationship management skills. He held various roles in 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.

# PROFILE OF DIRECTORS

Mr. De Claro holds a Bachelor of Science in Computer Science with specialization in Information Technology from De La Salle University.

**Committee Memberships:**

| | | |
|---|---|---|
| Member | - | Non-Executive Board, Executive Committee, Operations Risk Management Committee, Corporate Governance Committee, Information Technology & Cybersecurity Committee |
| Alternate Member | - | Risk Management Committee, Market Risk Committee |

** Publicly listed company*

**Roberto G. Manabat**, 77, Filipino
Lead Independent Director, 6 years in the Board

Serves as Lead Independent Director of UnionBank. He is also an Independent Director of the following companies: City Savings Bank, Inc.; UnionDigital Bank Inc.; UnionBank Financial Services and Insurance Brokerage Philippines, Inc.; and Goldilocks Bakeshop. He is a Certified Public Accountant. Mr. Manabat is a Board Adviser on Internal Audits of SM Investments Corporation* and its subsidiaries/affiliates. He sits as Director of PA Properties and Development Corp. and Canelle Food Corporation, and as Chairman of KPMG R.G. Manabat Foundation.

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. In 2023, Mr. Manabat is the recipient of the Top 100 Notable CPAs Centenary Award granted by the Professional Regulatory Board of Accountancy during the Centennial Celebration of the Accountancy profession.

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.

**Committee Memberships:**

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

**Publicly listed company*

**Manuel D. Escueta**, 73, Filipino
Independent Director, 3 years in the Board

Serves as Independent Director of UnionBank. He is also an Independent Director of the following companies: City Savings Bank, Inc., PAREF Southridge School for Boys, and Pascual Laboratories, Inc.

Mr. Escueta sits as member of the Executive Committee and Marketing Adviser of Mega Prime Foods Corporation; Vice Chairman 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** from 2014 to mid-2022. He was the President of Educhild Foundation Philippines from 2004 to 2019, and 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.

**Committee Memberships:**

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

** As of December 31, 2024*

**Josiah L. Go**, 62, Filipino
Independent Director, 3 years in the Board

He is an Independent Director of UnionBank and serves as Chairman and Chief Innovation Strategist of Mansmith and Fielders, Inc., the first private company to be honored with the Agora Award for Nation Building. Mansmith also won the Innovation Excellence Award from the ASEAN Business Awards. Mr. Go is Founder and Chairman of Waters Philippines, the market leader in the direct selling of premium home water purifiers in the Philippines. His leadership roles include serving 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 widely regarded as one of the Philippines' foremost marketing gurus and is the most awarded marketing educator in the country, with 20 bestselling and record-breaking books on marketing and entrepreneurship. He has received numerous accolades, including multiple Agora Awards in 1994 and 2025, recognition as one of the Ten Outstanding Young Men (TOYM) of the Philippines in 2001, and as one of the Ten Outstanding Young Persons (TOYP) of the World in 2002. He was one of only two Lifetime Achievement Awardees from the Association of Marketing Educators in 2007, being the youngest educator to receive this distinction. Additionally, he earned the Brand Leadership Award at the World Brand Congress in India in 2009 and was listed in the 10th edition of the *International Who's Who of Intellectuals* (England).

Mr. Go is qualified in Blue Ocean Strategy from the Blue Ocean Strategy Institute at INSEAD, France. He has taught at De La Salle and Ateneo Universities and holds an Executive Scholar designation from Kellogg Business School (in Marketing and Sales Management) as well as from MIT Sloan (in Strategy and Innovation). He has also completed advanced programs at Harvard, Wharton, and London Business School. Specializing in the intersection of marketing and innovation, he focuses on data-driven entrepreneurship and teaches advanced marketing courses. Over the years, he has conducted over 1,000 seminars and talks on marketing, both in the Philippines and internationally, covering a range of industries and contexts.

Mr. Go holds a degree in Management from De La Salle University and took Master of Arts in Religious Studies from Maryhill School of Theology.

**Committee Memberships:**

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

**Atty. Francisco Ed. Lim**, 69, Filipino
Independent Director, 3 years in the Board

Serves as Independent Director of UnionBank. He was a Senior Partner of the Angara Concepcion Regala & Cruz Law Offices (ACCRALAW) but retired as such effective December 31, 2020. He is one of the several of counsels of the firm with the title Senior Legal Counsel. He is the Chairman of the Air Asia, Inc., Philippines Air Asia Philippines, Inc., Justice Reform Initiative (JRI); Chairman and President of AA Com Travel Philippines, Inc., and Co-Chairman (together with Finance Secretary Ralph Recto and SEC Chairman Emilio B. Aquino) 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). He also served as chairman of the Philippine Stock Exchange Foundation, FINEX Foundation and the FINEX Academy.

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

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 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.

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

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

As a member of various committees of the Supreme Court, Atty. Lim actively participated in the drafting of several Supreme Court rules of procedure such as the 2019 Rules of Evidence, Interim Rules on Intra-Corporate Controversies, Rules on Electronic Evidence, Rules on Notarial Practice, Rules on DNA Evidence, Financial Rehabilitation Rules of Procedure, Financial Liquidation and Suspension of Payments, Rules of Procedure on the Liquidation of Closed Banks, and Interim Rules on Electronic Notarization.

Atty. Lim has received various awards and citations throughout the years, among which are: "Senior Statespeople" in Dispute Resolution (2025) by Chambers Asia-Pacific"; "Commended External Counsel of the Year" (2023) by the In-House Community; "Market Leader" in Banking and M&A (2022-2024) by IFLR1000; "A-List Philippines' Top 100 Lawyers" (2022-2024) by the Asia Business Law Journal; "Elite Practitioner" in Capital Markets and Dispute Resolution (2022-2024) by the Asialaw Profiles; "Lawyer of the Year – Philippines" by Benchmark Litigation, Asia-Pacific Awards 2019; "Deal Maker of the Year" by the 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.

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.

**Committee Memberships:**

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

**Publicly listed company*

**Honorio G. Poblador IV,** 54, Filipino
Independent Director, 1 year in the Board

Serves as Independent Director of UnionBank. He is a Founder and Managing Partner of The Navegar Fund. He also serves as Independent Director for ABS-CBN Corporation*. He is a Non-Executive Director of the following corporations: The Bistro Group, Bo's Coffee, Royale Cold Storage, and Asia Digital Holdings; and a member of the Board of Trustees of Ateneo Scholarship Foundation.

# PROFILE OF DIRECTORS

Mr. Poblador has over two decades of investment banking and private equity experience having worked with Credit Suisse First Boston, Morgan Stanley, 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.

**Committee Memberships:**

| | | |
|---|---|---|
| Chairman | - | Market Risk Committee |
| Member | - | Non-Executive Board, Risk Management Committee, Corporate Governance Committee, Information Technology and Cybersecurity Committee, Related Party Transaction Committee |

**Publicly listed company*

**Edwin R. Bautista**, 64, Filipino
8 years in the Board

Serves as Chairman of First Union Plans, Inc.; and as Director of UBP Investments Corporation, UBX Philippines Corporation, UnionDigital Bank Inc., and UnionBank Investment Management and Trust Corporation. Mr. Bautista is a Director of Aboitiz Power Corporation, a publicly listed company. He was President and Chief Operating Officer of UnionBank 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.

**Atty. Santiago Dionisio R. Agdeppa**, 62, Filipino
Less than 1 year in the Board
Represents Social Security System

Serves as Director of UnionBank*. He is Senior Vice President, Commission Secretary, Compliance Officer and Executive Commission Clerk of SSS. He is currently the Director in the Boards of Philex Mining Corporation* (since July 2024) and First Philippine Holdings Corporation** (since May 2024). He previously served as Vice-Chairman of the Board of Directors of Philam Tower Condominium Corporation (January 2018 to December 2023) and as Board Director of Capital Consortium Corporation (June 2017 to December 2017), Philam Tower Condominium Corporation (January 2018 to December 2023), Philam Tower Management Corporation (March 2018 to December 2022), and Philex Mining Corporation (June 2023 to December 2023).

He is a Certified Public Accountant (CPA) – Lawyer and a Career Service Executive Eligible. After passing the CPA Board Examination, he worked briefly from 1984 to 1985 as an accounting staff in the private sector. From 1985 to 1990, he worked in the Commission on Audit with the last position held as State Auditor II. He transferred to the SSS Legal Department in 1990. In 2005, he became the Assistant Vice President of Cluster Legal Support (renamed as Operations Legal Department). He was also the Officer-in-Charge of the NCR Central Cluster Legal Unit from 2005 to 2010 and Legal Adviser and Legal Counsel, SSS Provident Fund (2003 to 2010). He was promoted as Senior Vice President in November 2014. He was a non-voting member of the SSC Board Audit Committee (from 2010 to 2014) and was a member of various SSS Management Committees. He attended official seminars such as the Training Program on Pension Schemes (Italy), Management Course (U.S.), Data Security (U.S.), Compliance and Ethics (U.S.), and various seminars on legal education as well as training courses by the Institute of Corporate Directors.

Atty. Agdeppa earned his Bachelor of Laws at San Beda College in 1989; BSC-Accounting from San Sebastian College in 1983; and completed his Master in Business Management at Pamantasan ng Lungsod ng Maynila in 1997, and Middle Management Course at Ateneo Graduate School of Business in 2014.

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

**Atty. Santiago Dionisio Rodrigo Agdeppa joined the Board effective December 2, 2024 and resigned effective February 1, 2025*
***Publicly listed company*

# PROFILE OF KEY OFFICERS

**Manoj Varma** is Senior Executive Vice President and Head of the Consumer Bank Group of UnionBank. He is also the Chairman of UnionBank Financial Services and Insurance Brokerage Philippines, Inc., and Director of PETNET, 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.

**Manish Chawla** is Executive Vice President and Chief Technology and Operations Officer of UnionBank. Prior to joining the Bank, he was Site Head of Citigroup Business Process Solutions Pte. Ltd. He was the Head of Operations & Technology at Citibank Philippines from June 2019 to December 2022. Mr. Chawla has about twenty (20) years of experience handling various positions in the operations and technology functions of Citibank, specifically in collections and the project management office in Indonesia from 2005 - 2012 and then moved to Singapore to be part of the Regional Credit Operations in 2013. Before joining Citi, he spent five (5) years of his career in GE Capital and GE SBI Cards in collections and risk. Mr. Chawla has a Master of Finance and Control post graduate degree from the Kurukshetra University in India.

**Joselynn B. Torres*** is 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 regional and local responsibilities for Citibank N.A. and ABN AMRO, responsible for the promotion of control and compliance awareness among the employees of the organization.

*Ms. Joselynn B. Torres stepped down from her role as Chief Compliance and Corporate Governance Officer. Atty. Isagani A. Cortes was appointed as the new Chief Compliance and Corporate Governance Officer effective January 1, 2025

**Michaela Sophia E. Rubio** is Executive Vice President and Chief Human Resource Officer of Union Bank of the Philippines.

Prior to this, she was the Vice President and the Philippine Country Human Resource, Quality and Corporate Communications Head of the global electrical engineering and power company, Asea Brown Boveri. She was a Senior Consultant at OTi Consulting Singapore where she got involved with government and private organizations in establishing Singapore Quality Class, People Developer, Industry Capability Upgrading (ICAP) certifications, Work Life and Work Redesign. For these capabilities she was certified by SPRING Singapore. Before a career in Human Resource and Management Consulting, she worked as an engineer in the semiconductor and electronics manufacturing industry in the areas of Statistical Process Control and Quality Assurance. Michelle obtained a degree in Industrial Management Engineering, minor in Chemical Engineering from De La Salle University.

She was named as one of the Most Influential HR Executives in 2022 by CIO Views, and has won several Stevie Awards for Great Employers including a Gold Stevie Award as HR Thought Leader of the Year 2023.

**Johnson L. Sia** is 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.

**Mukul Sukhani** is Executive Vice President and Head of Cards and Personal Loans of UnionBank. He is a seasoned banker and business leader in the area of credit cards and consumer loans. Prior to joining UnionBank, he was Senior Vice President for Business Development of Mastercard, responsible for India and Nepal. He managed all aspects of the Mastercard relationship with issuing partners in terms of profitability, product development and solutioning. He worked with product leads to identify new segments and product opportunities to broaden their reach and market penetration.

Prior to Mastercard, he was Director, Head of Credit Cards and Personal Loans in Citi Philippines from August 2018 – 2021. He held the same position in Citi Vietnam from 2015-2017 and as Head of Small Business Payments Solutions in Citi India from 2011-2015. Early in his career, he worked as COO of Loyalty Management Insights Network and Exchange Pvt Ltd., a startup in the business of customer loyalty programs from 2009 - 2011. He was Director of American Express in Gurgaon from 2004- 2009. He completed a post graduate course in Business Management from XLRI, Jamshedpur and gained a bachelor's degree in Chemical Engineering from Laxmi Narayan Institute of Technology, Nagpur University India.

**Raymond Anthony B. Acosta** is 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.

# PROFILE OF KEY OFFICERS

**Atty. Arlene Joan Roxas Tanjuaquio-Agustin** is Senior Vice President and Head of Private Banking Group of UnionBank. She is a Chartered Wealth Advisor and a Chartered Trust and Estate Planner. Atty. Agustin brings with her more than two decades of experience and expertise in Treasury and Trust. She started her career in banking in 1990 as a Trader in Asiatrust Bank, then moved to China Banking Corp.* 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.*, 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.

As part of her continuing endeavor for enhancing her skills as an industry Leader, she was trained by a Swiss-based Private Bank in Geneva on Wealth Management, Investments and Family Services. She represented the Philippines in various international forums in the Asia Pacific region as a recognized expert by her peers in the Private Banking Industry.

**Publicly listed company*

**Atty. Joselito V. Banaag** is 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.* from 2012 to 2015. He also previously worked at the Philippine Stock Exchange (PSE)* as the General Counsel and concurrently, as Chief Legal Counsel of the Securities Clearing Corporation of the Philippines (SCCP). He was also Officer-in-Charge of the Exchange's Issuer Regulation Division. Prior to that, he held various positions in SGV & Co., Cayetano Sebastian Ata Dado & Cruz Law Offices, PNOC Exploration Corporation, and Padilla Jimenez Kintanar & Asuncion Law Offices.

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

**Publicly listed company*

**Conrad Anthony Dominic L. Banal** is Senior Vice President and Head of Global Markets Trading of UnionBank. Prior to joining the Bank, he worked with several banks: East West Banking Corporation* as Head of Dollar Fixed Income Trading; and Security Bank Corporation* as a Peso Fixed Income Trader. He started his career with Citibank N.A. as Business Process Analyst under its Regional Financial Control.

He is active in various industry-related associations. He was a Member of the Board of the Money Market Association of the Philippines (MART) from 2016-2024 and was President in 2023, and is currently President of ACI Philippines and has been a Member of the Board since 2022.

He obtained his Bachelor of Arts in European Studies from the Ateneo De Manila University, and his MBA from the William E. Simon Graduate School of Business at the University of Rochester. He is also a CFA charterholder.

**Publicly listed company*

**Konstantin O. Beloglazov** is Senior Vice President and Portfolio Lending Head of UnionBank. Prior to joining the Bank, he was the Consumer Lending Business Strategy & Development Head of Citibank N.A. He has 19 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.

**Ma. Cecilia Teresa S. Bernad** is Senior Vice President and Corporate Banking Group Head of UnionBank. She has been with the Bank for thirty-three (33) years and started her career as Account Assistant under the Bank›s Corporate Banking. Prior to joining the Bank, she was Credit Analyst of the International Corporate Bank and Corporate Customer Assistant of Citytrust Banking Corporation. Ms. Bernad graduated from the University of the Philippines with a degree in Bachelor of Arts in Economics.

**Michael L. Chong** is Senior Vice President and Head of Debt Capital Markets of UnionBank. He has around eighteen (18) years of experience in banking and finance. He was formerly the Managing Director, Head of Origination and Client Coverage at China Bank Capital Corporation where he is responsible for deal origination and primary client relationship management, managing fee income targets, client service delivery, and ensuring timely deal execution. Prior to this, he was with HSBC Philippines for seven (7) years as Vice President of Debt Capital Markets. He has led key landmark transactions in both the onshore and offshore capital markets for the Philippine issuers. Mr. Chong graduated from the Ateneo de Manila University with a BS Management Engineering degree.

**Antonio Sebastian T. Corro** is Senior Vice President and Chief Cross-Sell Officer 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 1997-2001 and Citibank N.A. Philippines from 1996-1997. Mr. Corro has a degree on Administracion de Recurcos Fisicos Y Financieros from Colegio Universitario Fermin Toro, Venezuela.

**Albert Raymond C. Cuadrante** is Senior Vice President, Chief Customer Experience, and Chief Marketing Officer of UnionBank. He is the current Chairman and formerly the President of Acumen Strategy Consultants, providing consultancy services focused on strategy, transformation and capability building to enable higher business performance. He also sits as a Member of the Board of Trustees of the Digital Marketing Association of the Philippines (DMAP) and the Advisory Board of the Asia Pacific Tambuli Awards. He is also presently a part-time Marketing faculty lecturer at the Ateneo De Manila University JG School of Management. Mr. Cuadrante has over 30 years of collective experience in the field of digital commerce, brand management and marketing. In 2008, he joined Jollibee Foods 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, the 2023 Top 10 CMOs from the Philippines by CEO Insights Asia and the 2022 10 Most Inspiring CMOs by C Level Focus and most recently awarded as 2024 CMO of the Year by Marketech APAC. 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.

**Publicly listed company*

**Gerard R. Darvin** is Senior Vice President and Sales Head of Corporate Solutions under Transaction Banking Center of UnionBank. He has held other roles in the Bank from 2000-2010 initially as a Relationship Manager in Retail Banking Center until he assumed the role of Director of Sales covering several regional areas. Prior to joining the Bank, he had extensive experience in Retail Banking Sales as a Branch Manager in Philam Savings Bank (an AIG company) from 1996 to 2000 and a Sales Officer in Citytrust Banking Corporation from 1992-1996. He started his banking career at Urban Bank, a mid-sized bank known for private banking in 1990 as a Sales Associate. Mr. Darvin graduated with a Bachelor of Arts degree in Political Science at the Ateneo de Manila University in 1990.

**Carlo I. Eñanosa** is 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*. 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.

**Publicly listed company*

**Rear Admiral Rommel Jason L. Galang PN, (Ret.)** is 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.

**Erika Denise D. Go** is Senior Vice President and Deputy Head for Transaction Banking Center of UnionBank. She has been in the banking and finance industry for over a decade holding various posts in both Manila and Hong Kong for Citibank, the French investment bank CA. She is a SEC-certified Trader and Head of the Fintech Business Group, prior to joining the Transaction Banking Center, and has had vast experience in Finance specifically in the field of Debt and Capital Markets, FX Sales Trading, Derivative Structuring and Corporate Banking and Investment Banking. She was a News Anchor for Bloomberg Philippines and hosted the headlines for some of its daily business news programs.

Ms. Go graduated with special mention from Ateneo de Manila University with a degree in Management and a minor in International Business. She also took further studies in Oxford University's Saïd Business School under their Fintech Program.

**Simran Khanna** is Senior Vice President and Head of Consumer Risk of UnionBank. She is a seasoned business leader with over 23 years of extensive experience in the areas of Credit Lending, P&L Strategy formulation, end-to-end Technology Implementation, and Analytic Service Delivery. Her career spans across Risk/Collections Strategy and Marketing, with notable achievements in senior stakeholder management, team leadership, and fostering innovation. Prior to joining the Bank, she was part of Citibank as a Credit Risk Review Head in North Americas where she led the credit risk and audit function for Secured Products managing credit risk, and prior to this role, she was assigned as Head for Unsecured Lending Policy and Portfolio Management in India and Head for Credit Risk Review in APAC and EMEA. She had a 3-year stint in Standard Chartered Bank, Singapore as Head of Retail Banking Unsecured Lending where she successfully developed risk decision framework and conducted portfolio shaping and stress testing. In Genpact LLC, India, she handled Retail Consumer Finance Collections Strategy Analytics and Implementation. Earlier in her career, she led the Marketing Models and strategy at the Analytics Center of Excellence in GE Capital International Services Consumer and Commercial businesses.

# PROFILE OF KEY OFFICERS

She graduated from Sri Ram College of Commerce with a degree in BA Economics in 1999 and from Delhi School of Economics with post graduate degree in MA Economics and Econometrics in 2001. She earned her Global Executive MBA from INSEAD in 2018 and Certificate in Machine Learning and AI from John Moores University in 2022.

**Concepcion Perla P. Lontoc** is Senior Vice President and Head of Retail Banking of UnionBank. Prior to this, she was Sales Director and Deputy Head for Retail Banking Center until December 31, 2024; and 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** is Senior Vice President and Head of Corporate and Digital Operations of UnionBank. He was First Vice President and Head of Operations and Shared Services Group of the Bank from July 2019 to July 2021 and Head of Customer Engagement Group April 2017 to July 2019. 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.

**Ana Jania F. Mañalac** is Senior Vice President and Head of Data Science and Analytics of UnionBank. Prior to this role, she was the Head of Data Group and Head of Data Ventures and Insights. She is responsible for providing business intelligence, analytics, data science and model validation support to various business units across the Bank. Before joining the Bank, she was the Head of Data and Analytics for Citibank Philippines from 2019-2022. She also held multiple roles within Citibank Consumer Risk Management from 2002-2019. She graduated with a Bachelor's degree in Statistics from the University of the Philippines in 1998.

**Dave T. Morales** is 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* 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.

**Publicly listed company*

**Jose Maria O. Roxas** is Senior Vice President and Sales Director of UnionBank. He started his career with the Bank as Foreign Exchange Trader in 1999 and then transferred to Retail Banking Group as Relationship Manager in 2007. In 2011, he was promoted as Sales Director for the Bank's Metro Central Region and for Ortigas Central Business district. Mr. Roxas graduated Cum Laude with a degree in Bachelor of Science in Business Management from De La Salle – College of St. Benilde.

**Raquel N. Sevidal** is Senior Vice President and Head of Commercial Banking of UnionBank. She has been the Deputy Head for Commercial Banking and the Chief Wholesale Credit Officer of the Bank. 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"). During her stint in MBTC, she also held the position of Division Head of Credit Group from and a Designated Senior Credit Officer; served as Vice Chairman of Credit Committee and as member of Non-Performing Asset Committee. 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.

**Publicly listed company*

**Gautam Sharma** is Senior Vice President. He is Retail Bank Sales Network Head of UnionBank. He has a 17-year track record of success in financial services and is 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.

**Ma. Cristina C. Tismo** is Senior Vice President, Chief Information Officer, Head of Information Technology & Services Group, and Head of Platforms and Solutions Delivery Management of UnionBank. She has over 20 years of experience in Information Technology. She started her career in the Bank as a Junior Programmer. Her role in leading the overall strategy and execution for application development, technical integration architecture, and quality assurance is paramount. Notably, she has exhibited remarkable leadership as the Bank's Lean Systems Engineering Head and more recently as Solutions Delivery Head. Her invaluable experience, expertise, and an illustrious track record set her on a course to lead the Bank into a new era of technological improvements. Ms. Tismo graduated from the University of the Philippines with a Bachelor's degree in Mathematics.

**Jeannette Yvonne M. Zagala** is Senior Vice President and Global 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*. She has extensive experience with distribution of investment and foreign exchange sales, fixed income securities and UITF products to difference market segments, among other. Ms. Zagala's leadership positions have included serving as Vice President and Fixed Income Products and Trading Desk Head of Citicorp Financial Services and Insurance Brokerage Phils., Inc. from July 2010 to January 2015, Senior Assistant Vice President and Fixed Income Asian Credit Portfolio of Banco De Oro Universal Bank* 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* as US$/PhP Swap and Forward Trader. She held various positions with the National Association of Securities Brokers, Inc.

**Publicly listed company*

**Norman C. Gabriel** is Senior Vice President and Chief Audit Executive of UnionBank. He is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA) and also holds certifications in Risk Management Assurance (CRMA) and Controls Self-Assessment (CCSA). He has more than 20 years of audit, operations and financial controllership experience from consumer goods, consumer electronics, banking and other industries. He previously worked as Country Controller for Accenture and Internal Audit Head at Goodyear Tires Asia Pacific and Samsung Electronics Philippines. He spent most of his career in Procter & Gamble, majority of which doing regional and global roles in the Internal Audit function. While at P&G, he also held roles in Credit Risk, Revenue and Trade Fund Management in the Asia HQ in Singapore. His early audit experience includes stints in KPMG, Security Bank Corporation* and UnionBank. Mr. Gabriel obtained his Bachelor of Science degree in Accountancy from De La Salle University.

**Publicly listed company*

**Edgar Allan G. Oblena** is Senior Vice President and Financial Controller of UnionBank. He also sits as Director of UBP Investments Corporation, a subsidiary of the Bank. Mr. Oblena was Vice President and Local Regulatory Reporting Head of Citibank N.A prior to joining the Bank in 2020. He also held position in ING Bank N.V. Manila Branch as Assistant Vice President and Head of Regulatory and Tax Accounting Services. He started his career as Audit Staff until he was promoted as Associate Director at E&Y Sycip Gorres Velayo & Co.

Mr. Oblena is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants. He holds a Bachelor of Science degree in Accountancy from the University of Santo Tomas.

**Jose Paolo G. Rufo** is Senior Vice President, Chief Information Security Officer, 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.* 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.

**Publicly listed company*

**Atty. Buenaventura S. Sanguyo, Jr.** is Senior 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.* 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.

**Publicly listed company*

**Therese G. Chan** is the Head of Wealth and Brokerage of UnionBank. She serves as Director of UnionBank Financial Services and Insurance Brokerage Inc. (UFSI). 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 Consumer Sales & Distribution Director from 2016-2019, and Senior Vice President, and Cards and Loans Sales Head (2012-2015) and CitiPhone Head (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.

**Erwin Wiriadi** is the Chief Risk Officer of UnionBank since 2022. Prior to joining the Bank, he was the Director and Head of Consumer Risk Management of Citibank N.A. Philippines from 2017 to 2022 and was also a TransUnion Philippines Board of Director member representing Citibank. He held various capacities relating to Risk Management in Citibank N.A. Indonesia for over 20 years prior being assigned to the Philippines. He held Senior Credit Officer entitlement sine 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 The Ohio State University, Columbus, Ohio with a degree in MSc Industrial and Systems Engineering in 1995.

# 2024 SUSTAINABILITY REPORT



## About This Report

The Union Bank of the Philippines 2024 Sustainability Report details UnionBank's business performance and sustainability strategy to create a diverse, inclusive, and equitable future for stakeholders. It shows UnionBank's commitment to making meaningful impact extending beyond its primary stakeholders and the banking sector. The report illustrates UnionBank's endeavors to co-create innovations that foster digital transformation and sustained environmental initiatives, and promote inclusion for the greater good.

**Reporting Framework:**
GRI Standards 2021, Sustainability Accounting Standards Board (SASB) Commercial Banks Sustainability Accounting Standard

**Approach to GRI:** In accordance

**Reporting Scope:** Parent Bank and subsidiaries CitySavings Bank, Bangko Kabayan, UBX, and Union Digital

**Reporting Period:**
January to December 31, 2024

**Reporting Cycle:** Annual

**Previous Report:** UnionBank's 2023 Sustainability Report, "Going Beyond, Going for Gold" published in April 2024.

UnionBank's interdepartmental Technical Working Group provided updates on environmental, social, and governance performance as part of the governance and data management process to meet regulatory and stakeholder reportorial requirements. This seventh sustainability report was prepared in accordance with the 2021 edition of the Global Reporting Initiative (GRI) Standards and Sustainability Accounting Standards Board (SASB) Commercial Banks Sustainability Accounting 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 unionbankph.com/sustainability/full-report.


ESG
ENVIRONMENT
SOCIAL
GOVERNANCE
AI
AI
AI
85%

# Sustainability at UnionBank: Next-Gen Thinking. Long-Term Value.

At UnionBank, sustainability is a core business strategy. It shapes how we manage risk, allocate capital, design products, and define success. It's how we build long-term value for our stakeholders, communities, and the planet.

Sustainability is also a foundation of our Next-Gen Strategy. As we lead digital transformation in banking, we recognize that innovation must be responsible. Sustainability guides how we improve operational efficiency, make future-focused investments, and ensure our growth is inclusive, resilient, and in sync with societal and environmental needs.

Being a Next-Gen bank is not just about offering smart, seamless digital experiences. It's about building a future-ready ecosystem—one that balances innovation with long-term responsibility. As we segment our customer base and refine our services, we stay mindful that not all users transition to digital at the same pace. Our goal is to meet people where they are while giving them the tools to thrive in a changing world.

To truly lead the next generation of banking, we must design with the future in mind. That means embedding sustainability into every layer of our business—from resource use and financing decisions to how we engage customers, empower communities, and grow with integrity.

## Sustainability Policy

3-3, 2-23, 2-24

UnionBank pursues digital transformation, invests in relevant social and environmental programs, and promotes equality and financial inclusion to power the future of banking. Throughout the banking group, employees commit to:

- Uphold, protect, and respect the environment, human rights, and labor standards.
- Contribute to enhancing positive social and environmental impacts.
- 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 on the most important issues of the business.
- Implement inclusive business programs and initiatives.
- Engage internal and external stakeholders to improve and promote cooperation continuously.
- Foster the development of in-house learning, management capacity, and leadership on sustainability issues.
- Comply with all national laws and regulations.
- Communicate transparently on sustainability performance.

Our Sustainability Policy provides clear direction for making responsible decisions across operations, products, and relationships. It sets shared standards for all employees, ensuring we consistently consider environmental, social, and governance (ESG) impacts in our day-to-day work.

In practice, this means:

- Integrating ESG screening into our credit risk assessment to mitigate exposure and provide risk control mechanisms for activities tagged with high environmental and social (E&S) risks
- Digitizing financial services to expand access for underserved communities, including MSMEs and remote areas.
- Reducing our operational footprint through cloud-based infrastructure, energy efficiency in branches, and waste reduction programs.
- Engaging employees through learning sessions on responsible banking, ethics, and inclusive practices.
- Conducting regular stakeholder consultations to inform policies, product development, and community initiatives.

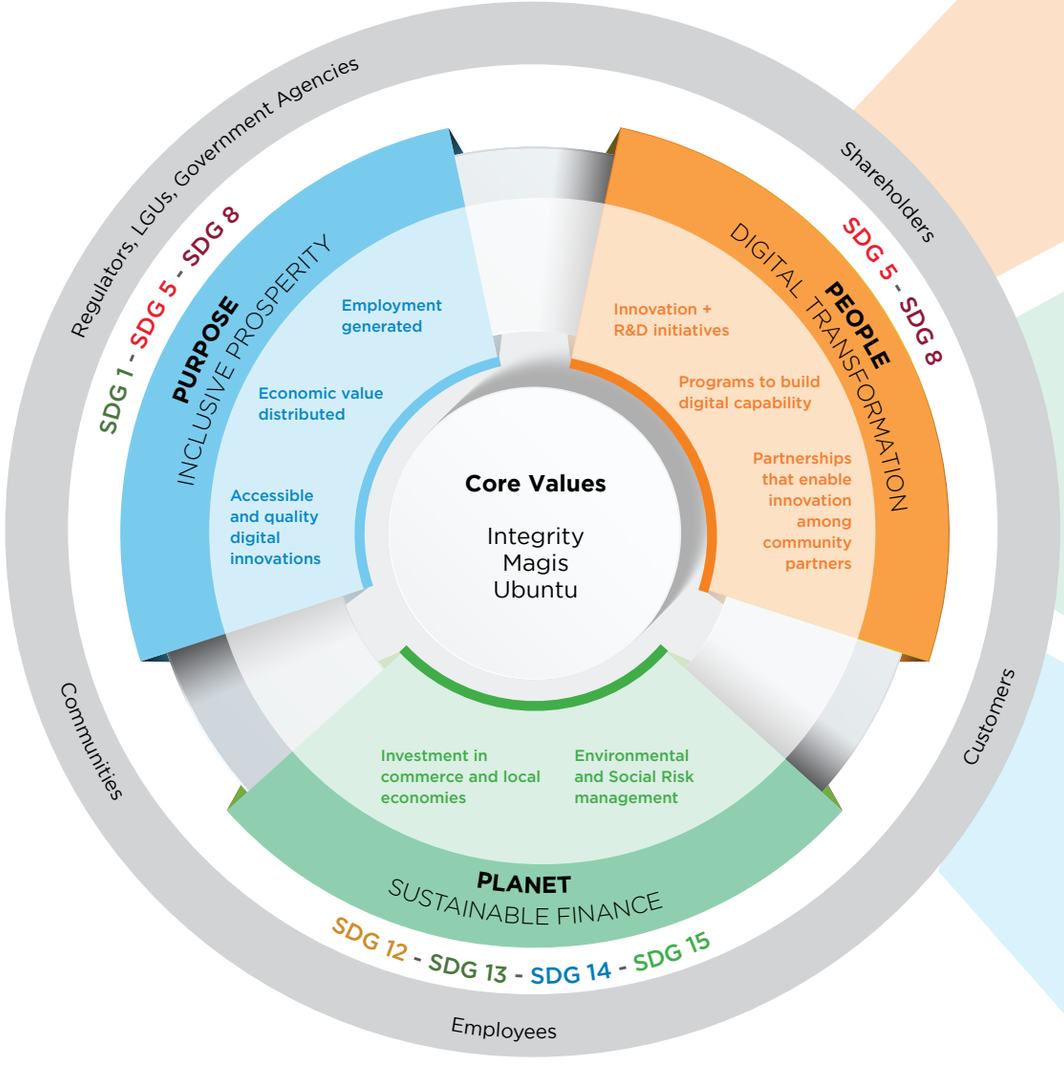


## Sustainability Framework: Connecting Ambition to Action

OUR ESG MISSION

**Tech Up Pilipinas**

Our Purpose: Co-create innovations for a better world




**People**
**Digital Transformation**

To invest in the future of the nation, UnionBank puts people first. It builds digital capability across platforms through internal and external trainings and develops innovative programs for local communities.

**Our Commitment**

We own the future. The success of our employees is our success. Through our culture of innovation and co-creation, we ensure that our employees and partners can #OwnTheFuture.

**Planet**
**Sustainable Finance**

The Bank understands the significance of its role in moving capital to mitigate environmental and social risks in 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 co-creates innovation for a better world.

**Our Commitment**

We save resources. We manage our resource use and environmental impact while encouraging all our stakeholders to lead sustainable lifestyles, with consideration for the future generation.

**Purpose**
**Inclusive Prosperity**

From employment generation and digitally enabled Filipinos to number of communities empowered, this focus area measures how effectively the Bank aligns its ESG agenda with its business strategy.

**Our Commitment**

We co-create innovations. UnionBank has been the Philippines' pioneer in transforming the banking industry, No one gets left behind as we encourage co-creating innovations for a better world.

# 2024 SUSTAINABILITY REPORT




Our Sustainability Framework provides structure and clarity. It translates big-picture goals—like climate action, social equity, and good governance—into policies, targets, and decision-making tools.

Our framework helps us focus on what matters, align with stakeholder expectations, and integrate environmental, social, and governance (ESG) factors into core strategy and operations.

In practical terms, this means:

- Embedding ESG criteria into risk management, lending, and investment decisions
- Aligning digital innovation with inclusive finance and responsible AI use
- Setting targets for operational sustainability, including energy use and emissions
- Driving internal accountability through cross-functional ESG governance
- Linking business unit goals to material sustainability issues

## Stakeholder Engagement: Inputs that Matter

2-25, 2-26

We place a high value on stakeholder input, recognizing it as essential to credible and actionable sustainability reporting.

Throughout 2024, we engaged with key stakeholder groups—customers, employees, investors, regulators, and communities—to better understand their concerns, expectations, and evolving priorities.

This feedback loop informs our policies, operations, and sustainability focus areas. To keep the dialogue open and timely, we use in-person and digital channels, including surveys, virtual forums, and customer service platforms.

| Stakeholder Group | Top Concern | Material Topic | Engagement Channels | Frequency of Engagement | UnionBank Response |
|---|---|---|---|---|---|
| **Customers**  | Access to customer service, product-related inquiries | ▪ Usability and Accessibility<br>▪ Customer Experience<br>▪ Data Privacy and Integrity<br>▪ Cybersecurity and Resilience<br>▪ Information Security<br>▪ Innovation<br>▪ Digital Inclusion<br>▪ Digital Capability | ▪ Online channels (Facebook, e-mail, X [formerly Twitter], Instagram, LinkedIn, Glassdoor, corporate pages)<br>▪ Customer service hotline<br>▪ Consumer complaints are reported at the Board level | Daily | ▪ 24-hour customer support center handles product inquiries, relationship management, and customer care<br>▪ Rafa, a 24/7 customer service chatbot, is accessible through Facebook messenger<br>▪ Through our Net Promoter Score (NPS) program, the Bank surveyed more than 901,200 customers with 6,877 respondents and 3,398 promoters. |
| **Employees**  | Health and medical benefits, loans, and government-mandated benefits; inclusive health and safety coverage | ▪ Labor Standards and Human Rights<br>▪ Employee Experience<br>▪ Employment<br>▪ Total Well-being<br>▪ Employee Volunteerism<br>▪ Diversity and Inclusion | HR Helpdesk | ▪ Daily (Human Resource Services<br>▪ Every two weeks (Employee Relations Initiatives) | ▪ Health and medical assistance (beyond PhilHealth) for employees<br>▪ Safety audits, emergency response training<br>▪ In-house clinics and accredited hospitals<br>▪ Health and mental wellness programs, annual physical exams<br>▪ Health management policies (including flu, tuberculosis, hepatitis A and B)<br>▪ Diversity, Equity, and Inclusion network (UMatter), DEI Summit with SOGIE 101 and related awareness workshops |
| **Communities**  | Relevant and continuing community development projects | ▪ Business Ethics<br>▪ Labor Standards and Human Rights<br>▪ Diversity and Inclusion<br>▪ Local Enterprise and Workforce Development<br>▪ Community Engagement<br>▪ Employee Volunteerism | ▪ Assigned account managers per area<br>▪ Website | Immediate feedback (e.g., after a Go Beyond Communities activity is completed) | ▪ GoBeyond Communities<br>▪ UBPXcellerator<br>▪ SSS UMID, Pag-IBIG, GlobalLinker |
| **Regulators, LGUs Government Agencies**  | Labor issues, occupational health, and safety | ▪ Risk Management<br>▪ Sustainable Finance<br>▪ Climate Change Issues<br>▪ Risk Management for Sustainability Management<br>▪ Environmental Compliance<br>▪ Socioeconomic Compliance | Reportorial submissions | Annual, or as needed | ▪ Sustainability Report<br>▪ Self-Monitoring Report (for Department of Environment and Natural Resources)<br>▪ Department of Labor and Employment (DOLE) workplace inspections |
| **Shareholders**  | Risk mitigation and effectiveness of approach | ▪ Business Ethics<br>▪ Financial Performance<br>▪ Indirect Economic Performance | ▪ Board and Committee Meetings<br>▪ Financial results briefings | ▪ Annual (stockholders' meeting)<br>▪ Quarterly (financial results briefings) | ▪ Investor Relations briefs<br>▪ Sustainability Report<br>▪ Corporate Website (including the sustainability microsite) |

## Scope and Materiality: Issues that Matter

Our sustainability reporting is informed by ongoing stakeholder engagement and guided by a focused, forward-looking approach that identifies what truly matters—topics that influence long-term strategy, enterprise risk, and value creation.

This report covers UnionBank's sustainability performance, with relevant data from CitySavings, Bangko Kabayan, UnionDigital, and UBX. It follows the GRI Reporting Principles and emphasizes stakeholder inclusiveness, materiality, and sustainability context.

The CSR and Sustainability Unit coordinates the reporting process with a cross-functional Technical Working Group (TWG). This group includes representatives from risk, compliance, corporate governance, treasury, operations, private banking, IT, facilities, and business services. Together, the team contributes data, flags emerging risks and opportunities, and helps determine which topics to prioritize—guided by stakeholder input and aligned with the Bank's strategic direction.

Sustainability reporting is a live process, not a static output. Every report begins with internal monitoring across departments, paired with stakeholder engagement to surface issues with material impact. The process doesn't end with publication. Each report feeds into the next, helping us refine priorities, track progress more effectively, and evolve our disclosures in step with shifting expectations and risks.

### PEOPLE
**Digital Transformation**

1. Usability and Accessibility
2. Customer Experience
3. Data Privacy and Integrity
4. Cybersecurity and Resilience
5. Information Security
6. Innovation
7. Digital Inclusion
8. Digital Capability



### PLANET
**Sustainable Finance**

9. Risk Management
10. Climate Change Issues
11. Sustainable Finance
12. Risk Management for Sustainability Management



### PURPOSE
**Inclusive Prosperity**

13. Business Ethics
14. Financial Performance
15. Labor Standards and Human Rights
16. Environmental Compliance
17. Socioeconomic Compliance
18. Employee Experience
19. Employment
20. Total Well-being (Compensation and Benefits)
21. Employee Volunteerism
22. Community Engagement
23. Indirect Economic Performance
24. Local Enterprise and Workforce Development
25. Diversity and Inclusion
26. Anti-Corruption Practices
27. Procurement Practices



### STAKEHOLDERS
**Regulators, LGUs, Government Agencies, Shareholders, Customers, Employees, Communities**

## Environmental and Social Risk Management: Next-Gen Resilience

3-3, 2-24

**Overview of UnionBank's Environmental and Social Management Risk System (ESMRS)**

We recognize that environmental and social (E&S) risks—whether arising from our operations or our clients—can materially affect credit exposure and business continuity. In response, we've strengthened our risk management approach to ensure resilience, regulatory compliance, and sustainable value creation.

Guided by regulatory standards and a next-generation mindset, our Environmental and Social Risk Management System (ESRMS) is designed to protect stakeholder interests, manage evolving threats, and enable inclusive, long-term growth.

Our ESRMS Framework is grounded in our sustainability philosophy and complies with BSP Circulars 1085 and 1128, as well as Memo 2022-042. In line with these expectations, we've adopted a sector- and geography-specific risk approach to better identify and assess both direct and indirect E&S risks—particularly those that may affect client creditworthiness and, by extension, our financial exposure.



### Credit Risk

**Threats:**
Earthquakes, flooding, and compliance with environmental laws.

**Description:**
The top three emerging risks based on E&S due diligence done on existing clients are earthquakes, flooding, and compliance to environmental laws.

These risks were identified using residual risk scores, specifically those classified as having both medium to high severity and vulnerability.

Severity refers to the potential magnitude and frequency of a risk assessed within each client's sectoral and geographic context. Vulnerability measures how effectively a client can manage or mitigate those risks based on the strength of existing controls and safeguards.



### Operational Risk

**Threats:**
Epidemic or pandemic, typhoon, earthquake, flooding, fire, IT failure, network failure, power outage, cyberattacks, data loss

**Description:**
The top existing threats are based on the Threats and Hazards Impact Assessment (THIA).

THIA is a tool used by the Bank's business units to assess the potential impact of threats and hazards specific to their operations

These identified threats represent risks that could disrupt business continuity. The list was further refined through consultations with the Occupational Safety and Health Division (OSHD) and the CSR and Sustainability Unit.

**Implementation and Progress of E&S Risk Management Initiatives**

We continue to strengthen our ESRMS through enhanced implementation across key risk areas. The following updates outline our progress in embedding ESG considerations into operational and credit risk processes.

**Operational Risk Management**
We integrate environmental, social, and governance (ESG) factors into the Bank's operational risk review process. Our risk teams identify, assess, monitor, control, and mitigate threats across business units.

The Operational Risk Management (ORM) Framework and Manual guide the use of core tools—Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), incident reports, and issue management—to drive ESG compliance.

The ORM successfully included general risk statements related to ESG compliance in the RCSA for the impacted units. Additionally, the current institutional KRIs for ESG require modification to align with BSP Circular 1149. Lastly, ESG factors have been integrated into the Risk Events in GRC to address any incidents or issues that may arise.

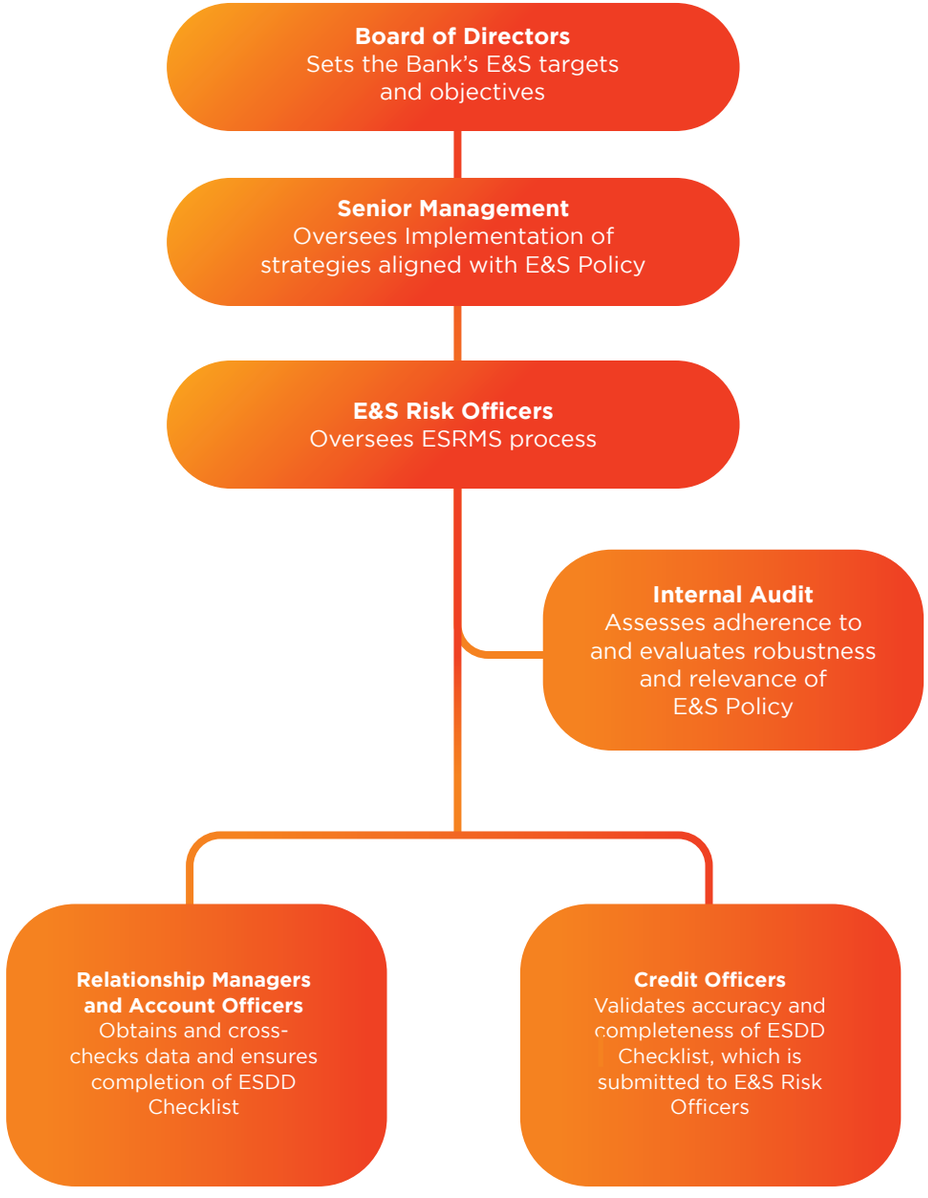
**Credit Risk**
We apply ESG risk screening in our wholesale credit process to strengthen resilience and ensure responsible lending. By incorporating environmental and social (E&S) factors into credit assessment, we proactively manage risks that may affect clients' financial health and the Bank's exposure.

Clients are required to submit an Environmental and Social Due Diligence (ESDD) tool as part of their documentation. We treat non-submission as a documentary deficiency, flagged under the Credit and Operations Risk Control guidelines. These assessments identify risks within client operations—such as exposure to climate hazards or non-compliance with environmental laws—and recommend time-bound actions to bridge gaps or reduce risk.

Our E&S Risk Officers monitor these action plans and report progress to the Risk Management Committee every quarter. Since we enhanced our E&S Risk Management Policy in March 2023, we've consistently rolled out E&S due diligence tools and scorecards across our wholesale lending portfolio.

To strengthen resilience and long-term value creation, we've also begun integrating E&S risk stress-testing into our Internal Capital Adequacy Assessment Process (ICAAP). This measure ensures that sustainability-related exposures are factored into capital planning and are managed as part of the Bank's broader risk appetite.

**ESRMS Process**



**Breakdown of E&S Risk Exposures of the Bank per Industry**
FN-CB-410a.2

Our Environmental and Social (E&S) review identifies the Bank's top industry exposures based on outstanding balances. As of 2024, the highest exposures are concentrated in the real estate, gaming and leisure, and telecommunications sectors.

| INDUSTRY | O/S in PHP Millions | % O/S |
|---|---|---|
| Real Estate | 30,403.00 | 21.00% |
| Gaming and Leisure | 29,664.50 | 20.50% |
| Telecommunications | 18,640.00 | 12.90% |
| Energy* | 18,425.30 | 12.70% |
| Water Services | 10,266.40 | 7.10% |
| Roads and Bridges | 9,648.50 | 6.70% |
| Manufacturing | 9,213.30 | 6.40% |
| Transportation and Storage | 4,519.30 | 3.10% |
| Wholesale and Retail Trade | 3,861.40 | 2.70% |
| Financing/Insurance Activities | 3,385.70 | 2.30% |
| Mining | 2,726.20 | 1.90% |
| Construction | 1,711.50 | 1.20% |
| Information and Technology | 699.5 | 0.50% |
| Medical Services | 432.9 | 0.30% |
| Education | 408.8 | 0.30% |
| Restaurant | 354 | 0.20% |
| Fishing and aquaculture | 177.4 | 0.10% |
| Shipyard | 25 | 0.00% |
| Memorial Services | 10 | 0.00% |
| Hotel Operations | - | 0.00% |
| **TOTALS** | **144,572.70** | **100%** |

**26.97% of Outstanding Balance (OS Bal) under the energy industry is comprised of renewable energy*

**Sustainable Finance Taxonomy Disclosure**

In line with BSP Circular 1187—the Philippine Sustainable Finance Taxonomy Guidelines (SFTG)—we have started surveying our wholesale loan portfolio to identify borrowers whose activities align with SFTG criteria and may qualify for future green financing incentives.

As of December 2024, we have reviewed 42.5% of our wholesale loan portfolio and classified these as either Green or Amber under the BSP's Sustainable Finance Taxonomy. The remaining 57.5% are accounts that either fall outside the Taxonomy's covered sectors or do not meet its criteria. Less than 3% of the portfolio still needs to be reviewed, showing that the Bank is close to completing the assessment

| Classification | O/S Bal (in PHP Millions) | % O/S | Count | % Count |
|---|---|---|---|---|
| Green | 69,660.37 | 35.5% | 81 | 9.6% |
| Amber | 13,613.92 | 6.9% | 13 | 1.5% |
| **TOTAL** | **83,274.29** | **42.5%** | **94** | **11.1%** |

**Existing and emerging E&S risks and their impact on the Bank**

We continue to sharpen our understanding of environmental and social (E&S) risks through structured assessments that account for both current and future exposures.

Currently, we integrate environmental, social, and governance (ESG) factors into our Threats and Hazards Impact Assessment (THIA) to identify, evaluate, and prioritize risks that could affect our Business Units, Branches, and Cash Centers.

The THIA process includes:

- Identifying threats and hazards that may disrupt operations
- Assessing the frequency or likelihood of each risk
- Evaluating the impact on business units if these risks materialize

Through this process, the Bank ensures that each critical threat or hazard has a documented response plan aligned with and supports our Business Continuity Management System (BCMS) objectives.

In addition to these operational risks, we assess credit-related E&S exposures based on residual risk scoring. Key emerging risks affecting our wholesale credit portfolio include extreme weather events such as flooding and earthquakes, which can weaken a borrower's financial health and increase the probability of loan defaults, and regulatory non-compliance, especially with environmental laws, which can impact both asset quality and the Bank's reputation.

We also see a growing need to manage transition risks. These include new sustainability regulations, pressure from climate-aligned investor expectations, and shifts in market demand toward green finance.

## Types of Emerging E&S Risks

To contextualize the Bank's exposure to emerging risks, we mapped them across four main categories—Credit, Operational, Reputational, and Market Risk—as shown below:



### Credit Risk

**Physical Risk:**
Extreme weather events such as flooding and earthquakes can impact a borrower's financial health, leading to increased loan defaults and a decline in asset quality.

**Transition Risk:**
Certain borrowers may struggle with compliance with environmental laws, resulting in potential loan defaults and a decline in asset value brought by stricter ESG regulations and policy changes.



### Operational Risk

**Physical Risk:**
Climate-related risks can threaten the Bank's operations by disrupting business activities, damaging critical infrastructure, and compromising employee safety across branches, data centers, and supply chains.

**Transition Risk:**
Compliance with sustainability regulations often requires additional investments in carbon reduction initiatives, ESG audits, and reporting measures



### Reputational Risk

**Physical Risk:**
Public criticism may arise from insufficient support for disaster-affected communities or from minimal investments in environmentally vulnerable or high-risk areas.

**Transition Risk:**
Continued financing of high-carbon industries may trigger negative public perception, especially amid increasingly strict climate policies.

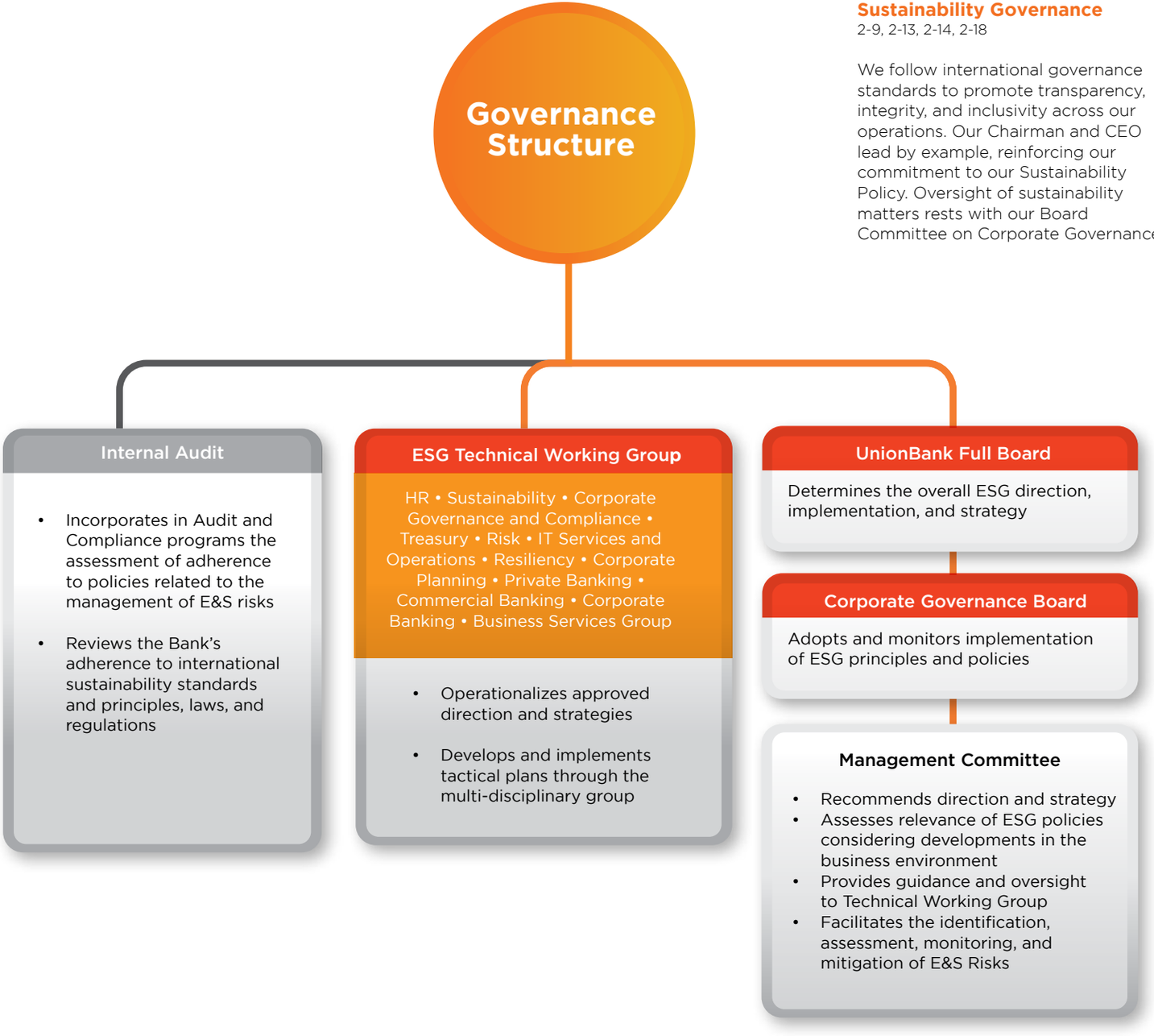


### Market Risk

**Physical Risk:**
Climate-related damage, such as environmental hazards affecting properties, can lead to declining asset values.

**Transition Risk:**
Growing demand for green finance and sustainability-linked investments from clients, investors, and stakeholders is reshaping market expectations.

We will launch the next THIA cycle in April 2025, with enterprise-wide completion targeted for November 2025. The results will further inform our ESG integration roadmap and provide more actionable insights for business units, especially as climate-related risks and sustainability expectations evolve.




## Sustainability Governance

2-9, 2-13, 2-14, 2-18

We follow international governance standards to promote transparency, integrity, and inclusivity across our operations. Our Chairman and CEO lead by example, reinforcing our commitment to our Sustainability Policy. Oversight of sustainability matters rests with our Board Committee on Corporate Governance.

Our ESG Technical Working Group monitors and manages UnionBank's sustainability-related risks and opportunities. Its members represent the following units:

- CSR and Sustainability
- Corporate Governance and Compliance
- Treasury
- Risk
- Resiliency
- Corporate Banking
- Commercial Banking
- Private Banking
- Business Services Group

We implement the following policies to oversee sustainability matters and enhance ESG performance:

- Sustainability Policy
- Wholesale Credit Risk Policy
- Operational Risk Management System Manual
- Third Party Due Diligence Form
- Business Continuity Management System Manual
- Code of Conduct
- Investment Policy Guidelines

Our CSR and Sustainability Unit, previously under the Human Resources Group, now operates under the Enterprise Risk Management (ERM) Group. This governance refinement reflects a deeper integration of sustainability into enterprise strategy and risk oversight, aligning with global best practices. By housing the unit within ERM, we recognize sustainability not just as a values-driven commitment but as a material business risk and opportunity. The team tracks programs and reports to the ESG Technical Working Group and Management Committee, ensuring ESG factors are considered in both enterprise-level decisions and day-to-day operations.

### Board Diversity
3-3, 406-1

UnionBank values board diversity and promotes it through a non-discrimination policy based on age, gender, religion, socio-political affiliation, or status.

The Bank follows governance guidelines prioritizing a balanced mix of age, expertise, and knowledge to ensure a well-rounded and effective Board. Each year, we review and uphold this policy to maintain alignment with the fit and proper standards set by the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC).

### Board Demographics



| | | | |
|---|---|---|---|
| **AGE** | Under 65 | : | **9** |
| | 65 and over | : | **6** |
| **GENDER** | Female | : | **2** |
| | Male | : | **13** |
| **TENURE** | Over 20 years | : | **2** |
| | 20 years and under | : | **13** |

### Codes of Conduct
2-27

UnionBank's Whistleblower Policy empowers individuals to report malpractice and ensures full protection for whistleblowers. We treat all concerns seriously, handle them with appropriate action, and maintain the highest level of confidentiality.

Reportable incidents include unlawful activity, fraud, corruption, and violations of Bank policies, agreements, or the Code of Conduct.

"We maintain a dedicated hotline to ensure anonymity and confidentiality. An independent investigating body evaluates each report and, when necessary, escalates it to the Discipline Committee for appropriate resolution."

**2024: 100%**

Percentage of regular and seconded employees in UnionBank and its subsidiaries covered by the Code of Conduct, with written acknowledgment and completed training

**2024: 100%**

Percentage of contractors, suppliers, and service providers covered by and with written acknowledgment of the Whistleblowing Policy (as part of the bidding process)

## Supply Chain Development

### Responsible Supply Chain Management: Managing Risk, Ensuring Resilience
204-1

We treat our supply chain as an extension of our business and values. That means holding third-party service providers (TPSPs) to the same high standards of performance, regulatory compliance, and sustainability that guide our internal operations.

To manage supply chain risk and ensure operational continuity, we conduct due diligence before engaging with any third-party vendor. Every TPSP undergoes performance monitoring, site inspections, legal compliance reviews, and periodic reaccreditation. This process is especially rigorous for IT-related services, which require additional layers of scrutiny, including vulnerability assessments, penetration testing, and remediation protocols before onboarding.

In 2023, we enhanced our outsourcing process by embedding a sustainability assessment aligned with BSP Circular 1128. In 2024, we took it further by integrating Environmental and Social Risk Management (ESRM) criteria—ensuring our partners can manage disruptions, sustain service delivery, and support UnionBank's long-term sustainability objectives. This shift makes ESG performance a core requirement across our partner ecosystem.

We also test the business continuity plans (BCP) of all critical service providers. Such evaluations help us prepare for service disruptions and protect customer experience. Every TPSP contract includes performance metrics and privacy and confidentiality clauses aligned with the Data Privacy Act and applicable laws.

**Procurement Practices**
We build relationships the same way we build our business—locally and responsibly. Across UnionBank, we prioritize local enterprises and invest in homegrown supply chains. We work with vendors that uphold our standards and contribute to our shared growth.

CitySavings and Bangko Kabayan follow the same philosophy. Their branches are community-centered by design, promoting financial inclusion and directly supporting neighborhood suppliers.

Each year, Bangko Kabayan conducts performance reviews of its vendors using a standardized monitoring tool. The review covers reputation, timeliness and responsiveness, quality of services or products, and compliance with government regulatory requirements.

## Supplier Corrective and Preventive Action Report (SCPAR)

3-3, 308-1, 308-2, 414-1, 414-2

We hold our suppliers and outsourced service providers (OSPs) to high standards of performance and accountability. When service gaps or issues arise, we activate the Supplier Corrective and Preventive Action Report (SCPAR) process to ensure swift, structured resolution.

Requesting units issue an SCPAR for incidents such as:

- Customer complaints
- Breaches of Service Level Agreements (SLA)
- Repeated service issues of a similar nature within a six-month period

Suppliers are required to submit corrective and preventive actions, which the requesting unit evaluates for adequacy and effectiveness. If controls are in place and working, the incident is closed. If not, further improvements are required.

Our General Services (GS) team monitors SCPAR progress and provides regular updates to ensure supplier issues are resolved and performance is continuously improved.

| Required Disclosure | Input | Reference |
|---|---|---|
| Proportion of spending on local suppliers (% of total) | 60% | Percentage of total payments made to local suppliers in 2024. |
| New suppliers screened using an environmental criterion (quantity) | 23 | OSP/IT Due Diligence Review for the year 2024 |
| Negative environmental impacts identified in the supply chain and actions (quantity) | 0 | |
| New suppliers screened using a social criterion (quantity) | 23 | OSP/IT Due Diligence Review for the year 2024 |
| Negative social impacts identified in the supply chain and actions (quantity) | 0 | |

**Pertains to UnionBank (parent) only.*

## Risk, Opportunities, Stakeholders



**Stakeholders**

Employees
Customers
Business partners
Suppliers
Stockholders
Board of Directors



**Risks**

Incidences of corruption and bribery may disrupt operations and create reputational risks that may affect relations with stakeholders and the Bank's financial performance.



**Opportunities**

Conduct a strong and consistent awareness campaign among employees, suppliers, and contractors, and other stakeholders to guarantee compliance with the Bank's Anti-Bribery and Corruption Policy.

## Anti-Corruption

3-3, 205-1, 205-2, 205-3

We conduct business with integrity and maintain a strict zero-tolerance policy toward bribery, fraud, and corruption.

To safeguard our operations and reputation, we comply with all applicable anti-bribery and corruption laws in the Philippines. Our governance framework includes key policies such as the Whistleblowing Policy, Fair Securities Dealing Policy, and Anti-Money Laundering (AML) Policy, which help detect, deter, and mitigate unethical practices.

The Board of Directors oversees the Bank's Anti-Bribery and Corruption Compliance Program and ensures it is enforced across all levels. This includes clear prohibitions on soliciting or accepting gifts, entertainment, or personal benefits, along with controls on ethical vendor management and whistleblower protection.

In alignment with the Bangko Sentral ng Pilipinas' expectations and our fiduciary duty as a bank, UnionBank emphasizes extraordinary care in all transactions, ensuring no hint of impropriety. We instill this standard in both our employees and our external partners. Business partners are encouraged to exercise restraint in offering gifts to UnionBankers—permitted only for nominal, company-branded items—and to immediately report any solicitation or misconduct violating the Bank's anti-corruption policies.

Suppliers and service providers must also adhere to relevant provisions of UnionBank's Code of Conduct. We do not use our position as a client to impose unfair conditions or breach contracts in bad faith. Purchasing decisions are based on objective criteria such as reliability, integrity, and long-term relationship value. As a general rule, UnionBank employees are prohibited from accepting gifts, services, or favors of any value from vendors.

In 2024, UnionBank ensured that 100% of employees, management, Directors, and business partners received information and training on anti-corruption policies and procedures consistent with updated SEC standards. There were no monetary losses from legal proceedings related to corruption or financial misconduct, and the Bank recorded zero dismissals or contract terminations due to corruption-related offenses.

Any reports of bribery or corruption are subject to thorough investigation. Disciplinary action—including administrative measures, termination of contracts, or legal proceedings—is taken as warranted under the Bank's Code of Conduct and related governance policies.

| Required Disclosure | 2024 |
|---|---|
| Total Percentage of employees, management, and Directors who received information and training on anti-corruption policies and procedures | 100% |
| Total monetary losses from legal proceedings related to fraud, insider trading, antitrust, anticompetitive behavior market manipulation, or other financial industry violations | None |
| Number of Incidents for dismissal of employees or Directors due to corruption | 0 |
| Number of Incidents of contract termination due to corruption | 0 |
| Actions taken and Management Approach for reported Incidents | The Bank will investigate all reports of alleged bribery or corruption thoroughly and take appropriate action, which may include administrative measures in line with the Bank's Code of Conduct, termination of contract, or legal action. |

## Risk, Opportunities, Stakeholders



**Stakeholders**

Suppliers
Customers
Shareholders
Investors
Regulators
Government Agencies
Local Communities



**Risks**

- **Compliance Issues** can result in fines, penalties, and legal action
- **Supply chain disruptions** can affect continuity of operations
- **Unethical sourcing** can lead to reputational damage and legal liabilities



**Opportunities**

- **Risk management** processes such as supplier assessment, monitoring, and contingency planning can enhance resilience and safeguard business continuity
- **Cost savings** can be generated through procurement strategies such as bulk purchasing, contract negotiation, and supplier consolidation
- **Supplier diversity** and engaging small and minority-owned businesses promote economic inclusion, foster innovation, and reduce reliance on a single supply source
- **Collaborative partnerships** based on trust, transparency, and shared values foster innovation, drive efficiency, and create value along the supply chain

## Environmental, Social and Governance (ESG) Highlights/Tech Up Pilipinas

UnionBank advances sustainability by designing digital solutions that deliver real-world impact. Our tech-enabled strategy goes beyond traditional banking models—connecting with underbanked, rural, and next-generation markets to foster inclusion, resilience, and economic empowerment.

Tech Up Pilipinas, our sustainability framework designed to power long-term value across People, Planet, and Purpose is at the heart of this approach. It advances progress through three core commitments: Inclusive Prosperity, Digital Transformation, and Sustainable Finance.

(For a detailed discussion of our Sustainability Framework, please see pages 134.)

As customer expectations shift toward speed, personalization, and always-on service, Tech Up Pilipinas positions UnionBank to lead. It aligns with our NextGen Strategy, where we combine advanced technology, data-driven delivery, and a human touch to redefine the banking experience.

## Transition Plan Progress: UB's Sustainable Finance Framework (SFF)

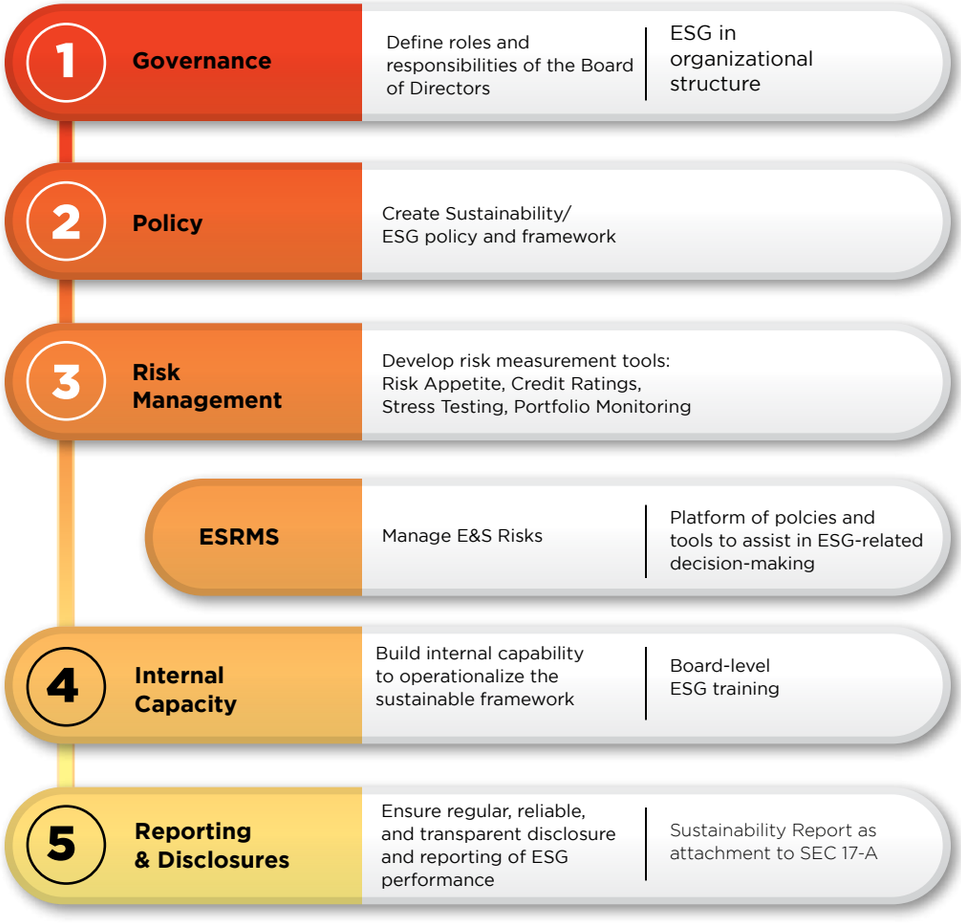
UnionBank's sustainability strategy is fully aligned with national priorities and regulatory expectations. In compliance with Bangko Sentral ng Pilipinas (BSP) Circular No. 1085, we continue to integrate sustainability principles into our governance structures, risk frameworks, and strategic objectives.

Issued on April 29, 2020, the BSP's Sustainable Finance Framework requires all banks to embed environmental, social, and governance (ESG) factors into their operations in a manner appropriate to their size, risk profile, and complexity. It also mandates the development of board-approved transition plans that define how sustainability will be systematically adopted across the institution.

Banks were given a three-year window to operationalize this shift. During that time, they were expected to prepare clear, time-bound strategies to align with the framework's requirements. These transition plans must be submitted to the BSP upon request, starting six months after the circular's effectivity.

# 2024 SUSTAINABILITY REPORT

The diagram below outlines the BSP's requirements:




In direct response to BSP Circular 1085, UnionBank established its Environmental, Social, and Governance (ESG) Technical Working Group (TWG) in May 2020 to guide the development and implementation of its transition plan.

The TWG is a cross-functional team that drives UnionBank's sustainability strategy through dedicated workstreams. Meeting quarterly, the group aligns ESG initiatives with business objectives and ensures integration across operations, risk management, and governance. It also facilitates internal learning sessions to build ESG literacy and stay ahead of regulatory developments and emerging best practices.

TWG members represent key departments including Risk, Finance, Strategy, Operations, Sustainability, and Corporate Social Responsibility.

UnionBank is embedding sustainability in its DNA, policies, programs, and processes. The ESG TWG's sustainability initiatives include:




Through the TWG, UnionBank formally launched its Sustainable Finance Framework (SFF) in 2021. The SFF guided our approach to financing projects that create measurable environmental and social value. The SFF was independently reviewed by Sustainalytics, which issued a Second-Party Opinion (SPO) confirming alignment with global sustainability principles and standards.

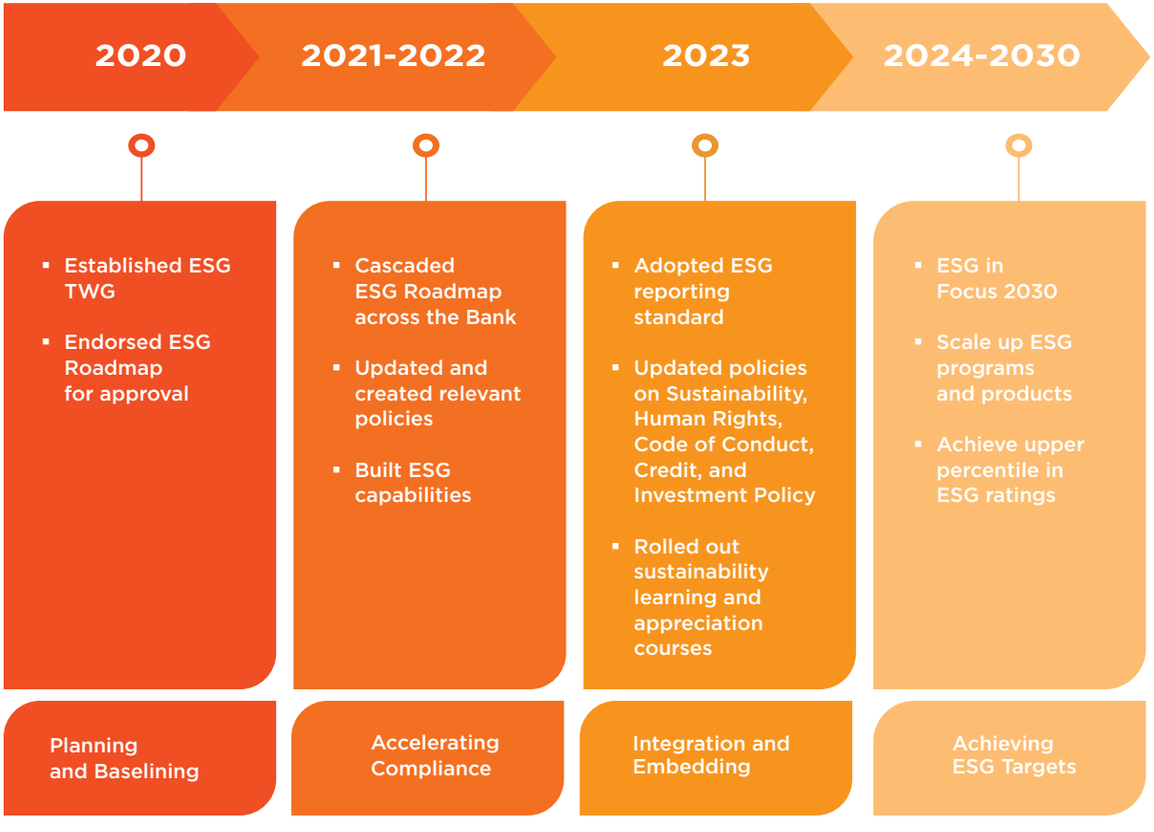
That same year, UnionBank issued its first social bond under the SFF, backed by a seven-year USD 150 million (PHP 7.55 billion) investment from the International Finance Corporation (IFC). Proceeds from the bond were allocated exclusively to qualified micro, small, and medium enterprise (MSME) loans, which were screened against IFC's eligibility criteria and exclusion list.

By August 31, 2021, the Social Bond was 100.26% allocated, with total MSME loans reaching PHP 7.57 billion. As of December 31, 2021, the Bank's Use of Proceeds Registry recorded an allocation of PHP 7.793 billion, representing 103.225% of the gross proceeds.

In 2023, UnionBank revised its Sustainable Finance Framework to further strengthen our sustainable financing strategy and reflect our maturing commitment to best-in-class ESG practices. Following the update, Sustainalytics issued a new SPO, reaffirming the SFF's alignment with the Green Bond Principles and Social Bond Principles and reinforcing the Bank's credibility as a sustainable issuer.

## ESG Roadmap

UnionBank achieved the milestones set in our ESG Roadmap for 2020 to 2023. For 2025 and beyond, we will build on lessons learned to shape our future direction through 2030 and beyond.




## Activating Our Commitment: UnionBank's Sustainability Framework

2-24

UnionBank's Sustainability Framework lays the groundwork for embedding environmental, social, and governance (ESG) principles into business operations.

While we continue to strengthen this integration, the framework serves as a guide to institutionalizing sustainability—anchoring it in governance, risk management, capability building, responsible finance, transparent reporting, and regulatory alignment. Each component contributes to building a culture of shared accountability across the organization.

As we move forward, this evolving framework helps translate our sustainability ambitions into practical steps—supporting regulatory compliance, better risk awareness, and long-term value creation.



## UnionBank's Sustainability Framework

Corporate Governance and Compliance: Institutionalize sustainability principles across policies and practices.

Environmental and Social Risk Management System (ESRMS): Develop and maintain the ESRMS; integrate E&S risks into existing policies and documentation.

Capability Building: Foster a culture of responsible decision-making through training, workshops, and ESG engagement initiatives.

Sustainable Finance: Develop financial products and services incorporating ESG considerations into business decisions.

Communications: Provide clear, timely, and accurate disclosures of ESG performance.

Audit and Alignment: Monitor compliance with international frameworks and regulatory requirements through regular audits and reviews.

## Climate Strategy

UnionBank's climate strategy aims to make our operations and financial services more sustainable. We do this by:

- Tracking and monitoring our carbon footprint to improve energy use and efficiency.
- Following sustainable finance guidelines to support responsible investments.
- Strengthening our ability to adapt to climate challenges.

Climate risk is no longer a compliance issue—it's a strategic priority. To reinforce climate resilience, we follow key sustainability guidelines such as the Environmental and Social Risk Management System (ESRMS), the Sustainable Finance Framework (SFF), and the Sustainable Finance Taxonomy Guidelines (SFTG) issued by the Bangko Sentral ng Pilipinas. These standards help ensure our financial decisions are aligned with responsible growth and long-term impact.

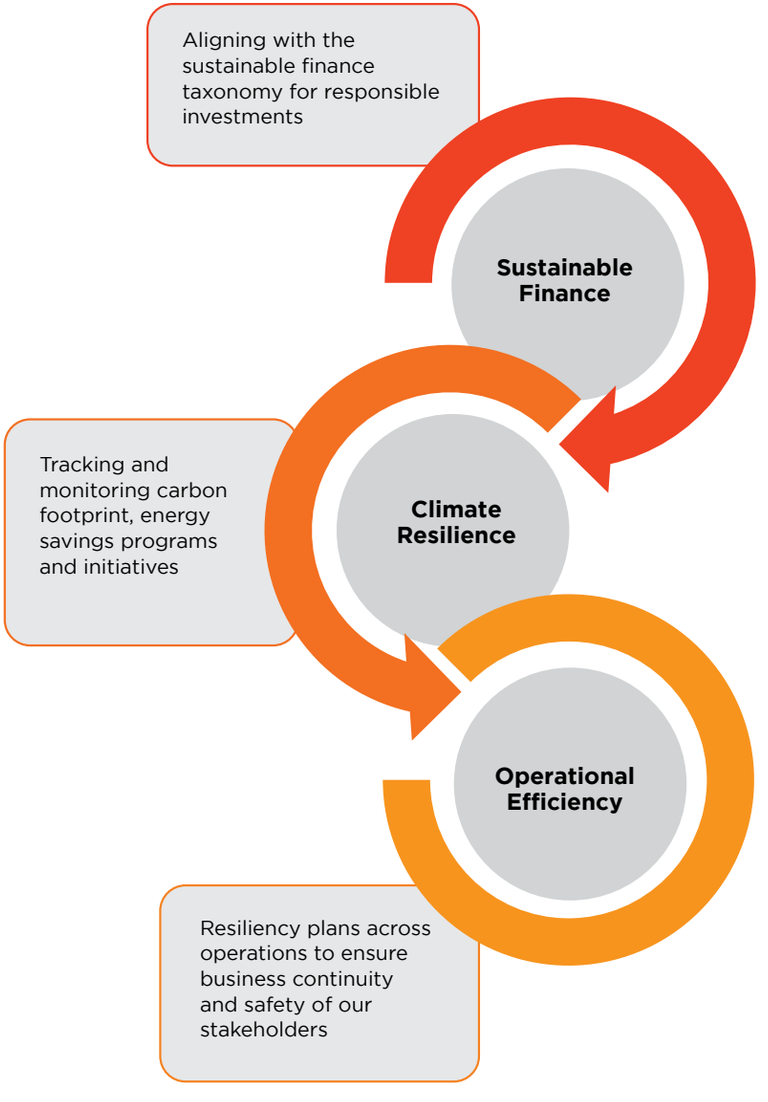
At UnionBank, we see regulatory compliance as a strategic enabler rather than a constraint in managing climate risks. As the regulatory landscape evolves with frameworks like BSP Circulars 1128 (on E&S Risk Management) and 1187 (on sustainable taxonomy), our approach ensures climate risk is embedded into business strategy—not just to meet compliance requirements, but to strengthen long-term resilience and profitability.

The reality is that climate risks are financial risks. Failing to integrate them into our decision-making exposes us to asset devaluation, credit losses, and operational disruptions. By leveraging digital tools and data-driven risk assessment models, we enhance our ability to quantify these risks, optimize capital allocation, and protect our balance sheet.

UnionBank's Resiliency Group developed response plans for severe weather events to strengthen climate resilience across operations. These plans enable seamless resumption strategies in various loss scenarios, from facility downtime and public transport disruption to reduced workforce availability. Our Incident Response Team (IRT), a cross-functional unit, is activated during climate disasters to ensure continuity across critical operations.

For extreme typhoon scenarios, we deploy Bank On Wheels to bring essential banking services—including access to cash—directly to affected communities. This was successfully implemented during Typhoon Odette, when extended power outages in Cebu left customers unable to access traditional banking channels.

Striking the right balance between compliance, profitability, and innovation is critical. We do this by aligning climate risk with our broader enterprise risk management framework—ensuring that our financial strategies support growth and long-term sustainability.



## Other Initiatives: Staying Aligned with Global ESG Standards

UnionBank continues to strengthen its ESG performance by aligning with leading global frameworks, including the Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), and the World Economic Forum.

In 2024, we deepened ESG integration across the organization. We launched targeted ESG learning sessions for key teams and hosted Eco-awareness Week to promote sustainable habits and everyday climate action among employees.

On the environmental front, we advanced our Environmental Management System (EMS) and introduced Small Steps Matter—a data-driven initiative that empowers branches to monitor and reduce their resource consumption. We continued our shift toward low-carbon operations by processing 75.81% of transactions through digital channels, considerably reducing paper use across the Bank.

## Sustainability Learning and Appreciation Courses: Building Capacity for Sustainable Finance

2-24, 404-1

In 2024, UnionBank implemented targeted training programs across multiple employee levels and functions to strengthen our organizational capacity for sustainable finance. These initiatives support compliance with regulatory requirements—particularly BSP Circular 1187 on Sustainable Finance Taxonomy Guidelines (SFTG)—and ensure sustainability is integrated into daily operations and decision-making.

The Bank conducted SFTG-focused training sessions for key business units and the Wholesale Credit Group, with 87 participants completing sessions on assessing client activities against BSP criteria. The sessions included technical guidance on completing the SFTG assessment template and identifying qualifying green economic activities for financing consideration. A separate bankwide SFTG session reached 206 participants, reinforcing the importance of sustainable finance awareness across the organization.

In total, UnionBank recorded 1,033 training hours dedicated to sustainability in 2024. The breakdown is as follows:

| Training Program | Participants | Total Hours |
|---|---|---|
| SFTG Training Session for Wholesale Credit Group and Business Units (BSP Circular 1187 - Sustainable Finance Taxonomy Guidelines) | 87 | 5 |
| Bankwide SFTG Training Session | 206 | 2 |
| GHG Accounting and Management | 4 | 20 |
| Learn2Lead Course | 2 | 30 |
| Intro to ESG and Sustainable Finance (online course) | 138 | 20 mins. |
| Total Sustainability Training Hours | **1,033** | |

To embed sustainability principles into employee learning journeys, all new hires must complete the Introduction to ESG and Sustainable Finance course via the UnionBank University Portal. Additionally, self-paced Environmental and Social Risk Management (ESRM) modules are accessible to all employees through the same platform.

For teams directly involved in ESG implementation, the ESG Technical Working Group (TWG) receives advanced training through external partners. Programs include the Learn2Lead Sustainability Training Program—a 10-week course on sustainability leadership—and Climate Action Practitioner, which focuses on greenhouse gas (GHG) accounting and emissions reporting.

For senior leaders and management, a third-party consultant facilitated in-depth discussions on the SFTG to support management's understanding, implementation, and alignment with BSP Circular 1187.



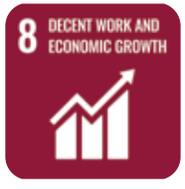
## Our SDG Contributions

Throughout this report, we've outlined how UnionBank integrates sustainability into strategy, risk, operations, and culture. These efforts also align with the United Nations Sustainable Development Goals (UN SDGs)—a shared global agenda for inclusive growth and a healthier planet.

The contributions below reflect how our work supports specific SDGs through real actions, partnerships, and outcomes across the Bank.

| UN SDG | Targets | Sustainable Efforts |
|---|---|---|
|  End poverty in all its forms everywhere | **Target 1.4**<br>By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services, including microfinance | "Economic Empowerment Program" in Makati City UnionBank Senior Ambassadors helped 50 utility and security personnel by boosting their incomes through a livelihood program in local food production |
|  End hunger, achieve food security and improved nutrition and promote sustainable agriculture | **Target 2.3**<br>By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment | PHP 177.4M in Outstanding Loans support fishing and aquaculture |
|  Ensure healthy lives and promote well-being for all at all ages | **Target 3.4**<br>By 2030, reduce by one-third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being | UnionBank Policy and Program on Cancer Prevention and Control, in compliance with DOLE Labor Advisory No. 20, series of 23 |
| | **Target 3.8**<br>Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services, and access to safe, effective, quality and affordable essential medicines and vaccines for all | PHP 432.9M in Outstanding Loans support Medical Services |
|  Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | **Target 4.1**<br>By 2030, ensure that all girls and boys complete free, equitable, and quality primary and secondary education, leading to relevant and effective learning outcomes | PHP 408.8M in Outstanding loans support Education<br><br>"Tools for Success: Empowering Calaocans Bright Minds" in Dipaculao, Aurora, where UnionBankers supported students' educational development by providing school supplies, equipment, hygiene kits, and nutritious food. |

| UN SDG | Targets | Sustainable Efforts |
|---|---|---|
|  Achieve gender equality and empower all women and girls | **Target 5.1**<br><br>End all forms of discrimination against all women and girls everywhere | 61% Share of women in total UBP workforce<br>49% Share of women in total UD workforce<br>40.36% Share of women in total UBX workforce<br>40.25% Share of women in total CSB workforce |
| | | 34% Share of women in STEM-related positions in UBP<br>36% Share of women in STEM-related positions in UD |
| | | Two women out of 15 members of the Board of Directors |
| | **Target 5.5**<br><br>Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life | 61% Share of women in all management positions, including junior, middle, and top management in UBP<br><br>27% Share of women in all management positions, including junior, middle, and top management in UD<br><br>29.41% Share of women in all management positions, including junior, middle, and top management in UBX<br><br>20.78% Share of women in all management positions, including junior, middle, and top management in CSB |
| | | 60% Share of women in management positions in revenue-generating functions in UB<br><br>33% Share of women in management positions in revenue-generating functions in UD<br><br>0.53% Share of women in management positions in revenue-generating functions in UBX<br><br>1.65% Share of women in management positions in revenue-generating functions in CSB |
|  Ensure availability and sustainable management of water and sanitation for all | **Target 6.1**<br><br>By 2030, achieve universal and equitable access to safe and affordable drinking water for all | 10.27B Outstanding loans to support water Services |
|  Ensure access to affordable, reliable, sustainable and modern energy for all | **Target 7.2**<br><br>By 2030, increase substantially the share of renewable energy in the global energy mix | 26.97% of OS Bal under the energy industry is comprised of renewable energy |

| UN SDG | Targets | Sustainable Efforts |
|---|---|---|
|  Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | **Target 8.1**<br><br>Sustain per capita economic growth in accordance with national circumstances and, in particular, at least seven percent gross domestic product growth per annum in the least developed countries | PHP 85.66B Direct economic value generated |
| | **Target 8.3**<br><br>Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services | Total number of MSMEs supported by the bank products and services: 4,351<br><br>Amount of loans provided to MSMEs: PHP 9.60B<br><br>UB Negosyante: Accelerating the Growth of the Franchise Industry,<br><br>UnionBank's MSME segment has strategically launched more targeted initiatives to penetrate the franchise industry in 2024. With enhanced Power Tools (UB SME products and services) aimed at uplifting the lives of Negosyantes |
| | **Target 8.5**<br><br>By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value | UnionBankers availed the 2024 employee support program |
| | **Target 8.8**<br><br>Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment | Presidential Award from the Safety Organization of the Philippines Inc., underscores UnionBank's dedication to employee well-being and its leadership in industry safety standards |
|  Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation | **Target 9.1**<br>Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all | PHP 30.03B Outstanding loans to support the telecommunications, infrastructure, construction, and shipbuilding sectors |

| UN SDG | | Targets | Sustainable Efforts |
|---|---|---|---|
|  | Ensure sustainable consumption and production patterns | **Target 12.5**<br><br>By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse | 40 KG Collected through E-waste Zero Project<br><br>1,222.05 Tonnes Trash collected by Bangko Kabayan in PBSP X-Trash Challenge |
|  | Take urgent action to combat climate change and its impacts | **Target 13.3**<br><br>Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning | Bayani ng Komunidad - Solar Street Lights with eco-bricks foundation<br><br>Bangko Kabayan has made strides in educating local communities about the environment, focusing on reducing plastic waste.<br><br>Through the Bayani ng Komunidad program, residents, students, and teachers learned how to convert single-use plastics into Eco bricks, creating sustainable waste management solutions |
|  | Conserve and sustainably use the oceans, seas and marine resources for sustainable development | **Target 14.1**<br><br>By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution | UBP x Calatagan Reef Patrollers: Coastal Cleanup<br>Collected over five sacks of garbage from the mangroves and donated PHP 24,000 worth of rescue and medical equipment.<br><br>Coastal Conservation Project<br>Conducted a coastal cleanup, planted 80 mangrove seedlings, and learned about marine conservation and pawikan protection. |
|  | Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss | **Target 15.2**<br><br>By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally | UnionBank's Governance and Payment Solutions (GPS) Group Tree Planting- Plant trees, save lives, planted 72 trees to support reforestation efforts at La Mesa Watershed. GPS employees planted 500 seedlings of fruit-bearing and hardwood trees, donated protective gear and equipment, and learned about the ongoing fight against deforestation. |



# PURPOSE: Inclusive Prosperity

**UnionBank is committed to making financial services accessible to all Filipinos, especially those in underserved and unbanked communities. Through our Purpose pillar, we deliver inclusive solutions that empower individuals, small businesses, and local ecosystems.**

**For us, financial inclusion isn't only about growing numbers—it's about giving people the tools to improve their financial well-being. We don't just aim to onboard new customers—we aim to make banking more meaningful and empowering.**

Our subsidiaries—CitySavings, Bangko Kabayan, UnionDigital Bank, and UBX—combine digital access with financial education, tech with trust.

In 2024, CitySavings issued a social bond to support lending for women in lower-middle-income groups. Bangko Kabayan, our community bank in Southern Luzon, continues to provide accessible financial services to microentrepreneurs and rural borrowers—deepening trust in local markets through personalized banking and on-the-ground presence.

UBX, our open finance arm, scaled its Open Finance platform through a partnership with Netbank, unlocking new channels for inclusive finance.

UnionDigital helps individuals and small businesses build resilience through accessible savings, credit, and payments. It delivers a fully digital banking experience that brings secure and affordable services to people left out of the formal banking system.

## Direct economic value generated and distributed

3-3, 201-1

| Summary based on GROUP Figures, in PHP B | 2022 | 2023 | 2024 |
|---|---|---|---|
| **Economic value generated** | **59.76** | **83.32** | **85.66** |
| **Economic value distributed** | **47.01** | **74.12** | **73.63** |
| Payments to employees | 10.00 | 13.56 | 14.12 |
| Salaries and employee benefits | 10.00 | 13.56 | 14.12 |
| Payments to suppliers | 15.37 | 23.35 | 22.51 |
| Occupancy | 1.03 | 1.16 | 1.17 |
| Depreciation and amortization | 1.86 | 2.67 | 2.84 |
| Miscellaneous (Others) | 12.48 | 19.52 | 18.50 |
| Payments to capital providers | 11.62 | 26.59 | 25.71 |
| Deposit liabilities | 6.02 | 15.79 | 12.49 |
| Bills payable and other liabilities | 5.60 | 10.80 | 13.22 |
| Payments to governments | 9.97 | 10.59 | 11.27 |
| Taxes and licenses | 4.11 | 5.94 | 6.10 |
| PDIC + Supervision Fees | 1.82 | 2.01 | 1.52 |
| Tax expense | 4.04 | 2.64 | 3.65 |
| Payments to communities | 0.04 | 0.04 | 0.02 |
| Donations | 0.04 | 0.04 | 0.02 |
| **Economic value retained** | **12.74** | **9.20** | **12.03** |




### CitySavings

CitySavings is one of the country's leading thrift banks, operating as a subsidiary of UnionBank. Founded in 1965 in Cebu City, it has grown from its roots as the Cebu CitySavings and Loan Association into a nationwide financial institution with over 140 branches serving the mass market.

Known as the market leader in teachers' salary loans, CitySavings has expanded its products to include motorcycle loans, government and private sector salary loans, and LGU payroll programs.

CitySavings plays a key role in UnionBank's financial inclusion strategy by offering accessible, simplified banking to underserved segments through a mix of physical presence and digital innovation.

In 2024, CitySavings marked a major milestone, reaching a PHP 100 billion loan portfolio, reflecting its impact and scale. As it continues to grow, the bank remains focused on elevating lives through responsible lending, financial access, and purpose-driven banking—making inclusion tangible in the communities it serves.







## Bangko Kabayan

Bangko Kabayan (BK) is a community-rooted rural bank serving the mass market and micro, small, and medium enterprises (MSMEs) across Southern Luzon and the Visayas. Founded in 1957 as Ibaan Rural Bank, BK has grown into a trusted regional institution with deep relationships in underserved communities and a strong focus on accessible, relationship-based banking.

In 2021, CitySavings and UBP Investment Corporation, both subsidiaries of UnionBank, acquired a 70% stake in BK to expand financial inclusion efforts and strengthen MSME lending. The acquisition combined BK's grassroots reach in CALABARZON—a key economic region comprising Cavite, Laguna, Batangas, Rizal, and Quezon provinces—with UnionBank's digital capabilities and scale. In 2023, BK further expanded through a strategic merger with FairBank and Progressive Bank, consolidating operations to enhance rural banking services in the Visayas region.

BK was recognized as the Best MSMEs Development Bank in the Philippines at the 2023 International Finance Awards for its outstanding contribution to inclusive finance. As of September 30, 2024, it reported PHP 4.80 billion in assets, PHP 3.83 billion in deposit liabilities, and PHP 3.78 billion in loans, making it the 20th largest thrift bank in the country by assets.

## UnionDigital

UnionDigital Bank, a subsidiary of UnionBank, was launched to accelerate digital banking and drive financial inclusion across the Philippines. Born out of UnionBank's pioneering digital transformation journey, UnionDigital received its license from the Bangko Sentral ng Pilipinas (BSP) in 2021 and officially began operations on July 18, 2022, offering a suite of mobile-first financial services.

Following its rollout, UnionDigital has integrated UnionBank's digital banking unit, EON, and rapidly scaled its platform. In the first half of 2023, it posted triple-digit growth compared to the previous half—signaling strong market demand for accessible, data-powered finance. As of September 30, 2024, UnionDigital reported PHP 20.53 billion in assets, PHP 15.26 billion in deposits, and PHP 8.59 billion in loans, with PHP 4.42 billion in equity.

In March 2024, UnionDigital was named Best Digital Bank in the Philippines at the Global Excellence in Retail Finance Awards 2024, hosted by TAB Global, a leading international platform for financial intelligence and industry recognition. The award highlights UnionDigital's leadership in digital innovation and its impact on financial inclusion. With a fully digital model focused on underserved sectors, UnionDigital continues to make banking simpler, smarter, and more inclusive for millions of Filipinos.

## UBX

UBX, the fintech arm of UnionBank, was established in 2018 to lead digital transformation and expand financial inclusion across the Philippines. Designed to operate beyond traditional banking, UBX builds open platforms that embed finance into everyday life—powering MSMEs, cooperatives, and rural communities with scalable, tech-enabled solutions.

UBX's Open Finance ecosystem recently expanded through a partnership with Netbank—enables smarter, data-driven lending.

UBX also co-develops blockchain-based tools and applies AI-driven credit scoring models to widen access to funding for underserved borrowers. Through its partnership with Temenos, UBX delivers core digital banking services to rural banks, extending reach to remote and offline communities.

In September 2024, Tokyo-based SBI Holdings acquired a 16.7% minority stake in UBX—signaling strong investor confidence in its innovation engine and long-term growth potential. As the fintech landscape evolves, UBX continues to plug inclusive finance into the systems people already use—turning technology into opportunity at scale.

## City Savings Bank: Social Bond Issuance

In June 2024, CitySavings issued a landmark $100 million social bond, marking the first such issuance by a thrift bank in the Philippines. The International Finance Corporation (IFC), a member of the World Bank Group, invested the full amount.

Notably, CitySavings became the first thrift bank in the Philippines to issue a social bond adhering to the International Capital Market Association's Social Bond Principles and the ASEAN Social Bond Standard.

The proceeds from this social bond are earmarked for providing loans to women in low and lower-middle-income groups. These funds aim to empower women to invest in small businesses, supplement their family incomes, and cover essential expenses related to healthcare, education, and housing.

This issuance aligns with the International Capital Market Association's Social Bond Principles and the ASEAN Social Bond Standards, ensuring transparency and accountability in the use of proceeds. By meeting these rigorous standards, CitySavings establishes a replicable and high-impact model for other financial institutions in the region to follow, reinforcing the role of socially responsible financing in sustainable economic development.

This collaboration between IFC and CitySavings is part of a broader effort to deepen capital markets for thematic bond issuances, such as social, green, and blue bonds, thereby fostering sustainable economic growth in the country.

This is not the first time IFC has partnered with UnionBank to drive financial inclusion and economic recovery. In July 2021, IFC invested in a $150 million social bond issued by UnionBank, with proceeds used to finance 4,000 loans for micro, small, and medium-sized enterprises (MSMEs). These loans played a crucial role in helping businesses recover from the economic downturn caused by the COVID-19 pandemic.

## Bangko Kabayan: Powering Small Business Growth

Bangko Kabayan (BK) reinforced its role as a pivotal institution in MSME banking. For the second year in a row, the International Finance Awards named BK the Best MSMEs Development Bank in the Philippines—recognizing its strong commitment to economic growth and entrepreneurship.

Understanding the challenges MSMEs face in accessing financing, Bangko Kabayan offers tailored loan programs and business advisory services to empower entrepreneurs. In 2022, the bank partnered with ECPay, enabling clients to conveniently pay their dues at 7-Eleven stores and other ECPay partner outlets nationwide, enhancing payment accessibility for small business owners.

In 2024, Bangko Kabayan launched Entrep Eskwela, a program designed to empower MSMEs through learning and innovation. The initiative gave participants the knowledge and skills necessary to transform their livelihoods into thriving entrepreneurial ventures. Sessions covered various industries, including farming, manufacturing, and services, culminating in participants developing comprehensive business plans.




## UnionDigital Bank and JuanHand Join Forces to Expand Financial Access in the PH

In January 2025, UnionDigital Bank and JuanHand, a leading fintech lending app in the Philippines, announced a strategic partnership to expand credit access for Filipinos, particularly those with limited or no credit history. The collaboration aims to leverage UnionDigital's digital banking infrastructure and JuanHand's expertise in alternative lending, ensuring faster, more inclusive financial solutions for underserved communities.

Through this partnership, UnionDigital Bank will provide capital and digital banking support, while JuanHand will use its proprietary risk assessment technology to facilitate instant loan approvals. This integration will allow more Filipinos—especially gig workers, small business owners, and those without traditional banking access—to receive fast, convenient, and responsible credit.

The initiative is part of UnionDigital's broader push to scale its loan portfolio to PHP 40 billion, reinforcing its commitment to financial inclusion and economic empowerment. By streamlining loan disbursements and underwriting, the partnership ensures that borrowers can access funds swiftly, addressing urgent financial needs with minimal friction.

This move reflects the ongoing evolution of digital banking in the Philippines, where fintech collaborations reshape how people access financial services. As the country shifts towards a more cashless and digitally inclusive economy, the UnionDigital-JuanHand alliance marks a significant step in bridging the financial gap for millions of unbanked and underbanked Filipinos.

## UnionBank Xcellerator Program: Benilde Innovation Garage

UnionBank continues to invest in education that equips students with future-ready skills. In partnership with De La Salle–College of Saint Benilde (DLS-CSB), the Bank launched the Benilde Innovation Garage in August 2024 under the UnionBank Xcellerator Program.

Located at The Atrium of the DLS-CSB campus, the Innovation Garage is a dedicated learning space where students explore artificial intelligence, blockchain, cybersecurity, data science, design thinking, and management skills. The program bridges classroom learning with real-world application through immersive, hands-on training.

UnionBank's Learning and Development team, together with digital experts from DLS-CSB, lead the program, while the Bank's HR group provides mentorship and guidance. Top-performing students may earn opportunities to join UnionBank, gaining professional experience as they deepen their tech and innovation capabilities.

UnionBank's collaboration with DLS-CSB began in 2018, initially focusing on data science and AI education. This partnership led to the launch of the UBPXcellerator Program, offering tech electives to students. In July 2024, the collaboration scaled further with the opening of the Innovation Garage—extending UnionBank's mission to build talent pipelines for the digital economy.

## Leadership UNPLUGGED: Reimagining Filipino Resilience

In November 2023, UnionBank co-hosted the 3rd Sustainability UNPLUGGED Leadership Awards and Summit alongside SustainablePH and JCI Quezon City Capitol. The Awards Night, held at Change Maker 2040—the country's first SDG-focused museum—recognized seven outstanding Filipino leaders under 40 for their work in sustainability across sectors such as education, culture, business, public service, and youth leadership.

The Sustainability UNPLUGGED Summit followed a week later at 3Zero House in Mandaluyong, centered on the theme "Real or Romanticized? Understanding Filipino Resilience." Experts from climate, development, and disaster risk sectors explored how resilience is defined and deployed in Filipino communities, emphasizing the importance of moving beyond disaster response toward systems-based solutions.

The event continues to spotlight next-gen sustainability leadership and forward-thinking dialogue for inclusive, resilient development.









## UnionBank Champions Sustainability at Eco-Awareness Bazaar 2024

UnionBank employees took part in an eco-bazaar, showcasing the Bank's commitment to sustainability and community engagement. Bank officials, employees, and staff volunteers actively participated in the event by supporting eco-conscious businesses, promoting sustainable products, and engaging with attendees on the importance of responsible consumption and environmental awareness. This initiative aligns with UnionBank's broader sustainability efforts to empower communities and drive positive environmental change.

The bazaar kicked-off by highlighting environmental projects that were implemented through GoBeyond Communities (GBC), UnionBank's employee driven volunteer program. Beyond raising awareness, the eco-bazaar provided a platform for small businesses and social enterprises to showcase their sustainable products. UnionBank's participation reflects its commitment to volunteer-driven initiatives that promote environmental responsibility and inclusive economic growth, strengthening the connection between sustainability, commerce, and community development.

## UnionBank Drives Sustainability with Green Commuting Initiative

In 2024, UnionBank launched its Green Commuting Initiative, encouraging carpooling and sustainable transportation as part of its broader Environmental, Social, and Governance (ESG) efforts.

This program aims to reduce the carbon footprint of daily commutes while fostering a culture of eco-conscious mobility among employees. To support this, UnionBank formed a Carpool Club, officially introduced during the Green Commuting Bazaar held on June 18, 2024, at UBP Plaza. The event featured green products and sustainable transport solutions.

To further engage employees, UnionBank hosted its first Green Commuting Mixer on August 30, 2024, also at UBP Plaza. The event served as a platform for employees to "explore eco-friendly commuting options" like biking and walking, share experiences, and build a community focused on sustainability.

## UB Negosyante: Accelerating the Growth of the Franchise Industry

In 2024, UnionBank's MSME segment sharpened its focus on the fast-growing franchise sector through targeted efforts under the UB Negosyante program. With enhanced banking tools and tailored financial solutions, the team worked to empower entrepreneurs and strengthen their ability to scale.

To deepen industry engagement, the MSME team partnered with major players and associations, including the Philippine Franchise Association, International Franchise Corporation, Association of Filipino Franchisers, AFEX, PhilFoodEx, Kalye Negosyo, and the Department of Trade and Industry. These partnerships opened direct channels to engage franchise operators through events, workshops, and on-the-ground activations.

In collaboration with Kalye Negosyo, UnionBank hosted free seminars for franchisers covering topics like franchising 101, marketing, innovation, and financial literacy. The MSME team led sessions on cash flow management and introduced UB Negosyante Power Tools—solutions designed to support entrepreneurs at different growth stages.

At franchise expos, the team engaged visitors and exhibitors through briefing sessions and speaker slots, offering actionable tips on growth and digital banking. Booths were staffed not by promotional staff, but by relationship managers and SME banking specialists, enabling on-the-spot account openings and consultations—turning event spaces into real points of service and support for Negosyantes.

As of December 31, 2024, the Bank supported 4,351 MSMEs and provided PHP 9.60 billion in loans to help them grow and thrive.














# PEOPLE: Digital Transformation

**UnionBank's digital transformation is driven by our people and built for those we serve. From communities and customers to employees and partners, we place trust, empowerment, and inclusion at the center of our sustainability strategy.**

**Our key differentiator isn't just technology—it's our people and culture. Transformation at UnionBank means fostering an agile, empowered, and customer-centric mindset that drives real innovation. By harnessing data and AI, we anticipate needs and deliver intuitive, personalized banking experiences that simplify finance and expand access.**

For the individuals and businesses who rely on us, this translates to seamless, secure, and human-centered digital services. We continue to strengthen our engagement by enhancing service quality, safeguarding privacy, and ensuring transparency at every touchpoint.

Inside the Bank, we invest in continuous learning and upskilling—equipping UnionBankers to deliver smarter, faster, and more resilient services. Through corporate volunteerism and external partnerships, we also extend financial and digital literacy programs to underserved communities—bridging gaps, building capabilities, and supporting inclusive progress.

## Putting People at the Center of Digital Transformation

UnionBank's People strategy is deeply intertwined with how the Bank serves its customers and communities in an increasingly digital world. From secure transactions to seamless service, the Bank's digital transformation efforts are designed not just to modernize systems—but to empower the people who use them. Customers, employees, and partners all benefit from technology that prioritizes trust, accessibility, and long-term value.

At the heart of this strategy is the belief that digital innovation must serve real human needs. Whether it's through faster onboarding, personalized support, or data-driven protection, UnionBank continues to invest in tools and platforms that strengthen relationships and improve day-to-day experiences across its ecosystem.

To learn more about how UnionBank is using AI, cloud infrastructure, and next-gen customer engagement tools to future-proof the banking experience, please see the **Leading the AI Banking Revolution** section on page 32.

## Serving Customers in a Digital World

UnionBank's commitment to people comes most clearly through how we serve. Whether it's faster transactions, stronger security, or smarter support, the Bank designs every service with people in mind. Across platforms and touchpoints, we're building a banking experience that's intuitive, transparent, and built for trust.

Behind the tech is a clear strategy for protection and accountability. The Board and Senior Management lead UnionBank's customer protection approach, setting direction through the Consumer Protection Risk Management System (CPRMS). This framework guides all business units in ensuring that digital transformation doesn't just improve convenience—but upholds safety, fairness, and respect for customer rights.

UnionBank's Consumer Affairs Group (CAG) ensures the customer experience aligns with regulatory expectations, including BSP Circulars 857 and 1048 on Financial Consumer Protection. CAG monitors how the Bank manages consumer concerns, ensuring that complaint-handling policies, feedback loops, and customer care are consistent and embedded in everyday operations. Across the board, the Bank's systems are designed to respond, resolve, and learn—because customer trust is something we earn with every interaction.

## Customer Satisfaction and Loyalty

In 2024, UnionBank served over 17 million retail customers, including nearly six million digital users. Through our Net Promoter Score (NPS) program, the Bank surveyed more than 901,200 customers, with 6,877 respondents and 3,398 promoters.



| 3,398 | 6,877 | 901,200 |
|---|---|---|
| **Number of Promoters (Satisfied Customers)** | **Number of Respondents** | **Number of Surveyed Customers** |

**This table covers UBP only*

The Surveyed Customers refers to those who were sent the survey, Respondents are those who participated and Promoters are the satisfied customers likely to recommend UnionBank to others.

**The Impact of Customer Satisfaction & Loyalty on UnionBank**
We use two types of Net Promoter Score (NPS) to understand customer satisfaction and loyalty. The Brand Relationship NPS (BAIN), measured over a 12-month period, shows how UnionBank compares with competitors in terms of brand perception. It's reported twice a year and offers a broad view of customer affinity. The Transaction NPS tracks how customers feel right after a specific transaction—like an inquiry or complaint—and is reported monthly to catch issues early and monitor trends.

Both tools help us take a data-driven approach to improving the customer experience. Results are regularly reviewed with business units, followed by collaborative sessions to turn feedback into action.

**Risk and Opportunities**
UnionBank recognizes that failing to manage customer satisfaction can weaken trust, reduce retention, and increase the risk of customer attrition. A broken feedback loop can also limit visibility into pain points and missed opportunities for service innovation. Declining satisfaction impacts repeat business and referrals—key indicators of long-term growth and resilience.

UnionBank continues to enhance its feedback process by automating survey distribution, refining analytics, and accelerating insights. These upgrades help business units act faster, personalize service, and close the loop—ensuring feedback translates into tangible improvements.

## Marketing and Labeling

417-1, 417-2, 417-3

UnionBank maintains strict oversight of all marketing campaigns, product materials, and digital platforms—including the website and mobile app—to ensure accuracy, transparency, and ease of access. Customers receive clear information about the features and implications of the Bank's products and services, including potential economic, environmental, and social impacts.

In March 2024, the Bank rolled out a Salesforce-based system to enhance how it tracks and manages feedback, including regulatory concerns and complex complaints that require detailed investigation. This system, managed by the Client Engagement Solutions Group, allows faster resolution times and reinforces the Bank's commitment to responsible, customer-centric communication.

In addition, we ensure that our sustainability messaging reflects real progress, not just a marketing spin. ESG communications are anchored in measurable results, transparent disclosures, and data-driven stories—from impact metrics to verified case studies. Rather than treating sustainability as a branding tool, the Bank integrates ESG into its core business strategy, aligning with standards like the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI) to maintain credibility and clarity.

| Marketing and Labelling | Quantity |
|---|---|
| No. of substantiated complaints on marketing and labeling | 275 |
| No. of complaints addressed | 817 |

**This table covers UBP only*
**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

There were 26 substantiated complaints related to marketing and labeling, all of which were addressed using the old system.

## Customer Privacy

3-3,418-1, FN-CB-230a.1

UnionBank safeguards personal data through a combination of organizational, physical, and technical measures. Our Privacy Policy is backed by internal policies that monitor, evaluate, and review operations and security risks on an ongoing basis. The Bank complies with the Data Privacy Act of 2012, all issuances by the National Privacy Commission (NPC), and relevant global data protection standards and regulations.

To address the regulatory, reputational, and financial risks linked to data privacy, the Bank requires all business units to follow its Privacy Manual and Privacy Assessment Guidelines and to align with the Data Privacy Statement published on our website. Compliance is measured through key performance indicators, including the timely submission of reports to the NPC and the Annual Security Incident Report filed every March 31.

To strengthen safeguards, all programs, activities, processes, and systems that involve personal data undergo a Privacy Impact Assessment (PIA). Our Data Privacy Office also conducts regular trainings and workshops to promote a culture of privacy awareness and responsible data handling across the organization.

| Number of Substantiated* Customer privacy complaints raised and addressed | 2024 |
|---|---|
| Email complaints received and addressed | 10 |
| Opt-out from marketing communications received and addressed | 7 |
| Fraud cases filed by customers before the National Privacy Commission | 2 |
| Total | 19 |

**This table covers UBP only*
**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

When the Bank receives data privacy-related complaints, it addresses them in compliance with applicable regulations, as well as the guidelines set in the Bank's Privacy Manual and Data Subject Access Request (DSAR) Guidelines.

Business units and product owners are strictly prohibited from processing personal data outside the scope of the Bank's Terms and Conditions and Data Privacy Statement. If data processing falls outside these parameters, a Privacy Notice must be issued prior to any collection or use of personal data.

## Data Security and Privacy

3-3,418-1,FN-CB-230a.1

UnionBank prioritizes the protection of client data, information, and assets. The Bank applies strict safeguards to ensure the integrity, reliability, and security of personal data across all systems and processes. Customers are kept informed of changes in policies relating to the collection, use, storage, disclosure, and disposal of personal information, and are fully supported in exercising their rights under the Data Privacy Act of 2012.

In 2024, the Bank recorded no information security breaches that met the threshold for mandatory reporting to the National Privacy Commission (NPC). No data subjects were affected.

Data security risks are managed through key policies and procedures, including the Privacy Manual, Privacy Assessment Guidelines, Personal Data Breach Management Policy, and the Cyber Attack Response Procedure. These tools support early identification, risk mitigation, and coordinated response in case of threats or vulnerabilities.

All new systems, initiatives, and processes that involve personal data undergo a Privacy Impact Assessment (PIA) prior to deployment. Led by the Data Privacy Office, this review identifies potential risks and recommends security and legal controls to ensure compliance and protection.



| Number of information security breaches | Total |
|---|---|
| Breaches, leaks, thefts, or losses | 0 |

**This table covers UBP only*

## Human Capital: Building a Future-Ready Workforce

At UnionBank, people are at the heart of our innovation strategy. Our employer brand, Own the Future, defines how we attract, develop, and empower a digitally fluent and future-ready workforce. It reflects our long-term commitment to building a culture of collaboration, agility, and growth.

In 2024, this commitment took on new energy through our annual theme, Great Together. It captured how our people drove progress through innovation, teamwork, and shared purpose—fueling impact for our customers and communities.

To bring this vision to life, we scaled People Tech, our flagship program for human capital development. It integrates digital upskilling, employee-centered tools, and continuous learning to align our workforce with the Bank's transformation goals.

Meanwhile, we embedded High Reliability Organization (HRO) practices to anticipate and prevent risks, boosting team resilience and readiness.

## New Employees/New Hires Profile

401-1

We took a multi-channel approach to attract top talent—using online campaigns, recruitment caravans, and same-day hiring events to connect with great candidates and highlight why UnionBank is a great place to work. Our I Got U referral program also empowered employees to bring in qualified talent from their own networks. These efforts led to the successful onboarding of 1,532 new hires in critical roles across the Bank.

| New Hires Profile | | | | | | |
|---|---|---|---|---|---|---|
| Union Bank of the Philippines and Subsidiaries | UB 2024 | BK 2024 | UD 2024 | UBX 2024 | CSB 2024 | Total 2024 |
| **By Gender** | | | | | | |
| Male | 252 | 50 | 43 | 223 | 287 | 855 |
| Female | 351 | 46 | 39 | 90 | 151 | 677 |

| New Hires Profile | | | | | | |
|---|---|---|---|---|---|---|
| Union Bank of the Philippines and Subsidiaries | UB 2024 | BK 2024 | UD 2024 | UBX 2024 | CSB 2024 | Total 2024 |
| **By Age Group** | | | | | | |
| Below 30 years old | 381 | 70 | 27 | 163 | 278 | 919 |
| Between 30-50 years old | 218 | 26 | 51 | 142 | 157 | 594 |
| Above 50 years old | 4 | 0 | 4 | 8 | 3 | 19 |
| **By Region** | | | | | | |
| NCR | 553 | 0 | 82 | 232 | 0 | 867 |
| Luzon | 16 | 72 | 0 | 73 | 302 | 463 |
| Visayas | 25 | 24 | 0 | 5 | 63 | 117 |
| Mindanao | 9 | 0 | 0 | 3 | 73 | 85 |
| **By Level** | | | | | | |
| Senior Management (AVP and Up) | 15 | 0 | 15 | 7 | 9 | 46 |
| Middle Management (Manager) | 88 | 6 | 35 | 10 | 31 | 170 |
| Junior Management (Supervisor) | 374 | 0 | 32 | 0 | 73 | 479 |
| Rank-and-File (Staff) | 126 | 90 | 0 | 296 | 325 | 837 |

UnionBank's commitment to internal growth remained strong in 2024, with a significant number of open positions filled by existing employees. This reflects the effectiveness of the Bank's internal mobility programs, which continue to create clear pathways for career advancement and employee development.

At the same time, the Talent Acquisition strategy delivered value through efficient and targeted recruitment, achieving below-industry hiring costs for external candidates without compromising quality. This approach balanced performance, inclusivity, and cost-effectiveness.

## The Workforce

2-7, 2-8

| Employee Breakdown by Company | | | |
|---|---|---|---|
| Company Name | 2024 | | |
| | Female | Male | Total |
| Union Bank of the Philippines | 3228 | 2060 | **5288** |
| City Savings Bank, Inc. (CSB) | 854 | 1268 | **2122** |
| UBX Philippines | 90 | 223 | **313** |
| Union Digital (UD) | 81 | 86 | **167** |
| UnionBank Financial Services and Insurance Brokerage Inc. (UFSI) | 49 | 24 | **73** |
| UnionBank Investment Management and Trust Corporation (UBIMTC) | 30 | 16 | **46** |
| UBP Investments Corporation (UIC) | 3 | 5 | **8** |
| First Union Insurance and financial Agencies Inc (FUIFAI) | 5 | 3 | **8** |
| Bangko Kabayan (BK) | 332 | 288 | **620** |
| **Total** | **4672** | **3973** | **8645** |

**Petnet figures unavailable as of 03/17.*

| Employee Demographic | | | |
|---|---|---|---|
| Union Bank of the Philippines and Subsidiaries | 2024 | | |
| | Permanent Employees (Regular/ Probationary) | Project Based (Fixed-Term Employees) | Total Employees |
| **Total Headcount** | **8488** | **22** | **8510** |
| By Gender | | | |
| Male | 3905 | 20 | **3925** |
| Female | 4583 | 2 | **4585** |
| By Age Group | | | |
| Below 30 years old | 2607 | 3 | **2610** |
| Between 30-50 years old | 5304 | 14 | **5318** |
| Above 50 years old | 577 | 5 | **582** |
| By Level | | | |
| Senior Management (AVP and Up) | 655 | 13 | **668** |
| Middle Management (Manager) | 1882 | 0 | **1882** |
| Junior Management (Supervisor) | 3517 | 0 | **3517** |
| Rank-and-File (Staff) | 2434 | 9 | **2443** |
| By Region | | | |
| NCR | 5485 | 10 | **5495** |
| Luzon | 1702 | 0 | **1702** |
| Visayas | 913 | 0 | **913** |
| Mindanao | 400 | 0 | **400** |

**This table covers the following subsidiaries: UnionBank, Bangko Kabayan, Union Digital, UBX, and City Savings Bank only.*

| Headcount By Nationality/Race | Total |
|---|---|
| Asian | 8505 |
| Black or African American | 0 |
| Hispanic or Latino | 0 |
| White | 4 |
| Indigenous | 0 |
| Other | 1 |

**This table covers the following subsidiaries: UnionBank, Bangko Kabayan, Union Digital, UBX, and City Savings Bank only.*

| Attrition | | | | | |
|---|---|---|---|---|---|
| Company Name | 2024 | | | | |
| | VOLUNTARY TURNOVER RATE | | INVOLUNTARY TURNOVER RATE | | TOTAL TURNOVER RATE |
| | No. of Separated TMs | Attrition Rate | No. of Separated TMs | Attrition Rate | |
| Union Bank of the Philippines | 866 | 16% | 41 | 1% | 17% |
| City Savings Bank, Inc. (CSB) | 343 | 16.16% | 18 | 0.85% | 17.01% |

| Attrition | | | | | |
|---|---|---|---|---|---|
| Company Name | 2024 | | | | |
| | VOLUNTARY TURNOVER RATE | | INVOLUNTARY TURNOVER RATE | | TOTAL TURNOVER RATE |
| | No. of Separated TMs | Attrition Rate | No. of Separated TMs | Attrition Rate | |
| UBX Philippines | 99 | 23.91% | 0 | 0 | 23.91% |
| Union Digital (UD) | 62 | 27% | 1 | 1% | 28% |
| Bangko Kabayan (BK) | 83 | 14% | 0 | 0 | 14% |

## Employee Benefits
401-2, 401-3

| Employee Support Program - 2024 | | |
|---|---|---|
| **Benefits** | **% of Women who Availed** | **% of Men who Availed** |
| SSS | 61% | 39% |
| PhilHealth | 61% | 39% |
| Pag-Ibig | 61% | 39% |
| Maternity Leave | 6% | NA |
| Paternity Leave | NA | 3% |
| Solo Parent Leave | 1% | 0% |
| Vacation Leave | 35% | 22% |
| Sick Leave | 27% | 15% |
| Dental Reimbursement | 46.30% | 21.03% |
| Medical and Dental Allowance | 38% | 24% |
| Optical Subsidy | 15.86% | 8.47% |
| Vaccine Subsidy | 3.94% | 1.94% |

## Employee Development Programs
3-3, 404-1, 404-2, 404-3

UnionBank's Employee Development and Succession Programs are cornerstones of our long-term strategy to ensure business continuity, leadership resilience, and future readiness. We invest in identifying, developing, and retaining emerging leaders through structured talent development initiatives that support smooth transitions, preserve institutional knowledge, and keep teams engaged and aligned during change.

In 2024, the Leading with Magis 2.0 program—facilitated in partnership with Franklin Covey—reached over 100 executives, managers, and senior managers across the organization. The program focused on building entrepreneurial, human-centric, and transformational leadership skills. Thirty participants completed the full track, forming a core group of leaders equipped to drive UnionBank's next phase of growth.

To build stronger business acumen across leadership, UnionBank launched the Business of Banking Masterclass—a deep-dive series for executives across UnionBank and its subsidiaries, including CitySavings, UBX, and UnionDigital. The sessions covered Banking Fundamentals, Risk Management, ICAAP, and Asset Liability Management, with senior leaders serving as subject matter experts. The 2024 rollout delivered 12 hours of development to roughly 80 executives (1.6% of FTEs), helping align understanding of the Bank's core financial disciplines. In 2025, the series will expand to cover operational and support functions as well.

The Bank also embedded broader leadership and culture-building programs to strengthen resilience and operational discipline. The High Reliability Organization (HRO) for Leaders initiative introduced behaviors and practices that promote excellence in high-risk, high-complexity environments. In 2024, the program reached 18% of FTEs, with measurable gains in team efficiency and reliability across functions.

As part of our compliance learning series, UnionBank also rolled out Safe Spaces Act training to 100% of employees—reinforcing the Bank's commitment to creating and maintaining a safe, respectful, and inclusive workplace.

| Average Training Hours | | | |
|---|---|---|---|
| **UnionBank** | **2022** | **2023** | **2024** |
| **Total** | 16.69 | 21.11 | 25.89 |
| **By Gender** | | | |
| Male | 14.52 | 21.49 | 25.72 |
| Female | 18.04 | 20.88 | 25.98 |
| **By Age Group** | | | |
| Below 30 years old | [not available] | 27.09 | 26.72 |
| Between 30-50 years old | [not available] | 15.75 | 24.51 |
| Above 50 years old | [not available] | 12.01 | 32.53 |
| **By Level** | | | |
| Senior Management (AVP and Up) | 14.29 | 16.50 | 43.63 |
| Middle Management (Manager) | 15.56 | 15.84 | 23.26 |
| Junior Management (Supervisor) | 17.91 | 24.53 | 24.17 |
| Rank-and-File (Staff) | 16.11 | 22.33 | 24.44 |

| Average Training Hours | | | |
|---|---|---|---|
| **City Savings Bank** | **2022** | **2023** | **2024** |
| **Total** | 26.76 | 28.58 | 22 |
| **By Gender** | | | |
| Male | 21.94 | 27.21 | 17.01 |
| Female | 31.14 | 30.48 | 20.61 |
| **By Age Group** | | | |
| Below 30 years old | [not available] | [not available] | 19.92 |
| Between 30-50 years old | [not available] | [not available] | 18.34 |
| Above 50 years old | [not available] | [not available] | 12.82 |
| **By Level** | | | |
| Senior Management (AVP and Up) | 43.46 | 56.23 | 14.34 |
| Middle Management (Manager) | 32.75 | 32.43 | 16.82 |
| Junior Management (Supervisor) | 33.34 | 31.33 | 18.22 |
| Rank-and-File (Staff) | 19.66 | 24.72 | 18.94 |

| Training and development inputs | | | | | |
|---|---|---|---|---|---|
| **2024** | **UBP** | **CSB** | **BK** | **UD** | **UBX** |
| Average hours per FTE of training and development | 25.89 | 22 | 25.89 | [not available] | [not available] |
| Average amount spent per FTE on training and development (in PHP ) | 1,606.67 | 5,101.66 | 1,606.67 | [not available] | [not available] |

## Employee Engagement

An engaged workforce is the foundation of innovation, resilience, and long-term value. In 2024, we deepened our focus on employee engagement—enhancing communication, recognition, and workplace experience across the organization. With targeted programs in UnionBank and CitySavings, we strengthened connection, purpose, and collaboration. These efforts contributed to a notable increase in engagement scores and reinforced our commitment to a people-first culture.

## Employee Engagement Score and Results

| Measuring Employee Engagement | |
|---|---|
| **Method** | **Unit** |
| 1. Both the target and measure for Employee Engagement were average scores of the scores received for each engagement element. Employee responses were captured using a survey. | Mean score from 1.00 to 5.00 |
| 2. Data Coverage | % of total employees |

**UnionBank**

| Employee Engagement Averages | 2022 | 2023 | 2024 | Target FY 2024 |
|---|---|---|---|---|
| Year-end Engagement Grand Mean Score | 4.41 | 4.34 | 4.4 | 4.41 |
| Overall Satisfaction: How satisfied are you with UB as a place to work? | 4.45 | 4.35 | 4.35 | n/a |
| Proud UnionBanker: How proud are you to be a UnionBanker? | 4.61 | 4.47 | 4.44 | n/a |
| Survey Participation % | 90% | 75% | 76% | 70% |

| Employee Engagement by Gender, Age, Management Rank and Race (Participation) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Survey Participation %** | **Gen Z** | | **Millennial** | | **Gen X** | | **Baby Boomer** | |
| **Survey Participation (%) by Gender, Age, Management Rank, and Race** | **Female** | **Male** | **Female** | **Male** | **Female** | **Male** | **Female** | **Male** |
| Senior Management (AVP and Up) | 50.00% | 0.00% | 73.00% | 60.00% | 69.00% | 73.00% | 50.00% | 67.00% |
| Middle Management (Manager) and Junior Management (Supervisor) | 72.00% | 66.00% | 78.00% | 74.00% | 86.00% | 84.00% | N/A | N/A |
| Rank-and-File (Staff) | 74.00% | 84.00% | 80.00% | 74.00% | 70.00% | 70.00% | N/A | N/A |

**City Savings Bank**

| Employee Engagement Averages | 2022 | 2023 | 2024 | Target FY 2024 |
|---|---|---|---|---|
| Year-end Engagement Grand Mean Score | 4.52 | 4.55 | 4.48 | 4.45 |
| Survey Participation % | 98.30 | 98.07 | 96.50 | 90 |

| Employee Engagement by Gender, Age, Management Rank and Race (Participation) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Survey Participation %** | **Gen Z** | | **Millennial** | | **Gen X** | | **Baby Boomer** | |
| **Survey Participation (%) by Gender, Age, Management Rank, and Race** | **Female** | **Male** | **Female** | **Male** | **Female** | **Male** | **Female** | **Male** |
| Senior Management (AVP and Up) | N/A | N/A | 14.29% | 26.53% | 30.61% | 26.53% | N/A | 2.04% |
| Middle Management (Manager) | 1.96% | 0.98% | 26.80% | 36.60% | 12.75% | 20.92% | N/A | N/A |
| Junior Management (Supervisor) | 7.46% | 6.50% | 38.81% | 39.58% | 1.34% | 6.31% | N/A | N/A |
| Rank-and-File (Staff) | 18.87% | 19.43% | 17.11% | 40.61% | 0.37% | 3.61% | N/A | N/A |

## Employee Engagement initiatives

UnionBank considers its people the driving force behind its success. We believe an engaged workforce fuels innovation, resilience, and long-term growth.

In 2024, following the successful migration of the consumer banking portfolio, the Bank deepened employee engagement through targeted initiatives in Corporate Social Responsibility (CSR), Employee Relations and Engagement, and Culture. These efforts led to a 12% increase in our employee engagement score from 2023 to 2024—a reflection of our strong commitment to keeping UnionBankers motivated, connected, and purpose-driven.

## UnionBank Initiatives

| Program | Description | Objectives | Quantitative Impact of Business Benefits |
|---|---|---|---|
| Heroes and Champions Awards Book | Launched in 2024, the inaugural Heroes and Champions Awards Book is an annual publication that celebrates the outstanding achievements of UnionBank employees who have earned the highest honors. It serves as a tribute to individuals who embody excellence, dedication, and a deep commitment to the Bank's values and mission.<br><br>This awards book features inspiring stories of employees who have gone above and beyond in their roles, showcasing their contributions, milestones, and impact within the organization. Through this initiative, the bank reinforces a culture of appreciation and motivation, encouraging all employees to strive for excellence and embody the qualities of true heroes and champions in the workplace. | This book aims to honor UnionBank's most exemplary employees by documenting their stories and contributions in a lasting, commemorative format. The publication is designed to inspire a culture of recognition, reinforce core values, and motivate the Bank's people. | ▪ Increased Performance: Employees are three times more likely to be engaged and motivated to excel when they see their peers being recognized.<br>▪ Higher Productivity: Recognized employees can be 30% more productive, contributing to overall business success.<br>▪ Reduced Turnover Costs: Companies with strong recognition programs see up to 31% lower voluntary turnover, saving recruitment and training expenses.<br>▪ Stronger Commitment: Employees who feel valued are five times more likely to stay with the organization long-term.<br>▪ Higher Goal Achievement: Employees who receive recognition are more likely to exceed targets, leading to higher overall team performance.<br>▪ Leadership Development: Identifying top performers helps cultivate future leaders, reducing succession planning cost |

| Program | Description | Objectives | Quantitative Impact of Business Benefits |
|---|---|---|---|
| Engagement Conversation | The Engagement Conversation program offers a structured yet dynamic platform for employees to openly dialogue with leaders and peers. These sessions, held regularly at center and team levels, provide opportunities to share insights, raise concerns, and celebrate wins. The program builds trust, strengthens teams, and creates a thriving workplace by fostering transparency and active listening. | The program aims to nurture a culture of open communication and collaboration. Regular center and team conversations ensure that every employee feels heard and valued. These ongoing dialogues strengthen relationships, improve the employee experience, and promote a more inclusive workplace through continuous feedback, shared ownership, and collective growth. | ▪ Higher Engagement Levels: Organizations with open communication see 21% higher employee engagement compared to those without.<br>▪ Better Workplace Culture: Companies with strong feedback channels experience a 40% increase in employee satisfaction.<br>▪ Higher Productivity: Engaged employees contribute to 23% higher profitability and are more committed to organizational goals.<br>▪ Reduced Workplace Conflicts: Regular conversations reduce misunderstandings and improve team dynamics, lowering operational inefficiencies.<br>▪ Lower Turnover Rates: Companies with strong feedback and engagement programs reduce turnover by up to 59%.<br>▪ Better Talent Retention: Employees who feel heard are 4.6 times more likely to perform at their best and remain with the company.<br>▪ Quicker Decision-Making: Frequent dialogue leads to faster resolution of issues, reducing delays and inefficiencies.<br>▪ Higher Innovation Rates: Employees who feel heard contribute 62% more innovative ideas, driving business growth. |
| Annual Christmas Bazaar – “There’s One for U” | This Yuletide program directly brings exclusive deals and discounts to the workplace, creating a festive and hassle-free shopping experience for UnionBank employees. The event fosters community and appreciation, helping employees find meaningful gifts without the stress of crowds or traffic. It also supports local vendors and celebrates the spirit of giving and togetherness. | The Annual Christmas Bazaar aims to provide UnionBank employees with a hassle-free, on-site holiday shopping experience through carefully selected vendors offering exclusive deals. Beyond convenience, the event builds camaraderie and uplifts the festive spirit at the workplace. It also supports small businesses by giving them a platform to engage directly with the UnionBank community. | ▪ Reduced Time Away from Work: Employees can shop conveniently at the workplace, minimizing long lunch breaks or time off to visit malls.<br>▪ Higher Employee Satisfaction: A well-appreciated benefit that enhances morale, leading to increased engagement and motivation.<br>▪ Boost in Employee Spending Power: Exclusive discounts encourage employees to shop more, translating into higher overall spending at the event.<br>▪ Reduced Absenteeism: Employees may take fewer leave days for holiday shopping, ensuring continued productivity.<br>▪ Sales Opportunities for Partner Vendors: Increased foot traffic and targeted audience engagement can drive higher sales for participating businesses.<br>▪ Potential Vendor Partnerships: Strengthens business relationships and could lead to long-term collaborations or exclusive corporate deals.<br>▪ Stronger Employer Branding: Demonstrating employee care through convenience and perks can enhance UnionBank’s reputation as an employer of choice.<br>▪ Higher Retention Rates: Employees who feel valued and engaged through workplace benefits are more likely to stay with the company. |

| Program | Description | Objectives | Quantitative Impact of Business Benefits |
|---|---|---|---|
| #BEEEngaged Program | Employee Engagement (EE) Best Practices Stories shared via CSB Bulletin & engaged@CitySavings facebook group | 1. Discuss EE best practices via storytelling.<br>2. Recognize Groups or Units with EE best practices and those who executed their committed action plans. | 47 EE Best Practices Featured from 15 Groups<br>Branch Operations, Business Services, Collections & ROPA Management, Compliance & Corporate Governance, Corporate Planning, Human Resources, Internal Audit, Legal & Data Protection, Motorcycle Loans Business, Office of the CEO, Office of the Chief Information Officer, Office of the President, Risk Management, Salary & Pension Loans Business, Treasury |
| CEO Chats | Safe space for CitySavings Bankers to engage with the CEO and gain insights/wisdom on the Bank's Transformation Journey. | 1. Describe the Bank's Transformation journey with special focus on the Great Transformation (GT 2025) congolomerate aspiration and A+10 Behaviors.<br>2. Build engagement with the CEO by allowing employees to share their concerns, ideas, and questions related to engagement and transformation. | Two Batches: mix of staff, supervisor, and manager-level employees from various groups in the bank<br><br>Collections & ROPA Management, Legal & Data Protection, Internal Audit, Loans Services, Compliance, Office of the Chief Information Officer, Treasury, Shared Services, Operational Excellence |
| Super Ditch Program | Empower CitySavings Bankers to ditch bureaucracies and obsolescent ways of working by taking a serious look at processes and rules that can be innovated to achieve higher work efficiency. | 1. Explain the value of Innovation.<br>2. Build the capabilities needed to spot opportunities for innovation.<br>3. Identify ideas for ditching. | Launched two batches in partnership with Aboitiz<br><br>Total participants: 58<br>Batch 1 (ODP) = 43<br>Batch 2 (Support Groups) = 15 |

## Performance Appraisal

UnionBank has a robust Performance Management System (PMS) in place, which plays a vital role in fostering a high-performance culture and driving long-term organizational success. At its core, the PMS ensures that employee performance and career development goals are aligned with the Bank's vision, purpose, strategic priorities, core capabilities, and values.

We are committed to providing opportunities for skill development, career advancement, and personal growth through a range of tailored programs. Guided by the belief that each employee is responsible for their own career and performance, the system empowers individuals to understand how their roles contribute to the Bank's success—fostering a deeper sense of purpose and engagement.

Leaders play a critical role in the effectiveness of the PMS by setting clear goals, providing coaching and continuous feedback, and recognizing achievements. A performance improvement process (PIP) is also in place to help employees enhance their performance and support their long-term success within the organization.



| Total headcount of employees receiving regular performance and career development reviews | | | |
|---|---|---|---|
| **By Gender** | **2022** | **2023** | **2024** |
| Male | 1955 | 2035 | 1942 |
| Female | 3184 | 3234 | 3063 |
| **By Level** | | | |
| Senior Management (AVP and Up) | 554 | 545 | 527 |
| Middle Management (M-SM) | 1153 | 1195 | 1147 |
| Junior Management (JO-AM) | 2813 | 2910 | 2745 |
| Rank-and-File (Staff) | 619 | 619 | 586 |

**Covers UnionBank only*

## Our Commitment to Safety: Occupational Health and Safety

3-3, 403-1, 403-8, 403-9: 403-10

UnionBank maintains a dedicated Occupational Health and Safety (OHS) Office to fully comply with environmental regulations, Bangko Sentral ng Pilipinas (BSP) requirements, and local government ordinances. The OHS Office coordinates closely with branches across the network to monitor safety conditions, resolve concerns, and implement improvements.

Oversight is supported by a bank-wide Committee on Safety and Occupational Health, which includes representatives from the employee union to ensure inclusive and participatory governance. To improve transparency and efficiency, the Bank maintains a web-based tracking and monitoring system, allowing branches to view the status of pending OHS concerns and follow up in real-time.

UnionBank promotes a strong safety-first culture supported by proactive initiatives and crisis preparedness. Since 2020, the Bank has maintained a zero-injury workplace.

In recognition of this achievement, UnionBank received the Presidential Award for Industrial Safety at the 56th National Industrial Safety Conference hosted by the Safety Organization of the Philippines, Inc. (SOPI). The Bank was honored for reaching over 35 million safe man-hours without lost time, alongside an individual award for Outstanding Safety Consultant.



| Employee Health and Safety Statistics | 2022 | 2023 | 2024 |
|---|---|---|---|
| **Man-Hours Worked** | 8,505,600.00 | 10,577,608.00 | 10,421,808.00 |
| **No. of Fatalities** | 0 | 0 | 0 |
| **No. of Lost-Time Injuries** | 0 | 0 | 0 |
| **Safe Man-Hours** | 17,564,023.00 | 28,155,463.00 | 38,577,271.00 |
| **Safety Drills** | 4 | 4 | 6 |

**This table covers UBP only*








## Prioritizing Employee Health and Safety

In 2024, UnionBank reinforced its commitment to employee well-being through a range of programs focused on prevention, mental wellness, and emergency preparedness—anchored in regulatory compliance and a culture of care.

**Cancer Prevention and Control Policy**
Launched in March 2024, UnionBank developed a comprehensive cancer policy in compliance with DOLE Labor Advisory No. 20, s.2023. The policy provides a workplace framework for addressing cancer-related challenges and promoting employee health, inclusivity, and support systems.

**Mental Health and Wellness Celebration**
In observance of World Mental Health Day, the Bank held Mindful Moments, a week-long wellness campaign featuring bloodletting drives, expert talks (on anxiety, self-harm, forgiveness, retirement readiness), yoga and Zumba sessions, and wellness-themed film screenings. These activities created safe, open spaces for dialogue and self-care.

**Emergency Preparedness: Fire Evacuation Drills**
UnionBank conducted building-wide evacuation drills at UB Plaza and UB Square, in coordination with the BFP Pasig City Fire Station, which rated the Bank's drill 9/10 (Outstanding). Branch teams also participated in the quarterly National Evacuation Simulation Drill (NESD). Fire safety orientations and regular inspections ensured frontline readiness and risk awareness.

**Safety Week 2024**
Coinciding with the ILO's World Day for Safety and Health at Work, UnionBank held its second Safety Week from April 22–28 with the theme, "Impact of Climate Change on Occupational Safety and Health." Activities included a bloodletting drive, eco-market, and themed webinars. Organized by the Occupational Safety and Health Division (OSHD), the event promoted engagement, awareness, and proactive safety culture across the workforce.

The table below shows the total number of participants attended the training to be an OSH Personnel.

| OSH Personnel | Numbers of participants attended the training | Remarks |
|---|---|---|
| Safety Officer (SO1) | 82 | To ensure all branches have designated SO1 in compliance with D.O. 198-18, newly nominated SO1 undergo the BOSH training for SO1 |
| Pollution Control Officers (PCO) | 8 | To ensure that the cluster will have 100% PCO designated in compliance with DENR-EMB requirement, an additional eight personnel undergo the Basic PCO training. |
| First-Aider | 73 | To ensure sufficient first aiders in the establishment and branches, especially those for renewal of BLS-FAT training. |
| ERT (Plaza) | 85 | To ensure the effective implementation of ERPs during untoward occurrences like earthquakes and fire, refresher training for the ERTs was conducted. |
| ERT (Square) | 30 | |

## Labor Management Relations

2-30, 402-1, 407-1

UnionBank fosters strong labor-management relations by promoting open communication, fairness, and a shared commitment to employee well-being. Through regular engagement with the UnionBank Employees Association (UBEA) and the Family Welfare Committee, the Bank strengthens trust and cultivates an environment of collaboration.

In 2024, initiatives to promote industrial peace included refresher sessions on the Code of Conduct, training on Workplace Emergency Preparedness, and a Bank-wide rollout of the Safe Spaces Act orientation. This training, completed by all employees, reaffirmed the Bank's commitment to creating a safe, inclusive, and respectful workplace.

| Year 2024 | UnionBank of the Philippines | CitySavings Bank |
|---|---|---|
| % of employees covered with Collective Bargaining Agreements | 12% | 47.03% |
| Number of consultations conducted with employees concerning employee-related policies | 631 | 998 |

*Note: For UnionBank, All rank-and-file employees are automatically covered by a CBA as part of their employee union membership*
*For CitySavings, All rank-and-file employees of identified Bank units are automatically covered by a CBA as part of their employee union membership*

## Diversity, Equity, and Inclusion

3-3, 405-1

UnionBank supports a workplace that is fair, inclusive, and respectful of individual differences. The Bank promotes diversity across roles, functions, and levels, recognizing that varied perspectives contribute to better outcomes and more agile teams.

In 2024, UnionBank continued to strengthen DEI through targeted programs. These include:

* CHAT (Connect, Heal, Assist, Talk) – a confidential mental health and counseling service for employees

* UMatter – an employee resource group supporting LGBTQ+ inclusion

The Bank also provides healthcare coverage for domestic and same-sex partners, offers retirement planning and offboarding sessions, and supports employee clubs and interest groups to encourage connection and collaboration.

UnionBank's DEI efforts are aligned with its broader goal of building a future-ready workforce anchored in equal opportunity and respect.

### Opportunities for women in the workforce

| Women in Workforce | 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | UBP | | UD | | UBX | | CSB | |
| | % | Number | % | Number | % | Number | % | Number |
| Share of women in total workforce (as % of total workforce*) | 61% | 3228 | 49% | 81 | 40.36% | [No data] | 40.25% | [No data] |
| Share of women in all management positions, including junior, middle and top management (as % of total management positions) | 61% | 2838 | 27% | 45 | 29.41% | [No data] | 20.78% | [No data] |
| Share of women in junior management positions, i.e., first level of management (as % of total junior management positions) | 62% | 1683 | 16% | 27 | 20.00% | [No data] | 19.70% | [No data] |
| Share of women in top management positions, i.e., maximum two levels away from the CEO or comparable positions (as % of total top management positions)<br><br>Note: Rank from the Executive Vice President | 25% | 4 | 11% | 18 | 42.86% | [No data] | 1.13% | [No data] |
| Share of women in management positions in revenue-generating functions (e.g., sales) as % of all such managers | 60% | 484 | 33% | 4 | 0.53% | [No data] | 1.65% | [No data] |
| Share of women in STEM-related positions (as % of total STEM positions) | 34% | 125 | 36% | 17 | [No data] | [No data] | [No data] | [No data] |






## Employee Volunteerism and CSR: GoBeyond Communities

UnionBank's employee-led CSR program, GoBeyond Communities (GBC), reflects the human side of sustainability—anchored in empathy, grassroots connection, and shared purpose. While not part of the Bank's formal sustainability pillars, GBC empowers UnionBankers to design and lead community initiatives that align with their personal advocacies and the Bank's social commitments.

In 2024, GBC supported projects aligned with select UN Sustainable Development Goals (SDGs), with a focus on participation, inclusion, and direct community engagement. Rather than scale, these initiatives prioritize relevance and relationship-building, deepening employees' understanding of social challenges and reinforcing the Bank's culture of service.

**Quality Education**
GBC's education-focused initiatives supported student development across underserved communities:

- Bags to School (Nueva Ecija): Provided 143 students with school bags, slippers, and supplies through a remote outreach program.
- Shoes to GoBeyond (Muntinlupa City): Conducted a Financial Literacy Workshop and donated footwear to 100 beneficiaries.
- SPED UP (Quezon City): Delivered an arts and crafts workshop and distributed learning kits to 67 special education students.
- Our Future Year 3 (Pasig City): Organized a learning workshop for 60 students, extending a long-running commitment to youth empowerment.
- Education is the Future of Digitization (Lanao del Norte): Donated PCs and school bags and hosted a computer literacy workshop for 75 students in a remote community.
- Pave the Wave Charity Run (Pasig City) – Organized by the Customer Experience and Marketing Group in partnership with the Yellow Boat Foundation, this run drew 180 runners and 25 UnionBank volunteers. It raised over PHP 235,000 to support education in underserved areas, benefiting 15 families and 300 students in Basilan.

**Decent Work and Economic Growth**
UnionBankers helped expand livelihood opportunities and support inclusive economic growth:

- Economic Empowerment Program (Makati City): Collaborated with 50 security and utility personnel to co-create and sell baked goods, boosting income and self-reliance
- Fishing Net and Gears: Handog ni UnionBank (Lipa City, Batangas) – Volunteers from the Lipa Branch and nearby locations visited Barangay Halang to clean the lakeshore and donate a new fishing boat. The project provided resources to 200 local fishermen and included a financial literacy session to help them better manage their income.

**Reduced Inequalities**
GBC initiatives also supported healthcare, inclusion, and dignity for underserved communities:

- Brigada Eskwela (Bulacan): Supported 40 students through school donations, meals, and games promoting inclusive learning.
- Dental Mission (Batangas): Offered dental services to 100 residents from marginalized families.
- Steps of Love Charity Run (Pasig City) – Organized by the Digital Channels Team, this event raised over PHP 46,000 for the Tahanan ng Pagmamahal Children's Home, which supports 35 abandoned and neglected children.




# PLANET: Responsible Finance

**At UnionBank, we actively embed environmental responsibility into our operations, lending practices, and risk frameworks. While we continue to shape our long-term environmental commitments, we are taking clear, practical steps to reduce our footprint and operate more sustainably.**

**As a financial institution, our capital decisions have a real impact. We use this influence to encourage more sustainable business practices across our client base. Internally, we prioritize resource efficiency, emissions reduction, and full compliance with environmental laws.**

Our Occupational Safety and Health Division leads compliance with policies from the Department of Environment and Natural Resources (DENR) and other regulators. Through monthly Environmental, Occupational Safety and Health Committee meetings, we monitor greenhouse gas (GHG) emissions, waste generation, and performance metrics that guide our continuous improvement.

Across the Bank, we are modernizing our systems and operations to embed eco-efficiency—strengthening awareness and accountability as we grow.

While we have not yet announced a formal net-zero commitment, we recognize its importance in the global sustainability agenda. We are carefully evaluating how to pursue this path in a way that reflects our national development priorities, supports financial inclusion, and strengthens economic resilience. By aligning with local regulations and international standards—and leveraging innovation, partnerships, and digital tools—we aim to support a just, inclusive, and sustainable transition for the Philippines.

## Policy Engagement and Sector Advocacy

UnionBank actively contributes to the development of sustainable finance regulations in the Philippines. We engage with the Bangko Sentral ng Pilipinas (BSP), Bankers Association of the Philippines (BAP), and industry working groups to shape policies that are practical, risk-informed, and aligned with real-world banking operations.

Through regular consultations and feedback on draft guidelines, we help ensure that ESG regulations reflect both the complexity of financial institutions and the urgency of environmental and social issues. We also collaborate with peers to create shared practices that support ESG integration across the sector.

As sustainability becomes a standard across all banks—regardless of size—we see our role as helping build a strong, unified foundation for ESG-aligned finance in the country.

## Resource Efficiency in Operations

302-1, 302-3, 302-4

### Energy Management

We continue to uphold high energy efficiency standards and environmental responsibility across our facilities. Since launching our green building initiative, UnionBank has steadily increased the number of LEED-certified branches, beginning with its first certification in Tacloban in 2016. As of 2024, a total of 27 branches have achieved LEED certification.

While we did not secure new LEED certifications in 2024, we optimized performance in our previously certified buildings by maintaining compliance with LEED guidelines and rolling out targeted energy-saving measures.

These efforts reflect our ongoing commitment to sustainable operations. We also continue to explore opportunities for future green building certifications as part of our long-term approach to resource efficiency and responsible infrastructure.




| 2022 | 2023 | 2024 |
|---|---|---|
| 25 | 27 | 27 |

**LEED-Certified Branches**

### Energy Management System

We are implementing an Energy Management System to optimize power use and reduce electricity costs across the common areas of our facilities.

To ensure the best results, we are reviewing proposals from external providers as part of a full cost-benefit analysis. Bringing in a specialized partner follows global best practices—helping us access advanced tools, validate savings, and accelerate impact through expert implementation.

Our target is to reduce power consumption by 50% over five years, with a 33% reduction by Year Three. This aligns with projected returns and supports our broader goal of enhancing operational sustainability.

The Energy Management System reflects our commitment to lowering operational costs while embedding sustainable energy practices into our day-to-day operations. We've allocated PHP 10.48 million for this initiative and have already realized PHP 6.9 million in energy savings—demonstrating early traction and value.

| Year | KWH per annum | Annual percentage energy savings | Initiatives | Capital Investments (PHP ) |
|---|---|---|---|---|
| 2022 | 4,447,777 | 0 | Conversion to LED lights—fire exits and facade, upgrade of capacitor bank control, upgrade of PACU to VRF air conditioning system at GF, integration/automation of PACU valves to BMS controls | 7.792M |
| 2023 | 3,259,410 | 27% or PHP 14.26M | Provision of Variable Frequency Drive on low-rise cooling tower pump | 0.690M |
| 2024 | 2,999,881 | 33% or PHP 17.38M | Provision of Variable Frequency Drive on high-rise cooling tower pump, migration to VRF A/C at 45F | 2.000M |
| 2025 | 2,669,000 | 40% or PHP 21.35M | | |
| 2026 | 2,224,000 | 50% or PHP 26.70M | | |

**This table covers UBP only*

## Other Eco-Efficiency Initiatives

### Variable Frequency Drive at UB Plaza

We installed Variable Frequency Drives (VFDs) in the cooling towers at UB Plaza to improve energy efficiency. VFDs optimize motor speed based on demand, resulting in significant energy savings and more precise system control.

### Employee Carpooling Campaign

Launched by our Employee Engagement Team in partnership with the Sustainability Office, the Carpooling Campaign at UB Plaza and UB Square encourages employees to ride together based on shared routes and work schedules. The initiative helps reduce traffic congestion and carbon emissions from employee transport while promoting community-building among UnionBankers.

### Energy Efficiency Project at Bangko Kabayan

Bangko Kabayan continued its branch-level energy transition by replacing outdated air conditioning units with inverter-type ACUs. As of 2024, 91 out of 101 units across 24 Luzon branches have been upgraded, boosting energy efficiency and lowering electricity costs. With 90% of Luzon branches completed, the project is steadily advancing, and retrofitting efforts in Visayas branches are now underway.

## Waste Management
306-2, 306-3, 306-4, 306-5

UnionBank continues to strengthen its recycling initiatives and ensure the responsible disposal of both non-hazardous and hazardous waste. In 2024, the Bank generated a total of 1,257.43 tonnes of waste, the majority of which was classified as non-hazardous.

Hazardous waste—including busted lighting, used oil, waste electrical and electronic equipment (WEEE), oil-contaminated materials, and batteries—is disposed of safely through accredited third-party service providers in full compliance with environmental regulations.

**Waste Classification and Breakdown**
The table below presents the waste types and their corresponding amounts:

| Recyclable Waste | Biodegradable Waste | Residual Waste | Hazardous Waste |
|---|---|---|---|
| Non-Hazardous | Non-Hazardous | Non-Hazardous | Hazardous |
| 11.12 | 12.59 | 9.61 | 2.06 |
| Amount (Tonnes) | Amount (Tonnes) | Amount (Tonnes) | Amount (Tonnes) |

**This table covers UBP only*

**Other Waste Management Initiatives: Bangko Kabayan**

| Waste Type | Classification | Amount (Tonnes) |
|---|---|---|
| **Recyclable Waste** | Non-Hazardous | 1,222.05 |

**This table covers BK only*

Bangko Kabayan supports circular economy efforts by donating segregated plastic, paper, and metal waste to the Xtrash Challenge—an annual campaign that champions environmental responsibility at the community level.

Organized by Philippine Business for Social Progress (PBSP) in partnership with Basic Environmental Services and Technologies, the Xtrash Challenge promotes proper waste segregation and the collection of recyclable materials, including paper, plastic, metal, and glass. These materials are turned over to designated My Basurero Eco-Community Centers, where they are recycled or disposed of responsibly.

## Water Resource Management
303-1, 303-3, 303-5

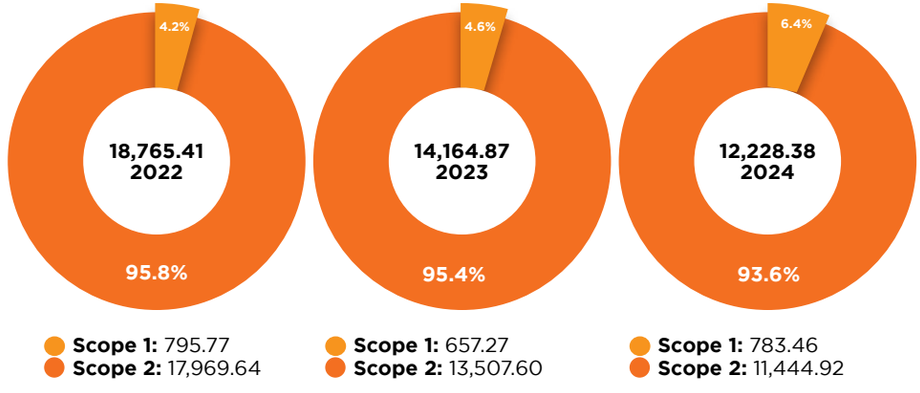
UnionBank monitors its water consumption to better understand usage patterns and identify areas for improvement. These insights help inform future strategies to support water conservation and contribute to the Bank's sustainability objectives.

## GHG Emissions
305-1, 305-2, 305-4, 305-5

UnionBank manages its greenhouse gas (GHG) emissions by aligning reduction targets with global climate goals and incorporating environmental considerations into its lending and investment practices. To support these efforts, the Bank also fosters internal awareness through employee engagement programs that highlight the impact of energy and water use in daily operations.

In addition, we are taking steps to better understand our greenhouse gas (GHG) emissions and explore opportunities for future reduction. While formal targets are still in development, the Bank promotes environmental awareness through employee engagement programs that highlight the importance of energy and water conservation in day-to-day operations.

### Greenhouse Gas Emissions in $tCO_2e$




**Scope 1:** 795.77
**Scope 2:** 17,969.64

**Scope 1:** 657.27
**Scope 2:** 13,507.60

**Scope 1:** 783.46
**Scope 2:** 11,444.92

**This table covers UBP and subs*

## Fuel consumption
302-1, 305-1

UnionBank's Scope 1 emissions come from the direct combustion of fuel in stationary and mobile sources. These include generator sets used across our facilities and company-owned vehicles. The Bank primarily consumes diesel and gasoline in these operations.

| SCOPE 1: Fuel Type in $tCO_2e$ | 2022 | 2023 | 2024 |
|---|---|---|---|
| Absolute GHG Emissions (Fuel) $CO_2 + N_2O + CH_4$ | 795.77 | 657.27 | 783.46 |

**This table covers UBP and subs*

In 2024, fuel consumption increased mainly because the Bank operated generator sets for up to 16 hours during Typhoon Katrina to maintain uninterrupted services amid power outages. On regular days, the Bank keeps fuel use low by running generators only during scheduled no-load test runs to ensure they remain efficient and operationally ready.

## Electricity Consumption
302-1, 305-2

UnionBank reports Scope 2 GHG emissions from purchased electricity based on consumption across our operations, including our subsidiaries.

To calculate emissions, the Bank multiplies electricity consumption data by the latest available Simple Operating Margin Emission Factors published by the Department of Energy (DOE), using the relevant National Grid Emission Factors for Luzon-Visayas and Mindanao grids.

| SCOPE 2: Electricity Consumption in $tCO_2e$ | 2022 | 2023 | 2024 |
|---|---|---|---|
| Purchased Energy | 17,969.64 | 13,507.60 | 11,444.92 |

**This table covers UBP and subs*

## Resource Consumption
3-3, 302-1, 303-1, 305-1

| Resource Consumption | 2022 | 2023 | 2024 |
|---|---|---|---|
| Energy (electricity MWh) | 25,160.36 | 18,898.96 | 16,006.41 |
| Energy (in GJ) | 90,577.30 (restated in year 2023) | 68,036.26 | 57,623.09 |
| Fuel (stationary) – Diesel and Gasoline | 24,025.72 | 28,944.23 | 19,223.37 |
| Fuel (mobile) – Diesel and Gasoline | 278,653.59 | 220,156.93 | 191,068.20 |
| Total Fuel (in L) | 302,679.31 | 249,101.17 | 282,960.34 |
| GHG in $TCO_2e$ | 18,765.41 (restated in year 2023) | 14,164.87 | 12,228.38 |
| Water | 311,641.91 | 130,701.53 | 99,996.04 |
| Paper (in Reams) | 13,093.00 | 27,176.00 | 22,251.00 |
| Ink (in Cartridges) | 3,483.00 | 2,156.00 | 1,534.00 |

**This table covers UBP and subs except for Paper and ink (UBP only)*

We track resource consumption across our operations to monitor the Bank's environmental impact and identify opportunities for improved efficiency.

In 2024, total energy consumption reached 16,006.41 MWh, or 57,623.09 GJ, continuing a downward trend from previous years. This reduction reflects ongoing energy management initiatives, including optimizing electricity use across branches and offices. Energy consumption figures were calculated using utility bills and converted to gigajoules for standard reporting.

Fuel consumption totaled 282,960.34 liters in 2024, combining both stationary sources (e.g., generator sets) and mobile sources (company-owned vehicles). While fuel used for mobile sources has gradually decreased since 2022, stationary fuel use fluctuated due to emergency generator operations during weather-related disruptions. Correspondingly, GHG emissions from energy and fuel use amounted to 12,228.38 $tCO_2e$ in 2024.

We also monitor our use of water, paper, and ink as part of resource stewardship. Water consumption declined significantly to 99,996.04 cubic meters in 2024, supporting broader conservation goals. Paper and ink consumption, which covers UnionBank offices only, also saw reductions—paper use decreased to 22,251 reams, while ink cartridge use dropped to 1,534 units, reflecting digitalization efforts and reduced printing activity.

| Environmental Compliance | 2022 | | 2023 | | 2024 | |
|---|---|---|---|---|---|---|
| | No. Fines | Amount (if any) | No. Fines | Amount (if any) | No. Fines | Amount (if any) |
| Total amount of monetary fines for non compliance with environmental laws or regulations | 3 | 49,500.00 | 0 | 0.00 | 1 | 19,500.00 |
| Number of non monetary sanctions for non compliance with environmental laws or regulations | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Number of cases resolved through a dispute resolution mechanism | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |

## Paperless Transactions

As part of UnionBank's digital transformation journey, we launched the Paperless Drive project to reduce paper usage and automate manual processes across branches. This initiative supports the Bank's commitment to environmental sustainability, operational efficiency, and superior customer experience. By transitioning to digital platforms such as the Digital Transaction Portal (DTP), UB Online, The Portal, and digital onboarding channels, the Bank has significantly minimized the need for printed forms and over-the-counter processing.

By the end of October 2024, 76% of all branch transactions—equivalent to 10.08 million—were completed digitally via DTP. Separately, 25.3 million transactions from enrolled business clients were diverted from branches to The PORTAL, the bank's dedicated digital platform for corporate customers. In addition, over 928,000 new accounts were opened through fully paperless onboarding channels, removing the need for in-branch paperwork and providing customers with more convenient access.

In 2024 alone, the Paperless Drive generated PHP 21.9 million in cost savings: PHP 4.3 million from reduced manpower overtime, PHP 3.6 million from lower power and lighting use, PHP 2 million in stationery and supplies savings, and PHP 12 million from the transition to electronic Statements of Account (eSOA).

## Environmental Initiatives: Every Step Counts

103-1, 103-2, 103-3

UnionBank actively supports environmental sustainability through a range of on-the-ground initiatives that complement its broader sustainability efforts. These projects show that meaningful impact often starts with everyday actions. From tree planting and coastal cleanups to grassroots education and community innovations, these efforts reflect the Bank's growing commitment to environmental stewardship.

Below are some of the ways UnionBank and its subsidiaries are taking action:

## Tree Planting Initiatives





**Tech LEAD Tree Nurturing at Masungi Georeserve**
Nine Tech LEAD Management Trainees trekked the Masungi Georeserve's Legacy Trail to care for saplings by clearing weeds and loosening soil. Guided by a forest ranger, they also learned about pressing conservation challenges, including illegal logging and land encroachment. While modest in scale, the activity offered firsthand insight into environmental protection and strengthened the connection of participants to the Bank's sustainability values.

**GPS Tree Planting – "Plant Trees, Save Lives"**
Forty-two volunteers from UnionBank's Governance and Payment Solutions (GPS) Team joined a reforestation effort at La Mesa Watershed in partnership with Million Trees Foundation,supporting reforestation and biodiversity in a critical urban watershed.




**Sagip Kagubatan Para sa Kinabukasan**
Twenty-three Go Beyond Communities volunteers planted 500 fruit-bearing and hardwood tree seedlings in Sitio Suha, Norzagaray, Bulacan, within the Angat Watershed Forest Reserve. The team also donated protective gear and equipment, contributing to forest protection and climate resilience.

## Clean-Up Drives



**UBP x Calatagan Reef Patrollers: Coastal Cleanup**
Eleven LEAD trainees helped remove four sacks of marine debris, including plastic packaging and discarded materials. from the mangroves in Brgy. Gulod, Calatagan, Batangas. The group also donated PHP 24,000 worth of rescue and medical equipment to support the conservation efforts of local Reef Patrollers.



**Coastal Conservation Project – Pawikan Protection**
At the Pag-asa Pawikan Protection and Conservation Center in Bagac, Bataan, LEAD trainees under the Product Owner Track conducted a coastal cleanup and planted 80 mangrove seedlings. They collected approximately 45 kilograms of trash across a 4,500 sqm stretch of coastline and donated essential conservation gear to support 30 volunteer turtle rangers.

## Environmental Awareness Campaigns



**Think Clean and Go Green**
Eight volunteers from UnionBank Makati CBD supported the Eco Savers Club to raise recycling awareness. They distributed school and cleaning supplies to 100 students and supported localized waste management initiatives under the National Greening Program.

**2024 E-Waste Zero Project**
Launched in May 2024, UnionBank's e-waste drive collected 40 kg of electronic waste in its first two rounds. Drop-off bins were set up across selected offices in partnership with Globe, with the initiative continuing into 2025.



**Eco Awareness Week: "Small Actions, Big Impact"**
This two-day campaign celebrated everyday sustainability practices with a green-themed bazaar, a *parol*-making contest using recycled materials, and recognition of UnionBankers leading environmental initiatives.

## Bangko Kabayan: Bayani ng Komunidad









**Solar Street Lights with Eco Brick Foundations**
In partnership with local communities, Bangko Kabayan installed solar-powered street lights across barangays and schools in Batangas. Built on eco brick foundations, these lights improve community safety and promote clean energy.

**Plastic Waste Education a nd Eco Brick Training**
Through community education sessions, students, teachers, and residents learned to turn single-use plastics into eco bricks for sustainable construction. This helped reduce plastic pollution while raising environmental consciousness.



**Bayani ng Kalikasan – Coastal and River Cleanups**
BK partnered with communities in Gumaca (Quezon), Sta. Fe (Cebu), and Nagcarlan (Laguna) to organize cleanups and environmental campaigns. These included collecting residual waste, installing public signage, and localized education drives to strengthen environmental awareness.

**BK Tree Planting Programs**
BK led tree-planting activities in Lemery and Ibaan, Batangas. These included the Bakawan Rehabilitation Program to restore mangrove forests and the "*Sa Ilog ng Pag-Asa, Puno ay Mahalaga*" event celebrating World Environment Day and Philippine Eagle Week.




## CitySavings: Transforming Waste into a Sustainable Future

Launched in August 2024, Trashformers is a CitySavings waste diversion initiative that aims to reduce landfill contributions by repurposing discarded materials. The project focuses on reusing common office and household waste while encouraging employees and communities to take part in everyday sustainability efforts.

From August to December 2024, the project diverted 162.5 kilograms of waste from the environment. This included 60.5 kg of assorted paper, 48.5 kg of cardboard, 28.5 kg of rigid plastics, 3.5 kg of assorted plastic, and 21.5 kg of mixed waste. These materials were repurposed into sustainable products rather than sent to landfills. The effort also enabled the Bank to reduce costs by leveraging external programs that exchange recycled waste for office essentials such as bond paper.

Trashformers supports CitySavings' Planet and People sustainability pillars by reducing environmental impact and involving employees in practical, community-based action. The project will continue into 2025, with plans to expand participation and scale up impact.

## Project Helios: Harnessing Solar Energy for a Greener Tomorrow

CitySavings launched Project Helios to reduce energy consumption and carbon emissions through renewable energy. The initiative involved installing solar-powered air conditioning units in four branches: Estancia, Sorsogon, Madela, and Tayug.

At the Madela branch, average daily energy consumption dropped from 13.19 kWh to 10.45 kWh, resulting in a monthly savings of 85.33 kWh—a 25.17% reduction. This shift helps lower reliance on fossil fuels and supports efforts to reduce greenhouse gas emissions.

By integrating solar energy into branch operations, CitySavings demonstrates that small-scale renewable solutions can drive meaningful impact. The bank aims to scale the project across more branches to maximize energy savings and environmental gains.

## #BEEMindful Together Program: Let's Hack the Bank's High Electricity Cost

CitySavings launched the #BEEMindful Together Program to promote everyday energy-saving habits among employees. The initiative encourages the mindful use of electricity—such as unplugging devices, turning off unused lights, and maximizing natural lighting—to reduce both costs and environmental impact.

As of March 2025, 133 employees have actively participated. The program helped cut electricity costs by 8% in just three months, saving the Bank PHP 123,000. These savings came from simple, collective actions practiced consistently across workspaces.

### Let's Keep the Conversation Going

We believe sustainability thrives on open dialogue. Our Investor Relations team stays actively connected with shareholders and investors through regular briefings, disclosures, and meaningful conversations around governance, performance, and ESG.

Do you have a question, insight, or idea about our sustainability efforts? We'd love to hear from you.

Reach us anytime at sustainability@UnionBankph.com

You can also stay updated through our annual sustainability reports, regulatory engagements, and stakeholder forums. Together, let's shape a future that works—for everyone.

# 2024 SUSTAINABILITY REPORT

## GRI Index

Union Bank of the Philippines has reported in accordance with the GRI Standards for the period January 1, 2024 to December 31, 2024.

| STATEMENT OF USE | |
|---|---|
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | None for this reporting year |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **General disclosures** | | | | | |
| **GRI 2: General Disclosures 2021** | 2-1 Organizational details | Page 96-97 | | | |
| | 2-2 Entities included in the organization's sustainability reporting | Page 108 | | | |
| | 2-3 Reporting period, frequency and contact point | Page 108 | | | |
| | 2-4 Restatements of information | After the result of a data review and collection methodology conducted for solid wastes for UBP to ensure data accuracy and consistency, the FY2023 Waste Management data is restated as follows:<br><br>**Waste Type** / **Waste Tonnes**<br>Recyclable: 18.7<br>Biodegradable: 19.94<br>Residual: 17.04 | | | |
| | 2-5 External assurance | The sustainability office, under the Chief Risk Officer, presided over its creation. External assurance will be considered for the 2025 Annual and 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 - p.133<br><br>Total number of UnionBank customers with active or open deposit and/or loan accounts as of Dec 31, 2024) - p139 | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| | 2-7 Employees | Page 142-143 | | | |
| | 2-8 Workers who are not employees | Page 142-143 | | | |
| | 2-9 Governance structure and composition | Page 119<br><br>Governance Structure - https://www.unionbankph.com/about-us/who-we-are/structure<br>Key executive officers - https://www.unionbankph.com/about-us/who-we-are/key-executive.officers<br>Board of Directors - https://www.unionbankph.com/about-us/who-we-are/board-of-directors | | | |
| | 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 Governance https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard | | | |
| | 2-11 Chair of the highest governance body | https://www.unionbankph.com/about-us/who-we-are/board-of-directors | | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Roles can be found in Manual on Good Governance - https://www. unionbankph.com/about-us/ corporate-governance/goodgovernance-standard | | | |
| | 2-13 Delegation of responsibility for managing impacts | Page 119 | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | Page 119 | | | |
| | 2-15 Conflicts of interest | Policy on Conflict of Interest under Government Policies: https://www.unionbankph.com/about-us/corporategovernance/good-governancestandard?report=4&acc=4350 Also listed in UnionBank's RPT Policy: https://www.unionbankph. com/about-us/corporategovernance/good-governancestandard?repo | | | |
| | 2-16 Communication of critical concerns | Stakeholder Relations - https://www.unionbankph. com/about-us/corporategovernance/good-governancestandard?report=1&acc=4218 | | | |
| | 2-17 Collective knowledge of the highest governance body | Sustainability Learning and Appreciation Courses: Building Capacity for Sustainable Finance | | | |
| | 2-18 Evaluation of the performance of the highest governance body | Page 119 | | | |

# 2024 SUSTAINABILITY REPORT

## GRI Index

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| | 2-19 Remuneration policies | Information on Remuneration under Governance Policies (Manual on Corporate Governance)- https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=3 | | | |
| | 2-20 Process to determine remuneration | Information on Remuneration under Governance Policies (Manual on Corporate Governance)- https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=3 | | | |
| | 2-21 Annual total compensation ratio | | All information | Confidentiality constraints | Local laws do not require disclosures on annual total compensation ratio |
| | 2-22 Statement on sustainable development strategy | Page 14-17,128-131 | | | |
| | 2-23 Policy commitments | Page 110-112 | | | |
| | 2-24 Embedding policy commitments | Page 110-112, 125,127 | | | |
| | 2-25 Processes to remediate negative impacts | Page 112 | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | Page 112 | | | |
| | 2-27 Compliance with laws and regulations | 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. The Bank's ethical standards are institutionalized through its Code of Conduct, which ensures the placement of clear mandates for its employees to observe responsible business banking in the performance of their functions. 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. Ethical Standards and Governance Policies- https:// www.unionbankph.com/aboutus/corporate-governance/goodgovernance-standard?report=0 | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| | 2-28 Membership associations | | All information | Information unavailable / Incomplete | This data is currently unavailable, but UnionBank will include this in the report for 2025 |
| | 2-29 Approach to stakeholder engagement | Page 112 | | | |
| | 2-30 Collective bargaining agreements | Page 152 | | | |
| **Material topics** | | | | | |
| **GRI 3: Material Topics 2021** | 3-1 Process to determine material topics | Page 114 | | | |
| | 3-2 List of material topics | Page 114 | | | |
| **Biodiversity** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | | All information | Not applicable | Not applicable, since UnionBank does not have biodiversity-related operations as part of its overall banking operations. We do, however, support biodiversity-related projects under our CSR programs (Tree Planting Initiatives) |
| **GRI 101: Biodiversity 2024** | 101-1 Policies to halt and reverse biodiversity loss | | All information | Not applicable | Not applicable, since UnionBank does not have biodiversity-related operations as part of its overall banking operations. We do, however, support biodiversity-related projects under our CSR programs (Tree Planting Initiatives) |
| | 101-2 Management of biodiversity impacts | | All information | Not applicable | Not applicable, since UnionBank does not have biodiversity-related operations as part of its overall banking operations. We do, however, support biodiversity-related projects under our CSR programs (Tree Planting Initiatives) |
| | 101-3 Access and benefit-sharing | | All information | Not applicable | Not applicable, since UnionBank does not have biodiversity-related operations as part of its overall banking operations. We do, however, support biodiversity-related projects under our CSR programs (Tree Planting Initiatives) |
| | 101-4 Identification of biodiversity impacts | | All information | Not applicable | Not applicable, since UnionBank does not have biodiversity-related operations as part of its overall banking operations. We do, however, support biodiversity-related projects under our CSR programs (Tree Planting Initiatives) |
| | 101-5 Locations with biodiversity impacts | | All information | Not applicable | Not applicable, since UnionBank does not have biodiversity-related operations as part of its overall banking operations. We do, however, support biodiversity-related projects under our CSR programs (Tree Planting Initiatives) |

# 2024 SUSTAINABILITY REPORT

## GRI Index

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| | 101-6 Direct drivers of biodiversity loss | | All information | Not applicable | Not applicable, since UnionBank does not have biodiversity-related operations as part of its overall banking operations. We do, however, support biodiversity-related projects under our CSR programs (Tree Planting Initiatives) |
| | 101-7 Changes to the state of biodiversity | | All information | Not applicable | Not applicable, since UnionBank does not have biodiversity-related operations as part of its overall banking operations. We do, however, support biodiversity-related projects under our CSR programs (Tree Planting Initiatives) |
| | 101-8 Ecosystem services | | All information | Not applicable | Not applicable, since UnionBank does not have biodiversity-related operations as part of its overall banking operations. We do, however, support biodiversity-related projects under our CSR programs (Tree Planting Initiatives) |
| **GRI 304: Biodiversity 2016** | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | | All information | Not applicable | Not applicable, since UnionBank does not have biodiversity-related operations as part of its overall banking operations. We do, however, support biodiversity-related projects under our CSR programs (Tree Planting Initiatives) |
| **Economic performance** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 133 | | | |
| **GRI 201: Economic Performance 2016** | 201-1 Direct economic value generated and distributed | Page 133 | | | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | | All information | Information unavailable / Incomplete | Aligned with the environmental and social risk management system, the model to compute financial implications of climate risks is currently being developed |
| | 201-3 Defined benefit plan obligations and other retirement plans | | All information | Information unavailable/incomplete | Retirement benefits are provided through a defined contribution plan, in line with local regulations. |
| | 201-4 Financial assistance received from government | | All information | Information unavailable/incomplete | UnionBank did not receive financial assistance from the government during the reporting period. This disclosure is omitted as it is not applicable. |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **Market presence** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | | All information | Information unavailable/incomplete | UnionBank does not publicly disclose ratios of standard entry-level wage by gender compared to the local minimum wage, as the bank ensures all employees are paid above the minimum wage in their respective locations. Therefore, this disclosure is omitted. |
| **GRI 202: Market Presence 2016** | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | | All information | Information unavailable/incomplete | UnionBank ensures that all employees are compensated above the local minimum wage. As the disclosure of specific wage ratios by gender is not applicable to the Bank's wage structure, this information is omitted. |
| | 202-2 Proportion of senior management hired from the local community | | All information | Information unavailable/incomplete | UnionBank does not separately track the proportion of senior management hired from the local community. This disclosure is omitted as it is not a key metric currently monitored by the Bank. |
| **Indirect economic impacts** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | | All information | Information unavailable/incomplete | |
| **GRI 203: Indirect Economic Impacts 2016** | 203-1 Infrastructure investments and services supported | | All information | Information unavailable/incomplete | UnionBank's infrastructure investments primarily focus on internal banking operations and technological advancements. The Bank does not report on infrastructure investments or services supported in external public infrastructure, so this disclosure is omitted. |
| | 203-2 Significant indirect economic impacts | | All information | Information unavailable/incomplete | UnionBank does not separately track or report on significant indirect economic impacts resulting from its infrastructure investments and services supported. Therefore, this disclosure is omitted |
| **Procurement practices** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 120 | | | |
| **GRI 204: Procurement Practices 2016** | 204-1 Proportion of spending on local suppliers | Page 120 | | | |
| **Anti-corruption** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 122 | | | |
| **GRI 205: Anti-corruption 2016** | 205-1 Operations assessed for risks related to corruption | Page 122 | | | |
| | 205-2 Communication and training about anti-corruption policies and procedures | Page 122 | | | |
| | 205-3 Confirmed incidents of corruption and actions taken | Page 122 | | | |

# 2024 SUSTAINABILITY REPORT

## GRI Index

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **Anti-competitive behavior** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 122 | | | |
| **GRI 206: Anti-competitive Behavior 2016** | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Page 122 | | | |
| **Tax** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 213-217 | | | |
| **GRI 207: Tax 2019** | 207-1 Approach to tax | Page 213-217 | | | |
| | 207-2 Tax governance, control, and risk management | Page 213-217 | | | |
| | 207-3 Stakeholder engagement and management of concerns related to tax | Page 213-217 | | | |
| | 207-4 Country-by-country reporting | Page 213-217 | | | |
| **Materials** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | | All information | Not applicable | UnionBank does not consider materials use a material topic, as its operations as a financial institution involve minimal consumption of physical materials. Therefore, disclosures under GRI 301 are omitted. |
| **GRI 301: Materials 2016** | 301-1 Materials used by weight or volume | | All information | Not applicable | UnionBank does not consider materials use a material topic, as its operations as a financial institution involve minimal consumption of physical materials. Therefore, disclosures under GRI 301 are omitted. |
| | 301-2 Recycled input materials used | | All information | Not applicable | UnionBank does not consider materials use a material topic, as its operations as a financial institution involve minimal consumption of physical materials. Therefore, disclosures under GRI 301 are omitted. |
| | 301-3 Reclaimed products and their packaging materials | | All information | Not applicable | UnionBank does not consider materials use a material topic, as its operations as a financial institution involve minimal consumption of physical materials. Therefore, disclosures under GRI 301 are omitted. |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **Energy** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 156-157 | | | |
| **GRI 302: Energy 2016** | 302-1 Energy consumption within the organization | Page 156-157 | | | |
| | 302-2 Energy consumption outside of the organization | | All information | Information unavailable / Incomplete | |
| | 302-3 Energy intensity | | All information | Information unavailable / Incomplete | |
| | 302-4 Reduction of energy consumption | Page 156-157 | | | |
| | 302-5 Reductions in energy requirements of products and services | Page 156-157 | | | |
| **Water and effluents** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 156-157 | | | |
| **GRI 303: Water and Effluents 2018** | 303-1 Interactions with water as a shared resource | Page 156-157 | | | |
| | 303-2 Management of water discharge-related impacts | | All Information | Not applicable | This was not identified as a material topic for the Bank. |
| | 303-3 Water withdrawal | | | Information unavailable/incomplete | 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 | | | Information unavailable/incomplete | Water discharge is handled by a third-party water provider. Locations of water sources vary and are not included in data provided. |
| | 303-5 Water consumption | Page 156-157 | | | |
| **Emissions** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 156-157 | | | |
| **GRI 305: Emissions 2016** | 305-1 Direct (Scope 1) GHG emissions | Page 156-157 | | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Page 156-157 | | | |
| | 305-3 Other indirect (Scope 3) GHG emissions | | All information | Information unavailable/incomplete | The Bank will review and assess the feasibility of reporting Scope 3 emissions and may begin considering such disclosures after 2025. |
| | 305-4 GHG emissions intensity | | All information | Information unavailable/incomplete | The Bank will review and assess the feasibility of reporting Scope 3 emissions and may begin considering such disclosures after 2025. |

# 2024 SUSTAINABILITY REPORT

## GRI Index

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| | 305-5 Reduction of GHG emissions | Page 156-157 | | | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | | All information | Information unavailable/incomplete | The Bank will review and assess the feasibility of reporting Scope 3 emissions and may begin considering such disclosures after 2025. |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | | All information | Information unavailable/incomplete | The Bank will review and assess the feasibility of reporting Scope 3 emissions and may begin considering such disclosures after 2025. |
| **Spills** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 156-157 | | | |
| **GRI 306: Effluents and Waste 2016** | 306-3 Significant spills | None significant for 2024 | | | |
| **Waste** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 156 | | | |
| **GRI 306: Waste 2020** | 306-1 Waste generation and significant waste-related impacts | Page 156 | | | |
| | 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 OneDrive | | | |
| | 306-3 Waste generated | Page 156 | | | |
| | 306-4 Waste diverted from disposal | Page 156 | | | |
| | 306-5 Waste directed to disposal | Page 156 | | | |
| **Supplier environmental assessment** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 120-121 | | | |
| **GRI 308: Supplier Environmental Assessment 2016** | 308-1 New suppliers that were screened using environmental criteria | Page 120-121 | | | |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | Page 120-121 | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **Employment** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 141-143 | | | |
| **GRI 401: Employment 2016** | 401-1 New employee hires and employee turnover | Page 141-143 | | | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Page 144 | | | |
| | 401-3 Parental leave | Page 144 | | | |
| **Labor/management relations** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 141-142 | | | |
| **GRI 402: Labor/ Management Relations 2016** | 402-1 Minimum notice periods regarding operational changes | Page 141-142 | | | |
| **Occupational health and safety** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 150-151 | | | |
| **GRI 403: Occupational Health and Safety 2018** | 403-1 Occupational health and safety management system | Page 150-151 | | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | UnionBank established a primary prevention of occupational risks, protection, and promotion of health at work, workrelated 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: 1. Regular environmental compliance collaboration or coordination meeting with concerned units such as Branch Channel Management and Facility Management Group. 2. Monthly Environmental, Occupational Safety and Health (EOSH) Meeting with the EOSH Committee Meeting. | | | |
| | 403-3 Occupational health services | All regularized 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. | | | |

# 2024 SUSTAINABILITY REPORT

## GRI Index

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Page 150-151 | | | |
| | 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 | Page 150-151 | | | |
| | 403-9 Work-related injuries | Page 150-151 | | | |
| | 403-10 Work-related ill health | Page 150-151 | | | |
| **Training and education** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 144-145 | | | |
| **GRI 404: Training and Education 2016** | 404-1 Average hours of training per year per employee | Page 144-145 | | | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Page 144-145 | | | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Page 150 | | | |
| **Diversity and equal opportunity** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 152 | | | |
| **GRI 405: Diversity and Equal Opportunity 2016** | 405-1 Diversity of governance bodies and employees | Page 152 | | | |
| | 405-2 Ratio of basic salary and remuneration of women to men | Page 152 | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **Non-discrimination** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 120 | | | |
| **GRI 406: Non-discrimination 2016** | 406-1 Incidents of discrimination and corrective actions taken | Page 120 | | | |
| **Freedom of association and collective bargaining** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 152 | | | |
| **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 | Page 152 | | | |
| **Child labor** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 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 408: Child Labor 2016** | 408-1 Operations and suppliers at significant risk for incidents of child labor | | | | |
| **Forced or compulsory labor** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 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 | | | |
| **GRI 409: Forced or Compulsory Labor 2016** | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | | | | |
| **Security practices** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | | All Information | Not applicable | UnionBank does not employ security personnel directly; all security services are contracted through third-party providers. As such, the Bank does not track or report the percentage of security personnel trained in human rights policies or procedures. Therefore, this disclosure is omitted. |

# 2024 SUSTAINABILITY REPORT

## GRI Index

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **GRI 410: Security Practices 2016** | 410-1 Security personnel trained in human rights policies or procedures | | All Information | Not applicable | UnionBank does not employ security personnel directly; all security services are contracted through third-party providers. As such, the Bank does not track or report the percentage of security personnel trained in human rights policies or procedures. Therefore, this disclosure is omitted. |
| **Rights of Indigenous Peoples** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | | All Information | Not applicable | UnionBank does not operate in areas inhabited or traditionally owned by Indigenous peoples. The Bank has not identified any incidents of violations involving the rights of Indigenous peoples during the reporting period. Therefore, this disclosure is omitted |
| **GRI 411: Rights of Indigenous Peoples 2016** | 411-1 Incidents of violations involving rights of indigenous peoples | | All Information | Not applicable | UnionBank does not operate in areas inhabited or traditionally owned by Indigenous peoples. The Bank has not identified any incidents of violations involving the rights of Indigenous peoples during the reporting period. Therefore, this disclosure is omitted |
| **Local communities** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | | All Information | Not applicable | UnionBank does not operate in areas where formal community engagement, impact assessments, or development programs are required. Therefore, this disclosure is omitted. |
| **GRI 413: Local Communities 2016** | 413-1 Operations with local community engagement, impact assessments, and development programs | | All Information | Not applicable | UnionBank does not operate in areas where formal community engagement, impact assessments, or development programs are required. Therefore, this disclosure is omitted. |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | | All Information | Not applicable | UnionBank has not identified any operations with significant actual or potential negative impacts on local communities during the reporting period. As such, this disclosure is omitted |
| **Supplier social assessment** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 121 | | | |
| **GRI 414: Supplier Social Assessment 2016** | 414-1 New suppliers that were screened using social criteria | Page 121 | | | |
| | 414-2 Negative social impacts in the supply chain and actions taken | Page 121 | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **Public policy** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | | All Information | Not applicable | UnionBank does not engage in lobbying activities or make financial or in-kind contributions to political parties, politicians, or related causes. As such, the Bank has no public policy-related impacts to disclose. Therefore, this disclosure is omitted |
| **GRI 415: Public Policy 2016** | 415-1 Political contributions | | All Information | Not applicable | UnionBank does not engage in lobbying activities or make financial or in-kind contributions to political parties, politicians, or related causes. As such, the Bank has no public policy-related impacts to disclose. Therefore, this disclosure is omitted |
| **Customer health and safety** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | | All Information | Information unavailable/incomplete | UnionBank does not offer physical products or services with direct health and safety impacts. As a financial institution, the Bank's offerings are primarily digital and do not involve health or safety assessments. Therefore, this disclosure is omitted. |
| **GRI 416: Customer Health and Safety 2016** | 416-1 Assessment of the health and safety impacts of product and service categories | | All Information | Information unavailable/incomplete | UnionBank does not offer physical products or services with direct health and safety impacts. As a financial institution, the Bank's offerings are primarily digital and do not involve health or safety assessments. Therefore, this disclosure is omitted. |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | | All Information | Information unavailable/incomplete | UnionBank does not offer physical products or services with direct health and safety impacts. As a financial institution, the Bank's offerings are primarily digital and do not involve health or safety assessments. Therefore, this disclosure is omitted. |
| **Marketing and labeling** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Page 139 | | | |
| **GRI 417: Marketing and Labeling 2016** | 417-1 Requirements for product and service information and labeling | Page 139 | | | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | Page 139 | | | |
| | 417-3 Incidents of non-compliance concerning marketing communications | Page 139 | | | |

# 2024 SUSTAINABILITY REPORT

## SASB Index

| TOPIC | METRIC | CATEGORY | UNIT OF MEASURE | CODE | PAGE/SECTION |
|---|---|---|---|---|---|
| Data Security | (1) Number of data breaches, | | Number, Percentage (%) | FN-CB-230a.1 | Page 140 |
| | (2) percentage that are personal data breaches, (3) number of account holders affected | Quantitative | | FN-CB-230a.1 | Page 140 |
| | Description of approach to identifying and addressing data security risks | Discussion and Analysis | n/a | FN-CB-230a.2 | Page 140 |
| Financial Inclusion & Capacity Building | (1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development | Quantitative | Number, Presentation currency | FN-CB-240a.1 | Page 137 |
| | (1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development | Quantitative | Number, Presentation currency | FN-CB-240a.2 | Information unavailable / Incomplete |
| | Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers | Quantitative | Number | FN-CB-240a.3 | Page 47 |
| | Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers | Quantitative | Number | FN-CB-240a.4 | Page 47 |
| Incorporation of Environmental, Social, and Governance Factors in Credit Analysis | Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis | Discussion and Analysis | n/a | FN-CB-410a.2 | Page 126 |

| TOPIC | METRIC | CATEGORY | UNIT OF MEASURE | CODE | PAGE/SECTION |
|---|---|---|---|---|---|
| Financed Emissions | Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3 | Quantitative | Metric tons (t) CO -e | FN-CB-410b.1 | Information unavailable / Incomplete |
| | Gross exposure for each industry by asset class | Quantitative | Presentation currency | FN-CB-410b.2 | Information unavailable / Incomplete |
| | Percentage of gross exposure included in the financed emissions calculation | Quantitative | Percentage % | FN-CB-410b.3 | Information unavailable / Incomplete |
| | Description of the methodology used to calculate financed emissions | Discussion and Analysis | n/a | FN-CB-410b.4 | Information unavailable / Incomplete |
| Business Ethics | Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti- competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations | Quantitative | Presentation currency | FN-CB-510a.1 | Information unavailable / Incomplete |
| | Description of whistleblower policies and procedures | Discussion and Analysis | n/a | FN-CB-510a.2 | Page 120 |
| Systemic Risk Management | Global Systemically Important Bank (G- SIB) score, by category [5] | Quantitative | Basis points (bps) | FN-CB-550a.1 | Information unavailable / Incomplete |
| | Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long- term corporate strategy, and other business activities | Discussion and Analysis | n/a | FN-CB-550a.2 | Information unavailable / Incomplete |

# PRODUCTS & SERVICES



## CASH MANAGEMENT SERVICES

**The Portal by UnionBank (Business Banking)**
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 with a single sign-on and many more. Accessible via web or the mobile app (iOS and Android).

**Disbursements**

- **Business Check** – A standalone software that allows clients to prepare and print checks.
- **Checkwriter Self-Service** – A web-based facility that allows check preparation and printing and ensures security in issuing checks via online approvals.
- **Corporate Checkwriter Outsourced** – Outsourced check preparation and printing through UnionBank for corporate and Manager's checks. UnionBank can deliver the checks back to client or have the checks released using our branch network.
- **PayExpress** – A payment facility that enables corporate clients to create electronic funds transfers with CWT generation and collect Invoices or Receipts from UnionBank branches
- **Voucher Payout** – An online platform that allows quick and hassle-free disbursement of payouts through UnionBank branches with the use of vouchers.
- **Electronic Fund Transfers** – Transfer funds to local and international banks in bulk. Transfers may be made using the following facilities:
  - UB to UB – Real-time fund transfers to UnionBank accounts
  - PESONet – Peso transfers to local banks
  - InstaPay – Real-time peso transfers to Bancnet member-banks with PHP 50,000.00 limit
  - Philippine Domestic Dollar Transfer System (PDDTS) – US Dollar transfers to local banks
  - Society for the Worldwide Interbank Financial Telecommunication (SWIFT) – Cross-border transfers to international banks
- **Sponsorship Arrangements** – Sponsoring Electronic Money Issuers (EMI) with a guaranteed limit so they can be direct participants in InstaPay, PESONet and Visa/Bancnet sending and receiving fund transfers.

**Collections**

- **Bills Payment** – A service that allows clients to collect from their customers or business partners through UnionBank's extensive multi-channel facility: UnionBank Online, The Portal, branches, ATM, and partner channels;
  - **Batch Bills** – Process multiple corporate payments as a batch transaction, through The Portal, which can be approved anytime, anywhere
  - **Bills Payment QR Code** – Collect from retail customers through a UnionBank QR Code to accept real time UnionBank payments
  - **Auto-Debit Arrangement (ADA)** – Collect from corporate and individual UnionBank payors by automatically debiting their account for their utility payments on the specified due date
  - **PartnerPay** – Collect payments rural and unbanked areas via third-party branch networks
  - **PCHC PayGate** – Accept payments from customers' other local bank accounts, accredited with PCHC Payment Gateway, through this payment facility that utilizes the PESONet account-to-account fund transfer
  - **eCollect** – Access collection reports of various collecting channels, in near real-time, via a web-based report
  - **DocUPAY** – Present invoices or other documents to your clients digitally and collect payments real-time supported with auto-debit arrangement, earmarking and self-service reporting functions via UnionBank's Supply Chain Finance Platform
- **Checkhouse** – Safekeep your Post-Dated Checks (PDCs) for timely deposits and monitor your receivables efficiently and electronically
- **Check Collections** – Have current-dated checks safely picked up from your designated office for deposit to the nearest UnionBank branch or facility
- **Expanded Check Collections** – Collect your customers' check payments through our pick-up service to reduce cost and receive comprehensive collection reports
- **Mobile Check Deposit** – Take a photo of your checks and submit the image online for deposit using The Portal mobile app
- **Remote Check Deposit** – Scan checks in bulk and submit the images online for deposit using The Portal website

- **Cash Mobilization** – Have your cash-on-hand safely picked up from your designated office or branch for deposit to the nearest UnionBank branch or facility
- **Secure.Pay** - Connect to The Portal website via API to pay directly, in real-time, via your UnionBank corporate account
- **PSE Trade/Securities Clearing Corporation of the Philippines (SCCP)** – Settle trade payables to SCCP via a fully automated system, monitored daily by a dedicated team
- **Unified Payment and Collection Platform (UPAY)** – Accept payments from various payment methods (from Visa, Mastercard Debit/ Credit Cards to InstaPay) either via a white label page, QR or API that merchants can integrate in their own app or website
- **ATM Machine** – have your own cash withdrawal/ acceptance machine at your own premises

**Payroll**

- **Payroll Suite** – A one-stop shop for the convenient handling of corporate customers' payroll needs: from account opening to account maintenance. Payroll Suite includes a VISA-enabled debit card with a customizable card design, digital account opening, and electronic crediting of payouts. Payees receive SMS alerts upon payroll credits and enjoy 24/7 online banking through UnionBank Online.
  - **Executive Payroll** – A business class payroll card for corporate executives.
  - **Dollar Payroll** – A dollar payroll card designed for frequently travelling employees to save on foreign exchange fees.
- **ePayroll** –UnionBank refers the client to an accredited ePayroll service provider. The service provider manages the client's payroll computation requirements, inclusive of functionalities such as timekeeping and HRIS management (depending on service provider's capabilities).
- **Payee Protect Coverage (PPC)** - a group life insurance coverage bundled with Payroll Suite that the Corporate Client can provide as an additional benefit to their employee/s for added security and to strengthen their loyalty towards their company. PPC is insured by OONA insurance.

**Government Payments**

- **Bureau of Internal Revenue (BIR)** – UnionBank accepts tax payments via EFPS and ePayments. Over-the-counter payments are also available.
- **Social Security System (SSS)** – Monthly contributions of SSS can be paid online or over-the-counter. Various loan payment types (i.e. salary, calamity, emergency and educational loans) may also be uploaded online or filed for payment at the branches.
- **Philippine Health Insurance Corporation (PhilHealth)** – UnionBank accepts payment of contributions via an online portal or over-the-counter.
- **Home Development Mutual Fund (HDMF)/ Pag-IBIG Fund** – Payment for monthly contributions, short-term/multi-purpose loans, and calamity loans are accepted via bulk upload in an online portal.
- **Bureau of Customs (BOC)** – Customs duties and taxes may be paid online.

**Cards**

- **Corporate Credit Cards** – Corporate Credit Card is a disbursement tool which allows UnionBank's corporate clients to issue a credit card to their employees so they can manage and process their business expenses. Corporates can enjoy the benefits of the credit card program where they can earn rebates, get travel insurance and an expense management tool.
  - VISA Spend Clarity. A expense management tool that allows corporates to track their employees expenses, block merchants and issue a virtual card.
- **Corporate Debit Cards** – a solution that allows UnionBank's corporate client to disburse funds to their employees/users in a cashless, convenient, and cost-efficient way through the issuance of a Debit Card for their petty cash needs
- **Government Service Insurance System Unified Multi-Purpose ID (GSIS UMID)/GSIS eCard** – A card for fast crediting of benefits, loans, and other GSIS proceeds to GSIS members and pensioners. GSIS UMID also serves as a valid government ID.
- **Social Security System Unified Multi-Purpose ID (SSS UMID Pay Card)/SSS Quick Card** – A card for fast crediting of benefits and loans to SSS members and pensioners. SSS UMID also serves as a primary valid government ID.
- **Pag-IBIG Loyalty Card Plus** - A loyalty card and savings account for the disbursement of Pag-IBIG proceeds. Pag-IBIG Loyalty Card Plus can be used for discounts in over 400 partner merchants nationwide.

**Supply Chain Financing**

A platform to support better cashflows for your business community through digital document presentment, receivables collection, payables settlement, and instant financing options.

- **Dealer Financing** - a collection program for an anchor supplier with a community-based closed-loop lending program for buyers as payment option for their invoices
- **Discounting (Payables and Receivables)** - disbursement program that allows the anchor buyer to host a discounting program for enrolled sellers to get earlier access to funds, in exchange of a discount

## TRADE SERVICES AND PRODUCTS

- **Import Financing**
- **Export Financing**
- **Documentary Letter of Credit (LC)** – A product offered to clients to guaranty payment to a supplier upon the delivery of goods and upon presentation of complying documents.
- **Stand-by Letter of Credit** – A product offered to clients to guaranty payment of an obligation in case of failure of the other party to comply with the terms and conditions as stipulated in a contract.
- **Bank Guaranty/Performance Bond** – A product offered to clients to guaranty the fulfillment of a contract to a third party.
- **Non-LC Transactions (Open Account, Documents against Payment, Document against Acceptance, Direct Remittance)** – A product that facilitates the payment and documentation of an importation other than through a Letter of Credit
  - **Export Packing Credit Line** – An export financing facility where loan advances are made available to clients for the production of export goods to fill in a purchase order, sales contract or Export Letter of Credit.
  - **Export Bills Purchase Line** – An export financing facility where the bank purchases outright sight/usance drafts/or bills presented by the client.
  - **Customs Duties Collection** – A product offered to importers and exporters to facilitate the online payment of their customs duties and taxes thru One-Hub, debit to their account or via Manager's Check.
- **Foreign Bills Purchase** – A facility that provides immediate or outright credit to client for its foreign-denominated checks that are deposited to its account for regular clearing.
- **Trade Check Discounting** – A facility offered to clients to finance working capital requirements through the purchase of accounts receivable via Post-Dated Checks (PDCs).

**Liquidity Management**

- **Balance Viewing** – 24/7 balance viewing and account management for corporate customers through online banking.
- **Account Pooling** – A facility that allows corporate customers to transfer funds automatically between their UnionBank accounts at the beginning and/or end-of-day based on specified conditions.
- **Account Sweeping** – A facility that allows corporate customers to pool balances from their various UnionBank accounts for disbursement purposes.
- **SWIFT Reports** – The UnionBank MT940 is one of the few SWIFT Peso-Compliant statements in the Philippines. This completes the CMS collections facility as it provides detailed and customizable reports that can be automatically integrated with the client's AP system.

**Treasury**

- **Foreign Exchange** - a self-service facility that enables clients to buy and sell major currencies against USD and PHP with immediate remittance. Through this product, clients can access real-time, competitive industry spot rates 24/7 for all foreign exchange transactions.

**API Marketplace**
UnionBank's award-winning API Marketplace (developer.UnionBankph.com), launched in 2018, empowers businesses to embed banking products and services into their own digital applications, allowing them to design customized digital experiences for their own clients that is cheaper, faster and more secure. It also allows partners to share and publish their own digital services, alongside the bank's providing a single point of integration for APIs within the platform.

This bank-grade API platform has to date already provided more than 100 partners a secure and reliable collaborative workspace allowing them to incorporate banking services, and/or processes into their value propositions, empowering them to create solutions and accelerate meaningful innovations for their clients and consumers.

**Current API Marketplace Products**:

I. **ACCOUNT INFORMATION**
Customer Account Number and Name Verification - Provides verification of account number and account name of a UnionBank customer
**Customer Account Status Verification** - Provides verification of account status of a UnionBank customer
**Customer Account Transaction History** - Allows retrieval of account transaction history from an individual UnionBank customer

**Customer Balance** - Enables access to account balance of an individual UnionBank customer
**Customer Birthdate Verification** - Provides verification of birthdate of a UnionBank customer
**Customer Cards** - Allows retrieval of cards linked to a particular UnionBank account
**Customer Gender Verification** - Provides verification of gender of a UnionBank customer
**Customer Verification** - Provides verification of account name, account number, gender, birthdate and account status
**Online Bank Account Information** - Allows retrieval of the last 4 digits of the account of the UnionBank customer
**Partner Account Transaction History** - Allows retrieval of account transaction history from a corporate UnionBank customer Partner Balance API – Retrieves the balance of a UnionBank corporate account
**Open Banking** - Enables access to account balance, transaction history and account information such as name, gender, birthdate

II. **AUTHENTICATION**
UnionBank Customer Authentication - Authenticates an individual UnionBank customer for a particular transaction. This also allows linking and unlinking of a UnionBank account through short-lived or long-lived access tokens
**UnionBank Partner Authentication** - Authenticates request for access to a corporate UnionBank customer's account
**One-Time Password Authentication** - Allows partners to authenticate a UnionBank customer through a One-Time Password (OTP)

III. **COLLECTION OF FUNDS**
**Auto Debit Arrangement** - Enables collection of recurring payments from a UnionBank customer
**Customer Bills Payment** - Facilitates bills payment from a UnionBank customer
**Merchant Single Payment** - Enables collection of payments from a UnionBank customer
**Partner Bills Payment** - Facilitates bills payment for partners through UnionBank's biller platform
**Partner UBP Cash In** - Facilitates cash in or top up from UnionBank customers
**Payment Request via PESONet** - Enables collection of payments thru PayGate
**UPay by UnionBank** - Enables collection of payments thru UPay that is embedded and customized to a partner's application or website
**Pay to Merchant (P2M) / Pay to Biller (P2B)** - Facilitates creation of a QR code (QRPH) linked to UnionBank corporate account, where merchants or billers can receive payments to. It also provides transaction reports to merchants or billers for monitoring purposes
**Merchant Payment Refund** - Facilitates refund or reversal of a payment made by a UnionBank customer

IV. **DISBURSEMENT OF FUNDS**
Customer InstaPay Fund Transfer - Facilitates fund transfers via Instapay from UnionBank customers to other banks
**Customer PESONet Fund Transfer** - Facilitates fund transfers via Pesonet from UnionBank customers to other banks
**Customer UnionBank-to-UnionBank Fund Transfer** - Facilitates Peso fund transfers from one UnionBank customer to another UnionBank customer
**Intrabank Fund Transfer** - Facilitates Dollar fund transfers from one UnionBank customer to another UnionBank customer
**Partner Disbursement by UnionBank** - Facilitates fund transfer for partners, built with smart logic that identifies best transaction type to use between UB-UB, Instapay and Pesonet depending on the transaction details
**Partner Instapay Fund Transfer** - Enables partners to facilitate fund transfer via Instapay from their UnionBank corporate account to another bank
**Partner PESONet Fund Transfer** - Enables partners to facilitate fund transfer via Pesonet from their UnionBank corporate account to another bank
**Partner UnionBank-to-UnionBank Fund Transfer** - Enables partners to facilitate fund transfer from their UnionBank corporate account to another UnionBank account
**PDDTS Transfer** - Enables partners to facilitate fund transfer via PDDTS from their UnionBank corporate account to another bank
**RTGS Transfer** - Enables partners to facilitate fund transfer via RTGS from their UnionBank corporate account to another bank

V. **CARDS**
**UnionBank Credit Card Application** - Facilitates submission of UnionBank credit card application
**GetGo Debit Card Application** - Facilitates submission of GetGo debit card application
**Credit Card Inquiry** - Enables access to credit card information such as outstanding balance and other relevant information
**Prepaid Wallet by GetGo** - Enables access to customer profile, account balance, card status, transaction history and limit of GetGo Prepaid card
**Prepaid Wallet Transactions by GetGo** - Facilitates GetGo Prepaid transactions such as fund transfer, bills payment and reversal
**Partner Prepaid Top Up via I2C** - Facilitates top up transaction to Getgo Prepaid card
**UnionBank Prepaid Card** - Facilitates top up transaction to Interblocks (IBL) prepaid card hosts
**UnionBank Credit Card Perks** - Provides list of current UnionBank Credit Card perks or promotions
**UnionBank Debit Card Perks** - Provides list of current UnionBank Debit Card perks or promotions

VI. **LOANS**
**Auto Loan Calculator** - Generates amortization projections for a UnionBank Auto Loan
**Housing Loan Calculator** - Generates amortization projections for a UnionBank Housing Loan
**Customer UnionBank Loan Application** - Enables receipt and submission of personal loan applications
**Partner Loan Availment** - Enables partner to receive and submit personal loan applications
**Partner Retail Loan Installment** - Enables availment of quick loan as well as checking of loan status
**Partner UnionBank Loan Payment** - Enables partner to receive loan payments for both UnionBank Auto and Housing Loans
**Overdraft Account** - Enables creation of an overdraft account for loan applications

VII. **INQUIRIES**
**Branch and ATM Location** - Retrieves list of current branches and ATM locations
**Foreign Exchange Rate** - Provides up-to-date foreign exchange rates that can be used for the sale of foreign currencies
**Savings and Current Account Interest Rate** - Provides up-to-date savings and current account interest rates

**Time Deposit Interest Rate** - Provides up-to-date time deposit account interest rates
**Biller Information** - Enables access to UnionBank biller list and corresponding information

VIII. **SUPPLY CHAIN FINANCE**
**Partner FSC Payment** - Enables loan financing requests through blockchain

IX. **OTHERS**
**SSS Community Credits** – Provides information on SSS credits GSIS Pension Credits – Provides information on GSIS credits Account Credit Notification - Notifies customer on specific credit transactions thru SMS or email

X. **PARTNERS**
**Weather Data by WeatherPH** - Provides current, historical and forecasted weather data
**Partner Paymaya Wallet Top Up** - Facilitates top up to Maya wallet through a UnionBank corporate account
**Partner Coins.PH Wallet Top Up** - Facilitates top up to Coins.ph wallet through a UnionBank corporate account
**Cash Payout by DragonPay** - Creates cash payout voucher to be claimed at DragonPay counters
**eGifts by GiftAway** - Grants Giftaway electronic gift cards
**Business Financing by First Circle** - Facilitates business financing requests for SME's extra capital
**eTreats by Share Treats** - Grants Share Treats electronic gift cards
**Airtime Credits by DT One** - Sends airtime credits for local and international numbers
**Bills Payment by Direct Agent 5** - Facilitates bills payment transactions to Direct Agent 5 billers
**Credit Scoring by FinScore** - Provides applicant credibility insight through FinScore's credit scoring
**Cryptocurrency Exchange by PDAX** - Facilitates trading of cryptocurrencies thru PDAX
**Salary Loan by Advance Tech Lending** - Facilitates requests for salary loan from Advance Tech Lending
**Digital Insurance Products by InLife** - Allows purchasing of InLife digital insurance products
**Digital Insurance by Igloo** - Allows purchasing of Igloo digital insurance products
**Grabpay Wallet Top Up** - Facilitates top up to Grabpay wallet
**Cash Payout by Direct Agent 5** - Creates cash payout voucher to be claimed at Western Union counters under Direct Agent 5
**Bills Payment by Multisys Technologies** - Facilitates bills payment transactions to Multisys biller

# PRODUCTS & SERVICES

## UNIONBANK ONLINE/UB ONLINE

This is more than just another banking app, it puts your bank in the palm of your hand. You don't have to put your life on hold, as you can bank securely whenever you want to, from wherever you want. Get started by opening an account in-app, without ever having to step into a UnionBank branch. Easily manage your accounts, your cards, transfer funds, pay your bills and more, with just the tap of your finger.

**Open an Account**
- UnionBank is the first Philippine bank that enables customers to open accounts through the app. No need to visit the branch.
- Choose between debit accounts - Personal Savings Account, PlayEveryday, Savings+, Lazada or Go Rewards
- **KYC Compliance** – full adherence to electronic Know Your Customer (e-KYC) protocols, ensuring regulatory compliance and security
- **Document Scan and Validation** – seamless ID verification and submission for digital applications
- **Pre-filled Forms** – using scanned documents to auto-fill required information
- **Liveness and Motion Check** – selfie verification by comparing it against submitted ID and previous applications
- **Digital Signature Capture** – secure collection of electronic signatures
- **Access to Core Features** – once account is approved, user will have instant access to mobile banking features such as fund transfers and bills payment
- Existing debit customers can open new debit accounts in a few clicks.

**Manage Account/s**
- View all accounts, card balances, and available limits in one place
- Real-time monitoring of savings, checking or card activities
- Get a card delivered to your home/office address



# PRODUCTS & SERVICES



- **Activate Card** – activate your newly issued physical or virtual card within the app
- **Virtual Cards** – use your virtual card for online shopping (*limited to eligible products)
- View your credit card spend, points and statements.
- **Redeem Rewards** – redeem your Credit Card points
- **View / Download Statement** – easily view and download 1-year worth of statements
- **Auto-Debit Payments** – nominate a savings account to auto-debit the payment for your credit card dues. You never have to miss a payment again
- **Manage PIN** – set or reset the card PIN of your credit or debit card securely
- **Real-Time Card Lock/Unlock** – temporarily lock or unlock the card for security
- **Transaction Controls** – enable or disable specific transaction types on your Visa credit cards: online, international, or local transactions
- **Credit Limit Increase** – request for an increase in your credit limit through the app
- **Set Credit Limit** – manage your supplementary cards' sublimit in real-time
- **Supplementary Onboarding** – supplementary card holders can enroll in UB Online for easier account management
- **Report and Replace Card** – Report and request for a replacement for a lost or stolen card
- **Spend Tracker** – view categorized monthly spending analytics and trends of your spend
- **Goals** – create up to 3 Goals and start saving up for that investment, emergency fund, or whatever you aspire for
- Keep tabs on your loan repayments
- Track your rank, view your points and access the leader boards with PlayEveryday.

**Installments**

- **EasyConvert** – convert your eligible credit card purchases into installments
- **EasyBill** – turn your credit card's billed retail balance into installments
- **EasyCash** – get cash in an instant from your available credit limit and pay in installments
- **EasyTransfer** – turn your other bank's credit card balance into installments

**Easily Send / Receive Funds**

- **Transaction Limits** – set your own transaction limits for different types of transfers
- **UB to UB Transfers** – real-time crediting for transfers between your accounts and other UnionBank accounts
- **Local Bank-to-Bank Transfers** – local transfers to any banks or e-wallets any time, without any enrolment or going to the branch
  - **PESONet** – transfer to anyone for free. Same or next business day crediting
  - **InstaPay** – transfer up to PHP 50,000 in real-time for only PHP 10. View the status of your InstaPay transfers to other banks.
  - **PDDTS** – transfer your US Dollars to other local banks for only USD 1.
- **International Bank-to-Bank Transfers** – transfers to international banks
  - **SWIFT** – transfer funds to any bank worldwide for a fixed fee of USD40.
- **Remittance Transfers** – send remittances to loved ones via our partner Remittance Centers - Cebuana Lhuillier, LBC & PeraHub.
- **Receive Remittance** – receive remittances sent from abroad via Western Union
- **Credit Card Transfers**
  - **PayDirect** – make payments and transfers directly from your credit card
  - **Cash Advance** – send to your own UnionBank bank account
- Send money using just the mobile number or e-mail address. No more sharing of account numbers.
- **Split Bills** – split bills with your friends on UB Online. No more worksheets to compute who owes who and how much.
- **Generate QR** – generate your own InstaPay QRPh Code and receive funds from other UB accounts or other banks
- **Save Recipients** – add, view and manage a list of frequent recipients for quicker transfers
- **Fraud Detection Tools** – algorithms to flag suspicious activities during fund transfers
- **Schedule Transfers** – customize frequency and option to cancel or modify recurring payments

**Easily Pay Bills or Buy Load**

- **Pay Bills** – pay your utility, phone, rent, school, and more. No need to enroll billers for payment.
- **Pay Bills via Credit Card** – use your credit card to pay select billers
- **Save Billers** – save accounts you frequently transfer to and bills you regularly pay
- **Schedule Payments** – schedule bills payments. No need to worry about due dates.
- **Buy Load** – purchase prepaid load for major telecom providers

**Mobile Check Deposit 24x7**

- Deposit checks conveniently via the app
  - UnionBank checks clears after two hours – even during weekends and holidays.
  - Other bank checks follow industry cut-off and clearing hours.

**Security**

- Access UB Online securely through OTP or biometrics
- Self-service password reset, profile unblocking, and contact detail updating

- **Trust a Device** – nominate trusted device for biometric authentication
- **Fraud Detection Tools** – algorithms to flag suspicious activities across the platform

**Other Features**
- **Voucher Wallet** – monitor and access your vouchers
- **Buy / Sell USD** – convert USD to PHP and vice versa, and view real-time FX rates
- **Insurance Marketplace** – purchase simple insurance products in UB Online
- **My Mailbox** – see all the notifications from UnionBank
  - **Advisories** – stay up to date on the latest advisories from UB
  - **Promos** – check for promos and discounts
  - **Transactions** – see notifications for the transactions that you've made
  - **Support** – raise a request, inquiry or a dispute via the app without calling customer service
  - **Schedule Branch Visit** – get ahead of the queue by scheduling your branch visit in the app. Find the closest branch or ATM with the built-in locator.

## UB NEGOSYANTE - SME BUSINESS BANKING APP

UB Negosyante - SME Business Banking app is the country's first mobile banking app built for Micro, Small and Medium Enterprises (MSME). It was designed to address the needs and pain points of MSMEs so they can spend less time going to branches to do banking transactions and focus more on growing their businesses.

**Account Management**
- Manage multiple UnionBank Business Accounts in one app.
- Switch from one business to another from the app's dashboard to manage accounts from different businesses.
- Monitor scheduled and completed transactions via Transaction History
- Set-up approval flows for transactions

**Transfer Funds using your Business Account**
- Transfer funds in real-time to any UnionBank account
- Transfer up to PHP 50,000 in real-time to Bancnet member-banks via InstaPay
- Transfer to any local bank via PESONet, with same or next business day crediting
- Do US Dollar transfer to local banks via Philippine Domestic Dollar Transfer System (PDDTS)
- Do cross-border transfers to international banks through the Society for the Worldwide Interbank Financial Telecommunication (SWIFT)
- Save recipients for easier transfers
- Schedule advanced or recurring fund transfers

**Bills Payment**
- Pay to over 400+ billers without the need to enroll them
- Save billers for future payments
- Schedule advanced or recurring bills payment

**Check Deposit**
- Deposit check 24x7 by just taking photo of the check
- UnionBank checks clears after two hours
- Other banks' checks follow industry cut-off and clearing hours.

**Request Payment**
- Generate payment link to receive payments through different channels such as:
  - UB Online
  - Bank Transfer via InstaPay and PCHC PayGate
  - E-Wallet via GCash and GrabPay
  - Over-The-Counter via Bayad Center and Cebuana Lhuillier

**Supply Chain Financing**
- Monitor and pay Dealer Financing Line via the app
- View and pay anchor supplier invoices using Dealer Financing Line

**Merchant Acquiring and Payment Gateway Solutions**

**UPAY for MSMEs**
UPAY is a payment feature inside the UB Negosyante App-SME Business Banking app that allows business owners to collect payment from their customers through multiple payment channels (InstaPay, Digital Wallets, Over-the-counter, credit cards) through a payment link.

The mobile application is available in both IOS and Android that allows MSME business owners to transact and manage their accounts wherever they may be.

**Merchant Payment Gateway**
Our UB Payment gateway provides API connectivity via website and mobile applications enabling businesses to accept credit and debit cards on a fast, secure and reliable payment processing environment. The platform offers a wide range of integration complexity and check out page customizability.

**QRPH (P2M)**
A QR code payment platform that allows merchants to accept payments (face to face and online) from various e-wallet and online banking applications.

## SME BUSINESS BANKING

**Dealers Financing Line** – A revolving credit line for payment of inventory purchases designed for dealers and distributors via the Financial Supply Chain platform. With flexible payment terms, assured payment of goods with real time credits. Collateral-free based on the average volume of the dealer.

**BusinessLine Classic** - a multi- purpose and fully secured loan that offers a revolving credit line facility. With loanable amount of up to PHP 15 million
- Access funds via a regular checking account funded by BusinessLine
- No need for Promissory Notes per availment
- Available via Checkbook or Easy-access Debit Card (EADC)
- Accessible via UnionBank Online
- No fixed terms
- No minimum availment required
- Minimal principal payment
- One-time payment of documentary stamps
- Interest is based on the number of days used
- Pay only for the funds used

**Supplier BusinessLine** – a collateral-free working capital line for suppliers and contractors with checkbook and online access. Collateral-free line for up to PHP 10 million

**BusinessLine for Medical Doctors** – a revolving credit line available for doctors and medical practitioners of accredited hospitals

## LOANS

**Home Loan -** A credit facility offered to qualified individuals or business entities with the following purposes:
- To purchase or acquire residential condominium unit, house and lot, or vacant lot
- House construction on residential vacant lots
- Refinancing the outstanding balance of an existing housing loan / credit facility from another bank or financial institution

**Home Loan Product Types for Financing:**
**Regular Housing Loan -** Purchase of residential unit acquired from Non- Accredited Developer or Secondary Market.
- **Housing Loan with Undertaking and Buy Back Agreement** – Purchase of residential unit acquired from the projects of Accredited Developers
- **Flex Loan (Home Equity)** - is a multi-purpose term loan secured by a first mortgage on the same real estate property used as collateral.

**Vehicle Financing** - a financing facility available to qualified retail and corporate clients for the purchase of vehicles either for personal or commercial use. The credit facilities are available for brand new, second-hand vehicles and premium motorcycle segments and are secured by chattel mortgages.

**Personal Loan** - a product with a multiple loan installment feature moderated by Auto-Debit Arrangement (ADA), salary deduction or Post-Dated Checks (PDCs). This is a standby credit line which can be used to avail of multiple installment loans within the credit line for different loan purposes such as home renovation, vehicle/home/furniture purchase, emergency expense and others.

**Daylight Facility** - It is an intra-day credit facility extended mainly to financial institutions with good credit standing, that require bridging of intra-day settlement gaps. Funds are made available for the day, to be availed of and paid within the same day.

**Loan Line** - A short-term credit facility which is intended to support working capital requirements. The instrument for availment is a Promissory Note. Maximum PN Tenor is 360 days.

**Term Loan** – A credit facility whose purpose is to finance the long-term financial requirements of a client for business expansion, such as construction of a building or warehouse, acquisition of a property, purchase of equipment or equity financing. The loan may be availed in peso or foreign currency.

**Short Term Loan** - It is a one-time credit availment drawn via a Promissory Note with a Maximum Tenor of one (1) year. The loan is payable lump-sum at maturity date or by installment. However, any amount paid cannot be re-drawn by the client.

**Project Finance Loan** – A financing facility granted to a special purpose entity which is created to operate physical assets and where the principal source of repayment is the income generated by the assets being financed. The loan is typically secured by a pledge on the borrower's shares, assignment of the borrower's assets and/or assignment of project revenues/accounts/or documents. The loan may be availed in peso or foreign currency.

## CREDIT CARDS

**UnionBank Branded Cards**
- UnionBank Classic
- UnionBank Gold
- UnionBank Platinum
- UnionBank Corporate Card

**Co-Brand Cards**
- Burgoo Visa
- Cebu Pacific Gold
- Cebu Pacific Platinum
- Cebu Parklane Visa
- First Life Visa
- Go Rewards Visa Gold
- Go Rewards Visa Platinum
- Home Depot Visa
- Insular Life Visa
- Lazada Mastercard
- Medicard Visa
- Racks Visa
- Riviera Golf Visa
- S&R Visa
- Suy Sing Visa
- The North Face Visa

**Affinity Cards**
- Adamson University Visa
- Alpha Phi Omega Visa
- Assumption Alumnae Association Visa
- Ateneo Alumni Association Visa
- Ateneo de Manila High School '87 Visa
- Ateneo de Manila Law Alumni Association Visa
- Ateneo Graduate School of Business Alumni Association Visa
- Cebu Kian Kee Alumni Association Visa
- CEU Alumni Association Visa
- Colegio de San Juan de Letran Visa
- Couples for Christ Visa
- De La Salle Alumni Association Visa
- De La Salle College of Saint Benilde Visa
- De La Salle Dasmariñas Alumni Association Visa
- De La Salle Lipa Alumni Association Visa
- Don Bosco Alumni Visa
- Enderun Colleges Visa
- Free Masons of the Philippines Visa
- La Salle Green Hills Alumni Association Visa
- Lourdes School Alumni Association Visa
- People Management of the Philippines Visa
- Philippine Academy of Ophthalmology Visa
- Philippine Dental Association Visa
- Philippine Medical Association Visa
- Philippine Red Cross Visa
- Sacred Heart School-Ateneo de Cebu Alumni Association Visa
- San Beda College Alumni Association
- Silliman University Visa
- South Western University Alumni Foundation Visa
- St. Paul's College Pasig Visa
- Supreme Council Order of DeMolay Visa
- Team Energy Visa
- University of Santo Tomas Visa
- University of the East Alumni Association Visa
- University of the Philippines Alumni Association Visa
- World Wild Fund for Nature (WWF) Visa

**Specialty Cards**
- UnionBank Miles + Platinum
- PlayEveryday Credit Card

**Core Cards**
- UnionBank Gold Mastercard
- UnionBank Platinum Mastercard
- UnionBank Reserve Visa Infinite
- UnionBank Miles+ Visa Signature
- UnionBank Rewards Visa Platinum
- UnionBank Cash Back Visa Platinum
- UnionBank U Visa Platinum
- UnionBank Shell Power Visa Platinum
- UnionBank Shell Power Visa Gold
- UnionBank Mercury Visa Gold
- UnionBank Reserve World Elite Mastercard
- UnionBank Miles+ World Mastercard
- UnionBank Cash Back Titanium Mastercard
- UnionBank Rewards Platinum Mastercard
- UnionBank U Mastercard Platinum
- UnionBank Grab Mastercard Platinum

## DEBIT CARDS

**Go Rewards Debit Card**
**ePaycard**
**E-Wallet Card**
**Lazada Debit Card**
**Platinum Debit Card**
**PlayEveryday Debit Card**
**USD Debit Card**

## DEPOSIT PRODUCTS

### For Businesses

**BizStarter –** an entry-level, interest-bearing checking account for MSMEs with a low PHP 5,000 initial deposit and minimum balance. Open digitally via UnionBank Business Banking—no branch visits or physical documents required. Earn interest with a minimum balance of PHP 50,000.

**Business Check –** a versatile checking account for businesses designed for convenience. It includes check-writing software with voucher and receipt printing, plus an initial check inventory upon account opening. Reordering checks is easy through any UnionBank branch using a reorder slip.

**Corporate Checking** – an interest-bearing checking account designed for seamless financial management. Perform essential tasks like deposits, withdrawals, supplier payments, and payroll processing. Requires a PHP 50,000 initial deposit and earns interest with a minimum balance of PHP 100,000.

**Corporate Savings** – a smart savings account tailored for businesses. Manage finances, monitor cash flow, and transact in multiple currencies to protect assets and support growth.

**Foreign Currency Deposit Unit (FCDU) Corporate Savings** – a savings account for foreign currency transactions. Deposit, invest, or remit in major currencies with ease under the Foreign Currency Deposit Act. Perfect for global business needs like education, travel, or medical expenses.

**ePaycard Peso** – Payee account opened and tagged under the umbrella account of a Corporate Client for the purpose of payees' salary credits, allowances, and other corporate disbursement. Corporate Client can choose between having a savings or checking variant of the account to be provided to their payees. This account is opened without an initial deposit requirement but will require a PHP 100,000.00 ADB to earn 0.10% interest p.a. It includes a deposit insurance coverage of up to PHP 500,000.00 per depositor, subject to 20% final withholding tax.

**ePaycard Dollar Savings** - Payee account opened and tagged under the umbrella account of a Corporate Client for the purpose of payees' salary credits, allowances, and other corporate disbursement in dollar denomination. This account is opened without an initial deposit requirement but will require a USD1,000.00 ADB to earn 0.05% interest p.a. It includes a deposit insurance coverage of up to PHP 500,000.00 per depositor, subject to 15% final withholding tax.

**GSIS-Member Account** – This account allows crediting of GSIS benefits and loans to their members and access to ATM, POS, Internet banking &OTC transactions with a maximum deposit insurance of PHP 500,000.00 per depositor. Subject to a 20% final withholding tax. With no initial deposit required, an account may earn 0.10% interest p.a. for a minimum balance of PHP 100,000.00.

**GSIS-Pensioner Account** – This account was designed to accept pension credits and other benefits such as loan availments and other cash claims for GSIS pensioners and access to ATM, POS, Internet Banking & OTC transactions with a maximum deposit insurance of PHP 500,000.00

# PRODUCTS & SERVICES

per depositor, subject to a 20% final withholding tax. With no initial deposit required, an account may earn 0.10% interest p.a. for a minimum balance of PHP 25,000.00.

**Pag-IBIG Loyalty Card Plus** – a loyalty card under the Pag-IBIG Fund's Loyalty Program, linked to a UnionBank savings account and ATM Visa Debit card. Other than the discounts and rewards as a loyalty card, it is used as a disbursement channel for Pag-IBIG proceeds (e.g. short-term loans, dividend payouts, provident benefit claims). The account has no initial deposit and maintaining balance requirement and can earn 0.10% interest p.a. for a minimum average daily balance (ADB) of PHP 100,000.00. It includes a deposit insurance coverage of up to PHP 500,000.00 per depositor, subject to 20% final withholding tax.

**SSS-Member Account** – This account allows crediting of SSS loans and benefits to their members and access to ATM, POS, Internet banking &OTC with a maximum deposit insurance of PHP 500,000.00 per depositor, subject to a 20% final withholding tax. With no initial deposit required, an account may earn 0.10% interest p.a. for a minimum ADB of PHP 10,000.00.

**SSS Pensioner Account** – Account designed to accept pension credits for SSS pensioners with no initial deposit and no maintaining balance. To earn 0.10% interest, an ADB of PHP 10,000.00 is required.

## For Individuals

**Dollar Access Account** – With initial deposit and minimum deposit requirement of USD 10,000.00 and required ADB of USD 25,000.00 to earn 0.05% interest, this account provides online banking access, comes with a Dollar Debit Card, and has a maximum deposit insurance of PHP 500,000.00 per depositor and subject to 15% withholding tax.

**Go Rewards** – A digital deposit account that comes with a debit card and earns points for every qualified spend which can be redeemed in Cebu Pacific, Robinsons Retail stores, Caltex, and more! Enjoy the perks of getting early alerts and exclusive access to Go Rewards and Cebu Pacific sale events as well as get exclusive UnionBank, Visa and Go Rewards merchant offers. This account can be opened without an initial deposit but will require PHP 10,000.00 ADB to earn 0.10% interest p.a. and a deposit insurance coverage of up to PHP 500,000.00 per depositor, subject to 20% final withholding tax.

**First Savings** - A savings account designed for minors up to 17 years old. Initial deposit and maintaining balance required is PHP 100.00. To earn interest, customers must maintain at least PHP 5,000.00 in the account. Insured up to a maximum deposit of PHP 500,000.00 per depositor and subject to 20% final withholding tax.

**Personal Savings Account** - With no initial deposit or maintaining balance required, this is the easiest way to get a savings account. It can be opened through UnionBank Online or in any branch. Balance to earn interest is PHP 10,000.00, with an interest rate of 0.10% p.a. Insured up to a maximum deposit of PHP 500,000.00 per depositor and subject to 20% final withholding tax.

**Peso Hi-Five** – Minimum of PHP 50,000.00 long-term (5 years plus 1 day) placement with interest compounded annually wherein payment of interest is made at the end of term with principal deposit, tax-exempt (for individuals only) if maintained until maturity. If pre-terminated, final proceeds will be net of applicable withholding tax on the interest earned and penalty rate based on pre-determined rates.

**Peso Optimizer** – Minimum placement of PHP 50,000.00 for 2, 3, 4, or 5 years plus 1 day with interest credited monthly to a UnionBank account net of withholding tax. Interest is subject to applicable withholding tax based on tenor, while documentary stamp tax on the deposit is at PHP 1.50 for every PHP 200.00 and every fraction thereof.

**Peso Time Deposit** – Minimum placement of PHP 50,000.00 for 30-360 days with interest and principal payout at the end of the term. If pre-terminated, default interest rate to be applied is regular savings rate, currently at 0.10% p.a. Interest income is subject to 20% final withholding tax, while the deposit is subject to PHP 1.50 for every PHP 200.00 and every fraction thereof multiplied by number of days for documentary stamp tax. Maximum deposit insurance of PHP 500,000.00 per depositor. Peso time deposit for tenors between 7-29 days is also available for a minimum placement amount of PHP 1,000,000.00.

**PlayEveryday** – The country's first and only gamified program that comes with a debit card and earns points thru savings, spending and other digital transactions. Rewards can be redeemed instantly thru the UnionBank Online app. This account requires no maintaining balance and earns 0.10% interest p.a. with at least PHP 10,000.00 ADB. It includes a deposit insurance coverage of up to PHP 500,000.00 per depositor, subject to 20% final withholding tax.

**Power Checking Account** – With initial deposit and minimum ADB requirement of PHP 100,000.00 to earn tiered interest up to 0.25% p.a., this account allows maximization of interest on extra funds and the flexibility to issue check payments. Account has a maximum PHP 500,000.00 deposit insurance coverage per depositor with a 20% final withholding tax.



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**Premium Deposit Account** – Initial deposit of PHP 500,000 and ADB requirement of PHP 3 million to earn tiered interest of up to 0.40% p.a., this account enables customers to manage their daily check disbursements while earning interest from their funds. Maximum of PHP 500,000 deposit insurance coverage per depositor with a 20% final withholding tax.

**Regular Checking Account** – With an initial deposit and minimum ADB requirement of PHP 10,000.00, our flagship checking account simplifies and facilitates daily disbursement needs. This deposit product is covered up to PHP 500,000.00 per depositor, and is not subject to withholding tax.

**Regular Savings Account** With an initial deposit and minimum ADB requirement of PHP 10,000.00. This can be opened in any UnionBank branch. Balance to earn 0.10% interest p.a. is PHP 25,000.00. Insured up to a maximum deposit of PHP 500,000.00 per depositor and subject to 20% withholding tax.

**Savings +** - Account that offers free group life insurance from Insular Life. Eligible customers can receive up to three times their last reported ADB, up to a maximum life insurance coverage of PHP 3million. Required average daily balance, and balance to receive the free life insurance, is PHP 25,000.00. Balance to earn interest is PHP 100,000.00. Interest rate is 0.10% p.a. A Visa debit card can be issued at the request of the customer. Insured up to a maximum deposit of PHP 500,000.00 per depositor and subject to 20% final withholding tax.

**Third Currency Savings Account** – AUD, EUR, GBP or JPY-denominated savings account with varying initial deposit and minimum balance required to earn interest depending on the currency and applicable final withholding tax rate of 15% and a maximum deposit insurance of PHP 500,000.00 per depositor.

**Third Currency Time Deposit** – AUD, EUR, GBP or JPY-denominated 30 to 360 days term placement with varying minimum placement amount depending on the currency and applicable final withholding tax rate of 15% and a maximum deposit insurance of PHP 500,000.00 per depositor.

**USD Optimizer** – Minimum placement of USD10,000.00 for 2, 3, 4, or 5 years with interest credited monthly to a UnionBank account net of 15% withholding tax. This account comes with a maximum deposit insurance of PHP 500,000.00 per depositor.

**US Dollar Savings Account** – With an initial deposit of USD 500.00 and minimum ADB of USD 1,000.00 to earn 0.05% interest p.a., this account comes with a maximum of PHP 500,000.00 insurance per depositor subject to 15% final withholding tax.

**USD Time Deposit** – Minimum placement of USD1,000.00 for 30-360 days with interest and principal payout at the end of the term. If pre-terminated, default interest rate to be applied is regular savings rate, currently at 0.05% p.a. Interest income is subject to 15% final withholding tax. This account comes with a maximum deposit insurance of PHP 500,000.00 per depositor.

***Effective March 15, 2025, maximum deposit insurance coverage by the PDIC is PHP 1 million per depositor.*

## PRIORITY BANKING*

**BusinessClass** – A banking program for UnionBank's high-net worth clients that offers personalized service, exclusive privileges, relationship banking and smart solutions to eligible individuals

**BusinessClass Corporate** – A variant of the BusinessClass program where eligible corporate clients are given specialized service, relationship banking and preferential pricing

**BusinessClass for Doctors** – A variant of the BusinessClass program where doctors, via their HMO or hospital affiliation, are entitled to receive their professional fee credits through a UnionBank account.

** Business Class retail program was rebranded in H2 2024 under UnionBank's new Wealth Management Program*

## INVESTMENT AND HEDGING PRODUCTS

**Peso Treasury Bills/Notes/Treasury Bond** – Peso denominated fixed income securities issued by and which represent unconditional obligation of the Philippine National Government with tenors ranging from 3months to 25 years.

**Peso Pier 2 Notes** – Peso-denominated unsecured subordinated debt issued by banks.

**Peso Corporate Notes** – Peso-denominated fixed income debt issued by large Philippine corporations.

**UnionBank Bonds** – Peso- or Foreign Currency-Bonds issued from time to time by the Bank

**US Dollar Sovereign Bonds** – US Dollar-denominated fixed income securities issued by and which represent unconditional obligation of the Philippine National Government or other sovereign countries

**US Dollar Corporate Bonds/Notes** – US Dollar denominated fixed income debt issued by large Philippine or offshore corporations.

**Foreign Exchange – Spot, Forwards, and Swaps**
- Converting one currency for another on either a spot (immediate) or forward (future date) basis.

**Asset swaps** - Instruments where the cashflows of an underlying asset are exchanged for cashflows in another currency.
**Cross currency swaps** - Instruments where the cashflows in one currency are exchanged for another currency.

## INVESTMENT AND TRADING PLATFORMS

**Bonds.PH** – A fully digital bond distribution platform that allows clients to create an account, cash in from any bank, debit card or electronic wallets like GCash or Paymaya. Bonds.PH allows clients to invest in various bonds issued by the Bureau of the Treasury or BTr during the public offer period, without the need for a bank account. The Bonds.PH mobile app is available 24/7, and 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 their investments purchased from Bonds.PH.

**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 US Dollar to Philippines Peso, but also for most major currencies. The U.FX on the mobile application allows our clients to transact their FX needs anytime, anywhere. The U.FX operates on various channels: over-the-counter in Branches, UnionBank Online and The Portal.

## PRIVATE BANKING

**Access to Global Funds & Investment Strategies**
UnionBank Private Banking provides clients access to a wide array of Global Mutual Funds and Exchange Traded Funds, upon inquiry. These global funds are assessed and reviewed by our in-house investments team in terms of their Sharpe ratio and Morning Star rating, among other metrics. Our strategic alliance with Lombard Odier gives clients access to world-class investment strategies, with a core-satellite investment philosophy.

**Government Securities, Corporate Bonds, Money Market Securities, UITFs**
UnionBank Private Banking gives clients direct access to local investment outlets such as Philippine Government Securities, US Treasuries, Corporate Bond Issuances, Common & Preferred Equities, UITFs, and special rates on Time Deposits and other Money Market Instruments.

**Asset Swaps**
UnionBank Private Banking provides clients structured products that will enhance the yield of their plain vanilla investment holding, while considering credit, liquidity and other related risks that will impact the investment.

**Private Assets**
UnionBank Private Banking makes available private assets such as private debt and private equity strategies, to more sophisticated clients looking for enhanced potential returns.

**Family Services**
UnionBank Private Banking helps clients find the optimal solutions to clients' concerns on Family Wealth Structuring, Succession Planning, Inter-generational Wealth & Business Transition, Retirement & Estate Planning, and Philanthropy & Sustainability. We also have legal, tax and cross-border expertise on wealth management matters. UnionBank Private Banking also engages its clients through events like The NextGen Academy, which empowers the building of entrepreneurial foundations for the emerging leaders in family businesses. Our strategic ally, Lombard Odier, also assists by sharing their world-class family services expertise in these activities.

**Financial Advisory**
UnionBank Private Banking will help structure an optimal investment portfolio for clients, considering their return objectives and risk profile. An open architecture investment philosophy ensures that clients will have the opportunity to invest in best-in-class investment outlets, even though they may not be UnionBank products. Services are made available through its Trust entity.

## WEALTH MANAGEMENT

**UnionBank Access and UnionBank Elite**

*For clients who want to take their wealth to the next level, UnionBank also offers wealth management programs that can provide them with expert advice and insights, access to local and global investment opportunities, and unparalleled experiences that go beyond banking.*

For those at the beginning of their wealth journey**, UnionBank Access** is the perfect service. Access clients enjoy leveled up banking as they get VIP treatment with priority queueing at UnionBank Wealth Branches, get preferential foreign exchange rates (for travel or investment purposes), have exclusive time-deposit rates, enjoy free ATM withdrawals with higher transaction limits (in country and abroad), can enjoy cross-border fund transfers via UnionBank Online, and can link multiple deposit accounts to their UnionBank Access debit card.

**UnionBank Elite** customers, on the other hand, enjoy the service of a team of wealth experts providing holistic support, comprised of a Relationship Manager, Service Banker, Wealth Acquisition Officer, Investment Consultant, and Insurance Specialist, to provide insights and guidance that will help keep them on track to meet their financial goals. UnionBank Elite customers can access Global Investment products without opening off-shore accounts, have free international ATM withdrawals, and can transfer cross-border funds to any account in the world with no outgoing fees. They also get exclusive invitations to premium events and experiences that fit their sophisticated lifestyle.

## DIGITAL BANKING SERVICES

**UnionBank Online** (Mobile and Web)
**The Portal** (Mobile and Web)
**UB Negosyante-SME Banking** (Mobile and Web)
**POW PH** (Mobile)
**Payment Gateway** (Mobile and Web)

## OTHER SERVICES

**Foreign/Domestic Collections and Remittances**
- Fund Transfers
- Manager's Checks
- US Dollar Demand Draft
- Peso/US Dollar/Select 3rd Currencies Telegraphic Transfer
- PDDTS (Philippine Domestic Dollar Transfer System)

**Purchase and Sale of Foreign Exchange**

# SUBSIDIARIES PRODUCTS & SERVICES

## CITY SAVINGS BANK (CitySavings)

### LOAN PRODUCTS

**Teachers' Salary Loan**
This loan product is offered to teachers and non-teaching personnel in public elementary and secondary schools under the Department of Education (DepEd) and state universities and colleges (SUCs). DepEd salary loans are paid under the Terms and Conditions of the Automatic Payroll Deduction System (APDS) Accreditation (TCAA) while SUC salary loans are governed under the Memorandum of Agreement with the respective CitySavings accredited schools.

**Calamity Loan**
A loan extended to teachers and non-teaching personnel employed in public elementary and secondary schools if their place of residence is declared as a calamity area. The loans are likewise governed by the DepEd Terms and Conditions of the APDS Accreditation and a Memorandum on calamity-stricken areas.

**Government Salary Loan**
A salary loan available to regular employees of National Government Agencies (NGAs) and Local Government Units (LGUs), including elected officials and coterminous employees serving a limited tenure based on the term of office of the appointing official. The loan payment is through automatic payroll deduction.

**Armed Forces of the Philippines (AFP) Salary Loan**
A loan granted to qualified active soldiers and civilian personnel of the AFP, including Army, Navy/Marines, Air Force, Civilians, Technical Administrative Service (TAS) personnel, legal beneficiaries, and pensioners. The loans are paid via automatic payroll deduction.

**Bureau of Fire Protection (BFP) Salary Loan**
This is offered to active uniformed and non-uniformed BFP personnel. The loan payment is made via automatic payroll deduction.

**Pensionado Loan**
This is available for GSIS and SSS pensioners with pension deposit accounts with Union Bank of the Philippines. The loans are paid via automatic debit of amortization from the pension deposit account.

**Armed Forces of the Philippines (AFP) Pension Loan**
A loan extended to retired and disabled AFP soldiers, personnel, and their legal beneficiaries. The loan payment is deducted from their monthly pension.

**Motorcycle (MC) Loan**
A loan offered to the general public to finance a motorcycle using the purchased unit as collateral. The loan payment is through UnionBank and CitySavings branches, payment centers, digital wallets, and platforms.

**Department of Agrarian Reform (DAR) Loan**
A Loan extended to the employees of the Department of Agrarian Reform.

### DEPOSIT PRODUCTS*

**Deposits are insured by PDIC up to P500,000 per depositor*

**Regular Savings**
An account that requires an initial deposit and a minimum average daily balance of PHP 3,000 to earn interest of 0.25% per annum. The interest is credited monthly. The clients can have either a passbook, an ATM card, or both.

**Checking Account - Personal**
This account requires an initial deposit and minimum average daily balance of PHP 5,000 for individual clients. Clients with a savings account of at least 6 months are qualified to open a checking account. The cost of the checkbook is PHP 550.

**Checking Account - Corporate**
For corporate clients, the initial deposit and minimum average daily balance is PHP 10,000. The checkbook costs PHP 550.

**Time Deposit**
The minimum placement is PHP 50,000 for 30 days up to 5 years and 1 day. For tenors one year and below, interest and principal payout at the end of the term, subject to documentary stamp tax of PHP 1.50 for every PHP 200 and every fraction thereof multiplied by the number of days if pre-terminated. For tenors more than one year, interest payout can be monthly or quarterly. For all pre-terminations, the default interest rate to be applied is the regular savings rate, currently at 0.25% p.a. Interest income is subject to 20% final withholding tax.

**Floating Rate Time Deposit**
A time deposit for 2 years up to 5 years and 1 day with interest earned based on the prevailing Reverse Repurchase (RRP) rate of the Bangko Sentral ng Pilipinas (BSP) + pre-approved spread. The interest earned can be monthly or quarterly, on client's preference.

**Power Savings**
Power Savings is a savings account with 4% interest per annum (subject to change) and with an opening and maintaining balance of PHP 25,000.00. It earns like a time deposit without a lock-in period, and can be withdrawn anytime.

### DIGITAL CHANNELS

**CitySavings Mobile App***
A digital mobile application that provides fast, easy, and convenient banking services. Teacher-clients can apply for a loan and easily track the status of their loan application whenever and wherever. Mobile app users can conveniently check their savings accounts, transfer funds, and pay bills.

**Former name: Loan Ranger Mobile App, rebranded to CitySavings Mobile App effective February 2024. BSP-TRISD and FSD5 were notified on February 19, 2024, and acknowledged by BSP-TRISD on February 24, 2024.*

**Talk to Maria**
The Bank's Messenger chatbot, Talk to Maria, provides 24/7 inquiry service and a seamless application process for new loans. Users can also find the nearest CitySavings ATM and branch.

## UNIONBANK INVESTMENT MANAGEMENT AND TRUST CORPORATION

**Unit Investment Trust Funds**
The UnionBank Unit Investment Trust Funds (UITF) are open-ended pooled trust funds managed and administered by UnionBank Investment Management and Trust Corporation (UBIMTC). Clients invest by purchasing units of participation in the fund, granting them the flexibility to invest or redeem their investments at any time, subject to the guidelines outlined in the UITF Declaration of Trust. UITFs are overseen by professional fund managers and can be invested in a diversified portfolio of domestic and offshore financial instruments, including money market securities, bonds, and equities. UBIMTC provides the following UITFs:

Philippine Peso Denominated Funds:

UnionBank Peso Cash Management Fund
UnionBank PHP Short Term Fixed Income Fund
UnionBank PHP Fixed Income Fund
UnionBank PHP Tax Exempt Fixed Income Fund (for qualified tax-exempt investors)
UnionBank PHP Balanced Fund
UnionBank PHP Equity Fund
UnionBank PSE Index Tracker Fund
UnionBank PHP Capital Accumulation Global Fund of Funds

US Dollar Denominated Funds:
UnionBank USD Short Term Fixed Income Fund
UnionBank USD Fixed Income Fund
UnionBank USD Capital Accumulation Global Fund of Funds

**Personal Management Trust**
UnionBank Investment Management and Trust Corporation (UBIMTC) serves as the Trustee for managing a designated portion of a client's wealth on their behalf. A Personal Management Trust (PMT) is a highly customizable instrument that provides clients with convenient access to a diverse range of investment products. Furthermore, a PMT enables UBIMTC to distribute the proceeds, interests, or principal of the client to their beneficiaries in accordance with the mutually agreed-upon terms and conditions.

# PRODUCTS & SERVICES

**Corporate &Institutional Investment Management**
UnionBank Investment Management and Trust Corporation (UBIMTC) serves as the Investment Manager, authorized to oversee an institution's funds in accordance with its investment objectives and risk parameters. UBIMTC constructs a structured and tailored portfolio for its clients by selecting from a diverse range of investment avenues (e.g., Government Securities, Corporate Bonds, Common and Preferred Stocks, Term Deposits, Unit Trust Funds, Global Funds, and so on).

**Retirement Fund Management**
UnionBank Investment Management and Trust Corporation (UBIMTC) assists institutional clients in establishing and managing retirement funds that benefit both the company and its employees. Pension and provident funds are cost-effective instruments for funding, administering, and providing benefits to employees in accordance with company policy or by operation of law. These plans enable companies to enjoy tax advantages under applicable legislation when managed by a Trustee. UBIMTC offers administrative convenience by providing fund management and retirement plan administration services, taking into account the growth of the fund and the client's risk objectives.

**Escrow Agency**
UnionBank Investment Management and Trust Corporation (UBIMTC) functions as an independent third party in an escrow arrangement. As an escrow agent, UBIMTC is accountable for the administration of the escrowed assets and releases the latter in accordance with the terms and conditions stipulated in the escrow agreement provided by the contracting parties. An escrow arrangement serves to safeguard the interests of the parties while ensuring compliance with the contractual obligations. Assets held in an escrow may encompass a diverse range of forms, including cash, real estate properties, and securities, among others.

## UBX

Aboitiz-backed Union Bank of the Philippines spun-out UBX in 2018 to drive financial inclusion and business growth for underserved and unbanked communities by offering fintech capabilities and ecosystem investments. UBX started as a venture studio and fund. Now, UBX is the Philippines' leading Open Finance platform, offering the most extensive range of embedded financial services and solutions with a fully-onboarded network of the biggest and most reputable financial institutions and service providers, lenders, and payment channels in the country.

**UBX Capabilities**
**Digital Transformation (DX)**
End-to-end digital transformation, from tech adoption and strategy to implementation and management.

- Consultancy
  Strategic guidance to accelerate technology adoption, transform businesses, and achieve results.
- Managed Services
  Tailored, outcome-focused solutions for system implementation, maintenance, and long-term support.
- Professional Services
  Skilled workforce solutions that comply with labor standards to support your operational needs

**FinTech Platform**
Provides businesses with embedded banking, payments, and credit solutions.

- Payments
  Payments technology that seamlessly accepts, processes, and manages payments within points of sale (POS), apps, products, or websites.
- Banking
  Banking-as-a-Service technology, enabling seamless embedded banking in both financial and non-financial businesses.
- Credit
  Credit technology for loan origination and management, credit assessment, and building custom financial marketplaces.



# PRODUCTS & SERVICES



## UNIONDIGITAL BANK

**UBEH Save**: High-Interest Rate Savings Account: Offers a savings account with a competitive interest rate (up to 4%), enabling customers to grow their funds more effectively. Customers can easily open an UBEH Save account within minutes by providing your basic information, a valid government ID, and a simple selfie.

**UD Time Deposit**: Short-term Time Deposit: Introduces fixed-term investments, including a pioneering PHP 1,000 time deposit, allowing for short-term savings at competitive rates and facilitating financial inclusion by providing investment opportunities with a low barrier to entry.

**Add Money**: Facilitates convenient fund deposits into customer accounts through various channels, including bank transfers or deposits at physical locations via partner channels. Specifically, there are over 9,000+ locations available for cash deposits, ensuring widespread accessibility and ease of use for account funding.

**Get Money**: Facilitates the withdrawal of funds or receipt of money from others at more than 8,500+ locations for cash withdrawals via partner channels, ensuring accessibility to funds as needed.

**Send Money**: Enables users to quickly and securely transfer funds within UD and to other different banks. We provide complimentary PesoNet and InstaPay transfer services, ensuring cost-effective and efficient transactions for our customers.

**Pay Bills**: Provides a convenient bill payment service that allows customers to directly settle utilities and other bills from their account, with access to over 500+ billers.

**InstaPay QR**: Utilizes the QR PH system for peer-to-peer transactions via Instapay, allowing customers to make and receive payments through QR code scanning and generation, thereby enhancing the overall ease of transactions. This can also be used as a means to send and receive funds between UD accounts.

**UD Cash Loans**: A fully digital cash loan product that leverages mobile data scoring and bank transaction history to offer fast, accessible loans to eligible UD customers. Designed to be seamless and hassle-free, UD Cash Loans provide instant funding to those who qualify, enabling financial flexibility without long processing times.

**UD Loans**: Offering personal loans exclusively to UnionBank salaried customers through the UD Loans microsite. This is an invite-only program, ensuring fast approvals and convenient access to loans to their payroll account.

## UNIONBANK FINANCIAL SERVICES AND INSURANCE BROKERAGE INC.

**Brokerage Products and Services:**
**Investment Funds**
Investors can maximize their investment portfolio's potential with carefully selected investment funds such as mutual funds (MFs) and unit investment trust funds (UITFs). Through investment funds, investors can benefit from diversification, professional investment management, and efficiently access various financial markets across a variety of specific themes, regions, sectors, and asset classes. With professional wealth management advice, investors can effectively navigate financial markets and align their investment fund portfolio with their overall financial objectives, time horizon, investing experience, and risk tolerance.

- BSP-registered Unit Investment Trust Funds
- SEC-registered Mutual Funds
- Global Investment Funds (Qualified Buyers Only)

**Fixed Income**
Fixed income securities are investment instruments issued by governments and corporations, and offer stability, reliable returns, and predictable income. These investments form a solid foundation for capital preservation, portfolio diversification, and achieving financial goals. Designed to provide a consistent income stream, these investments are an attractive option for investors seeking stable cash flow and access to opportunities across diverse geographies and industries. With professional wealth management advice, investors can effectively navigate financial markets and align their fixed income portfolio with their overall financial objectives, time horizon, investing experience, and risk tolerance.

- Philippine Government Bonds
- Philippine Bank-Issued Bonds
- Global Government Bonds
- Local Currency Corporate Bonds
- Foreign Currency Corporate Bonds (Qualified Buyers Only)

**Qualified Buyer Registration**
The Qualified Buyers (QB) Program unlocks a wider spectrum of financial market opportunities by providing privileged access to unique strategies from top global fund houses and a curated selection of international bonds houses, the QB Program provides investors with unparalleled portfolio diversification across regions, sectors, asset classes, and strategies. With professional wealth management advice, investors can effectively navigate the financial markets and align their investment portfolio with their overall financial objectives, time horizon, investing experience, and risk tolerance.

**Structured Notes**
Structured notes combine traditional securities, such as stocks or bonds, with derivatives to create highly customized risk-return profiles. They provide investors with the potential for enhanced returns, downside protection, and tailored exposure to specific market conditions, enabling more precise alignment with individual risk preferences and investment goals. By offering flexibility in structuring the terms of the note, including principal protection and varying levels of risk, structured notes are an attractive option for investors seeking to optimize their portfolios for both growth and risk management. Structured Notes are available under UFSI's Qualified Buyer's Program.

UFSI is a licensed Fixed Income Securities Broker, Mutual Fund Distributor and Qualified Buyer Registrar by the Securities and Exchange Commission (SEC).

**Investment-Linked Life Insurance Plans**
Investment-Linked Insurance (ILI) plans – also known as Variable Universal Life Insurance (VUL) – provide clients with life insurance coverage as well as potential for capital appreciation through investments. The capital appreciation is a key feature of ILIs/VULs as the client is given the opportunity to choose available underlying investment funds that match his or her risk profile. These investment funds offer a broad range of exposures in terms of geography, themes, and asset classes. These plans can be further enhanced with riders that offer additional protection against life's numerous uncertainties including accidents, hospitalization, or being stricken with critical illnesses. While the primary purpose of ILIs/VULs is protection from the unforeseen and unexpected, these also offer potential wealth accumulation for their golden years.

- Local Currency Single Pay Plans
- Local Currency Multiple Pay Plans
- Foreign Currency Single Pay Plans

**Traditional Life Insurance Plans**
Traditional life insurance plans address clients' unique needs and provides clients and their families a safety net in case of an untimely demise, disablement, or disease. Unique to traditional life insurance is the potential to receive a lump sum amount to enjoy as living benefit should the client survive the maturity of the policy. In the case of endowment plans, not only can clients receive a maturity benefit, but they can receive periodic endowment payouts throughout the policy's duration. In recent years, life insurance companies have created plans that provide immediate funds in case of hospitalization or a diagnosis of a critical illness. With modern healthcare, more people are living longer lives and the need for a healthcare plan is no longer nascent but a necessity.

- Endowment Plans
- Term Insurance Plans
- Critical Illness Plans

**General Insurance Plans**
General insurance or non-life insurance encompasses a variety of solutions that provide clients with protection against risks associated with loss or damage to their properties, vehicles, and even specific assets like works of art. There are also specialized products which cover financial losses that may come from cybersecurity issues, professional liability, or in the case of businesses, inventory loss and theft. Travel insurance is a more familiar product, covering financial losses associated with either domestic or international travel. In case of hospital emergencies, personal accidents, or loss of personal effects, having a travel insurance plan can minimize the stress that comes with these inconveniences.

UFSI is licensed by the Insurance Commission (IC) to operate as an insurance broker.

# BRICK & MORTAR

## METRO MANILA / GREATER MANILA AREA

### MAKATI CITY

**ANTEL RESIDENCES**
G/F Antel Spa Suites
7829 Salamanca St
Poblacion, Makati City
(02) 7623-8190
(0917) 827-6545

**AYALA AVENUE**
G/F Don Vicente Madrigal Bldg.
6793 Ayala Avenue, Makati City
(0917) 819-1537
(0917) 860-9753
(0917) 824-6002

**AYALA-RUFINO**
G/F Rufino Pacific Tower
6784 Ayala Avenue
cor. V.A. Rufino Sts.
Makati City
(02) 8588-1576
(0917) 845-4760

**AYALA-SSS**
SSS (Makati) Bldg.
Ayala Avenue cor.
V. Rufino St., Makati City
(02) 8813-5992
(02) 7698-8516
(0917) 863-8840

**6754 AYALA AVENUE**
GF PNB Makati Center
6754 Ayala Avenue
Brgy San Lorenzo, Makati City
(0917) 827-1132
(0917) 826-6905
(02) 7215-7909
(02) 7616-9974

**DELA ROSA**
G/F Insular Health Care Bldg.
167 Dela Rosa
cor. Legaspi Sts.
Legaspi Village, Makati City
(02) 8478-5509
(02) 7989-8260
(0917) 817-3235

**GREENBELT***
G/F Twin Cities Condominium
110 Legaspi St.
Legaspi Village, Makati City
(02) 7577-7631
(02) 8812-9601
(0917) 863-9762
**Branch to close by 27 June 2025*

**H.V. DELA COSTA**
138 Global Enterprise Bldg.
H.V. Dela Costa St. Salcedo Vill.
Makati City
(02) 7585-0977
(0917) 827-0380

**INSULAR AYALA PASEO**
(The ARK)
G/F Insular Life Bldg.
Ayala Avenue
cor. Paseo de Roxas
Makati City
(02) 7971-0052
(02) 7971-0076
(0917) 863-9893
(0917) 811-7577

**J P RIZAL**
731 J.P. Rizal St. Poblacion
Makati City
02) 7503-8065
(0917) 827-0353

**MAGALLANES**
G/F Maga Center Bldg.
Paseo de Magallanes
Makati City
(02) 7971-0106
(0917) 864-0439

**MAKATI AVENUE**
7874 Makati Avenue
cor. Durban St., Poblacion
Makati City
(0917) 833-9683

**MULTINATIONAL BANCORP**
G/F Multinational Bancorp.
Centre, 6805 Ayala Avenue
Makati City
(02) 7971-0029
(0917) 863-9804

**PASAY ROAD**
G/F Salud and Consuelo Bldg.
912 Arnaiz Avenue, Pasay Road
San Lorenzo Village
Makati City
(0917) 839-2203

**PASEO DE ROXAS**
G/F 111 Paseo de Roxas Bldg.
Paseo de Roxas cor. Legaspi St.
Legaspi Village, Makati City
(02) 7796-9057
(0917) 863-9823

**PASONG TAMO-JTKC**
G/F JTKC Centre Bldg.
2155 Chino Roces Avenue
Legaspi Village
Makati City
(0917) 811-5933

**PASONG TAMO EXTENSION**
G/F BCS Prime Bldg.
Don Chino Roces Avenue
Pasong Tamo Extension
Makati City
(02) 7971-0221
(0917) 864-1065

**PEREA**
G/F Greenbelt Mansion
Perea St., Legaspi Village
Makati City
(02) 7219-1203
(02) 7618-5983
(0917) 846-3785
(0917) 863-9821

**RADA**
Prince Bldg. 117 Rada St.
Legaspi Village, Makati City
(0917) 863-9895

**SALCEDO**
Golden Rock Bldg.
168 Salcedo St.
Legaspi Village
Makati City
(0917) 829-4926

**SAN AGUSTIN DELA COSTA**
Liberty Plaza
102 HV dela Costa
cor. San Agustin St.
Salcedo Village  Bel Air
Makati City
(0917) 819-3424

**VALERO**
Le Grand Condominium
130 Valero St.
Salcedo Village, Makati City
(02) 8819-5426
(0917) 824-3954
(0917) 846-7178

**VITO CRUZ**
Kingswood Arcade
#29 Pablo Ocampo Sr. Extension
Vito Cruz cor. Pasong
cor. Pasong Tamo Sts.
Makati City
(02) 7585-0980
(02) 8899-2772
(0917) 827-0391

### CITY OF MANILA

**CITYPLACE SQUARE**
3/F Lucky
Chinatown-Cityplace Square
Calle Felipe
cor. La Chambre St.
Binondo, Manila
(02) 7261-4167
(0917) 814-0306

**DASMARIÑAS**
UnionBank Centre Manila Bldg.
Dasmariñas
cor. Q. Paredes Sts.
Binondo, Manila
(02) 7968-2462
(02) 7968-3119
(02) 7968-2517
(0917) 821-8325
(0917) 821-8533
(0917) 822-9479

**ESCOLTA**
G/F Regina Bldg.
Escolta, Manila
(02) 7968-3453
(02) 7968-3411
(0917) 849-7349
(0917) 849-7273

**ICTSI**
G/F ICTSI Administration Bldg.
Manila International
Container Terminal
MICT South Access Road
Port Area, Manila
(0917) 825-8026
(0917) 809-4694

**INTRAMUROS**
409 G/F BF Condominium Bldg.
A. Soriano Avenue
Intramuros, Manila
(02) 8404-1720
(0917) 863-9928

**MALATE**
G/F Marioco Bldg.
1945 M. Adriatico St.
Malate, Manila
(02) 7971-0099
(0917) 822-6342

**MASANGKAY**
911-913 G. Masangkay St.
Binondo, Manila
(02) 8241-5364
(02) 7618-5520
(0917) 863-7987

**MAYHALIGUE**
G/F One Masangkay Place
1420 Masangkay near
cor. Mayhaligue St.
Sta. Cruz, Manila
(02) 8252-5457
(0917) 846-7606
(0917) 826-9327
(0917) 859-7564

**OTIS (formerly PANDACAN)**
1763 Paz M. Guazon St.
Paco, Manila
(02) 8564-0537
(02) 7971-0082
(0917) 864-0367

**STO. CRISTO**
LG01 and LG02
Burke Plaza Bldg. Sto. Cristo St.
cor. San Fernando St.
Binondo Manila
(0917) 863-8235
(02) 7587-2980
(02) 2844-4284

**TAFT AVENUE**
2625 G/F Kassel Condominium
Taft Avenue near
cor. P. Ocampo St.
Vito Cruz St., Malate, Manila
(0917) 864-0432

**T. ALONZO**
625 T. Alonzo St.
Sta. Cruz, Manila
(02) 8736-9858
(0917) 860-0661

**UNITED NATIONS AVENUE**
UN Avenue cor. M.H. del Pilar
and M. Guerrero Sts.
Ermita, Manila
(02) 7585-9864
(02) 7971-0114
(0917) 864-0477
(0917) 827-0266

**VERTEX ONE – SAN LAZARO**
G/F Space 12 & 13
Vertex One Bldg, San Lazaro
Manila (back of SM San Lazaro)
(0917) 827-0157

**YUCHENGCO**
Unit 2 and 3 Escolta Parking
Bldg Escolta St.
cor. Yuchengco St.
Binondo, Manila
(02) 7586-7094
(02) 7623-9584
(0917) 827-0892
(0917) 863-8226

## CALOOCAN CITY

**EDSA CALOOCAN**
512 EDSA cor. Urbano
Plata St., Caloocan City
(02) 7971-0277
(02) 7585-0998
(0917) 864-1574
(0917) 827-0395

**CALOOCAN**
357 Rizal Avenue Extension
Grace Park, Caloocan City
(0917) 864-1355
(0917) 864-1098
(0917) 825-0142

**LAS PIÑAS**

**LAS PIÑAS-PAMPLONA**
Alabang-Zapote Road
cor. Crispina Avenue
Pamplona, Las Piñas City
(02) 7971-0244
(02) 7585-0838
(0917) 864-1404
(0917) 864-1191
(0917) 864-1431

**MALABON**

**MALABON**
31 Rivera St.
cor. Gov. Pascual Avenue
Tinajeros, Malabon City
(02) 7971-0199
(02) 7623-9571
(0917) 864-0982
(0917) 827-0871

## MANDALUYONG CITY

**BONI AVENUE**
655 Boni Avenue
cor. Ligaya St.
Mandaluyong City
(0917) 863-8517
(0917) 827-0987

**EDSA-PIONEER**
UG7 Level 1, Robinson's
Cybergate Plaza
EDSA cor. Pioneer St.
Mandaluyong City
(02) 8586-5348
(02) 7477-4163
(0917) 838-1197
(0917) 850-3263

**LIBERTAD-MANDALUYONG**
Unit A2 Cluster El Dorado
California Garden Square
Libertad St., Mandaluyong City
(02) 7470-2743
(0917) 827-0765

**SHAW MANDALUYONG**
PICPA Bldg., 700 Shaw Blvd.
Mandaluyong City
(02) 8724-2561
(0917) 827-0994

**ST. FRANCIS SHANGRI-LA PLACE**
Tower 1 G/F, Retail Internal Road
cor. St. Francis St., Brgy.
Wack-Wack, Mandaluyong City
(02) 7968-7429
(0917) 808-7814
(0917) 860-9565

**WACK-WACK**
6 Shaw Boulevard cor.
S. Laurel St., Mandaluyong City
(02) 7906-9860
(0917) 863-8748

## MARIKINA CITY

**MARIKINA**
WRC 2 Bldg., No. 47
Gil Fernando Avenue
Midtown Subdivision II
Brgy. San Roque
Marikina City
(0917) 846-6341

## MUNTINLUPA CITY

**ALABANG COUNTRY CLUB**
G/F Alabang Country Club
Acacia Drive
Ayala Alabang Village
Muntinlupa City
(02) 7623-1960
(02) 7216-9702
(0917) 864-0894
(0917) 800-7121

**ALABANG TOWN CENTER**
Makati Supermart Alabang
Alabang Town Center
Muntinlupa City
(02) 7506-6689
(02) 8842-0496
(0917) 862-3391

**AYALA ALABANG**
G/F JD Tower, Commerce
cor. Acacia Avenues
Madrigal Business Park
Ayala Alabang
Muntinlupa City
(02) 7585-1038
(0917) 827-0361
(0917) 860-8995

**MUNTINLUPA**
12 Jayson's Bldg.
National Road, Putatan
Muntinlupa City
(02) 7507-3068
(0917) 853-6378

**RICHVILLE**
UGF Richville Corporate Tower
Madrigal Business Park
Alabang Zapote Road
Alabang, Muntinlupa City
(02) 7968-9615
(0917) 859-9060

## NAVOTAS

**NAVOTAS**
807-817 M. Naval St.
Sipac Almacen
Navotas City
(02) 7971-0245
(02) 7586-8269
(0917) 864-1165
(0917) 827-1180

## PARAÑAQUE CITY

**BF HOMES**
55 President's Avenue
BF Homes Subd. Parañaque City
(02) 7971-0192
(0917) 864-0952

**BICUTAN**
28 Doña Soledad Avenue
Better Living Subd.
Parañaque City
(02) 7971-0313
(0917) 864-1576

**DR. A. SANTOS**
G/F MTF Bldg.
Dr. A. Santos Avenue
cor. Kabesang Segundo St.
San Isidro, Parañaque City
(02) 7623-2026
(02) 7506-6716
(0917) 822-7644
(0917) 827-0899

**PASCOR DRIVE**
G/F Sky Freight Center
Ninoy Aquino Avenue
cor. Pascor Drive, Parañaque City
(02) 8855-7748
(0917) 827-0544

**MEDICAL CENTER PARAÑAQUE**
G/F MCP Bldg.
Dr. Arcadio Santos Avenue
Sucat, Paranaque City
(02) 7586-7637
(0917) 863-8216

# BRICK & MORTAR

**WEST SERVICE ROAD**
Rodeo Bldg.
Km. 18 West Service Road
South Luzon Expressway
Parañaque City
(02) 7623-2029
(02) 7971-0003
(0917) 863-2307
(0917) 827-0974

## PASAY CITY

**DOUBLE DRAGON MERIDIAN**
G/F West Tower
Double Dragon Meridian
Park, Macapagal Avenue
Cor. Edsa Ext., Pasay City
(02) 8256-9611
(0917) 864-0268

**GSIS**
GSIS Main Office
Financial Center, Pasay City
(0917) 863-9790

**MACAPAGAL**
G/F Y Tower, Macapagal Avenue
Mall of Asia (MOA) Complex
Pasay City
(02) 8516-3473
(0917) 833-4019

**NEWPORT CITY**
G/F Horizon Centre
Andrews Avenue
Newport Boulevard
Newport City, Pasay City
(02) 8556-8955
(0917) 864-0349

**PASAY CITY**
2528 ERL Bldg.
Taft Avenue, Pasay City
(02) 8833-2959
(0917) 864-0387

## PASIG CITY

**ADB AVENUE**
G/F Burgundy Empire Tower
ADB Avenue cor. Sapphire
& Garnet Roads
Ortigas Center, Pasig City
(02) 7622-1031
(0917) 827-5992

**EMERALD AVENUE**
G/F Wynsum
Corporate Plaza Bldg.
Emerald Avenue
Ortigas Center, Pasig City
(02) 7585-1008
(0917) 827-0552

**ADB WEALTH BRANCH**
G/F ADB Bldg, 6 ADB Avenue
Mandaluyong City
(0917) 821-9358
(02) 8632-5251
(02) 8632-5200

**FRONTERA VERDE**
G/F Transcom Centre
Frontera Verde, Ortigas Avenue
cor. C5, Pasig City
(0917) 809-8259

**JULIA VARGAS**
G/FCenterpoint Bldg.
J. Vargas Avenue
cor. Garnet Road
Ortigas Center, Pasig City
(02) 7975-8398
(0917) 827-6165

**MEDICAL CITY**
B1 Medical Arts Tower Bldg.
The Medical City Hospital
Ortigas Avenue, Pasig City
(02) 8633-3862
(0917) 864-0874

**ORTIGAS**
G/F The Crescent Condominium
29 San Miguel Avenue
Ortigas Center, Pasig City
(02) 7633-6443
(0917) 860-8974

**RENAISSANCE TOWER**
G/F Renaissance 1000
Meralco Avenue
Ortigas Center, Pasig City
(02) 8584-8396
(02) 7217-7210
(0917) 827-0461

**SHAW BOULEVARD**
131-133 Shaw Boulevard
Pasig City
(02) 7623-2126
(0917) 864-0890

**SHAW-PASIG**
G/F Chipeco Bldg.
Shaw Boulevard
cor. Meralco Avenue, Pasig City
(02) 7502-2669
(0917) 827-5832
(0917) 831-0034

**TEKTITE**
G/F West Tower
Phil. Stock Exchange
Center, Exchange Road
Ortigas Center, Pasig City
(0917) 850-1930
(0917) 863-8706
(0917) 861-4840

**UnionBank PLAZA**
UnionBank Plaza Bldg.
Meralco Avenue
cor. Onyx Road, Pasig City
(02) 7796-2913
(0917) 831-0034
(0917) 860-8927
(0917) 856-7805

## QUEZON CITY

**ACROPOLIS**
G/F Bridgeview Bldg.
171 E. Rodriguez Jr. Avenue,
Bagumbayan, Quezon City
(02) 7968-8858
(0917) 863-8798

**ALI MALL**
Level 2, Financial Center
Ali Mall, Araneta Center
Cubao, Quezon City
(0917) 863-8817

**AURORA – BALETE DRIVE**
G/F Marsk Bldg., Aurora Blvd.
cor. Balete Drive, Quezon City
(02) 7968- 7169
(02) 8722-6327
(0917) 863-8608

**AURORA BOULEVARD**
677 Aurora Blvd.
(near Broadway Centrum)
New Manila, Quezon City
(02) 8725-1951
(0917) 863-8496

**BAESA**
Dra. C. Pascual Bldg.
142 Quirino Highway
Baesa, Quezon City
(02) 7618-9684
(0917) 827-2511

**C-5 QC**
184-B E. Rodriguez Jr. Avenue
Bagumbayan, Quezon City
(02) 8638-1689
(02) 7968-8407
(0917) 863-8830

**COMMONWEALTH AVENUE**
12-13, Upper
G/F Diliman Commercial
Center, Commonwealth
Avenue, Diliman, Quezon City
(02) 7623-2616
(0917) 812-7274

**COMMONWEALTH-
LUZON AVENUE**
UGF, Kayumanggi Center Bldg.
Commonwealth
cor. Luzon Avenues
Brgy. Matandang Balara
Quezon City
(0917) 820-3449
(0917) 822-9949

**CUBAO**
P. Tuazon St.
cor. 7th Avenue
Cubao, Quezon City
(0917) 842-7401

**DEL MONTE AVENUE**
345 Del Monte Avenue
cor. Banawe St.
Brgy. Manresa, Quezon City
(02) 7968-8941
(02) 7968-9060
(0917) 863-8825
(0917) 863-8821

**EASTWOOD CITY**
G/F Unit, LGR1-6
Le Grand Tower 1
Palm Tree Avenue
Eastwood City
Brgy. Bagumbayan
Quezon City
(02) 8584-3638

**E. RODRIGUEZ**
1/F West Katipunan Bldg.
95 E. Rodriguez Sr. Avenue
Quezon City
(02) 7623-2157
(0917) 827-0983
(0917) 864-0899

**GMA-TIMOG**
Unit 101 Cabrera Bldg. 1
130 Timog Avenue
Brgy. Sacred Heart
Quezon City
(0917) 845-7355

**KAMIAS**
G/F TDS Bldg.
72 Kamias Road
Quezon City
(02) 8929-7807

**KATIPUNAN**
Ground Floor Elizabeth Hall Bldg.
Katipunan Avenue
Brgy. Loyola Heights
Quezon City
(02) 7971-0306
(02) 7623-2040
(0917) 827-0997
(0917) 864-1533

**MAYON**
G/F ACI Bldg., 178 Mayon St.
Brgy. Maharlika, Quezon City
(02) 7617-7224
(02) 7211-5487
(0917) 864-0835
(0917) 827-0459

**NOVALICHES-GULOD**
854 Quirino Highway, Gulod
Novaliches, Quezon City
(02) 7971-0266
(0917) 864-1332

**ROOSEVELT**
244 Fernando Poe, Jr. Avenue
(formerly Roosevelt Avenue)
Brgy San Antonio
Quezon City
(0917) 864-1500

**SANTO DOMINGO**
G/F Elements Bldg,
560 Quezon Avenue
Brgy Tatalon, Quezon City
(0917) 861-2596

**SOUTH TRIANGLE**
Quezon Avenue
cor. Scout Albano, Quezon City
(0917) 864-0454

**SSS EAST AVENUE**
G/F SSS Main Bldg.
East Avenue, Quezon City
(0917) 827-6221
(02) 7980-1413

**TIMOG**
Cabrera Bldg. II
64 Timog Avenue
Quezon City
(02) 8926-8636
(0917) 827-1334

**TOMAS MORATO**
Tomas Morato near
cor. Scout Lozano St.
Quezon City
(0917) 804-9615
(0917) 827-0498

**VISAYAS-CONGRESSIONAL**
G/F WMG Bldg.
47 Visayas Avenue
Brgy. Culiat, Quezon City
(02) 7504-4107
(0917) 842-7292
(0917) 805-2916

**WEST AVENUE-BALER**
No. 91 Barangay Bungad
West Avenue, Quezon City
(0917) 827-2501

## CAINTA, RIZAL

**CAINTA**
G/F CCC Bldg., F. Felix Avenue
cor. Karangalan Drive
Cainta, Rizal
(02) 8646-0295
(02) 7968-9207
(0917) 827-0991

## SAN JUAN

**ANNAPOLIS**
G/F Unit 133
Promenade Missouri
Greenhills Shoping Center
Missouri cor. Annapolis Sts.
Greenhills, San Juan City
(02) 7968-3940
(02) 8944-6282
(0917) 863-8483

**CARDINAL SANTOS**
GF Cardinal Santos
Medical Center
10 Wilson St.
Greenhills West
San Juan City
(02) 8234-0718
(0917) 863-8550
(0917) 827-3092

**GREENHILLS**
Ortigas Avenue near
cor. Wilson St.
Greenhills, San Juan City
(02) 7616-7108
(0917) 863-8574
(0917) 827-0992

**NORTHEAST**
GREENHILLS - WEALTH
22 Missouri St.
Northeast Greenhills
San Juan City
(02) 8705-5824
(0905) 953-7701
(0917) 810-3711
(0917) 846-0482

## TAGUIG

**2ND AVENUE - BGC**
G/F Blue Sapphire Bldg.
2nd Avenue cor. 30th St.
Bonifacio Global City, Taguig City
(0917) 863-8353

**3RD AVENUE – BGC**
G/F Shop B, Two Neo Bldg.
3rd Avenue cor. 28th St.
Bonifacio Global City, Taguig City
(0917) 818-2493
(0917) 863-8437

**5TH AVENUE – GLOBAL CITY**
Unit 103, G/F One Global Place
5th Avenue cor. 25th St.
Bonifacio Global City, Taguig City
(02) 7907-8963
(0917) 827-2502

**BGC-7TH AVENUE**
G/F Twenty-Four Seven
McKinley Bldg.
cor. 7th Avenue, 24th St.
McKinley Parkway
Bonifacio Global City, Taguig City
(02) 8573-7281
(0917) 863-8494

**BGC 32ND STREET BRANCH**
G/F Trade and Financial Tower
32nd St. cor. 7th Avenue
Bonifacio Global City, Taguig City
(0917) 837-5027
(0917) 850-8009
(0917) 856-1490
(0917) 836-4007

**BGC- 34TH STREET**.
G/F, Shop 2, Panorama Bldg.
34th St. cor. Lane A, Bonifacio
Global City, Taguig City
(0917) 849-7945

**BGC 38TH STREET**
G/F Orion Bldg.
11th Avenue cor. 38th St.
Bonifacio Global City, Taguig City
(02) 8624-4893
(0917) 863-8418

**BGC–MCKINLEY ROAD**
G/F, Unit 1, Fairways Towers
5th Avenue
Bonifacio Global City
Taguig City
(02) 7968-6368
(0917) 863-8576

**BGC THE LUXE RESIDENCES**
G/F Shop 3 The Luxe Residences
28th St. cor. 4th Avenue,
Bonifacio Global City
Taguig City
(02) 8968-4403
(0917) 863-8511

**BGC TRIANGLE DRIVE**
Shop 3, Philplans Bldg.
Corporate Center
1012 North Triangle Drive
Bonifacio Global City, Taguig City
(02) 622-4313
(0917) 863-8749

**BGC-UPTOWN PLACE MALL**
Unit B106, Lower G/F
Uptown Place Mall
9th Avenue cor. 36th St.
Bonifacio Global City, Taguig City
(02) 8968-8391
(0917) 863-8761

**BONIFACIO HIGH STREET**
W Global Center
cor. 30th and 9th Avenues
Fort Bonifacio, Taguig City
(02) 8808-1166
(0917) 863-8499

**MCKINLEY HILL**
Units 1A& 1B Two World Square
Upper McKinley Road
McKinley Hill Drive
Fort Bonifacio, Taguig City
(02) 7968-4769
(0917) 820-1852

**MCKINLEY WEST**
Lower G/F, Robinsons Cyber
Sigma Bldg. Lawton Avenue
Bonifacio South, Taguig City
(02) 8587-2145
(0917) 863-8612

## VALENZUELA

**MALINTA**
292 Mirjan Bldg. Maysan Road
Paso de Blas, Valenzuela City
(02) 7500-3879
(02) 7623-9570
(0917) 800-5403
(0917) 827-0870

**VALENZUELA**
Km. 12 MacArthur Highway
cor. Fatima Avenue, Marulas
Valenzuela City
(0917) 827-0393
(0917) 864-1242

# CENTRAL/NORTH LUZON

**ANGELES**
G/F, Bldg. 1, Unit 1 & 2
Central Town Mall
Fil-Am Friendship Highway
Brgy. Cutcut, Angeles City
Pampanga
(0917) 827-3254

**BAGUIO**
Units PF-7 & PF-7A
PlazaFloor Cedar Bldg.
Gen. Luna cor. Mabini Sts.
Brgy. Kabayanihan Baguio City
(074) 443-5658
(0917) 863-9684

# BRICK & MORTAR

**BALIWAG**
G/F Units 3&4, 3006 St.
Augustine Square
#17 Pinagbarilan St.
Doña Remedios
Trinidad Highway
Baliwag, Bulacan
(044) 766-2442
(0917) 863-9692

**CABANATUAN**
P. Burgos St.
Barangay Padre Burgos
Cabanatuan City
(044) 463-0490

**CLARK**
Unit 3 and 4, The Pavillion Mall
Philexcel Business Park
M. A. Roxas Highway
Clark Freeport Zone, Pampanga
(045) 499-5141
(0917) 809-3519

**CAUAYAN, ISABELA**
G/F Isabela Trade Center Bldg.
National Highway
Cauayan City, Isabela
(0917) 863-9707
(078) 652-4401

**DAGUPAN**
Perez Blvd
Brgy Pogo Chico
Dagupan City, Pangasinan
(0917) 863-9715

**LAOAG-SAN NICOLAS**
G/F 365 Plaza Bldg.
National Highway
Brgy. 1 San Nicolas, Ilocos Norte
(077) 770-3771
(0917) 863-9703

**MEYCAUAYAN**
G/F Marian Bldg.
MacArthur Highway
Calvario, Meycauayan, Bulacan
(0917) 816-2712
(0917) 825-0179

**OLONGAPO**
87 Magsaysay Drive
East Tapinac
Olongapo City
(047) 602-2618
(0917) 863-9710

**PAMPANGA**
G/F Mel-Vi Bldg
Olongapo Gapan Road
Dolores City of
San Fernando Pampanga
(0917) 827-2875

**SAN FERNANDO, LA UNION**
G/F, Nisce Business Center
Quezon Avenue
Brgy. Catbangen
San Fernando, La Union
(0917) 821-5285

**SAN FERNANDO, PAMPANGA**
3M Bldg., MacArthur
Highway, San Agustin
San Fernando, Pampanga
(0917) 863-9742

**SANTIAGO**
Maharlika Highway
Malvar, Santiago City
(0917) 863-9750
(0917) 864-7884

**SUBIC**
19B Manila Avenue
cor. Canal St.
Subic Bay Freeport Zone
(047) 252-9326
(0917) 864-0749

**TARLAC**
Jaral Bldg., MacArthur Highway
Cor. Juan Luna St., Tarlac City
(045) 8982-6490
(0917) 864-1496

**TUGUEGARAO**
Bagay Road cor. Andrews St.
Caritan Centro
Tuguegarao City, Cagayan
(078) 844-3170
(0917) 864-0763

**VIGAN**
AR Lahoz Bldg.
Jose Singson St.
Vigan, Ilocos Sur
(077) 722-2046
(0917) 864-0765

## SOUTHERN LUZON

**BACOOR**
G/F Addio Bldg.
Aguinaldo Highway
Talaba, Bacoor, Cavite
(046) 512-9432
(0917) 864-0948

**BATANGAS CITY**
G/F, University
of Batangas Bldg.
Highway Hills, Hilltop
Batangas City
(043) 722-1417
(0917) 864-0934

**BIÑAN-CARMONA**
Governor's Drive
cor. Golden Mile Avenue
Golden Mile Business Park
National Highway, Bgy. Maduya
Carmona, Cavite
(046) 521-7961
(0917) 864-0950

**CALAMBA-PARIAN**
G/F Andenson Bldg.
Manila South Road
Bgy. Parian, Calamba, Laguna
(0917) 848-1490

**DASMARIÑAS-CAVITE**
Gov. D. Mangubat Avenue
Congressional Road
Aguinaldo Highway
Dasmariñas, Cavite
(046) 521-7962
(0917) 840-8102

**IMUS-CAVITE**
G/F Melta Bldg.
cor. Sampaguita Village
Aguinaldo Highway, Imus, Cavite
(046) 513-2155
(0917) 864-0973

**LEGASPI**
G/F, Unit 1, SMC Bldg.
Landco Business Park
Capantawan, Legazpi City
(0917) 864-0980

**LIMA**
G/F LIMA Tower One
LIMA Estates
Brgy. Santiago
Malvar, Batangas
(0917) 804-0739

**LIPA**
17 B. Morada Avenue
Lipa City, Batangas
(043) 236-9159
(0917) 864-1186

**LUCENA**
One People Square
M.L. Tagarao St.
cor. Granja St., Lucena City
(0917) 864-0985

**NAGA**
G/F Prime Days Hotel Bldg.
Panganiban Drive, Naga City
(0917) 864-0986

**PUERTO PRINCESA**
G/F UnionBank Bldg.
J.P. Rizal Avenue, Brgy.
Maningning
Puerto Princesa City, Palawan
(048) 434-2007
(0917) 864-1037

**SAN PEDRO**
Manila South Road
cor. Cataquiz National Highway
Barangay Landayan
San Pedro, Laguna
(02) 7506-5983
(0917) 864-0937

**STA. ROSA**
718 Rizal Boulevard
cor. Zavalla St.
Barangay Malusak
Sta. Rosa, Laguna
(049) 250-5227
(0917) 864-1229

**PASEO DE STA. ROSA**
G/F The Medical City
South Luzon
Greenfield City,
United Boulevard
Brgy. San Jose,
Sta. Rosa, Laguna
(0917) 864-1013

**TAGAYTAY**
G/F Tagaytay Prime Residences
Tagaytay-Calamba Road,
Prime Rotunda, Brgy. San Jose
Tagaytay City
(0917) 702-3001

## METRO CEBU

**CEBU A.S. FORTUNA**
G/F The Space, A.S. Fortuna
cor. P. Remedio St., Banilad
Mandaue City, Cebu
(0917) 828-1340
(0917) 801-6578

**CEBU AYALA FGU - WEALTH**
G/F Ayala FGU Center
Mindanao Avenue
cor. Biliran Road
Cebu Business Park, Cebu City

**CEBU-BANILAD**
Unit 114 Banilad Town Center
Gov. M. Cuenco Avenue
Banilad, Cebu City
(032) 353-4387
(0917) 864-0573

**CEBU-BORROMEO**
Door 8 Plaza Borromeo
Borromeo St., Cebu City
(032) 412-3401

**CEBU INSULAR BRANCH**
(formerly CEBU BUSINESS PARK)
G/F Insular Life Cebu
Business Centre
Mindanao Avenue
cor. Biliran Road
Cebu Business Park, Cebu City
(032) 353-4290
(032) 353-4291
(0917) 858-8573
(0917) 863-7970

**CEBU BUSINESS PARK SUMILON ROAD**
G/F Buildcomm Center
Sumilon Road
Cebu Business Park, Cebu City
(0917) 810-8519

**CEBU-EXCHANGE**
G/F, Units D & E
Cebu Exchange Tower
Salinas Drive, Lahug
Cebu City
(0917) 874-9171

**CEBU-I.T. PARK**
GF101 TGU Tower, Salinas Drive
Asiatown IT Park, Lahug
Cebu City
(032) 324-7030
(032) 316-5577
(0917) 863-8173
(0917) 863-8196

**CEBU-LAPU-LAPU MEPZ II**
Lot 2, Block 1, Phase 1
MEPZ II, SEPZ
Lapu-Lapu City, Cebu
(032) 353-4293
(0917) 863-8203

**CEBU LAPU-LAPU**
NATIONAL HIGHWAY
M.L. Quezon St.
Lapu-Lapu National Highway
Pusok, Lapu-Lapu City, Cebu
(032) 353-4305
(0917) 863-8411

**CEBU MACTAN NEWTOWN**
G/F Retail 2&3
Plaza Magellan Tower 1
Mactan Newtown
Lapu-Lapu City
(032) 342-2091
(0917) 863-8207

**CEBU-MANDAUE**
G/F Kentredder Bldg.
A. Cortes St.,Mandaue City
Cebu City
(032) 425-1488
(032) 353-4295
(032) 353-4297
(0917) 863-8250
(0917) 868-8276

**CEBU-MAXILOM**
G/F ONG TIAK Bldg.
Gen. Maxilom Avenue, Cebu City
(032) 353-4298
(032) 353-4299
(0917) 863-8315
(0917) 863-8331

**CEBU-MINGLANILLA**
G/F FCT Commercial Bldg.
Poblacion Ward II
Minglanilla, Cebu
(032) 316-8763
(0917) 805-4153

**CEBU NORTH DRIVE**
G/F North Drive Mall
Ouano Avenue
NRA, Mandaue City, Cebu
(032) 384-1927
(0917) 863-8355

**CEBU NORTH ROAD**
G/F Khuz'ns Bldg.
North Highway
Estancia, Mandaue City
(032) 425-1802
(0917) 863-8367

**CEBU-PLARIDEL**
104 Plaridel St.
Barangay Sto. Niño, Cebu
(032) 353-3129
(032) 353-4302
(032) 255-0084
(0917) 863-8374
(0917) 860-9987

**CEBU-SUBANGDAKU**
G/F Units 3&4
A.D. Gothong I.T. Center
Lopez Jaena St.
Brgy. Subangdaku
Mandaue City
(032) 262-4616
(032) 262-4621

**CEBU-TIMES SQUARE**
G/F Cebu Time Square 2 Bldg.
Brgy. Tipolo, Mantawi Avenue
North Reclamation Area
Mandaue City, Cebu
(032) 353-4307
(032) 232-0680
(0917) 853-9210

## VISAYAS

**BACOLOD - LACSON**
G/F, Philamlife Bldg.
Lacson cor. Galo Sts.
Bacolod City
(0917) 841-5969
(0917) 803-6497

**BACOLOD - NORTH MANDALAGAN**
Ground Floor
The Row, Lacson St.
Barangay Bata, Bacolod City
(034) 701-7899
(0917) 864-0281
(0917) 863-8645

**DUMAGUETE**
UnionBank Bldg.
Ramon Pastor Sr. St.
cor. San Juan St.
Dumaguete, Negros Oriental
(035) 422-5038
(0917) 864-1244

**ILOILO-IZNART**
Villanueva Bldg.
Iznart St., Iloilo City
(033) 335-0464
(0917) 864-0791
(0917) 864-0849

**ILOILO-GENERAL LUNA**
Brgy. Villa Anita Village
Gen. Luna St., Iloilo City
(0917) 864-0852
(0917) 864-0797

**TACLOBAN**
G/F Tacloban Plaza Bldg.
Justice Romualdez St.
Tacloban City
(0917) 864-1304

**TAGBILARAN**
0041 JS Torralba St.
Brgy. POB II
Tagbilaran City, Bohol
(038) 510-8150
(0917) 831-9794
(0917) 833-9562
(0917) 864-1340

## METRO DAVAO

**DAVAO-CABAGUIO**
G/F, Dmirie Bldg.
JP Cabaguio Avenue
Brgy Paciano Bangoy, Davao City
(082) 324-3732
(0917) 806-9916

**DAVAO-MAGSAYSAY**
R. Magsaysay Avenue
cor. E. Jacinto St., Davao City
(082) 326-1250
(082) 326-1253
(0917) 864-1459
(0917) 864-1457

**DAVAO-MONTEVERDE**
G/F Mintrade Bldg.
Monteverde Avenue
cor. Sales St., Davao City
(0917) 864-0974

**DAVAO QUIRINO**
Quirino Avenue
cor. San Pedro
Extension St., Davao City
(082) 324-4417
(0917) 864-0898

**DAVAO-RIZAL**
G/F & 2/F
Quibod Commercial Complex
Rizal St., Davao City
(082) 326-1149
(082) 326-1181
(0917) 864-1312
(0917) 864-1352

## MINDANAO

**BUTUAN**
Ground Floor CAP Bldg.
JC Aquino Avenue
cor. J. Rosales Avenue
Butuan City
(085) 304-6215
(085) 304-6216
(0917) 864-1520
(0917) 864-1521

**CAGAYAN DE ORO-LAPASAN**
Lapasan National Highway
Cagayan de Oro City
(088) 856-6106
(0917) 863-5773

**GENERAL SANTOS-SOUTH**
G/F Sun City Suites
Digos Makar Road
National Highway
General Santos City
(083) 308-3487
(083) 308-3776
(0917) 861-4935
(0917) 864-1260

**ILIGAN**
Quezon Avenue
Brgy. Poblacion, Iligan City
(063) 302-2640
(0917) 863-9835

**PAGADIAN**
Sabado Bldg., Rizal Avenue
San Francisco District
Pagadian City
(0917) 863-9676

**ZAMBOANGA CITY**
G/F ZAEC Bldg.
Mayor Jaldon St.
Cor. Gov. Alvarez St.
Zamboanga City
(062) 312-5447
(062) 312-9565
(0917) 861-4653
(0917) 843-0423

# MANAGEMENT DIRECTORY

**PRESIDENT & CEO**

Ana Maria A. Delgado

**SENIOR EXECUTIVE VICE PRESIDENT**

Manoj Varma

**EXECUTIVE VICE PRESIDENTS**

Manish Chawla
Isagani A. Cortes
Ramon G. Duarte
Antonino Agustin S. Fajardo
Manuel R. Lozano
Dennis D. Omila
Michaela Sophia E. Rubio
Johnson L. Sia
Mukul Ajay K. Sukhani

**SENIOR VICE PRESIDENTS**

Raymond Anthony B. Acosta
Rene Alan M. Aguirre
Arlene Joan T. Agustin
Christy Mae R. Almonte
Brenda Ruth A. Angeles
Jonnaluz B. Aranas
Donald A. Asuncion
Aaron Jon D. Atienza
Gerardo T. Austria
Alan Jay C. Avila
Joselito V. Banaag
Conrad Anthony Dominic L. Banal
Ronaldo S. Batisan
Mary Grace H. Bela
Konstantin O. Beloglazov
Maria Cecilia Teresa S. Bernad
May G. Buencamino
Ruth Mary S. Calamba
Catherine Anne B. Casas
Wilbert P. Casillano
Luis Alberto A. Castañeda
Vincent Paul M. Castillo
Mary Grace G. Catoto
Efrenilo L. Cayanga, Jr.
Margaret O. Chao
Michael L. Chong
Abigail Sarena T. Chua
Ma. Eleonor E. Chua
Luis Martin S. Clemente
Lesley Anne H. Co
Antonio Sebastian T. Corro
Albert Raymond C. Cuadrante
Antonio Miguel D. Dans, II
Gerard R. Darvin
Gener P. De Guzman
Julie Anne C. Dela Cruz
Niña Michelle A. Destacamento
JoNathan Jerald V. Deomano
Rolando P. Ebreo
Carlo I. Eñanosa
Gladys G. Enriquez
Edric B. Fernandez
Marilou I. Ferrer
Norman C. Gabriel
Rommel Jason L. Galang
Jaime Casto Jose P. Garchitorena
Christopher M. Go
Erika Denise D. Go
Richard James T. Gonzalez
Ramon Manuel A. Guinto
Bhuvanesh Hingoraney
James Morris P. Ileto
Imelda G. Jayme
Simran Khanna
Mariano Dominick F. Lacson
Adrian H. Lim
Tracy S. Lim
Concepcion P. Lontoc
Cynthia J. Macasaet
Angelbert G. Macatangay
Michael P. Magbanua
Kathleen Marie P. Malacad
Ana Jania F. MaÑalac
Macklen A. Manaois
Kenneth C. Mariano
Ma. Eloisa Jovita M. Mariano
Kathleen Bernadette W. Mateo
Don Jerico B. Matriano
Wilfredo P. Montino, Jr.
Dave T. Morales
Edgar Allan G. Oblena
Christopher Patrick G. Ocampo
Gladys M. Ocampo
Lauro P. Peralta
Paul Benedict F. Perez
Vivian S. Perez
Praveen W. Ramankutty
Cyrus G. Rebueno
Maria Iraida B. Recto
Jose Maria O. Roxas
Maria Katrina N. Roxas
Robin Emmanuel S. Roxas
Jose Paolo G. Rufo
Quintin C. San Diego, Jr.
Buenaventura S. Sanguyo, Jr.
Renato Piccolo R. Sarmiento, Jr.
Raquel N. Sevidal
Gautam Sharma
Christine V. Siapno
Maria Carissa A. Sindiong
Mellany M. Sy
Ben P. Sy Chu
Leslee May S. Tandoc
Martin James S. Tensuan
Cherrie L. Tinoko
Ma. Cristina C. Tismo
Jo-Ann Fatima L. Tolentino
Menchie M. Tormon
Sheila P. Umali
Maria Paz B. Urmatam
Dominador N. Velasco, IV
Leo Miguelito D. Villacrucis
Jeannette Yvonne M. Zagala

## VICE PRESIDENTS

Amy P. Abes
Jennifer Rose M. Alano
Corazon T. Alcantara
Ralph Sylvester E. Alo
Maria Jerusha J. Ambrosio
Erianne B. Ansaldo
Ann Lilibeth M. Antiquina
Jimmy S. Anyayahan
Ronald Gerard M. Arceo
Cyril G. Arnesto
Mayumi C. Aromin
Rachel P. Asuncion
Rosma M. Auza
Anna Lea O. Axalan
Kathlynn Ann L. Aznar
Angela G. Baguisi-Peralta
Shekilah R. Bartolome
Ma. Rowena S. Basconcillo
Guia G. Bausa
Rona S. Bautista
Maria Carmen R. Benitez
Shiendy G. Benitez
Rachelle M. Bernal
Jesusa Crisel L. Bernardino
Sheryll P. Biyo
Aura Bernadette R. Bonzon
Grace Ann S. Bueno
Francis Caberoy
Tina Marie T. Calderon
Gilbert A. Camitoc
Maria Cecilia R. Caperina
Diane Dominique O. Capili
Erick Kristofer Y. Chua
Michael Vincent F. Condez
Monica D. Cristi
Amor A. Cruz
Gerardo O. Cruz, Jr.
Johanna Mae D. Cruz
Heindrick Franell G. Cu
Vi Maritoni V. David
Diana D. Dayrit
Abigail M. De Guzman
Frederick Daniel D. De Guzman
Carolina G. De Luzurriaga
Maria Anna Veronica N. Del Rosario
Maria Eunice C. Dela Dingco
Romina R. Dela Torre
Ernesto P. DiÑo, Jr.
Norie Fe R. Dy
Nathaniel M. Dy-Liaco
Renee Lynn S. Dytuco
Paolo M. Elemos
Gerand Boy O. Elinzano
Elliebeth Endaya
Benise Christine Endencia
Rupert Anthony G. Enriquez
Jennifer F. Escasa
Christine Anne P. Esguerra
Marjorie K. Espiritu
Erick John G. Estrada
Liezl S. Faldas
Romeo V. Gabayeron
Micarella Mariz I. Gabriel
Jessine Y. Gamo
Jillian Q. Gatcheco-Cantada
Giovanni S. Gemanil
Antonio Javier I. Gonzalez
Jaypee E. Halagao
Adrienne G. Heinrich
Shella Marie P. Hernando
Juan Carlos D. Ibarra
Barbara Anne G. Ilagan
Rommel R. Ilunio
Maria Concepcion M. Isidro
Carlo Ramon R. Jayme
Jacquelyn J. Jimenez
Sairah Sedillo U. Kadil
Jennifer Marie G. Ko Gaw
Nikhil Kumar
Kristoffer Emmanuel I. Limon
Lean Adriel D. Llanes
Peter Agustin T. Lopez
Reena April M. Lumba
Mattel Pamela Luna
Jenni Rose I. Lurian
Rommel T. Macapagal
Abhinav Mahajan
Maria Kristina M. Manlagnit
Melisse Anne G. Martin
Clarissa Lourdes S. Matias
Anna Roxane M. Matsuda
David R. Medel
Eugene Christopher O. Monsod
Melanie R. Motus
Agnes Veronica S. Moulic
Maria Minerva A. Nieto
Miguel Carlos M. Nolasco
Lannie Y. Ocubillo
Ana Margarita T. Oliveros
Caesar Antonino M. Ordoñez
Melissa Lynn S. Pablo
Jose Paolo P. Palacios
Robert M. Panganiban
Leila P. Paz-Aguba
John Francis F. Pecaña
Pamela Geraldine P. Pepito
Henry C. Perez
Gillian Justine S. Pua
Julien Cohl A. Pusta
Philippe D. Quito
Edon V. Ramirez
Mary Mae M. Ramizo
Jhoel P. Raquedan
Catherine C. Razon
Anna Marie B. Reyes
Sheila Marie D. Reyes
Kristian Anthony M. Ricardo
Joanna Marie G. Robles
Lou Angela I. Roco
Daryl Sol D. Rodriguez
Michelle P. Rodriguez
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John Basil O. Sace
Joel V. Salvador
Wilhelm S. Samson
Mylene S. Sanchez
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Ma. Agnes R. Santos
Myla Angela A. Santos
Nikki Neil R. Santos
Pierre Emanuelle N. Santos
Kris Lawrence L. Sia
Mary Grace O. Singson
Michelle Gale O. Soliman
Katrina Tanya P. Soncuya
Raymond Joseph F. Soncuya
Ma. Vanessa S. Sta. Ana
Cecille P. Sta. Teresa
Melissa Hazel C. Sua
Carol Ann T. Tagle
Marilou A. Taino
Marnita J. Tan
Michael Paul P. Tan
Stephanie Y. Tan
Elizabeth C. Tang
John Michael C. Tang
Ma. Amparo L. Tang
Karen Lynde Q. Tee
Romana M. Tiu
Colleen Faye P. Toledo
Serafin Benedicto U. Tongco, II
Lenikarr Maria B. Tud
Inulli C. Ty
Sherryl B. Uy
Anamarie O. Valencia
Chester Dino B. Velasco
Joann B. Velasquez
Stephanie A. Villafuerte
Camilla Natasha B. Villegas
Rose Anne I. Viloria
Enrique Noel L. Yusingco

# MANAGEMENT DIRECTORY

## ASSISTANT VICE PRESIDENTS

Michelle Anne P. Abarquez
Emelissa D. Abenir
Morris Morel H. Abesamis
Maria Cristina D. Acta
Theeex D. Agapito
Reagen A. Aguda
Sharlyn Veronica M. Alo-Lambot
Ben Lloyd T. Altarejos
Rachel Ann G. Amandy
Joyce C. Ancheta
Roosevelt Nelson S. Ang
Hazel L. Antivola
Angelo Don D. Apongol
Danilo S. Aquino, Jr.
Maria Theresa R. Aquino
Michaela Dominique V. Arcangel
Nikko Rio C. Arevalo
Romeo Gabriel M. Aspera
Anna Claret F. Asuncion
Ruben Carlo O. Asuncion
John Edrian M. Atendido
Karen O. Aunzo
Basille Alicesandra L. Avelino
Anna Liza B. Ayugat
Jonathan Luis M. Bagadiong
Salvador G. Bagamasbad, Jr.
Ma. Theresa T. Banzon
Christian T. Banzuela
Camille Frances L. Basilio
Ella Ruth C. Bautista
Juan Miguel R. Bautista
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Marisse R. Bernal-Co
Wilfredo S. Bernardo
Roel C. Brion
Juan Antonio A. Bugayong
Jomar R. Bulanon
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Flordeliza B. Cabutin
Juancho L. Calayan
Valyne A. Calma
Christer Van B. Camacho
Mary Ann S. CaÑares
Michelle C. Caoile
Jennylyn C. Car
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Lea Beverly B. Casimiro
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Mildred B. Castillo
Frederick C. Catahan
Ma. Nerliza A. Centeno
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Marlon P. Chua
Jenille Stephanie N. Chuan
Matthew Gregory F. Cipriano
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Leonardo C. Coronado
Susan C. Corral
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Arnel L. Cortez
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Ma. Lourdes Eloisa T. Cunanan
Ida Angela A. Dagcuta
Maria Cecilia C. Danganan
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Catherine Z. De Guzman
Cyril F. De Leon
Gerard Robin D. De Padua
Karen T. Del Castillo
Irene L. Del Rosario
Ramon M. Del Rosario
Ann Lourein R. Dela Cruz
Keith Jacquilene B. Dela Cruz
Maria Armela L. Dela Cruz
Marthaniel C. Dela Paz
Robert B. Dela Peña
Hazel P. Deles
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Alyssa R. Delos Angeles
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Maria Cristina N. Dimaano
Maureen Jonah D. Dimaya
Jorell S. Dimayuga
Jeanette T. Dimero
Maria Louisa S. Doce
Amiel Joseph S. Domingo
Sergei Jude C. Doria
Charlie D. Doroin, Jr.
Marco Paulo S. Dumaliang
Joseph Raymond M. Dungca
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Abigail B. Enciso
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Arvin C. Gabriel
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Jacquelyn K. Galvez
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Patricia Joyce G. Gamboa
Pete P. Gamboa
Anna Margarita A. Gapac
Manuel S. Garing
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Juan Paolo P. Gingco
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Brian N. Hernandez
Adriano T. Hipolito
Maria Angela M. Hizon
Angelica Elaine E. Honasan
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John Paulo B. Inciong
Anna Cristina A. Javier

## ASSISTANT VICE PRESIDENTS

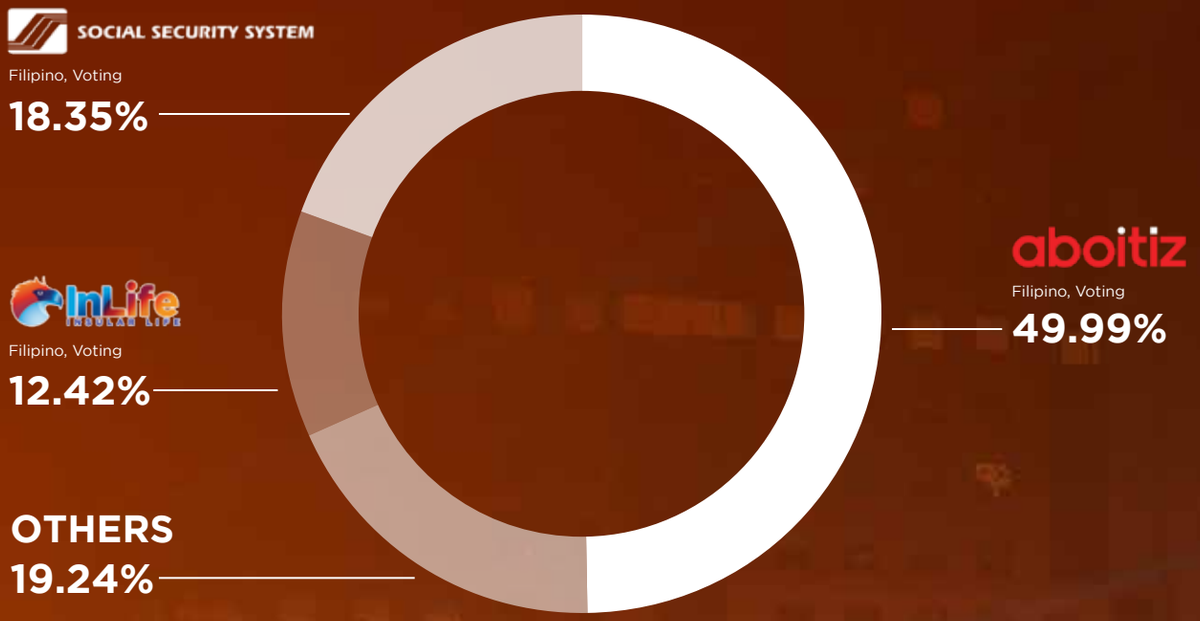
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Neben D. Perez
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Nerissa A. Yap
Jason Clein L. Yu
Jessmae S. Zafra
Benigno B. Zialcita, IV

# CORPORATE INFORMATION

## Ownership Structure

As of 31 March 2025, UnionBank's major shareholders are Aboitiz Equity Ventures, Inc. (AEV), Social Security System (SSS) and Insular Life Assurance Company, Ltd. (Insular Life).

Note: Shareholders are according to the Public Ownership Report




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# CREDITS

The 2024 Annual & Sustainability Report
is published by UnionBank
for stockholders, clients and friends.

For the AR:
**Corporate Media and**
**Reputation Management (CMRM),**
**Customer Experience Group**

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Design (AR & SR): **OP Communications, Inc.**

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Angelica Marie J. Ozaeta, Sustainability Head

Mayeth Xela H. Yarte, Sustainability Officer

Writer: **Alex C. Gregorio**

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Cards Product Management Head, Consumer Bank

Inside Pages **UnionBankers**:
**Ana Katrina O. De Vera**, Operations Support Manager,
Customer Experience Group
P**atricia C. Perey**, Executive Assistant,
Office of the Chief Transformation Officer
**Hannah Jean P. Manubay**, Benefits Partner, Human Resources

# FINANCIAL STATEMENTS



# 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, 2024, 2023, and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

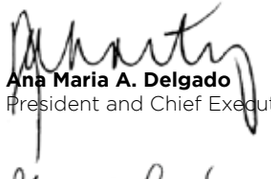
The Board of Directors is responsible for overseeing the Bank's financial reporting process.

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

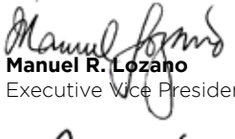
SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing and, in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of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



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



**Ana Maria A. Delgado**
President and Chief Executive Officer



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



**Edgar Allan G. Oblena**
Senior Vice President, Financial Controller

# 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 Company 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, 2024 and 2023, 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, 2024, and notes to the consolidated and parent bank financial statements, including material accounting policy information.

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, 2024 and 2023, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

**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 Company Financial Statements section of our report. We are independent of the Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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; 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 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; (c) tested the Group's and the Parent Bank's application of internal credit risk rating system, 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; 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.

*Impairment testing of goodwill*
Under PFRS, the Group and the Parent Bank are required to annually test the amount of goodwill for impairment. 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, specifically on discount rate and long-term growth 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 obtained an understanding of the management's process for evaluating the impairment of goodwill. 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 against the historical financial performance and the specific plans for the CGUs and other relevant external data. 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, 2024, 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, 2024 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 audits 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 PFRS Accounting Standards, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 Section 174 of Manual of Regulations for Banks and Revenue Regulations 15-2010**

Our audits was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulations 15-2010 in Note 37 to the financial statements and Section 174 of Manual of Regulations for Banks in Note 38 to the financial statements is presented for for purposes of filing with the the Bureau of Internal Revenue and Bangko Sentral ng Pilipinas, 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, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-062-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10465256, January 2, 2025, Makati City
February 28, 2025

# STATEMENTS OF FINANCIAL POSITION

**December 31, 2024 and 2023**

*(Amounts are presented in thousands of Philippine Pesos)*

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | December 31 | | December 31 | |
| | **2024** | 2023 | **2024** | 2023 |
| **RESOURCES** | | | | |
| **Cash and Other Cash Items** (Note 8) | **₱10,143,777** | ₱10,439,112 | **₱9,270,243** | ₱9,350,898 |
| **Due from Bangko Sentral ng Pilipinas** (Note 8) | **82,146,575** | 82,643,663 | **49,212,089** | 63,883,124 |
| **Due from Other Banks** (Note 9) | **33,890,538** | 27,263,347 | **31,139,779** | 23,188,033 |
| **Interbank Loans Receivable and Securities Purchased under Reverse Repurchase Agreements (SPURRA)** (Note 10) | **1,878,992** | 25,411,119 | **178,992** | 3,184,078 |
| **Trading and Investment Securities** | | | | |
| At fair value through profit or loss (FVTPL) (Note 11) | **10,295,089** | 5,805,716 | **10,028,598** | 5,676,867 |
| At amortized cost (Note 12) | **323,412,938** | 314,479,239 | **313,388,774** | 305,334,583 |
| At fair value through other comprehensive income (FVOCI) (Note 13) | **39,512,654** | 36,974,774 | **39,251,455** | 36,699,234 |
| **Loans and Other Receivables - net** (Note 14) | **522,655,816** | 526,145,828 | **406,180,888** | 411,823,839 |
| **Investment in Subsidiaries and Associates** (Note 15) | **35,755** | 37,675 | **37,301,269** | 36,114,412 |
| **Bank Premises, Furniture, Fixtures and Equipment - net** (Note 16) | **11,001,211** | 10,193,239 | **9,324,944** | 8,539,326 |
| **Investment Properties - net** (Note 17) | **9,789,983** | 8,592,259 | **8,564,812** | 7,359,283 |
| **Goodwill** (Note 18) | **53,992,565** | 53,992,565 | **43,339,696** | 43,339,696 |
| **Other Resources - net** (Note 19) | **46,685,142** | 43,164,817 | **36,521,955** | 35,119,322 |
| **TOTAL RESOURCES** | **₱1,145,441,035** | ₱1,145,143,353 | **₱993,703,494** | ₱989,612,695 |

# STATEMENTS OF FINANCIAL POSITION

**December 31, 2024 and 2023**

*(Amounts are presented in thousands of Philippine Pesos)*

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | December 31 | | December 31 | |
| | **2024** | 2023 | **2024** | 2023 |
| **LIABILITIES AND CAPITAL FUNDS** | | | | |
| **LIABILITIES** | | | | |
| **Deposit Liabilities** (Note 21) | | | | |
| Demand | **₱231,377,969** | ₱233,282,684 | **₱232,683,444** | ₱234,228,367 |
| Savings | **215,542,898** | 195,864,333 | **208,381,675** | 190,062,551 |
| Time | **229,401,929** | 283,421,391 | **131,416,771** | 173,264,475 |
| | **676,322,796** | 712,568,408 | **572,481,890** | 597,555,393 |
| **Bills Payable** (Note 22) | **162,256,379** | 155,287,929 | **126,169,642** | 120,359,136 |
| **Notes and Bonds Payable** (Note 23) | **57,565,582** | 50,493,627 | **51,724,287** | 50,493,627 |
| **Other Liabilities** (Note 24) | **53,228,656** | 51,167,965 | **48,098,791** | 46,116,231 |
| | **949,373,413** | 969,517,929 | **798,474,610** | 814,524,387 |
| **CAPITAL FUNDS** | | | | |
| **Capital funds attributable to the Parent Bank's stockholders** (Note 25) | | | | |
| Common stock | **33,164,056** | 23,537,746 | **33,164,056** | 23,537,746 |
| Treasury stock | **-** | (2,097) | **-** | (2,097) |
| Additional paid-in capital | **64,367,634** | 57,769,376 | **64,367,634** | 57,769,376 |
| Stock dividend distributable | **-** | 6,355,129 | **-** | 6,355,129 |
| Surplus free | **97,521,588** | 88,719,176 | **98,787,952** | 89,032,606 |
| Surplus reserves | **3,277,772** | 2,542,762 | **2,227,106** | 2,142,570 |
| Net unrealized fair value losses on investment securities at FVOCI (Note 13) | **(1,766,482)** | (2,195,087) | **(1,768,342)** | (2,196,947) |
| Remeasurements of defined benefit plans (Note 29) | **(1,615,135)** | (1,627,698) | **(1,553,703)** | (1,566,266) |
| Other reserves | **258,204** | (108,141) | **4,181** | 16,191 |
| **Total capital funds attributable to the Parent Bank's stockholders** | **195,207,637** | 174,991,166 | **195,228,884** | 175,088,308 |
| **Non-controlling interests** | **859,985** | 634,258 | **-** | - |
| | **196,067,622** | 175,625,424 | **195,228,884** | 175,088,308 |
| **TOTAL LIABILITIES AND CAPITAL FUNDS** | **₱1,145,441,035** | ₱1,145,143,353 | **₱993,703,494** | ₱989,612,695 |

*See accompanying Notes to Financial Statements.*

# STATEMENTS OF INCOME

**For the Years Ended December 31, 2024, 2023 and 2022**

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

| | Group | | | Parent Bank | | |
|---|---|---|---|---|---|---|
| | Years Ended December 31 | | | Years Ended December 31 | | |
| | **2024** | 2023 | 2022 | **2024** | 2023 | 2022 |
| **INTEREST INCOME ON** | | | | | | |
| Loans and other receivables (Note 14) | **₱63,082,428** | ₱59,219,084 | ₱36,004,714 | **₱43,303,533** | ₱38,853,221 | ₱23,907,388 |
| Investment securities at amortized cost and FVOCI (Notes 12 and 13) | **16,078,724** | 15,620,211 | 12,489,741 | **15,627,153** | 15,172,216 | 12,083,622 |
| Cash and cash equivalents (Notes 8 and 9) | **2,656,793** | 2,160,236 | 1,000,188 | **1,156,380** | 947,155 | 584,977 |
| Interbank loans receivable and SPURRA (Note 10) | **1,428,743** | 1,367,804 | 826,362 | **554,893** | 518,152 | 652,846 |
| Trading securities at FVTPL (Note 11) | **493,428** | 194,354 | 203,766 | **487,216** | 193,268 | 203,766 |
| | **83,740,116** | 78,561,689 | 50,524,771 | **61,129,175** | 55,684,012 | 37,432,599 |
| **INTEREST EXPENSE ON** | | | | | | |
| Deposit liabilities (Note 21) | **12,493,397** | 15,788,182 | 6,021,671 | **5,757,673** | 9,457,250 | 4,196,509 |
| Bills payable and other liabilities (Notes 22, 23, 24 and 29) | **13,218,409** | 10,797,983 | 5,601,709 | **10,412,382** | 8,532,872 | 4,183,835 |
| | **25,711,806** | 26,586,165 | 11,623,380 | **16,170,055** | 17,990,122 | 8,380,344 |
| **NET INTEREST INCOME** | **58,028,310** | 51,975,524 | 38,901,391 | **44,959,120** | 37,693,890 | 29,052,255 |
| **PROVISION FOR CREDIT LOSSES** (Note 20) | **19,598,713** | 14,040,864 | 4,068,449 | **13,225,535** | 11,025,059 | 2,571,143 |
| **NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES** | **38,429,597** | 37,934,660 | 34,832,942 | **31,733,585** | 26,668,831 | 26,481,112 |
| **OTHER INCOME** | | | | | | |
| Service charges, fees and commissions (Note 27) | **13,415,641** | 10,886,044 | 7,111,768 | **11,306,080** | 9,153,672 | 6,015,859 |
| Gains (losses) on trading and investment securities at FVTPL and FVOCI (Notes 11 and 13) | **1,536,349** | 918,647 | (181,397) | **1,534,198** | 917,695 | (182,303) |
| Gains on sale of investment securities at amortized cost (Note 12) | **-** | - | 100,223 | **-** | - | 100,223 |
| Miscellaneous (Note 28) | **6,569,159** | 6,997,698 | 6,268,487 | **4,937,274** | 8,831,363 | 7,167,758 |
| | **21,521,149** | 18,802,389 | 13,299,081 | **17,777,552** | 18,902,730 | 13,101,537 |
| **TOTAL OPERATING INCOME** | **₱59,950,746** | ₱56,737,049 | ₱48,132,023 | **₱49,511,137** | ₱45,571,561 | ₱39,582,649 |

# STATEMENTS OF INCOME

**For the Years Ended December 31, 2024, 2023 and 2022**

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

| | Group | | | Parent Bank | | |
|---|---|---|---|---|---|---|
| | Years Ended December 31 | | | Years Ended December 31 | | |
| | **2024** | 2023 | 2022 | **2024** | 2023 | 2022 |
| **OTHER EXPENSES** | | | | | | |
| Salaries and employee benefits (Note 29) | **₱14,120,125** | ₱13,558,225 | ₱10,003,171 | **₱10,396,787** | ₱10,232,372 | ₱7,525,194 |
| Taxes and licenses (Note 38) | **6,095,743** | 5,941,970 | 4,110,188 | **4,136,943** | 4,045,416 | 2,738,837 |
| Depreciation and amortization (Note 16) | **2,841,728** | 2,666,493 | 1,860,432 | **2,114,836** | 1,939,485 | 1,420,123 |
| Occupancy (Note 16) | **1,172,877** | 1,164,202 | 1,026,889 | **893,333** | 891,506 | 764,356 |
| Miscellaneous (Note 28) | **20,037,050** | 21,557,379 | 14,347,165 | **16,048,356** | 18,108,976 | 11,497,383 |
| | **44,267,523** | 44,888,269 | 31,347,845 | **33,590,255** | 35,217,755 | 23,945,893 |
| **PROFIT BEFORE TAX** | **15,683,223** | 11,848,780 | 16,784,178 | **15,920,882** | 10,353,806 | 15,636,756 |
| **INCOME TAX EXPENSE** (Note 30) | **3,653,487** | 2,644,225 | 4,039,459 | **3,688,451** | 1,525,349 | 3,036,011 |
| **NET PROFIT** | **₱12,029,736** | ₱9,204,555 | ₱12,744,719 | **₱12,232,431** | ₱8,828,457 | ₱12,600,745 |
| **Attributable to:** | | | | | | |
| Parent Bank's stockholders | **₱11,929,971** | ₱9,072,217 | ₱12,600,745 | **₱12,232,431** | ₱8,828,457 | ₱12,600,745 |
| Non-controlling interests | **99,765** | 132,338 | 143,974 | **-** | - | - |
| | **₱12,029,736** | ₱9,204,555 | ₱12,744,719 | **₱12,232,431** | ₱8,828,457 | ₱12,600,745 |
| **Basic/Diluted Earnings per Share** (Note 33) | **₱3.75** | ₱3.06 | ₱4.95 | **₱3.85** | ₱2.97 | ₱4.95 |

*See accompanying Notes to Financial Statements.*

# STATEMENTS OF COMPREHENSIVE INCOME

**For the Years Ended December 31, 2024, 2023 and 2022**

*(Amounts are presented in thousands of Philippine Pesos)*

| | Group | | | Parent Bank | | |
|---|---|---|---|---|---|---|
| | Years Ended December 31 | | | Years Ended December 31 | | |
| | **2024** | 2023 | 2022 | **2024** | 2023 | 2022 |
| **NET PROFIT** | **₱12,029,736** | ₱9,204,555 | ₱12,744,719 | **₱12,232,431** | 8,828,457 | 12,600,745 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | | | | | |
| ***Items that may be reclassified to profit or loss in subsequent periods*:** | | | | | | |
| Unrealized mark-to-market gains (losses) on investment securities at FVOCI | **631,325** | 12,279,193 | (12,510,381) | **620,637** | 12,278,125 | (12,556,049) |
| Realized gains on sale of investment securities at FVOCI recognized in profit or loss (Note 13) | **(192,694)** | (416,510) | (99,466) | **(192,694)** | (416,510) | (100,162) |
| Cumulative translation adjustment | **(5,817)** | (20,991) | 17,235 | **3,506** | (20,991) | 17,235 |
| Share in unrealized mark-to-market gains (losses) on investment securities at FVOCI and cumulative translation adjustments of subsidiaries (Note 15) | **-** | - | - | **(14,854)** | 907 | 43,807 |
| ***Items that will not be reclassified to profit or loss in subsequent periods:*** | | | | | | |
| Remeasurement gains (losses) on defined benefit plan (Note 29) | **6,697** | (529,145) | 372,764 | **303,381** | (621,232) | 336,721 |
| Income tax benefit (expense) (Note 30) | **(1,674)** | 132,286 | (93,191) | **(75,845)** | 155,309 | (84,180) |
| Share in changes in remeasurement gains of subsidiaries (Note 15) | **-** | - | - | **(214,973)** | 65,891 | 30,406 |
| **TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR** | **437,837** | 11,444,833 | (12,313,039) | **429,158** | 11,441,499 | (12,312,222) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **₱12,467,573** | ₱20,649,388 | ₱431,680 | **₱12,661,589** | ₱20,269,956 | ₱288,523 |
| **Attributable to:** | | | | | | |
| Parent Bank's stockholders | **₱12,365,322** | ₱20,513,716 | ₱288,523 | **₱12,661,589** | ₱20,269,956 | ₱288,523 |
| Non-controlling interests | **102,251** | 135,672 | 143,157 | **-** | - | - |
| | **₱12,467,573** | ₱20,649,388 | ₱431,680 | **₱12,661,589** | ₱20,269,956 | ₱288,523 |

*See accompanying Notes to Financial Statements.*

# STATEMENTS OF CHANGES IN CAPITAL FUNDS

**For the Years Ended December 31, 2024, 2023 and 2022**

*(Amounts are presented in thousands of Philippine Pesos)*

| | Group | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity Attributable to Equity Holders of the Parent Bank | | | | | | | | | | | |
| | Capital Stock | Treasury Stock | Additional Paid-in Capital | Stock Dividend Distributable | Surplus Free | Surplus Reserves | Net Unrealized Fair Value Gains (Losses) on Investment Securities at FVOCI | Remeasurements of Defined Benefit Plan | Other Reserves | Total | Non-controlling Interests | Total Capital Funds |
| **Balances as at January 1, 2024** | **₱23,537,746** | **(₱2,097)** | **₱57,769,376** | **₱6,355,129** | **₱88,719,176** | **₱2,542,762** | **(₱2,195,087)** | **(₱1,627,698)** | **(₱108,141)** | **₱174,991,166** | **₱634,258** | **₱175,625,424** |
| Total comprehensive income (loss) for the year | - | - | - | - | 11,929,971 | - | 428,605 | 12,563 | (5,817) | 12,365,322 | 102,251 | 12,467,573 |
| Issuance of new shares (Note 25) | 3,271,181 | - | 6,671,910 | - | - | - | - | - | - | 9,943,091 | - | 9,943,091 |
| Cash dividends (Note 25) | - | - | - | - | (2,391,408) | - | - | - | - | (2,391,408) | - | (2,391,408) |
| Deemed disposal of interest in a subsidiary (Note 1) | - | - | - | - | - | - | - | - | 372,162 | 372,162 | 183,106 | 555,268 |
| Stock dividends (Note 25) | 6,355,129 | - | (73,652) | (6,355,129) | - | - | - | - | - | (73,652) | - | (73,652) |
| Sale of treasury stock (Note 25) | - | 2,097 | - | - | (1,141) | - | - | - | - | 956 | 1,068 | 2,024 |
| Appropriations during the year -net (Note 25) | - | - | - | - | (735,010) | 735,010 | - | - | - | - | - | - |
| Dividends of subsidiaries to NCI | - | - | - | - | - | - | - | - | - | - | (60,698) | (60,698) |
| **Balances as at December 31, 2024** | **₱33,164,056** | **₱-** | **₱64,367,634** | **₱-** | **₱97,521,588** | **₱3,277,772** | **(₱1,766,482)** | **(₱1,615,135)** | **₱258,204** | **₱195,207,637** | **₱859,985** | **₱196,067,622** |
| Balances as at January 1, 2023 | ₱21,421,068 | ₱- | ₱47,949,927 | ₱- | ₱90,799,424 | ₱2,452,975 | (₱14,057,609) | (₱1,227,666) | ₱30,989 | ₱147,369,108 | ₱844,712 | ₱148,213,820 |
| Total comprehensive income (loss) for the year | - | - | - | - | 9,072,217 | - | 11,862,522 | (400,032) | (20,991) | 20,513,716 | 135,672 | 20,649,388 |
| Issuance of new shares (Note 25) | 2,116,678 | - | 9,869,950 | - | - | - | - | - | - | 11,986,628 | - | 11,986,628 |
| Purchase of treasury stock (Note 25) | - | (2,097) | - | - | - | - | - | - | - | (2,097) | - | (2,097) |
| Stock dividends (Note 25) | - | - | (50,501) | 6,355,129 | (6,355,129) | - | - | - | - | (50,501) | - | (50,501) |
| Cash dividends (Note 25) | - | - | - | - | (4,707,549) | - | - | - | - | (4,707,549) | - | (4,707,549) |
| Appropriations during the year - net (Note 25) | - | - | - | - | (89,787) | 89,787 | - | - | - | - | - | - |
| Acquisition of non-controlling interests (NCI) | - | - | - | - | - | - | - | - | (118,139) | (118,139) | (230,227) | (348,366) |
| Dividends of subsidiaries to NCI | - | - | - | - | - | - | - | - | - | - | (115,899) | (115,899) |
| Balances as at December 31, 2023 | ₱23,537,746 | (₱2,097) | ₱57,769,376 | ₱6,355,129 | ₱88,719,176 | ₱2,542,762 | (₱2,195,087) | (₱1,627,698) | (₱108,141) | ₱174,991,166 | ₱634,258 | ₱175,625,424 |
| 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 | - | - | - | - | 12,600,745 | - | (12,609,152) | 279,695 | 17,235 | 288,523 | 143,157 | 431,680 |
| 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 year - net (Note 25) | - | - | - | - | 345,698 | (345,698) | - | - | - | - | - | - |
| Dividends of subsidiaries to NCI | - | - | - | - | - | - | - | - | - | - | (75,745) | (75,745) |
| Balances as at December 31, 2022 | ₱21,421,068 | ₱- | ₱47,949,927 | ₱- | ₱90,799,424 | ₱2,452,975 | (₱14,057,609) | (₱1,227,666) | ₱30,989 | ₱147,369,108 | ₱844,712 | ₱148,213,820 |

# STATEMENTS OF CHANGES IN CAPITAL FUNDS

**For the Years Ended December 31, 2024, 2023 and 2022**

*(Amounts are presented in thousands of Philippine Pesos)*

| | Parent Bank | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital Stock | Treasury Stock | Additional Paid-in Capital | Stock Dividend Distributable | Surplus Free | Surplus Reserves | Net Unrealized Fair Value Gains (Losses) on Investment Securities at FVOCI | Remeasurements of Defined Benefit Plan | Other Reserves | Total Capital Funds |
| **Balances as at January 1, 2024** | **₱23,537,746** | **(₱2,097)** | **₱57,769,376** | **₱6,355,129** | **₱89,032,606** | **₱2,142,570** | **(₱2,196,947)** | **(₱1,566,266)** | **₱16,191** | **₱175,088,308** |
| Total comprehensive income (loss) for the year | **-** | **-** | **-** | **-** | **12,232,431** | **-** | **428,605** | **12,563** | **(12,010)** | **12,661,589** |
| Issuance of new shares (Note 25) | **3,271,181** | **-** | **6,671,910** | **-** | **-** | **-** | **-** | **-** | **-** | **9,943,091** |
| Cash dividends (Note 25) | **-** | **-** | **-** | **-** | **(2,391,408)** | **-** | **-** | **-** | **-** | **(2,391,408)** |
| Stock dividends (Note 25) | **6,355,129** | **-** | **(73,652)** | **(6,355,129)** | **-** | **-** | **-** | **-** | **-** | **(73,652)** |
| Sale of treasury stock (Note 25) | **-** | **2,097** | **-** | **-** | **(1,141)** | **-** | **-** | **-** | **-** | **956** |
| Appropriations during the year – net (Note 25) | **-** | **-** | **-** | **-** | **(84,536)** | **84,536** | **-** | **-** | **-** | **-** |
| **Balances as at December 31, 2024** | **₱33,164,056** | **₱-** | **₱64,367,634** | **₱-** | **₱98,787,952** | **₱2,227,106** | **(₱1,768,342)** | **(₱1,553,703)** | **₱4,181** | **₱195,228,884** |
| Balances as at January 1, 2023, | ₱21,421,068 | ₱- | ₱47,949,927 | ₱- | ₱91,379,317 | ₱2,030,080 | (₱14,059,469) | (₱1,166,234) | ₱37,182 | ₱147,591,871 |
| Total comprehensive income (loss) for the year | - | - | - | - | 8,828,457 | - | 11,862,522 | (400,032) | (20,991) | 20,269,956 |
| Issuance of new shares (Note 25) | 2,116,678 | - | 9,869,950 | - | - | - | - | - | - | 11,986,628 |
| Purchase of treasury stock (Note 25) | - | (2,097) | - | - | - | - | - | - | - | (2,097) |
| Stock dividends (Note 25) | - | - | (50,501) | 6,355,129 | (6,355,129) | - | - | - | - | (50,501) |
| Cash dividends (Note 25) | - | - | - | - | (4,707,549) | - | - | - | - | (4,707,549) |
| Appropriations during the year – net (Note 25) | - | - | - | - | (112,490) | 112,490 | - | - | - | - |
| Balances as at December 31, 2023 | ₱23,537,746 | (₱2,097) | ₱57,769,376 | ₱6,355,129 | ₱89,032,606 | ₱2,142,570 | (₱2,196,947) | (₱1,566,266) | ₱16,191 | ₱175,088,308 |
| Balances as at January 1, 2022 | ₱12,193,628 | ₱- | ₱14,214,551 | ₱3,048,388 | ₱82,754,489 | ₱2,323,934 | (₱1,447,065) | (₱1,449,181) | ₱19,947 | ₱111,658,691 |
| Total comprehensive income (loss) for the year | - | - | - | - | 12,600,745 | - | (12,612,404) | 282,947 | 17,235 | 288,523 |
| 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) | - | - | - | - |
| Balances as at December 31, 2022 | ₱21,421,068 | ₱- | ₱47,949,927 | ₱- | ₱91,379,317 | ₱2,030,080 | (₱14,059,469) | (₱1,166,234) | ₱37,182 | ₱147,591,871 |

*See accompanying Notes to Financial Statements.*

# CONSOLIDATED STATEMENTS OF CASH FLOWS

**For the Years Ended December 31, 2024, 2023 and 2022**

*(Amounts are presented in thousands of Philippine Pesos)*

| | Group Years Ended December 31 | | | Parent Bank Years Ended December 31 | | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | **2024** | 2023 | 2022 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | |
| Profit before tax | **₱15,683,223** | ₱11,848,780 | ₱16,784,178 | **₱15,920,882** | ₱10,353,806 | ₱15,636,756 |
| Adjustments for: | | | | | | |
| Provision for credit losses (Note 20) | **19,598,713** | 14,040,864 | 4,068,449 | **13,225,535** | 11,025,059 | 2,571,143 |
| Depreciation and amortization (Note 16) | **3,467,331** | 3,277,968 | 2,480,931 | **2,604,566** | 2,408,164 | 1,884,657 |
| Gains on foreclosure of investment properties (Notes 17 and 18) | **(1,203,292)** | (751,936) | (466,388) | **(1,170,914)** | (679,745) | (466,388) |
| Amortization of premium and discount of financial assets and liabilities | **1,171,399** | 1,129,034 | 1,168,740 | **1,158,877** | 1,121,507 | 1,272,967 |
| Unrealized foreign exchange losses (gains) - net | **(962,916)** | 786,431 | 1,265,139 | **(976,261)** | 781,304 | 1,187,664 |
| Gains on sale of investment properties, property and equipment, and other assets (Notes 16, 17 and 19) | **(521,421)** | (1,026,933) | (1,209,196) | **(612,000)** | (1,110,755) | (1,192,575) |
| Gains on sale of investment securities at FVOCI (Note 13) | **(192,694)** | (416,510) | (99,466) | **(192,694)** | (416,510) | (100,162) |
| Reversal of impairment on investment properties (Note 17) | **(3,547)** | (751) | (24,695) | **(1,909)** | (787) | (24,722) |
| Share in net loss (profit) of subsidiaries and associates (Notes 15 and 28) | **1,920** | 22,355 | 29,666 | **633,126** | (2,837,072) | (1,712,086) |
| Gain on deemed disposal of a subsidiary (Note 1) | **-** | - | - | **(373,128)** | - | - |
| Gain on sale of investments in associates (Note 15) | **-** | (22,702) | - | **-** | - | - |
| Gains on sale of investment securities at amortized cost (Note 12) | **-** | - | (100,223) | **-** | - | (100,223) |
| Changes in operating assets and liabilities: | | | | | | |
| Decreases (increases) in: | | | | | | |
| Loans and other receivables | **(16,414,868)** | (60,181,803) | (80,626,502) | **(7,990,380)** | (28,603,062) | (54,060,475) |
| Trading securities at FVTPL | **(4,484,799)** | 2,847,800 | (3,013,511) | **(4,347,157)** | 2,906,311 | (3,011,908) |
| Other resources | **(8,808,124)** | (12,452,972) | (9,394,186) | **(6,104,222)** | (9,461,654) | (5,491,485) |
| Increases (decreases) in: | | | | | | |
| Deposit liabilities | **(36,245,612)** | 4,264,466 | 75,537,858 | **(25,073,503)** | (23,365,639) | 65,596,659 |
| Other liabilities | **6,357,378** | 9,971,999 | 17,677,790 | **5,621,676** | 7,448,793 | 15,065,712 |
| Net cash generated from (used in) operations | **(22,557,309)** | (26,663,910) | 24,078,584 | **(7,677,506)** | (30,430,280) | 37,055,534 |
| Income taxes paid | **(4,281,142)** | (4,860,628) | (3,566,294) | **(3,405,997)** | (3,223,021) | (2,148,791) |
| Net cash provided by (used in) operating activities | **(26,838,451)** | (31,524,538) | 20,512,290 | **(11,083,503)** | (33,653,301) | 34,906,743 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | |
| Acquisitions of: | | | | | | |
| Investment securities at FVOCI | **(16,964,897)** | (25,052,262) | (111,135,751) | **(16,950,000)** | (25,026,221) | (111,112,623) |
| Investment securities at amortized cost | **(10,828,446)** | (13,554,953) | (118,551,429) | **(9,805,300)** | (13,519,953) | (113,271,357) |
| Bank premises, furniture, fixtures and equipment (Note 16) | **(1,647,001)** | (2,283,303) | (551,592) | **(1,385,122)** | (2,000,248) | (308,016) |
| Investments in subsidiaries and associates (Notes 1 and 15) | **-** | - | (14,400) | **(2,751,681)** | (1,547,298) | (7,073,025) |
| Proceeds from maturities/sale of: | | | | | | |
| Investment securities at FVOCI | **14,830,492** | 19,524,353 | 87,266,386 | **14,830,492** | 19,478,530 | 87,191,082 |
| Investment securities at amortized cost | **5,420,334** | 2,800,379 | 42,109,410 | **5,284,883** | 2,690,328 | 41,846,113 |
| Investment properties (Note 17) | **534,628** | 631,815 | 620,286 | **534,628** | 626,621 | 575,169 |
| Bank premises, furniture, fixtures and equipment (Note 16) | **75,585** | 113,651 | 45,761 | **36,119** | 101,896 | 18,285 |
| Investments in associates (Note 15) | **-** | 86,068 | - | **-** | - | - |
| Dividends received from subsidiaries | **-** | - | - | **1,075,000** | 129,000 | 188,000 |
| Acquisition of business, net of cash acquired (Notes 1 and 15) | **-** | (3,259,683) | (44,942,683) | **-** | (3,252,782) | (41,193,404) |
| Net cash used in investing activities | **(8,579,305)** | (20,993,935) | (145,154,012) | **(9,130,981)** | (22,320,127) | (143,139,776) |

# CONSOLIDATED STATEMENTS OF CASH FLOWS

**For the Years Ended December 31, 2024, 2023 and 2022**

*(Amounts are presented in thousands of Philippine Pesos)*

| | Group Years Ended December 31 | | | Parent Bank Years Ended December 31 | | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | **2024** | 2023 | 2022 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | |
| Payments of: | | | | | | |
| Bills payable | **(₱975,385,462)** | (₱1,291,332,050) | (₱225,725,630) | **(₱954,030,713)** | (₱1,268,901,574) | (₱177,520,637) |
| Notes and bonds payable | **(5,658,904)** | (21,616,552) | (38,183,199) | **-** | (19,115,000) | (35,112,500) |
| Cash dividends (Note 25) | **(2,391,408)** | (4,707,549) | (4,269,771) | **(2,391,408)** | (4,707,549) | (4,269,771) |
| Lease liabilities (Note 24) | **(724,806)** | (633,871) | (659,030) | **(552,358)** | (524,291) | (496,312) |
| Dividends of subsidiaries to NCI | **(60,698)** | (115,899) | (75,745) | **-** | - | - |
| LTNCD | **-** | (3,000,000) | - | **-** | (3,000,000) | - |
| Acquisition of NCI's share in a subsidiary | **-** | (230,227) | - | **-** | - | - |
| Buy-back of treasury shares | **-** | (2,097) | - | **-** | (2,097) | - |
| Proceeds from: | | | | | | |
| Bills payable | **979,986,263** | 1,313,421,732 | 306,504,535 | **957,473,570** | 1,289,600,128 | 247,352,242 |
| Notes and bonds payable (Note 23) | **11,482,520** | 20,500,543 | 13,904,476 | **-** | 18,005,196 | 10,932,289 |
| Issuance of new shares, net of issuance costs (Note 25) | **9,869,439** | 11,936,127 | 39,914,428 | **9,869,439** | 11,936,127 | 39,914,428 |
| Proceeds from subscription of shares of a subsidiary by the non-controlling interest (Note 1) | **555,268** | - | - | **-** | - | - |
| Sale of treasury shares | **2,024** | - | - | **956** | - | - |
| Net cash provided by financing activities | **17,674,236** | 24,220,157 | 91,410,064 | **10,369,486** | 23,290,940 | 80,799,739 |
| **EFFECT OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES** | **46,161** | (240,224) | 42,726 | **39,968** | (122,089) | 34,162 |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | **(17,697,359)** | (28,538,540) | (33,188,932) | **(9,805,030)** | (32,804,577) | (27,399,132) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | | | | | | |
| Cash and other cash items | **10,439,112** | 9,891,536 | 8,904,903 | **9,350,898** | 8,924,249 | 7,988,517 |
| Due from Bangko Sentral ng Pilipinas (BSP) | **82,643,663** | 94,610,308 | 103,407,946 | **63,883,124** | 66,588,121 | 67,478,389 |
| Due from other banks | **27,263,347** | 46,239,964 | 54,258,465 | **23,188,033** | 42,263,529 | 51,308,983 |
| Interbank loans receivable and securities purchased under reverse repurchase agreement (SPURRA) | **25,411,119** | 23,553,973 | 40,913,399 | **3,184,078** | 14,634,811 | 33,033,953 |
| | **145,757,241** | 174,295,781 | 207,484,713 | **99,606,133** | 132,410,710 | 159,809,842 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | | | | | |
| Cash and other cash items | **10,143,777** | 10,439,112 | 9,891,536 | **9,270,243** | 9,350,898 | 8,924,249 |
| Due from BSP | **82,146,575** | 82,643,663 | 94,610,308 | **49,212,089** | 63,883,124 | 66,588,121 |
| Due from other banks | **33,890,538** | 27,263,347 | 46,239,964 | **31,139,779** | 23,188,033 | 42,263,529 |
| Interbank loans receivable and SPURRA | **1,878,992** | 25,411,119 | 23,553,973 | **178,992** | 3,184,078 | 14,634,811 |
| | **₱128,059,882** | ₱145,757,241 | ₱174,295,781 | **₱89,801,103** | ₱99,606,133 | ₱132,410,710 |
| **OPERATIONAL CASH FLOWS FROM INTERESTS AND DIVIDENDS** | | | | | | |
| Interest received | **₱85,600,470** | ₱77,075,696 | ₱47,786,261 | **₱61,232,614** | ₱54,692,669 | ₱36,762,893 |
| Interest paid | **26,375,644** | 24,915,594 | 10,608,914 | **17,072,662** | 16,913,293 | 7,588,579 |
| Dividends received | **9,687** | 3,617 | 6,076 | **8,267** | 2,768 | 2,768 |

*See accompanying 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, 2024, the Bank and its subsidiaries (collectively referred to as the "Group") has 383 branches and 431 on-site and 172 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 49.99% 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, 2024 and 2023 are as follows:

| | Percentage of ownership | | |
|---|---|---|---|
| Name of Subsidiary | **2024** | 2023 | Nature of Business |
| City Savings Bank, Inc. (CSB) | **99.79%** | 99.79% | Thrift bank |
| PetNet, Inc. (PETNET) [(a)] | **51.00%** | 51.00% | Foreign currency trader and remittance business |
| UBP Investments Corporation (UIC) | **100.00%** | 100.00% | Holding company |
| First Union Plans, Inc. (FUPI) [(b)] | **100.00%** | 100.00% | Pre-need |
| First Union Direct Corporation (FUDC) [(b)] | **100.00%** | 100.00% | Financial products marketing |
| First Union Insurance and Financial Agencies, Inc. (FUIFAI) [(c)] | **100.00%** | 100.00% | Agent for insurance and financial products |
| UBP Securities, Inc. (UBPSI) [(b)] | **100.00%** | 100.00% | Securities brokerage |
| Union Data Corp. (UDC) [(b)] | **100.00%** | 100.00% | Data processing |
| Interventure Capital Corporation (IVCC) [(b)] | **60.00%** | 60.00% | Venture capital |
| UBX Philippines Corporation (UBX) [(d)] | **83.33%** | 100.00% | Investment holding and innovation company |
| UBX Private Limited (UBX SG) [(e)] | **83.33%** | 100.00% | Holding company |
| UBX Remit Pte Ltd. (UBX Remit) [(f)] | **83.33%** | 100.00% | Remittance company |
| Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan) [(g)] | **97.75%** | 97.75% | Private development bank |
| UnionDigital Bank, Inc. (UnionDigital) | **100.00%** | 100.00% | Digital bank |
| Unionbank Financial Services and Insurance Brokerage Philippines, Inc. (UFSI) | **100.00%** | 100.00% | Insurance and securities brokerage |
| Unionbank Investment Management and Trust Corporation (UBIMTC) [(h)] | **100.00%** | 100.00% | Trust and other fiduciary business |

*(a) Subsidiary through CSB and UIC, with 40% and 11% share in ownership, respectively*
*(b) Non-operating subsidiaries*
*(c) Wholly-owned subsidiary through UIC*
*(d) On September 27, 2024, Parent Bank's ownership interest reduced to 83.33%*
*(e) Wholly-owned subsidiary of UBX*
*(f) Wholly-owned subsidiary of UBX SG*
*(g) 24.96% owned by the Parent Bank; 49% and 23.79% owned through CSB and UIC, respectively*

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

*(a)* In its letter dated March 6, 2023, the BSP approved the Bank's application to establish a standalone trust corporation, which will be registered under the name of Unionbank Investment Management and Trust Corporation (UBIMTC), a direct and wholly-owned subsidiary of the Bank. The BSP subsequently granted the Bank the authority to register with the SEC via its issuance of a Certificate of Authority to Register dated July 28, 2023.

Pursuant to the requirements for incorporating UBIMTC, the Bank contributed ₱300.0 million on May 9, 2023, in exchange for 300.0 million common shares. On October 11, 2023, the SEC issued UBIMTC's Certificate of Incorporation together with its approved Articles of Incorporation and By-Laws. As authorized by BSP in its letter dated November 15, 2023, UBIMTC commenced operations in March 2024.

On November 7, 2024, the BOD of the Parent Bank approved the acquisition of ATR Asset Management, Inc. (AAMI) shareholdings and sale of its shareholdings in UBIMTC. On November 8, 2024, the Parent Bank and AAMI entered into an investment agreement for UBP's acquisition of a 27.5% shareholding in AAMI and a share purchase agreement for the sale of 100% of UBP's shareholding in UBIMTC to AAMI, subject to regulatory approvals.

The Parent Bank will pay ₱300.0 million to ATR KimEng AMG Holdings, Inc. and AAMI. This will be funded by the proceeds from the sale of the Parent Bank's ownership interest in UBIMTC.

*(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, 2024.

*(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 3,612 outlets nationwide. It offers a variety of cash-based services including remittance, currency exchange and bills payment.

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

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

*(e)* UBX operates as a financial technology services firm. It 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. UBX SG, a subsidiary of UBX, is incorporated to engage in the development of financial technology innovations and engage in electronic commerce business.

On September 27, 2024, UBX issued 8.0 million shares to a third party for a 16.67% ownership interest at USD10.0 million (or ₱558.00 million). This resulted in a decrease in the Parent Bank's ownership interest in UBX to 83.33%. The reduction in the Parent Bank's ownership interest in UBX resulted in the recognition of other equity reserves of ₱372.16 million in the Group's statement of financial position and Gain on deemed disposal of ₱373.13 million presented as part of Miscellaneous income in the Parent Bank's statement of income, where the amounts represent the difference between the Parent Bank's "deemed share" in the proceeds from issuance of UBX shares and the carrying amount of the equity interest "deemed disposed" in UBX.

*(f)* Bangko Kabayan is authorized to engage in the business of extending financial services to farmers, 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).

On June 22, 2023, the BSP approved the Parent Bank's request to purchase 1,011,961 shares or 27.52% ownership interest in Bangko Kabayan. On July 10, 2023, the Parent Bank completed the purchase, increasing the Group's ownership in Bangko Kabayan to 97.52%. CSB's and UIC's ownership remained the same at 49% and 21%, respectively.

Bangko Kabayan, First-Agro Industrial Rural Bank, Inc. (FAIR Bank) and Progressive Bank, Inc. (PBI) applied for the 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 of Bangko Kabayan, FAIR Bank and PBI, with Bangko Kabayan as the surviving entity, does not breach the thresholds for compulsory notification. On June 17, 2022 and September 12, 2022, the banks received the consent from PDIC and approval of the BSP, respectively. On July 13, 2023, SEC approved the aforementioned merger. The merger resulted in an increase in the Group's ownership in Bangko Kabayan to 97.75%. CSB's ownership in Bangko Kabayan remained at 49% while UIC's ownership in Bangko Kabayan increased to 23.79%.

Bangko Kabayan has 36 branches and three (3) branch lites as of December 31, 2024.

*(g)* 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.

On June 23, 2023, the BOD of the Parent Bank approved the infusion of additional capital of ₱900.0 million to UnionDigital to support business growth. Subsequently on September 29, 2023 and November 13, 2023, the Parent Bank infused capital totaling ₱900.0 million.

Also on November 24, 2023, the BOD of the Parent Bank approved the infusion of additional capital of up to ₱1.8 billion to UnionDigital to support business growth. Subsequently on January 30, 2024, March 27, 2024 and June 28, 2024, the Parent Bank infused capital totaling ₱1.8 billion.

On September 23, 2024, the BOD of the Parent Bank approved the infusion of additional capital of up to ₱1.6 billion in UnionDigital to support its ongoing business operations and allow it to deliver sustainable growth. Subsequently on September 30, 2024, the Parent Bank infused ₱950.0 million to UnionDigital.

As of December 31, 2024 and 2023, the Parent Bank's total equity investment in UnionDigital amounted to ₱6.7 billion and ₱3.9 billion, respectively.

Non-operating subsidiaries

*(a)* The BOD of FUPI and the stockholders, on June 27, 2024 and August 2, 2024, respectively, approved the dissolution of the company by way of an amendment to its Articles of Incorporation (AOI) through shortening its corporate term until March 31, 2025.

*(b)* The BOD of FUDC authorized to temporarily suspend its business operations effective June 1, 2022 and until such time that management, with the approval of the BOD of FUDC, deems it appropriate to resume operations. The BOD of FUDC, in its special meeting on July 5, 2024, approved the cessation of business effective December 31, 2024. On November 6, 2024, the BIR issued the tax clearance for the cessation of business. Subsequently on December 4, 2024, FUDC submitted its application for dissolution to the SEC and is still pending evaluation.

*(c)* 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.

*(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 AOI. The services previously handled by UDC are now undertaken by the Financial Services Group of the Parent Bank. The BIR has issued the certificate of no outstanding tax liability to UDC for the cessation of its business. On November 29, 2024, the SEC issued the certificate approving the shortening of corporate term until December 31, 2017.

*(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 ₱9.12 million, ₱3.18 million, and ₱5.94 million, respectively, as of December 31, 2024 and ₱10.72 million, ₱3.28 million, and ₱7.44 million, respectively, as of December 31, 2023.

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, 2024 were authorized for issue by the Bank's BOD on February 28, 2025.

## 2. Material Accounting Policy Information

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) Accounting Standards. PFRS Accounting Standards 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, 2024. Adoption of these pronouncements did not have any significant impact on the Bank's financial position or performance unless otherwise indicated.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current Liabilities with Covenants*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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, 2025*
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of Exchangeability*

*Effective beginning on or after January 1, 2026*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards-Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

*Effective beginning on or after January 1, 2027*

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

*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 and presented in "Other reserves". Disposals of equity investments to non-controlling interests may result in gains and losses for the Group that are also recognized in capital funds and presented in "Other reserves".

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.

When there is reduction in the Parent Bank's interest in a subsidiary without loss of control and other than by actual disposal, the "deemed disposal" gives rise to "dilution" gain or loss recognized in the Parent Bank's statement of income, including the amounts reclassified from other comprehensive income.

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

Investment in Associates

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

Business Combinations and Goodwill

Business acquisitions are accounted for using the acquisition method of accounting. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in the statement of income.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.



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

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

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the statement of income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in the statement of income or as a charge to other comprehensive income. Contingent consideration that is classified as capital funds is not remeasured, and its subsequent settlement is accounted for within capital funds.

Fair Value Measurement

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

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

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

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

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



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

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

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

Financial Instruments - Initial Recognition and Subsequent Measurement

*Date of recognition*

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

*Initial measurement of financial instruments*

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

*'Day 1' difference*

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

Measurement categories of financial assets and liabilities

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

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



Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria under PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

*(a) Classification, Measurement and Reclassification of Financial Assets*

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

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

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- the expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.



The Group's measurement categories are described below:

*Financial Assets at Amortized Cost*
Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the statement of financial position as Due from BSP, Due from other banks, Interbank loans receivable, Financial assets at amortized cost under Trading and investment securities, Loans and other receivables and certain accounts under Other resources.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including Cash and other cash items, non-restricted balances of Due from BSP, Due from other banks, Interbank loans receivable and Securities purchased under repurchase agreements included in Loans and other receivables. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

*Financial Assets at FVTPL*
Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include government securities, corporate bonds and equity securities which are held for trading purposes.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.



Financial assets at FVTPL are measured at fair value. Related transaction costs are recognized directly as expense in the statement of income. Unrealized gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL category and realized gains or losses arising from disposals of these instruments are included in Gains (losses) on trading and investment securities at FVTPL and FVOCI account in the statement of income.

Interest earned on these investments is reported in the statement of income under Interest income account while dividend income is reported in the statement of income under Miscellaneous income account when the right of payment has been established.

*Financial Assets at FVOCI - Equity Investments*
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading. The Group has designated certain equity instruments as at FVOCI on initial application of PFRS 9.

Equity financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in Net unrealized fair value gains (losses) on investment securities in the statement of financial position. When the asset is disposed of, the cumulative gain or loss previously recognized in the Net unrealized fair value gains (losses) on investment securities account is not reclassified to profit or loss, but is reclassified directly to Surplus free account.

Any dividends earned on holding these equity instruments are recognized in the statement of income under Miscellaneous income account.

*Financial Assets at FVOCI - Debt Instruments*
The Group classifies debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in the statement of income in the same manner as for financial assets measured at amortized cost. The Expected Credit Loss (ECL) calculation for financial assets at FVOCI is explained in the 'Impairment of Financial Assets' section.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to the statement of income.

*Reclassification of financial assets*
The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost

criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

*(b) Impairment of Financial Assets*

The Group recognizes the allowance for expected credit losses for all loans and other debt financial assets carried at amortized cost, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under PFRS 9.

ECL represent possible credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For non-credit-impaired financial instruments:

- Stage 1 consists of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Group and the Parent Bank recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 consists of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group and the Parent Bank recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.



The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes more than 90 days past due on its contractual payments. As part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of 180 days (i.e., consecutive payments from the borrowers for 180 days).

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors such as downgrade in the credit rating of the borrowers and a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL. All exposures are therefore provided with ECLs, in the context of SICR status.

ECL is a function of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

EAD is modelled on historic data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts, EAD includes an estimate of any further amounts that may be drawn at the time of default. LGD is the amount that may not be recovered in the event of default and is modelled based on historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

*(c) Derecognition of Financial Assets*

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and



rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new ' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI). Distressed restructuring with indications of unlikeliness to pay are categorized as impaired accounts and are moved to Stage 3.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

Derivative Financial Instruments

The Group is a counterparty to derivatives contracts, such as forwards, swaps and warrants. These contracts are entered into as a means of reducing or managing the Group's foreign exchange and interest rate exposures as well as those of its customers.

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as resources when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same



instrument. When such evidence exists, which indicates a fair value different from the transaction price, the Group recognizes a gain or loss at initial recognition.

Changes in the fair value of derivatives are recognized in the statement of income.

Financial Liabilities

Financial liabilities which include deposit liabilities, bills payable, notes and bonds payable, and other liabilities (except tax-related payables, pre-need reserves and post-employment defined benefit obligation) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in the statement of income under Interest expense.

Deposit liabilities are stated at amounts in which they are to be paid. Interest is accrued periodically and recognized in a separate liability account before recognizing as part of deposit liabilities.

Bills payable and Notes and bonds payable are recognized initially at fair value, which is the issue proceeds (fair value of consideration received) less any issuance costs. These are subsequently measured at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

Derivative liabilities, which are included as part of Other Liabilities, are recognized initially and subsequently measured at fair value with changes in fair value recognized in the statement of income.

Other liabilities, apart from derivative liabilities, are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Offsetting Financial Instruments

Financial resources and liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.



Bank Premises, Furniture, Fixtures and Equipment

Bank premises, furniture, fixtures and equipment are carried at acquisition cost less accumulated depreciation and amortization, and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the depreciable assets as follows:

| | |
|---|---|
| Buildings | 25 - 50 years |
| Furniture, fixtures and equipment | 5 - 10 years |

Leasehold rights and improvements are amortized over the term of the lease or the estimated useful lives of the improvements of five to ten years, whichever is shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values, estimated useful lives and method of depreciation and amortization of bank premises, furniture, fixtures and equipment (except land) are reviewed and adjusted if appropriate, at the end of each reporting period.

If a change in use requires an item of bank premises, furniture, fixtures and equipment to be reclassified to investment properties, the difference between the carrying amount of such asset and its fair value as of the date of change in use is recognized in other comprehensive income and accumulated in equity under the Other reserves account. If the asset is subsequently retired or disposed of, the related revaluation surplus is transferred directly to Surplus free account.

An item of bank premises, furniture, fixtures and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of income in the year the item is derecognized.

The Group classifies right-of-use (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, acquired and internally developed computer software and customer relationships and core deposits acquired from business combination. 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,



and 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. Costs associated with maintaining computer software are expensed as incurred.

Customer relationships and core deposits acquired from business combination are recognized at their acquisition date fair values, and are amortized on a straight-line basis over the expected useful lives ranging from 10 to 14 years. These costs are recognized as part of Depreciation and amortization in the statement of income.

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 SPURRA, 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 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.

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 comprise of 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, and the impact of equity transactions within the Group (see policy on "Non-controlling Interests").

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

*Revenues within the scope of PFRS 15, Revenue from Contracts with Customers*
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. The following specific recognition criteria of income must also be met before income is recognized:

*(a) Service charges, fees and commissions:*

*Service charges, fees and commissions* are generally recognized when the service has been provided.

*Loan commitment fees*. These are earned as services are provided, recognized as other income on a time proportion basis over the commitment period.

*Income under a loyalty points programme.* 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.

*Interchange fees*. These are recognized as income upon presentation by member establishments of charges arising from credit card availments by the Bank's cardholders. These discounts are computed based on certain agreed rates and are deducted from amounts remitted to the member establishments.

*Commissions earned on credit cards*. These 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.

*Commissions earned on credit cards*. These 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.

*Commission from bancassurance*. Exclusive access fee (EAF) related to the bancassurance partnership is recognized on a straight-line basis as the service is rendered.

In 2024, the Group changed the presentation of penalty fees and other charges from Miscellaneous income to Service charges, fees and commissions. Accordingly, the amounts in the comparative periods have been reclassified to conform with the current year presentation.

*(b) Miscellaneous* income includes the following accounts:

*Gain (loss) from assets sold or exchanged.* The 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 on a straight-line bases as the service is rendered.

*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.

*Revenues outside the scope of PFRS 15*

(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.

For credit card receivables, 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.

(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) *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.

(d) *Dividend* - Dividend income, presented under "Miscellaneous income" is recognized when the Group's right to receive payment is established.

Expense Recognition

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.

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. 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 computer software, customer relationship and core deposits recorded as part of Other resources and goodwill), 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, 2024 and 2023 and for each of the three years in the period ended December 31, 2024.

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 2022, the Parent Bank sold investment securities under the HTC FCDU sub portfolio with carrying amount of ₱1.7 billion, resulting in Gain on sale of investment securities at amortized cost totaling ₱100.2 million. The Parent Bank has assessed that such 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.

*Reclassification of Financial Assets as 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 both on the asset and liability sides. For the FCDU, the Acquisition has significantly changed its FCDU funding profile and together with its existing diversified funding structure, resulted in a change in objective of the management of financial assets in the FCDU moving forward.

With the substantial increase in the asset base of the Parent Bank and the significant change in the CASA profile, there is a need to adjust the Parent Bank's balance sheet and capital management strategies to reap the maximum benefit. These developments have led the Parent Bank to reevaluate its asset and liability managementstrategies for FCDU. Existing bank assets, including the objectives of the FVOCI Business Model have been reviewed, including the re-assessment of their accounting classification and the related impact to risk metrics. The Bank then revisited its strategy, and consequently, has determined that there has been a fundamental change to its existing business model for managing FCDU FVOCI securities, which resulted in selling the securities being integral to the management of the securities to no longer exist and expected to be incidental only. The portfolio is now held under hold to collect where contractual cash flows will be collected and reinvested to ensure that the desired balance sheet structure is achieved in the most efficient manner. 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 business model change and the consequent reclassification of FCDU FVOCI sub-porftolio (excluding the FX Liquidity sub-portfolio) to FCDU HTC.

As required by PFRS 9, the reclassification was applied 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 investment securities at FVOCI 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), as if the investment securities are carried at amortized cost since acquisition; 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.

*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. Qualitative assessments were also considered during risk rating to account for other relevant potential drivers of credit risk.
- 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. The Parent Bank updated the stage assessment to include enhancements on the factors considered in the 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. Models have been developed, reviewed and/or revised as appropriate based on latest reviews, economic outlook and studies from external sources. The Group updated the PD models for wholesale. For wholesale sectors, the Parent Bank incorporated environmental and social (E&S) factors into the calculation of PDs based on E&S client due diligence. The provisioning methodology for Wholesale Stage 3 accounts are also enhanced to consider specific factors affecting its recoverability.
- For retail products, the Group recalibrated its risk acquisition models for the Mortgage, SME and Auto Loans portfolios. The Group also updated the PD and LGD models of the Mortgage portfolio to reflect more recent performance. Probability weights for ECL calculations have been recalibrated to reflect current economic conditions.
- 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, analyses and forecasts were continuously reviewed and updated as needed. 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, 13 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, 2024 and 2023 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.

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 the CGU to which goodwill is allocated by discounting the estimated free cash flows 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 2024, the assumptions used in the calculation of value-in-use have been updated to factor in economic conditions expected by management during the period the CGUs generate cash flows. 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 13.7% to 48.8% and from 10.2% to 26.3% as of December 31, 2024 and 2023, respectively. The long-term growth rates used are 5.8% as of December 31, 2024 and 6.2% as of December 31, 2023. The CGUs to which the goodwill is allocated and related carrying values of the goodwill are disclosed in Note 18.

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.

## 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) is composed of seven (7) members of the BOD. The EXCOM exercises certain functions as delegated by the BOD, including among others, the approval of credit and loan transactions, asset recovery, 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 at least seven (7) members of the BOD, majority of whom are independent directors including the Chairman, who cannot be the chairman of the board or any other board committee. The RMC advises the BOD regarding the 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 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 Operational Risk Management Committee (ORMC), composed of at least seven (7) non-executive Board members (including an independent Chair), oversees the Bank's operational risk management. This oversight includes policy review and approval of the Operational Risk Management Framework (a component of the Enterprise Risk Management System), as well as ensuring its implementation across all business and functional units, including insourced, outsourced, and external services. The ORMC's objective is to minimize financial losses, exceed customer expectations, and maintain operational resilience. Furthermore, it fosters a culture of operational risk accountability through a framework emphasizing proactive prevention, root cause analysis, and lessons learned.

*(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 obtains 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 determining whether the controls are adequate, functioning as designed, and operating effectively. It also considers the potential effects of emerging business risks and their impact on the Parent Bank's financial position and results of operations.

Among the responsibilities of the Audit Committee are:

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



- *Monitoring and evaluation of internal control*. The Audit Committee, through the IAG, monitors and evaluates the adequacy and effectiveness of the Parent Bank's internal control framework, integrity of financial reporting, and security of physical assets, and ensures that a proactive and forward-looking approach to 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.

- *Reporting responsibilities.* The Audit Committee regularly reports to the Board of Directors about committee activities in relation to its responsibilities and how they were discharged, issues, and related recommendations.

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 mandates 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 and forward-looking audit plan consistent with the Parent Bank's strategic plans and priorities every quarter for approval by the Audit Committee.

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

*(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, providing a communication channel for its subsidiaries and affiliates to ensure that the Bank, as the Parent company, is kept well abreast of material issues, and overseeing the periodic performance evaluation of the 1) Board; 2) Board Committees; 3) Individual Directors; 4) Management-level Committees (through the respective committee secretariats; 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 governance and compliance requirements and works closely with the subsidiaries' Chief Compliance Officers in the execution of these standards.

The CGC acts as the Bank's Nomination Committee and reviews the qualifications of and screens candidates for the board including nominees for independent directors and key officers of the Parent Bank. The CGC likewise reviews the qualifications of and screens candidates of its nominees to its subsidiaries. It also oversees the succession plan for board members and senior officers, and directs the alignment of the latter's remuneration with corporate and individual performance.

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 and 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 brought up among private organizations and individuals advocating good governance philosophy.

*(g)* The Related Party Transactions Committee is composed of five (5) members of the BOD, all of whom are independent directors. 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. On January 26, 2024, the BOD appointed two more independent directors to the Related Party Transactions Committee, increasing the current number of members to five.

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 consumer, 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 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 customer segment, 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, 2024 and 2023, 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 (outstanding balance and accrued interest receivable) on receivable from customers and investments and placements as of December 31, 2024 and 2023:

| | **2024** | |
|---|---|---|
| | **Group** | **Parent Bank** |
| Consumer products* | **₱137,551,702** | **₱137,551,702** |
| Corporate loans | **129,847,959** | **129,847,959** |
| CSB salary loans | **88,803,586** | – |
| Home loans | **68,852,185** | **68,852,185** |
| Commercial loans | **65,129,415** | **65,129,415** |
| Other receivables from customers** | **43,440,299** | **11,061,503** |
| Total receivables from customers | **533,625,146** | **412,442,764** |
| Investments and placements | **488,330,867** | **437,973,957** |
| | **₱1,021,956,013** | **₱850,416,721** |

**Comprised of the Parent Bank's Small and Medium Enterprise (SME) Financial Products, Auto Loans, Credit Cards and Personal Loans*
***Comprised primarily of High-net-worth-individuals loans, Corporate retail loans, HR loans, Home Credit receivables, personal loans of Union Digital, and motorcycle loans of CSB*

| | 2023 | |
|---|---|---|
| | Group | Parent Bank |
| Corporate loans | ₱132,676,825 | ₱132,676,825 |
| Consumer products* | 120,130,248 | 120,130,248 |
| CSB salary loans | 84,456,190 | – |
| Commercial loans | 75,045,930 | 75,045,930 |
| Home loans | 70,547,795 | 70,547,795 |
| Other receivables from customers** | 46,418,744 | 11,860,899 |
| Total receivables from customers | 529,275,732 | 410,261,697 |
| Investments and placements | 491,108,029 | 436,698,874 |
| | ₱1,020,383,761 | ₱846,960,571 |

**Comprised of the Parent Bank's Small and Medium Enterprise (SME) Financial Products, Auto Loans, Credit Cards and Personal Loans*
***Comprised primarily of High-net-worth-individuals loans, Corporate retail loans, HR loans, Home Credit receivables, personal loans of Union Digital, and motorcycle loans of CSB*

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 ₱4.70 billion and ₱4.31 billion as of December 31, 2024 and 2023, 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 2023, 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, 2024 and 2023:

| | | December 31, 2024 | | | |
|---|---|---|---|---|---|
| | | Amounts | | | |
| **Credit Score** | **Masterscale** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| *High Quality Grade* | | | | | |
| AAA to A- | 1 | **₱–** | **₱–** | **₱–** | **₱–** |
| BBB+ | 2 | **3,065,224** | – | – | **3,065,224** |
| BBB | 3 | **3,586,437** | – | – | **3,586,437** |
| BBB- to BB+ | 4 | **11,144,592** | – | – | **11,144,592** |
| *Standard Grade* | | | | | |
| BB to BB- | 5 | **55,043,038** | – | – | **55,043,038** |
| B+ | 6 | **20,977,372** | – | – | **20,977,372** |
| B to B- | 7 | **20,499,788** | – | – | **20,499,788** |
| CCC+ to CCC | 8 | **57,690** | **12,613,869** | – | **12,671,559** |
| *Substandard Grade* | | | | | |
| Lower than CCC | 9 | **2,438,518** | **194,029** | – | **2,632,547** |
| *Non-Performing* | | | | | |
| Default | 10 | – | – | **227,402** | **227,402** |
| | | **₱116,812,659** | **₱12,807,898** | **₱227,402** | **₱129,847,959** |

| | | December 31, 2023 | | | |
|---|---|---|---|---|---|
| | | Amounts | | | |
| Credit Score | Masterscale | Stage 1 | Stage 2 | Stage 3 | Total |
| *High Quality Grade* | | | | | |
| AAA to A- | 1 | ₱– | ₱– | ₱– | ₱– |
| BBB+ | 2 | 3,883,509 | – | – | 3,883,509 |
| BBB | 3 | 2,770,438 | – | – | 2,770,438 |
| BBB- to BB+ | 4 | 9,567,635 | – | – | 9,567,635 |
| *Standard Grade* | | | | | |
| BB to BB- | 5 | 49,358,202 | 40,118 | – | 49,398,320 |
| B+ | 6 | 16,089,803 | – | – | 16,089,803 |
| B to B- | 7 | 29,983,735 | 4,832,351 | – | 34,816,086 |
| CCC+ to CCC | 8 | 3,583,286 | 10,170,378 | – | 13,753,664 |
| *Substandard Grade* | | | | | |
| Lower than CCC | 9 | 2,138,896 | 157,496 | – | 2,296,392 |
| *Non-Performing* | | | | | |
| Default | 10 | – | – | 100,978 | 100,978 |
| | | ₱117,375,504 | ₱15,200,343 | ₱100,978 | ₱132,676,825 |

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, 2024 and 2023 for financial and non-financial institutions:

*Financial Institutions*

| | | **December 31, 2024** | | | |
|---|---|---|---|---|---|
| | | **Amounts** | | | |
| Credit Score | Masterscale | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| *High Quality Grade* | | | | | |
| AAA to A- | 1 | **₱–** | **₱–** | **₱–** | **₱–** |
| BBB+ | 2 | **–** | **–** | **–** | **–** |
| BBB- | 3 | **–** | **–** | **–** | **–** |
| BBB- to BB+ | 4 | **–** | **–** | **–** | **–** |
| *Standard Grade* | | | | | |
| BB to BB- | 5 | **2,830,955** | **–** | **–** | **2,830,955** |
| B+ | 6 | **1,312,994** | **–** | **–** | **1,312,994** |
| B to B- | 7 | **6,073,537** | **–** | **–** | **6,073,537** |
| CCC+ to CCC | 8 | **–** | **120,703** | **–** | **120,703** |
| *Substandard Grade* | | | | | |
| Lower than CCC | 9 | **–** | **75,439** | **–** | **75,439** |
| *Non-Performing* | | | | | |
| Default | 10 | **–** | **–** | **28,172** | **28,172** |
| | | **₱10,217,486** | **₱196,142** | **₱28,172** | **₱10,441,800** |

| | | December 31, 2023 | | | |
|---|---|---|---|---|---|
| | | Amounts | | | |
| Credit Score | Masterscale | Stage 1 | Stage 2 | Stage 3 | Total |
| *High Quality Grade* | | | | | |
| AAA to A- | 1 | ₱– | ₱– | ₱– | ₱– |
| BBB+ | 2 | – | – | – | – |
| BBB- | 3 | – | – | – | – |
| BBB- to BB+ | 4 | 2,509,605 | – | – | 2,509,605 |
| *Standard Grade* | | | | | |
| BB to BB- | 5 | 29,328 | – | – | 29,328 |
| B+ | 6 | 1,152,948 | – | – | 1,152,948 |
| B to B- | 7 | 17,526,941 | – | – | 17,526,941 |
| CCC+ to CCC | 8 | 738,545 | – | – | 738,545 |
| *Substandard Grade* | | | | | |
| Lower than CCC | 9 | 75,396 | – | – | 75,396 |
| *Non-Performing* | | | | | |
| Default | 10 | – | – | 28,176 | 28,176 |
| | | ₱22,032,763 | ₱– | ₱28,176 | ₱22,060,939 |

*Non-financial Institutions*

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| 1 | **₱–** | **₱–** | **₱–** | **₱–** |
| 2 | **–** | **–** | **–** | **–** |
| 3 | **80,266** | **–** | **–** | **80,266** |
| 4 | **6,597,738** | **–** | **–** | **6,597,738** |
| 5 | **12,584,148** | **–** | **–** | **12,584,148** |
| 6 | **10,164,025** | **–** | **–** | **10,164,025** |
| 7 | **11,621,597** | **–** | **–** | **11,621,597** |
| 8 | **53,159** | **1,182,133** | **–** | **1,235,292** |
| 9 | **1,165,352** | **1,585,868** | **–** | **2,751,220** |
| 10 | **–** | **–** | **9,653,329** | **9,653,329** |
| | **₱42,266,285** | **₱2,768,001** | **₱9,653,329** | **₱54,687,615** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | Stage 1 | Stage 2 | Stage 3 | Total |
| 1 | ₱– | ₱– | ₱– | ₱– |
| 2 | – | – | – | – |
| 3 | 360,593 | – | – | 360,593 |
| 4 | 4,018,599 | – | – | 4,018,599 |
| 5 | 13,994,067 | 47,556 | – | 14,041,623 |
| 6 | 6,860,808 | – | – | 6,860,808 |
| 7 | 14,892,588 | – | – | 14,892,588 |
| 8 | 1,483,261 | 28,839 | – | 1,512,100 |
| 9 | 307,030 | 1,525,569 | – | 1,832,599 |
| 10 | 3,272 | 21,878 | 9,440,931 | 9,466,081 |
| | ₱41,920,218 | ₱1,623,842 | ₱9,440,931 | ₱52,984,991 |

Consumer Financial Products

The Consumer loan portfolio of the Parent Bank is composed of five main product lines, namely: Home Loans, Credit Card, Personal Loans, Small and Medium Enterprise (SME) financial products and Auto Loans.

In particular, SME portfolio is composed of business lines and a small portion from emerging products.

Each of these products has established credit risk guidelines and systems for managing credit risk across all products. Credit models are constantly reviewed and updated as necessary supported by enhanced data analytics to improve portfolio quality and product offers.

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, days past due, and credit score rating for Application Score (point of application) and Behavior Score (monthly credit performance).

Both Home Loans (except Contract to Sell - CTS) and Legacy Credit Cards use rating scale 1 to 6, while Blue Credit Cards and Personal Loans use rating scale 1 to 13 and 1 to 17, respectively. CTS utilizes the Corporate ratings ranging from 1 to 9. Meanwhile, Auto Loans and SME products use rating scale 1 to 5.

Below is the breakdown of the Group's and the Parent Bank's major consumer portfolio loans exposure (outstanding balance and accrued interest receivable) by masterscale rating as of December 31, 2024 and 2023:

*Group and Parent Bank - Consumer Products: Home Loans*

| | **December 31, 2024** | | | |
|---|---|---|---|---|
| | **Amounts** | | | |
| Masterscale | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| 1 | **₱11,938,908** | **₱61,947** | **₱–** | **₱12,000,855** |
| 2 | **13,735,257** | **144,897** | **–** | **13,880,154** |
| 3 | **10,503,829** | **354,231** | **–** | **10,858,060** |
| 4 | **4,064,334** | **378,748** | **–** | **4,443,082** |
| 5 | **5,305,110** | **257,021** | **–** | **5,562,131** |
| 6 | **1,420,068** | **1,907,567** | **–** | **3,327,635** |
| 7 | **11,366,889** | **–** | **–** | **11,366,889** |
| Default | **–** | **–** | **7,413,379** | **7,413,379** |
| | **₱58,334,395** | **₱3,104,411** | **₱7,413,379** | **₱68,852,185** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | Stage 1 | Stage 2 | Stage 3 | Total |
| 1 | ₱7,859,646 | ₱28,100 | ₱– | ₱7,887,746 |
| 2 | 10,828,564 | 46,860 | – | 10,875,424 |
| 3 | 9,507,714 | 187,012 | – | 9,694,726 |
| 4 | 8,532,904 | 419,933 | – | 8,952,837 |
| 5 | 8,795,005 | 735,960 | – | 9,530,965 |
| 6 | 2,905,576 | 1,621,101 | – | 4,526,677 |
| 7 | 12,069,230 | – | – | 12,069,230 |
| Default | – | – | 7,010,190 | 7,010,190 |
| | ₱60,498,639 | ₱3,038,966 | ₱7,010,190 | ₱70,547,795 |

*Group and Parent Bank - Consumer Products: Credit Cards*

| | **December 31, 2024** | | | |
|---|---|---|---|---|
| | **Amounts** | | | |
| Masterscale | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| 1 | **₱3,942,413** | **₱33** | **₱–** | **₱3,942,446** |
| 2 | **12,212,607** | **446** | **–** | **12,213,053** |
| 3 | **19,909,886** | **11,529** | **–** | **19,921,415** |
| 4 | **23,115,365** | **28,462** | **–** | **23,143,827** |
| 5 | **22,918,054** | **201,881** | **–** | **23,119,935** |
| 6 | **16,483,925** | **1,342,352** | **–** | **17,826,277** |
| 7 | **317,719** | **1,145** | **–** | **318,864** |
| 8 | **627,510** | **28,177** | **–** | **655,687** |
| 9 | **1,009,803** | **204,908** | **–** | **1,214,711** |
| 10 | **–** | **146,960** | **–** | **146,960** |
| 11 | **–** | **287,948** | **–** | **287,948** |
| 12 | **–** | **745,480** | **–** | **745,480** |
| 13 | **–** | **1,110,527** | **–** | **1,110,527** |
| Default | **–** | **–** | **4,101,014** | **4,101,014** |
| | **₱100,537,282** | **₱4,109,848** | **₱4,101,014** | **₱108,748,144** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | Stage 1 | Stage 2 | Stage 3 | Total |
| 1 | ₱17,248,988 | ₱232,358 | ₱– | ₱17,481,346 |
| 2 | 10,260,790 | 212 | – | 10,261,002 |
| 3 | 16,889,066 | 9,023 | – | 16,898,089 |
| 4 | 18,416,632 | 17,570 | – | 18,434,202 |
| 5 | 16,111,877 | 85,678 | – | 16,197,555 |
| 6 | 11,359,282 | 676,733 | – | 12,036,015 |
| 7 | 235,790 | 291 | – | 236,081 |
| 8 | 480,963 | 1,661 | – | 482,624 |
| 9 | 622,944 | 15,424 | – | 638,368 |
| 10 | – | 109,088 | – | 109,088 |
| 11 | – | 195,430 | – | 195,430 |
| 12 | – | 380,998 | – | 380,998 |
| 13 | – | 573,821 | – | 573,821 |
| Default | – | – | 2,309,971 | 2,309,971 |
| | ₱91,626,332 | ₱2,298,287 | ₱2,309,971 | ₱96,234,590 |

*Group and Parent Bank - Consumer Products: Personal loans*

| | **December 31, 2024** | | | |
|---|---|---|---|---|
| | **Amounts** | | | |
| Masterscale | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| 1 | **₱806,024** | **₱9,607** | **₱–** | **₱815,631** |
| 2 | **2,592,640** | **23,538** | – | **2,616,178** |
| 3 | **3,897,428** | **56,869** | – | **3,954,297** |
| 4 | **3,994,483** | **55,180** | – | **4,049,663** |
| 5 | **950,259** | **12,084** | – | **962,343** |
| 6 | **2,658,822** | **191,310** | – | **2,850,132** |
| 7 | **63,897** | **2,981** | – | **66,878** |
| 8 | **119,649** | **8,172** | – | **127,821** |
| 9 | **196,539** | **12,701** | – | **209,240** |
| 10 | **87,913** | **2,680** | – | **90,593** |
| 11 | **146,028** | **23,493** | – | **169,521** |
| 12 | **254,644** | **100,645** | – | **355,289** |
| 13 | – | **87,785** | – | **87,785** |
| 14 | – | **131,831** | – | **131,831** |
| 15 | – | **225,541** | – | **225,541** |
| 16 | – | **61,774** | – | **61,774** |
| 17 | – | **139,248** | – | **139,248** |
| Default | – | – | **777,871** | **777,871** |
| | **₱15,768,326** | **₱1,145,439** | **₱777,871** | **₱17,691,636** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | Stage 1 | Stage 2 | Stage 3 | Total |
| 1 | ₱717,016 | ₱1,920 | ₱– | ₱718,936 |
| 2 | 2,087,882 | 2,130 | – | 2,090,012 |
| 3 | 2,725,191 | 8,894 | – | 2,734,085 |
| 4 | 3,196,858 | 4,004 | – | 3,200,862 |
| 5 | 845,402 | 1,263 | – | 846,665 |
| 6 | 1,522,170 | 7,434 | – | 1,529,604 |
| 7 | 37,751 | – | – | 37,751 |
| 8 | 42,802 | 93 | – | 42,895 |
| 9 | 78,800 | 381 | – | 79,181 |
| 10 | 39,307 | – | – | 39,307 |
| 11 | 68,774 | 312 | – | 69,086 |
| 12 | 51,735 | 28,386 | – | 80,121 |
| 13 | – | 43,105 | – | 43,105 |
| 14 | – | 72,940 | – | 72,940 |
| 15 | – | 104,610 | – | 104,610 |
| 16 | – | 40,954 | – | 40,954 |
| 17 | – | 80,847 | – | 80,847 |
| Default | – | – | 422,955 | 422,955 |
| | ₱11,413,688 | ₱397,273 | ₱422,955 | ₱12,233,916 |

*Group and Parent Bank - Consumer Products: SME Financial Products and Auto Loans*

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | **Stage 1** | **Stage 2** | **Stage 3** | **Total*** |
| 1 | **₱1,701,874** | **₱5,805** | **₱–** | **₱1,707,679** |
| 2 | **3,792,883** | **7,185** | – | **3,800,068** |
| 3 | **1,612,031** | **10,049** | – | **1,622,080** |
| 4 | **1,513,347** | **124,030** | – | **1,637,377** |
| 5 | **451,658** | **141,361** | – | **593,019** |
| Default | – | – | **1,751,699** | **1,751,699** |
| | **₱9,071,793** | **₱288,430** | **₱1,751,699** | **₱11,111,922** |

*As of December 31, 2024, this consists of SME loans and auto loans amounting to ₱9.72 billion and ₱1.39 billion, respectively. The Bank uses rating scale of 1 to 5 for both products.*

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | Stage 1 | Stage 2 | Stage 3 | Total* |
| 1 | ₱3,535,280 | ₱83,997 | ₱– | ₱3,619,277 |
| 2 | 2,940,655 | 137 | – | 2,940,792 |
| 3 | 1,616,661 | 34,930 | – | 1,651,591 |
| 4 | 1,573,116 | 62,029 | – | 1,635,145 |
| 5 | 570,350 | 73,483 | – | 643,833 |
| Default | – | – | 1,171,105 | 1,171,105 |
| | ₱10,236,062 | ₱254,576 | ₱1,171,105 | ₱11,661,743 |

*As of December 31, 2023, this consists of SME loans and auto loans amounting to ₱10.09 billion and ₱1.57 billion, respectively. The Bank uses rating scale of 1 to 5 for both products.*

*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, 2024 and 2023:

| | **December 31, 2024** | | | |
|---|---|---|---|---|
| | **Amounts** | | | |
| Credit Score | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| D to E | **₱9,896,039** | **₱–** | **₱–** | **₱9,896,039** |
| B to C | **68,614,420** | **973,348** | **–** | **69,587,768** |
| A | **956,557** | **1,002,979** | **–** | **1,959,536** |
| Default | **–** | **–** | **7,360,243** | **7,360,243** |
| | **₱79,467,016** | **₱1,976,327** | **₱7,360,243** | **₱88,803,586** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Credit Score | Stage 1 | Stage 2 | Stage 3 | Total |
| D to E | ₱11,268,117 | ₱34,833 | ₱– | ₱11,302,950 |
| B to C | 64,281,214 | 1,596,857 | – | 65,878,071 |
| A | 1,143,608 | 110,276 | – | 1,253,884 |
| Default | – | – | 6,021,285 | 6,021,285 |
| | ₱76,692,939 | ₱1,741,966 | ₱6,021,285 | ₱84,456,190 |

*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) HR loans, (ii) bills purchased and (iii) customer liabilities under acceptances, (iv) home credit receivables, (v) teacher's loans acquired from CSB, (vi) high-net-worth individual loans, (vii) corporate retail loans 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, 2024 and 2023 of the Group's and Parent Bank's other receivables from customers.

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Group | **₱34,439,079** | **₱1,119,125** | **₱7,882,095** | **₱43,440,299** |
| Parent Bank | **10,181,231** | **207,032** | **673,240** | **11,061,503** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Group | ₱34,868,654 | ₱2,241,167 | ₱9,308,923 | ₱46,418,744 |
| Parent Bank | 10,847,410 | 239,451 | 774,038 | 11,860,899 |

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, 2024 and 2023:

*Sovereign – Group*

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| 1 | **₱–** | **₱–** | **₱–** | **₱–** |
| 2 | **15,717,182** | – | – | **15,717,182** |
| 3 | – | – | – | – |
| 4 | **290,074** | – | – | **290,074** |
| 5 | **1,816,857** | – | – | **1,816,857** |
| 6 | – | – | – | – |
| 7 | – | – | – | – |
| 8 | – | – | – | – |
| 9 | **297,874,377** | – | – | **297,874,377** |
| 10 | – | – | – | |
| 11 | **3,393,505** | **1,356,514** | – | **4,750,019** |
| 12 | – | – | – | – |
| 13 | – | – | – | – |
| 14 | – | **2,331,786** | – | **2,331,786** |
| 15 | – | – | – | – |
| 16 | – | – | – | – |
| Default | – | – | – | – |
| | **₱319,091,995** | **₱3,688,300** | **₱–** | **₱322,780,295** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | Stage 1 | Stage 2 | Stage 3 | Total |
| 1 | ₱15,056,577 | ₱– | ₱– | ₱15,056,577 |
| 2 | – | – | – | – |
| 3 | – | – | – | – |
| 4 | 277,725 | – | – | 277,725 |
| 5 | 1,741,414 | – | – | 1,741,414 |
| 6 | – | – | – | – |
| 7 | – | – | – | – |
| 8 | – | – | – | – |
| 9 | 286,359,197 | – | – | 286,359,197 |
| 10 | – | – | – | – |
| 11 | 3,278,223 | 1,299,905 | – | 4,578,128 |
| 12 | – | – | – | – |
| 13 | – | – | – | – |
| 14 | – | 2,232,039 | – | 2,232,039 |
| 15 | – | – | – | – |
| 16 | – | – | – | – |
| Default | – | – | – | – |
| | ₱306,713,136 | ₱3,531,944 | ₱– | ₱310,245,080 |

*Corporate – Group*

| | **December 31, 2024** | | | |
|---|---|---|---|---|
| | **Amounts** | | | |
| Masterscale | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| 1 | **₱21,881,403** | **₱**– | **₱**– | **₱21,881,403** |
| 2 | **2,117,338** | – | – | **2,117,338** |
| 3 | **901,530** | – | – | **901,530** |
| 4 | **90,603,106** | – | – | **90,603,106** |
| 5 | **2,916,278** | – | – | **2,916,278** |
| 6 | **12,976,914** | – | – | **12,976,914** |
| 7 | **7,488,260** | – | – | **7,488,260** |
| 8 | **2,475,448** | – | – | **2,475,448** |
| 9 | **5,798,372** | – | – | **5,798,372** |
| 10 | **10,866,262** | – | – | **10,866,262** |
| 11 | **7,525,661** | – | – | **7,525,661** |
| 12 | **–** | – | – | **–** |
| 13 | **–** | – | – | **–** |
| Default | **–** | – | – | **–** |
| | **₱165,550,572** | **₱**– | **₱**– | **₱165,550,572** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | Stage 1 | Stage 2 | Stage 3 | Total |
| 1 | ₱18,469,539 | ₱– | ₱– | ₱18,469,539 |
| 2 | 2,050,789 | – | – | 2,050,789 |
| 3 | 622,974 | – | – | 622,974 |
| 4 | 112,625,385 | – | – | 112,625,385 |
| 5 | 7,984,325 | – | – | 7,984,325 |
| 6 | 12,397,023 | – | – | 12,397,023 |
| 7 | 4,079,434 | – | – | 4,079,434 |
| 8 | 2,379,104 | – | – | 2,379,104 |
| 9 | 5,544,929 | – | – | 5,544,929 |
| 10 | 10,550,593 | – | – | 10,550,593 |
| 11 | 4,158,854 | – | – | 4,158,854 |
| 12 | – | – | – | – |
| 13 | – | – | – | – |
| Default | – | – | – | – |
| | ₱180,862,949 | ₱– | ₱– | ₱180,862,949 |

*Sovereign – Parent Bank*

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| 1 | **₱–** | **₱–** | **₱–** | **₱–** |
| 2 | **15,717,182** | **–** | **–** | **15,717,182** |
| 3 | **–** | **–** | **–** | **–** |
| 4 | **290,074** | **–** | **–** | **290,074** |
| 5 | **1,816,857** | **–** | **–** | **1,816,857** |
| 6 | **–** | **–** | **–** | **–** |
| 7 | **–** | **–** | **–** | **–** |
| 8 | **–** | **–** | **–** | **–** |
| 9 | **287,940,213** | **–** | **–** | **287,940,213** |
| 10 | **-** | **–** | **–** | **–** |
| 11 | **3,393,505** | **1,356,514** | **–** | **4,750,019** |
| 12 | **–** | **–** | **–** | **–** |
| 13 | **–** | **–** | **–** | **–** |
| 14 | **–** | **2,331,786** | **–** | **2,331,786** |
| 15 | **–** | **–** | **–** | **–** |
| 16 | **–** | **–** | **–** | **–** |
| Default | **–** | **–** | **–** | **–** |
| | **₱309,157,831** | **₱3,688,300** | **₱–** | **₱312,846,131** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | Stage 1 | Stage 2 | Stage 3 | Total |
| 1 | ₱15,056,577 | ₱– | ₱– | ₱15,056,577 |
| 2 | – | – | – | – |
| 3 | – | – | – | – |
| 4 | 277,725 | – | – | 277,725 |
| 5 | 1,741,414 | – | – | 1,741,414 |
| 6 | – | – | – | – |
| 7 | – | – | – | – |
| 8 | – | – | – | – |
| 9 | 277,165,707 | – | – | 277,165,707 |
| 10 | – | – | – | – |
| 11 | 3,278,223 | 1,299,905 | – | 4,578,128 |
| 12 | – | – | – | – |
| 13 | – | – | – | – |
| 14 | – | 2,232,039 | – | 2,232,039 |
| 15 | – | – | – | – |
| 16 | – | – | – | – |
| Default | – | – | – | – |
| | ₱297,519,646 | ₱3,531,944 | ₱– | ₱301,051,590 |

*Corporate – Parent Bank*

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| 1 | **₱21,881,403** | **₱–** | **₱–** | **₱21,881,403** |
| 2 | **2,117,338** | **–** | **–** | **2,117,338** |
| 3 | **901,530** | **–** | **–** | **901,530** |
| 4 | **57,668,620** | **–** | **–** | **57,668,620** |
| 5 | **2,916,278** | **–** | **–** | **2,916,278** |
| 6 | **12,976,914** | **–** | **–** | **12,976,914** |
| 7 | **–** | **–** | **–** | **-** |
| 8 | **2,475,448** | **–** | **–** | **2,475,448** |
| 9 | **5,798,372** | **–** | **–** | **5,798,372** |
| 10 | **10,866,262** | **–** | **–** | **10,866,262** |
| 11 | **7,525,661** | **–** | **–** | **7,525,661** |
| 12 | **–** | **–** | **–** | **–** |
| 13 | **–** | **–** | **–** | **–** |
| Default | **–** | **–** | **–** | **–** |
| | **₱125,127,826** | **₱–** | **₱–** | **₱125,127,826** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amounts | | | |
| Masterscale | Stage 1 | Stage 2 | Stage 3 | Total |
| 1 | ₱18,469,539 | ₱– | ₱– | ₱18,469,539 |
| 2 | 2,050,789 | – | – | 2,050,789 |
| 3 | 622,974 | – | – | 622,974 |
| 4 | 71,489,154 | – | – | 71,489,154 |
| 5 | 7,984,325 | – | – | 7,984,325 |
| 6 | 12,397,023 | – | – | 12,397,023 |
| 7 | – | – | – | – |
| 8 | 2,379,104 | – | – | 2,379,104 |
| 9 | 5,544,929 | – | – | 5,544,929 |
| 10 | 10,550,593 | – | – | 10,550,593 |
| 11 | 4,158,854 | – | – | 4,158,854 |
| 12 | – | – | – | – |
| 13 | – | – | – | – |
| Default | – | – | – | – |
| | ₱135,647,284 | ₱– | ₱– | ₱135,647,284 |

Analysis of Movements of Gross Carrying Amounts

The movements in receivables from customers on a total and per segment basis in 2024 and 2023 follow. The balances presented consist of the outstanding principal balance and the related accrued interest receivables:

Group – Total receivables from customers

| | **2024** | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱467,904,474** | **₱27,293,424** | **₱34,077,834** | **₱529,275,732** |
| Newly originated assets that remained in Stage 1 as at December 31, 2024 | **198,532,316** | **–** | **–** | **198,532,316** |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | – | **5,490,851** | **4,469,435** | **9,960,286** |
| Movements in receivable balance (excluding write-offs) | **(177,230,865)** | **(10,101,286)** | **(1,406,384)** | **(188,738,535)** |
| Transfers to Stage 1 | **2,727,618** | **(1,473,954)** | **(1,253,664)** | **–** |
| Transfers to Stage 2 | **(11,046,744)** | **11,649,442** | **(602,698)** | **–** |
| Transfers to Stage 3 | **(13,972,478)** | **(5,342,856)** | **19,315,334** | **–** |
| Amounts written-off | – | – | **(15,404,653)** | **(15,404,653)** |
| Balances at end of year | **₱466,914,321** | **₱27,515,621** | **₱39,195,204** | **₱533,625,146** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱431,414,633 | ₱25,137,043 | ₱23,943,886 | ₱480,495,562 |
| Newly originated assets that remained in Stage 1 as at December 31, 2023 | 198,247,972 | – | – | 198,247,972 |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | – | 5,689,456 | 9,538,467 | 15,227,923 |
| Movements in receivable balance (excluding write-offs) | (146,525,650) | (4,205,922) | (5,870,947) | (156,602,519) |
| Transfers to Stage 1 | 3,892,876 | (2,153,493) | (1,739,383) | – |
| Transfers to Stage 2 | (9,469,703) | 9,815,342 | (345,639) | – |
| Transfers to Stage 3 | (9,655,654) | (6,989,003) | 16,644,657 | – |
| Amounts written-off | – | – | (8,093,206) | (8,093,206) |
| Balances at end of year | ₱467,904,474 | ₱27,293,423 | ₱34,077,835 | ₱529,275,732 |

Parent Bank – Total receivables from customers

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱367,190,291** | **₱23,549,742** | **₱19,521,664** | **₱410,261,697** |
| Newly originated assets that remained in Stage 1 as at December 31, 2024 | **116,895,142** | – | – | **116,895,142** |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | – | **4,058,443** | **2,524,629** | **6,583,072** |
| Movements in receivable balance (excluding write-offs) | **(104,577,760)** | **(8,260,857)** | **506,169** | **(112,332,448)** |
| Transfers to Stage 1 | **2,532,808** | **(1,346,838)** | **(1,185,970)** | – |
| Transfers to Stage 2 | **(9,759,206)** | **10,352,114** | **(592,908)** | – |
| Transfers to Stage 3 | **(9,091,818)** | **(3,725,403)** | **12,817,221** | – |
| Amounts written-off | – | – | **(8,964,699)** | **(8,964,699)** |
| Balances at end of year | **₱363,189,457** | **₱24,627,201** | **₱24,626,106** | **₱412,442,764** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱354,666,830 | ₱22,312,321 | ₱13,617,365 | ₱390,596,516 |
| Newly originated assets that remained in Stage 1 as at December 31, 2023 | 115,800,971 | – | – | 115,800,971 |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | – | 2,516,824 | 2,454,117 | 4,970,941 |
| Movements in receivable balance (excluding write-offs) | (90,226,268) | (2,525,845) | (1,651,979) | (94,404,092) |
| Transfers to Stage 1 | 2,613,555 | (1,733,947) | (879,608) | – |
| Transfers to Stage 2 | (9,049,528) | 9,385,315 | (335,787) | – |
| Transfers to Stage 3 | (6,615,269) | (6,404,927) | 13,020,196 | – |
| Amounts written-off | – | – | (6,702,639) | (6,702,639) |
| Balances at end of year | ₱367,190,291 | ₱23,549,741 | ₱19,521,665 | ₱410,261,697 |

Group and Parent Bank – Corporate loans

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱117,375,504** | **₱15,200,343** | **₱100,978** | **₱132,676,825** |
| Newly originated assets that remained in Stage 1 as at December 31, 2024 | **36,658,581** | – | – | **36,658,581** |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | – | **258,397** | **214,532** | **472,929** |
| Movements in receivable balance (excluding write-offs) | **(33,796,746)** | **(6,062,813)** | **(100,817)** | **(39,960,376)** |
| Transfers to Stage 2 | **(3,411,971)** | **3,411,971** | – | – |
| Transfers to Stage 3 | **(12,709)** | – | **12,709** | – |
| Balances at end of year | **₱116,812,659** | **₱12,807,898** | **₱227,402** | **₱129,847,959** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱119,542,864 | ₱10,804,150 | ₱152,958 | ₱130,499,972 |
| Newly originated assets that remained in Stage 1 as at December 31, 2023 | 25,719,830 | – | – | 25,719,830 |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | – | 263,017 | – | 263,017 |
| Movements in receivable balance (excluding write-offs) | (23,189,804) | (564,210) | (51,980) | (23,805,994) |
| Transfers to Stage 2 | (4,697,386) | 4,697,386 | – | – |
| Balances at end of year | ₱117,375,504 | ₱15,200,343 | ₱100,978 | ₱132,676,825 |

Group and Parent Bank – Commercial loans

| | **2024** | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱63,952,981** | **₱1,623,842** | **₱9,469,107** | **₱75,045,930** |
| Newly originated assets that remained in Stage 1 as at December 31, 2024 | **43,183,757** | – | – | **43,183,757** |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | – | **2,218,925** | **206,404** | **2,425,329** |
| Movements in receivable balance (excluding write-offs) | **(53,590,583)** | **(1,633,111)** | **(301,907)** | **(55,525,601)** |
| Transfers to Stage 1 | – | – | – | – |
| Transfers to Stage 2 | **(970,706)** | **970,706** | – | – |
| Transfers to Stage 3 | **(91,678)** | **(216,219)** | **307,897** | – |
| Balances at end of year | **₱52,483,771** | **₱2,964,143** | **₱9,681,501** | **₱65,129,415** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱64,327,976 | ₱6,970,136 | ₱3,934,386 | ₱75,232,498 |
| Newly originated assets that remained in Stage 1 as at December 31, 2023 | 52,714,903 | – | – | 52,714,903 |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | – | 1,231,556 | 1,259,386 | 2,490,942 |
| Movements in receivable balance (excluding write-offs) | (53,505,362) | (1,778,647) | (108,404) | (55,392,413) |
| Transfers to Stage 1 | 588,016 | (577,664) | (10,352) | – |
| Transfers to Stage 2 | (115,872) | 115,872 | – | – |
| Transfers to Stage 3 | (56,680) | (4,337,411) | 4,394,091 | – |
| Balances at end of year | ₱63,952,981 | ₱1,623,842 | ₱9,469,107 | ₱75,045,930 |

Group and Parent Bank – Home Loans

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱60,498,639** | **₱3,038,966** | **₱7,010,190** | **₱70,547,795** |
| Newly originated assets that remained in Stage 1 as at December 31, 2024 | **6,271,780** | – | – | **6,271,780** |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | – | **165,605** | **235,233** | **400,838** |
| Movements in receivable balance (excluding write-offs) | **(6,544,386)** | **(296,686)** | **(1,527,156)** | **(8,368,228)** |
| Transfers to Stage 1 | **2,020,285** | **(997,600)** | **(1,022,685)** | – |
| Transfers to Stage 2 | **(1,814,754)** | **2,339,664** | **(524,910)** | – |
| Transfers to Stage 3 | **(2,097,169)** | **(1,145,538)** | **3,242,707** | – |
| Amounts written off | – | – | – | – |
| Balances at end of year | **₱58,334,395** | **₱3,104,411** | **₱7,413,379** | **₱68,852,185** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱58,266,289 | ₱1,580,016 | ₱5,813,164 | ₱65,659,469 |
| Newly originated assets that remained in Stage 1 as at December 31, 2023 | 17,021,583 | – | – | 17,021,583 |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | – | 267,831 | 342,728 | 610,559 |
| Movements in receivable balance (excluding write-offs) | (11,076,034) | (266,835) | (1,396,014) | (12,738,883) |
| Transfers to Stage 1 | 1,155,702 | (435,759) | (719,943) | – |
| Transfers to Stage 2 | (2,307,460) | 2,551,886 | (244,426) | – |
| Transfers to Stage 3 | (2,561,441) | (658,173) | 3,219,614 | – |
| Amounts written off | – | – | (4,933) | (4,933) |
| Balances at end of year | ₱60,498,639 | ₱3,038,966 | ₱7,010,190 | ₱70,547,795 |

Group and Parent Bank - Consumer Products

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱114,515,757** | **₱3,447,140** | **₱2,167,351** | **₱120,130,248** |
| Newly originated assets that remained in Stage 1 as at December 31, 2024 | **25,168,515** | – | – | **25,168,515** |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31 2024 | – | **1,387,872** | **1,763,625** | **3,151,497** |
| Movements in receivable balance (excluding write-offs) | **(4,412,804)** | **(236,297)** | **2,677,434** | **(1,971,667)** |
| Transfers to Stage 1 | **453,698** | **(327,119)** | **(126,579)** | – |
| Transfers to Stage 2 | **(3,531,994)** | **3,580,844** | **(48,850)** | – |
| Transfers to Stage 3 | **(6,815,771)** | **(2,308,723)** | **9,124,494** | – |
| Amounts written-off | – | – | **(8,926,891)** | **(8,926,891)** |
| Balances at end of year | **₱125,377,401** | **₱5,543,717** | **₱6,630,584** | **₱137,551,702** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱94,976,599 | ₱2,754,273 | ₱4,133,254 | ₱101,864,126 |
| Newly originated assets that remained in Stage 1 as at December 31, 2023 | 15,441,984 | – | – | 15,441,984 |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31 2023 | – | 588,056 | 769,937 | 1,357,993 |
| Movements in receivable balance (excluding write-offs) | 8,996,116 | (53,515) | (841,488) | 8,101,113 |
| Transfers to Stage 1 | 770,059 | (671,481) | (98,578) | – |
| Transfers to Stage 2 | (1,866,879) | 1,953,236 | (86,357) | – |
| Transfers to Stage 3 | (3,802,122) | (1,123,429) | 4,925,551 | – |
| Amounts written-off | – | – | (6,634,968) | (6,634,968) |
| Balances at end of year | ₱114,515,757 | ₱3,447,140 | ₱2,167,351 | ₱120,130,248 |

Group - CSB Salary Loans

| | **2024** | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱76,692,939** | **₱1,741,966** | **₱6,021,285** | **₱84,456,190** |
| Newly originated assets that remained in Stage 1 as at December 31, 2024 | **63,697,277** | – | – | **63,697,277** |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | – | **970,196** | **822,341** | **1,792,537** |
| Movements in receivable balance (excluding write-offs) | **(57,513,323)** | **(1,250,579)** | **(1,710,460)** | **(60,474,362)** |
| Transfers to Stage 1 | **93,901** | **(55,372)** | **(38,529)** | – |
| Transfers to Stage 2 | **(949,224)** | **949,281** | **(57)** | – |
| Transfers to Stage 3 | **(2,554,554)** | **(379,165)** | **2,933,719** | – |
| Amounts written-off | – | – | **(668,056)** | **(668,056)** |
| Balances at end of year | **₱79,467,016** | **₱1,976,327** | **₱7,360,243** | **₱88,803,586** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱57,558,594 | ₱1,284,874 | ₱5,185,814 | ₱64,029,282 |
| Newly originated assets that remained in Stage 1 as at December 31, 2023 | 64,157,086 | – | – | 64,157,086 |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | – | 1,563,239 | 1,793,030 | 3,356,269 |
| Movements in receivable balance (excluding write-offs) | (43,917,268) | (965,756) | (2,203,423) | (47,086,447) |
| Transfers to Stage 1 | 92,449 | (74,277) | (18,172) | – |
| Transfers to Stage 2 | (129,695) | 131,226 | (1,531) | – |
| Transfers to Stage 3 | (1,068,227) | (197,340) | 1,265,567 | – |
| Balances at end of year | ₱76,692,939 | ₱1,741,966 | ₱6,021,285 | ₱84,456,190 |

Group – Other receivables

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱34,868,654** | **₱2,241,167** | **₱9,308,923** | **₱46,418,744** |
| Newly originated assets that remained in Stage 1 as at December 31, 2024 | **23,552,406** | – | – | **23,552,406** |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | – | **489,856** | **1,227,300** | **1,717,156** |
| Movements in receivable balance (excluding write-offs) | **(21,373,023)** | **(621,800)** | **(659,257)** | **(22,654,080)** |
| Transfers to Stage 1 | **159,734** | **(93,863)** | **(65,871)** | – |
| Transfers to Stage 2 | **(368,095)** | **396,976** | **(28,881)** | – |
| Transfers to Stage 3 | **(2,400,597)** | **(1,293,211)** | **3,693,808** | – |
| Amounts written-off | – | – | **(5,593,927)** | **(5,593,927)** |
| Balances at end of year | **₱34,439,079** | **₱1,119,125** | **₱7,882,095** | **₱43,440,299** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱37,691,857 | ₱2,674,618 | ₱5,505,380 | ₱45,871,855 |
| Newly originated assets that remained in Stage 1 as at December 31, 2023 | 23,192,586 | – | – | 23,192,586 |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | – | 1,775,758 | 5,373,385 | 7,149,143 |
| Movements in receivable balance (excluding write-offs) | (24,782,845) | (1,507,982) | (2,050,708) | (28,341,535) |
| Transfers to Stage 1 | 1,286,650 | (394,313) | (892,337) | – |
| Transfers to Stage 2 | (352,411) | 365,737 | (13,326) | – |
| Transfers to Stage 3 | (2,167,183) | (672,652) | 2,839,834 | – |
| Amounts written-off | – | – | (1,453,306) | (1,453,306) |
| Balances at end of year | ₱34,868,654 | ₱2,241,166 | ₱9,308,922 | ₱46,418,743 |

Parent Bank – Other receivables

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱10,847,410** | **₱239,451** | **₱774,038** | **₱11,860,899** |
| Newly originated assets that remained in Stage 1 as at December 31, 2024 | **5,612,509** | – | – | **5,612,509** |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024 | – | **27,644** | **104,835** | **132,479** |
| Movements in receivable balance (excluding write-offs) | **(6,233,241)** | **(31,950)** | **(241,385)** | **(6,506,576)** |
| Transfers to Stage 1 | **58,825** | **(22,119)** | **(36,706)** | – |
| Transfers to Stage 2 | **(29,781)** | **48,929** | **(19,148)** | – |
| Transfers to Stage 3 | **(74,491)** | **(54,923)** | **129,414** | – |
| Amounts written-off | – | – | **(37,808)** | **(37,808)** |
| Balances at end of year | **₱10,181,231** | **₱207,032** | **₱673,240** | **₱11,061,503** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱18,502,648 | ₱1,134,770 | ₱364,673 | ₱20,002,091 |
| Newly originated assets that remained in Stage 1 as at December 31, 2023 | 4,902,671 | – | – | 4,902,671 |
| Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023 | – | 166,365 | 82,065 | 248,430 |
| Movements in receivable balance (excluding write-offs) | (12,400,731) | (793,661) | (35,162) | (13,229,554) |
| Transfers to Stage 1 | 99,779 | (49,045) | (50,734) | – |
| Transfers to Stage 2 | (61,931) | 66,936 | (5,005) | – |
| Transfers to Stage 3 | (195,026) | (285,914) | 480,940 | – |
| Amounts written-off | – | – | (62,739) | (62,739) |
| Balances at end of year | ₱10,847,410 | ₱239,451 | ₱774,038 | ₱11,860,899 |

Investments and Placements

Movements in 2024 and 2023 for investments and placements follow. The balances presented include accrued interest receivables:

Group

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱487,576,085** | **₱3,531,944** | **₱–** | **₱491,108,029** |
| Newly originated assets that remained in Stage 1 as at December 31, 2024 | **98,403,316** | – | | **98,403,316** |
| Newly originated assets that moved to Stage 2 as at December 31, 2024 | – | – | – | – |
| Movements in the balance (excluding write-offs) | **(101,336,834)** | **156,356** | – | **(101,180,478)** |
| Balances at end of year | **₱484,642,567** | **₱3,688,300** | **₱–** | **₱488,330,867** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱489,815,002 | ₱3,037,116 | ₱– | ₱492,852,118 |
| Newly originated assets that remained in Stage 1 as at December 31, 2023 | 200,016,146 | – | – | 200,016,146 |
| Newly originated assets that moved to Stage 2 as at December 31, 2023 | – | 516,780 | – | 516,780 |
| Movements in the balance (excluding write-offs) | (202,255,063) | (21,952) | – | (202,277,015) |
| Balances at end of year | ₱487,576,085 | ₱3,531,944 | ₱– | ₱491,108,029 |

Parent

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balance at beginning of year | **₱433,166,930** | **₱3,531,944** | **₱–** | **₱436,698,874** |
| Newly originated assets that remained in Stage 1 as at December 31, 2024 | **56,958,003** | – | – | **56,958,003** |
| Newly originated assets that moved to Stage 2 as at December 31, 2024 | – | – | – | – |
| Movements in the balance (excluding write-offs) | **(55,839,276)** | **156,356** | **–** | **(55,682,920)** |
| Balance at end of year | **₱434,285,657** | **₱3,688,300** | **₱–** | **₱437,973,957** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balance at beginning of year | ₱439,417,743 | ₱3,037,116 | ₱– | ₱442,454,859 |
| Newly originated assets that remained in Stage 1 as at December 31, 2023 | 154,800,568 | – | – | 154,800,568 |
| Newly originated assets that moved to Stage 2 as at December 31, 2023 | – | 516,780 | – | 516,780 |
| Movements in the balance (excluding write-offs) | (161,051,381) | (21,952) | – | (161,073,333) |
| Balance at end of year | ₱433,166,930 | ₱3,531,944 | ₱– | ₱436,698,874 |

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, 2024, 2023, and 2022, the net impact of the subsequent accretion of the 2020 loan modifications amounted to income of ₱53.14 million, ₱47.14 million, and ₱129.15 million for the Group, respectively, and income of ₱53.14 million, ₱46.52 million, and ₱106.00 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, 2024 and 2023 is shown below:

| | Group | | | | |
|---|---|---|---|---|---|
| | Exposure before collaterals | Properties | Deposits | Others | Exposure after financial effect of collaterals |
| **As of December 31, 2024** | **₱549,307,034** | **₱35,909,760** | **₱735,414** | **₱90,688,457** | **₱421,973,403** |
| As of December 31, 2023 | 548,898,606 | 27,626,545 | 824,136 | 90,110,026 | 430,337,899 |

| | Parent Bank | | | | |
|---|---|---|---|---|---|
| | Exposure before collaterals | Properties | Deposits | Others | Exposure after financial effect of collaterals |
| **As of December 31, 2024** | **₱424,449,352** | **₱31,810,298** | **₱596,274** | **₱83,650,244** | **₱308,392,536** |
| As of December 31, 2023 | 426,207,235 | 25,425,229 | 749,558 | 89,230,221 | 310,802,227 |

The Group's manner of disposing the collateral for impaired loans and receivables is normally through sale of the assets after foreclosure proceedings have taken place.

Liquidity Risk

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

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

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

The table below shows the financial assets and financial liabilities' liquidity information which includes coupon cash flows categorized based on the contractual date on which the asset will be realized and the liability will be settled. For financial assets at FVTPL, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the expected date the assets will be realized (amounts in millions).

| | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2024 | | | | | | |
| | On Demand | Up to 1 Month | 1 to 3 Months | 3 to 6 Months | 6 to 12 Months | Beyond 1 Year | Total |
| *Financial assets* | | | | | | | |
| Cash and other cash items | ₱10,144 | ₱– | ₱– | ₱– | ₱– | ₱– | ₱10,144 |
| Due from BSP | 30,938 | 51,273 | – | – | – | – | 82,211 |
| Due from other banks | 33,891 | – | – | – | – | – | 33,891 |
| Interbank loans receivable and SPURRA | – | 1,882 | – | – | – | – | 1,882 |
| | 74,973 | 53,155 | – | – | – | – | 128,128 |
| Financial assets at FVTPL | | | | | | | |
| Derivative assets | – | 430 | 21 | 66 | 237 | 838 | 1,592 |
| Debt securities | – | 7,760 | – | – | – | – | 7,760 |
| Equity securities | – | – | – | – | – | 1,074 | 1,074 |
| Financial assets at FVOCI | | | | | | | |
| Debt securities | – | 373 | 143 | 351 | 1,041 | 52,597 | 54,505 |
| Equity securities | – | – | – | – | – | 300 | 300 |
| Financial assets at amortized cost | – | 1,566 | 2,724 | 7,827 | 31,361 | 403,951 | 447,429 |
| | – | 10,129 | 2,888 | 8,244 | 32,639 | 458,760 | 512,660 |
| Loans and other receivables | – | 70,381 | 76,697 | 55,196 | 70,160 | 310,161 | 582,595 |
| Other receivables | | | | | | | |
| Accounts receivable | – | 10,730 | – | – | – | – | 10,730 |
| Accrued interest receivable | – | – | – | – | – | 7,534 | 7,534 |
| Sales contract receivable | – | 32 | 53 | 65 | 131 | 3,107 | 3,388 |
| | – | 81,143 | 76,750 | 55,261 | 70,291 | 320,802 | 604,247 |
| Other financial assets | | | | | | | |
| Returned checks and other cash items | – | 53 | – | – | – | – | 53 |
| Sundry debits | – | 1,934 | – | – | – | – | 1,934 |
| | – | 1,987 | – | – | – | – | 1,987 |
| Total assets | ₱74,973 | ₱146,414 | ₱79,638 | ₱63,505 | ₱102,930 | ₱779,562 | ₱1,247,022 |
| *Non-derivative liabilities* | | | | | | | |
| Deposit liabilities | | | | | | | |
| Demand | ₱231,378 | ₱– | ₱– | ₱– | ₱– | ₱– | ₱231,378 |
| Savings | 215,543 | – | – | – | – | – | 215,543 |
| Time and LTNCD | 580 | 132,044 | 42,218 | 17,544 | 13,117 | 27,581 | 233,084 |
| | 447,501 | 132,044 | 42,218 | 17,544 | 13,117 | 27,581 | 680,005 |
| Bills payable | – | 45,226 | 42,371 | 394 | 37,281 | 45,137 | 170,409 |
| Notes and bonds payable | – | 61 | 397 | 17,721 | 17,879 | 31,881 | 67,939 |
| Manager's checks | 8,494 | – | – | – | – | – | 8,494 |
| Accrued interest payable | – | 2,809 | – | – | – | – | 2,809 |
| Accounts payable | – | 9,139 | – | – | – | – | 9,139 |
| Other liabilities | – | 21,532 | – | – | – | – | 21,532 |
| | 455,995 | 210,811 | 84,986 | 35,659 | 68,277 | 104,599 | 960,327 |
| *Derivative Liabilities* | – | 472 | 299 | 350 | 640 | 1,875 | 3,636 |
| Total liabilities | ₱455,995 | ₱211,283 | ₱85,285 | ₱36,009 | ₱68,917 | ₱106,474 | ₱963,963 |

| | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2023 | | | | | | |
| | On Demand | Up to 1 Month | 1 to 3 Months | 3 to 6 Months | 6 to 12 Months | Beyond 1 Year | Total |
| *Financial assets* | | | | | | | |
| Cash and other cash items | ₱10,439 | ₱– | ₱– | ₱– | ₱– | ₱– | ₱10,439 |
| Due from BSP | 59,247 | 23,413 | – | – | – | – | 82,660 |
| Due from other banks | 27,263 | – | – | – | – | – | 27,263 |
| Interbank loans receivable and SPURRA | – | 25,431 | – | – | – | – | 25,431 |
| | 96,949 | 48,844 | – | – | – | – | 145,793 |
| Financial assets at FVTPL | | | | | | | |
| Derivative assets | – | 26 | 74 | 129 | 255 | 928 | 1,412 |
| Debt securities | – | 5,113 | – | – | – | – | 5,113 |
| Financial assets at FVOCI | | | | | | | |
| Debt securities | – | 325 | 188 | 441 | 984 | 54,872 | 56,810 |
| Equity securities | – | – | – | – | – | 63 | 63 |
| Financial assets at amortized cost | – | 1,576 | 2,101 | 3,581 | 12,987 | 428,368 | 448,613 |
| | – | 7,040 | 2,363 | 4,151 | 14,226 | 484,231 | 512,011 |

*(Forward)*

| | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2023 | | | | | | |
| | On Demand | Up to 1 Month | 1 to 3 Months | 3 to 6 Months | 6 to 12 Months | Beyond 1 Year | Total |
| Loans and other receivables | ₱– | ₱69,664 | ₱71,541 | ₱55,254 | ₱73,981 | ₱323,990 | ₱594,430 |
| Other receivables | | | | | | | |
| Accounts receivable | – | – | – | – | – | 10,750 | 10,750 |
| Accrued interest receivable | – | – | – | – | – | 14,692 | 14,692 |
| Sales contract receivable | – | 27 | 54 | 78 | 146 | 3,312 | 3,617 |
| | – | 69,691 | 71,595 | 55,332 | 74,127 | 352,744 | 623,489 |
| Other financial assets | | | | | | | |
| Returned checks and other cash items | – | 282 | – | – | – | – | 282 |
| Sundry debits | – | 246 | – | – | – | – | 246 |
| | – | 528 | – | – | – | – | 528 |
| Total assets | ₱96,949 | ₱126,103 | ₱73,958 | ₱59,483 | ₱88,353 | ₱836,975 | ₱1,281,821 |
| *Non-derivative liabilities* | | | | | | | |
| Deposit liabilities | | | | | | | |
| Demand | ₱233,283 | ₱– | ₱– | ₱– | ₱– | ₱– | ₱233,283 |
| Savings | 195,864 | – | – | – | – | – | 195,864 |
| Time and LTNCD | 402 | 167,166 | 76,952 | 12,550 | 10,755 | 25,553 | 293,378 |
| | 429,549 | 167,166 | 76,952 | 12,550 | 10,755 | 25,553 | 722,525 |
| Bills payable | – | 35,217 | 50,473 | 3,754 | 11,540 | 64,663 | 165,647 |
| Notes and bonds payable | – | 58 | 397 | 576 | 1,032 | 53,193 | 55,256 |
| Manager's checks | 7,513 | – | – | – | – | – | 7,513 |
| Accrued interest payable | – | 3,472 | – | – | – | – | 3,472 |
| Accounts payable | – | 14,716 | – | – | – | – | 14,716 |
| Other liabilities | – | 10,009 | – | – | – | – | 10,009 |
| | 437,062 | 230,638 | 127,822 | 16,880 | 23,327 | 143,409 | 979,138 |
| *Derivative Liabilities* | – | 52 | 253 | 295 | 632 | 2,520 | 3,752 |
| Total liabilities | ₱437,062 | ₱230,690 | ₱128,075 | ₱17,175 | ₱23,959 | ₱145,929 | ₱982,890 |

| | **Parent Bank** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2024** | | | | | | |
| | **On Demand** | **Up to 1 Month** | **1 to 3 Months** | **3 to 6 Months** | **6 to 12 Months** | **Beyond 1 Year** | **Total** |
| *Financial assets* | | | | | | | |
| Cash and other cash items | **₱9,270** | **₱–** | **₱–** | **₱–** | **₱–** | **₱–** | **₱9,270** |
| Due from BSP | **29,212** | **20,018** | **–** | **–** | **–** | **–** | **49,230** |
| Due from other banks | **31,140** | **–** | **–** | **–** | **–** | **–** | **31,140** |
| Interbank loans receivable and SPURRA | **–** | **180** | **–** | **–** | **–** | **–** | **180** |
| | **69,622** | **20,198** | **–** | **–** | **–** | **–** | **89,820** |
| Financial assets at FVTPL | | | | | | | |
| Derivative assets | **–** | **430** | **21** | **66** | **237** | **838** | **1,592** |
| Debt securities | **–** | **7,494** | **–** | **–** | **–** | **–** | **7,494** |
| Financial assets at FVOCI | | | | | | **1,074** | **1,074** |
| Debt securities | **–** | **373** | **143** | **351** | **1,041** | **52,576** | **54,484** |
| Equity securities | **–** | **–** | **–** | **–** | **–** | **58** | **58** |
| Financial assets at amortized cost | **–** | **1,414** | **2,663** | **7,794** | **31,097** | **391,560** | **434,528** |
| | **–** | **9,711** | **2,827** | **8,211** | **32,375** | **446,106** | **499,230** |
| Loans and other receivables | **–** | **66,358** | **68,785** | **45,579** | **54,478** | **209,517** | **444,717** |
| Other receivables | | | | | | | |
| Accounts receivable | **–** | **7,990** | **–** | **–** | **–** | **–** | **7,990** |
| Accrued interest receivable | **–** | **–** | **–** | **–** | **–** | **4,213** | **4,213** |
| Sales contract receivable | **–** | **28** | **48** | **60** | **117** | **2,956** | **3,209** |
| | **–** | **74,376** | **68,833** | **45,639** | **54,595** | **216,686** | **460,129** |
| Other financial assets | | | | | | | |
| Returned checks and other cash items | **–** | **53** | **–** | **–** | **–** | **–** | **53** |
| Sundry debits | **–** | **1,935** | **–** | **–** | **–** | **–** | **1,935** |
| | **–** | **1,988** | **–** | **–** | **–** | **–** | **1,988** |
| Total assets | **₱69,622** | **₱106,273** | **₱71,660** | **₱53,850** | **₱86,970** | **₱662,792** | **₱1,051,167** |
| *Non-derivative liabilities* | | | | | | | |
| Deposit liabilities | | | | | | | |
| Demand | **₱232,683** | **₱–** | **₱–** | **₱–** | **₱–** | **₱–** | **₱232,683** |
| Savings | **208,382** | **–** | **–** | **–** | **–** | **–** | **208,382** |
| Time and LTNCD | **148** | **94,455** | **25,332** | **8,555** | **2,798** | **785** | **132,073** |
| | **441,213** | **94,455** | **25,332** | **8,555** | **2,798** | **785** | **573,138** |
| Bills payable | **–** | **45,216** | **32,567** | **394** | **28,165** | **23,251** | **129,593** |
| Notes and bonds payable | **–** | **61** | **397** | **17,721** | **17,879** | **18,285** | **54,343** |
| Manager's checks | **8,488** | **–** | **–** | **–** | **–** | **–** | **8,488** |
| Accrued interest payable | **–** | **1,593** | **–** | **–** | **–** | **–** | **1,593** |
| Accounts payable | **–** | **7,860** | **–** | **–** | **–** | **–** | **7,860** |
| Other liabilities | **–** | **19,733** | **–** | **–** | **–** | **–** | **19,733** |
| | **449,701** | **168,918** | **58,296** | **26,670** | **48,842** | **42,321** | **794,748** |
| *Derivative liabilities* | **–** | **472** | **299** | **350** | **640** | **1,875** | **3,636** |
| Total liabilities | **₱449,701** | **₱169,390** | **₱58,595** | **₱27,020** | **₱49,482** | **₱44,196** | **₱798,384** |

| | Parent Bank | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2023 | | | | | | |
| | On Demand | Up to 1 Month | 1 to 3 Months | 3 to 6 Months | 6 to 12 Months | Beyond 1 Year | Total |
| *Financial assets* | | | | | | | |
| Cash and other cash items | ₱9,351 | ₱– | ₱– | ₱– | ₱– | ₱– | ₱9,351 |
| Due from BSP | 55,883 | 8,005 | – | – | – | – | 63,888 |
| Due from other banks | 23,188 | – | – | – | – | – | 23,188 |
| Interbank loans receivable and SPURRA | – | 3,187 | – | – | – | – | 3,187 |
| | 88,422 | 11,192 | – | – | – | – | 99,614 |
| Financial assets at FVTPL | | | | | | | |
| Derivative assets | – | 26 | 74 | 129 | 255 | 928 | 1,412 |
| Debt securities | – | 4,984 | – | – | – | – | 4,984 |
| Financial assets at FVOCI | | | | | | | |
| Debt securities | – | 325 | 188 | 440 | 953 | 54,624 | 56,530 |
| Equity securities | – | – | – | – | – | 63 | 63 |
| Financial assets at amortized cost | – | 1,424 | 1,925 | 3,547 | 12,775 | 416,802 | 436,473 |
| | – | 6,759 | 2,187 | 4,116 | 13,983 | 472,417 | 499,462 |
| Loans and other receivables | – | 65,531 | 63,152 | 44,614 | 54,884 | 236,102 | 464,283 |
| Other receivables | | | | | | | |
| Accounts receivable | – | – | – | – | – | 8,415 | 8,415 |
| Accrued interest receivable | – | 7,553 | – | – | – | – | 7,553 |
| Sales contract receivable | – | 26 | 51 | 73 | 137 | 3,123 | 3,410 |
| | – | 73,110 | 63,203 | 44,687 | 55,021 | 247,640 | 483,661 |
| Other financial assets | | | | | | | |
| Returned checks and other cash items | – | 282 | – | – | – | – | 282 |
| Sundry debits | – | 246 | – | – | – | – | 246 |
| | – | 528 | – | – | – | – | 528 |
| Total assets | ₱88,422 | ₱91,589 | ₱65,390 | ₱48,803 | ₱69,004 | ₱720,057 | ₱1,083,265 |
| *Non-derivative liabilities* | | | | | | | |
| Deposit liabilities | | | | | | | |
| Demand | ₱234,228 | ₱– | ₱– | ₱– | ₱– | ₱– | ₱234,228 |
| Savings | 190,063 | – | – | – | – | – | 190,063 |
| Time and LTNCD | 90 | 111,777 | 54,710 | 5,029 | 2,252 | 1,248 | 175,106 |
| | 424,381 | 111,777 | 54,710 | 5,029 | 2,252 | 1,248 | 599,397 |
| Bills payable | – | 35,217 | 39,061 | 2,082 | 1,472 | 47,201 | 125,033 |
| Notes and bonds payable | – | 58 | 397 | 576 | 1,032 | 53,193 | 55,256 |
| Manager's checks | 7,509 | – | – | – | – | – | 7,509 |
| Accrued interest payable | – | 2,495 | – | – | – | – | 2,495 |
| Accounts payable | – | 12,821 | – | – | – | – | 12,821 |
| Other liabilities | – | 8,837 | – | – | – | – | 8,837 |
| | 431,890 | 171,205 | 94,168 | 7,687 | 4,756 | 101,642 | 811,348 |
| *Derivative liabilities* | – | 52 | 253 | 295 | 632 | 2,520 | 3,752 |
| Total liabilities | ₱431,890 | ₱171,257 | ₱94,421 | ₱7,982 | ₱5,388 | ₱104,162 | ₱815,100 |

## 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, 2024 and 2023 follows (amounts in millions):

| | December 31, 2024 | |
|---|---|---|
| | **Group** | **Parent Bank** |
| Total HQLA | **₱281,602** | **₱236,519** |
| Total net cash outflows | **112,682** | **88,517** |
| LCR Ratio | **249.91%** | **267.20%** |

| | December 31, 2023 | |
|---|---|---|
| | Group | Parent Bank |
| Total HQLA | ₱303,469 | ₱252,662 |
| Total net cash outflows | 186,732 | 147,849 |
| LCR Ratio | 162.52% | 170.89% |

*Net Stable Funding Ratio (NSFR)*
BSP Circular No. 1007 provides the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards - Net Stable Funding Ratio (NSFR). 1007

BSP Circular No. 1007 provides 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. As of December 31, 2024 and 2023, the NSFR was at 127.89% and 123.54%, respectively, for the Group, and at 127.70% and 124.03%, respectively, for the Parent Bank.

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

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

The Bank uses a 10-day 99% VaR historical simulation with full revaluation approach. The historical simulation with full revaluation approach is the general market accepted methodology in the measurement of VaR. This 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, 2024 and 2023 follows (amounts in millions of Philippine pesos)

| | Foreign Exchange | Interest Rate | Equity | Total VaR |
|---|---|---|---|---|
| **2024** | **₱217.9** | **₱1,943.1** | **₱–** | **₱2,161.0** |
| Average daily | **334.4** | **2,178.8** | **–** | **2,513.2** |
| Highest | **836.9** | **2,930.6** | **–** | **3,476.3** |
| Lowest | **19.1** | **1,798.6** | **–** | **1,903.9** |
| | | | | |
| 2023 | ₱762.3 | ₱1,813.7 | ₱– | ₱2,576.0 |
| Average daily | 503.7 | 1,620.3 | – | 2,124.0 |
| Highest | 910.9 | 2,053.2 | – | 2,864.1 |
| Lowest | 138.2 | 1,062.0 | – | 1,206.6 |

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, liabilities and off-balance sheet items based on the current balance sheet composition 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 shock and appropriate time factor to derive the EaR per tenor. The 1st 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. EaR limits are reviewed and updated regularly to ensure that the risks brought by the changes in the balance sheet and liquidity strategies are within the risk appetite of the Bank.

The Bank also calculates EaR for the 2nd and 3rd years in order to measure medium-term vulnerabilities, i.e., those occurring in the 2nd and 3rd years. In addition, EaR is also calculated based on the current balance sheet composition plus projections to provide additional valuable insights in managing IRRBB. 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):

| | **Group** | | | |
|---|---|---|---|---|
| | **2024** | | | |
| | **Up to Six Months** | **Beyond Six Months To One Year** | **Beyond One Year** | **Total** |
| *Resources* | | | | |
| Loans | **₱187,008** | **₱55,944** | **₱279,704** | **₱522,656** |
| Placements | **86,977** | **–** | **30,939** | **117,916** |
| Investments | **7,401** | **23,361** | **342,459** | **373,221** |
| | **281,386** | **79,305** | **653,102** | **1,013,793** |
| *Liabilities* | | | | |
| Deposit liabilities | **128,386** | **11,311** | **536,626** | **676,323** |
| Bills payable | **126,004** | **14,215** | **22,037** | **162,256** |
| Notes and bonds payable | **25,697** | **17,333** | **14,536** | **57,566** |
| | **280,087** | **42,859** | **573,199** | **896,145** |
| Asset-Liability Gap | **₱1,299** | **₱36,446** | **₱79,903** | **₱117,648** |

| | Group | | | |
|---|---|---|---|---|
| | 2023 | | | |
| | Up to Six Months | Beyond Six Months To One Year | Beyond One Year | Total |
| *Resources* | | | | |
| Loans | ₱195,451 | ₱58,261 | ₱272,434 | ₱526,146 |
| Placements | 76,067 | – | 59,251 | 135,318 |
| Investments | 3,799 | 4,925 | 348,536 | 357,260 |
| | 275,317 | 63,186 | 680,221 | 1,018,724 |
| *Liabilities* | | | | |
| Deposit liabilities | 253,498 | 9,955 | 449,115 | 712,568 |
| Bills payable | 122,319 | 9,645 | 23,324 | 155,288 |
| Notes and bonds payable | 8,267 | – | 42,227 | 50,494 |
| | 384,084 | 19,600 | 514,666 | 918,350 |
| Asset-Liability Gap | (₱108,767) | ₱43,586 | ₱165,555 | ₱100,374 |

| | **Parent Bank** | | | |
|---|---|---|---|---|
| | **2024** | | | |
| | **Up to Six Months** | **Beyond Six Months To One Year** | **Beyond One Year** | **Total** |
| *Resources* | | | | |
| Loans | **₱172,498** | **₱43,604** | **₱190,079** | **₱406,181** |
| Placements | **51,319** | **–** | **29,212** | **80,531** |
| Investments | **7,512** | **23,452** | **331,705** | **362,669** |
| | **231,329** | **67,056** | **550,996** | **849,381** |
| *Liabilities* | | | | |
| Deposit liabilities | **64,411** | **1,070** | **507,001** | **572,482** |
| Bills payable | **116,296** | **5,531** | **4,343** | **126,170** |
| Notes and bonds payable | **25,697** | **17,333** | **8,694** | **51,724** |
| | **206,404** | **23,934** | **520,038** | **750,376** |
| Asset-Liability Gap | **₱24,925** | **₱43,122** | **₱30,958** | **₱99,005** |

| | Parent Bank | | | |
|---|---|---|---|---|
| | 2023 | | | |
| | Up to Six Months | Beyond Six Months To One Year | Beyond One Year | Total |
| *Resources* | | | | |
| Loans | ₱177,588 | ₱45,751 | ₱188,485 | ₱411,824 |
| Placements | 34,372 | – | 55,883 | 90,255 |
| Investments | 3,663 | 4,896 | 339,152 | 347,711 |
| | 215,623 | 50,647 | 583,520 | 849,790 |
| *Liabilities* | | | | |
| Deposit liabilities | 169,889 | 2,127 | 425,539 | 597,555 |
| Bills payable | 110,162 | 679 | 9,518 | 120,359 |
| Notes and bonds payable | 8,267 | – | 42,227 | 50,494 |
| | 288,318 | 2,806 | 477,284 | 768,408 |
| Asset-Liability Gap | (₱72,695) | ₱47,841 | ₱106,236 | ₱81,382 |

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 shifts (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 at least on a monthly basis. 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. It involves subjecting the Bank's total interest rate sensitive assets and liabilities to probable short, medium and long-term interest rate movements, assuming parallel and non-parallel (flatteners and steepeners) in the yield curve.

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 IRRBB models and its assumptions are validated by an independent party prior to use. The Bank's risk management program includes measuring and monitoring the risks associated with fluctuations in market interest rates on its net interest income and capital ensuring that the exposures in interest rates are kept within acceptable limits.

The following table sets out the impact of changes in interest rates on the Group's and Parent Bank's net interest income (amounts in millions of Philippine pesos):

| | **Group** | | **Parent Bank** | |
|---|---|---|---|---|
| Increase (decrease) in interest rates (in basis points) | **100** | **(100)** | **100** | **(100)** |
| **2024** | | | | |
| Change in annualized net interest income | **(₱1,168.0)** | **₱1,168.0** | **(₱922.0)** | **₱922.0** |
| As a percentage of net interest income | **(2.01%)** | **2.01%** | **(2.05%)** | **2.05%** |
| 2023 | | | | |
| Change in annualized net interest income | (₱1,647.7) | ₱1,647.7 | (₱1,259.0) | ₱1,259.0 |
| As a percentage of net interest income | (3.17%) | 3.17% | (3.34%) | 3.34% |

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, 2024 and 2023 is shown below:

| | **Group** | | |
|---|---|---|---|
| | **2024** | | |
| | **U.S. Dollars** | **Other Foreign Currencies** | **Total** |
| *Resources:* | | | |
| Cash and other cash items | **₱307,881** | **₱418,781** | **₱726,662** |
| Due from other banks | **6,306,847** | **2,869,382** | **9,176,229** |
| Interbank loans receivables and SPURRA | **–** | **178,992** | **178,992** |
| Financial assets at FVTPL | **–** | **4,689** | **4,689** |
| Financial assets at amortized cost | **–** | **1,891,812** | **1,891,812** |
| Loans and other receivables | **2,515,371** | **351,558** | **2,866,929** |
| Other resources | **–** | **14,901,066** | **14,901,066** |
| | **9,130,099** | **20,616,280** | **29,746,379** |
| *Liabilities:* | | | |
| Deposit liabilities | **–** | **18,384,432** | **18,384,432** |
| Bills payable | **8,296,324** | **16,497,600** | **24,793,924** |
| Notes and bonds payable | **7,230,625** | **–** | **7,230,625** |
| Derivative liabilities | **–** | **1,419** | **1,419** |
| Accrued interest and other expenses | **326,323** | **44,261** | **370,584** |
| Other liabilities | **41,960,068** | **15,131,831** | **57,091,699** |
| | **57,813,340** | **50,059,543** | **107,872,883** |
| Currency swaps and forwards | **49,212,592** | **30,614,308** | **79,826,900** |
| Net exposure | **₱529,351** | **₱1,171,045** | **₱1,700,396** |

| | Group | | |
|---|---|---|---|
| | 2023 | | |
| | U.S. Dollars | Other Foreign Currencies | Total |
| *Resources:* | | | |
| Cash and other cash items | ₱108,171 | ₱730,640 | ₱838,811 |
| Due from other banks | 4,100,751 | 2,558,199 | 6,658,950 |
| Interbank loans receivables and SPURRA | – | 188,520 | 188,520 |
| Financial assets at FVTPL | – | 703 | 703 |
| Financial assets at amortized cost | – | 1,926,099 | 1,926,099 |
| Loans and other receivables | 3,167,946 | 613,475 | 3,781,421 |
| Other resources | – | 1,615,423 | 1,615,423 |
| | 7,376,868 | 7,633,059 | 15,009,927 |
| *Liabilities:* | | | |
| Deposit liabilities | – | 5,428,675 | 5,428,675 |
| Bills payable | 19,082,743 | 14,312,054 | 33,394,797 |
| Notes and bonds payable | 6,921,250 | – | 6,921,250 |
| Derivative liabilities | – | 7,007 | 7,007 |
| Accrued interest and other expenses | 376,128 | 30,168 | 406,296 |
| Other liabilities | 59,319,051 | 1,769,171 | 61,088,222 |
| | 85,699,172 | 21,547,075 | 107,246,247 |
| Currency swaps and forwards | 51,291,204 | 15,844,124 | 67,135,328 |
| Net exposure | (₱27,031,100) | ₱1,930,108 | (₱25,100,992) |

| | Parent Bank | | |
|---|---|---|---|
| | 2024 | | |
| | **U.S. Dollars** | **Other Foreign Currencies** | **Total** |
| *Resources:* | | | |
| Cash and other cash items | **₱134,982** | **₱174,374** | **₱309,356** |
| Due from other banks | **6,161,554** | **2,651,437** | **8,812,991** |
| Interbank loans receivable and SPURRA | **–** | **178,992** | **178,992** |
| Financial assets at FVTPL | **–** | **4,689** | **4,689** |
| Financial assets at amortized cost | **–** | **1,891,812** | **1,891,812** |
| Loans and other receivables | **2,014,335** | **110,651** | **2,124,986** |
| Other assets | **–** | **14,901,066** | **14,901,066** |
| | **8,310,871** | **19,913,021** | **28,223,892** |
| *Liabilities:* | | | |
| Deposit liabilities | **–** | **18,384,432** | **18,384,432** |
| Bills payable | **8,296,324** | **16,497,600** | **24,793,924** |
| Notes and bonds payable | **7,230,625** | **–** | **7,230,625** |
| Derivative liabilities | **–** | **1,419** | **1,419** |
| Accrued interest and other expenses | **323,404** | **4,876** | **328,280** |
| Other liabilities | **41,811,209** | **14,857,407** | **56,668,616** |
| | **57,661,562** | **49,745,734** | **107,407,296** |
| Currency swaps and forwards | **49,212,592** | **29,868,664** | **79,081,256** |
| Net exposure | **(₱138,099)** | **₱35,951** | **(₱102,148)** |

| | Parent Bank | | |
|---|---|---|---|
| | 2023 | | |
| | U.S. Dollars | Other Foreign Currencies | Total |
| *Resources:* | | | |
| Cash and other cash items | ₱52,625 | ₱423,204 | ₱475,829 |
| Due from other banks | 3,954,839 | 2,273,638 | 6,228,477 |
| Interbank loans receivable and SPURRA | – | 188,520 | 188,520 |
| Financial assets at FVTPL | – | 703 | 703 |
| Financial assets at amortized cost | – | 1,926,099 | 1,926,099 |
| Loans and other receivables | 3,141,829 | 82,374 | 3,224,203 |
| Other assets | – | 1,615,423 | 1,615,423 |
| | 7,149,293 | 6,509,961 | 13,659,254 |
| *Liabilities:* | | | |
| Deposit liabilities | – | 5,428,675 | 5,428,675 |
| Bills payable | 19,082,743 | 14,312,054 | 33,394,797 |
| Notes and bonds payable | 6,921,250 | – | 6,921,250 |
| Derivative liabilities | – | 7,007 | 7,007 |
| Accrued interest and other expenses | 376,128 | 1,642 | 377,770 |
| Other liabilities | 59,006,058 | 1,737,868 | 60,743,926 |
| | 85,386,179 | 21,487,246 | 106,873,425 |
| Currency swaps and forwards | 51,291,204 | 15,098,480 | 66,389,684 |
| Net exposure | (₱26,945,682) | ₱121,195 | (₱26,824,487) |

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.

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **% Change** | **Effect on Net Profit For the Year** | % Change | Effect on Net Profit For the Year |
| U.S. dollars | **1.0%** | **(₱157,827)** | 1.0% | (₱705,647) |
| Japanese yen | **2.0%** | **(918,474)** | 2.0% | (630,043) |
| Euros | **1.0%** | **6,309** | 1.0% | 7,608 |
| Others | **1.1%** | **4,364** | 1.2% | 6,894 |

Operational Risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

The Bank's Operational Risk Management (ORM) Framework and Manual are aligned with the overall business strategy of the Bank. Specifically, this aims to ensure that the Bank has a robust operational risk culture by embedding risk awareness and consciousness in each of the business and functional units in line with BSP's Circular 900 – *Guidelines on ORM*. Further, the framework aims to standardize the risk management, monitoring and reporting of operational risk across the Bank.

Key to the effective implementation of the ORM Framework is a governance structure that transparently defines the lines of responsibility from the Board down to the business and functional unit as follows:

*Operational Risk Management Committee (ORMC)*

The ORMC is a Board-level committee whose principal responsibility is to review risk management policies and practices relating to bank-wide operational risk.

*Operational Risk Management (ORM)*

ORM, as the second line of defense, shall support management in its endeavor to oversee the operational risks of the Bank, including integration of environment and sustainability related operational risk requirements, and ensure that operational risk policies and procedures are designed and executed adequately and consistently across the organization. ORM reports directly to the Chief Risk Officer.

*Business/Functional Unit*

Business and functional units act as the first line of defense where the responsibility to manage risks resides. It sees to it that the controls and practices implemented within the lines of operations conform to the enterprise-wide policies and procedures that address operational risks.

*Other Operational Risk-related Functions*

Specialist departments e.g., Legal Division, CCGO, Human Resources Group, Enterprise Fraud Management Division, Information Security Office, and Financial Controllership functions have dual responsibilities to manage both the operational risks within their own functions as well as provide support to other departments for ORM.

The Bank has a mechanism in place for operational risk identification and assessment, risk measurement, risk control/mitigation, and risk monitoring and reporting. There is regular monitoring of its operational risk profiles and material exposures to losses to ensure that it is still within the approved thresholds. In doing so, it utilizes operational risk tools (Risk and Control Self-Assessment, Key Risk Indicator, Incident Report, Issue Management & Remediation, New Product/ Process Risk Assessment) to assess the adequacy of controls and mitigants to address identified risks appropriately.

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 involved in litigation to enforce 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 being unable to collect or enforce its claims, depending on the outcome of litigation.

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 that may arise 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. While the proper and consistent implementation of these rules and regulations is the primary responsibility of the respective units within the Bank and its subsidiaries, the monitoring of the latter's compliance with these regulations rests on 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 potential 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, 2024 and 2023, as reported to the BSP, follow (amounts in millions):

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Common Equity Tier 1 Capital | | | | |
| Paid-up common stock | **₱33,164** | ₱23,538 | **₱33,164** | ₱23,538 |
| Common stock dividends distributable | **–** | 6,355 | **–** | 6,355 |
| Additional paid in capital | **64,368** | 57,769 | **64,368** | 57,769 |
| Surplus free | **81,345** | 75,449 | **83,573** | 77,388 |
| Undivided profits | **11,556** | 8,624 | **12,089** | 9,241 |
| Other comprehensive income/(loss) | **(3,089)** | (3,390) | **(3,088)** | (3,357) |
| Minority interest in financial allied subsidiary | **872** | 655 | **–** | – |
| Sub-total | **188,216** | 169,000 | **190,106** | 170,934 |
| Less Regulatory Adjustments: | | | | |
| Treasury stock | **₱–** | ₱3 | **₱–** | ₱2 |
| Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI, and unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates | **362** | 448 | **1,204** | 400 |
| Deferred income tax | **9,811** | 9,024 | **6,767** | 6,936 |
| Goodwill | **48,570** | 48,843 | **43,340** | 43,340 |
| Other intangible assets | **17,029** | 12,820 | **14,487** | 10,810 |
| Defined benefit pension fund assets | **–** | – | **–** | – |
| Un-booked valuation reserves | **–** | – | **–** | – |
| Investments in equity of consolidated subsidiary banks and quasi banks, and other financial allied undertakings | **–** | – | **37,432** | 36,439 |
| Total regulatory adjustments to Common Equity Tier 1 capital | **75,772** | 71,138 | **103,230** | 97,927 |
| Total Common Equity Tier 1 capital | **112,444** | 97,862 | **86,876** | 73,007 |
| Total Tier 1 capital | **₱112,444** | ₱97,862 | **₱86,876** | ₱73,007 |
| Tier 2 Capital | | | | |
| General loan loss provision | **₱5,580** | ₱5,770 | **₱4,702** | ₱4,773 |
| Unsecured subordinated debt | **6,768** | 6,762 | **6,768** | 6,762 |
| Total Tier 2 capital | **12,348** | 12,532 | **11,470** | 11,535 |
| Net Tier 1 capital | **112,444** | 97,862 | **86,876** | 73,007 |
| Net Tier 2 capital | **12,348** | 12,532 | **11,470** | 11,535 |
| Total qualifying capital | **124,792** | 110,394 | **98,346** | 84,542 |
| Credit risk-weighted assets | **610,396** | 608,482 | **475,977** | 477,080 |
| Market risk-weighted assets | **14,665** | 20,816 | **14,543** | 20,789 |
| Operational risk-weighted assets | **95,571** | 74,642 | **71,031** | 55,781 |
| Total risk-weighted assets | **₱720,632** | ₱703,940 | **₱561,551** | ₱553,650 |

*(Forward)*

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Capital ratios: | | | | |
| Total regulatory capital expressed as percentage of total risk weighted assets | **17.32%** | 15.68% | **17.51%** | 15.27% |
| Total Tier 1 expressed as percentage of total risk-weighted assets | **15.60%** | 13.90% | **15.47%** | 13.19% |
| Total Common Equity Tier 1 expressed as percentage of total risk-weighted assets | **15.60%** | 13.90% | **15.47%** | 13.19% |
| Conservation buffer | **9.60%** | 7.90% | **9.47%** | 7.19% |

The Parent Bank has fully complied with the CAR requirements of the BSP on both solo and consolidated bases.

The breakdown of credit risk-weighted assets, market risk-weighted assets and operational risk-weighted assets follow (amounts in millions):

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| On-books assets | **₱596,464** | ₱589,047 | **₱462,066** | ₱457,879 |
| Off-books assets | **7,143** | 9,401 | **7,122** | 9,387 |
| Counterparty risk-weighted assets: | | | | |
| in the banking books | **5,738** | 8,671 | **5,738** | 8,671 |
| in the trading books | **1,051** | 1363 | **1,051** | 1363 |
| Gross Credit Risk-Weighted Assets | **₱610,396** | ₱608,482 | **₱475,977** | ₱477,300 |
| Excess of amount permitted in upper Tier 2 | – | – | – | 220 |
| Total Credit Risk-Weighted Assets | **₱610,396** | ₱608,482 | **₱475,977** | ₱477,080 |
| Capital Requirements | **₱61,040** | ₱60,848 | **₱47,598** | ₱47,708 |
| Interest rate exposures | **₱10,642** | ₱8,328 | **₱10,642** | ₱8,328 |
| Equity exposures | **892** | – | **892** | – |
| Foreign exchange exposures | **3,131** | 12,488 | **3,009** | 12,461 |
| Total Market Risk-Weighted Assets | **₱14,665** | ₱20,816 | **₱14,543** | ₱20,789 |
| Capital Requirements | **₱1,467** | ₱2,082 | **₱1,454** | ₱2,079 |
| Total Operational Risk-Weighted Assets - Basic indicator | **₱95,571** | ₱74,642 | **₱71,031** | ₱55,781 |
| Capital Requirements | **₱9,557** | ₱7,464 | **₱7,103** | ₱5,578 |

The total credit exposure broken down by type of exposures and risk weights follow (amounts in millions):

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | | | |
| | **Credit Risk Total Credit Risk Exposure** | **Total Credit Risk Exposure after Risk Mitigation** | **0%-50%** | **75%-100%** | **150%** | **Total Weighted Assets** |
| **Risk-Weighted On-Books Assets** | | | | | | |
| Cash on hand | **₱10,116** | **₱10,116** | **₱10,116** | **₱–** | **₱–** | **₱–** |
| Checks and other cash items | **27** | **27** | **27** | **–** | **–** | **5** |
| Due from BSP | **82,205** | **82,205** | **82,205** | **–** | **–** | **–** |
| Due from other banks | **33,891** | **33,891** | **32,959** | **932** | **–** | **14,803** |
| Financial assets at FVTPL | **237** | **237** | **–** | **237** | **–** | **237** |
| Financial assets at FVOCI | **40,102** | **40,102** | **39,802** | **300** | **–** | **302** |
| Financial assets at amortized cost | **327,479** | **316,480** | **268,853** | **47,627** | **–** | **61,569** |
| Loans and receivables | **504,656** | **503,232** | **78,129** | **408,679** | **16,424** | **455,931** |
| SPURRA | **1,701** | **340** | **340** | **–** | **–** | **–** |
| Sales contract receivable (SCR) | **2,377** | **2,377** | **–** | **1,067** | **1,310** | **3,032** |
| ROPA | **5,628** | **5,628** | **–** | **–** | **5,628** | **8,442** |
| Other assets | **49,059** | **49,059** | **–** | **49,059** | **–** | **49,059** |
| Total risk-weighted on-books assets not covered by CRM | **1,057,478** | **1,043,694** | **512,431** | **507,901** | **23,362** | **593,380** |
| Total risk-weighted on-books assets covered by CRM | **–** | **13,784** | **13,784** | **–** | **–** | **3,084** |
| | **₱1,057,478** | **₱1,057,478** | **₱526,215** | **₱507,901** | **₱23,362** | **₱596,464** |
| **Risk-Weighted Off-Books Assets** | | | | | | |
| Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances) | **₱3,427** | **₱–** | **₱–** | **₱3,427** | **₱–** | **₱3,427** |

*(Forward)*

| | Group 2024 | | | | | |
|---|---|---|---|---|---|---|
| | **Credit Risk Total Credit Risk Exposure** | **Total Credit Risk Exposure after Risk Mitigation** | **0%-50%** | **75%-100%** | **150%** | **Total Weighted Assets** |
| Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions) | **₱2,077** | **₱–** | **₱–** | **₱1,038** | **₱–** | **₱1,038** |
| 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 | **13,388** | – | – | **2,678** | – | **2,678** |
| | **₱18,892** | **₱–** | **₱–** | **₱7,143** | **₱–** | **₱7,143** |
| **Counterparty Risk-Weighted Assets in the Banking Books** | | | | | | |
| Repo-style Exposure | **₱115,819** | **₱11,088** | **₱10,641** | **₱447** | **₱–** | **₱5,738** |
| **Counterparty Risk-Weighted Assets in the Trading Books** | | | | | | |
| Interest Rate Contracts | **₱–** | **₱–** | **₱–** | **₱–** | **₱–** | **₱–** |
| Exchange Rate Contracts | **27,279** | **1,581** | **1,022** | **559** | – | **1,051** |
| **Total** | **₱27,279** | **₱1,581** | **₱1,022** | **₱559** | **₱–** | **₱1,051** |

| | Group 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Credit Risk Total Credit Risk Exposure | Total Credit Risk Exposure after Risk Mitigation | 0%-50% | 75%-100% | 150% | Total Weighted Assets |
| Risk-Weighted On-Books Assets | | | | | | |
| Cash on hand | ₱10,436 | ₱10,436 | ₱10,436 | ₱– | ₱ – | ₱– |
| Checks and other cash items | 13 | 13 | 13 | – | – | 3 |
| Due from BSP | 82,766 | 82,766 | 82,766 | – | – | – |
| Due from other banks | 27,263 | 27,263 | 25,467 | 1,796 | – | 13,845 |
| Financial assets at FVTPL | 99 | 99 | 60 | 39 | – | 39 |
| Financial assets at FVOCI | 37,620 | 37,620 | 37,331 | 289 | – | 297 |
| Financial assets at amortized cost | 319,078 | 306,630 | 263,923 | 42,707 | – | 56,196 |
| Loans and receivables | 505,126 | 503,742 | 86,754 | 400,617 | 16,371 | 448,747 |
| SPURRA | 25,227 | 4,446 | 4,446 | – | – | – |
| Sales contract receivable (SCR) | 2,452 | 2,452 | – | 1,045 | 1,407 | 3,156 |
| ROPA | 5,025 | 5,025 | – | – | 5,025 | 7,537 |
| Other assets | 55,451 | 55,451 | – | 55,451 | – | 55,451 |
| Total risk-weighted on-books assets not covered by CRM | 1,070,556 | 1,035,943 | 511,196 | 501,944 | 22,803 | 585,271 |
| Total risk-weighted on-books assets covered by CRM | – | 34,612 | 34,612 | – | – | 3,776 |
| | ₱1,070,556 | ₱1,070,555 | ₱545,808 | ₱501,944 | ₱22,803 | ₱589,047 |
| Risk-Weighted Off-Books Assets | | | | | | |
| Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances) | ₱4,496 | ₱– | ₱– | ₱4,496 | ₱– | ₱4,496 |
| Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions) | 3,057 | – | – | 1,528 | – | 1,528 |
| 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 | ₱16,881 | ₱– | ₱– | ₱3,377 | ₱– | ₱3,377 |
| | ₱24,434 | ₱– | ₱– | ₱9,401 | ₱– | ₱9,401 |
| Counterparty Risk-Weighted Assets in the Banking Books | | | | | | |
| Repo-style Exposure | ₱114,057 | ₱15,892 | ₱13,897 | ₱1,995 | ₱– | ₱8,671 |
| Counterparty Risk-Weighted Assets in the Trading Books | | | | | | |
| Interest Rate Contracts | ₱– | ₱– | ₱– | ₱– | ₱– | ₱– |
| Exchange Rate Contracts | 101,841 | 2,231 | 1,679 | 552 | – | 1,363 |
| Total | ₱101,841 | ₱2,231 | ₱1,679 | ₱552 | ₱– | ₱1,363 |

| | Parent Bank 2024 | | | | | |
|---|---|---|---|---|---|---|
| | **Credit Risk Total Credit Risk Exposure** | **Total Credit Risk Exposure after Risk Mitigation** | **0%-50%** | **75%-100%** | **150%** | **Total Weighted Assets** |
| **Risk-Weighted On-Books Assets** | | | | | | |
| Cash on hand | **₱9,270** | **₱9,270** | **₱9,270** | **₱ –** | **₱ –** | **₱ –** |
| Cash and other cash items | – | – | – | – | – | – |
| Due from BSP | **49,227** | **49,227** | **49,227** | – | – | – |
| Due from other banks | **31,140** | **31,140** | **30,377** | **763** | – | **13,343** |
| Financial asset at FVTPL | – | – | – | – | – | – |
| Financial assets at FVOCI | **39,841** | **39,841** | **39,783** | **58** | – | **58** |
| Financial assets at amortized cost | **317,313** | **306,314** | **258,687** | **47,627** | – | **61,551** |
| Loans and other receivables | **394,438** | **393,272** | **77,919** | **307,314** | **8,039** | **342,353** |
| SPURRA | – | – | – | – | – | – |
| SCR | **2,257** | **2,257** | – | **1,004** | **1,253** | **2,883** |
| ROPA | **4,306** | **4,306** | – | – | **4,306** | **6,459** |
| Other assets | **32,375** | **32,375** | – | **32,375** | – | **32,375** |
| Total risk-weighted on-books assets not covered by CRM | **880,167** | **868,002** | **465,263** | **389,141** | **13,598** | **459,022** |
| Total risk-weighted on-books assets covered by CRM | – | **12,165** | **12,165** | – | – | **3,044** |
| | **₱880,167** | **₱880,167** | **₱477,428** | **₱389,141** | **₱13,598** | **₱462,066** |
| **Risk-Weighted Off-Books Assets** | | | | | | |
| Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances) | **₱3,427** | **₱–** | **₱–** | **₱3,427** | **₱–** | **₱3,427** |
| Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions) | **2,077** | – | – | **1,038** | – | **1,038** |
| 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 | **13,285** | – | – | **2,657** | – | **2,657** |
| | **₱18,789** | **₱–** | **₱–** | **₱7,122** | **₱–** | **₱7,122** |
| **Counterparty Risk-Weighted Assets in the Banking Books** | | | | | | |
| Repo-style Exposure | **₱115,819** | **₱11,088** | **₱10,641** | **₱447** | **₱–** | **₱5,738** |
| **Counterparty Risk-Weighted Assets in the Trading Books** | | | | | | |
| Interest Rate Contracts | **₱–** | **₱–** | **₱–** | **₱–** | **₱–** | **₱–** |
| Exchange Rate Contracts | **27,279** | **1,581** | **1,022** | **559** | – | **1,051** |
| **Total** | **₱27,279** | **₱1,581** | **₱1,022** | **₱559** | **₱–** | **₱1,051** |

| | Parent Bank 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Credit Risk Total Credit Risk Exposure | Total Credit Risk Exposure after Risk Mitigation | 0%-50% | 75%-100% | 150% | Total Weighted Assets |
| Risk-Weighted On-Books Assets | | | | | | |
| Cash on hand | ₱9,351 | ₱9,351 | ₱9,351 | ₱ – | ₱ – | ₱– |
| Cash and other cash items | – | – | – | – | – | – |
| Due from BSP | 63,976 | 63,976 | 63,976 | – | – | – |
| Due from other banks | 23,196 | 23,196 | 21,572 | 1,624 | – | 11,726 |
| Financial asset at FVTPL | – | – | – | – | – | – |
| Financial assets at FVOCI | 37,344 | 37,344 | 37,281 | 63 | – | 63 |
| Financial assets at amortized cost | 309,799 | 297,352 | 254,645 | 42,707 | – | 56,178 |
| Loans and other receivables | 396,801 | 395,611 | 86,580 | 301,006 | 8,025 | 336,924 |
| SPURRA | 2,996 | – | – | – | – | – |
| SCR | 2,342 | 2,342 | – | 994 | 1,348 | 3,016 |
| ROPA | 3,872 | 3,872 | – | – | 3,872 | 5,808 |
| Other assets | 40,415 | 40,415 | – | 40,415 | – | 40,415 |
| Total risk-weighted on-books assets not covered by CRM | 890,092 | 873,459 | 473,405 | 386,809 | 13,245 | 454,133 |
| Total risk-weighted on-books assets covered by CRM | – | 16,633 | 16,633 | – | – | 3,776 |
| | ₱890,092 | ₱890,092 | ₱490,038 | ₱386,809 | ₱13,245 | ₱457,909 |

*(Forward)*

| | Parent Bank 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Credit Risk Total Credit Risk Exposure | Total Credit Risk Exposure after Risk Mitigation | 0%-50% | 75%-100% | 150% | Total Weighted Assets |
| Risk-Weighted Off-Books Assets | | | | | | |
| Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances) | ₱4,496 | ₱– | ₱– | ₱4,496 | ₱– | ₱4,496 |
| Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions) | 3,057 | – | – | 1,528 | – | 1,528 |
| 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 | 16,813 | – | – | 3,363 | – | 3,363 |
| | ₱24,366 | ₱– | ₱– | ₱9,387 | ₱– | ₱9,387 |
| Counterparty Risk-Weighted Assets in the Banking Books | | | | | | |
| Repo-style Exposure | ₱114,057 | ₱15,892 | ₱13,897 | ₱1,995 | ₱– | ₱8,671 |
| Counterparty Risk-Weighted Assets in the Trading Books | | | | | | |
| Interest Rate Contracts | ₱– | ₱– | ₱– | ₱– | ₱– | ₱– |
| Exchange Rate Contracts | 101,841 | 2,231 | 1,679 | 552 | – | 1,363 |
| Total | ₱101,841 | ₱2,231 | ₱1,679 | ₱552 | ₱– | ₱1,363 |

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, 2024 and 2023. 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, 2024 and 2023 follow (amounts in millions, except for percentages):

| | **Consolidated** | | **Parent Bank** | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Tier 1 Capital | **₱112,444** | ₱97,862 | **₱86,876** | ₱73,007 |
| Exposure Measure | **1,129,483** | 1,123,087 | **952,152** | 915,156 |
| BLR | **9.96%** | 8.71% | **9.12%** | 7.98% |

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 2023 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 2024, the Group and Parent Bank's ICAAP Document was submitted to the BSP on March 27, 2024.



## 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 customer deposits, funds transfer facilities and provides consumer type loans, such as personal loans, automobiles and mortgage financing, and credit card facilities and small and medium enterprises loan products.

*(b) Institutional Banking*
This segment principally handles loans and other credit facilities and deposit and current accounts for corporate, institutional and middle market customers.

*(c) Mass Market/Digital Banking*
Mass Market banking primarily provides a range of mass market financial products and services such as salary loans, pension loans, seafarer loans, motorcycle loans, company loans, LGU salary loans, and traditional deposits. Digital Banking offers retail financial products, including deposits and loans, on a highly secure digital banking platform.

*(d) Treasury Banking*
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.

*(e) Trust and Insurance*
The segment handles trust, asset management and fiduciary services provided by the Bank to its customers.

*(f) 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, 2024, 2023 and 2022 follow (amounts in millions):

| | Consumer Banking | Mass Market/ Digital | Institutional | Treasury | Trust/ Insurance and Brokerage | Headquarters | Total |
|---|---|---|---|---|---|---|---|
| **December 31, 2024** | | | | | | | |
| Results of operations | | | | | | | |
| Net interest income and other income | **₱49,784** | **₱14,152** | **₱10,194** | **₱2,091** | **₱1,330** | **₱1,998** | **₱79,549** |
| Other expenses | **(20,139)** | **(8,897)** | **(3,400)** | **(1,426)** | **(763)** | **(9,642)** | **(44,267)** |
| Income before credit losses and income tax | **₱29,645** | **₱5,255** | **₱6,794** | **₱665** | **₱567** | **(₱7,644)** | **35,282** |
| Provision for credit losses | | | | | | | **(19,599)** |
| Tax expense | | | | | | | **(3,653)** |
| Net income | | | | | | | **₱12,030** |
| Segment resources | **₱225,181** | **₱180,709** | **₱193,167** | **₱446,237** | **₱1,640** | **₱98,507** | **₱1,145,441** |
| Segment liabilities | **₱456,093** | **₱152,862** | **₱142,704** | **₱186,581** | **₱391** | **₱10,742** | **₱949,373** |
| Other information: | | | | | | | |
| Depreciation and amortization | **₱797** | **₱766** | **₱184** | **₱29** | **₱3** | **₱1,062** | **₱2,841** |
| Capital expenditures | **3,942** | **–** | **222** | **45** | **–** | **1,808** | **6,017** |

| | Consumer Banking | Mass Market/ Digital | Institutional | Treasury | Trust/ Insurance and Brokerage | Headquarters | Total |
|---|---|---|---|---|---|---|---|
| December 31, 2023 | | | | | | | |
| Results of operations | | | | | | | |
| Net interest income and other income | ₱42,048 | ₱14,870 | ₱8,595 | ₱3,694 | ₱915 | ₱656 | ₱70,778 |
| Other expenses | (20,898) | (8,377) | (3,503) | (1,966) | (460) | (9,684) | (44,888) |
| Income before credit losses and income tax | ₱21,150 | ₱6,493 | ₱5,092 | ₱1,728 | ₱455 | (₱9,028) | 25,890 |
| Provision for credit losses | | | | | | | (14,041) |
| Tax expense | | | | | | | (2,644) |
| Net income | | | | | | | ₱9,205 |
| Segment resources | ₱209,068 | ₱182,085 | ₱207,678 | ₱442,546 | ₱1,869 | ₱101,897 | ₱1,145,143 |
| Segment liabilities | ₱423,590 | ₱155,934 | ₱157,018 | ₱219,411 | ₱245 | ₱13,320 | ₱969,518 |
| Other information: | | | | | | | |
| Depreciation and amortization | ₱35 | ₱644 | ₱70 | ₱5 | ₱6 | ₱1,906 | ₱2,666 |
| Capital expenditures | 171 | 605 | 362 | 43 | – | 3,144 | 4,325 |

| | Consumer Banking | Mass Market/ Digital | Institutional | Treasury | Trust/ Insurance and Brokerage | Headquarters | Total |
|---|---|---|---|---|---|---|---|
| December 31, 2022 | | | | | | | |
| Results of operations | | | | | | | |
| Net interest income and other income | ₱24,171 | ₱10,964 | ₱9,292 | ₱5,251 | ₱411 | ₱2,111 | ₱52,200 |
| Other expenses | (11,842) | (6,300) | (3,010) | (2,002) | (166) | (8,028) | (31,348) |
| Income before credit losses and income tax | ₱12,329 | ₱4,664 | ₱6,282 | ₱3,249 | ₱245 | (₱5,917) | 20,852 |
| Provision for credit losses | | | | | | | (4,068) |
| Tax expense | | | | | | | (4,039) |
| Net income | | | | | | | ₱12,745 |
| Segment resources | ₱184,980 | ₱148,486 | ₱208,724 | ₱454,514 | ₱1,600 | ₱94,582 | ₱1,092,886 |
| Segment liabilities | ₱414,598 | ₱126,018 | ₱136,495 | ₱254,006 | ₱222 | ₱13,333 | ₱944,672 |
| Other information: | | | | | | | |
| Depreciation and amortization | ₱26 | ₱381 | ₱53 | ₱4 | ₱7 | ₱1,389 | ₱1,860 |
| Capital expenditures | 759 | 216 | 273 | 140 | – | 2,778 | 4,166 |

## 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, 2024 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| *Resources* | | | | |
| Financial assets at FVTPL | | | | |
| Debt securities | **₱7,493,643** | **₱–** | **₱–** | **₱7,493,643** |
| Equity securities | **235,492** | **571,412** | **533,850** | **1,340,754** |
| Derivative assets | **–** | **1,406,028** | **54,664** | **1,460,692** |
| Financial assets at FVOCI | | | | |
| Debt securities | **39,212,893** | **–** | **–** | **39,212,893** |
| Equity securities | **–** | **–** | **299,761** | **299,761** |
| *Liabilities* | | | | |
| Derivative liabilities | **–** | **3,088,312** | **–** | **3,088,312** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| *Resources* | | | | |
| Financial assets at FVTPL | | | | |
| Debt securities | ₱4,542,117 | ₱– | ₱– | ₱4,542,117 |
| Equity securities | 97,849 | 442,100 | 31,000 | 570,949 |
| Derivative assets | – | 640,325 | 52,325 | 692,650 |
| Trust fund assets | – | 55,673 | – | 55,673 |
| Financial assets at FVOCI | | | | |
| Debt securities | 36,685,421 | – | – | 36,685,421 |
| Equity securities | – | – | 289,353 | 289,353 |
| *Liabilities* | | | | |
| Derivative liabilities | – | 926,176 | – | 926,176 |

Parent Bank

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| *Resources* | | | | |
| Financial assets at FVTPL | | | | |
| Debt securities | **₱7,493,643** | **₱–** | **₱–** | **₱7,493,643** |
| Equity securities | **–** | **571,412** | **502,851** | **1,074,263** |
| Derivative assets | **–** | **1,406,028** | **54,664** | **1,460,692** |
| Financial assets at FVOCI | | | | |
| Debt securities | **39,193,382** | **–** | **–** | **39,193,382** |
| Equity securities | **–** | **–** | **58,073** | **58,073** |
| *Liabilities* | | | | |
| Derivative liabilities | **–** | **3,088,312** | **–** | **3,088,312** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| *Resources* | | | | |
| Financial assets at FVTPL | | | | |
| Debt securities | ₱4,542,117 | ₱– | ₱– | ₱4,542,117 |
| Equity securities | – | 442,100 | – | 442,100 |
| Derivative assets | – | 640,325 | 52,325 | 692,650 |
| Financial assets at FVOCI | | | | |
| Debt securities | 36,636,587 | – | – | 36,636,587 |
| Equity securities | – | – | 62,647 | 62,647 |
| *Liabilities* | | | | |
| Derivative liabilities | – | 926,176 | – | 926,176 |

*b) Financial instruments measured at amortized cost and investment properties for which fair value is disclosed*

Group

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | **Carrying Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| ***Resources*** | | | | | |
| *Financial Assets* | | | | | |
| Financial assets at amortized cost | **₱323,412,938** | **₱303,086,488** | **₱ –** | **₱ –** | **₱303,086,488** |
| Loans and other receivables | **522,655,816** | **–** | **–** | **489,825,582** | **489,825,582** |
| *Nonfinancial Assets* | | | | | |
| Investment properties | **9,789,983** | **–** | **–** | **20,262,561** | **20,262,561** |
| ***Liabilities*** | | | | | |
| *Financial Liabilities* | | | | | |
| Deposit liabilities | **676,322,796** | **–** | **–** | **685,523,143** | **685,523,143** |
| Bills payable | **162,256,379** | **–** | **180,790,718** | **–** | **180,790,718** |
| Notes and bonds payable | **57,565,582** | **–** | **56,044,999** | **–** | **56,044,999** |

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| *Resources* | | | | | |
| *Financial Assets* | | | | | |
| Financial assets at amortized cost | ₱314,479,239 | ₱293,924,390 | ₱ – | ₱ – | ₱293,924,390 |
| Loans and other receivables | 526,145,828 | – | – | 514,125,509 | 514,125,509 |
| *Nonfinancial Assets* | | | | | |
| Investment properties | 8,592,259 | – | – | 18,908,548 | 18,908,548 |
| *Liabilities* | | | | | |
| *Financial Liabilities* | | | | | |
| Deposit liabilities | 712,568,408 | – | – | 714,376,295 | 714,376,295 |
| Bills payable | 155,287,929 | – | 152,063,102 | – | 152,063,102 |
| Notes and bonds payable | 50,493,627 | – | 48,342,776 | – | 48,342,776 |

Parent Bank

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | **Carrying Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| ***Resources*** | | | | | |
| *Financial Assets* | | | | | |
| Financial assets at amortized cost | **₱313,388,774** | **₱293,392,468** | **₱ –** | **₱ –** | **₱293,392,468** |
| Loans and other receivables | **406,180,888** | **–** | **–** | **385,018,069** | **385,018,069** |
| *Nonfinancial Assets* | | | | | |
| Investment properties | **8,564,812** | **–** | **–** | **18,697,704** | **18,697,704** |
| ***Liabilities*** | | | | | |
| *Financial Liabilities* | | | | | |
| Deposit liabilities | **572,481,891** | **–** | **–** | **574,504,333** | **574,504,333** |
| Bills payable | **126,169,642** | **–** | **144,626,478** | **–** | **144,626,478** |
| Notes and bonds payable | **51,724,287** | **–** | **50,165,422** | **–** | **50,165,422** |

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| *Resources* | | | | | |
| *Financial Assets* | | | | | |
| Financial assets at amortized cost | ₱305,334,583 | ₱285,206,482 | ₱ – | ₱ – | ₱285,206,482 |
| Loans and other receivables | 411,823,839 | – | – | 399,803,520 | 399,803,520 |
| *Nonfinancial Assets* | | | | | |
| Investment properties | 7,359,283 | – | – | 17,343,691 | 17,343,691 |
| *Liabilities* | | | | | |
| *Financial Liabilities* | | | | | |
| Deposit liabilities | 597,555,393 | – | – | 599,363,280 | 599,363,280 |
| Bills payable | 120,359,136 | – | 117,134,309 | – | 117,134,309 |
| Notes and bonds payable | 50,493,627 | – | 48,342,776 | – | 48,342,776 |

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. Fair value of the of unquoted equity investments is based on the price in the recently observed transaction and is considered Level 2.

Equity instruments included in Level 3 comprise of 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 in 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, 2024 and 2023 are subject to offsetting, enforceable master netting arrangements and similar agreements. However, there were no financial assets and financial liabilities presented at net in the statements of financial position.

Presented below is the financial assets and financial liabilities subject to offsetting but the related amounts are not set-off in the statements of financial position.

| | Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 31, 2024 | | | | December 31, 2023 | | | |
| | Net amount presented in the statement of financial position | Related amounts not set off in the statement of financial position | | | Net amount presented in the statement of financial position | Related amounts not set off in the statement of financial position | | |
| | | Financial Instruments | Collateral Received | Net Exposure | | Financial Instruments | Collateral Received | Net Exposure |
| **Financial Assets** | | | | | | | | |
| **Derivative Assets** | | | | | | | | |
| Currency forwards | **₱620,328** | **₱258,954** | **₱–** | **₱361,374** | ₱171,025 | ₱75,833 | ₱– | ₱95,192 |
| Cross currency interest rate swaps | **354,585** | **18,087** | **–** | **336,498** | 469,300 | 57,965 | – | 411,335 |
| **Loans and Receivables** | **2,434,684** | **–** | **2,434,684** | **–** | 25,785,023 | – | 25,785,023 | – |
| Total financial assets | **₱3,409,597** | **₱277,041** | **₱2,434,684** | **₱697,872** | ₱26,425,348 | ₱133,798 | ₱25,785,023 | ₱506,527 |
| **Financial Liabilities** | | | | | | | | |
| **Derivative Liabilities** | | | | | | | | |
| Currency forwards | **₱1,594,694** | **₱258,954** | **₱–** | **₱1,335,740** | ₱741,313 | ₱75,833 | ₱– | ₱665,480 |
| Cross currency swaps | **1,062,908** | **18,087** | **–** | **1,044,821** | 184,863 | 57,965 | – | 126,898 |
| **Deposit Liabilities** | **935,785** | **555,692** | **–** | **380,093** | 595,679 | 373,904 | – | 221,775 |
| **Bills Payable** | **1,878,992** | **1,878,992** | **–** | **–** | 25,411,119 | 25,411,119 | – | – |
| Total financial liabilities | **₱5,472,379** | **₱2,711,725** | **₱–** | **₱2,760,654** | ₱26,932,974 | ₱25,918,821 | ₱– | ₱1,014,153 |

| | Parent Bank | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 31, 2024 | | | | December 31, 2023 | | | |
| | Net amount presented in the statement of financial position | Related amounts not set off in the statement of financial position | | | Net amount presented in the statement of financial position | Related amounts not set off in the statement of financial position | | |
| | | Financial Instruments | Collateral Received | Net Exposure | | Financial Instruments | Collateral Received | Net Exposure |
| **Financial assets** | | | | | | | | |
| **Derivative assets** | | | | | | | | |
| Currency forwards | **₱620,328** | **₱258,954** | **₱–** | **₱361,374** | ₱171,025 | ₱75,833 | ₱– | ₱95,192 |
| Cross currency interest rate swaps | **354,585** | **18,087** | **–** | **336,498** | 469,300 | 57,965 | – | 411,335 |
| **Loans and receivables** | **662,782** | **–** | **662,782** | **–** | 3,498,457 | – | 3,498,457 | – |
| Total financial assets | **₱1,637,695** | **₱277,041** | **₱662,782** | **₱697,872** | ₱4,138,782 | ₱133,798 | ₱3,498,457 | ₱506,527 |
| **Financial liabilities** | | | | | | | | |
| **Derivative liabilities** | | | | | | | | |
| Currency forwards | **₱1,594,694** | **₱258,954** | **₱–** | **₱1,335,740** | ₱741,313 | ₱75,833 | ₱– | ₱665,480 |
| Cross currency swaps | **1,062,908** | **18,087** | **–** | **1,044,821** | 184,863 | 57,965 | – | 126,898 |
| **Deposit liabilities** | **796,644** | **483,790** | **–** | **312,854** | 511,063 | 314,379 | – | 196,684 |
| **Bills Payable** | **178,992** | **178,992** | **–** | **–** | 3,184,078 | 3,184,078 | – | – |
| Total financial liabilities | **₱3,633,238** | **₱939,823** | **₱–** | **₱2,693,415** | ₱4,621,317 | ₱3,632,255 | ₱– | ₱989,062 |

## 8. Cash and Balances with the BSP

These accounts are composed of the following as of December 31:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Cash and other cash items | **₱10,143,777** | ₱10,439,112 | **₱9,270,243** | ₱9,350,898 |
| Due from BSP | | | | |
| Mandatory reserves (Note 21) | **₱32,038,411** | ₱56,967,441 | **₱30,507,385** | ₱53,955,218 |
| Non-mandatory reserves | **50,108,164** | 25,676,222 | **18,704,704** | 9,927,906 |
| | **₱82,146,575** | ₱82,643,663 | **₱49,212,089** | ₱63,883,124 |

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). 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.

Due from BSP bears annual interest rates ranging from 5.25% to 6.25% in 2024, from 5.00% to 6.71% in 2023, and from 1.50% to 5.00% in 2022, 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 ₱1.70 billion, ₱1.47 billion, and ₱0.90 billion in 2024, 2023, and 2022, respectively, while the total interest income on Due from BSP recognized by the Parent Bank amounted to ₱204.11 million, ₱290.29 million, and ₱487.78 million in 2024, 2023, and 2022, respectively.

## 9. Due from Other Banks

The balance of this account consists of regular deposits with the following:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Foreign banks | **₱29,671,672** | ₱22,912,686 | **₱29,671,672** | ₱22,912,686 |
| Local banks | **4,231,317** | 4,362,535 | **1,477,758** | 283,101 |
| | **33,902,989** | 27,275,221 | **31,149,430** | 23195,787 |
| Allowance for impairment (Note 20) | **(12,451)** | (11,874) | **(9,651)** | (7,754) |
| | **₱33,890,538** | ₱27,263,347 | **₱31,139,779** | ₱23,188,033 |

The breakdown of this account as to currency follows:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| U.S. dollars | **₱26,384,493** | ₱20,482,672 | **₱26,190,737** | ₱20,373,199 |
| Philippine pesos | **4,854,585** | 4,507,037 | **2,297,605** | 541,197 |
| Other currencies | **2,651,460** | 2,273,638 | **2,651,437** | 2,273,637 |
| | **₱33,890,538** | ₱27,263,347 | **₱31,139,779** | ₱23,188,033 |

Annual interest rates on these deposits range from 0.00% to 5.40% in 2024 and 2023, and from 0.00% to 2.30% in 2022. Total interest income on Due from other banks earned by the Group amounted to ₱958.20 million, ₱694.49 million, and ₱103.74 million in 2024, 2023, and 2022, respectively, while total interest income earned by the Parent Bank amounted to ₱952.27 million, ₱656.87 million, and ₱97.20 million in 2024, 2023, and 2022, respectively.

## 10. Interbank Loans Receivable and Securities Purchased under Repurchase Agreements

Interbank loans receivable of the Group and the Parent Bank amounted to ₱178.99 million and ₱188.52 million, net of allowance for credit losses of ₱0.04 million, as of December 31, 2024 and 2023, respectively. Interbank loans receivable consists of foreign currency-denominated loans granted to other banks with terms ranging from 1 to 15 days in 2024 and from 1 to 10 days in 2023. SPURRA of the Group and the Parent Bank amounted to ₱1,700.00 million and ₱25,222.60 million, as of December 31, 2024 and 2023, respectively. 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 ₱71.21 million, ₱96.18 million, and ₱249.92 million in 2024, 2023, and 2022, respectively, for the Group, and ₱71.22 million, ₱96.18 million, and ₱248.76 million in 2024, 2023, and 2022, respectively, for the Parent Bank. Interest income on SPURRA amounted to ₱1,357.53 million, ₱1,271.63 million, and ₱576.44 million in 2024, 2023, and 2022, respectively, for the Group, and and ₱483.67 million, ₱421.98 million, and ₱404.09 million in 2024, 2023, and 2022, respectively, for the Parent Bank.

Annual interest rates on interbank loans receivable range from 3.70% to 6.65% in 2024, from 2.63% to 6.44% in 2023, and from 0.05% to 5.03% in 2022. SPURRA bears nominal annual interest ranging from 5.70% to 6.51% in 2024, from 5.50% to 6.48% in 2023, and from 2.00% to 5.50% in 2022.

## 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, 2024 and 2023 consist of the following:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Debt securities held for trading | **₱7,493,643** | ₱4,542,117 | **₱7,493,643** | ₱4,542,117 |
| Derivative assets | **1,460,692** | 692,650 | **1,460,692** | 692,650 |
| Equity securities designated at FVTPL | **1,340,754** | 570,949 | **1,074,263** | 442,100 |
| | **₱10,295,089** | ₱5,805,716 | **₱10,028,598** | ₱5,676,867 |

The breakdown of this account as to currency follows:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Philippine pesos | **₱4,400,727** | ₱3,222,363 | **₱4,134,236** | ₱3,093,514 |
| U.S. dollars | **5,889,673** | 2,582,650 | **5,889,673** | 2,582,650 |
| Others | **4,689** | 703 | **4,689** | 703 |
| | **₱10,295,089** | ₱5,805,716 | **₱10,028,598** | ₱5,676,867 |

Derivative instruments include warrants, foreign exchange forwards and swaps, cross-currency interest rate swaps and futures. 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.

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, 2024** | | |
|---|---|---|---|
| | | **Fair Values** | |
| | **Notional Amount** | **Assets** | **Liabilities** (Note 24) |
| Currency forwards | | | |
| Bought | **₱84,778,570** | **₱328,045** | **₱1,501,260** |
| Sold | **23,326,152** | **292,283** | **93,434** |
| Cross currency interest rate swaps | | | |
| Payer | **26,692,894** | **16,912** | **265,946** |
| Receiver | **26,047,329** | **337,673** | **796,962** |
| Futures | **867,675** | **431,115** | **430,710** |
| Warrants | | **54,664** | – |
| | | **₱1,460,692** | **₱3,088,312** |

| | December 31, 2023 | | |
|---|---|---|---|
| Currency forwards | | | |
| Bought | ₱67,830,319 | ₱100,663 | ₱688,115 |
| Sold | 15,469,007 | 70,362 | 53,198 |
| Cross currency interest rate swaps | | | |
| Payer | 20,848,585 | 35,580 | 158,876 |
| Receiver | 21,207,464 | 433,720 | 25,987 |
| Warrants | | 52,325 | – |
| | | ₱692,650 | ₱926,176 |

Equity securities include PSE listed securities, club shares and unquoted equity securities.

Interest income generated from these financial assets amounted to ₱493.43 million, ₱194.35 million, and ₱203.77 million in 2024, 2023, and 2022, respectively, for the Group, and ₱487.22 million, ₱193.27 million, and ₱203.77 million in 2024, 2023, and 2022, respectively, for the Parent Bank. In 2024, annual interest rates on these financial assets range from 2.63% to 8.00% and from 1.38% to 9.63% for securities denominated in Philippine peso and U.S. dollars, respectively. In 2023 and 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.

The Group recognized fair value gains (losses) on financial assets at FVTPL amounting to ₱1.34 billion, ₱502.14 million, and (₱281.56 million) in 2024, 2023, and 2022, respectively, while the Parent Bank recognized fair value gains (losses) on financial assets at FVTPL amounting to ₱1.34 billion, ₱501.19 million, and (₱282.47 million) in 2024, 2023, and 2022, respectively, and included as part of Gains (losses) on trading and investment securities at FVTPL and FVOCI in the statement of income.

## 12. Financial Assets at Amortized Cost

The Group's and the Parent Bank's financial assets at amortized cost as of December 31, 2024 and 2023 consist of the following:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Government bonds and other debt securities | **₱298,650,068** | ₱293,919,676 | **₱288,715,904** | ₱284,865,020 |
| Private bonds and commercial papers | **25,080,834** | 20,864,219 | **24,990,834** | 20,774,219 |
| | **323,730,902** | 314,783,895 | **313,706,738** | 305,639,239 |
| Allowance for impairment (Note 20) | **(317,964)** | (304,656) | **(317,964)** | (304,656) |
| | **₱323,412,938** | ₱314,479,239 | **₱313,388,774** | ₱305,334,583 |

The Group's and the Parent Bank's investment securities with carrying values of ₱115.73 billion and ₱123.27 billion as of December 31, 2024 and 2023, 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, 2024 and 2023 follows:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Philippine pesos | **₱221,048,337** | ₱217,448,551 | **₱211,024,173** | ₱208,303,895 |
| U.S. dollars | **100,472,789** | 95,104,589 | **100,472,789** | 95,104,589 |
| Others | **1,891,812** | 1,926,099 | **1,891,812** | 1,926,099 |
| | **₱323,412,938** | ₱314,479,239 | **₱313,388,774** | ₱305,334,583 |

Financial assets at amortized cost denominated in Philippine pesos have annual fixed interest rates ranging from 2.38% to 18.25% in 2024, 2023, and 2022, while financial assets at amortized cost denominated in U.S. dollars and Euros have annual fixed interest rates ranging from 1.25% to 9.63% in 2024, 2023 and 2022. These bonds have remaining maturities of 1 to 27 years as of December 31, 2024 and 1 to 30 years as of December 31, 2023 and 2022.

Interest income generated from these financial assets, including amortization of premium or discount, amounted to ₱14.20 billion, ₱13.81 billion, and ₱9.73 billion in 2024, 2023, and 2022, respectively, by the Group, and ₱13.75 billion, ₱13.37 billion, and ₱9.33 billion in 2024, 2023, and 2022, 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 nil and ₱1.2 billion as of December 31, 2024 and 2023, 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 in 2022, resulting in gains totaling ₱0.10 billion (see Note 3). There was no sale of investment securities classified as Investment securities at amortized cost in 2024 and 2023.

## 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, 2024 and 2023 consist of the following:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Debt securities: | | | | |
| Government bonds | **₱39,193,382** | ₱36,646,114 | **₱39,193,382** | ₱36,636,587 |
| Private bonds and commercial papers | **19,511** | 39,307 | **–** | – |
| Equity securities | **299,761** | 289,353 | **58,073** | 62,647 |
| | **₱39,512,654** | ₱36,974,774 | **₱39,251,455** | ₱36,699,234 |

The breakdown of this account as to currency as of December 31, 2024 and 2023 follows:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Philippine pesos | **₱39,270,967** | ₱36,748,068 | **₱39,251,455** | ₱36,699,234 |
| U.S. dollars | **241,687** | 226,706 | **–** | – |
| | **₱39,512,654** | ₱36,974,774 | **₱39,251,455** | ₱36,699,234 |

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 8.13% in 2024 and from 2.88% to 9.25% in 2023 and 2022, while debt securities denominated in U.S. dollars have annual interest rates ranging from nil in 2024 and from 1.25% to 9.63% in 2023 and 2022. Interest income, including amortization of premium or discount, amounted to ₱1.88 billion, ₱1.81 billion and ₱2.76 billion in 2024, 2023 and 2022, respectively, for the Group, and ₱1.88 billion, ₱1.81 billion and ₱2.75 billion in 2024, 2023 and 2022, respectively, for the Parent Bank, and is shown as part of Interest income on investment securities at amortized cost and FVOCI account in the statement of income.

The Group and the Parent Bank recognized gains from the sale of investments securities at FVOCI amounting to ₱0.19 billion, ₱0.42 billion, and ₱0.10 billion in 2024, 2023 and 2022, respectively. The amounts are included under Gains on trading and investments securities at FVTPL and FVOCI in the statement of income.

## 14. Loans and Other Receivables

The Group's and the Parent Bank's loans and other receivables as of December 31, 2024 and 2023 consist of the following:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | December 31 | | December 31 | |
| | **2024** | 2023 | **2024** | 2023 |
| Receivables from customers: | | | | |
| Loans and discounts | **₱512,958,473** | ₱509,344,030 | **₱395,379,978** | ₱393,690,035 |
| Customers' liabilities under acceptances and trust receipts | **11,152,182** | 10,944,955 | **11,152,182** | 10,944,955 |
| Bills purchased | **2,469,666** | 2,432,182 | **2,469,666** | 2,432,182 |
| Accrued interest receivable | **7,044,825** | 6,554,565 | **3,440,938** | 3,194,525 |
| | **533,625,146** | 529,275,732 | **412,442,764** | 410,261,697 |
| Unearned discounts | **(2,571,970)** | (2,741,969) | **(293,049)** | (367,697) |
| Allowance for impairment (Note 20) | **(22,870,642)** | (19,166,486) | **(17,194,228)** | (13,415,639) |
| | **508,182,534** | 507,367,277 | **394,955,487** | 396,478,361 |
| Other receivables: | | | | |
| Accounts receivable | **8,309,457** | 12,346,579 | **4,911,001** | 8,920,956 |
| Accrued interest receivable | **4,942,863** | 4,506,661 | **4,777,509** | 4,358,097 |
| Sales contracts receivable | **2,428,972** | 2,768,725 | **2,318,078** | 2,666,485 |
| Installment contracts receivable | **596** | 909 | **–** | – |
| | **15,681,888** | 19,622,874 | **12,006,588** | 15,945,538 |
| Allowance for impairment (Note 20) | **(1,208,606)** | (844,323) | **(781,187)** | (600,060) |
| | **14,473,282** | 18,778,551 | **11,225,401** | 15,345,478 |
| | **₱522,655,816** | ₱526,145,828 | **₱406,180,888** | ₱411,823,839 |

Restructured loans amounted to ₱4.13 billion and ₱2.53 billion as of December 31, 2024 and 2023, respectively, for the Group, and ₱4.08 billion and ₱2.46 million as of December 31, 2024 and 2023, respectively, for the Parent Bank. Interest income on these restructured loans amounted to ₱78.57 million, ₱113.12 million, and ₱136.65 million in 2024, 2023 and 2022, respectively, for the Group, and ₱62.63 million, ₱111.15 million, and ₱136.13 million in 2024, 2023 and 2022, respectively, for the Parent Bank.

The maturity profile of loans and other receivables (net of unearned discounts) follows:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Less than one year | **₱231,738,442** | ₱206,226,521 | **₱214,265,825** | ₱179,801,242 |
| One year to less than five years | **225,142,870** | 221,942,259 | **121,696,401** | 128,518,701 |
| Beyond five years | **89,853,752** | 117,987,857 | **88,194,077** | 117,519,595 |
| | **₱546,735,064** | ₱546,156,637 | **₱424,156,303** | ₱425,839,538 |

Loans and other receivables bear annual interest ranging from 4.25% to 14.00% in 2024, 2023 and 2022.

The breakdown of loans (receivable from customers excluding accrued interest receivable) as to type of interest rate follows:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Variable interest rates | **₱263,892,104** | ₱379,224,034 | **₱263,892,104** | ₱278,853,696 |
| Fixed interest rates | **262,688,217** | 143,497,133 | **145,109,722** | 128,213,476 |
| | **₱526,580,321** | ₱522,721,167 | **₱409,001,826** | ₱407,067,172 |

The amounts of interest income per type of loans and receivables for each reporting period are as follows:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Receivables from customers | **₱62,909,822** | ₱59,015,283 | ₱35,862,813 |
| Other receivables: | | | |
| Sales contracts receivable | **172,572** | 203,642 | 141,615 |
| Installment contracts receivable | **34** | 159 | 286 |
| | **₱63,082,428** | ₱59,219,084 | ₱36,004,714 |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Receivables from customers | **₱43,144,836** | ₱38,670,624 | ₱23,773,696 |
| Sales contracts receivable | **158,697** | 182,597 | 133,692 |
| | **₱43,303,533** | ₱38,853,221 | ₱23,907,388 |

## 15. Investments in Subsidiaries and Associates

Investment in Subsidiaries

This account in the Parent Bank's financial statements pertains to investments in the following subsidiaries, which are accounted for using the equity method:

| | **% Interest** | **2024** | 2023 |
|---|---|---|---|
| Acquisition costs: | | | |
| CSB | 99.79% | **₱6,748,543** | ₱6,746,861 |
| UnionDigital (Note 1) | 100% | **6,650,000** | 3,900,000 |
| UFSI | 100% | **5,097,261** | 5,097,261 |
| UBX (Note 1) | 83.33% | **1,100,000** | 1,100,000 |
| UIC | 100% | **924,861** | 924,861 |
| UBIMTC | 100% | **300,000** | 300,000 |
| FUPI | 100% | **290,002** | 290,002 |
| UBPSI | 100% | **5,000** | 5,000 |
| UDC | 100% | **3,125** | 3,125 |
| | | **₱21,118,792** | ₱18,367,110 |

The movement in investments in subsidiaries is shown below:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Acquisition costs: | | | |
| Beginning balances | **₱18,367,110** | ₱17,167,110 | ₱10,069,849 |
| Additional investments (Note 1) | **2,751,682** | 1,200,000 | 7,097,261 |
| | **21,118,792** | 18,367,110 | 17,167,110 |
| Accumulated equity in total comprehensive income: | | | |
| Beginning balances | **17,400,004** | 14,615,586 | 13,013,106 |
| Dividends | **(1,075,000)** | (129,000) | (188,000) |
| Share in net profit (loss) (Note 28) | **(633,126)** | 2,837,072 | 1,712,086 |
| Gain on deemed disposal (Note 1) | **373,128** | – | – |
| Share in other comprehensive income (loss) (Note 29) | **(229,827)** | 76,346 | 82,778 |
| Others | – | – | (4,384) |
| | **15,835,179** | 17,400,004 | 14,615,586 |
| Net investment in subsidiaries | **₱36,953,971** | ₱35,767,114 | ₱31,782,696 |

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.

Investment in Associates

As of December 31, 2024 and 2023, the Group has investment in associates with aggregate carrying amounts of ₱35.76 million and ₱37.68 million, respectively. As of December 31, 2024 and 2023, the Parent Bank has investment in associate amounting to ₱347.30 million. The aggregate share in losses on these associates amounted to ₱1.92 million, ₱22.36 million, and ₱29.67 million in 2024, 2023, and 2022, respectively.

On June 22, 2023, the BSP approved the Parent Bank's request to purchase 1,011,961 shares in Bangko Kabayan. On July 10, 2023, the Parent Bank completed the purchase representing 27.52% ownership interest in Bangko Kabayan (see Note 1).

*Sale of Investments in Fintech Platform Ventures Pte Ltd. by UBX SG*

On August 28, 2023, UBX SG sold its 32.28% stake in Fintech Platform Ventures Pte. Ltd with a carrying value of $1.30 million (₱74.8 million) for $1.70 million (₱98 million) with gain from sale of $0.407 million (₱23.2 million).

On October 31, 2023, UBX SG sold its 31.98% stake in FinTech Platform Ventures Pte. Ltd. (FPV)'s for a total consideration of $2.10 million (₱118.9 million) of which $0.38 million (₱21.3 million) was kept in an escrow account as provision for future tax liability. The sale resulted in a gain on sale of investment in associate amounting to $0.42 million (₱22.7 million).

Summarized Financial Information

The following table presents the combined financial information of the subsidiaries, which comprises of CSB, UnionDigital, UFSI, PETNET, UBX, UIC, Bangko Kabayan, and UBIMTC as of and for the years ended December 31, 2024 and 2023:

| | **Assets** | **Liabilities** | **Revenues** | **Net Profit (Loss)** |
|---|---|---|---|---|
| **2024** | **₱186,467,856** | **₱154,098,330** | **₱26,805,544** | **(₱256,564)** |
| 2023 | 187,953,140 | 157,096,503 | 25,946,479 | 3,126,768 |

## 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, 2024 and 2023 are shown below.

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Land | Buildings | Furniture, Fixtures and Equipment | Right-of-Use Asset | Leasehold Improvements | Total |
| **December 31, 2024** | | | | | | |
| Cost | **₱1,174,299** | **₱7,369,579** | **₱5,942,479** | **₱4,774,810** | **₱1,996,279** | **₱21,257,446** |
| Accumulated depreciation and amortization | **–** | **(1,244,772)** | **(4,200,382)** | **(3,270,814)** | **(1,540,267)** | **(10,256,235)** |
| Net carrying amounts | **₱1,174,299** | **₱6,124,807** | **₱1,742,097** | **₱1,503,996** | **₱456,012** | **₱11,001,211** |
| December 31, 2023 | | | | | | |
| Cost | ₱1,182,455 | ₱6,198,435 | ₱5,868,900 | ₱4,049,322 | ₱1,918,847 | ₱19,217,959 |
| Accumulated depreciation and amortization | – | (1,075,637) | (3,897,871) | (2,632,391) | (1,418,821) | (9,024,720) |
| Net carrying amounts | ₱1,182,455 | ₱5,122,798 | ₱1,971,029 | ₱1,416,931 | ₱500,026 | ₱10,193,239 |

| | Parent Bank | | | | | |
|---|---|---|---|---|---|---|
| | Land | Buildings | Furniture, Fixtures and Equipment | Right-of-Use Asset | Leasehold Improvements | Total |
| **December 31, 2024** | | | | | | |
| Cost | **₱558,820** | **₱6,877,938** | **₱4,390,220** | **₱3,779,970** | **₱917,123** | **₱16,524,071** |
| Accumulated depreciation and amortization | **–** | **(967,241)** | **(3,024,638)** | **(2,637,898)** | **(569,350)** | **(7,199,127)** |
| Net carrying amounts | **₱558,820** | **₱5,910,697** | **₱1,365,582** | **₱1,142,072** | **₱347,773** | **₱9,324,944** |
| December 31, 2023 | | | | | | |
| Cost | ₱558,820 | ₱5,701,310 | ₱4,288,699 | ₱3,218,343 | ₱910,845 | ₱14,678,017 |
| Accumulated depreciation and amortization | – | (803,000) | (2,688,984) | (2,148,168) | (498,539) | (6,138,691) |
| Net carrying amounts | ₱558,820 | ₱4,898,310 | ₱1,599,715 | ₱1,070,175 | ₱412,306 | ₱8,539,326 |

A reconciliation of the carrying amounts at the beginning and end of 2024 and 2023 of this account (including right-of-use assets) is shown below:

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Land | Buildings | Furniture, Fixtures and Equipment | Right-of-Use Assets | Leasehold Improvements | Total |
| Balances at January 1, 2024, net of accumulated depreciation and amortization | **₱1,182,455** | **₱5,122,798** | **₱1,971,029** | **₱1,416,931** | **₱500,026** | **₱10,193,239** |
| Additions | **–** | **1,189,253** | **373,368** | **714,284** | **84,380** | **2,361,285** |
| Disposals | **(8,156)** | **(1,073)** | **(40,196)** | **–** | **–** | **(49,425)** |
| Reclassifications/adjustments | **–** | **(930)** | **(17,601)** | **(1,616)** | **(6,948)** | **(27,095)** |
| Depreciation and amortization charges for the year | **–** | **(185,241)** | **(544,503)** | **(625,603)** | **(121,446)** | **(1,476,793)** |
| Balances at December 31, 2024, net of accumulated depreciation and amortization | **₱1,174,299** | **₱6,124,807** | **₱1,742,097** | **₱1,503,996** | **₱456,012** | **₱11,001,211** |

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Land | Buildings | Furniture, Fixtures and Equipment | Right-of-Use Assets | Leasehold Improvements | Total |
| Balances at January 1, 2023, net of accumulated depreciation and amortization | ₱850,660 | ₱4,141,372 | ₱1,836,695 | ₱1,303,921 | ₱573,971 | ₱8,706,619 |
| Additions | 355,276 | 1,152,394 | 707,799 | 675,994 | 67,834 | 2,959,297 |
| Disposals | (23,481) | (13,430) | (30,469) | – | – | (67,380) |
| Reclassifications/adjustments | – | (9) | (1,371) | 48,491 | (1,348) | 45,763 |
| Depreciation and amortization charges for the year | – | (157,529) | (541,625) | (611,475) | (140,431) | (1,451,060) |
| Balances at December 31, 2023, net of accumulated depreciation and amortization | ₱1,182,455 | ₱5,122,798 | ₱1,971,029 | ₱1,416,931 | ₱500,026 | ₱10,193,239 |

| | **Parent Bank** | | | | | |
|---|---|---|---|---|---|---|
| | **Land** | **Buildings** | **Furniture, Fixtures and Equipment** | **Right-of-Use Assets** | **Leasehold Improvements** | **Total** |
| Balances at January 1, 2024, net of accumulated depreciation and amortization | **₱558,820** | **₱4,898,310** | **₱1,599,715** | **₱1,070,175** | **₱412,306** | **₱8,539,326** |
| Additions | **–** | **1,176,682** | **202,027** | **561,627** | **6,413** | **1,946,749** |
| Disposals | **–** | **–** | **(34,834)** | **–** | **–** | **(34,834)** |
| Reclassifications/adjustments | **–** | **(54)** | **8,582** | **–** | **(136)** | **8,392** |
| Depreciation and amortization charges for the year | **–** | **(164,241)** | **(409,908)** | **(489,730)** | **(70,810)** | **(1,134,689)** |
| Balances at December 31, 2024, net of accumulated depreciation and amortization | **₱558,820** | **₱5,910,697** | **₱1,365,582** | **₱1,142,072** | **₱347,773** | **₱9,324,944** |
| Balances at January 1, 2023, net of accumulated depreciation and amortization | ₱248,301 | ₱3,902,450 | ₱1,530,367 | ₱1,069,103 | ₱485,813 | ₱7,236,034 |
| Additions | 334,000 | 1,145,646 | 514,233 | 468,129 | 6,369 | 2,468,377 |
| Disposals | (23,481) | (13,429) | (21,557) | – | – | (58,467) |
| Reclassifications/adjustments | – | – | (3,283) | 1,622 | – | (1,661) |
| Depreciation and amortization charges for the year | – | (136,357) | (420,045) | (468,679) | (79,876) | (1,104,957) |
| Balances at December 31, 2023, net of accumulated depreciation and amortization | ₱558,820 | ₱4,898,310 | ₱1,599,715 | ₱1,070,175 | ₱412,306 | ₱8,539,326 |

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, 2024 and 2023, 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 | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Bank premises, furniture, fixtures and equipment* | **₱851,190** | ₱839,585 | ₱743,254 |
| Computer software (Note 19) | **758,880** | 595,876 | 322,612 |
| Investment properties and foreclosed chattel (Notes 17 and 19) | **598,444** | 597,818 | 514,936 |
| Customer relationships (Note 19) | **343,500** | 343,500 | 143,125 |
| Core deposits (Note 19) | **289,714** | 289,714 | 136,505 |
| | **₱2,841,728** | ₱2,666,493 | ₱1,860,432 |

**Excluding depreciation of ROU asset presented in Occupancy.*

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Bank premises, furniture, fixtures and equipment* | **₱644,959** | ₱636,278 | ₱552,480 |
| Investment properties and foreclosed chattel (Notes 17 and 19) | **446,092** | 380,662 | 362,719 |
| Computer software (Note 19) | **417,642** | 316,402 | 252,365 |
| Customer relationships (Note 19) | **343,500** | 343,500 | 143,125 |
| Core deposits (Note 19) | **262,643** | 262,643 | 109,434 |
| | **₱2,114,836** | ₱1,939,485 | ₱1,420,123 |

**Excluding depreciation of ROU asset presented in Occupancy.*

Depreciation charges amounted to ₱625.60 million, ₱611.48 million, and ₱620.50 million in 2024, 2023, and 2022, respectively, for the ROU of the Group and ₱489.73 million, ₱468.68 million, and ₱464.53 million in 2024, 2023, and 2022, respectively, for the 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, 2024 and 2023, 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 this account are shown below.

| | Group | | Parent | |
|---|---|---|---|---|
| | As at December 31 | | As at December 31 | |
| | **2024** | 2023 | **2024** | 2023 |
| Cost | **₱13,048,848** | ₱11,648,702 | **₱11,589,371** | ₱10,190,789 |
| Accumulated depreciation | **(3,158,632)** | (2,951,583) | **(2,961,656)** | (2,766,694) |
| Accumulated impairment loss | **(100,233)** | (104,860) | **(62,903)** | (64,812) |
| Net carrying amounts | **₱9,789,983** | ₱8,592,259 | **₱8,564,812** | ₱7,359,283 |

The composition of and movements in the Group's and the Parent Bank's investment properties are shown below.

| | Group | | |
|---|---|---|---|
| | 2024 | | |
| | **Building Held for Lease** | **Foreclosed Properties** | **Total** |
| **Cost** | | | |
| Balances at January 1 | **₱2,533,424** | **₱9,115,278** | **₱11,648,702** |
| Additions/rescission | **2,526** | **2,270,497** | **2,273,023** |
| Disposals | **(142)** | **(872,547)** | **(872,689)** |
| Reclassifications/adjustments | **–** | **(189)** | **(189)** |
| Balances at December 31 | **2,535,808** | **10,513,039** | **13,048,847** |
| **Accumulated Depreciation and Amortization** | | | |
| Balances at January 1 | **842,463** | **2,109,120** | **2,951,583** |
| Depreciation | **52,883** | **431,545** | **484,428** |
| Disposals | **–** | **(275,593)** | **(275,593)** |
| Reclassifications/adjustments | **–** | **(1,786)** | **(1,786)** |
| Balances at December 31 | **895,346** | **2,263,286** | **3,158,632** |
| **Accumulated Impairment Losses** | | | |
| Balances at January 1 | **–** | **104,860** | **104,860** |
| Reversals on provision for impairment | **–** | **(3,547)** | **(3,547)** |
| Disposals | **–** | **(1,087)** | **(1,087)** |
| Reclassifications/adjustments | **–** | **6** | **6** |
| Balances at December 31 | **–** | **100,232** | **100,232** |
| **Net Book Values** | **₱1,640,462** | **₱8,149,521** | **₱9,789,983** |

| | Group | | |
|---|---|---|---|
| | 2023 | | |
| | Building Held for Lease | Foreclosed Properties | Total |
| Cost | | | |
| Balances at January 1 | ₱2,533,566 | ₱8,898,967 | ₱11,432,533 |
| Additions | – | 1,716,395 | 1,716,395 |
| Disposals | (142) | (1,510,760) | (1,510,902) |
| Reclassifications/adjustments | – | 10,676 | 10,676 |
| Balances at December 31 | 2,533,424 | 9,115,278 | 11,648,702 |
| Accumulated Depreciation and Amortization | | | |
| Balances at January 1 | 789,725 | 2,312,230 | 3,101,955 |
| Depreciation | 52,738 | 336,898 | 389,636 |
| Disposals | – | (545,343) | (545,343) |
| Reclassifications/adjustments | – | 5,335 | 5,335 |
| Balances at December 31 | 842,463 | 2,109,120 | 2,951,583 |
| Accumulated Impairment Losses | | | |
| Balances at January 1 | – | 71,705 | 71,705 |
| Reversals on provision for impairment | – | (751) | (751) |
| Disposals | – | (7,063) | (7,063) |
| Reclassifications/adjustments | – | 40,969 | 40,969 |
| Balances at December 31 | – | 104,860 | 104,860 |
| Net Book Values | ₱1,690,961 | ₱6,901,298 | ₱8,592,259 |

| | Parent Bank | | |
|---|---|---|---|
| | 2024 | | |
| | **Building Held for Lease** | **Foreclosed Properties** | **Total** |
| **Cost** | | | |
| Balances at January 1 | **₱2,198,110** | **₱7,992,679** | **₱10,190,789** |
| Additions | **–** | **2,194,537** | **2,194,537** |
| Disposals | **–** | **(795,955)** | **(795,955)** |
| Balances at December 31 | **2,198,110** | **9,391,261** | **11,589,371** |
| **Accumulated Depreciation and Amortization** | | | |
| Balances at January 1 | **695,135** | **2,071,559** | **2,766,694** |
| Depreciation | **45,854** | **419,277** | **465,131** |
| Disposals | **–** | **(270,169)** | **(270,169)** |
| Balances at December 31 | **740,989** | **2,220,667** | **2,961,656** |
| **Accumulated Impairment Losses** | | | |
| Balances at January 1 | **–** | **64,812** | **64,812** |
| Reversals on provision for impairment | **–** | **(1,909)** | **(1,909)** |
| Disposals | **–** | **–** | **–** |
| Balances at December 31 | **–** | **62,903** | **62,903** |
| **Net Book Values** | **₱1,457,121** | **₱7,107,691** | **₱8,564,812** |
| | | 2023 | |
| Cost | | | |
| Balances at January 1 | ₱2,198,110 | ₱7,931,807 | ₱10,129,917 |
| Additions | – | 1,522,822 | 1,522,822 |
| Disposals | – | (1,461,950) | (1,461,950) |
| Balances at December 31 | 2,198,110 | 7,992,679 | 10,190,789 |
| Accumulated Depreciation and Amortization | | | |
| Balances at January 1 | 649,281 | 2,284,884 | 2,934,165 |
| Depreciation | 45,854 | 328,388 | 374,242 |
| Disposals | – | (541,713) | (541,713) |
| Balances at December 31 | 695,135 | 2,071,559 | 2,766,694 |
| Accumulated Impairment Losses | | | |
| Balances at January 1 | – | 71,703 | 71,703 |
| Reversals on provision for impairment | – | (787) | (787) |
| Disposals | – | (6,104) | (6,104) |
| Balances at December 31 | – | 64,812 | 64,812 |
| Net Book Values | ₱1,502,975 | ₱5,856,308 | ₱7,359,283 |

Real property taxes related to these investment properties paid by the Group and recognized as expense totaled ₱50.03 million, ₱48.29 million, and ₱41.24 million, in 2024, 2023, and 2022, respectively. Real property taxes related to these investment properties paid by the Parent Bank and recognized as expense totaled ₱45.49 million, ₱43.92 million, and ₱35.25 million, in 2024, 2023, and 2022, respectively. These are presented as part of Taxes and licenses account under Other expenses in the statements of income.

Rent income, included as part of Rental account under Miscellaneous income in the statement of income (see Note 28), amounted to ₱150.41 million, ₱118.56 million, and ₱209.60 million in 2024, 2023, and 2022, respectively, earned by the Group on its investment properties under operating leases. Rent income, included as part of Rental account under Miscellaneous income in the statement of income (see Note 28), amounted to ₱199.44 million, ₱171.67 million, and ₱146.89 million in 2024, 2023, and 2022, respectively, earned by the Parent Bank on its investment properties under operating leases.

The gain on foreclosure of loan collaterals, presented as part of Miscellaneous income in the statements of income (see Note 28), amounted to ₱1.20 billion, ₱751.94 4 million and ₱466.39 million in 2024, 2023, and 2022, respectively, for the Group and ₱1.17 billion, ₱679.75 million and ₱466.39 million in 2024, 2023, and 2022, respectively for the Parent Bank.

The gain on disposal of foreclosed properties, presented as part of Miscellaneous income in the statements of income (see Note 28), amounted to ₱496.10 million, ₱1.02 billion, and ₱1.22 billion in 2024, 2023, and 2022, respectively, for the Group, and ₱610.72 million, ₱1.11 billion, and ₱1,19 billion in 2024, 2023, and 2022, respectively, for the Parent Bank.

Information about the fair value of investment properties is presented in Note 7.

## 18. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value arising from the acquisitions of (a) former iBank's in April 2006; (b) CSB in January 2013, (c) PR Savings Bank by CSB in June 2018, (d) PETNET in December 2018, (e) Bangko Kabayan in March 2020, and (f) Citigroup Inc.'s consumer banking business in the Philippines in August 2022 (see Note 1).

None of the goodwill recognized 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 Institutional 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) credit card and personal loans products within the consumer banking business; and (ii) UFSI at entity level

The goodwill of the Group and the Parent Bank is allocated to the following CGUs:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Parent Bank | | | | |
| Parent Bank's Credit card/Personal Loan Business | **₱35,452,798** | ₱35,452,798 | **₱35,452,798** | ₱35,452,798 |
| Parent Bank's Institutional Banking | **3,208,998** | 3,208,998 | **3,208,998** | 3,208,998 |
| Parent Bank's Retail Banking | **4,677,900** | 4,677,900 | **4,677,900** | 4,677,900 |
| | **43,339,696** | 43,339,696 | **43,339,696** | 43,339,696 |
| CSB | | | | |
| CSB's DepEd Salary Loans Business | **3,371,353** | 3,371,353 | – | – |
| CSB's Motorcycle Loans Business* | **2,729,424** | 2,729,424 | – | – |
| | **6,100,777** | 6,100,777 | – | – |
| UFSI | **3,720,835** | 3,720,835 | – | – |
| PETNET | **715,118** | 715,118 | **–** | – |
| Bangko Kabayan | **116,139** | 116,139 | **–** | – |
| | **₱53,992,565** | ₱53,992,565 | **₱43,339,696** | ₱43,339,696 |

**Goodwill of ₱3.48 billion, net of accumulated impairment recognized of ₱752.77 million, arising from the acquisition of PR Savings Bank.*

In July 2023, the Bank completed the allocation of goodwill arising from the acquisition of Citigroup's consumer banking business in the Philippines to the CGUs. As allowed by PFRS, the Bank allocated the goodwill to the individual CGU or an aggregation of a group of CGUs that are expected to benefit from the synergies arising from the acquisition, which includes (i) a group of CGUs within the Consumer Banking Group, comprising of the Bank's credit card and personal loans business; and (ii) UFSI at entity level.

The Group performs 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.

The recoverable amount of the Group's CGUs 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. The key assumptions in VIU calculation of CGUs which are most sensitive include the long-term growth rate and discount rate. Future cash flows and growth rates were based on historical experiences and strategies developed. 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.

In 2024 and 2023, the Group performed its annual impairment test and noted that there is no impairment to be recognized for the CGUs (see Note 3).

## 19. Other Resources

The composition of Other resources account as of December 31 follows:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Deferred tax assets (Note 30) | **₱10,481,236** | ₱9,680,031 | **₱7,365,133** | ₱7,710,187 |
| Computer software - net | **10,168,398** | 5,327,888 | **7,466,441** | 3,182,556 |
| Software under development | **7,807,156** | 9,650,075 | **7,807,156** | 9,650,075 |
| Customer relationships - net | **3,978,875** | 4,322,375 | **3,978,875** | 4,322,375 |
| Core deposits - net | **3,137,029** | 3,426,743 | **3,042,280** | 3,304,923 |
| Deferred charges | **1,766,909** | 1,229,215 | **1,423,915** | 819,419 |
| Prepaid expenses | **1,698,664** | 1,032,466 | **720,850** | 714,724 |
| Sundry debits | **1,549,047** | 246,755 | **1,549,021** | 246,755 |
| Creditable withholding taxes | **1,259,698** | 1,449,688 | **1,173,413** | 1,329,675 |
| Advances and other investments | **1,142,469** | 1,614,541 | **1,065,905** | 1,525,288 |
| Documentary stamps | **592,820** | 778,537 | **292,757** | 428,597 |
| Net retirement asset (Note 29) | **129,020** | 189,241 | **–** | – |
| Miscellaneous | **3,086,465** | 4,260,518 | **639,980** | 1,888,519 |
| | **46,797,786** | 43,208,073 | **36,525,726** | 35,123,093 |
| Allowance for impairment (Note 20) | **(112,644)** | (43,256) | **(3,771)** | (3,771) |
| | **₱46,685,142** | ₱43,164,817 | **₱36,521,955** | ₱35,119,322 |

As of December 31, 2024 and 2023, the Miscellaneous includes chattels, motorcycle and automobiles, security deposits and ongoing improvements on the Group's and the Parent Bank's branches and offices.

Movements in the Computer software, Customer relationship and Core deposits accounts follow:

| | Group | | |
|---|---|---|---|
| | **Computer Software** | **Customer Relationship** | **Core Deposits** |
| Balances at January 1, 2024, net of accumulated amortization | **₱5,327,888** | **₱4,322,375** | **₱3,426,743** |
| Additions | **5,604,479** | **–** | **–** |
| Amortization charges for the year | **(758,880)** | **(343,500)** | **(289,714)** |
| Reclassifications/adjustments | **(5,089)** | **–** | **–** |
| Balances at December 31, 2024, net of accumulated amortization | **₱10,168,398** | **₱3,978,875** | **₱3,137,029** |
| | | | |
| Balances at January 1, 2023, net of accumulated amortization | ₱3,836,706 | ₱4,665,875 | ₱3,716,457 |
| Additions | 2,340,414 | – | – |
| Amortization charges for the year | (595,876) | (343,500) | (289,714) |
| Reclassifications/adjustments | (253,356) | – | – |
| Balances at December 31, 2023, net of accumulated amortization | ₱5,327,888 | ₱4,322,375 | ₱3,426,743 |

| | Parent Bank | | |
|---|---|---|---|
| | **Computer Software** | **Customer Relationship** | **Core Deposit** |
| Balances at January 1, 2024, net of accumulated amortization | **₱3,182,556** | **₱4,322,375** | **₱3,304,923** |
| Additions | **4,701,527** | **–** | **–** |
| Amortization charges for the year | **(417,642)** | **(343,500)** | **(262,643)** |
| Balances at December 31, 2024, net of accumulated amortization | **₱7,466,441** | **₱3,978,875** | **₱3,042,280** |
| | | | |
| Balances at January 1, 2023, net of accumulated amortization | ₱1,499,300 | ₱4,665,875 | ₱3,567,566 |
| Additions | 1,999,658 | – | – |
| Amortization charges for the year | (316,402) | (343,500) | (262,643) |
| Balances at December 31, 2023, net of accumulated amortization | ₱3,182,556 | ₱4,322,375 | ₱3,304,923 |

## 20. Allowance for Impairment

The breakdown of allowance for impairment is shown in the table below:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Receivable from customers (Note 14) | **₱22,870,642** | ₱19,166,486 | **₱17,194,228** | ₱13,415,639 |
| Other receivables (Note 14) | **1,208,606** | 844,323 | **781,187** | 600,060 |
| Investments and placements (Notes 9, 12 and 13) | **330,518** | 316,638 | **327,718** | 312,518 |
| Others | **212,876** | 148,116 | **66,674** | 68,583 |
| | **₱24,622,642** | ₱20,475,563 | **₱18,369,807** | ₱14,396,800 |

Allowance for impairment of investments and placements include the Group's and the Parent Bank's financial assets at amortized cost, debt financial assets at FVOCI, due from other banks and interbank loans receivable. 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.

Group - Total Receivables from Customers

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱3,603,258** | **₱1,357,576** | **₱14,205,652** | **₱19,166,486** |
| Newly originated assets that remained in Stage 1 as of December 31, 2024 | **973,475** | – | – | **973,475** |
| Newly originated assets that moved to Stage 2 and Stage 3 as of December 31, 2024 | – | **571,884** | **2,116,811** | **2,688,695** |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | **(264,290)** | **(131,573)** | **376,960** | **(18,903)** |
| Amounts written-off | – | – | **(15,188,874)** | **(15,188,874)** |
| Transfers to Stage 1 | **446,020** | **(106,391)** | **(339,629)** | – |
| Transfers to Stage 2 | **(259,449)** | **429,452** | **(170,003)** | – |
| Transfers to Stage 3 | **(706,942)** | **(845,598)** | **1,552,540** | – |
| Impact on ECL of exposures transferred between stages | **(170,489)** | **862,991** | **14,557,261** | **15,249,763** |
| Balances at end of year | **₱3,621,583** | **₱2,138,341** | **₱17,110,718** | **₱22,870,642** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱2,475,127 | ₱1,037,808 | ₱10,525,750 | ₱14,038,685 |
| Newly originated assets that remained in Stage 1 as of December 31, 2023 | 1,223,586 | – | – | 1,223,586 |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | 648,930 | 597,385 | 432,500 | 1,678,815 |
| Newly originated assets that moved to Stage 2 and Stage 3 as of December 31, 2023 | – | 372,563 | 3,074,350 | 3,446,913 |
| Amounts written-off | – | – | (3,790,909) | (3,790,909) |
| Transfers to Stage 1 | 613,455 | (384,742) | (228,713) | – |
| Transfers to Stage 2 | (85,165) | 195,996 | (110,831) | – |
| Transfers to Stage 3 | (835,409) | (1,041,152) | 1,876,561 | – |
| Impact on ECL of exposures transferred between stages | (437,266) | 580,080 | 2,426,582 | 2,569,396 |
| Balances at end of year | ₱3,603,258 | ₱1,357,578 | ₱14,205,650 | ₱19,166,486 |

Parent Bank - Total Receivables from Customers

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱3,215,569** | **₱1,186,605** | **₱9,013,465** | **₱13,415,639** |
| Newly originated assets that remained in Stage 1 as of December 31, 2024 | **780,611** | – | – | **780,611** |
| Newly originated assets that moved to Stage 2 and Stage 3 as of December 31, 2024 | – | **533,265** | **1,499,425** | **2,032,690** |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | **(402,457)** | **(102,472)** | **508,332** | **3,403** |
| Transfers to Stage 1 | **412,044** | **(100,408)** | **(311,636)** | – |
| Transfers to Stage 2 | **(169,836)** | **326,665** | **(156,829)** | – |
| Transfers to Stage 3 | **(368,103)** | **(722,880)** | **1,090,983** | – |
| Impact on ECL of exposures transferred between stages | **(370,354)** | **853,347** | **9,443,591** | **9,926,584** |
| Amounts written-off | – | – | **(8,964,699)** | **(8,964,699)** |
| Balances at end of year | **₱3,097,474** | **₱1,974,122** | **₱12,122,632** | **₱17,194,228** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱1,697,803 | ₱829,162 | ₱6,650,072 | ₱9,177,037 |
| Newly originated assets that remained in Stage 1 as of December 31, 2023 | 947,769 | – | – | 947,769 |
| Newly originated assets that moved to Stage 2 and Stage 3 as of December 31, 2023 | – | 230,571 | 1,225,536 | 1,456,107 |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | 776,814 | 570,969 | (237,679) | 1,110,104 |
| Transfers to Stage 1 | 562,996 | (363,160) | (199,836) | – |
| Transfers to Stage 2 | (71,785) | 175,513 | (103,728) | – |
| Transfers to Stage 3 | (165,728) | (820,287) | 986,015 | – |
| Impact on ECL of exposures transferred between stages | (532,300) | 563,837 | 3,096,437 | 3,127,974 |
| Amounts written-off | – | – | (2,403,352) | (2,403,352) |
| Balances at end of year | ₱3,215,569 | ₱1,186,605 | ₱9,013,465 | ₱13,415,639 |

Reconciliation of the allowance for impairment by class follows:

Group and Parent Bank - Corporate Loans -

| | **2024** | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱68,149** | **₱190,708** | **₱100,977** | **₱359,834** |
| Newly originated assets that remained in Stage 1 as of December 31, 2024 | **17,672** | **–** | **–** | **17,672** |
| Newly originated assets that moved to Stage 2 and Stage 3 as of December 31, 2024 | **–** | **11,142** | **165,048** | **176,190** |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | **(52,185)** | **(16,499)** | **(100,976)** | **(169,660)** |
| Transfers to Stage 2 | **(1,706)** | **1,706** | **–** | **–** |
| Transfers to Stage 3 | **(20)** | **–** | **20** | **–** |
| Impact on ECL of exposures transferred between stages | **–** | **1,503** | **7,270** | **8,773** |
| Balances at end of year | **₱31,910** | **₱188,560** | **₱172,339** | **₱392,809** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱48,511 | ₱233,297 | ₱141,586 | ₱423,394 |
| Newly originated assets that remained in Stage 1 as of December 31, 2023 | 50,036 | – | – | 50,036 |
| Newly originated assets that moved to Stage 2 and Stage 3 as of December 31, 2023 | – | 12,840 | – | 12,840 |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | (29,534) | (64,028) | (40,609) | (134,171) |
| Transfers to Stage 2 | (864) | 864 | – | – |
| Impact on ECL of exposures transferred between stages | – | 7,735 | – | 7,735 |
| Balances at end of year | ₱68,149 | ₱190,708 | ₱100,977 | ₱359,834 |

In 2024 and 2023, there were no write-offs for corporate loans.

Group and Parent Bank - Commercial Loans

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱289,655** | **₱91,694** | **₱4,704,401** | **₱5,085,750** |
| Newly originated assets that remained in Stage 1 as of December 31, 2024 | **179,222** | – | – | **179,222** |
| Newly originated assets that moved to Stage 2 & 3 as of December 31, 2024 | – | **124,224** | **129,872** | **254,096** |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | **(256,115)** | **(55,304)** | **868,032** | **556,613** |
| Transfers to Stage 1 | – | – | – | – |
| Transfers to Stage 2 | **(20,756)** | **20,756** | – | – |
| Transfers to Stage 3 | **(797)** | **(35,702)** | **36,499** | – |
| Impact on ECL of exposures transferred between stages | – | **(19,308)** | **108,019** | **88,711** |
| Balances at end of year | **₱191,209** | **₱126,360** | **₱5,846,823** | **₱6,164,392** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱315,049 | ₱245,527 | ₱2,896,794 | ₱3,457,370 |
| Newly originated assets that remained in Stage 1 as of December 31, 2023 | 237,326 | – | – | 237,326 |
| Newly originated assets that moved to Stage 2 & 3 as of December 31, 2023 | – | 81,184 | 661,092 | 742,276 |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | (262,786) | (88,412) | (1,146) | (352,344) |
| Transfers to Stage 1 | 16,552 | (13,674) | (2,878) | – |
| Transfers to Stage 2 | (56) | 56 | – | – |
| Transfers to Stage 3 | (440) | (136,715) | 137,155 | – |
| Impact on ECL of exposures transferred between stages | (15,990) | 3,728 | 1,013,384 | 1,001,122 |
| Balances at end of year | ₱289,655 | ₱91,694 | ₱4,704,401 | ₱5,085,750 |

In 2024 and 2023, there were no write-offs for commercial loans.

Group and Parent Bank - Home Loans

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱471,644** | **₱84,063** | **₱1,628,257** | **₱2,183,964** |
| Newly originated assets that remained in Stage 1 as of December 31, 2024 | **43,593** | – | – | **43,593** |
| Newly originated assets that moved to Stage 3 as of December 31, 2024 | – | **9,336** | **27,303** | **36,639** |
| Impact of changes in ECL model and assumptions, and effect of collections and other movements in receivable balance (excluding write-offs). | **(173,950)** | **26,901** | **(299,479)** | **(446,528)** |
| Transfers to Stage 1 | **264,019** | **(27,405)** | **(236,614)** | – |
| Transfers to Stage 2 | **(9,370)** | **137,040** | **(127,670)** | – |
| Transfers to Stage 3 | **(10,631)** | **(32,043)** | **42,674** | – |
| Impact on ECL of exposures transferred between stages | **(236,153)** | **23,127** | **523,215** | **310,189** |
| Amounts written-off | – | – | – | – |
| Balances at end of year | **₱349,152** | **₱221,019** | **₱1,557,686** | **₱2,127,857** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱475,196 | ₱33,831 | ₱1,247,656 | ₱1,756,683 |
| Newly originated assets that remained in Stage 1 as of December 31, 2023 | 262,545 | – | – | 262,545 |
| Newly originated assets that moved to Stage 3 as of December 31, 2023 | – | 5,941 | 58,264 | 64,205 |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | (244,869) | (1,177) | (179,197) | (425,243) |
| Transfers to Stage 1 | 152,585 | (9,053) | (143,532) | – |
| Transfers to Stage 2 | (13,082) | 60,764 | (47,682) | – |
| Transfers to Stage 3 | (13,898) | (14,513) | 28,411 | – |
| Impact on ECL of exposures transferred between stages | (146,833) | 8,270 | 669,270 | 530,707 |
| Amounts written-off | – | – | (3,847) | (3,847) |
| Balances at end of year | ₱471,644 | ₱84,063 | ₱1,629,343 | ₱2,185,050 |

Consumer Products - Group and Parent Bank

Consumer Products include auto loans, business line, credit cards, personal loans and SME financial products.

| | **2024** | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱2,356,872** | **₱807,939** | **₱2,310,723** | **₱5,475,534** |
| Newly originated assets that remained in Stage 1 as of December 31, 2024 | **524,922** | – | – | **524,922** |
| Newly originated assets that moved to Stage 3 as of December 31, 2024 | – | **383,692** | **1,118,915** | **1,502,607** |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | **96,882** | **(58,787)** | **79,646** | **117,741** |
| Transfers to Stage 1 | **144,665** | **(72,745)** | **(71,920)** | – |
| Transfers to Stage 2 | **(137,951)** | **166,648** | **(28,697)** | – |
| Transfers to Stage 3 | **(355,576)** | **(648,196)** | **1,003,772** | – |
| Impact on ECL of exposures transferred between stages | **(130,961)** | **846,374** | **8,722,748** | **9,438,161** |
| Amounts written-off | – | – | **(8,926,891)** | **(8,926,891)** |
| Balances at end of year | **₱2,498,853** | **₱1,424,925** | **₱4,208,296** | **₱8,132,074** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱755,729 | ₱168,100 | ₱2,140,699 | ₱3,064,528 |
| Newly originated assets that remained in Stage 1 as of December 31, 2023 | 391,493 | – | – | 391,493 |
| Newly originated assets that moved to Stage 3 as of December 31, 2023 | – | 125,613 | 461,065 | 586,678 |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | 1,392,981 | 817,718 | (21,238) | 2,189,461 |
| Transfers to Stage 1 | 385,702 | (333,427) | (52,275) | – |
| Transfers to Stage 2 | (57,633) | 113,570 | (55,937) | – |
| Transfers to Stage 3 | (89,918) | (581,278) | 671,196 | – |
| Impact on ECL of exposures transferred between stages | (361,479) | 538,489 | 1,417,450 | 1,594,460 |
| Amounts written-off | (60,003) | (40,846) | (2,250,237) | (2,351,086) |
| Balances at end of year | ₱2,356,872 | ₱807,939 | ₱2,310,723 | ₱5,475,534 |

CSB Salary Loans – Group

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱132,173** | **₱44,336** | **₱1,068,123** | **₱1,244,632** |
| Newly originated assets that remained in Stage 1 as of December 31, 2024 | **15,718** | – | – | **15,718** |
| Newly originated assets that moved to Stage 2 and Stage 3 as of December 31, 2024 | – | **13,144** | **96,472** | **109,616** |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | **295,627** | **10,635** | **140,861** | **447,123** |
| Transfers to Stage 1 | **435** | **(426)** | **(9)** | – |
| Transfers to Stage 2 | **(86,660)** | **86,666** | **(6)** | – |
| Transfers to Stage 3 | **(320,313)** | **(49,545)** | **369,858** | – |
| Amounts written-off | – | – | **(668,056)** | **(668,056)** |
| Balances at end of year | **₱36,980** | **₱104,810** | **₱1,007,243** | **₱1,149,033** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱270,800 | ₱174,497 | ₱849,136 | ₱1,294,433 |
| Newly originated assets that remained in Stage 1 as of December 31, 2023 | 83,820 | – | – | 83,820 |
| Newly originated assets that moved to Stage 2 and Stage 3 as of December 31, 2023 | – | 33,937 | 150,906 | 184,843 |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | (234,675) | (118,435) | 34,646 | (318,464) |
| Transfers to Stage 1 | 23,974 | (14,939) | (9,035) | – |
| Transfers to Stage 2 | (4,016) | 5,445 | (1,429) | – |
| Transfers to Stage 3 | (7,730) | (36,169) | 43,899 | – |
| Amounts written-off | – | – | – | – |
| Balances at end of year | ₱132,173 | ₱44,336 | ₱1,068,123 | ₱1,244,632 |

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) HR loans, (ii) bills purchased and (iii) customer liabilities under acceptances, (iv) home credit receivables, (v) teacher's loans acquired from CSB and, with respect to the subsidiaries, (i) personal loans, and (ii) motorcycle loans.

Group

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱284,765** | **₱138,836** | **₱4,393,171** | **₱4,816,772** |
| Newly originated assets that remained in Stage 1 as of December 31, 2024 | **192,348** | – | – | **192,348** |
| Newly originated assets that moved to Stage 3 as of December 31, 2024 | – | **30,346** | **579,201** | **609,547** |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | **(174,549)** | **(38,519)** | **(311,124)** | **(524,192)** |
| Transfers to Stage 1 | **36,902** | **(5,815)** | **(31,087)** | – |
| Transfers to Stage 2 | **(3,006)** | **16,636** | **(13,630)** | – |
| Transfers to Stage 3 | **(19,605)** | **(80,112)** | **99,717** | – |
| Impact on ECL of exposures transferred between stages | **196,624** | **11,295** | **5,196,010** | **5,403,929** |
| Amounts written-off | – | – | **(5,593,927)** | **(5,593,927)** |
| Balances at end of year | **₱513,479** | **₱72,667** | **₱4,318,331** | **₱4,904,477** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱609,842 | ₱182,554 | ₱3,249,881 | ₱4,042,277 |
| Newly originated assets that remained in Stage 1 as of December 31, 2023 | 198,366 | – | – | 198,366 |
| Newly originated assets that moved to Stage 3 as of December 31, 2023 | – | 113,048 | 1,743,023 | 1,856,071 |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | 73,981 | 54,526 | 561,414 | 689,921 |
| Transfers to Stage 1 | 34,642 | (13,649) | (20,993) | – |
| Transfers to Stage 2 | (9,514) | 15,297 | (5,783) | – |
| Transfers to Stage 3 | (663,420) | (231,991) | 895,411 | – |
| Impact on ECL of exposures transferred between stages | 40,867 | 19,053 | (593,807) | (533,887) |
| Amounts written-off | – | – | (1,435,976) | (1,435,976) |
| Balances at end of year | ₱284,764 | ₱138,838 | ₱4,393,170 | ₱4,816,772 |

## Parent Bank

| | **2024** | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱29,249** | **₱12,201** | **₱269,107** | **₱310,557** |
| Newly originated assets that remained in Stage 1 as of December 31, 2024 | **15,202** | – | – | **15,202** |
| Newly originated assets that moved to Stage 3 as of December 31, 2024 | **–** | **4,871** | **58,287** | **63,158** |
| Impact of changes in ECL model and assumptions and effect of collections and other movements in receivable balance (excluding write-offs). | **(17,089)** | **1,217** | **(38,891)** | **(54,763)** |
| Transfers to Stage 1 | **3,360** | **(258)** | **(3,102)** | **–** |
| Transfers to Stage 2 | **(53)** | **515** | **(462)** | **–** |
| Transfers to Stage 3 | **(1,079)** | **(6,939)** | **8.018** | **–** |
| Impact on ECL of exposures transferred between stages | **(3,240)** | **1,651** | **82,339** | **80,750** |
| Amounts written-off | **–** | **–** | **(37,808)** | **(37,808)** |
| Balances at end of year | **₱26,350** | **₱13,258** | **₱337,488** | **₱377,096** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱103,319 | ₱148,405 | ₱223,338 | ₱475,062 |
| Newly originated assets that remained in Stage 1 as of December 31, 2023 | 6,369 | – | – | 6,369 |
| Newly originated assets that moved to Stage 3 as of December 31, 2023 | – | 4,993 | 45,115 | 50,108 |
| Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions | (78,979) | (93,130) | 5,596 | (166,513) |
| Transfers to Stage 1 | 8,157 | (7,006) | (1,151) | – |
| Transfers to Stage 2 | (150) | 259 | (109) | – |
| Transfers to Stage 3 | (1,469) | (46,935) | 48,404 | – |
| Impact on ECL of exposures transferred between stages | (7,998) | 5,615 | (3,667) | (6,050) |
| Amounts written-off | – | – | (48,419) | (48,419) |
| Balances at end of year | ₱29,249 | ₱12,201 | ₱269,107 | ₱310,557 |

Investments and Placements

Group

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱37,997** | **₱278,641** | **₱–** | **₱316,638** |
| Newly originated assets that remained in Stage 1 as of December 31, 2024 | **6,971** | – | – | **6,971** |
| Effect of collections and other movements in receivable balance (excluding write-offs) | **(2,968)** | **9,878** | – | **6,910** |
| Balances at end of year | **₱42,000** | **₱288,519** | **₱–** | **₱330,519** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱44,176 | ₱291,487 | ₱– | ₱335,663 |
| Newly originated assets that remained in Stage 1 as of December 31, 2023 | 15,103 | – | – | 15,103 |
| Effect of collections and other movements in receivable balance (excluding write-offs) | – | 3,456 | – | 3,456 |
| Impact of changes in ECL model and assumptions | (21,282) | (16,302) | – | (37,584) |
| Balances at end of year | ₱37,997 | ₱278,641 | ₱– | ₱316,638 |

Parent Bank

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balances at beginning of year | **₱33,877** | **₱278,641** | **₱–** | **₱312,518** |
| Newly originated assets that remained in Stage 1 as of December 31, 2024 | **6,971** | – | – | **6,971** |
| Newly originated assets that moved to Stage 2 as of December 31, 2024 | – | – | – | – |
| Effect of collections and other movements in receivable balance (excluding write-offs) | **(1,649)** | **9,878** | – | **8,229** |
| Balances at end of year | **₱39,199** | **₱288,519** | **₱–** | **₱327,718** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Balances at beginning of year | ₱40,056 | ₱291,487 | ₱– | ₱331,543 |
| Newly originated assets that remained in Stage 1 as of December 31, 2023 | 15,103 | – | – | 15,103 |
| Newly originated assets that moved to Stage 2 as of December 31, 2023 | – | 3,456 | – | 3,456 |
| Effect of collections and other movements in receivable balance (excluding write-offs) | (21,282) | (16,302) | – | (37,584) |
| Balances at end of year | ₱33,877 | ₱278,641 | ₱– | ₱312,518 |

## 21. Deposit Liabilities

The breakdown of deposit liabilities account follows:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Due to banks: | | | | |
| Demand | **₱1,177,426** | ₱1,223,082 | **₱1,177,399** | ₱1,223,082 |
| Savings | **266,068** | 264,879 | **228,263** | 264,021 |
| Time | **31,865** | 188,340 | **17,241** | 185,765 |
| | **1,475,359** | 1,676,301 | **1,422,903** | 1,672,868 |
| Due to customers: | | | | |
| Demand | **230,200,543** | 232,059,602 | **231,506,045** | 233,005,285 |
| Savings | **215,276,830** | 195,599,454 | **208,153,412** | 189,798,530 |
| Time | **229,370,064** | 283,233,051 | **131,399,530** | 173,078,710 |
| | **674,847,437** | 710,892,107 | **571,058,987** | 595,882,525 |
| | **₱676,322,796** | ₱712,568,408 | **₱572,481,890** | ₱597,555,393 |

The breakdown of deposit liabilities account as to currency follows:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Philippine pesos | **₱541,061,450** | ₱616,554,615 | **₱437,219,348** | ₱501,541,600 |
| Foreign currencies | **135,261,346** | 96,013,793 | **135,262,542** | 96,013,793 |
| | **₱676,322,796** | ₱712,568,408 | **₱572,481,890** | ₱597,555,393 |

Deposit liabilities bear annual fixed interest rates ranging from 0.00% to 7.50% in 2024, from 0.00% to 7.00% in 2023, and from 0.00% to 8.00% in 2022 for the Group and from 0.03% to 5.10% in 2024, from 0.00% to 6.00% in 2023, and from 0.00% to 5.75% in 2022 for the Parent Bank.

Interest expense on the deposit liabilities amounted to ₱12.49 billion, ₱15.79 billion, and ₱6.02 billion in 2024, 2023, and 2022, respectively, in the Group's statements of income, and ₱5.78 billion, ₱9.46 billion, and ₱4.20 billion in 2024, 2023, and 2022, respectively, in the Parent Bank's statements of income.

Under existing BSP regulations at the start of 2023, non-FCDU deposit liabilities of the Bank are subject to unified reserve requirement equivalent to 12.0% (under BSP Circular No. 1092). In 2023, BSP Circular No. 1175 reduced the reserve requirement to 9.5%, 6.0%, 2.0% and 1.0% for universal and commercial banks, digital banks, thrift banks, and rural banks, respectively, effective reserve week June 30, 2023. In 2024, BSP Circular No. 1201 further reduced the reserve requirement to 7.0%, 4.0%, 1.0% and nil, for universal and commercial banks, digital banks, thrift banks, and rural banks, respectively, effective reserve week beginning October 25, 2024.

Required reserves as of December 31, 2024 and 2023 amounted to ₱32.04 billion and ₱56.97 billion, respectively, for the Group, and ₱30.51 billion and ₱53.96 billion, respectively, for the Parent Bank (see Note 8).

## 22. Bills Payable

Bills payable consist of borrowings from:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Banks, other financial institutions and individuals | **₱162,009,917** | ₱154,975,282 | **₱125,923,180** | ₱120,056,162 |
| Others | **246,462** | 312,647 | **246,462** | 302,974 |
| | **₱162,256,379** | ₱155,287,929 | **₱126,169,642** | ₱120,359,136 |

Bills payable to banks and other financial institutions consist mainly of amortized cost balance of short, medium and long-term borrowings. Certain bills payable to banks and other financial institutions are collateralized by investment securities (see Notes 12 and 37).

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 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Philippine pesos | **₱89,022,209** | ₱70,451,542 | **₱52,935,472** | ₱35,522,749 |
| Foreign currencies | **73,234,170** | 84,836,387 | **73,234,170** | 84,836,387 |
| | **₱162,256,379** | ₱155,287,929 | **₱126,169,642** | ₱120,359,136 |

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 | | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | **2024** | 2023 | 2022 |
| Banks, other financial institutions and individuals | **₱10,162,425** | ₱8,466,972 | ₱3,002,685 | **₱7,647,926** | ₱6,263,551 | ₱1,621,975 |
| BSP | **–** | 87,028 | – | **–** | 87,028 | – |
| Others | **272** | 327 | 485 | **272** | 327 | 485 |
| | **₱10,162,697** | ₱8,554,327 | ₱3,003,170 | **₱7,648,198** | ₱6,350,906 | ₱1,622,460 |

In November 2022, the Parent Bank raised $358 million 3-year syndicated loan facility. The proceeds were 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 | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Philippine pesos | **6.10% to 8.37%** | 3.50% to 8.37% | 1.88% to 8.37% |
| Foreign currencies | **1.20% to 4.90%** | 0.32% to 6.41% | 1.06% to 5.23% |

## 23. Notes and Bonds Payable

The Group's and the Parent Bank's notes and bonds payable as of December 31, 2024 and 2023 consist of the following:

| | Coupon Interest | Principal Amount | Outstanding Balance: December 31, 2024 | Outstanding Balance: December 31, 2023 | Issue Date | Maturity Date | First Call Option Date |
|---|---|---|---|---|---|---|---|
| USD Senior Medium Term Notes Due 2025 | 2.125% | ₱17,353,500 | **₱17,333,327** | ₱16,568,058 | October 22, 2020 | October 22, 2025 | |
| Peso Senior Series F Bonds Due 2025 | 6.563% | 10,338,500 | **10,296,528** | 10,269,590 | December 5, 2023 | June 5, 2025 | |
| USD Social Bonds Due 2028 | 6.579%* | 8,676,750 | **8,647,015** | 8,266,271 | July 23, 2021 | July 23, 2028 | |
| Peso Senior Series G Bonds Due 2026 | 6.680% | 7,829,500 | **7,792,794** | 7,739,007 | December 5, 2023 | December 5, 2026 | |
| Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025 | 5.250% | 6,800,000 | **6,768,021** | 6,762,293 | February 24, 2020 | May 24, 2030 | May 24, 2025 |
| Peso Senior Series D Bonds Due 2026 | 3.375% | 885,000 | **886,602** | 888,408 | December 9, 2020 | March 9, 2026 | |
| **Total for Parent Bank** | | 51,883,250 | **51,724,287** | 50,493,627 | | | |
| Peso Social Bond | 6.535% | 5,864,500 | **5,841,295** | – | June 20, 2024 | June 21, 2027 | |
| **Total for Group** | | ₱57,747,750 | **₱57,565,582** | ₱50,493,627 | | | |

**floating interest rate based on prevailing SOFR as of December 31, 2024*

USD Senior Medium Term Notes Due 2025

These USD300 million Senior Medium Term Notes Due 2025 were issued under the updated USD2 Billion MTN Programme of the Parent Bank and were also rated Baa2 by Moody's. The Notes were also listed on the Singapore Exchange Securities Trading Limited.

The Notes will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions of the issuance) unsecured obligations of the Parent Bank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Parent Bank from time to time outstanding.

Peso Senior Series F Bonds Due 2025 and Peso Senior Series G Bonds Due 2026

On December 5, 2023, the Bank issued and listed on the PDEx its ₱18.17 billion of Peso denominated fixed rate bonds via a dual tranche offering. This is the largest bond issuance by the Bank from its ₱50.00 billion Bonds Program, which received strong demand from both retail and institutional investors. This enabled the Bank to upsize the issuance to over nine times its initial minimum offer size of ₱2.00 billion for the two tranches.

The 1.5Y Series F Bonds due 2025 raised a total of ₱10.34 billion and carries an interest rate of 6.56% per annum while the 3Y Series G Bonds due 2026 raised a total of ₱7.83 billion and carries an interest rate of 6.68% per annum (collectively, the "New Bonds").

Concurrent with the issuance of the New Bonds, the Bank also implemented the country's first public non-sovereign bond exchange which extended to the holders of its Php8.12 billion 2.75% Fixed Rate Series C Bonds due December 9, 2023 (the "Exchangeable Bonds") the option to sell to UnionBank such Exchangeable Bonds in exchange for subscription to any of the New Bonds (the "Bond Exchange"). The Bond Exchange settlement date was on December 4, 2023, with ₱236.70 million of Exchangeable Bonds to be exchanged with the New Bonds.

USD Social Bonds Due 2028
The International Finance Corporation (IFC) invested in a USD150 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 were 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 D Bonds Due 2026
These fixed rate Senior Series Bonds Due 2026 amounting to ₱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.

CSB Peso Social Bond Due 2027
IFC subscribed to fixed-rate ₱5.8 billion social bond issued by CSB to finance CSB's lending operations in respect of Eligible Sub-loans in accordance with the ICMA and ASEAN Social Bond Principles and this Agreement. The social bond shall rank at least pari passu with the claims of all its other senior and unsubordinated creditors, except for the obligations mandatorily preferred established under Philippine laws.

CSB shall at all times maintain and abstain from any action, which may result in the breach of the "Conditions of Subscription" with IFC.

The interest expense on notes and bonds payable amounted to ₱2.91 billion, ₱2.12 billion, and ₱2.49 billion in 2024, 2023, and 2022, respectively, for the Group, and ₱2.64 billion, ₱2.08 billion, and ₱2.47 billion in 2024, 2023, and 2022, 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, 2024 and 2023, the Group is in compliance with all the debt covenants on the above notes and bonds.

## 24. Others Liabilities

Other liabilities consist of the following as of December 31:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Accounts payable | **₱14,650,894** | ₱14,715,682 | **₱13,380,470** | ₱12,821,356 |
| Accrued taxes and other expenses | **11,812,911** | 13,039,259 | **9,452,687** | 10,729,290 |
| Manager's checks | **8,494,370** | 7,512,789 | **8,488,258** | 7,509,074 |
| Derivative liabilities (Note 11) | **3,088,312** | 926,176 | **3,088,312** | 926,176 |
| Other credits - dormant | **3,039,115** | 3,055,238 | **2,914,182** | 2,927,349 |
| Sundry credits | **2,563,450** | 1,117,848 | **2,243,567** | 1,115,410 |
| Bills purchased - domestic and foreign | **2,450,166** | 2,432,182 | **2,450,166** | 2,432,182 |
| Lease liabilities | **1,625,925** | 1,551,143 | **1,238,395** | 1,180,973 |
| Payment orders payable | **1,585,421** | 1,950,117 | **1,585,421** | 1,950,117 |
| Post-employment defined benefit obligation (Note 29) | **1,335,849** | 1,571,666 | **885,923** | 1,464,586 |
| Unearned income - bancassurance (Note 32) | **442,693** | 590,258 | **442,693** | 590,258 |
| Miscellaneous | **2,139,550** | 2,705,607 | **1,928,717** | 2,469,460 |
| | **₱53,228,656** | ₱51,167,965 | **₱48,098,791** | ₱46,116,231 |

The breakdown of Accrued taxes and other expenses account follows:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Accrued interest payable | **₱2,808,646** | ₱3,472,484 | **₱1,592,531** | ₱2,495,138 |
| Accrued income and other taxes | **1,146,076** | 860,068 | **928,064** | 728,144 |
| Other accruals | **7,858,189** | 8,706,707 | **6,932,092** | 7,506,008 |
| | **₱11,812,911** | ₱13,039,259 | **₱9,452,687** | ₱10,729,290 |

Other accruals represent mainly fringe and other personnel benefits.

Set out below is the carrying amount of lease liabilities and the movements during the year:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Balance at beginning of year | **₱1,551,143** | ₱1,424,530 | **₱1,180,973** | ₱1,177,555 |
| Additions | **731,139** | 685,477 | **561,627** | 468,129 |
| Payments | **(724,806)** | (633,871) | **(552,358)** | (524,291) |
| Accretion of interest (Note 34) | **68,499** | 75,007 | **48,153** | 59,580 |
| Balance at end of year | **₱1,625,925** | ₱1,551,143 | **₱1,238,395** | ₱1,180,973 |

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, 2024 and 2023, the Group has no lease commitments which have not yet commenced.

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).

## 25. Capital Funds

Capital Stock

The Parent Bank's capital stock as of December 31, 2024 and 2023 consists of the following:

| | Shares | | Amount | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Common – ₱10 par value | | | | |
| Authorized | **5,030,785,238** | 5,030,785,238 | **₱50,307,852** | ₱50,307,852 |
| Issued | **3,316,405,584** | 2,353,774,567 | **33,164,056** | 23,537,746 |
| Treasury stock | – | (27,977) | – | (2,097) |
| Issued and outstanding | **3,316,405,584** | 2,353,746,590 | **₱33,164,056** | ₱23,535,649 |
| Preferred – ₱100 par value, non-voting | | | | |
| Authorized | **100,000,000** | 100,000,000 | **₱10,000,000** | ₱10,000,000 |
| Issued and outstanding | – | – | – | – |

On June 29, 1992, the 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, 2024 and 2023, there are 3,315.0 million shares and 2,351.5 million shares, respectively, listed at the PSE. The number of holders and the closing price of the said shares is 4,954 and ₱36.00 per share, respectively, as of December 31, 2024, and 4,949 and ₱50.35 per share, respectively, as of December 31, 2023.

*Issuance of Shares under the Employee Stock Plan*

The Bank issued 697,339 shares on February 6, 2023 to qualified employees under the Parent Bank's Employee Stock Plan (ESP), which accounts as the last tranche. A total of 3.6 million common shares were issued over the five-year period.

*Treasury Stocks*
On March 10, 2023, in accordance with the terms of the ESP and its supporting agreements, the Parent Bank acquired 27,977 common shares at a price per share of ₱74.97 or in the total amount of ₱2.10 million and is presented as Treasury stock in the statement of financial position as of December 31, 2023. The ESP provides that in the event of death or disability of an employee participating in the ESP, the Parent Bank shall buy back shares that have not been previously released to the employee and are subject to a holding period.

On June 28, 2024, the Parent Bank's BOD approved the sale of 27,977 treasury stocks at ₱34.50 per share. The sale was completed on July 1, 2024.

*Issuance of Shares through Stock Rights*
On May 31, 2024, the Parent Bank issued approximately 327.1 million common shares priced at ₱30.57 per share. The shares were offered to eligible shareholders as of record date of May 9, 2024 at a ratio of 1 right share for every 9.1382 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 ₱10.0 billion.

Also on February 6, 2023, the Parent Bank issued approximately 211.0 million common shares priced at ₱56.88 per share. The shares were offered to eligible shareholders as of record date of January 12, 2023 at a ratio of 1 right share for every 10.1536 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 ₱11.86 billion.

*Distribution of Stock Dividends*
On January 4, 2024, the Bank issued 635.5 million common shares at par value of ₱10 for whole shares and paid ₱0.22 million for 2,550.79 fractional shares in relation to the 27% stock dividends approved by the Bank's BOD and stockholders on February 24, 2023 and April 28, 2023, respectively.

Surplus Free
At the annual meeting of the stockholders of the Parent Bank held on April 28, 2023, the stockholders approved the following matters as endorsed by the BOD at its meeting held on February 24, 2023:

a. Amendment of the Parent Bank's Articles of Incorporation (AOI) to increase the authorized capital stock from ₱35.3 billion to ₱60.3 billion, with the increase of ₱25.0 billion equivalent to 2,500,000,000 common shares with a par value of ₱10.00.
b. Declaration of 27% stock dividends in the amount of ₱6.4 billion equivalent to 635.5 million 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, 2023. Fractional shares resulting from the stock dividend declaration were paid in cash based on the closing rate of ₱87.50 as of February 27, 2023, the next trading day at the PSE following the date of approval by the BOD of the stock dividend declaration and computed up to two (2) decimal places.

On August 1, 2023 and December 5, 2023, the Parent Bank obtained the BSP and the SEC approvals, respectively, for the increase in the authorized capital stock and for the issuance of common shares to stockholders of record as of December 22, 2023 and payment date on January 4, 2024.

The following is a summary of the cash dividends declared and distributed by the Parent Bank in 2024, 2023, and 2022:

| Date of Declaration | Date of Record | Date of BSP Approval | Date of Payment | Dividend per Share | Outstanding Shares | Total Amount |
|---|---|---|---|---|---|---|
| **January 26, 2024** | **February 13, 2024** | **N/A** | **February 20, 2024** | **₱0.80** | **2,989,259,518** | **₱2,391,408** |
| February 1, 2023 | February 15, 2023 | N/A | February 27, 2023 | 2.00 | 2,353,774,567 | 4,707,549 |
| January 28, 2022 | February 14, 2022 | N/A | March 2, 2022 | 2.80 | 1,524,918,059 | 4,269,771 |

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

In compliance with BSP regulations, a portion of the Group's income from trust operations is setup as Surplus Reserves. In 2023 and 2022, the Group and the Parent Bank appropriated ₱31.2 million and ₱31.7 million, respectively. In 2024, the Parent Bank transferred its trust business to UBIMTC, hence, no appropriation was made.

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, 2024 and 2023, surplus reserves related to the difference between GLLP over ECL allowance amounted to ₱2.49 billion and ₱2.17 billion, respectively, for the Group and ₱1.86 billion and ₱1.77 billion, respectively, for the Parent Bank.

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. No transfer has been made for the years ended December 31, 2024 and 2023.

## 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 | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | **Due within one year** | **Due beyond one year** | **Total** | Due within one year | Due beyond one year | Total |
| **Financial Assets** | | | | | | |
| Cash and other cash items | **₱10,143,777** | **₱–** | **₱10,143,777** | ₱10,439,112 | ₱– | ₱10,439,112 |
| Due from BSP | **82,146,575** | **–** | **82,146,575** | 82,643,663 | – | 82,643,663 |
| Due from other banks | **33,902,989** | **–** | **33,902,989** | 27,275,221 | – | 27,275,221 |
| IBLR and SPURRA | **1,879,030** | **–** | **1,879,030** | 25,411,162 | – | 25,411,162 |
| Trading and investment securities | | | | | | |
| at FVTPL | **10,295,089** | **–** | **10,295,089** | 5,805,716 | – | 5,805,716 |
| at amortized cost - gross | **27,980,825** | **295,750,077** | **323,730,902** | 4,855,282 | 309,928,613 | 314,783,895 |
| at FVOCI | **31,563** | **39,481,091** | **39,512,654** | 29,506 | 36,945,268 | 36,974,774 |
| Loans and receivables - net of unearned discounts | **231,738,442** | **314,996,622** | **546,735,064** | 205,981,555 | 340,175,082 | 546,156,637 |
| Other resources | **1,601,963** | **1,270,134** | **2,872,097** | 585,449 | 1,802,360 | 2,387,809 |
| | **399,720,253** | **651,497,924** | **1,051,218,177** | 363,026,666 | 688,851,323 | 1,051,877,989 |
| **Nonfinancial Assets** | | | | | | |
| Investment in associates | **–** | **35,755** | **35,755** | – | 37,675 | 37,675 |
| Bank premises, furniture, fixtures and equipment | **–** | **21,257,446** | **21,257,446** | – | 19,217,959 | 19,217,959 |
| Investment properties | **–** | **13,048,847** | **13,048,847** | – | 11,648,702 | 11,648,702 |
| Goodwill | **–** | **53,992,565** | **53,992,565** | – | 53,992,565 | 53,992,565 |
| Other resources | **3,551,182** | **40,374,507** | **43,925,689** | 3,260,691 | 37,559,573 | 40,820,264 |
| | **3,551,182** | **128,709,120** | **132,260,302** | 3,260,691 | 122,456,474 | 125,717,165 |
| | **₱403,271,435** | **₱780,207,044** | **₱1,183,478,479** | ₱366,287,357 | ₱811,307,797 | ₱1,177,595,154 |
| Allowance for credit losses and impairment (Notes 20) | | | **24,622,577** | | | 20,475,498 |
| Accumulated depreciation (Notes 16 and 17) | | | **13,414,867** | | | 11,976,303 |
| | | | **38,037,444** | | | 32,451,801 |
| | | | **₱1,145,441,035** | | | ₱1,145,143,353 |
| **Financial Liabilities** | | | | | | |
| Deposit liabilities | **₱650,045,618** | **₱26,277,178** | **₱676,322,796** | ₱680,342,981 | ₱32,225,427 | ₱712,568,408 |
| Bills payable | **122,146,186** | **40,110,193** | **162,256,379** | 118,394,375 | 36,893,554 | 155,287,929 |
| Notes and bonds payable | **10,296,528** | **47,269,054** | **57,565,582** | – | 50,493,627 | 50,493,627 |
| Other liabilities | **43,926,989** | **5,573,348** | **49,500,337** | 41,706,033 | 5,307,645 | 47,013,678 |
| | **826,415,321** | **119,229,773** | **945,645,094** | 840,443,389 | 124,920,253 | 965,363,642 |
| **Nonfinancial Liabilities** | | | | | | |
| Accrued income and other taxes | **1,146,076** | **–** | **1,146,076** | 860,068 | – | 860,068 |
| Other liabilities | **456,792** | **2,125,451** | **2,582,243** | 498,995 | 2,795,224 | 3,294,219 |
| | **1,602,868** | **2,125,451** | **3,728,319** | 1,359,063 | 2,795,224 | 4,154,287 |
| | **₱828,018,189** | **₱121,355,224** | **₱949,373,413** | ₱841,802,452 | ₱127,715,477 | ₱969,517,929 |

| | Parent Bank | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | **Due within one year** | **Due beyond one year** | **Total** | Due within one year | Due beyond one year | Total |
| **Financial Assets** | | | | | | |
| Cash and other cash items | **₱9,270,243** | **₱–** | **₱9,270,243** | ₱9,350,898 | ₱– | ₱9,350,898 |
| Due from BSP | **49,212,089** | **–** | **49,212,089** | 63,883,124 | – | 63,883,124 |
| Due from other banks | **31,149,430** | **–** | **31,149,430** | 23,195,787 | – | 23,195,787 |
| IBLR and SPURRA | **179,030** | **–** | **179,030** | 3,184,121 | – | 3,184,121 |
| Trading and investment securities | | | | | | |
| at FVTPL | **10,028,598** | **–** | **10,028,598** | 5,676,867 | – | 5,676,867 |
| at amortized cost - gross | **27,960,825** | **285,745,913** | **313,706,738** | 4,719,843 | 300,919,396 | 305,639,239 |
| at FVOCI | **31,563** | **39,219,892** | **39,251,455** | – | 36,699,234 | 36,699,234 |
| Loans and receivables - net of unearned discounts | **214,265,825** | **209,890,478** | **424,156,303** | 179,801,242 | 246,038,296 | 425,839,538 |
| Other resources | **1,601,937** | **1,065,905** | **2,667,842** | 528,354 | 1,525,288 | 2,053,642 |
| | **343,699,540** | **535,922,188** | **879,621,728** | 290,340,236 | 585,182,214 | 875,522,450 |
| **Nonfinancial Assets** | | | | | | |
| Investment in subsidiaries | **–** | **37,301,269** | **37,301,269** | – | 36,114,412 | 36,114,412 |
| Bank premises, furniture, fixtures and equipment | **–** | **16,524,071** | **16,524,071** | – | 14,678,017 | 14,678,017 |
| Investment properties | **–** | **11,589,371** | **11,589,371** | – | 10,190,789 | 10,190,789 |
| Goodwill | **–** | **43,339,696** | **43,339,696** | – | 43,339,696 | 43,339,696 |
| Other resources | **2,187,020** | **31,670,864** | **33,857,884** | 2,472,996 | 30,596,455 | 33,069,451 |
| | **2,187,020** | **140,425,271** | **142,612,291** | 2,472,996 | 134,919,369 | 137,392,365 |
| | **₱345,886,560** | **₱676,347,459** | **₱1,022,234,019** | ₱292,813,232 | ₱720,101,583 | ₱1,012,914,815 |
| Allowance for credit losses and impairment | | | **18,369,742** | | | 14,396,735 |
| Accumulated depreciation (Notes 16 and 17) | | | **10,160,783** | | | 8,905,385 |
| | | | **28,530,525** | | | 23,302,120 |
| | | | **₱993,703,494** | | | ₱989,612,695 |
| **Financial Liabilities** | | | | | | |
| Deposit liabilities | **571,084,636** | **1,397,254** | **572,481,890** | 595,611,052 | 1,944,341 | 597,555,393 |
| Bills payable | **103,753,709** | **22,415,933** | **126,169,642** | 97,271,395 | 23,087,741 | 120,359,136 |
| Notes and bonds payable | **10,296,528** | **41,427,759** | **51,724,287** | – | 50,493,627 | 50,493,627 |
| Other liabilities | **39,864,381** | **4,934,936** | **44,799,317** | 37,484,533 | 4,843,836 | 42,328,369 |
| | **724,999,254** | **70,175,882** | **795,175,136** | 730,366,980 | 80,369,545 | 810,736,525 |
| **Nonfinancial Liabilities** | | | | | | |
| Accrued income and other taxes | **928,064** | **–** | **928,064** | 728,144 | – | 728,144 |
| Other liabilities | **292,139** | **2,079,271** | **2,371,410** | 365,536 | 2,694,182 | 3,059,718 |
| | **1,220,203** | **2,079,271** | **3,299,474** | 1,093,680 | 2,694,182 | 3,787,862 |
| | **₱726,219,457** | **₱72,255,153** | **₱798,474,610** | ₱731,460,660 | ₱83,063,727 | ₱814,524,387 |

## 27. Service Charges, Fees and Commissions

This account is broken down as follows:

| | Group | | | Parent Bank | | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | **2024** | 2023 | 2022 |
| Service charges | **₱11,042,723** | ₱8,960,632 | ₱5,638,183 | **₱10,012,969** | ₱8,220,988 | ₱5,142,605 |
| Brokerage fees | **963,740** | 769,277 | 312,756 | **63,944** | 6,405 | 19,888 |
| Commissions from bancassurance (Note 32) | **627,708** | 589,520 | 377,657 | **627,708** | 589,520 | 377,657 |
| Bank commissions | **230,563** | 203,243 | 241,109 | **229,943** | 198,945 | 218,555 |
| Others | **550,898** | 363,372 | 542,063 | **371,516** | 137,814 | 257,154 |
| | **₱13,415,641** | ₱10,886,044 | ₱7,111,768 | **₱11,306,080** | ₱9,153,672 | ₱6,015,859 |

Others include various commission income on remittance transactions and management fees.

## 28. **Miscellaneous Income and Expenses**

### Miscellaneous Income

Miscellaneous income is composed of the following:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Recoveries from charged-off assets | **₱1,748,822** | ₱1,149,193 | ₱579,130 |
| Foreign exchange gains - net | **1,436,317** | 2,126,188 | 2,151,194 |
| Gain on foreclosure of investment properties (Note 17) | **1,203,292** | 751,936 | 466,388 |
| Cards rebates and migration support | **995,546** | 826,689 | 463,827 |
| Net gain on sale of investment properties, property and equipment and other assets (Note 16, 17 and 19) | **521,422** | 1,026,933 | 1,209,196 |
| Income from trust operations (Note 31) | **316,901** | 311,816 | 316,939 |
| Rental (Notes 17 and 34) | **159,384** | 127,739 | 218,019 |
| Others | **187,475** | 677,204 | 863,794 |
| | **₱6,569,159** | ₱6,997,698 | ₱6,268,487 |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Recoveries from charged-off assets | **₱1,718,740** | ₱1,106,189 | ₱533,616 |
| Gain on foreclosure of investment properties (Note 17) | **1,170,914** | 679,745 | 466,388 |
| Cards rebates and migration support | **995,546** | 826,689 | 463,827 |
| Share in net profit (loss) of subsidiaries (Note 15) | **(633,126)** | 2,837,072 | 1,712,086 |
| Net gain on sale of investment properties, property and equipment and other assets (Note 16, 17 and 19) | **612,000** | 1,110,755 | 1,192,575 |
| Gain on deemed disposal of a subsidiary (Note 1) | **373,128** | – | – |
| Rental (Notes 17 and 34) | **207,913** | 180,273 | 154,907 |
| Foreign exchange gains – net | **64,263** | 1,464,603 | 1,523,650 |
| Income from trust operations (Note 31) | **46,432** | 311,816 | 316,939 |
| Others | **381,464** | 314,221 | 803,770 |
| | **₱4,937,274** | ₱8,831,363 | ₱7,167,758 |

### Miscellaneous Expenses

The breakdown of miscellaneous expenses follows:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Information technology | **₱5,166,269** | ₱5,726,110 | ₱3,115,086 |
| Advertising and publicity | **4,682,038** | 4,882,498 | 2,255,794 |
| Fees and commission | **2,438,894** | 1,364,037 | 573,087 |
| Insurance | **1,538,005** | 1,518,627 | 1,353,558 |
| Outside services | **1,442,523** | 1,488,965 | 1,260,553 |
| Card-related expenses | **762,967** | 508,396 | 730,958 |
| Communication | **699,573** | 644,736 | 460,209 |
| Management and professional fees | **636,440** | 903,708 | 1,062,648 |
| Stationery and supplies | **375,218** | 424,516 | 353,613 |
| Litigation | **319,265** | 303,581 | 183,726 |
| Provision for impairment on investment properties and other non-financial assets, net of reversal (Note 17) | **308,705** | 916,619 | 374,536 |
| Transportation and travel | **305,132** | 416,558 | 334,164 |
| Repairs and maintenance | **203,000** | 224,376 | 169,308 |
| Supervision and compliance costs | **84,723** | 781,521 | 684,576 |
| Others | **1,074,298** | 1,453,131 | 1,435,349 |
| | **₱20,037,050** | ₱21,557,379 | ₱14,347,165 |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Information technology | **₱4,475,524** | ₱5,215,041 | ₱2,937,704 |
| Advertising and publicity | **4,529,410** | 4,792,726 | 2,187,771 |
| Outside services | **1,278,998** | 1,083,916 | 863,284 |
| Insurance | **1,261,362** | 1,264,648 | 1,176,892 |
| Fees and commission | **1,121,295** | 1,149,643 | 388,987 |
| Card-related expenses | **762,967** | 508,396 | 730,958 |
| Communication | **521,211** | 446,582 | 324,773 |
| Management and professional fees | **462,388** | 700,469 | 676,020 |
| Stationery and supplies | **322,284** | 368,009 | 285,337 |
| Litigation | **308,182** | 300,055 | 170,532 |
| Repairs and maintenance | **150,456** | 174,097 | 124,642 |
| Transportation and travel | **105,052** | 214,406 | 171,298 |
| Provision for impairment on investment properties and other non-financial assets (Note 17) | **84,162** | 403,042 | 2,186 |
| Supervision and compliance costs | **42,754** | 747,560 | 660,929 |
| Others | **622,311** | 740,386 | 796,070 |
| | **₱16,048,356** | ₱18,108,976 | ₱11,497,383 |

## 29. Salaries and Employee Benefits

### Salaries and Employee Benefits Expense

Expenses recognized for employee benefits are as follows:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Short-term benefits: | | | |
| Salaries and wages | **₱7,790,723** | ₱7,395,773 | ₱5,581,557 |
| Bonuses and fringe benefits | **4,795,373** | 4,763,223 | 3,276,495 |
| Social security costs | **449,813** | 386,205 | 267,273 |
| Other benefits | **266,772** | 225,620 | 200,104 |
| Post-employment and other long-term benefits | **817,444** | 787,404 | 677,742 |
| | **₱14,120,125** | ₱13,558,225 | ₱10,003,171 |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Short-term benefits: | | | |
| Salaries and wages | **₱5,369,739** | ₱5,318,750 | ₱4,234,232 |
| Bonuses and fringe benefits | **3,908,999** | 3,850,248 | 2,452,656 |
| Social security costs | **293,541** | 261,460 | 164,995 |
| Other benefits | **191,831** | 171,337 | 159,729 |
| Post-employment and other long-term benefits | **632,677** | 630,577 | 513,582 |
| | **₱10,396,787** | ₱10,232,372 | ₱7,525,194 |

### 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 UBIMTC, a subsidiary of the Parent Bank, for the Parent Bank, UIC, CSB, 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, among the retirement plans are being maintained for UnionBank, former iBank employees and former Citigroup Inc.'s consumer banking business 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, PETNET, and UFSI.

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 normal 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 faifteen (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 Plans
*Fund 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 Plan
*Fund 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.

UFSI 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 2024 and 2023.

The amounts of post-employment defined benefit obligation (net retirement asset) recognized in the statements of financial position are determined as follows (see Notes 19 and 24):

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| Present value of the obligation | **₱7,927,314** | ₱7,299,841 |
| Fair value of plan assets | **6,720,485** | 5,917,416 |
| | **₱1,206,829** | ₱1,382,425 |

As of December 31, 2024 and 2023, the net retirement obligation of the Group amounting to ₱1.21 billion and ₱1.38 billion is separately shown at gross amount of ₱129.02 million and ₱189.24 million, respectively, as Net retirement asset in the Other Resources (see Note 19), and as Post-employment defined benefit obligation of ₱1.34 billion and ₱1.57 billion, respectively (see Note 24).

| | Parent Bank | |
|---|---|---|
| | **2024** | 2023 |
| Present value of the obligation | **₱6,715,680** | ₱6,505,811 |
| Fair value of plan assets | **5,829,757** | 5,041,225 |
| | **₱885,923** | ₱1,464,586 |

The movements in the present value of the post-employment benefit obligation recognized in the financial statements are as follows:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Balance at beginning of year | **₱7,299,841** | ₱6,194,063 | ₱5,285,027 |
| Current service cost | **698,953** | 617,879 | 579,173 |
| Interest expense | **342,984** | 392,446 | 244,198 |
| Remeasurements: | | | |
| Actuarial losses (gains) arising from | | | |
| Changes in financial assumptions | **85,638** | 425,647 | (917,442) |
| Experience adjustments | **(55,809)** | 56,868 | 27,707 |
| Changes in demographic assumptions | **–** | 50 | (3,246) |
| Benefits paid | **(410,827)** | (387,112) | (375,742) |
| Net released obligation due to employee transfers | **(33,466)** | – | – |
| Effects of business combinations | – | – | 1,354,388 |
| Balance at end of year | **₱7,927,314** | ₱7,299,841 | ₱6,194,063 |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Balance at beginning of year | **₱6,505,811** | ₱5,468,709 | ₱4,514,965 |
| Current service cost | **587,951** | 521,682 | 459,481 |
| Interest expense | **341,660** | 346,395 | 235,886 |
| Remeasurements: | | | |
| Actuarial losses (gains) arising from | | | |
| Experience adjustments | **(135,196)** | (27,055) | 15,286 |
| Changes in financial assumptions | **(85,334)** | 473,555 | (877,330) |
| Changes in demographic assumptions | **(465,746)** | (277,475) | (211,825) |
| Net released obligation due to employee transfers | **(33,466)** | – | – |
| Effects of business combinations | **–** | – | 1,332,245 |
| Balance at end of year | **₱6,715,680** | ₱6,505,811 | ₱5,468,708 |

The movements in the fair value of plan assets are presented below.

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Balance at beginning of year | **₱5,917,416** | ₱5,227,021 | ₱4,321,676 |
| Interest income | **318,271** | 344,075 | 208,245 |
| Return on plan asset (excluding amounts included in net interest) | **36,526** | (46,580) | (520,217) |
| Contributions to the plan | **943,094** | 720,135 | 417,379 |
| Benefits paid | **(483,018)** | (327,235) | (261,690) |
| Net released obligation due to employee transfer | **(11,804)** | – | – |
| Effects of business combinations (Note 1) | **–** | – | 1,061,628 |
| Balance at end of year | **₱6,720,485** | ₱5,917,416 | ₱5,227,021 |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Balance at beginning of year | **₱5,041,225** | ₱4,558,600 | ₱3,621,937 |
| Interest income | **272,332** | 301,472 | 195,439 |
| Return on plan asset (excluding amounts included in net interest) | **43,096** | (174,732) | (525,321) |
| Contributions to the plan | **801,586** | 633,360 | 416,742 |
| Benefits paid | **(316,678)** | (277,475) | (211,825) |
| Net acquired/(released) obligation due to employee transfers | **(11,804)** | – | – |
| Effects of business combinations | **–** | – | 1,061,628 |
| Balance at end of year | **₱5,829,757** | ₱5,041,225 | ₱4,558,600 |

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| Bank deposits | **₱187,621** | ₱789,749 |
| Quoted equity securities: | | |
| Financial and insurance activities | **3,009,625** | 3,125,493 |
| Real estate activities | **213,734** | 88,133 |
| Electricity, gas and water | **30,116** | 30,675 |
| Others | **559,590** | 564,438 |
| | **3,813,065** | 3,808,739 |
| Debt securities: | | |
| Philippine government bonds | **1,771,080** | 624,496 |
| Corporate bonds | **602,335** | 677,912 |
| | **2,373,415** | 1,302,408 |
| Others | **346,384** | 16,520 |
| | **₱6,720,485** | ₱5,917,416 |

| | Parent Bank | |
|---|---|---|
| | **2024** | 2023 |
| Bank deposits | **₱176,988** | ₱769,724 |
| Quoted equity securities: | | |
| Financial and insurance activities | **2,474,024** | 2,560,165 |
| Real estate activities | **206,416** | 88,130 |
| Electricity, gas and water | **14,652** | 21,151 |
| Others | **536,902** | 400,910 |
| | **3,231,994** | 3,070,356 |
| Debt securities: | | |
| Philippine government bonds | **1,678,998** | 604,224 |
| Corporate bonds | **496,608** | 581,251 |
| | **2,175,606** | 1,185,475 |
| Others | **245,169** | 15,670 |
| | **₱5,829,757** | ₱5,041,225 |

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). Equity securities under the fund are primarily investments in corporations listed in the PSE, which include ₱463.70 million and ₱478.40 million investments in the shares of stocks of the Parent Bank as of December 31, 2024 and 2023, respectively, while debt securities represent investments in government and corporate bonds, which include ₱319.26 million and ₱311.86 million investment in the notes of the Parent Bank as of December 31, 2024 and 2023, 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 ₱11.23 million and ₱241.77 million deposits with the Parent Bank as of December 31, 2024 and 2023, respectively (see Note 32).

Actual returns on plan assets amounted to ₱318.65 million, ₱272.03 million, and (₱311.97 million) in 2024, 2023, and 2022, respectively, for the Group. Actual returns on plan assets amounted to ₱315.43 million, ₱126.74 million, and (₱329.88 million) in 2024, 2023, and 2022, respectively, for the Parent Bank.

The amounts recognized in the statements of income in respect of the post-employment defined benefit plan are as follows:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Current service cost | **₱698,953** | ₱617,879 | ₱579,173 |
| Net interest expense (income) | **24,713** | 48,371 | 35,953 |
| | **₱723,666** | ₱666,250 | ₱615,126 |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Current service cost | **₱587,951** | ₱521,682 | ₱459,481 |
| Net interest expense (income) | **69,328** | 44,923 | 40,447 |
| | **₱657,279** | ₱566,605 | ₱499,928 |

The amounts recognized in other comprehensive income in respect of the post-employment defined benefit plan are as follows:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Actuarial losses (gains) arising from changes in: | | | |
| Changes in financial assumption | **₱85,638** | ₱425,647 | (₱917,442) |
| Experience adjustments | **(55,809)** | 56,868 | 27,707 |
| Changes in demographic assumptions | | 50 | (3,246) |
| Return on plan assets (excluding amounts included in net interest) | **(36,526)** | 46,580 | 520,217 |
| | **(₱6,697)** | ₱529,145 | (₱372,764) |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Actuarial losses (gains) arising from changes in: | | | |
| Changes in financial assumption | **(₱85,334)** | ₱473,555 | (₱877,330) |
| Experience adjustments | **(135,196)** | (27,055) | 15,286 |
| Return on plan assets (excluding amounts included in net interest) | **(43,096)** | 174,732 | 525,321 |
| | **(₱263,626)** | ₱621,232 | (₱336,723) |

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 gains (losses) of (₱214.97 million), ₱65.89 million, and ₱30.41 million in 2024, 2023, and 2022, respectively (see Note 15).

The Group and the Parent Bank expect to contribute ₱787.57 million and ₱586.94 million, respectively, in 2025.

In determining the retirement benefits, the following actuarial assumptions were used:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Retirement age | **60** | 60 | 60 |
| Average remaining working life | **6-26 years** | 6-26 years | 5-26 years |
| Discount rate | **5.96%-6.09%** | 6.01%-7.31% | 4.00%-7.56% |
| Expected rate of salary increase | **5.00%-7.00%** | 2.00%-7.00% | 2.00%-7.00% |
| Employee turnover rate | **0%-19%** | 0%-19% | 0%-26% |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Retirement age | **60** | 60 | 60 |
| Average remaining working life | **8 to 14 years** | 8 to 14 years | 8 to 15 years |
| Discount rate | **5.96%-6.13%** | 6.01%-6.11% | 7.05%-7.25% |
| Expected rate of salary increase | **6.00%** | 6.00%-7.00% | 6.00%-7.00% |
| Employee turnover rate | **0%-18%** | 0%-18% | 0%-18% |

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 results 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** |
| **December 31, 2024** | | | |
| Discount rate | **+/-1.0%** | **(₱571,211)** | **₱543,498** |
| Salary growth rate | **+/-1.0%** | **592,246** | **(626,177)** |
| Turn-over rate | **+/-20.0%** | **(92,112)** | **(185,026)** |
| December 31, 2023 | | | |
| Discount rate | +/-1.0% | (₱721,266) | ₱930,243 |
| Salary growth rate | +/-1.0% | 992,066 | (798,490) |
| Turn-over rate | +/-20.0% | (51,105) | (43,777) |

**Parent Bank**

| | Impact on Post-Employment Defined Benefit Obligation | | |
|---|---|---|---|
| | **Change in Assumption** | **Increase in Assumption** | **Decrease in Assumption** |
| **December 31, 2024** | | | |
| Discount rate | **+/-1.0%** | **(₱284,500)** | **₱327,623** |
| Salary growth rate | **+/-1.0%** | **343,826** | **(303,768)** |
| Turn-over rate | **+/-20.0%** | **(20,109)** | **20,775** |
| December 31, 2023 | | | |
| Discount rate | +/-1.0% | (₱641,114) | ₱665,717 |
| Salary growth rate | +/-1.0% | 867,439 | (544,559) |
| Turn-over rate | +/-20.0% | (52,624) | 39,776 |

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, 2024 and 2023 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**

| | **2024** | 2023 |
|---|---|---|
| Less than one year | **₱1,598,062** | ₱1,649,751 |
| One year to less than five years | **2,494,331** | 2,357,357 |
| Five years to less than ten years | **4,681,319** | 4,584,317 |
| Ten years to less than 15 years | **5,844,681** | 5,503,589 |
| 15 years to less than 20 years | **7,358,118** | 6,906,291 |
| 20 years and above | **14,645,098** | 15,254,451 |
| | **₱36,621,609** | ₱36,255,756 |

**Parent Bank**

| | **2024** | 2023 |
|---|---|---|
| Less than one year | **₱1,370,516** | ₱1,447,895 |
| One year to less than five years | **2,296,031** | 2,131,964 |
| Five years to less than ten years | **4,081,848** | 4,036,406 |
| Ten years to less than 15 years | **4,619,173** | 4,365,293 |
| 15 years to less than 20 years | **5,417,069** | 5,146,918 |
| 20 years and above | **9,454,176** | 10,351,462 |
| | **₱27,238,813** | ₱27,479,938 |

The weighted average duration of the defined benefit obligation is 17 years in both 2024 and 2023.

Other Long-term Employment benefits

Other long term employment benefits include convertible sick leave benefits. Sick leave is computed and credited on a pro-rata basis and accumulated up to a maximum of certain working days. Any excess sick leave beyond the limit shall be convertible to cash on January 31st of the following year. All earned sick leave is convertible to cash and for inclusion to the employee's separation pay upon resignation. Accordingly, this is considered as other long term employee benefits, calculated using an actuarial valuation. As of December 31, 2024 and 2023, they key actuarial assumptions include expected salary increase rate of 6.00% per annum and discount rate of 6.07%.

As of December 31, 2024 and 2023, accrued sick leave obligation amounted to ₱755.18 million and ₱648.88 million, respectively.

## 30. **Income Taxes**

Current and Deferred Income Taxes

The components of income tax expense (benefit) for the years ended December 31, 2024, 2023, and 2022 are as follows:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| *Reported in profit or loss* | | | |
| Current tax expense: | | | |
| Final tax | **₱3,253,404** | ₱3,165,140 | ₱2,231,917 |
| Regular corporate income tax (RCIT) | **1,010,096** | 886,028 | 1,333,468 |
| MCIT | **2,351** | 538,492 | 1,467 |
| | **4,265,851** | 4,589,660 | 3,566,852 |
| Deferred tax expense (benefit) relating to origination and reversal of temporary differences | **(612,364)** | (1,945,435) | 472,607 |
| | **₱3,653,487** | ₱2,644,225 | ₱4,039,459 |
| *Reported in other comprehensive income* | | | |
| Deferred tax expense (benefit) relating to origination and reversal of actuarial gains or losses | **₱1,674** | (₱132,286) | ₱93,191 |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| *Reported in profit or loss* | | | |
| Current tax expense: | | | |
| Final tax | **₱2,675,412** | ₱2,669,179 | ₱2,029,648 |
| RCIT | **730,506** | 26,334 | 108,513 |
| MCIT | **–** | 527,838 | – |
| | **3,405,918** | 3,223,351 | 2,138,161 |
| Deferred tax expense (benefit) relating to origination and reversal of temporary differences | **282,533** | (1,698,002) | 897,850 |
| | **₱3,688,451** | ₱1,525,349 | ₱3,036,011 |
| *Reported in other comprehensive income* | | | |
| Deferred tax expense (benefit) relating to origination and reversal of actuarial gains or losses | **₱75,845** | (₱155,309) | ₱84,180 |

The reconciliation of the statutory income tax rate and the effective income tax rate follows:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Statutory income tax rate | **25.00%** | 25.00% | 25.00% |
| Adjustment for income subjected to lower income tax rates | **(5.15)** | (2.02) | (3.20) |
| Tax effects of: | | | |
| FCDU income before tax | **(1.42)** | (2.02) | (1.73) |
| Non-taxable income | **(0.71)** | (8.48) | (0.89) |
| Non-deductible expenses | **5.11** | 10.98 | 3.20 |
| Others | **0.46** | (0.98) | 1.69 |
| Effective income tax rate | **23.30%** | 22.49% | 24.07% |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Statutory income tax rate | **25.00%** | 25.00% | 25.00% |
| Adjustment for income subjected to lower income tax rates | **(4.18)** | (3.15) | (1.97) |
| CREATE related adjustments | **–** | – | 5.68 |
| Tax effects of: | | | |
| FCDU income before tax | **(1.40)** | (1.86) | (18.79) |
| Non-taxable income | **(0.25)** | (3.68) | (0.27) |
| Non-deductible expenses | **4.11** | 3.31 | 2.07 |
| Others | **(0.12)** | (0.20) | (0.23) |
| Effective income tax rate | **23.17%** | 19.42% | 11.90% |

The components of the net deferred tax assets presented under Other resources (see Note 19) as of December 31, 2024 and 2023 follow:

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| Deferred tax assets: | | |
| Allowance for impairment | **₱5,955,867** | ₱5,010,016 |
| Accrued other expenses | **1,846,241** | 1,682,104 |
| Net operating loss carry over (NOLCO) | **1,588,979** | 1,069,474 |
| Deferred service fees | **517,442** | 476,785 |
| Excess MCIT | **1,358** | 681,016 |
| Investment properties | **66,903** | 287,322 |
| Unrealized foreign exchange loss | **526,124** | 250,459 |
| Others | **773,977** | 775,071 |
| | **11,276,891** | 10,232,247 |
| Deferred tax liabilities: | | |
| Unrealized fair value gain | **85,369** | – |
| Unrealized foreign exchange gain | **47,903** | 60,723 |
| Capitalized interest | **21,050** | 21,965 |
| Others | **641,333** | 469,528 |
| | **795,655** | 552,216 |
| Net deferred tax assets | **₱10,481,236** | ₱9,680,031 |

| | Parent Bank | |
|---|---|---|
| | **2024** | 2023 |
| Deferred tax assets: | | |
| Allowance for credit losses | **₱4,464,471** | ₱3,576,777 |
| Accrued other expenses | **1,600,632** | 1,542,120 |
| Net operating loss carry-over (NOLCO) | **601,424** | 1,068,153 |
| Unrealized foreign exchange loss | **525,438** | 248,787 |
| Investment properties | **21,014** | 202,220 |
| Excess MCIT | **–** | 680,353 |
| Others | **779,984** | 789,288 |
| | **7,992,963** | 8,107,698 |
| Deferred tax liabilities: | | |
| Unrealized fair value gain | **85,369** | – |
| Unrealized foreign exchange gain | **47,902** | 51,875 |
| Capitalized interest | **21,050** | 21,965 |
| Others | **473,509** | 323,671 |
| | **627,830** | 397,511 |
| Net deferred tax assets | **₱7,365,133** | ₱7,710,187 |

Other deferred tax asset includes post-retirement obligation and other future deductible items.

The Parent Bank's NOLCO follows:

| Year incurred | Amount | Expired | Applied | Balances | Availment Period |
|---|---|---|---|---|---|
| 2020 | ₱2,211,455 | ₱– | ₱2,211,455 | ₱– | 2021-2025* |
| 2021 | 155,461 | – | 155,461 | – | 2022-2026* |
| 2023 | 2,517,174 | – | – | 2,517,174 | 2024-2026 |
| | ₱4,884,090 | ₱– | ₱2,366,916 | ₱2,517,174 | |

**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 25-2021), implementing Section 4(bbbb) of Republic Act No. 11494 or the Bayanihan to Recover as One Act.*

The Parent Bank's MCIT follows:

| Year incurred | Amount | Expired | Applied | Balances | Availment Period |
|---|---|---|---|---|---|
| 2020 | ₱214,453 | ₱214,453 | ₱– | ₱– | 2021-2023 |
| 2021 | 152,515 | – | 152,515 | – | 2022-2024 |
| 2023 | 527,838 | – | 527,838 | – | 2024-2026 |
| | ₱894,806 | ₱214,453 | ₱680,353 | ₱– | |

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

The following are the relevant tax regulations affecting the Group:

*Income Tax*

(a) MCIT computed at 1% of gross income (net of allowable deductions as defined under tax regulations) from July 1, 2020 to June 30, 2023 and at 2% from July 1, 2023 onwards, or RCIT of 25%, 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
The Parent Bank opted to claim itemized deductions in 2024, 2023 and 2022.



## 31. **Trust Operations**

The following securities and other properties held by UBIMTC and Parent Bank in 2024 and 2023 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.

| | **2024** | 2023 |
|---|---|---|
| Investments | **₱92,721,880** | ₱91,212,192 |
| Others | **8,399,386** | 2,755,771 |
| | **₱101,121,266** | ₱93,967,963 |

In compliance with the requirements of the General Banking Act relative to the Parent Bank's trust functions as of December 31, 2023:

*(a)* Investment in government securities with a total face value of ₱1.21 billion as of December 31, 2023, are deposited with BSP as security for Parent Bank's faithful compliance with its fiduciary obligations (see Note 12); and,

*(b)* Ten percent of the 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, 2023, the reserve for trust functions amounted to ₱367.84 million and is included as part of Surplus reserves in the statements of financial position (see Note 25).

In 2023, the Bank established UBIMTC to operate as a stand-alone trust corporation (see Note 1). In 2024, pursuant to the transfer agreement between the Bank and UBIMTC, the Parent Bank transferred the assets under management under the trust business to UBIMTC.

Income from trust operations of the Group and the Parent Bank amounted to ₱316.90 million and ₱46.43 million, respectively, in 2024. Income from trust operations of the Group and the Parent Bank amounted to ₱311.82 million and ₱316.94 million in 2023 and 2022, respectively. These are presented as part of the Miscellaneous income in the statement 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, as defined in the Bank's Policy on Related Party 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, 2024 and 2023 are as follows:

| | 2024 | | 2023 | | |
|---|---|---|---|---|---|
| Related Party Category | **Amount of Transaction** | **Outstanding Balance** | Amount of Transaction | Outstanding Balance | Terms and Conditions/Nature |
| **Applicable to the Parent Bank** | | | | | |
| **Subsidiaries** | | | | | |
| Lease of properties: | | | | | |
| Lease income | **₱65,694** | **₱–** | ₱72,056 | ₱– | Lease renewed every 5 years |
| Refundable deposits | **(7,340)** | **994** | 6,375 | 8,334 | with 5% escalation rate. |
| Management services | **148,768** | **–** | 88,227 | – | Project management fee, management services, commission and service charges paid to/by subsidiaries |
| Deposit liabilities: | | | | | |
| Outstanding balance | **–** | **2,650,643** | – | 1,799,248 | With interest rate based on |
| Net movements | **851,395** | **–** | (161,905) | – | average daily bank deposit |
| Interest expense on deposits | **53,182** | **–** | 4,631 | – | rate. |
| Sale of receivables | **–** | **–** | (22,027,981) | – | Sale of qualified Quick Loan Accounts to UnionDigital |
| Interbank borrowing | | | | | |
| Availment | **4,000,000** | **–** | 10,000,000 | – | Short-term borrowing with annual fixed rate ranging from 6.47% to 6.50% in 2024 and from 6.34% to 6.41% in 2023. |
| Interest expense | **2,161** | **–** | 1,771 | – | No outstanding balances as of 2024 and 2023. |
| Interbank lending | | | | | |
| Availment | **700,000** | **–** | – | – | Short-term lending with annual fixed rate of 6.53% and 8.00% in 2024. No outstanding balance as of |
| Interest income | **839** | **–** | – | – | 2024. |
| Advances: | | | | | |
| Outstanding balance | **–** | **96,027** | – | 129,438 | Various expenses advanced by the Bank |
| Net movements | **(33,411)** | **–** | 49,865 | – | |
| Interest income | **1,836** | **–** | – | – | |
| Other liabilities | | **160,973** | – | 2,653 | Various expenses and service fees |
| **Applicable to the Group and the Parent Bank** | | | | | |
| **Stockholders and related parties under common ownership** | | | | | |
| Deposit liabilities: | | | | | |
| Outstanding balance | **–** | **1,951,260** | – | 2,474,724 | With interest rate based on |
| Net movements | **(523,464)** | **–** | (4,234,491) | – | average daily bank deposit rate |
| Interest expense on deposits | **20,001** | **–** | 24,028 | – | |
| Bills payable: | | | | | |
| Outstanding balance | **–** | **13,979** | – | 13,957 | Long term liability with |
| Net movements | **22** | **–** | 21 | – | annual fixed rate of 4% |
| Interest expense | **584** | **–** | 560 | – | |
| Income from bancassurance business: | | | | | |
| Commission income | **627,708** | **–** | 589,520 | – | Income recognized on sale of insurance policies in accordance with the bancassurance agreement |
| Unearned income | **–** | **442,693** | – | 590,258 | Unearned income from Exclusive Access Fees arising from the bancassurance agreement |
| Sale of Investment properties | | | | | |
| Sales contract receivable | **–** | **–** | (413,987) | – | Sale of foreclosed property |
| Unearned income | **–** | **–** | (52,044) | – | |
| **Key Management Personnel** | **4,574,205** | **–** | 4,262,562 | – | Employee benefits related to key management personnel |

*(Forward)*

| Related Party Category | 2024 Amount of Transaction | 2024 Outstanding Balance | 2023 Amount of Transaction | 2023 Outstanding Balance | Terms and Conditions/Nature |
|---|---|---|---|---|---|
| **Directors, officers and other related interests:** | | | | | |
| Loans receivable | | | | | |
| Outstanding balance | **₱–** | **₱747,727** | ₱– | ₱830,157 | Secured borrowings with annual interest of 8.0% in 2024 and 8.0% and 12.0% in 2023 and employee fringe benefit loans with annual fixed interest rate from 0.0% to 7.0% in 2024 and 0.0% to |
| Net movements | **(82,430)** | – | 189,613 | – | 8.0% in 2023 |
| Accounts receivable | **151,260** | **151,260** | 185,238 | 185,238 | Fringe benefits related to employee cars and laptop lease |

Lease of Properties
The Parent Bank leases certain properties to UIC, CSB, UBX PH, UnionDigital, UBIMTC and UFSI at fixed monthly rental payments with 5% annual escalation rate.

Management Services
The Parent Bank has entered into service agreements with CSB, UIC, FUIFAI, FUPI, PETNET, UBX, UnionDigital, UBIMTC and UFSI 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 UnionDigital, UFSI and UBX PH as of December 31, 2024 and 2023. These are generally settled in cash on a monthly basis.

Bills Payable and Interest Expense
In 2020, CSB availed of a loan with Aboitiz Foundation, Inc., amounting to ₱14.00 million which is payable in five years and bears an annual interest rate of 4.0%. This borrowing had an outstanding balance of ₱13.98 million and ₱13.96 million (net of unamortized debt issue costs) as of December 31, 2024 and 2023, respectively.

Bancassurance Agreement
On January 27, 2017, the Parent Bank and its subsidiary, CSB, entered into a bancassurance partnership (the Distribution 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. Under the Distribution Agreement, 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.

In 2023, the Parent Bank and Insular Life signed an addendum to the Distribution Agreement to modify certain provisions in the original contract. The Addendum removed the provision on EAF refund. Under the new terms of the agreement, the unearned EAF as of January 1, 2023 will be earned evenly each year from 2023 to 2027, provided that the Parent Bank shall not be a defaulting party in a material breach during the EAF Credit Period.

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). Amortization of EAF recognized for 2024 and 2023 is included in Commission from bancassurance under Service charges, fees and commissions account in the statements of income.

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 2024 and 2023 are presented as part of Commissions from bancassurance under Service charges, fees and commissions account in the statements of income (see Note 27).

*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 2023 and 2022 amounted to ₱22.03 billion and ₱6.68 billion, respectively. The Parent Bank and UnionDigital mutually agreed to terminate the Agreement in August 2023.

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 Parent 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. In November 2023, the parties mutually agreed to modify the terms of the contract and fully settle the outstanding obligation in relation to such sale.

Key Management Personnel Compensation
The compensation of key management personnel for the Group and Parent Bank follows:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Short-term benefits | **₱4,245,206** | ₱3,948,441 | ₱2,565,550 |
| Post-employment benefits | **204,996** | 178,917 | 197,044 |
| Other long-term benefits | **124,003** | 135,204 | 211,238 |
| | **₱4,574,205** | ₱4,262,562 | ₱2,973,832 |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Short-term benefits | **₱3,287,581** | ₱3,074,645 | ₱2,126,299 |
| Post-employment benefits | **165,133** | 161,847 | 182,200 |
| Other long-term benefits | **114,887** | 128,555 | 205,565 |
| | **₱3,567,601** | ₱3,365,047 | ₱2,514,064 |

The Group incurred directors' fees amounting to ₱192.81 million, ₱159.59 million, and ₱130.79 million in 2024, 2023 and 2022, respectively. The Parent Bank incurred fees amounting to ₱117.87 million, ₱105.41 million , and ₱100.69 million in 2024, 2023 and 2022, respectively.

Loans and Other Transactions

In the ordinary course of business, the Group has loans, deposits and other transactions with its related parties and with certain DOSRI. Under the Group's existing policies, these transactions are made substantially on the same terms and conditions as transactions with other individuals and businesses of comparable risks. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of the deposit and book value of their investment in the Group. In the aggregate, loans to DOSRI generally should not exceed the total equity or 15% of the total loan portfolio of the Group, whichever is lower.

The following additional information is presented relative to DOSRI loans:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Total DOSRI loans | **₱747,727** | ₱830,157 | **₱606,488** | ₱690,843 |
| Unsecured DOSRI loans | **354,656** | 418,582 | **257,988** | 292,880 |
| % of DOSRI loans to total loan portfolio | **0.14%** | 0.16% | **0.15%** | 0.17% |
| % of unsecured DOSRI loans to total DOSRI loans | **0.08%** | 0.05% | **0.10%** | 0.06% |
| % of unsecured DOSRI loans inclusive of fringe benefits to total DOSRI loans | **47.43%** | 50.42% | **42.54%** | 42.39% |
| % of past due DOSRI loans to total DOSRI loans | **0.08%** | 0.05% | **0.10%** | 0.06% |
| % 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.

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 Corporate Governance Committee. Through its Retirement Committee, it has appointed UBIMTC 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, 2024 and 2023 are disclosed in Note 29. As of December 31, 2024 and 2023, total assets of the retirement plan managed by the UBIMTC of the Parent Bank as contained in the actuarial valuation reports amounted to ₱6.57 billion and ₱6.31 billion, respectively.

As of December 31, 2024 and 2023, 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, 2024 and 2023 as follows:

| | Group | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | **Amount of Transaction** | **Outstanding Balance** | Amount of Transaction | Outstanding Balance |
| Investment in Parent Bank shares | **(₱14,699)** | **₱463,699** | ₱126,190 | ₱478,398 |
| Investments in Parent Bank notes payable: | | | | |
| Outstanding balance | **–** | **319,260** | – | 311,861 |
| Net movements | **7,399** | **–** | (42,655) | – |
| Interest income | **19,813** | **–** | 17,255 | – |
| Accrued interest income | **–** | **2,022** | – | 4,562 |
| Deposit liabilities: | | | | |
| Outstanding balance | **–** | **11,230** | – | 241,771 |
| Net movements | **(230,541)** | **–** | (106,691) | – |
| Interest income on deposits | **14,016** | **–** | 1,692 | – |
| Dividend income | **8,780** | **–** | 9,307 | – |

| | Parent Bank | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | **Amount of Transaction** | **Outstanding Balance** | Amount of Transaction | Outstanding Balance |
| Investment in Parent Bank shares | **(₱12,258)** | **₱449,594** | ₱126,136 | ₱461,852 |
| Investments in Parent Bank notes payable: | | | | |
| Outstanding balance | **–** | **277,537** | – | 271,083 |
| Net movements | **6,454** | **–** | (39,889) | – |
| Interest income | **17,188** | **–** | 15,067 | – |
| Accrued interest income | **–** | **1,752** | – | 3,185 |
| Deposit liabilities: | | | | |
| Outstanding balance | **–** | **10,999** | – | 235,176 |
| Net movements | **(224,177)** | **–** | (94,675) | – |
| Interest income on deposits | **14,028** | **–** | 1,684 | – |
| Dividend income | **8,497** | **–** | 8,751 | – |

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 ₱310.58 million and ₱188.90 million, covering October 2023 to September 2024 and October 2022 to September 2023, 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, 2024 and 2023, the receivable of UIC from Kingswood Project amounted to ₱35.20 million and ₱32.0 million, respectively.

Transfer of the Parent Bank's Trust Business

In 2023, the Parent Bank established UBIMTC, a stand-alone trust corporation and the resulting entity of the spin-off of the Parent Bank's Trust and Investment Services Group (TISG). The Parent Bank contributed ₱300.0 million on May 9, 2023, in exchange for 300.0 million common shares pursuant to the requirements for incorporating UBIMTC (see Note 1). In March 2024, the Parent Bank entered into an agreement with UBIMTC to transfer the Parent Bank's trust business and operations to UBIMTC. UBIMTC commenced its operations in the same month.

## 33. Earnings Per Share

In 2024, 2023 and 2022, 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 April 28, 2023 to stockholders of record as of December 22, 2023 and issued on January 4, 2024 (see Notes 25 and 36), the weighted average number of outstanding common shares have been adjusted retrospectively for the effect of the stock dividends on January 1, 2022, representing the beginning of the earliest prior period presented, as required under PFRS.

The basic and diluted earnings per share were computed as follows:

| | Group | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Net profit attributable to Parent Bank's stockholders | **₱11,929,971** | ₱9,072,217 | ₱12,600,745 |
| Divided by: | | | |
| Weighted average number of outstanding common shares | **3,180,090** | 2,332,962 | 1,911,431 |
| Adjustment related to stock dividends | **–** | 635,519 | 635,519 |
| Weighted average number of outstanding common shares, after adjustment for stock dividends | **3,180,090** | 2,968,481 | 2,546,950 |
| Basic and diluted earnings per share | **₱3.75** | ₱3.06 | ₱4.95 |

| | Parent Bank | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Net profit | **₱12,232,431** | ₱8,828,457 | ₱12,600,745 |
| Divided by: | | | |
| Weighted average number of outstanding common shares | **3,180,090** | 2,332,962 | 1,911,431 |
| Adjustment related to stock dividend | **–** | 635,519 | 635,519 |
| Weighted average number of outstanding common shares, after adjustment for stock dividends | **3,180,090** | 2,968,481 | 2,546,950 |
| Basic and diluted earnings per share | **₱3.85** | ₱2.97 | ₱4.95 |

As of December 31, 2024, 2023 and 2022, there were no outstanding dilutive potential common shares.

## 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 ranging from 5% to 10%. 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, 2024 and 2023, 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, 2024 and 2023:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| 1 year or less | **₱444,059** | ₱597,214 | **₱415,758** | ₱453,932 |
| more than 1 years to 2 years | **438,411** | 450,676 | **326,516** | 352,348 |
| more than 2 years to 3 years | **351,838** | 303,813 | **267,310** | 235,500 |
| more than 3 years to 4 years | **244,261** | 217,275 | **165,842** | 157,865 |
| more than 5 years | **83,070** | 64,374 | **43,838** | 35,301 |

The following are the amounts recognized in profit or loss for the years ended December 31, 2024 and 2023:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Amortization expense of ROU assets (Note 16) | **₱625,603** | ₱611,475 | **₱489,730** | ₱468,679 |
| Interest expense on lease liabilities (Note 24) | **68,449** | 75,007 | **48,153** | 59,580 |
| Expenses relating to short term - leases | **293,175** | 268,345 | **214,309** | 214,309 |
| Total amount recognized in profit or loss | **₱987,227** | ₱954,827 | **₱752,192** | ₱742,568 |

*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, 2024, 2023 and 2022 are as follows:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Group | **₱159,384** | ₱127,739 | ₱218,019 |
| Parent Bank | **207,913** | 180,273 | 154,907 |

The estimated minimum future annual rentals receivable under non-cancellable operating leases follows:

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| Within one year | **₱146,930** | ₱119,487 |
| Beyond one year but within five years | **334,669** | 123,370 |
| | **₱481,599** | ₱242,857 |

| | Parent Bank | |
|---|---|---|
| | **2024** | 2023 |
| Within one year | **₱131,807** | ₱102,643 |
| Beyond one year but within five years | **303,539** | 110,043 |
| | **₱435,346** | ₱212,686 |

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, 2024, 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 | | | |
|---|---|---|---|---|
| | **Bills Payable** | **Notes and Bonds Payable** | **Lease Liabilities*** | **Total** |
| **Balances at beginning of year** | **₱155,287,929** | **₱50,493,627** | **₱1,551,143** | **₱207,332,699** |
| Cash flows from financing activities: | | | | |
| Additions | **979,827,074** | **11,482,520** | **–** | **991,309,594** |
| Repayment of borrowings | **(975,385,462)** | **(5,658,904)** | **(724,806)** | **(981,769,172 )** |
| Non-cash financing activities: | | | | |
| Effects of foreign exchange rate changes | **2,367,649** | **1,124,866** | **–** | **3,492,515** |
| New lease arrangements | **–** | **–** | **731,139** | **731,139** |
| Amortization of debt issue costs and accretion of interest | **159,189** | **123,473** | **68,449** | **351,111** |
| **Balances at end of year** | **₱162,256,379** | **₱57,565,582** | **₱1,625,925** | **₱221,447,886** |

**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 beginning of year | ₱3,000,000 | ₱132,846,789 | ₱51,644,325 | ₱1,424,530 | ₱188,915,644 |
| Cash flows from financing activities: | | | | | |
| Additions | – | 1,313,421,732 | 20,500,543 | – | 1,333,922,275 |
| Repayment of borrowings | (3,000,000) | (1,291,332,050) | (21,616,552) | (633,871) | (1,316,582,473) |
| Non-cash financing activities: | | | | | |
| Effects of foreign exchange rate changes | – | 350,441 | (65,136) | – | 285,305 |
| New lease arrangements | – | – | – | 685,477 | 685,477 |
| Amortization of debt issue costs and accretion of interest | – | 1,017 | 30,447 | 75,007 | 106,471 |
| Balances at end of year | ₱– | ₱155,287,929 | ₱50,493,627 | ₱1,551,143 | ₱207,332,699 |

**additions to lease liabilities arising from initial recognition of ROU assets are considered non-cash financing activities*

| | **Parent Bank** | | | |
|---|---|---|---|---|
| | **Bills Payable** | **Notes and Bonds Payable** | **Lease Liabilities*** | **Total** |
| **Balances at beginning of year** | **₱120,359,136** | **₱50,493,627** | **₱1,180,973** | **₱172,033,736** |
| Cash flows from financing activities: | | | | |
| Additions | **957,473,570** | **–** | **–** | **957,473,570** |
| Repayment of borrowings | **(954,030,712)** | **–** | **(552,358)** | **(954,583,070)** |
| Non-cash financing activities: | | | | |
| Effects of foreign exchange rate changes | **2,367,648** | **1,111,521** | **–** | **3,479,169** |
| New lease arrangements | **–** | **–** | **561,627** | **561,627** |
| Amortization of debt issue costs and accretion of interest | **–** | **119,139** | **48,153** | **167,292** |
| **Balances at end of year** | **₱126,169,642** | **₱51,724,287** | **₱1,238,395** | **₱179,132,324** |

**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 beginning of year | ₱3,000,000 | ₱99,309,124 | ₱51,644,325 | ₱1,177,555 | ₱155,131,004 |
| Cash flows from financing activities: | | | | | |
| Additions | – | 1,289,600,128 | 18,005,196 | – | 1,307,605,324 |
| Repayment of borrowings | (3,000,000) | (1,268,901,574) | (19,115,000) | (524,291) | (1,291,540,865) |
| Non-cash financing activities: | | | | | |
| Effects of foreign exchange rate changes | – | 350,441 | (71,341) | – | 279,100 |
| New lease arrangements | – | – | – | 468,129 | 468,129 |
| Amortization of debt issue costs and accretion of interest | – | 1,017 | 30,447 | 59,580 | 91,044 |
| Balances at end of year | ₱– | ₱120,359,136 | ₱50,493,627 | ₱1,180,973 | ₱172,033,736 |

**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, 2024 and 2023 include (1) additions to investment properties in settlement of loans and receivables amounting to ₱807.75 million and ₱984.12 million, respectively, (2) disposals of properties with carrying values of ₱713.01 million and ₱638.52 million, respectively, through sales contract receivables, and (3) addition to right of use assets amounting to ₱714.28 million and ₱675.99 million, respectively, for the Group and amounting to ₱561.63 million and ₱468.13 million, respectively, for the Parent Bank.

## 36. Events After the End of the Reporting Period

Dividend Declaration
On January 31, 2025, the Parent Bank's BOD approved the declaration of cash dividends at ₱1.00 per share for a total of ₱3.32 billion, issued to all stockholders of the Bank and payable from the unrestricted retained earnings of the Bank as of December 31, 2024. The record date for stockholders entitled to the cash dividend was February 17, 2025, and payment was made on February 24, 2025.

Capital Infusion to Union Digital
On January 31, 2025, the Parent Bank infused capital amounting to ₱650.00 million out of the approved amount of ₱1.60 billion to UnionDigital to support its ongoing business operations.

## 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 ₱3.30 billion in 2024 as shown under Taxes and Licenses account. Total GRT payable as of December 31, 2024 amounted to ₱0.91 billion and is included in Accrued taxes and other expenses under Other liabilities account in the 2024 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, 2024, DST affixed amounted to ₱1.63 billion.

Withholding Taxes
The details of total withholding taxes for the year ended December 31, 2024 are shown below (amounts in thousands):

| | |
|---|---|
| Final | ₱2,268,186 |
| Expanded | 345,227 |
| Compensation and benefits | 1,421,322 |
| | ₱4,034,735 |

Taxes and Licenses

The details of taxes and licenses in 2024 of the Parent Bank are as follows (amounts in thousands):

| | |
|---|---|
| GRT | ₱3,302,672 |
| DST | 610,210 |
| Real property tax | 45,490 |
| Fringe benefit tax (FBT) | 73,965 |
| Local and business permits | 71,333 |
| Miscellaneous | 107,238 |
| Less: | |
| FBT charged to employee benefits | (73,965) |
| | ₱4,136,943 |

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, 2024.

## 38. Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks (MORB)

The Parent Bank has no pending deficiency tax assessment with the BIR, the courts or other regulatory bodies outside of the BIR as at December 31, 2024.

Presented below is the supplementary information required by the BSP under Section 174 of the MORB.

Basic quantitative indicators of financial performance

| **Group** | **2024** | 2023 | 2022 |
|---|---|---|---|
| Return on average capital funds: | | | |
| Net profit / Average total capital funds* | **6.4%** | 5.6% | 9.7% |
| Return on average resources: | | | |
| Net profit / Average total resources* | **1.1%** | 0.8% | 1.3% |
| Net interest margin: | | | |
| Net interest income / Average interest-earning resources* | **6.0%** | 5.5% | 4.8% |
| Liquidity ratio: | | | |
| Current Assets / Current Liabilities | **48.7%** | 43.5% | 49.6% |
| Debt-to-equity ratio: | | | |
| Liabilities / Capital Funds | **4.8:1** | 5.5:1 | 6.4:1 |
| Asset-to-equity ratio: | | | |
| Asset / Capital Funds | **5.8:1** | 6.5:1 | 7.4:1 |
| Interest rate coverage ratio: | | | |
| Earnings before interests and taxes / Interest expense | **1.6:1** | 1.4:1 | 2.4:1 |

**Average amount is calculated based on current year-end and previous year-end balances*

| **Parent Bank** | **2024** | 2023 | 2022 |
|---|---|---|---|
| Return on average capital funds: | | | |
| Net profit / Average total capital funds* | **6.6%** | 5.5% | 9.7% |
| Return on average resources: | | | |
| Net profit / Average total resources* | **1.2%** | 0.9% | 1.5% |
| Net interest margin: | | | |
| Net interest income / Average interest-earning resources* | **5.6%** | 4.8% | 4.1% |
| Liquidity ratio: | | | |
| Current Assets / Current Liabilities | **49.6%** | 40.0% | 48.5% |
| Debt-to-equity ratio: | | | |
| Liabilities / Capital Funds | **4.1:1** | 4.7:1 | 5.6:1 |
| Asset-to-equity ratio: | | | |
| Asset / Capital Funds | **5.1:1** | 5.7:1 | 6.6:1 |
| Interest rate coverage ratio: | | | |
| Earnings before interests and taxes / Interest expense | **2.0:1** | 1.6:1 | 2.9:1 |

**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, 2024 and 2023, the Parent Bank has outstanding capital stock shown below (peso amounts in thousands):

| | **Shares** | | **Amount** | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Common – ₱10 par value | | | | |
| Authorized | **5,030,785,238** | 5,030,785,238 | **₱50,307,852** | ₱50,307,852 |
| Issued | **3,316,405,584** | 2,353,774,567 | **33,164,056** | 23,537,746 |
| Treasury stock | – | (27,977) | – | (2,097) |
| Issued and outstanding | **3,316,405,584** | 2,353,746,590 | **33,164,056** | 23,535,649 |
| 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.

*Distribution of Stock Dividends*
As of December 31, 2023, the Parent Bank has stock dividend distributable amounting to ₱6.36 billion, representing the 27% stock dividends approved by the Bank's BOD and stockholders on February 24, 2023 and April 28, 2023, respectively. Subsequently, on January 4, 2024, the Parent Bank issued the related 635.5 million common shares at par value of ₱10 per share.

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, 2024 and 2023 is shown below (amounts in thousands):

| | Group | | | |
|---|---|---|---|---|
| | 2024 | | | |
| | Loans and Other Receivables | | Trading and Investment | |
| | Amount | % | Securities | Total |
| *Concentration by industry* | | | | |
| Financial and insurance activities | **₱36,287,795** | **6.66** | **₱437,848,516** | **₱471,373,468** |
| Other consumption | **236,274,329** | **43.38** | **–** | **236,274,329** |
| Real estate activities | **93,720,155** | **17.21** | **13,981,886** | **107,702,041** |
| Electricity, gas steam and air conditioning supply | **14,364,514** | **2.64** | **25,476,487** | **39,841,001** |
| Wholesale and retail trade, repair of motor vehicles | **31,653,180** | **5.81** | **–** | **31,653,180** |
| Information and communication | **28,378,273** | **5.21** | **–** | **28,378,273** |
| Arts, entertainment and recreation | **22,784,818** | **4.18** | **–** | **22,784,818** |
| Transportation and storage | **15,367,065** | **2.82** | **2,486,098** | **17,853,163** |
| Manufacturing | **17,353,646** | **3.19** | **–** | **17,353,646** |
| Other service activities | **8,711,874** | **1.60** | **–** | **8,711,874** |
| Construction | **7,766,191** | **1.43** | **–** | **7,766,191** |
| Activities of households as employers and undifferentiated goods and services | **2,461,152** | **0.45** | **–** | **2,461,152** |
| Agriculture, forestry and fishing | **2,629,485** | **0.48** | **–** | **2,629,485** |
| Accommodation and food service activities | **1,391,169** | **0.26** | **–** | **1,391,169** |
| Professional, scientific and technical activities | **470,575** | **0.09** | **–** | **470,575** |
| Others | **24,993,053** | **4.59** | **8,537,880** | **33,530,933** |
| | **₱544,607,274** | **100.0** | **₱488,330,867** | **₱1,030,175,298** |

| | Group | | | |
|---|---|---|---|---|
| | 2024 | | | |
| | Loans and Other Receivables | | Trading and Investment | |
| | Amount | % | Securities | Total |
| *Concentration by location* | | | | |
| Philippines | **₱544,607,274** | **100.0** | **₱427,730,677** | **₱972,337,951** |
| Others - Asia | – | – | **28,363,556** | **28,363,556** |
| United States | – | – | **15,717,181** | **15,717,181** |
| North America | – | – | **7,661,426** | **7,661,426** |
| South America | – | – | **6,095,184** | **6,095,184** |
| | **₱544,607,274** | **100.0** | **₱485,568,024** | **₱1,030,175,298** |

| | Group | | | |
|---|---|---|---|---|
| | 2023 | | | |
| | Loans and Other Receivables | | Trading and Investment | |
| | Amount | % | Securities | Total |
| *Concentration by industry* | | | | |
| Financial and insurance activities | ₱51,103,435 | 9.38 | ₱446,923,047 | ₱498,026,482 |
| Other consumption | 112,628,257 | 20.68 | – | 112,628,257 |
| Real estate activities | 95,950,982 | 17.61 | 6,772,418 | 102,723,400 |
| Electricity, gas steam and air conditioning supply | 12,777,457 | 2.35 | 25,922,919 | 38,700,376 |
| Wholesale and retail trade, repair of motor vehicles | 30,793,295 | 5.65 | – | 30,793,295 |
| Information and communication | 30,272,891 | 5.56 | – | 30,272,891 |
| Transportation and storage | 22,391,674 | 4.11 | 2,381,427 | 24,773,101 |
| Manufacturing | 18,042,908 | 3.31 | 2,772,368 | 20,815,276 |
| Arts, entertainment and recreation | 13,396,218 | 2.46 | – | 13,396,218 |
| Other service activities | 7,613,267 | 1.40 | – | 7,613,267 |
| Construction | 5,558,126 | 1.02 | – | 5,558,126 |
| Activities of households as employers and undifferentiated goods and services | 2,522,318 | 0.46 | – | 2,522,318 |
| Agriculture, forestry and fishing | 2,913,770 | 0.53 | – | 2,913,770 |
| Accommodation and food service activities | 1,280,636 | 0.24 | – | 1,280,636 |
| Professional, scientific and technical activities | 522,663 | 0.10 | – | 522,663 |
| Others | 136,948,323 | 25.14 | 6,335,850 | 143,284,173 |
| | ₱544,716,220 | 100.00 | ₱491,108,029 | ₱1,035,824,249 |
| *Concentration by location* | | | | |
| Philippines | ₱544,716,220 | 100.00 | ₱436,081,182 | ₱980,797,402 |
| Others – Asia | – | – | 26,951,292 | 26,951,292 |
| United States | – | – | 14,979,766 | 14,979,766 |
| South America | – | – | 13,095,789 | 13,095,789 |
| | ₱544,716,220 | 100.00 | ₱491,108,029 | ₱1,035,824,249 |

| | Parent Bank | | | |
|---|---|---|---|---|
| | 2024 | | | |
| | Loans and Other Receivables | | Trading and Investment | |
| | Amount | % | Securities | Total |
| *Concentration by industry* | | | | |
| Financial and insurance activities | **₱36,281,742** | **8.65** | **₱387,491,606** | **₱423,773,348** |
| Other consumption | **129,874,819** | **30.95** | **–** | **129,874,819** |
| Real estate activities | **93,053,635** | **22.17** | **13,981,886** | **107,035,521** |
| Electricity, gas steam and air conditioning supply | **14,364,300** | **3.42** | **25,476,487** | **39,840,787** |
| Wholesale and retail trade, repair of motor vehicles | **30,753,351** | **7.33** | – | **30,753,351** |
| Information and communication | **28,375,439** | **6.76** | – | **28,375,439** |
| Arts, entertainment and recreation | **22,784,046** | **5.43** | – | **22,784,046** |
| Transportation and storage | **15,028,998** | **3.58** | **2,486,098** | **17,515,096** |
| Manufacturing | **17,148,485** | **4.09** | – | **17,148,485** |
| Other service activities | **8,523,609** | **2.03** | – | **8,523,609** |
| Construction | **7,651,879** | **1.82** | – | **7,651,879** |
| Activities of households as employers and undifferentiated goods and services | **2,372,507** | **0.57** | – | **2,372,507** |
| Agriculture, forestry and fishing | **1,818,990** | **0.43** | – | **1,818,990** |
| Accommodation and food service activities | **1,391,169** | **0.33** | – | **1,391,169** |
| Professional, scientific and technical activities | **469,695** | **0.11** | – | **469,695** |
| Others | **9,783,266** | **2.33** | **8,537,880** | **18,321,146** |
| | **₱419,675,930** | **100.0** | **₱437,973,957** | **₱857,649,887** |
| *Concentration by location* | | | | |
| Philippines | **₱419,675,930** | **100.0** | **₱380,136,610** | **₱799,812,540** |
| Others - Asia | – | – | **28,363,556** | **28,363,556** |
| United States | – | – | **15,717,181** | **15,717,181** |
| North America | – | – | **7,661,426** | **7,661,426** |
| South America | – | – | **6,095,184** | **6,095,184** |
| | **₱419,675,930** | **100.0** | **₱437,973,957** | **₱857,649,887** |

| | Parent Bank | | | |
|---|---|---|---|---|
| | 2023 | | | |
| | Loans and Other Receivables | | Trading and Investment | |
| | Amount | % | Securities | Total |
| *Concentration by industry* | | | | |
| Financial and insurance activities | ₱64,419,599 | 15.27 | ₱392,513,892 | ₱456,933,491 |
| Other consumption | 112,628,257 | 26.70 | – | 112,628,257 |
| Real estate activities | 95,284,452 | 22.58 | 6,772,418 | 102,056,870 |
| Electricity, gas steam and air conditioning supply | 12,777,243 | 3.03 | 25,922,919 | 38,700,162 |
| Information and communication | 30,270,057 | 7.17 | – | 30,270,057 |
| Wholesale and retail trade, repair of motor vehicles | 29,870,815 | 7.08 | – | 29,870,815 |
| Transportation and storage | 22,049,095 | 5.23 | 2,381,427 | 24,430,522 |
| Manufacturing | 17,837,246 | 4.23 | 2,772,368 | 20,609,614 |
| Arts, entertainment and recreation | 13,395,446 | 3.17 | – | 13,395,446 |
| Other service activities | 7,402,806 | 1.75 | – | 7,402,806 |
| Construction | 5,443,813 | 1.29 | – | 5,443,813 |
| Activities of households as employers and undifferentiated goods and services | 2,433,674 | 0.58 | – | 2,433,674 |
| Accommodation and food service activities | 1,279,303 | 0.30 | – | 1,279,303 |
| Agriculture, forestry and fishing | 1,993,504 | 0.47 | – | 1,993,504 |
| Professional, scientific and technical activities | 521,783 | 0.12 | – | 521,783 |
| Others | 4,299,613 | 1.02 | 6,335,850 | 10,635,463 |
| | ₱421,906,706 | 100.00 | ₱436,698,874 | ₱858,605,580 |
| *Concentration by location* | | | | |
| Philippines | ₱421,906,706 | 100.00 | ₱381,672,027 | ₱803,578,733 |
| Others - Asia | – | – | 26,951,292 | 26,951,292 |
| United States | – | – | 14,979,766 | 14,979,766 |
| South America | – | – | 13,095,789 | 13,095,789 |
| | ₱421,906,706 | 100.00 | ₱436,698,874 | ₱858,605,580 |

The BSP considers significant credit concentration when the total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio or 10.00% of Tier 1 capital (see Note 5).

Breakdown of total loans as to security and status

*As to security*

The breakdown of total loans and other receivables (gross of allowance for credit losses, net of unearned discounts) as to secured, with corresponding collateral types, and unsecured loans follows (amounts in thousands):

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Secured: | | | | |
| Real estate | **₱8,818,878** | ₱9,123,863 | **₱6,110,887** | ₱7,061,241 |
| Deposit hold-out | **560,408** | 388,958 | **488,506** | 314,379 |
| Chattel mortgage | **6,677,423** | 37,008 | **–** | – |
| Others | **60,750,589** | 70,712,231 | **60,721,759** | 70,593,577 |
| | **76,807,298** | 80,262,060 | **67,321,152** | 77,969,197 |
| Unsecured | **469,927,766** | 465,894,577 | **356,835,151** | 347,870,341 |
| | **₱546,735,064** | ₱546,156,637 | **₱424,156,303** | ₱425,839,538 |

The breakdown as to secured and unsecured of non-accruing loans (gross of unearned discounts and allowance for credit losses) of the Group and the Parent Bank as of December 31 follows:

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Secured | **₱8,384,920** | ₱5,436,524 | **₱6,024,801** | ₱5,374,227 |
| Unsecured | **29,265,459** | 28,799,717 | **18,144,023** | 15,479,796 |
| | **₱37,650,379** | ₱34,236,241 | **₱24,168,824** | ₱20,854,023 |

*As to status*

As of December 31, 2024 and 2023, the Group's and Parent Bank's non-performing loans (NPLs) (gross of unearned discounts) and related specific allowance for credit losses in compliance with BSP Circular 855 are presented below (amounts in thousands):

| | **Group** | | **Parent Bank** | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Gross NPLs | **₱37,650,379** | ₱34,236,241 | **₱24,168,824** | ₱20,854,022 |
| Specific allowance for credit losses on NPLs | **(16,774,674)** | (13,942,408) | **(11,846,563)** | (8,975,937) |
| | **₱20,875,705** | ₱20,293,833 | **₱12,322,261** | ₱11,878,086 |

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 unearned discounts and allowance for impairment and credit losses) per product line of the Group and Parent Bank are as follows:

| | **Group** | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | 2023 | | |
| | **Performing** | **Non-Performing** | **Total** | Performing | Non-Performing | Total |
| Consumer products* | **₱130,880,410** | **₱6,671,292** | **₱137,551,702** | ₱116,136,252 | ₱3,993,996 | ₱120,130,248 |
| Corporate loans | **129,617,997** | **229,962** | **129,847,959** | 132,566,330 | 110,495 | 132,676,825 |
| CSB salary loans | **81,827,132** | **6,976,454** | **88,803,586** | 79,145,770 | 5,310,420 | 84,456,190 |
| Home loans | **61,617,753** | **7,234,432** | **68,852,185** | 63,664,670 | 6,883,125 | 70,547,795 |
| Commercial loans | **55,533,036** | **9,596,379** | **65,129,415** | 65,656,618 | 9,389,312 | 75,045,930 |
| Other receivables from customers** | **36,498,439** | **6,941,860** | **43,440,299** | 37,869,851 | 8,548,893 | 46,418,744 |
| Total receivables from customers | **₱495,974,767** | **₱37,650,379** | **₱533,625,146** | ₱495,039,491 | ₱34,236,241 | ₱529,275,732 |

**Comprised of the Parent Bank's Small and Medium Enterprise (SME) Financial Products, Auto Loans, Credit Cards and Personal Loans*

*** Comprised primarily of High-net-worth-individuals loans, Corporate retail loans, HR loans, Home Credit receivables, personal loans of Union Digital, and motorcycle loans of CSB*

| | Parent Bank | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | 2023 | | |
| | **Performing** | **Non-Performing** | **Total** | Performing | Non-Performing | Total |
| Consumer products* | **₱130,880,410** | **₱6,671,292** | **₱137,551,702** | ₱116,136,252 | ₱3,993,996 | ₱120,130,248 |
| Corporate loans | **129,617,997** | **229,962** | **129,847,959** | 132,566,330 | 110,495 | 132,676,825 |
| Home loans | **61,617,753** | **7,234,432** | **68,852,185** | 63,664,670 | 6,883,125 | 70,547,795 |
| Commercial loans | **55,533,036** | **9,596,379** | **65,129,415** | 65,656,618 | 9,389,312 | 75,045,930 |
| Other receivables from customers** | **10,624,744** | **436,759** | **11,061,503** | 11,383,805 | 477,094 | 11,860,899 |
| Total receivables from customers | **₱388,273,940** | **₱24,168,824** | **₱412,442,764** | ₱389,407,675 | ₱20,854,022 | ₱410,261,697 |

**Comprised of Small and Medium Enterprise (SME) Financial Products, Auto Loans, Credit Cards and Personal Loans*
*** Comprised primarily of High-net-worth-individuals loans, Corporate retail loans, HR loans, and Home Credit receivables*

Related party loans

As of December 31, 2024 and 2023, 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 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Total DOSRI loans | **₱747,727** | ₱830,157 | **₱606,488** | ₱690,843 |
| Unsecured DOSRI loans | **354,656** | 418,582 | **257,988** | 292,880 |
| Total related party loans (including DOSRI loans) | **747,727** | 830,157 | **606,488** | 690,843 |
| Unsecured related party loans (including DOSRI loans) | **354,656** | 418,582 | **257,988** | 292,880 |
| % of DOSRI/related party loans to total loan portfolio | **0.14%** | 0.16% | **0.15%** | 0.17% |
| % of unsecured DOSRI/related party loans to total DOSRI loans | **0.08%** | 0.05% | **0.10%** | 0.06% |
| % of unsecured DOSRI loans inclusive of fringe benefit loans to total DOSRI loans | **47.43%** | 50.42% | **42.54%** | 42.39% |
| % of past due DOSRI/related party loans to total DOSRI loans | **0.08%** | 0.05% | **0.10%** | 0.06% |
| % 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.

Secured liability and assets pledged as security

The Group's and the Parent Bank's bills payable under repurchase agreements amounted to ₱104.73 billion and ₱98.17 billion as of December 31, 2024 and 2023, respectively.

The Group's and the Parent Bank's investment securities at amortized cost with carrying values of ₱115.73 billion and ₱123.27 billion as of December 31, 2024 and 2023, respectively, were pledged as collaterals 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):

| | Group | | Parent Bank | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Commitments | **₱510,778,231** | ₱345,361,959 | **₱510,674,959** | ₱345,294,119 |
| Trust department accounts | **101,121,266** | 93,967,963 | **–** | 93,967,963 |
| Forward exchange bought | **84,778,570** | 67,830,319 | **84,778,570** | 67,830,319 |
| Forward exchange sold | **23,326,152** | 15,469,007 | **23,326,152** | 15,469,007 |
| Other derivatives | **30,532,781** | 24,458,518 | **30,532,781** | 24,458,518 |
| Inward bills for collections | **19,042,984** | 24,452,478 | **19,042,984** | 24,452,478 |
| Unused standby letters of credit | **5,958,221** | 7,226,237 | **5,958,221** | 7,226,237 |
| Spot exchange bought | **5,860,221** | 2,215,761 | **5,860,221** | 2,215,761 |
| Spot exchange sold | **4,912,824** | 2,544,518 | **4,912,824** | 2,544,518 |
| Outstanding guarantees issued | **888,228** | 1,100,445 | **888,221** | 1,100,445 |
| Other commitment and contingent accounts | **91,454** | 27,567 | **91,442** | 27,552 |

SGV
Building a better working world

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# INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Union Bank of the Philippines and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated February 28, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group'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 financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated 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 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, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-062-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10465256, January 2, 2025, Makati City

February 28, 2025

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**INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Union Bank of the Philippines and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated February 28, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards 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 financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 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, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-062-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10465256, January 2, 2025, Makati City

February 28, 2025

**UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES**
**INDEX TO SUPPLEMENTARY SCHEDULES**
**DECEMBER 31, 2024**

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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, 2024
*(Amounts in Thousands of Philippine Pesos)*

| COUNTERPARTY/ISSUER | Number of Shares or Principal Amount of Bonds and Notes | Amount Shown in the Statement Financial Position | Value Based on Market Quotation at Statement of Condition Date | Income Received and Accrued |
|---|---|---|---|---|
| **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS** | | | | |
| **Debt Securities** | | | | |
| Bureau of Treasury | 4,219,297,756 | P 3,843,849 | P 3,843,849 | P 57,668 |
| Filinvest Development Corporation | 1,619,660 | 1,581 | 1,581 | 67 |
| International Container Terminal Services Inc. | 10,874,860 | 10,623 | 10,623 | 522 |
| Philippine National Bank | 1,145,331,000 | 1,120,031 | 1,120,031 | 10,718 |
| Power Sector Asset and Liabilities Management Corp | 161,040,480 | 183,440 | 183,440 | 15,500 |
| Republic of Philippines | 1,646,268,700 | 1,585,409 | 1,585,409 | 81,949 |
| Rizal Commercial Banking Corporation | 82,949,730 | 83,576 | 83,576 | 34,196 |
| Security Bank Corporation | 93,940,280 | 94,867 | 94,867 | 40,281 |
| Vista Land and Lifescapes Inc.(Vista Land) | 777,841,715 | 770,396 | 770,396 | 25,060 |
| **Total Debt Securities** | | P 7,693,772 | P 7,693,772 | P 265,961 |
| **Equity Securities** | | | | |
| Abacore Capital (Abacus) | 256,000 | P 136 | P 136 | ( P 82 ) |
| Benguet Corporation - A | 355 | 1 | 1 | - |
| Benguet Corporation - B | 1,702 | 7 | 7 | ( 2 ) |
| BDO Unibank, Inc. | 72 | 10 | 10 | 1 |
| Cosco Capital, Inc. | 99,000 | 533 | 533 | 75 |
| Keppel Philippines Properties, Inc. - A | 593 | 2 | 2 | ( 1 ) |
| Mabuhay Holdings Corporation | 170,000 | 27 | 27 | 8 |
| Philippine Depository & Trust Corp. | 5,228 | 959 | 959 | - |
| Prime Media Holdings, Inc. | 939 | 2 | 2 | ( 1 ) |
| Project Quest | 8,750,000 | 33,683 | 33,683 | 2,078 |
| Shiptek Solutions Corp PH | - | 31,000 | 31,000 | - |
| The Philodrill Corporation | 280,554 | 2 | 2 | - |
| Philippine Airlines | 2,286,764 | 571,413 | 571,413 | 569,126 |
| Alta Vista Golf & Country Club | 1 | 500 | 500 | 100 |
| Cebu Country Club (certified true copy only) | 2 | 36,000 | 36,000 | 6,000 |
| Celebrity (Sports) Plaza, Inc. | 1 | 300 | 300 | - |
| Club Strata | 1 | - | - | - |
| Green Valley Country Club | 1 | - | - | - |
| Green Valley Country Club of Baguio | 1 | - | - | - |
| Manila Polo Club | 9 | 459,000 | 459,000 | 54,000 |
| The Metropolitan Club, Inc. A | 10 | 2,500 | 2,500 | - |
| The Metropolitan Club, Inc. B | 13 | 4,550 | 4,550 | 650 |
| **Total Equity Securities** | | P 1,140,625 | P 1,140,625 | P 631,952 |

| | | | | |
|---|---|---|---|---|
| **Derivative Assets** | | | | |
| Abba Currency Exchange | - | P 1 | P 1 | P - |
| Agway Chemical Corporation | - | 423 | 423 | - |
| ANZ Banking Group Ltd | - | 15,787 | 15,787 | - |
| Asian Cultural Council Philippines Foundation Incorporated | - | 611 | 611 | - |
| Bank of the Philippine Islands | - | 30,853 | 30,853 | - |
| Barclays Bank London | - | 228 | 228 | - |
| BDO Privte Bank Incorporated | - | 2,656 | 2,656 | - |
| BDO Unibank Inc. | - | 25,547 | 25,547 | - |
| China Banking Corporation | - | 6,241 | 6,241 | - |
| Citibank Manila | - | 455 | 455 | - |
| Citibank Singapore | - | 26 | 26 | - |
| Credit Access Philippines Financing Company Inc. | - | 3,827 | 3,827 | - |
| Creditaccess Philippines Financing Company Inc. | - | 666 | 666 | - |
| CYMA Worldwide Consultancy Management Inc. | - | 837 | 837 | - |
| Ecology Energy Corporation | - | 833 | 833 | - |
| EPL Propack Philippines Inc. | - | 492 | 492 | - |
| EPL Propack Philippines Inc. | - | 1,302 | 1,302 | - |
| First Nitro Corporation | - | 3,655 | 3,655 | - |
| Foodsphere Inc. | - | 6,962 | 6,962 | - |
| Grand Dragon Enterprises Incorporated | - | 2 | 2 | - |
| Insular Oil Corp | - | 7,275 | 7,275 | - |
| Ironcon Builders and Development Corporation | - | 935 | 935 | - |
| JPMorgan Chase & Co. | - | 18,655 | 18,655 | - |
| Maybank Philippines Inc. | - | 225 | 225 | - |
| Megalopolis Square Trading OPC | - | 177 | 177 | - |
| Metropolitan Bank and Trust Company Inc. | - | 65,825 | 65,825 | - |
| Monark Equipment Corporation | - | 312 | 312 | - |
| Monark Equipment Corporation | - | 192 | 192 | - |
| Nitro Asia Company, Inc. | - | 1,444 | 1,444 | - |
| Odyssey Foundation Inc. | - | 441 | 441 | - |
| Petron Corporation | - | 55,034 | 55,034 | - |
| Philflex Wire And Cables Corporation | - | 1,367 | 1,367 | - |
| Precision Contractor Enterprise Inc. | - | 381 | 381 | - |
| Results Alaska Incorporated | - | 251 | 251 | - |
| Results Manila Incorporated | - | 13,788 | 13,788 | - |
| Standard Chartered Bank London | - | 126 | 126 | - |
| Standard Chartered Bank Manila | - | 7,343 | 7,343 | - |
| Stealth Ventures Corporation | - | 22 | 22 | - |
| The Bank of Tokyo-Mitsubishi UFJ Limited. (Manila Branch) | - | 16,013 | 16,013 | - |
| Transcom Worlwide (Philippines), Inc. | - | 15,762 | 15,762 | - |
| Union Bank of Switzerland | - | 1,191 | 1,191 | - |
| Wells Fargo Bank | - | 3,346 | 3,346 | - |
| Various | - | 146,665 | 146,665 | - |
| Goldman Sach | - | 431,116 | 431,116 | - |
| Individual Clients | - | 516,738 | 516,738 | - |
| Credit Suisse International Group | - | 54,664 | 54,664 | - |
| **Total Derivative Asssets** | | P 1,460,692 | P 1,460,692 | P - |
| **Total - Financial Assets at Fair Value through Profit or Loss** | | **P 10,295,089** | **P 10,295,089** | **P 897,913** |
| **FINANCIAL ASSETS AT AMORTIZED COST** | | | | |
| **Government bonds and other debt securities** | | | | |
| Bureau of Treasury | 216,943,879,226 | P 220,912,997 | P 213,885,352 | P 534,150 |
| Abu Dhabi National Energy Co.(TAQA) | 462,760,000 | 462,858 | 459,951 | 5,201 |
| Bharat Petroleum Corp. Ltd. | 3,268,242,500 | 3,230,802 | 3,225,076 | (25,770) |
| Brazil Sovereign Group | 1,735,350,000 | 2,003,031 | 1,752,389 | 114,575 |
| Colombia Sovereign Group | 1,041,210,000 | 1,312,626 | 992,971 | 79,473 |
| Indonesian Government | 10,134,444,000 | 10,808,488 | 10,254,259 | 255,822 |
| NTPC Limited | 289,225,000 | 287,575 | 282,894 | 1,970 |
| Peru Sovereign Group | 1,851,040,000 | 2,532,305 | 2,200,850 | 257,282 |
| Perusahaan Perseroan(Persero) PT Perusahaan Listrik Negara | 867,675,000 | 1,084,910 | 1,024,742 | 45,671 |
| Petroleos Mexicanos | 7,534,056,732 | 7,461,203 | 5,670,883 | 197,557 |
| Petroliam Nasional Berhad(Petronas) | 578,450,000 | 578,414 | 575,945 | 5,543 |
| Power Finance Corporation Ltd. | 1,793,195,000 | 1,796,718 | 1,577,545 | 8,486 |
| Power Sector Asset and Liabilities Management Corp | 4,807,613,640 | 6,007,880 | 5,476,305 | 699,229 |
| PT Indonesia Asahan Aluminium (Persero) | 1,540,123,125 | 1,526,756 | 1,531,836 | 20,311 |
| PT Pertamina(Persero) | 173,535,000 | 173,245 | 165,960 | 448 |
| Qatar Sovereign Group | 289,225,000 | 289,316 | 282,651 | 1,007 |
| Republic of Philippines | 15,155,390,000 | 15,504,691 | 13,617,928 | 200,670 |
| Saudi Arabia Sovereign Group | 1,793,195,000 | 1,800,238 | 1,496,463 | 27,523 |
| Saudi Arabian Oil Company | 1,446,125,000 | 1,453,869 | 1,305,128 | 12,674 |
| Sultanate of Oman Sovereign Group | 1,276,523,460 | 1,327,728 | 1,267,362 | 33,348 |
| Turkey Sovereign Group | 2,313,800,000 | 2,310,414 | 1,738,179 | 21,464 |
| Uruguay Sovereign Group | 115,690,000 | 147,176 | 133,942 | 16,583 |
| US Treasury/Sovereign Group | 15,618,150,000 | 15,636,828 | 10,103,442 | 105,077 |
| **Total Government bonds and other debt securities** | | P 298,650,068 | P 279,022,053 | P 2,618,294 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Private bonds and commercial papers** | | | | | | |
| Vista Land and Lifescapes Inc.(Vista Land) | 7,230,625,000 | P | 7,245,661 | P | 7,183,941 | P 320,325 |
| STI Education Services Group Inc. | 45,370,000 | | 45,370 | | 44,973 | 2,893 |
| Manila Water Company Inc. | 3,444,206,990 | | 3,425,165 | | 3,277,714 | 153,585 |
| Megaworld Corporation | 3,280,563,485 | | 3,288,337 | | 3,154,262 | 132,368 |
| Metropolitan Bank and Trust Company | 462,760,000 | | 462,085 | | 447,679 | 10,466 |
| JG Summit Holdings | 2,997,007,295 | | 3,100,336 | | 2,823,541 | 106,833 |
| Filinvest Development Corporation | 2,284,877,500 | | 2,282,776 | | 2,229,949 | 96,938 |
| First Pacific Company Ltd. | 1,800,772,695 | | 1,820,998 | | 1,748,028 | 71,690 |
| San Miguel Corporation | 40,000,000 | | 40,000 | | 37,783 | 2,305 |
| Aboitiz Power Corporation | 50,000,000 | | 50,000 | | 48,535 | 1,911 |
| Hindustan Petroleum Corporation | 867,675,000 | | 852,758 | | 843,536 | 20,182 |
| International Container Terminal Services Inc. | 2,406,352,000 | | 2,467,348 | | 2,224,494 | 86,225 |
| **Total Private bonds and commercial papers** | | P | 25,080,834 | P | 24,064,435 | P 1,005,721 |
| Less: Allowance for Credit Loss | | ( P | 317,964 ) | | | - |
| **Total - Financial Assets at Amortized Cost** | | **P** | **323,412,938** | **P** | **303,086,488** | **P 3,624,015** |
| **FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME** | | | | | | |
| **Government and private bonds and other debt securities** | | | | | | |
| Aboitiz Power Corporation | 10,000.00 | P | 9,827 | P | 9,827 | P 350 |
| Bureau of Treasury | 40,495,820 | | 39,203,066 | | 39,203,066 | 1,814,178 |
| **Total Government and private bonds and other debt securities** | | P | 39,212,893 | P | 39,212,893 | P 1,814,528 |
| **Equity Securities** | | | | | | |
| BANCNET | 50,000 | | 5,000 | | 5,000 | P - |
| BAP Consulting, Inc. | 12,500 | | 1,250 | | 1,250 | - |
| BAP-Credit Bureau | - | | 50 | | 50 | - |
| Coop Society Swift | - | | 3 | | 3 | - |
| Cruztelco | 90 | | 9 | | 9 | - |
| Eastern Visayas Tel Co. | 100 | | 5 | | 5 | - |
| Fixed Income Exchange | 125,000 | | 1,250 | | 1,250 | - |
| Local Government Unit Guaranty Corporation | 50,000 | | 5,000 | | 5,000 | - |
| Local Govt. Unit Guaranty Corp. | 50,000 | | 5,000 | | 5,000 | - |
| Makati Executive Center | 1 | | 32 | | 32 | - |
| Meralco | 21,934 | | 219 | | 219 | - |
| Metropolitan Threater | 1 | | 40 | | 40 | - |
| NAWASA | - | | - | | - | - |
| Phil. Clearing House Corp. | 21,000 | | 5,000 | | 5,000 | - |
| PhilAm | 2 | | 1,000 | | 1,000 | - |
| Philam Properties Corp. | - | | 500 | | 500 | - |
| Philippine Dealing System Holdings Corporation (formerly Philippine Central Depository I | 31,690 | | 3,169 | | 3,169 | - |
| PILTEL | 75 | | 6 | | 6 | - |
| Rockwell Land Corporation | 4 | | 700 | | 700 | - |
| Steel Asia | - | | 13,440 | | 13,440 | - |
| Integra Fund LLP | - | | 63,532 | | 63,532 | - |
| NYK Ventures Pte. Ltd. | 4,459 | | 78,366 | | 78,366 | - |
| Consensys Software Inc. | 29,240 | | 99,700 | | 99,700 | - |
| Transunion Information Solutions Inc | 28,800 | | 16,400 | | 16,400 | - |
| Others | | | 90 | | 90 | - |
| **Total Equity Securities** | | P | 299,761 | P | 299,761 | p - |
| **Total - Financial Assets at Fair value through OCI** | | **P** | **39,512,654** | **P** | **39,512,654** | **P 1,814,528** |
| **GRAND TOTAL** | | **P** | **373,220,681** | **P** | **352,894,231** | **P 6,336,456** |

**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, 2024

| Name and Designation of Debtor | Balance at Beginning of Year | Additions | Deductions | | Ending Balance | | Balance at End of Year |
|---|---|---|---|---|---|---|---|
| | | | Amounts Collected | Amounts Written-off | Current | Not Current | |

**RECEIVABLES FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS ARE WITHIN THE ORDINARY COURSE OF BUSINESS OF THE BANK**

**Union Bank of the Philippines and Subsidiaries**

SEC Released Amended SRC Rule 68

Annex 68-J

Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

December 31, 2024

*(Amounts in Thousands of Philippine Pesos)*

| Name and Designation of Debtor | Balance at Beginning of Year | Additions | Deductions | | Ending Balance | | Balance at End of Year |
|---|---|---|---|---|---|---|---|
| | | | Amounts Collected/ Paid | Amounts Written-off | Current | Not Current | |
| *Accounts Receivable from Related Parties* | | | | | | | |
| UnionDigital Bank, Inc. (Subsidiary) | P 92,746 | P 8,818 | P 98,383 | P - | P 3,181 | P - | **P 3,181** |
| UBX Philippines Corporation (Subsidiary) | 36,692 | 203,807 | 147,802 | - | 92,697 | - | **92,697** |
| Unionbank Financial Services and Insurance Brokerage Philippines, Inc. (Subsidiary | - | 37,640 | 37,491 | - | 149 | - | **149** |
| | P 129,438 | P 250,265 | P 283,676 | P - | P 96,027 | P - | **P 96,027** |
| *Accounts Payable to Related Parties* | | | | | | | |
| UBX Philippines Corporation (Subsidiary) | P - | P 194,573 | P 33,600 | P - | P 160,973 | P - | **P 160,973** |
| UnionDigital Bank, Inc. (Subsidiary) | 2,585 | - | 2,585 | - | - | - | **-** |
| Bangko Kayaban, Inc. (Bangko Kabayan) (Subsidiary) | 68.00 | - | 68 | - | - | - | **-** |
| | P 2,653 | P 194,573 | P 36,253 | P - | P 160,973 | P - | **P 160,973** |

**Union Bank of the Philippines and Subsidiaries**
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule D - Long-term Debt
December 31, 2024
*(Amounts in Thousands)*

| Title of Issue and Type of Obligation | Amount Authorized by Indenture | | Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position | | Amount Shown Under Caption"Long-term Debt" in related Statement of Financial Condition | |
|---|---|---|---|---|---|---|
| USD Senior Medium Term Notes Due 2025 | USD | 300,000 | P | 17,333,327 | P | - |
| Peso Senior Series F Bonds Due 2025 | P | 50,000,000 | | 10,296,528 | | - |
| Peso Senior Series G Bonds Due 2026 | | | | - | | 7,792,794 |
| USD Social Bonds Due 2028 | USD | 150,000 | | - | | 8,647,015 |
| Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025 | P | 20,000,000 | | 6,768,021 | | - |
| Peso Social Bond Due 2027 | P | 5,864,500 | | - | | 5,841,295 |
| Peso Senior Series D Bonds Due 2026 | P | 39,000,000 | | - | | 886,602 |
| Bills Payable*** | P | 162,256,379 | | 122,146,186 | | 40,110,193 |

***Details:***

| | Maturity Date | Interest Rate |
|---|---|---|
| USD Senior Medium Term Notes Due 2025 | October 22, 2025 | 2.125% |
| Peso Senior Series F Bonds Due 2025 | June 5, 2025 | 6.563% |
| Peso Senior Series G Bonds Due 2026 | December 5, 2026 | 6.680% |
| USD Social Bonds Due 2028 | July 23, 2028 | 6.579%* |
| Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025 | May 24, 2030** | 5.250% |
| Peso Social Bond Due 2027 | June 21, 2027 | 6.535% |
| Peso Senior Series D Bonds Due 2026 | March 9, 2026 | 3.375% |

**floating rate*

***first call option date is May 24, 2025*

****Range of annual interest for peso and foreign currencies is 6.10% to 8.37% and 1.20% to 4.90%, respectively*

**Union Bank of the Philippines and Subsidiaries**
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule G - Capital Stock
December 31, 2024

| Title of Issue | Number of Shares Authorized | Number of Shares Issued and Outstanding as Shown Under the Related Statement of Condition | 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 | 5,030,785,238 | 3,316,405,584 | - | 2,678,286,144 | 71,046,965 | 567,072,475 |
| Preferred Stock | 100,000,000 | - | - | - | - | - |

**Reconciliation of Retained Earnings Available for Dividend Declaration**
**For the Reporting Period Ended December 31, 2024**
***(Amounts in Thousands of Philippine Pesos)***

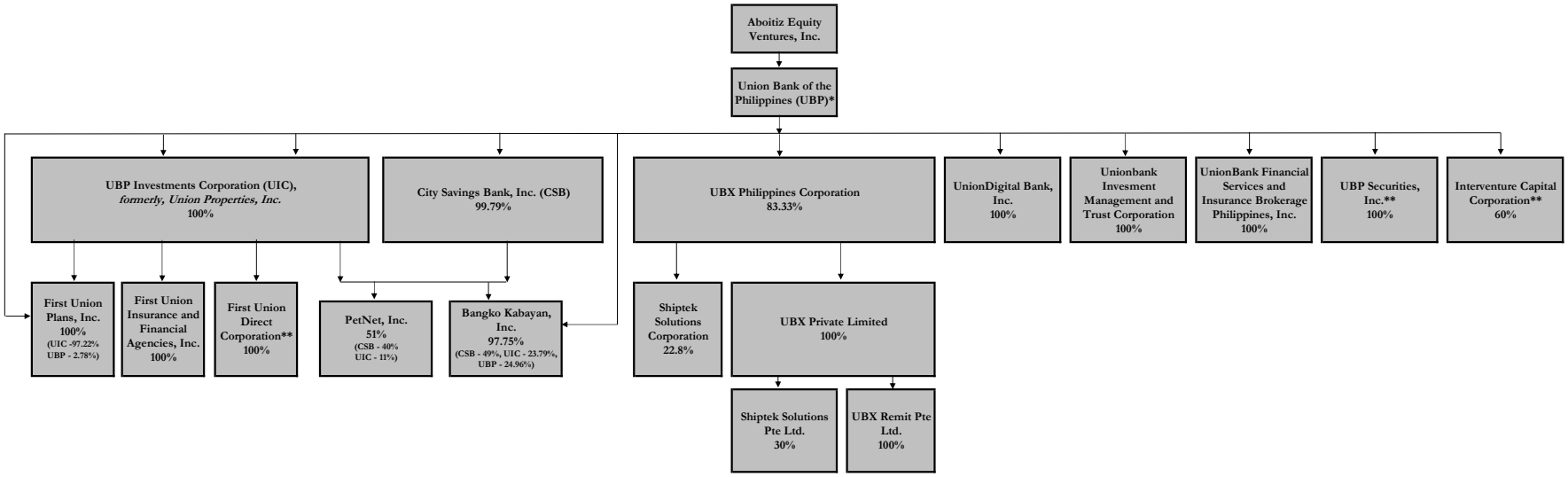
**UNION BANK OF THE PHILIPPINES**
**UnionBank Plaza, Meralco Avenue corner Onyx Street and Sapphire Road**
**Ortigas Center, Pasig City**

| | | | |
|---|---|---|---|
| **Unappropriated Retained Earnings, beginning of reporting period** | | **P** | **60,717,965** |
| **Less: Items that are directly debited to Unappropriated Retained Earnings** | | | |
| Dividend declarations during the period | 2,391,408 | | |
| Retained Earnings Appropriation during the period | 84,536 | | 2,475,944 |
| **Unappropriated Retained Earnings, as adjusted** | | | **58,242,021** |
| **Net Income for the current year** | | | **12,232,431** |
| **Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)** | | | |
| Gain on deemed disposal | 373,128 | | |
| Unrealized fair value gains on financial assets at fair value through profit or loss (FVTPL) | 227,403 | | |
| Unrealized gain on foreclosure/initial recognition | 878,186 | | |
| **Sub-total** | | | **1,478,717** |
| **Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)** | | | |
| Realized fair value gains on trading financial assets at FVTPL | 106,877 | | |
| Realized gain on foreclosure through sale | 269,785 | | |
| **Sub-total** | | | **376,662** |
| **Adjusted Net Income** | | | **11,130,376** |
| **Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)** | | | |
| Depreciation on unrealized gain on foreclosure | | | 143,010 |
| **Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution** | | | |
| Adjustments for foreign exchange difference and deferred taxes in the prior period | 508,873 | | |
| Purchase of treasury stock | ( 1,141 ) | | |
| Movements in deferred tax asset | 112,585 | | 620,317 |
| **Total Retained Earnings, end of the reporting period Available for Dividend Declaration** | | **P** | **70,135,724** |

**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, 2024**

# CONGLOMERATE MAPPING




* Union Bank of the Philippines (UBP) is effectively 49.99% owned by Aboitiz Equity Ventures, Inc. (AEVI); hence, UBP is an associate of AEVI in accordance with PAS 28, *Investments in Associates*.
** Dormant

**Annex 68 -E**

## SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

**Union Bank of the Philippines and Subsidiaries**
As of December 31, 2024

| Ratio | Formula | Current Year | Prior Year |
|---|---|---|---|
| Current ratio | Current Assets/ Current Liabilities | **47.3%** | 43.5% |
| Acid test ratio | Liquid Assets/ Liquid Liabilities | **47.0%** | 43.2% |
| Solvency ratios | Net Profit After Tax, Before Non-cash Expenses/ Liabilities | **3.8%** | 2.7% |
| Debt-to-equity ratio | Liabilities/ Capital Funds | **4.8:1** | 5.5:1 |
| Asset-to-equity ratio | Assets/ Capital Funds | **5.8:1** | 6.5:1 |
| Interest rate coverage ratio | Earnings before interests and taxes/ Interest expense | **1.6:1** | 1.4:1 |
| Return on equity | Net Profit/ Average Total Capital Funds* | **6.4%** | 5.6% |
| Return on assets | Net Profit/ Average Total Resources* | **1.1%** | 0.8% |
| Net interest margin | Net Interest Income/ Average Interest-earning Resources* | **6.0%** | 5.5% |

**Average amount is calculated based on average daily 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, 2024**

**1. Gross and net proceeds as disclosed in the final prospectus**

| | |
|---|---|
| UBP Stock Rights Offering: | |
| **Gross Proceeds** | **9,999,999,981** |
| **Net Proceeds** | **9,912,300,000** |

**2. Actual gross and net proceeds**

| | |
|---|---|
| UBP Stock Rights Offering: | |
| **Gross Proceeds** | **9,999,999,981** |
| **Total Offer Expenses** | **79,466,279** |
| **Net Proceeds** | **9,920,533,702** |

**3. Each expenditure item where the proceeds were used**

The net proceeds of the Stock Rights Offering (SRO) in the amount of Php9.92 billion has been fully disbursed. Php1.35 billion was infused as capital to UnionDigital Bank, Inc. (a subsidiary) while the rest were deployed to consumer loans in accordance with the approved Use of Proceeds of the Bank's SRO.

Total Offer Expenditures amounting to Php79.47 million include the SEC Filing Fee, Documentary Stamp Tax, PSE Listing and Processing Fee, Legal and Professional Fees, and Other Micellaneous Expenses.

**4. Balance of the proceeds as of end of reporting period**

Nil. Proceeds has been fully utilized as of end of reporting period.

**UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES**
**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR**
**FEE-RELATED INFORMATION**
**December 31, 2024**
*(Amounts in Thousands)*

| | | **2024** | | 2023 |
|---|---|---|---|---|
| **Total Audit Fees** | **P** | **25,193.3** | P | 23,025.0 |
| Non-audit services fees: | | | | |
| Other assurance services | | **2,750.0** | | 6,738.0 |
| Tax services | | **-** | | 700.0 |
| All other services | | **275.0** | | 3,612.7 |
| **Total Non-audit Fees** | | **3,025.0** | | 11,050.7 |
| **Total Audit and Non-audit Fees** | **P** | **28,218.3** | P | 34,075.7 |

**Audit and Non-audit fees of other related entities**

| | **2024** | 2023 |
|---|---|---|
| Audit Fees | - | - |
| Non-audit services fees: | | |
| Other assurance services | - | - |
| Tax services | - | - |
| All other services | - | - |
| **Total Non-audit Fees** | - | - |
| **Total Audit and Non-audit fees of other related entities** | - | - |
| **Fee Dependency** | - | - |