

April 15, 2024

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

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

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

via PSE EDGE

THE PHILIPPINE STOCK EXCHANGE, INC.

6th Floor, PSE Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

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

via electronic mail

PHILIPPINE DEALING AND EXCHANGE CORP.

29/F BDO Equitable Tower
8751 Paseo de Roxas
Makati City

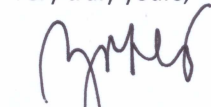
Attention : **MR. ANTONIO A. NAKPIL**
President & CEO

Gentlemen:

Pursuant to Structured Continuing Disclosure Requirements for Listed Companies of the Exchange, we report herewith SEC Form 17A of Union Bank of the Philippines as of December 31, 2023.

For your information and guidance. Thank you.

Very truly yours,



EDGAR ALLAN G. OBLENA
SVP / Financial Controller

COVER SHEET

3	6	0	7	3										

S.E.C. Registration Number

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

(Company's Full Name)

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

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

EDGAR ALLAN G. OBLENA										(632)8667-6388									
Contact Person										Company Telephone Number									

1	2	3	1	SEC FORM 17A										0	4	2	6
Month		Day		FORM TYPE										Month		Day	
Fiscal Year														Annual Meeting			

UNDERWRITER OF SECURITIES									
Secondary License Type, If Applicable									

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

4,949										Total Amount of Borrowings									
Total No. of Stockholders										Domestic Foreign									

=====

To be accomplished by SEC Personnel concerned

File Number										LCU									
Document I.D.										Cashier									

STAMPS									

Remarks = pls. use black ink for scanning purposes

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

1. For the calendar year ended **December 31, 2023**
2. SEC Identification Number **36073**
3. BIR Tax Identification No. **000-508-271-000**
4. **UNION BANK OF THE PHILIPPINES**
Exact name of registrant as specified in its charter:
5. **METRO MANILA, PHILIPPINES**
Province, Country or other jurisdiction or incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **UnionBank Plaza, Meralco Ave. cor. Onyx and Sapphire Streets, 1605**
Ortigas Center, Pasig City Postal Code
Address of Principal Office
8. **(632) 8667-6388**
Registrant's telephone number, including area code
9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock	2,353,746,590 shares
P10.00 par value	

11. Common Stocks are listed at the Philippine Stock Exchange.
12. Check whether the issuer:
 - (a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**] No []
 - (b) Has been subject to such filing requirements for the past ninety (90) days.

Yes [**X**] No []
13. The aggregate market value as of March 31, 2024 of the voting stock held by non-affiliates
P134,516,678,310.00

UNIONBANK OF THE PHILIPPINES
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PART I - BUSINESS AND GENERAL INFORMATION

Item 1 - Business

A. Description of Business

Union Bank of the Philippines (“UnionBank” or “UBP”) is a publicly listed universal bank whose principal shareholders are Aboitiz Equity Ventures, Inc. (“AEV”), Social Security System (“SSS”) and The Insular Life Assurance Company, Ltd. (“Insular Life”). The Bank has always been among the first to embrace technological innovations to empower its customers. The Bank leverages on technology and its agile culture to meet the customers’ changing and diverse needs and continuously enhance customer experience. Largely regarded as the Philippines’ pioneer in digital banking, UnionBank remains a digital trailblazer and aspires to be a Great Retail Bank to best serve the growing needs of Filipinos everywhere.

It is among Asia’s most recognized and highly awarded companies, and ranks among the country’s top universal banks.

While UnionBank boasts a remarkable track record of awards and accomplishments, including recent accolades such as “Marketing Company of the Year” at the 42nd Agora Awards, “Digital Bank of the Year” for six consecutive years from 2018 to 2023, and “Best Retail Bank in Southeast Asia 2023” from Capital Finance International, it remains dedicated to its core mission of driving the Philippines towards G20 status by 2050. Committed to shaping the future of banking and fostering innovation for a better world, UnionBank stands poised to continue its legacy of excellence in the years to come.

Historical Background

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

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

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

As of December 31, 2023, UnionBank’s key subsidiaries and affiliates include: City Savings Bank, Inc. (CitySavings or CSB), Petnet, Inc., (Petnet), Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan), UBP Investments Corporation (formerly Union Properties, Inc.) (UIC), First Union Plans, Inc. (FUPI), First Union Direct Corporation (FUDC), First Union Insurance and Financial Agencies, Inc. (FUFAI), UBX Philippines Corporation (UBX PH), UBX Private Limited (UBX SG), UnionDigital Bank, Inc. (UnionDigital), UnionBank Financial Services and Insurance Brokerage Philippines, Inc. (formerly Citicorp Financial Services and Insurance Brokerage Philippines, Inc.) (UFSI) and UnionBank Investment Management and Trust Corporation (UBIMTC).

Acquisitions / Company Creation

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

In May 2013, UnionBank's subsidiary, UIC¹, completed the acquisition of FUIFAI, a company organized to primarily engage in the business of a general agent for life and non-life insurance, and other allied financial services.

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

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

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

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

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

A wholly-owned subsidiary of UBX PH, UBX SG was incorporated and registered with the Accounting and Corporate Regulatory Authority (ACRA) of Singapore in 2018. It is a holding company that is principally engaged in acquiring various fintech start-ups. UBX SG owns 100% of UBX Remit Pte. Ltd. (SG) and 1.96% of NYK Ventures Pte. Ltd. (SG). In June 2021, UBX SG sold its 25% stake in Pacific Payments Pte. Ltd. In October 2023, UBX SG also sold its 31.98% stake in Fintech Platform Ventures Pte. Ltd.

In February 2019, City Savings and UIC executed a Share Purchase Agreement with the majority shareholders of Batangas-based Bangko Kabayan to acquire 70% ownership in the

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

MSME-oriented rural bank. The transaction was approved by the BSP and PCC on September 19, 2019 and January 9, 2020, respectively.

In June 2023, the BSP approved the Parent Bank's request to purchase 1,011,961 shares of Bangko Kabayan. In July 2023, the Parent Bank completed the purchase representing 27.52% ownership in Bangko Kabayan. The result of the purchase of the said shares increased the Group's ownership in Bangko Kabayan to 97.52%. CSB's and UIC's ownership remained the same at 49% and 21%, respectively.

In July 2023, the Securities and Exchange Commission (SEC) officially approved the tripartite merger between Bangko Kabayan, FAIR Bank and PBI, with Bangko Kabayan being the surviving entity.

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

In December 2021, UnionBank entered into a Share and Business Transfer Agreement with the subsidiaries of Citigroup Inc. (Citi) to acquire Citi's consumer banking in the Philippines. The transaction includes Citi's credit card, personal loans, wealth management, and retail deposit businesses. The acquisition also includes Citi's real estate interests in relation to Citibank Square in Eastwood, 3 full-service bank branches, and 5 wealth centers. UnionBank's acquisition of Citi was approved by the BSP on July 18, 2022, and UnionBank became the legal owner of the business beginning August 1, 2022. The deal brought in almost 1 million new customers and ₱99.4 billion in total assets, ₱69.4 billion in gross loans and ₱65.3 billion in deposits. The acquisition is seen to accelerate UnionBank's objective of becoming a 'Great Retail Bank' given Citi's market leadership in the credit cards, personal loans, and wealth management business.

In July 2023, UnionBank received from the BSP the Certificate of Authority for UBIMTC to operate as a stand-alone trust corporation. UBIMTC is a wholly owned subsidiary of UnionBank. Pursuant to the requirements for incorporating UBIMTC, UnionBank contributed ₱300.0 million in May 2023 in exchange for 300.0 million common shares. In October 2023, the SEC issued UBIMTC's Certificate of Incorporation together with its approved Articles of Incorporation and By-Laws.

Capital Markets Transactions

In May 2022, UnionBank raised Php40 billion through a stock rights offering, with approximately 617.2 million common shares priced at ₱64.81 per share. The proceeds from the offering were deployed to partially fund the acquisition of the Citibank N.A. consumer banking business.

On June 2, 2022, UnionBank successfully issued the first-ever digital peso bonds in the Philippines, raising an aggregate size of ₱11.0 billion under its ₱39.0 billion bond program. UnionBank is the pilot user of the Philippine Depository & Trust Corp.'s (PDTC) Proof of Concept Digital Registry & Digital Depository that uses Distributed Ledger or Blockchain Technology for registry and depository operations. The bonds, which have a tenor of 1.5 years and a fixed rate of 3.25% per annum, are listed on Philippine Dealing and Exchange Corp. (PDEX) for trading in the PDEX Fixed Income Market.

On November 25, 2022, UnionBank raised \$358.0 million from a three-year syndicated loan. The proceeds will be used to refinance UnionBank's maturing USD loans and existing USD bonds, and fund its general corporate purposes.

In December 2022, UnionBank announced another stock rights offering for approximately 210.97 million shares for Php56.88 each. The proceeds amounting to approximately ₱12.0 billion are mainly for the expansion of the Bank's loan portfolio and for infusion into its digital banking arm, UnionDigital. The listing date of the new shares in the PSE is February 06, 2023.

In February 2023, the BOD of the Bank at its regular meeting held on February 24, 2023, approved the increase in authorized capital stock of the Bank from ₱35.3 million to ₱60.3 million. In August 2023, the BSP approved the amendment of its Articles of Incorporation to increase the authorized capital stock. In December 2023, the SEC approved the amendments to the Articles of Incorporation of Union Bank of the Philippines increasing its authorized capital stock.

In October 2023, the Bank completed the update of its Peso Bonds Program increasing the Program size to Fifty Billion Pesos (₱50.0 Billion). The increase in the Bank's Peso Bonds Program was approved by its BOD last March 24, 2023. The Bank's Peso Bonds Program was initially established on April 26, 2019 with an original size of Thirty-Nine Billion Pesos (₱39.0 Billion).

On November 2023, the Bank announced today the start of the public offer of its 1.5Y Senior Fixed Rate Series F Bonds due 2025 and 3Y Senior Fixed Rate Series G Bonds due 2026 (collectively, the "New Bonds"). The New Bonds will be issued under UnionBank's ₱50.0 billion Bond Program and each tranche will be offered with a minimum aggregate principal amount of ₱1.0 billion, with an oversubscription option. The 1.5Y Series F Bonds and 3Y Series G Bonds have interest rates of 6.5625% per annum and 6.6800% per annum, respectively. The public offer period for the New Bonds started from November 20, 2023 and ended on November 29, 2023.

B. Business of Issuer

Principal products and services

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

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

Deposits and Related Services

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

Checking Accounts: Regular Checking · Power Checking · Premium Deposit

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

Corporate, Middle-Market, and Consumer Lending

Corporate Banking Loans

Commercial Banking Loans

SME Banking Solutions: BusinessLine Classic · Dealers Financing Line · MD Line

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

Debit Cards

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

Corporate: ePaycard · UnionBank Corporate Prepaid Card

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

UnionBank-Branded Credit Cards

Rewards Cards: Visa Classic · Visa Gold · Visa Platinum · PlayEveryday Visa Classic · Lazada Mastercard Titanium · S&R Visa Platinum

Cashback Cards: Mastercard Gold · Mastercard Platinum

Travel and Lifestyle: Miles+Visa Platinum · Cebu Pacific Visa Gold · Cebu Pacific Visa Platinum · Go Rewards Visa Gold · Go Rewards Visa Platinum

Co-brand and Affinity Cards: Various products issued in partnership with companies that are involved in retail business; home-building; hotels; medical, health and fitness; financial security; airlines; educational and service-oriented institutions; and non-profit organizations focusing on religious, humanitarian, cause-oriented activities, and promotion of professional organizations

Business: UnionBank Visa Corporate · Suy Sing Visa

Citi-Branded Credit Cards

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

Rewards Cards: UnionBank Rewards Visa Platinum · UnionBank Rewards Mastercard Platinum · Citi Simplicity+ Platinum Visa · Citi Simplicity+ Platinum Mastercard

Cashback Cards: UnionBank Cash Back Visa Platinum · UnionBank Cash Back Mastercard Titanium

Travel and Lifestyle: UnionBank Miles+ Visa Signature · UnionBank Miles+ World Mastercard · UnionBank Reserve Visa Infinite · UnionBank Reserve World Elite Mastercard

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

Consumer Lending: Citi Ready Credit

Prepaid Cards

EON · Go Rewards Prepaid (all cards decommissioned 2024)

Trust and Investment Products

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

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

Equities: PHP Equity Fund · Philippine Equity Index Tracker Fund

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

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

Cash Management Services

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

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

Payroll and Cards: Payroll & Corporate Disbursement Solutions (ePaycard, eCrediting/Fund Transfer, ePayroll) · UnionBank Corporate Prepaid Card (Stop sell) · Corporate Debit Card · GSIS UMID/eCard · SSS UMID/Quickcard · Pag-IBIG Loyalty Card, Account Pooling and Sweeping · Corporate Accounts (BizStarter, Corporate Regular Checking, Corporate Checking, Corporate Savings, FCDU Corporate Savings, & Corporate Debit Card)

Trade Finance Facilitation:

- Supply Chain Financing: a closed-loop invoice presentment and payment platform for business communities where programs such as Dealer Financing and Payable Discounting can be facilitated
 - Trade Finance Services: a suite of products that facilitate payment and collections for bank clients via Letter of Credit and non-Letter of Credit services.
-

Digital Channels

Retail: UnionBank Online · Bonds.PH

SME: UB Negosyante · i2i platform · BUX · Sentro

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

Private Banking

Access to Global Funds and Investment Strategies

Government Securities, Corporate Bonds, Money Market Securities, UITFs

Asset Swaps

Family Services

Financial Advisory

Mutual Funds

FX

Other Investments

Wealth Management

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

Checking Accounts: Peso Everyday Banking · Dollar Everyday Banking

Time Deposits: Peso High Rate Time Deposit · Peso Time Deposit · USD Time Deposit

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

Bancassurance

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

Bancassurance Abundance · Secure 5 · Secure 7

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

UBX is the leading digital transformation provider and open finance platform in the Philippines, enabling businesses, the government and other communities by embedding financial services and offering technology solutions. UBX is a wholly-owned subsidiary of UnionBank that began commercial operations in 2019.

The Open Finance Platform, a testament to UBX's innovation, celebrates a remarkable 22% market penetration in its initial four years. Boasting a clientele of over 250,000 B2B customers and transactions nearing ₱100 billion, UBX is reshaping the financial landscape in the country. SeekCap, the online lending marketplace of UBX, has signed up nearly 100,000 MSMEs in its platform and processed loans exceeding ₱30 billion. BUx, UBX's payments solution, has seamlessly handled transactions nearing ₱35 billion while forming impactful partnerships across various industries. UBX's banking-as-a-service platform, facilitating transactions exceeding ₱22 billion, solidifies its position as a key player in the financial industry.

UnionDigital Bank is the digital bank subsidiary of UnionBank. It distinguishes itself as the sole digital bank in the country initiated by a private universal bank, holding a license from the BSP. It represents UnionBank's strategic approach to integrate the vast segments of unbanked and underbanked individuals within the financial system. As a crucial part of the Aboitiz Group, UnionDigital leverages the group's ecosystem and expertise, fostering

collaborations that drive towards a vision of a financially inclusive nation. This effort also aligns with UnionBank's expansion goals, promoting inclusive growth and prosperity within the Filipino community.

The vision for UnionDigital is to evolve into a comprehensive financial services hub, offering a wide range of digital financial solutions such as savings and lending, payments, insurance, micro-investments, digital assets, and other value-added services. These offerings are designed to meet the needs of both the unbanked and underserved populations, as well as those who are tech-savvy. By addressing the entire financial lifecycle, including spending, saving, investing, protecting, and borrowing, UnionDigital aims to go beyond traditional banking offerings to include alternative financial products. Central to its mission, UnionDigital is committed to making banking services, products, and financial education accessible to every Filipino, empowering them with the tools and resources needed to achieve their financial goals and uplift their lives.

UBIMTC is a wholly owned subsidiary of UnionBank and is one of the few trust departments of local banks to have been spun-off to a stand-alone corporation. Considering its roots as a trust department, the group has been in the trust business for more than 43 years and has been offering since then, a wide range of trust and investment management solutions catering to both individual and institutional clients. As a full-service trust corporation, UBIMTC offers bespoke trust and investment solutions such as trustee accounts, investment management services, escrow agency, custodianship, and other fiduciary services.

In addition to this, UBIMTC manages nine (9) Unit Investment Trust Funds ("UITF") to address the fast-growing investment needs of its retail customers. The funds are geared towards long-term capital appreciation and are largely invested in fixed income securities issued by the Philippine government and local corporations, as well as in equity securities of listed companies in the PSE.

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.

In 2023, given the significant growth in mass market and digital banking products, the Group revised the level of aggregation of its consumer banking segment. Given the differences in processes and customer characteristics, the Group assessed that there is a change in the level of aggregation, and Mass Market/Digital Banking is now presented as a separate operating segment. In accordance with PFRS, the Group retroactively presented the comparative information separating this segment from the others.

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.

b. Institutional Banking

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

c. *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.

Subsidiaries and Affiliates

Name of Subsidiary	Percentage of ownership		Nature of Business
	2023	2022	
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
First-Agro Industrial Rural Bank, Inc. (FAIR Bank) ^(c)	–	100.00%	Rural bank
UBP Investments Corporation (UIC)	100.00%	100.00%	Holding company
First Union Plans, Inc. (FUPI) ^(d)	100.00%	100.00%	Pre-need
First Union Direct Corporation (FUDC) ^(h)	100.00%	100.00%	Financial products marketing
First Union Insurance and Financial Agencies, Inc. (FUIFAI) ^(b)	100.00%	100.00%	Agent for insurance and financial products
UBP Securities, Inc. (UBPSI) ^(h)	100.00%	100.00%	Securities brokerage
Union Data Corp. (UDC) ^(h)	100.00%	100.00%	Data processing
Interventure Capital Corporation (IVCC) ^(h)	60.00%	60.00%	Venture capital
UBX Philippines Corporation (UBX)	100.00%	100.00%	Investment holding and innovation

UBX Private Limited (UBX SG) ^(c)	100.00%	100.00%	company
UBX Remit Pte Ltd. (UBX Remit) ^(d)	100.00%	100.00%	Holding company
Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan) ^(e)	97.75%	70.00%	Remittance company
Progressive Bank, Inc. (PBI) ^(f)	–	100.00%	Private development bank
UnionDigital Bank, Inc. (UnionDigital) ^(g)	100.00%	100.00%	Rural bank
Unionbank Financial Services and Insurance Brokerage Philippines, Inc. (UFSI) ^(h)	100.00%	100.00%	Digital bank
Unionbank Investment Management and Trust Corporation (UBIMTC) ^(k)	100.00%	–	Insurance and securities brokerage
			Trust and other fiduciary business
<i>(a) Subsidiary through CSB and UIC, with 40% and 11% share in ownership, respectively</i>			
<i>(b) Wholly-owned subsidiaries of UIC</i>			
<i>(c) Wholly owned subsidiary of UBX</i>			
<i>(d) Wholly owned subsidiary of UBX SG</i>			
<i>(e) Subsidiary through CSB and UIC, with 49% and 23.79% share in ownership, respectively. On July 10, 2023, the Parent Bank completed the purchase of 24.96% interest from the minority shareholders.</i>			
<i>(f) On July 13, 2023, the SEC approved the merger between Bangko Kabayan, FAIR Bank and PBI, with Bangko Kabayan as the surviving entity</i>			
<i>(g) Incorporated on November 25, 2021</i>			
<i>(h) Non-operating subsidiaries, wholly-owned by UIC</i>			
<i>(i) Acquired 100% ownership as part of the Parent Bank's acquisition of Citigroup Inc.'s consumer business in the Philippines on August 1, 2022. On February 28, 2023, the SEC approved the change in corporate name from Citicorp Financial Services and Insurance Brokerage Philippines, Inc. to Unionbank Financial Services and Insurance Brokerage Philippines, Inc.</i>			
<i>(j) In October 2022, the stockholders of FUPI approved the voluntary cessation and withdrawal of its pre-need business</i>			
<i>(k) Incorporated on October 11, 2023</i>			

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 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 P300.0 million on May 9, 2023, in exchange for 300.0 million common shares. These funds were deposited in a treasury-in-trust for account to ensure the timely completion of SEC documentation. 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 will commence operations in March 2024.

- b. In a special meeting held on December 23, 2021, the Bank's BOD approved the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The transaction includes the acquisition of Citigroup's credit card, personal loans, wealth management, and retail deposit businesses, as well as the real estate interests in Citibank Square in Eastwood, Quezon City, 3 full-service bank branches, and 5 wealth centers in the Philippines. On the same date, the BOD approved the raising of additional capital of up to P40.0 billion through the issuance of additional shares from the Bank's unissued authorized capital stock via a stock rights offering (SRO) to all existing shareholders. On May 16, 2022, the Bank issued approximately 617.2 million common shares priced at P64.81 per share. Proceeds from the SRO were deployed to partially fund the acquisition of Citigroup, Inc.'s Philippine consumer business.

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

On August 1, 2022, the Bank completed the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The transaction is effected via (i) an asset and liability transfer of the consumer banking activities of Citibank N.A., Philippines Branch, (ii) the sale of freehold and owned office premises and parking spaces in Citibank Square building in Eastwood, Quezon City, and (iii) the sale of the 100% shares in Citicorp Financial Services and Insurance Brokerage Philippines, Inc. CFSI is a domestic corporation organized to engage in the business of marketing insurance products and to act as a broker of debt and equity securities of every kind and description. CFSI is engaged in the brokerage of debt securities, third-party investment funds, and insurance products.

- c. 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, 2023.
- d. 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 3,649 outlets nationwide. It offers a variety of cash-based services including remittance, currency exchange and bills payment.
- e. UIC was incorporated and registered with the SEC on December 20, 1993. It is presently engaged in business as a holding company authorized to hold investments of real and personal properties, including shares of stocks, bonds, debentures, notes and other securities and obligations, without engaging in business of an investment company or broker or dealer in securities of stocks.

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

- f. UBX was incorporated to invest in, hold, own, purchase, lease manage, sell or otherwise dispose of real and personal properties of every kind and description. It shall also engage in the development of financial technology innovations and engage in electronic commerce business. UBX SG, a subsidiary of UBX, is incorporated to engage in the development of financial technology innovations and engage in electronic commerce business.
- g. 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).

PBI is authorized to engage in the business of extending credit to farmers, tenants, and rural industries or enterprises, and to transact all business that may be legally done by rural banks formed under and in accordance with the existing Rural Banks Act (Republic Act No. 7353).

FAIR Bank was registered with the SEC primarily to engage in the business of extending rural credit to small farmers and tenants and to deserving rural industries or enterprises.

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, FAIR Bank and PBI applied for the regulatory approvals to merge, with Bangko Kabayan as the surviving entity. On March 21, 2022, the 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%.

With the approval of its merger with Fairbank and Progressive Bank, Inc. on July 13, 2023, Bangko Kabayan, Inc., as the surviving entity, has added 12 branches and 2 branch lite, based at Cebu and Iloilo, to its former 23 branches and 1 branch lite, located in Southern Luzon (Batangas, Laguna, and Quezon).

- h. In its letter dated July 15, 2021, the BSP approved the application for authority to establish a digital bank, to be known as UnionDigital Bank, Inc. (UnionDigital), a wholly-owned subsidiary of the Bank, subject to regulatory conditions. The BSP subsequently granted the Authority to Register with the SEC. On November 25, 2021, the SEC approved UnionDigital's Articles of Incorporation and its By-Laws and issued its Certificate of Incorporation. The Parent Bank subscribed to 100,000,000 new common shares of UnionDigital at par value ₱10 per share totaling ₱1.0 billion.

On June 24, 2022, the BOD of the Parent Bank approved to infuse additional capital to UnionDigital of up to ₱2.0 billion. On July 12, 2022, UnionDigital was granted the Certificate of Authority to Operate as a digital bank. Accordingly, UnionDigital started its operations on July 18, 2022. On the same date, the Parent Bank infused ₱1.0 billion to UnionDigital.

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.

In its letter dated October 27, 2022, the BSP approved the Parent Bank's request for additional equity investment of up to ₱2.0 billion in UnionDigital. The Parent Bank then infused additional capital to UnionDigital in tranches for a total amount of ₱1.0 billion.

On June 23, 2023, the BOD of the Parent Bank approved the infusion of additional capital of ₱900 million to UnionDigital to support business growth. Subsequently, on September 29, 2023 and November 13, 2023, the Parent Bank infused capital amounting to ₱300.00 million and ₱600.00 million, respectively.

As of December 31, 2023 and 2022, the Parent Bank's total equity investment in UnionDigital amounted to ₱3.9 billion and ₱3.0 billion, respectively.

Non-operating subsidiaries

- a. 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.

- b. UBPSI was incorporated and registered with the SEC on March 2, 1993. It was organized to engage in the business of buying, selling or dealing in stocks and other securities. In January 1995, as approved by UBPSI's stockholders and BOD, UBPSI sold its stock exchange seat in the PSE. Accordingly, UBPSI ceased its stock brokerage activities.
- c. UDC was registered with the SEC on September 8, 1998. It was organized to handle the centralized branch accounting services as well as the processing of credit card application forms of the Parent Bank and the entire backroom operations of FUPI. On July 1, 2003, the BOD of UDC approved the cessation of its business operations effective on August 30, 2003, and subsequently shortened its corporate term to December 31, 2017 by amending its Articles of Incorporation. The services previously handled by UDC are now undertaken by the Financial Services Group of the Parent Bank. UDC is still in process of securing the tax clearance from the BIR.
- d. IVCC was incorporated and registered with the SEC on October 10, 1980. It was organized to develop, promote, aid and assist financially any small or medium scale enterprises and to purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage and otherwise deal with such real and personal property, including securities and bonds of other corporations as the transaction of the lawful business of the corporation may reasonably and necessarily require, subject to the limitations prescribed by law. IVCC has ceased operations since 1992.

The total assets, liabilities and capital funds of these non-operating subsidiaries amounted to ₱10,724, ₱3,283, and ₱7,442, respectively, as of December 31, 2023 and ₱12,436, ₱3,341 and ₱9,095, respectively, as of December 31, 2022.

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

Distribution Network of Products and Services

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

<i>Relationship Managers</i>	UnionBank's sales force is trained to have expertise in UnionBank's solutions-based financial services and are equipped with tools (e.g., MAX 5.0) that allow them to service clients remotely and enhance productivity. UnionBank's Relationship Managers and Financial Advisors are also licensed by the Insurance Commission to provide customers with bancassurance products.
<i>Branch Network</i>	As of December 31, 2023, UnionBank had 198 branches inclusive of the 4 Wealth Branches acquired from Citibank. All of UnionBank's branches were transformed into digital and paperless branches called "The ARK", which allow for straight-through processing of transactions over-the-counter or via self-service machines, and at the same time, house Branch Ambassadors for product discovery, digital conversion and advisory services. UnionBank also increased its presence nationwide through its subsidiaries' physical network which consisted of 149 branches of CitySavings across the country, 38 combined branches of Bangko Kabayan, FAIRBank, and Progressive Bank (tripartite merger occurred in July 2023) and over 3,000 locations of PETNET nationwide.

	In addition, UnionBank has three mobile banking kiosks, also called “Bank on Wheels,” which are vans equipped with 5G communication facilities to serve areas where branch access is limited by natural disasters, pandemics or geography, and/or high volume of ATM transactions are needed for a specific period. In 2020, UnionBank introduced agency banking cash deposit capability through its partnership with 7-Eleven and ECPay among others. As of December 31, 2023, UnionBank had more than 11,000 partner agents.
<i>ATM Networks</i>	As of December 31, 2023, UnionBank had 493 ATMs and CitySavings had 109 ATMs for a total of 602 ATMs, which are further categorized as 437 onsite and 165 off-site ATMs. UnionBank and its subsidiaries’ network supplements its branch network in providing 24-hour banking services to its customers. UnionBank’s interconnection with the Bancnet ATM consortium, allows its cardholders to access thousands of ATMs nationwide. In addition, UnionBank’s ATM card functions as a VISA or Mastercard debit card that allows electronic purchase and payment transactions.
<i>Call Center</i>	UnionBank’s Customer Engagement Support Group (CESG), which is responsible for retail customer relationship and consumer finance relationship and care, manages UnionBank’s 24-hour call center, which caters to deposit and card product queries, among others. The call center utilizes a mix of phone, social media, email, and website as customer touch points. In handling customer complaints, it adheres to certain service-level agreements such as feedback or resolution of ATM-related concerns within five banking days and redelivery of card within Metro Manila after five days. Customer complaint handling is continuously improved through resolution tracking. UnionBank is currently enhancing other enabling channels capable of digital self-servicing and extended reach. The Customer Engagement Group is composed of the following units: (1) 24x7 Inbound Voice Customer Service, (2) Digital Engagement and (3) Business Support (4) Quality Assurance and Training (5) Performance Management Support.
<i>Customer Service Chatbot</i>	In 2017, UnionBank launched “Rafa,” the Philippines’ first banking chatbot that delivers instant 24/7 customer service. Rafa is accessible through Facebook messenger. It can answer customer queries on, among others, the nearest ATM and branch, providing the latest foreign exchange rate of up to ten currencies, assisting customers who are exploring auto loans, and giving customers options to choose the credit card that best suits them. It is also capable of assisting in processing account opening and loan applications. UnionBank believes that Rafa provides a more personal and conversational customer experience compared to the interactive voice response or auto reply forms.
<i>Mobile and E-Banking</i>	UnionBank Online, launched in August 2017, is the online and mobile banking platform for UnionBank’s retail customers. It is designed with an omni-channel user experience wherein the same look and feel applies to different touchpoints (websites and mobile applications), operating systems (Android or IOS) and device types. UnionBank Online enables UnionBank’s customers to perform account management and banking transactions such as account opening, deposit checks, fund transfer, bills payment without visiting a branch or contacting UnionBank’s call center. Customers may log in through fingerprint authentication, apart from password login. Customers can use UnionBank Online to send money to over 10,000 cash outlets

	nationwide and deposit checks simply by taking a photo with the application. It also enables real-time account opening via a digital application and thus facilitates customer onboarding process. UnionBank was the first Philippine universal bank to introduce such function in the Philippines in 2019. UnionBank also introduced an upgraded version of its cash management platform for corporates called “The Portal”. It is a fully featured application which enables, among others, single sign-on for customers with multi-org access, real-time fund transfers and setting up business approval steps. It helps customers’ merchant acquisition, account management and lending activities. UnionBank also launched a cash management platform for MSME clients called MSME Business Banking in 2021, now known as “UB Negosyante”. Its features include digital account opening for savings and checking account, mobile check deposit, local and international fund transfers, bills payment, payment gateway, and many more to help MSMEs manage financial operations. As of December 31, 2023, the combined clientele of “The Portal” and “UB Negosyante” stands at 42 thousand or a 27% increase from the prior year. The platforms facilitated a total of 27 million transactions from the 22 million from the prior year. UnionBank also launched “UPAY” in 2021, an integrated payment acceptance hub for SME customers to support collection of funds through various payment channels including UnionBank Online, Gcash and GrabPay, over the counter, and debit and credit cards. In addition, UnionBank has launched “E-commerce Payment Gateway” with API connectivity via websites and mobile applications to enable merchants to accept major credit cards and alternative payment methods to support their customers’ buying behavior and to deliver a cross-channel experience. Recurring customers could experience faster and more convenient payments by securely tokenizing payment credentials.
<i>EON</i>	EON was the first electronic money product in the Philippines with a “selfie banking” feature which employs facial recognition for account opening. UnionBank has merged the EON digital accounts into UnionDigital’s system and EON account holders have become customers of UnionDigital. The EON brand was first launched in 1999 and re-launched in 2017 by UnionBank as its first digital bank account specially designed for tech savvy customers, mostly e-gig practitioners, and e-commerce entrepreneurs.
<i>UnionDigital</i>	UnionDigital Bank is the digital bank subsidiary of UnionBank. It distinguishes itself as the sole digital bank in the country initiated by a private universal bank, holding a license from the BSP. It represents UnionBank’s strategic approach to integrate the vast segments of unbanked and underbanked individuals within the financial system. As a crucial part of the Aboitiz Group, UnionDigital leverages the group’s ecosystem and expertise, fostering collaborations that drive towards a vision of a financially inclusive nation. This effort also aligns with UnionBank’s expansion goals, promoting inclusive growth and prosperity within the Filipino community.
<i>UBX</i>	UBX owns and operates four key digital platforms. First, “i2i” whose name refers to “island-to-island, institution-to-institution, individual-to-individual” is a fast-growing agency banking network and banking as a service solution provider that connects rural banks and non-banking financial institutions to each other and to the nation’s financial networks while providing a digital transformation package for these

	institutions including core banking technology and digital banking channels, powered by blockchain technologies. Second, “Sentro,” a homegrown eCommerce shop builder in the Philippines, with pre-integrated payment gateway and delivery services, is an online business-to-business marketplace for the MSME ecosystem, with business solutions to include BUX. Third, “BUX,” is a fast-growing payment gateway for e-commerce in the Philippines, and an all-in-one payment platform which enables end-to-end payments. Merchants of all sizes can accept various forms of payments including over-the-counter, online banking, cash on delivery, e-wallets, installments as well as debit and credit cards. BUX has launched universal QR payments enabling merchants to accept payment with a scan from their customers’ mobile devices. BUX also enables merchants to offer options of payment by installment and buy-now-pay-later. BUX was awarded “Best Digital Payment Facilitator – Philippines for 2021” by Global Brands Magazine. UBX also invested in Shiptek Solutions Corporation to embed financial solutions into its shipping and logistics platform, XLOG. UBX also owns and operates a number of other digital platforms and fintech products including the below, among others. These are relatively new products and UnionBank is building momentum on their usage: “xpanse,” an open finance platform that enables banks, fintechs and startups to build new financial solutions through APIs and enables customer-controlled data sharing across hundreds of member institutions in the Philippines. “Vinne,” a money management mobile application powered by blockchain technologies, giving access to decentralized finance applications; “Assured,” an innovative embeddable insurance platform which business partners can embed into their platforms through APIs and embeddable user experience, and thus make their products accessible to consumers who have been previously underserved. Through Assured, insurance options are presented as a value-added feature in everyday experiences such as online shopping. Offerings are context-based. Examples of offerings include personal accident insurance at bills payment, item loss and delivery failure protection on e-commerce platforms, and insurance coverage embedded to MSMEs’ activities such as inventory management and payroll processing. UBX partners with insurtechs and selected companies to increase insurance penetration rate; and “AKIN,” a next-generation blockchain-based identity verification solution. In the AKIN management system, verified digital identities are shared across the platform for smoother and frictionless transactions such as leasing, loaning, and banking.
<i>Platforms and Other Digital Channels</i>	UnionBank’s thrust for digital transformation prompted it to launch digital platforms and channels intended to deliver products/services to various customer segments. UnionBank launched “GlobalLinker,” a virtual B2B community and network platform for SMEs, and UnionBank has partnered with Lazada by signing a memorandum of agreement on March 10, 2022, according to which the sellers at “GlobalLinker” and

	Lazada will be able to sell products at the other site, respectively. UnionBank also launched “Financial Supply Chain”, a blockchain-powered platform for supply chain financing and transactions, for corporate clients and their ecosystem of suppliers and dealers. UnionBank established the “Bonds.PH” application which facilitates blockchain-enabled distribution of sovereign retail treasury bonds in the Philippines. CitySavings also utilizes its own app for its Department of Education teacher community called “Loan Ranger Mobile” for account management and grant of re-loans to accelerate the onboarding of teachers for faster turnaround and growth of loans. This complements the salesforce who are focused on searching for new leads and expanding in new regions.

Competition

The Bank faces competition in all its principal areas of business. Philippine domestic and foreign banks are the Bank’s main competitors, followed by finance companies, mutual funds and investment banks. Currently, the industry is dominated by the four largest universal banks, each with over ₱2 trillion in assets: BDO Unibank, Inc. (BDO), Land Bank of the Philippines (LBP), Metropolitan Bank and Trust Co (MBT) and Bank of the Philippine Islands (BPI). These banks have greater financial and other capital resources, and greater market shares than UnionBank. Moreover, as a publicly-listed bank, UnionBank also monitors its performance against the ten largest publicly-listed universal banks in the country.

Based on preliminary data of BSP as of December 31, 2023, there were a total of 45 domestic and foreign universal and commercial banks operating in the Philippines, with total assets of ₱25.1 trillion, total loan portfolio (inclusive of Interbank Loans and RRP) of ₱13.4 trillion, and total deposits of ₱19.0 trillion. Among the universal banks, there are 13 private domestic universal banks, six branches of foreign universal banks and three government-controlled universal banks. On the other hand, the commercial banks comprise three private domestic commercial banks, 18 branches and two subsidiaries of foreign commercial banks. While mergers, acquisitions, and closures reduced the number of industry players, the entry of foreign banks under new and liberalized banking laws and regulations resulted in the growth of the number of universal and commercial banks. Corporate lending remained competitive resulting in even narrower spreads especially under a low interest rate environment. Pockets of growth were, however, seen in the middle corporate market, SMEs, and consumer segments.

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

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

As a result, UnionBank has been acknowledged as a leader in delivering superior customer experiences through innovation. UnionBank, in the last 5 years, is among the top in the

industry in terms of shareholder value, among the industry's lowest-cost producers, and one of the most profitable in terms of return on equity, return on assets, and absolute income.

Transactions with and/or dependent on related parties

The information required is contained in item 12 on page 84.

Patents, trademarks and tradenames

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

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

30	SITH SYSTEM FOR INTEGRATED TRACING OF HUMANS	March 29, 2021	March 29, 2031
31	SELYADO (GREYSKALE)	April 16, 2021	April 16, 2031
32	SELYADO (COLORED)	April 16, 2021	April 16, 2031
33	UNIONBANK ONLINE	April 16, 2021	April 16, 2031
34	UB ONLINE	April 16, 2021	April 16, 2031
35	UNIONBANK ApPP	April 16, 2021	April 16, 2031
36	UB MOBILE APP	April 16, 2021	April 16, 2031
37	P PHX COMMERCIAL BANK-BACKED PHILIPPINE STABLECOIN	April 16, 2021	April 16, 2031
38	PHX	May 21, 2021	May 21, 2031
39	UBP XCELLERATOR GAMECHANGERS	May 21, 2021	May 21, 2031
40	UBP XCELLERATOR BLOCKCHAIN BUSINESS SPECIALIST PROGRAM	June 18, 2021	June 18, 2031
41	UBP XCELLERATOR BLOCKCHAIN BASICS PROGRAM	June 18, 2021	June 18, 2031
42	UBXCELLERATOR	July 16, 2021	July 16, 2031
43	UB GARAGE INNOVATION AND INCUBATION LAB POWERED BY UB UNIONBANK.	July 23, 2021	July 23, 2031
44	XCELLERATOR	July 23, 2021	July 23, 2031
45	UBXCELLERATOR	July 30, 2021	July 30, 2031
46	UBP XCELLERATOR PROGRAM	August 6, 2021	August 6, 2031
47	UB GARAGE INNOVATION AND INCUBATION LAB POWERED BY UB UNIONBANK	October 1, 2021	October 1, 2031
48	ECONOMIX	November 14, 2021	November 14, 2031
49	NEXTGEN ACADEMY	November 20, 2021	November 20, 2031
50	BITBOX	February 5, 2022	February 5, 2032
51	SECURITYSTARTSWITHU	February 14, 2022	February 14, 2032
52	BANK DIFFERENTLY	February 14, 2022	February 14, 2032
53	UB METAVERSE	April 4, 2022	April 4, 2032
54	UB METAVERSE BRANCH	April 4, 2022	April 4, 2032
55	PLAYEVERYDAY	May 7, 2022	May 7, 2032
56	PLAY EVERYDAY	June 2, 2022	June 2, 2032
57	QUICK GIVES	July 21, 2022	July 21, 2032
58	QUICK ADVANCE	August 8, 2022	August 8, 2032
59	UB UNION BANK (Orange logo)	August 18, 2022	August 18, 2032
60	UB UNIONBANK	August 18, 2022	August 18, 2032
61	THE PORTAL	September 15, 2022	September 15, 2032
62	CYBERSURE.PH	September 30, 2022	September 30, 2032
63	UNIONBANK	September 30, 2022	September 30, 2032
64	UBP DIGITAL	September 30, 2022	September 30, 2032
65	UB SME BUSINESS BANKING	September 30, 2022	September 30, 2032
66	UB DIGITAL BANK	October 24, 2022	October 24, 2032
67	EDGE A UNIONBANK PUBLICATION	November 28, 2022	November 28, 2032

68	BANK FROM HOME WITH UNIONBANK	December 8, 2022	December 8, 2032
69	BANK THE WAY YOU LIVE WITH UNIONBANK	December 19, 2022	December 19, 2032
70	PHX PHILIPPINE STABLECOIN	February 4, 2023	February 4, 2033
71	PAYLTR BY UNIONBANK	February 20, 2023	February 20, 2033
72	UB DIGITAL	March 6, 2023	March 6, 2033
73	UPAY BY UB UNIONBANK	May 29, 2023	May 29, 2033
74	PHILIPPINE FINTECH FESTIVAL	August 7, 2023	August 7, 2033
75	UNIONBANK MILES+	September 10, 2023	September 10, 2033
76	UNIONBANK REWARDS	December 11, 2023	December 11, 2033

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

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

Regulatory Approvals

The BSP, SEC, Philippine Deposit Insurance Corporation (PDIC), PSE, PDEX, and the Bureau of Internal Revenue (BIR) are the major regulatory agencies that provide rules, regulations, and guidelines to the Bank's activities.

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

Keeping abreast of regulations affecting the business

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

Anti-Money Laundering Laws and Know Your Customer Procedures

UnionBank complies and is consistent with the provisions of Republic Act No. 9160, as amended by Republic Act Nos. 9194, 10167 and 10365, otherwise known as the "Anti-Money Laundering Act of the Philippines," and other pertinent laws, rules, regulations, and circulars issued by the BSP, SEC and other regulatory agencies of the Philippines, including the AMLC and the Financial Action Task Force (FATF) on Money Laundering. UBP adheres to the AML

laws and regulations that include the Know Your Customer (“KYC”) rules and customer due diligence at the inception of the bank-client relationship until its termination.

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

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

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

Capital Adequacy

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

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

As of December 2023, 2022, and 2021, the CAR were at 15.7%, 13.0%, 18.4%, respectively for the Group and 15.3%, 11.8%, 18.4%, respectively, for the Bank.

Research and Development Activities

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

	2023	2022	2021
Cost	3,415,866	2,789,197	2,054,363
Ratio to Revenues	4.4%	5.5%	5.7%

Employees

As of December 31, 2023, the Bank employed 5,482 people, 556 as Executive, 4,263 as Officers, 663 as Clerical Staff and covered by CBA. Of these, 2,525 are in Operations, 1,578 are in Non-Operations, and 1,379 are in Sales/ Marketing. The Bank does not foresee an increase in the number of headcounts within the ensuing twelve (12) months.

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

RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Risk Management Structure

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

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

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

- (a) The Executive Committee (EXCOM) 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 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 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 ORMC reviews various operational risk policies and practices and approves the Operational Risk Management Framework which forms part of the Bank's enterprise risk management system that covers all business and functional units, including outsourced services, services provided to external parties, and environmental and social-related operational risk requirements. The ORMC also provides oversight on the implementation of a sound business continuity management framework.
- (e) The Audit Committee is composed of seven (7) members, all non-executive and majority of whom are independent, including the Chairman, most of whom are with accounting, auditing, or related financial management expertise or experience. The skills, qualifications, and experience of the committee members are appropriate for them to perform their duties as laid down by the BOD.

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

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

Among the responsibilities of the Audit Committee are:

- *Oversight of the financial reporting process.* The Audit Committee ensures that the Parent Bank has a high-quality reporting process that provides transparent, consistent, and comparable financial statements. In this regard, the Audit Committee works closely with management especially the Office of the Financial Controller, the Internal Audit Group (IAG), as well as the external auditors, to effectively monitor the financial reporting process.
- *Monitoring and evaluation of internal control.* The Audit Committee, through the IAG, monitors and evaluates the adequacy and effectiveness of the Parent Bank's internal control framework, integrity of financial reporting, and security of physical assets. The Audit Committee ensures that a proactive and forward-looking approach on evaluation of risks and controls is taken. The Audit Committee also ensures that periodic assessment of the internal control system is conducted to identify weaknesses and evaluates its robustness considering the risk profile and strategic direction of the Parent Bank.
- *Oversight of the audit process.* The Audit Committee is knowledgeable on audit function and the audit process. The Audit Committee maintains supportive, trusting, and inquisitive relationships with both internal and external auditors to enhance its effectiveness.
- *Oversight of the outsourced internal audit activities.* The Audit Committee oversees the performance of the internal audit service provider and ensures that they comply

with sound internal auditing standards and other supplemental standards issued by regulatory authorities/government agencies, as well as with relevant code of ethics.

- *Oversees the implementation of Group Internal Audit Policy.* The Audit Committee oversees the implementation of the policy through the periodic reports on oversight of the Group Internal Audit and takes appropriate action on any group internal oversight issues identified. The Audit Committee reviews and evaluates the group internal audit policy, and any amendments thereto, and endorses the same to the BOD for approval.
- *Oversight of the whistle-blowing mechanism.* The Audit Committee oversees the establishment of a whistle-blowing mechanism in the Parent Bank by which officers and staff shall in confidence raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It also ensures that independent investigation, appropriate follow-up, action, and subsequent resolution of complaints are in place.
- *Reporting responsibilities.* The Audit Committee regularly reports to the BOD 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 mandate and applicable laws. This includes the authority to allocate resources, set audit frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish the audit engagement objectives.

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

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

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

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

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

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

The CGC is composed of nine (9) members of the BOD, all non-executive, majority of whom, including its Chairman, are independent directors. Its specific duties include, among others, making recommendations to the BOD regarding continuing education of directors, overseeing the periodic performance evaluation of the 1) Board; 2) Board Committees; 3) Individual Directors; 4) Management-level Committees (through the 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. 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 Transaction Committee is composed of at least five (5) members of the BOD, all of whom are independent directors, with the Internal Audit Head and Chief Compliance Officer as resource persons. The Committee assists the BOD in the fulfillment of its corporate governance responsibilities on related party transactions by ensuring that the latter 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 Board of Directors appointed two more independent directors to the Related Party Transaction 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, 2023 and 2022, the Group and the Parent Bank did not exceed the limit in any of its industry concentration.

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

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

Credit risk management practices and credit quality disclosures

Corporate Loans

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

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

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

The rating system assesses default risk based on financial profile, management capacity, industry performance, and other factors deemed relevant. Significant changes in the credit risk considering movements in credit rating, among other account-level profile and performance factors, define whether the accounts are classified in either Stage 1, Stage 2, or Stage 3 per PFRS 9 loan impairment standards. In 2023 and 2022, the Parent Bank updated the stage assessment to enhance the considerations related to movements in the borrower's credit rating when determining significant increase in credit risk (SICR), which include rating threshold triggers.

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

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

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

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

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

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

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

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

Commercial Loans

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

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

Small and Medium Enterprise (SME) Financial Products

SME portfolio is composed of Business 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 businesses. Credit models are constantly reviewed and updated as necessary while data analytics have been enhanced to improve portfolio quality and product offers.

Consumer Financial Products

The Consumer loan portfolio of the Parent Bank is composed of four main product lines, namely: Home Loans, Credit Card, Personal Loans, and Auto Loans. 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 Citi-acquired 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.

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.

Other receivables from customers

Other receivables from customers of the Group and the Parent Bank include small portfolios such as, with respect to the Parent Bank, (i) personal loans, (ii) HR loans, (iii) bills purchased and (iv) customer liabilities under acceptances, (v) home credit receivables, (vi) teacher's loans acquired from CSB and, with respect to the subsidiaries, (i) personal loans, and (ii) motorcycle loans. Each of these products has established credit risk guidelines and systems for managing credit risk across all businesses.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate.

Each product was risk rated using techniques appropriate to the Group's and Parent Bank's credit experience. Such methods consider the payment history that are reflected in aging, delinquency, and/or change in rating. These provide the bases for the ECL stage determination.

The description of each groupings according to stage is explained further as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, does not demonstrate significant increase in credit risk.

Stage 2 - those that are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date, and, based on change in rating, delinquencies and payment history, demonstrates significant increase in credit risk.

Stage 3 - Those that are considered default of more than 90 days past due or demonstrates objective evidence of impairment as of reporting date.

Investments and Placements

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

Modification

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

Collateral Held as Security and Other Credit Enhancements

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

advances to other banks, except when securities are held as part of reverse repurchase agreements.

Liquidity Risk

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

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

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

BSP Reporting

Liquidity Coverage Ratio (LCR)

BSP Circular No. 905 provides the implementing guidelines on LCR and disclosure standards that are consistent with Basel III framework. The LCR is calculated as the ratio of stock of high quality liquid assets (HQLA) over the total net cash outflows over the next 30 calendar days, which should not be lower than 100%. 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, 2023 and 2022 follows (amounts in millions):

	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%

	December 31, 2022	
	Group	Parent Bank
Total HQLA	₱284,622	₱238,303
Total net cash outflows	191,939	167,553
LCR Ratio	148.29%	142.23%

Part of the disclosure requirements of BSP Circular 905 Implementation of Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) and Disclosure Standards beginning in 2019 is the reporting of simple averages of quarterly observations over the last 12 months, following the format set forth in Annex C of BSP Circular 905. The results shown below, were simple averages of four data points, representing all the quarters of 2023.

NATURE OF ITEM	TOTAL UNWEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)
STOCK OF HIGH-QUALITY LIQUID ASSETS (HQLA)		
1. TOTAL STOCK OF HQLA (BEFORE CAP)		300,485,549
EXPECTED CASH OUTFLOWS		
2. Deposits, of which:	706,451,720	227,552,556
3. Retail funding	292,535,938	34,853,732
4. Wholesale funding, of which:	406,547,114	192,698,824
5. Operational deposits	197,613,228	59,283,968
6. Non-operational deposits (all counterparties)	208,933,886	133,414,856
7. Restricted term deposits	1,500,000	-
8. Hold-out deposits	5,868,668	-
9. Unsecured wholesale funding (all counterparties)	3,078,888	3,078,888
10. Secured funding	24,685,663	5,342,486
11. Derivatives contracts, of which:	29,897,614	29,897,614
12. Outflows related to derivative exposures (net)	29,897,614	29,897,614
13. Outflows related to collateral requirements	-	-
14. Structured financing instruments	-	-
15. Committed business facilities (all counterparties)	21,036,940	5,758,032
16. Other contractual obligations within a 30-day period	3,510,963	3,510,963
17. Other contingent funding obligations	116,240,750	3,487,222
18. TOTAL EXPECTED CASH OUTFLOWS	904,902,537	278,627,761
EXPECTED CASH INFLOWS		
19. Secured lending	-	-
20. Fully-performing exposures (all counterparties)	56,013,052	29,857,021
21. Other cash inflows	53,675,220	53,675,220
22. TOTAL EXPECTED CASH INFLOWS	109,688,272	83,532,241
23. TOTAL STOCK OF HQLA (AFTER CAP)		300,485,549
24. TOTAL EXPECTED NET CASH OUTFLOWS		195,095,520
25. LIQUIDITY COVERAGE RATIO (%)		154.02%

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

Net Stable Funding Ratio (NSFR)

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

As of December 31, 2023 and 2022, the NSFR was at 123.54% and 123.81%, respectively, for the Group, and at 124.03% and 122.03%, 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.

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.

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.

Foreign Exchange Risk

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

The Group's net foreign exchange exposure, taking into account any spot or forward exchange contracts, is computed as foreign currency assets less foreign currency liabilities.

The foreign exchange exposure is limited to the day-to-day, over-the-counter buying and selling of foreign exchange in the Group's branches, as well as foreign exchange trading with corporate accounts and other financial institutions. The Group is permitted to engage in proprietary trading to take advantage of foreign exchange fluctuations.

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

Operational Risk

BSP Circular No. 900, Guidelines on Operational Risk Management, serve as the groundwork for the Bank's Operational Risk Management (ORM) framework. This is to standardize the approach undertaken by the Bank in order to facilitate consistently strong ORM practices across the organization.

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

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

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

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

Legal Risk and Regulatory Risk Management

Legal risk pertains to the Parent Bank's exposure to losses arising from cases decided not in favor of the Parent Bank where significant legal costs have already been incurred, or in some instances, where the Parent Bank may be required to pay damages. The Parent Bank is often involved in litigation in enforcing its collection rights under loan agreements in case of borrower default. The Parent Bank may incur significant legal expenses as a result of these events, but the Parent Bank may still end up with non-collection or non-enforcement of claims.

The Parent Bank has established measures to avoid or mitigate the effects of these adverse decisions and engages several qualified legal advisors, who were endorsed to and carefully approved by senior management. At year-end, the Parent Bank also ensures that material adjustments or disclosures are made in the financial statements for any significant commitments or contingencies which may have arisen from legal proceedings involving the Parent Bank.

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

Item 2 - Properties

The UnionBank Plaza, which is a bank-owned property, is now the Union Bank of the Philippines' Head Office. It is a 50-storey office condominium building with an estimated usable area of 51,032.32 square meters. It is one of the most modern intelligent buildings in the Ortigas Business Center with electronically equipped building utility systems. It is also a PEZA proclaimed "IT Building" under Presidential Proclamation No. 900 dated Aug. 25, 2005 where the Bank occupies around 32,034.07 square meters. The Bank's leased area including those units for lease, cover an estimated total area of 17,187.35 square meters.

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

As of December 31, 2023, and 2022, the Bank and its subsidiaries paid ₱777.8 million and ₱755.7 million in rentals, respectively, mainly for its branches.

Other properties owned by the bank are as follows:

Union Bank of the Philippines

Name of Property	Location
Olongapo Branch	87 Magsaysay Drive, East Tapinac, Olongapo City, Zambales
Cagayan De Oro Branch	Lapasan National Highway, Brgy 25, Cagayan De Oro City
Iligan Branch	Manuel L. Quezon Avenue, Poblacion, Iligan City
Iloilo City Branch	General Luna St., Brgy. Villa Anita, Iloilo City
Richville Branch(Southwest Tower)	UGI and UG 4 Condo Units Alabang Zapote Road Madrigal Business Park Alabang, Muntinlupa City
Emerald Branch	Condo Unit-GID and parking lot B209 Wynsum Corporate Plaza Emerald Avenue, Ortigas Center Pasig City
Cabanatuan Branch	P. Burgos St., Poblacion, Cabanatuan City
Davao-Magsaysay Branch	156 Ramon Magsaysay Avenue corner Jacinto St., Brgy 29C, Davao City
Dumaguete Branch	Unionbank Bldg., Real corner San Juan Sts., Brgy 7, Dumaguete City
Dasmarinas	G/F UnionBank Centre Manila Bldg., Quintin Paredes corner Dasmarinas St, Binondo, Manila
Antel Residences (Unit G-3) Floor Area 40.71	G/F Antel Residences, 7829 Salamanca Street., Brgy Poblacion, Makati City

Name of Property	Location
Cebu Exchange Tower	1322-G/F Units D & E Cebu Exchange Tower, Salinas Drive, Lahug, Cebu City
Peak Tower (Condo Unit)	8th/9th Floor, Salcedo Village, Makati City
Monterraza Property	#6 Jasmine St. Monterraza Subd. Itogon, Baguio City
Iloilo Business Park	Brgy. Tabucan Airport, District of Mandurriao, Iloilo City
Ayala Integrated-Car Display Warehouse (From ROPA - ARG)	#138 Gen. Luis Along Nagkaisang Nayon, Cor. Pasacola St. Novaliches Quezon City
Citibank Square	Citibank Square, No. 1 Eastwood Avenue, Barangay Bagumbayan, Quezon City, Metro Manila, Philippines

City Savings Bank

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

PetNet, Inc.

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

UBP Investments Corp.

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

Bangko Kabayan

Name of Property	Address
Executive Office and Ibaan Branch	Santiago St. Poblacion Ibaan Batangas
Executive Office	Sabang, Lipa, City, Batangas
San Pascual Branch	San Antonio San Pascual Batangas
Cuenca Branch	National Road Poblacion Cuenca Batangas
Rosario Branch	Barangay C Poblacion Rosario Batangas
Mabini Branch	F. Castillo Bldv. Poblacion Mabini Batangas
San Juan Branch	General Luna St. Poblacion San Juan Batangas
Nasugbu Branch	P. Rinoza St. Poblacion Nasugbu Batangas
Calaca Branch	Marasigan St. Poblacion Calaca Batangas
Pagsanjan Branch	Gen. Taino St. Poblacion 1 Pagsanjan Laguna
Nagcarlan Branch	Rizal Avenue Poblacion 2 Nagcarlan Laguna
Taal Batangas Property	Balisong, Taal, Batangas
San Pascual Batangas Property	Sambat, San Pascual Batangas
Oriental Mindoro Property	Malugay, Soccoro, Oriental Mindoro
Mabini Batangas Property	Solo, Mabini, Batangas
Nasugbu Batangas Property	Brgy. Lumbangan, Nasugbu Batangas
Talisay Batangas Property	Brgy. Aya, Talisay, Batangas
Calaca Batangas Property	Brgy. Pantay, Calaca Batangas
Tiaong Quezon Property	Brgy. San Jose Tiaong Quezon
Batangas City Property	BRGY. PALLOCAN, BATANGAS
Batangas City Property	Ms. Philippines St Batangas City
Batangas City Property	Poblacion 11, Batangas City
Lipa City Batangas Property	#13 P Laygo St Brgy Sabang Lipa City
Parañaque City Property	Caliraya Drive Marian Park Subd., San Martin de Porres Parañaque City
Daanbantayan Branch	Poblacion, Daanbantayan, Cebu
Bogo Branch	Dela Vina cor. J. Lequin Sts. Gairan, Bogo City, Cebu
Head Office and Kabulig Center	Del Rosario St. Balasan Iloilo
Barotac Nuevo, Iloilo Property	Guintas, Barotac Nuevo, Iloilo
Sara, Iloilo Property	Brgy. Crespo, Sara, Iloilo
Lanot Property	Brgy Lanot, City of Roxas
Carles, Iloilo Property	Poblacion, Carles, Iloilo
Alimodian, Iloilo Property	Sinamay, Alimodian, Iloilo
Estancia, Iloilo Property	Brgy Botongon, Mun. of Estancia, Iloilo
Baldoza Lapaz, Iloilo Property	Baldoza Lapaz, Iloilo City
Oton, Iloilo Property	Tagbac, Oton, Iloilo
Anilao, Iloilo Property	Brgy. Serallo, Anilao, Iloilo
Lantangan, Carles Property	Lantangan, Carles

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

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

Item 3 - Legal Proceedings

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

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

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

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

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

As of March 31, 2024:

Number of Issued Common Shares: 2,989,287,495
Number of Outstanding Common Shares: 2,989,259,518
Treasury Shares: 27,977

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

(1) Market Information

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

The price performance of the shares has been as follows:

(Philippine Peso)	HIGH	LOW
Quarter Ended December 2023	52.87	44.09
Quarter Ended September 2023	60.12	48.90
Quarter Ended June 2023	68.46	57.87
Quarter Ended March 2023	77.56	63.98
Quarter Ended December 2022	86.20	75.00
Quarter Ended September 2022	94.00	73.00
Quarter Ended June 2022	93.00	68.00
Quarter Ended March 2022	105.80	76.15
Quarter Ended December 2021	118.00	66.88

(2) Holders

The Bank has 4,944 stockholders of record as of March 31, 2024. The number of common shares outstanding as of said date stood at 2,989,259,518.

The list of top twenty (20) stockholders of the Bank as of March 31, 2024 is as follows:

	STOCKHOLDERS	NATIONALITY	SHARES	%
1	PCD NOMINEE CORPORATION	FILIPINO	1,398,949,746*	46.80%
2	ABOITIZ EQUITY VENTURES, INC.	FILIPINO	812,137,851	27.17%
3	THE INSULAR LIFE ASSURANCE CO., LTD.	FILIPINO	255,781,203	8.56%
4	SOCIAL SECURITY SYSTEM	FILIPINO	243,625,473	8.15%
5	SOCIAL SECURITY SYSTEM (1)	FILIPINO	52,262,571	1.75%
6	PCD NOMINEE CORPORATION	OTHER ALIEN	41,756,512	1.40%
7	RAMON ABOITIZ FOUNDATIONS, INC.	FILIPINO	11,443,490	0.38%
8	DANEL ABOITIZ	FILIPINO	7,000,000	0.23%
9	SANFIL MANAGEMENT CORPORATION	FILIPINO	5,679,601	0.19%
10	FORTES MANAGEMENT, INC.	FILIPINO	4,463,233	0.15%
11	ASPIRA MANAGEMENT, INC.	FILIPINO	4,462,636	0.15%
	CIA MANAGEMENT CORPORATION	FILIPINO	4,462,636	0.15%
12	AZURA MANAGEMENT, INC.	FILIPINO	4,462,633	0.15%
13	BAUHINGIA MANAGEMENT, INC.	FILIPINO	3,959,095	0.13%
14	FMK CAPITAL PARTNERS, INC.	FILIPINO	3,765,874	0.13%
	DOMINUS CAPITAL INC.	FILIPINO	3,765,874	0.13%
15	PORTOLA INVESTORS, INC.	FILIPINO	3,470,716	0.12%
16	HAWK VIEW CAPITAL, INC.	FILIPINO	3,469,646	0.12%
17	SALTORE HOLDING CORPORATION	FILIPINO	3,287,276	0.11%
18	WINDEMERE MANAGEMENT CORPORATION	FILIPINO	2,719,379	0.09%

	STOCKHOLDERS	NATIONALITY	SHARES	%
19	ALPHITONIA MANAGEMENT, INC.	FILIPINO	2,715,270	0.09%
20	ANDROLEPIS MANAGEMENT, INC.	FILIPINO	2,715,268	0.09%
	ANACYCLUS MANAGEMENT, INC.	FILIPINO	2,715,268	0.09%
	ALDROVANDA MANAGEMENT, INC.	FILIPINO	2,715,268	0.09%

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

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

As of March 31, 2024, the public ownership percentage representing the total number of shares owned by public in the Bank's stockholdings, computed based on the MPO Rule of the PSE is 17.16%.

The Bank has only common shares with foreign equity ownership of 42,615,494 or 1.43% of the total subscribed capital stock.

(1) Dividends

A. Cash Dividends

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

The following is a summary of the dividends declared and distributed by the Bank in 2023, 2022, and 2021:

Date of Declaration	Date of Record	Date of BSP Approval	Date of Payment	Dividend per Share	Outstanding Shares	Total Amount
February 1, 2023	February 15, 2023	N/A	February 27, 2023	₱2.00	2,353,746,590	₱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
January 29, 2021	February 15, 2021	N/A	March 4, 2021	3.50	1,219,362,818	4,267,769,863.00

On January 26, 2024, the Bank's BOD approved the declaration of a cash dividends at ₱0.80 per share or a total of ₱2,391,407,614.40 based on the outstanding common stock of 2,989,259,518. The record date for stockholders entitled to the cash dividend was set on February 13, 2024 and payment was made on February 20, 2024.

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

B. Stock Dividends

On February 24, 2023 and April 28, 2023, the BOD and stockholders of the Bank approved, respectively, the 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 of the Bank. 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 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 the par value of ₱10.00 for whole shares and paid ₱0.22 million for 2,550.79 fractional shares in relation to the 27% stock dividends.

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

On December 5, 2023, the Bank issued and listed on the PDEX its ₱18.168 billion of Peso denominated fixed rate bonds via a dual tranche offering. This is the largest bond issuance by UnionBank from its ₱50.0 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 ₱2.0 billion for the two tranches.

The 1.5Y Series F Bonds due 2025 raised a total of ₱10.3385 billion and carries an interest rate of 6.5625% per annum while the 3Y Series G Bonds due 2026 raised a total of ₱7.8295 billion and carries an interest rate of 6.6800% per annum (collectively, the “New Bonds”).

Concurrent with the issuance of the New Bonds, UnionBank also implemented the country's first public non-sovereign bond exchange which extended to the holders of its ₱8.115 billion 2.750% 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 ₱236.7 million of Exchangeable Bonds to be exchanged with the New Bonds.

ING Bank N.V., Manila Branch (“ING”) and Standard Chartered Bank (“SCB”) are the Joint Lead Arrangers and Bookrunners for the New Bonds. They are also the Selling Agents for the offering of the New Bonds together with UnionBank.

On February 6, 2023, the Bank issued and listed on The Philippine Stock Exchange, Inc. a total of 210,970,464 million common shares following the completion of its ₱12.0 billion Stock Rights Offering (“SRO”). The offer period was from January 16, 2023 to January 27, 2023. Eligible shareholders of the Bank were entitled to a ratio of 1:10.1536 common shares as of record date of January 12, 2023 at a price per share of ₱56.88 each. Total gross proceeds from the SRO amounted to ₱11,999,999,992.32. CLSA Exchange Capital, Inc. and Unicapital Inc. acted as Joint Global Coordinators and Joint Domestic Underwriters for the SRO.

On June 2, 2022, the Bank successfully issued the first-ever digital peso bonds in the Philippines, raising an aggregate size of ₱11.0 billion under its ₱39.0 billion bond program. UnionBank is the pilot user of Philippine Depository & Trust Corp.'s (PDTC) Proof of Concept Digital Registry & Digital Depository that uses Distributed Ledger or Blockchain Technology for registry and depository operations. The bonds, which have a tenor of 1.5 years and a fixed rate of 3.25% per annum, are listed on the Philippine Dealing & Exchange Corp. (PDEX) for trading in the PDEX Fixed Income Market. The Hong Kong and Shanghai Banking Corporation Limited (“HSBC”) and Standard Chartered Bank (“SCB”) were the Joint Lead Arrangers and Bookrunners on the transaction. They were also the Selling agents for the offering together with the Bank.

On May 16, 2022, the Bank issued and listed on The Philippine Stock Exchange, Inc. a total of 617,188,705 common shares following the completion of its ₱40.0 billion Stock Rights Offering (“SRO”). The offer period was from April 25, 2022 to May 6, 2022. Eligible shareholders of the Bank were entitled to a ratio of 1:2.4707 common shares as of record date of April 11, 2022 at a price per share of ₱64.81 each. Total gross proceeds from the SRO amounted to

₱39,999,999,971.05. CLSA Exchange Capital, Inc. and ING Bank N.V., Manila Branch acted as Joint Global Coordinators and Joint Domestic Underwriters for the SRO.

On July 23, 2021, the Bank issued a 7-year \$150 million Social Bond with the International Finance Corporation (“IFC”) as sole investor. The bond, which was issued under the Bank’s new sustainable finance framework, is the first social bond by the bank and its longest-term USD-denominated bond to date. Proceeds from the bond are expected to finance over 2,000 loans to micro, small and medium-sized enterprises. IFC’s investment will also help the Bank boost financing for MSMEs through its supply chain financing platform, enabled using digital technologies.

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

The Bank issued a total of 3,627,044 common shares to eligible employees out of the 5,000,000 common shares pursuant to the Bank’s Employee Stock Plan over the 5-year period from 2019 to 2023. The last tranche of the ESP was granted on February 6, 2023. These issuances were exempt from registration under Section 10.2 (Exempt Transactions) of the SRC.

UNION BANK OF THE PHILIPPINES
SEC FORM 17-A
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Statement of Income for the Year Ended December 31, 2023 vs December 31, 2022

Union Bank of the Philippines posted a net income of ₱9.2 billion for the year ended December 31, 2023. This is 27.8% lower than the same period last year mainly due to the on-going integration cost for the acquired Citi consumer business.

Net revenues, comprised of net interest income and other income, is at a new high of ₱70.8 billion, 35.6% higher from ₱52.2 billion last year driven by the full-year impact of revenues from the acquired Citi Consumer Business (acquired in August 2022) and operation of UnionDigital (started in July 2022). **Net interest income** grew 33.6% to ₱52.0 billion on account of higher margins and volume. Net interest margins were up 70 basis points to 5.5%, buoyed by higher proportion of consumer loans to total loans and the steady level of low-cost Current Account/Savings Account (CASA) deposits. **Service charges, fees and commissions** and **miscellaneous** income increased by 33.7% to ₱17.9 billion, driven by higher retail transactions.

Total interest income jumped by 55.5% to ₱78.6 billion versus the same period last year. **Interest income on loans and other receivables** improved by 64.5% to ₱59.2 billion due to increased average volume levels and increased proportion of higher yielding consumer loans to total loan portfolio. **Interest income on cash and cash equivalents** and **investment securities at amortized cost and fair value through other comprehensive income (FVOCI)**, improved by 31.8% to ₱17.8 billion due to higher yields. **Interest income on Interbank Loans Receivables and Securities Purchased under Repurchase Agreements (SPURRA)** was up by 65.5% to ₱1.4 billion coming from higher volume and yield improvement. **Interest income on trading securities at fair value through profit or loss (FVTPL)**, on the other hand, declined by 4.6% to ₱0.19 billion due to lower volume.

Total interest expense grew by 2.3x to ₱26.6 billion. This is attributed to increases in (1) **interest expense on deposit liabilities** which grew by 2.6x to ₱15.8 billion due to higher average daily balance in time deposit as a result of integration of new businesses, and (2) **interest expense on bills payable and other liabilities** (up 92.8% to ₱10.8 billion) from higher interbank borrowings and deposit substitutes.

Provision for credit losses for the year amounted to ₱14.0 billion, 3.5x higher as compared to prior year largely from the full-year impact of provisions on loans from new businesses (acquired Citi consumer business and UnionDigital) and additional credit reserves on legacy accounts.

Total other income is higher by 41.4% to ₱18.8 billion. The jump was primarily due to (1) **service charges, fees, and commissions** which was up 53.5% to ₱10.4 billion driven by higher transaction fees from credit card interchange, electronic fund transfers, bills payment, ATM, and other transactional fees, and (2) **miscellaneous income** which grew by 13.2% to ₱7.5 billion on account of higher foreign exchange gains, income from trust operations, and gains recognized on foreclosed assets.

Total expenses amounted to ₱44.9 billion, up 43.2% versus prior period. **Salaries and employee benefits** rose by 35.5% to ₱13.6 billion driven by compensation-related increases and manpower expenses due to the full-year effect of the acquired Citi consumer business. **Taxes and licenses** increased by 44.6% to ₱5.9 billion resulting from higher gross receipts taxes due to growth in loans and documentary stamp taxes due to the higher volume of time deposits. **Occupancy** jumped by 13.4% to ₱1.2 billion resulting from higher rent and utilities cost. **Depreciation and amortization** is also higher by 43.3% to ₱2.7 billion driven by the Bank's technology investments related to the integration of the Citi consumer business.

Miscellaneous expenses also grew by 50.3% to ₱21.6 billion mainly on account of information and technology expenses, advertising, fees and commissions expenses, and other volume-related fees.

Tax expense totalled to ₱2.6 billion, 34.5% lower from ₱4.0 billion last year, due to lower overall income for 2023.

Net income attributable to non-controlling interests decreased to ₱0.13 billion, 8.1% lower than in 2022.

Statement of Comprehensive Income for the Year Ended December 31, 2023 vs December 31, 2022

The Bank registered a **total comprehensive income** of ₱20.6 billion, up from ₱0.43 billion posted in the previous year. This was primarily driven by the **unrealized mark-to-market gains (losses) on investment securities at FVOCI** at a ₱12.3 billion gain from ₱12.5 billion loss a year ago on account of the business model change and consequent reclassification of FCDU FVOCI sub-portfolio (excluding the FX Liquidity sub-portfolio) to FCDU HTC, applied prospectively on January 1, 2023.

Remeasurement gains (losses) on defined benefit plan, net of tax expense was recorded at ₱0.53 billion loss vs. last year of ₱0.37 billion gain. **Total comprehensive income attributable to non-controlling interests** was at ₱0.14 billion.

Statement of Condition as of December 31, 2023 vs December 31, 2022

As of end of December 2023, the Bank's total resources amounted to ₱1.14 trillion, 4.8% higher than previous year's ₱1.09 trillion, primarily coming from growth in Loans and Other Receivables.

There was an 5.5% increase in **Cash and other cash items** versus same period last year. **Due from Bangko Sentral ng Pilipinas** decreased by 12.6% to ₱82.6 billion as a result of deployment to higher yielding assets. **Due from other banks** declined by 41.0% to ₱27.3 billion resulting from lower working balances with foreign correspondent banks. **Interbank loans receivable and SPURRA** grew 7.9% to ₱25.4 billion, predominantly from additional SPURRA.

Holdings of trading and investment securities grew by 7.3% to ₱357.3 billion driven by the build-up of **financial assets at amortized cost**, which increased by 28.6% to ₱314.5 billion, primarily from Government Securities. This was offset by the decrease in **financial assets at FVTPL and FVOCI** by 32.9% to ₱5.8 billion and 53.6% to ₱37.0 billion.

Net loans and other receivables also grew by 9.7% to ₱526.1 billion mainly due to the growth of the Bank's consumer consumer loans portfolio. The Bank's **loan-to-deposit ratio** was recorded at 73.8%.

Bank premises, furniture, fixtures and equipment increased by 17.1% to ₱10.2 billion, mainly due to increase in Land and Building assets.

Investment in subsidiaries and associates went down by 69.5% to ₱0.04 billion. Meanwhile, **other resources** rose by 23.9% to ₱43.2 billion driven by higher software under development assets.

Total liabilities were at ₱969.5 billion as of December 31, 2023, 2.6% higher YoY. **Deposit liabilities** was almost flat at 0.2% growth to ₱712.6 billion as growth in demand and savings were only up by 0.5% and 0.4% to ₱233.3 billion and ₱195.9 billion, respectively. With this, the Bank maintained its CASA ratio at 60%.

Bills payable jumped to ₱155.3 billion from ₱132.8 billion last year to diversify funding sources and optimize cost. **Notes and bonds payable** decreased by 2.2% to ₱50.5 billion driven by the maturity of senior debt instruments (Peso Digital Bonds and Peso Senior Series C Bonds) but offset by the issuance of (Peso Senior Series F Bonds and Peso Senior Series G Bonds). **Other liabilities** grew by 4.7% to ₱51.2 billion primarily due to increases in accrued expenses, accounts payable, and defined benefit obligation.

The Bank's total capital funds rose by 18.5% to ₱175.6 billion as of December 31, 2023 from ₱148.2 billion as of December 31, 2022 mainly driven by the increase in **common stock** (up 9.9% to ₱23.5 billion) and **additional paid-in capital** (up 20.5% to ₱57.8 billion) as a result of a stock rights offering (SRO) last February 2023 wherein the Bank listed 211.0 million common shares at a price of ₱56.88 per share. **Stock dividend distributable** is ₱6.4 billion as the stock dividends were paid on January 4, 2024. In addition, **surplus free** decreased by 2.3% to ₱88.7 billion coming from the Bank's earnings, Cash Dividend, and Stock Dividend in 2023. **Surplus reserves** were up by 3.7% to ₱2.54 billion. **Net unrealized fair value gains on investment securities** has a negative balance of ₱2.2 billion coming from mark-to-market valuation of the Bank's investments at FVOCI (reclass of FCDU FVOCI to FCDU HTC), while accumulated **remeasurements of defined benefit plan** also recorded a negative balance of ₱1.6 billion. **Other reserves** decreased 3.5x to a negative balance of ₱0.11 billion.

Key performance indicators of the Bank are as follows:

	2023	2022
Return on Average Assets	0.8%	1.3%
Return on Average Equity	5.6%	9.7%
Cost-to-Income Ratio	63.4%	60.1%
Net Non-Performing Loan Ratio	3.7%	2.2%
Common Equity Tier 1 Ratio	13.9%	11.3%
Capital Adequacy Ratio	15.7%	13.0%

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

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

Material Commitment for Capital Expenditures

The Bank allotted ₱2.0 billion in capital expenditures in 2024 primarily intended to finalize the integration of the Citi consumer banking business.

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

- Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.
- Any events that will trigger direct or contingent financial obligation, including any default or acceleration of an obligation.

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

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

Union Bank of the Philippines posted a net income of ₱12.7 billion for the year ended December 31, 2022. This is 1.3% higher than the same period last year mainly due to higher revenues coming from its core businesses that compensated for the absence of trading gains.

Net revenues were at a new high of ₱52.2 billion. **Net interest income** grew 30.5% to ₱38.9 billion on account of higher margins and volume. Net interest margins were up 20 basis points to 4.8%, buoyed by higher proportion of consumer loans to total loans and the growth of low-cost Current Account/Savings Account (CASA) deposits. **Service charges, fees and commissions** and **miscellaneous** income increased by 101.7% to ₱13.4 billion, driven by the acquisition of the consumer banking business of Citigroup Inc. (Citi) and the growing digital customer transactions.

Total interest income jumped by 39.1% to ₱50.5 billion from the year-ago level. **Interest income on loans and other receivables** improved by 31.5% to ₱36.0 billion due to increased average volume levels and yields year-on-year (YoY). **Interest income on cash and cash equivalents** and **investment securities at amortized cost and fair value through other comprehensive income (FVOCI)**, improved by 60.9% to ₱13.5 billion due to higher yields and volume. **Interest income on Interbank Loans Receivable and Securities Purchased under Repurchase Agreements (SPURA)** was up by 155.0% to ₱826 million coming from higher volume and yield improvement. **Interest income on trading securities at fair value through profit or loss (FVTPL)**, on the other hand, declined by 16.7% to ₱0.2 billion due to lower yields.

Total interest expense hiked by 78.5% to ₱11.6 billion. This is attributed to higher **interest expense on deposit liabilities** (up 102.9% to ₱6.0 billion) due to the robust growth of CASA deposits (25.3% increase to ₱427.1 billion based on outstanding balance), and higher **interest expense on bills payable and other liabilities** (up 58.0% to ₱5.6 billion) resulting from higher interbank borrowings and deposit substitutes.

Provision for loan losses was at ₱4.1 billion, 30.0% lower YoY as credit risk stabilized compared to the prior year.

Total other income declined by 13.1% to ₱13.3 billion. The drop was primarily due to the absence of **trading gains from the sale of investment securities at amortized cost** and **investment securities at FVTPL and FVOCI**. The decrease was partially offset by 1) the Bank's higher **service charges, fees, and commissions** driven by higher transaction fees from credit card interchange, electronic fund transfers, bills payment, ATM, and other transactional fees, and 2) by higher **miscellaneous income** which grew 130.6% to ₱6.6 billion on account of higher foreign exchange gains, and income from trust operations.

Total expenses amounted to ₱31.3 billion, up 28.9%. **Salaries and employee benefits** rose 15.7% to ₱10.0 billion driven by compensation-related increases and manpower expenses related to the acquired consumer banking business from Citi. **Taxes and licenses** increased by 42.6% to ₱4.1 billion from higher gross receipts taxes and documentary stamp taxes coming from the elevated deposit levels. **Occupancy** jumped by 15.3% to ₱1.03 billion resulting from higher rent and utilities cost. **Miscellaneous expenses** also grew by 39.6% to ₱14.3 billion

mainly on volume-related fees and commissions expenses, advertising and information and technology expenses.

Tax expense amounted to ₱4.0 billion, 67.8% higher from ₱2.4 billion last year, due to higher final taxes from securities and BSP placements, as well as higher taxable income of the Bank's subsidiary.

With the improved performance of subsidiaries, **net income attributable to non-controlling interests** increased to ₱144.0 million, 2.75x higher than in 2021.

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

The Bank registered a **total comprehensive income** of ₱431.7 million, down from ₱11.4 billion posted in the previous year. This was primarily driven by the **fair market value losses on investment securities at FVOCI** which shot up to ₱12.5 billion from ₱845.9 million a year ago on account of the concerted increase in global interest rates in 2022, following consecutive central bank hikes to stem inflation. The US Federal Reserve System rates rose from 0% to 4.50%, while the BSP raised its policy rate from 2.0% to 5.5% during the year. This resulted to US bond yields moving from around 1% to 4%, and GS Peso Bond yields from around 4% to 6% on year on year basis.

Remeasurement gains on defined benefit plan, net of tax expense was recorded at ₱372.8 million vs. last year of ₱502.7 million. **Total comprehensive income attributable to non-controlling interests** was at ₱143.2 million.

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

As of end of December 2022, total resources amounted to ₱1.1 trillion, 31.5% higher than previous year's ₱831.1 billion, driven by the acquisition of the Citi consumer banking business, and increases in trading and investment securities and net loans and receivables.

There was an 11.1% increase in **Cash and other cash items** due to higher cash requirements versus 2021. **Due from Bangko Sentral ng Pilipinas** decreased by 8.5% to ₱94.6 billion as a result of lower placement balances with the BSP on top of the mandatory reserves. **Due from other banks** declined by 14.8% to ₱46.2 billion resulting from lower working balances with foreign correspondent banks. **Interbank loans receivable** is nil due to the deployment of funds to higher-yielding securities and loans.

Holdings of trading and investment securities grew by 40.1% to ₱333.0 billion driven by the build-up of **financial assets at FVTPL, financial assets at amortized cost and financial assets at FVOCI**, which increased by 53.4% to ₱8.7 billion, 47.0% to ₱244.6 billion, and 21.5% to ₱79.8 billion, respectively.

Net loans and other receivables also grew by 42.6% to ₱479.7 billion mainly due to the addition of the Citi business in the consumer loans portfolio. The Bank's **loan-to-deposit ratio** was recorded at 67.4%.

Bank premises, furniture, fixtures and equipment –net and **Goodwill** increased by 28.7% to ₱8.7 billion and by 3.6x to ₱54.0 billion, respectively, mainly due to the acquisition of Citi's consumer banking business and certain real estate properties in the Philippines.

Investment in subsidiaries and associates went down by 13.3% to ₱123.4 million mainly from share in net losses in UBX's associate but partially offset by Petnet's additional investment in an associate. Meanwhile, **other resources** rose by 81.6% to ₱34.8 billion driven by higher software assets.

Total liabilities were at ₱944.6 billion as of December 31, 2022, 31.4% higher YoY. **Deposit liabilities** increased by 24.7% to ₱711.3 billion given the robust growth in demand and savings

volumes which were up by 13.5% and 42.9% to ₱232.1 billion and ₱195.0 billion, respectively. Customers' CASA balances sustained growth owing to the stability and convenience offered by the Bank's cash management platforms and digital channels, as well as increased customer onboarding in 2022. With this, the Bank's CASA ratio was sustained at 60%.

Bills payable jumped to ₱132.8 billion from ₱51.2 billion last year due to higher short-term funding requirements compared to 2021. **Notes and bonds payable** decreased by 26.1% to ₱51.6 billion driven by the maturity of senior debt instruments. **Other liabilities** grew by 78.4% to ₱48.8 billion primarily due to increases in bills purchased, accounts payable, and derivative liabilities.

The Bank's total capital funds rose by 32.1% to ₱148.2 billion as of December 31, 2022 from ₱112.2 billion as of December 31, 2021 mainly driven by the increase in **common stock** (up 75.7% to ₱21.4 billion) and **additional paid-in capital** (up 3.4x to ₱47.9 billion) as a result of a stock rights offering (SRO) last May 2022 wherein the Bank listed 617.2 million common shares at a price of ₱64.81 per share. **Stock dividend distributable** is nil as the stock dividends were paid on January 5, 2022. In addition, **surplus free** increased by 10.6% to ₱90.8 billion coming from the Bank's earnings in 2022. **Surplus reserves** were down by 12.4% to ₱2.5 billion due to reversal of required appropriations for the difference between BSP's required 1% general loan loss provision (GLLP) over the Bank's computed expected credit loss (ECL) for stage 1 accounts. **Net unrealized fair value gains on investment securities** has a negative balance of ₱14.1 billion coming from mark-to-market valuation of the Bank's investments at FVOCI, while accumulated **remeasurements of defined benefit plan** also recorded a negative balance of ₱1.2 billion. **Other reserves** increased 2.25x to ₱31.0 million.

Key performance indicators of the Bank are as follows:

	2022	2021
Return on Average Assets	1.3%	1.6%
Return on Average Equity	9.7%	11.5%
Cost-to-Income Ratio	60.1%	53.9%
Net Non-Performing Loan Ratio	2.2%	2.4%
Common Equity Tier 1 Ratio	11.3%	16.3%
Capital Adequacy Ratio	13.0%	18.4%

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

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

Material Commitment for Capital Expenditures

The Bank allotted ₱5.3 billion in capital expenditures in 2023 primarily intended to further accelerate and enhance digital capabilities, including the migration costs of the Citi consumer banking business.

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

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

Item 7 - Financial Statements

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

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

There were no changes in and disagreements with the Bank's present external auditors, SyCip Gorres Velayo & Co. (SGV), on accounting principles or practices, financial statement disclosures or scope of audit or procedures for the year ended December 31, 2023.

(A) Audit and Audit Related fees

Fees for the regular and statutory audits for the years 2023 and 2022 amounted to Php23.1 million and Php21.1 million, respectively, exclusive of VAT and out-of-pocket expenses.

Fees for other special audit, assurance and related services rendered by SGV in 2023 were as follows:

1. Php5.2 million for review engagements and issuance of comfort letters related to capital raising and bond offerings;
2. Php1.7 million for short period audits related to business combination; and
3. Php4.2 million for other engagements and consultancy services.

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

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

(B) All Other Fees

No other fees were paid by the Bank to SGV for 2023 and 2022.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9 - Directors and Executive Officers of the Issuer

a.) Directors and Nominees

The following are the names of the nominee for directors of UnionBank who have been pre-screened and certified qualified by the Corporate Governance Committee of the Board pursuant to SRC Rule No. 38, the BSP's Manual of Regulations for Banks, SEC Code of Corporate Governance and the Bank's Revised Manual on Good Corporate Governance, at the meeting held on February 2, 2024, by the following Corporate Governance Committee Members:

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

NOMINEES	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
Erramon I. Aboitiz	67	Filipino	Chairman Director	May 22, 2020 to present July 23, 1993 to present October 11, 1988 to April 23, 1993
Justo A. Ortiz	66	Filipino	Vice Chairman Chairman Chairman & CEO	May 22, 2020 to present January 1, 2018 to May 22, 2020 July 23, 1993 to December 31, 2017
Sabin M. Aboitiz	59	Filipino	Director	May 24, 2013 to present
Ana Maria A. Delgado	43	Filipino	Director	April 23, 2021 to present
Samel A. Aboitiz	32	Filipino	Director	April 22, 2022 to present
Jose Emmanuel U. Hilado	60	Filipino	Director	April 28, 2023 to present
Nina Perpetua D. Aguas	71	Filipino	Director	January 4, 2016 to present
Rolando L. Macasaet	63	Filipino	Director	January 27, 2023 to present
Robert Joseph M. De Claro	52	Filipino	Director	January 27, 2023 to present
Edwin R. Bautista	63	Filipino	President & CEO Director President & COO	January 1, 2018 to present January 4, 2016 to present January 1, 2016 to December 31, 2017

INDEPENDENT DIRECTORS				
Roberto G. Manabat	77	Filipino	Lead Independent Director	July 23, 2021 to present
			Independent Director	May 25, 2018 to present
Manuel D. Escueta	73	Filipino	Independent Director	April 23, 2021 to present
Josiah L. Go	61	Filipino	Independent Director	April 23, 2021 to present
Atty. Francisco Ed. Lim	69	Filipino	Independent Director	May 28, 2021 to present
Honorio G. Poblador IV	54	Filipino	Independent Director	April 28, 2023 to present

The nominees for Independent Directors, namely, Roberto G. Manabat, Manuel D. Escueta, Josiah L. Go, Atty. Francisco Ed. Lim, and Honorio G. Poblador IV possess the qualifications and none of the disqualifications of an independent director. They have complied with all the requirements of the Bangko Sentral ng Pilipinas (BSP), the Securities and Exchange Commission (SEC), and the Bank's Revised Manual on Good Corporate Governance for their respective positions. Messrs. Manabat, Escueta, and Go were nominated by stockholders, Rebecca M. Dela Cruz, Maria Cecilia P. Heredia, and Manuel G. Santiago, Jr., respectively. Atty. Lim and Mr. Poblador were nominated by stockholders, Maria Cristina P. Maceren and Paula Katerina S. Joson, respectively. The nominators are not related to the nominees for independent directors.

BUSINESS EXPERIENCE:

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

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

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

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

Chairman: Executive Committee

Vice Chairman: Non-Executive Board

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

Justo A. Ortiz serves as Vice Chairman of UnionBank. He holds the position of Chairman and/or Director of various subsidiaries of the Bank: UnionDigital Bank Inc. and UBX Philippines Corporation. He sits as Chairman of the following companies: Fintech Philippines Association, Inc., Distributed Ledger Technology Association of the Philippines, Inc., Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation, Aboitiz FeedAll Holdings, Inc.; as Director of the following companies: Aboitiz Equity Ventures, Inc. and Concepcion Industrial Corporation, both publicly listed companies; Philippine Payments Management, Inc., and Aboitiz Data Innovation, Inc.; and as Member of Board of Trustees of The Insular Life Assurance Co., Ltd., Member of the Management Association of the Philippines, Member of

the Board of Trustees of Philippine Trade Foundation, Inc., Makati Business Club, and World Presidents Organization.

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.

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

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

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

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

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

Member: Non-Executive Board, Executive Committee

Alternate Member: Operations Risk Management Committee, Corporate Governance Committee

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

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

Alternate Member: Executive Committee, Market Risk Committee

Samel A. Aboitiz serves as Director of UnionBank. He is First Vice President for Finance, Accounting and Risk of Aboitiz Equity Ventures, Inc., a publicly listed company. 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.

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

Jose Emmanuel U. Hilado serves as Director of UnionBank and its subsidiaries, UBP Investments Corporation, First Union Plans, Inc., and UnionBank Investment Management and Trust Corporation. He currently serves as Senior Vice President–Chief Financial Officer and Corporate Information Officer at Aboitiz Equity Ventures Inc. (AEV), a publicly-listed company, 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.

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

Nina Perpetua D. Aguas serves as Director of UnionBank. She is currently the Executive Chairperson of the Board of Trustees of The Insular Life Assurance Co., Ltd. and its subsidiaries: Insular Health Care, Inc. and Insular Foundation, Inc. She also sits as Non-Executive Director of Pilipinas Shell Petroleum Corporation; Independent Director of Monde Nissin Corporation, both publicly listed companies; and Director of Insurance Institute for Asia and the Pacific, Inc. She 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, a publicly listed company, from August 2012 to March 2015. Prior to this, she was the Managing Director for Private Banking, Asia-Pacific at ANZ Banking Group Ltd., Singapore. She also held various positions with Citigroup Inc. - Managing Director for Corporate Compliance, New York; Country Business Manager, Global Consumer Group, Philippines; Head of Sales &

Distribution, Global Consumer Group, Philippines; and Regional Audit Director, Citigroup, Asia-Pacific.

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

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

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

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

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

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

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

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

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

Alternate Member: Executive Committee, Corporate Governance Committee, Information Technology and Cybersecurity Committee

Edwin R. Bautista serves as Director and President & Chief Executive Officer of UnionBank. He also serves as Chairman of 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.

Member: Executive Committee, Information Technology and Cybersecurity Committee

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

Chairman: Non-Executive Board, Audit Committee

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

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

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

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

Chairman: Risk Management Committee

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

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

Mr. Go is known as one of the Philippines' most respected marketing gurus and the most awarded business educators of the Philippines with 19 bestselling and record-breaking marketing and entrepreneurship books. He has been recognized as one of the Agora Awardees in 1994, one of the Ten Outstanding Young Men (TOYM) of the Philippines in 2001, one of the Ten Outstanding Young Persons (TOYP) of the World in 2002 and one of only two Lifetime Achievement Awardees by the Association of Marketing Educators (2007), the youngest marketing educator to be bestowed this honor. He was also given the Brand Leadership Award during the World Brand Congress in India (2009). His accomplishments were recognized by the international community where he has been included in the 10th edition of the International Who's Who of Intellectuals (England).

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

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

Chairman: 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 serves as Independent Director of UnionBank. Atty. Lim is a Senior Legal Counsel of the Angara Concepcion Regala & Cruz Law Offices (ACCRALAW). He is the Chairman of the Air Asia, Inc., Philippines Air Asia Philippines, Inc., Justice Reform Initiative (JRI) and Co-Chairman (together with Finance Secretary Ralph Recto) 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: **"Commended External Counsel of the Year" (2023) by the In-House Community**; "Market Leader" in Banking and M&A (2022-2023) by IFLR1000; "A-List Philippines' Top 100 Lawyers" (2022-2023) by the Asia Business Law Journal; "Elite Practitioner" in Capital Markets and Dispute Resolution (2022-2023) 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.

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

Honorio G. Poblador IV 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, a publicly listed company. He is a Non-Executive Director of the following corporations: The Bistro Group, Bo's Coffee, Royale Cold Storage, and Asia Digital Holdings. He served as Independent Director of BDO Nomura Securities, Inc. until its merger with BDO Securities Corporation. Mr. Poblador has over two decades of investment banking and private equity experience having worked with Credit Suisse First Boston, Morgan Stanley, 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.

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

b.) Executive Officers

The Executive Officers of the Bank, and their respective age, citizenship, and position as of February 29, 2024, are as follows:

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
Edwin R. Bautista	63	Filipino	President and Chief Executive Officer President and Chief Operating Officer Senior Executive Vice President - Center Head, Transaction Banking, Commercial Banking and Channel Management Executive Vice President - Center Head, Retail Banking	January 1, 2018 to present January 1, 2016 to December 31, 2017 November 1, 2011 to December 31, 2015 April 27, 2001 to October 31, 2011
Ana Maria A. Delgado	43	Filipino	Senior Executive Vice President - Institutional Banking Head and Chief Digital Channel Officer and Chief Customer Experience Officer Senior Executive Vice President - Chief	July 1, 2023 to present June 1, 2022 to June 30, 2023

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
			Digital Channel Officer and Chief Customer Experience Officer Executive Vice President – Chief Digital Channel Officer and Chief Customer Experience Officer Senior Vice President - Center Head, Consumer Finance and Chief User Experience Officer Senior Vice President – Deputy Center Head, Consumer Finance and Chief User Experience Officer	June 1, 2020 to May 31, 2022 October 23, 2018 to May 31, 2020 August 1, 2018 to October 22, 2018
Manoj Varma	59	American	Senior Executive Vice President – Consumer Bank Head	August 1, 2022 to present
Roberto F. Abastillas	63	Filipino	Executive Vice President – Commercial Banking Center Head Senior Vice President – Commercial Banking Center Head Senior Vice President - Deputy Head, Commercial Banking Center Senior Vice President, Head – Commercial Banking 1	August 1, 2019 to present January 1, 2018 to July 31, 2019 August 1, 2017 to December 31, 2017 August 28, 2006 to July 31, 2017
Manish Chawla	49	Indian	Executive Vice President – Chief Information and Operations Officer Executive Vice President – Chief Operations Officer	July 28, 2023 to present July 1, 2023 to July 27, 2023
Ramon G. Duarte	59	Filipino	Executive Vice President – Transaction Banking Center Head Senior Vice President – Center Head, Transaction Banking and Platform Development Head	July 1, 2021 to present April 23, 2020 to June 30, 2021 June 23, 2006 to May 21,

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
			Senior Vice President - Head, Platform Development Group	2020
Antonino Agustin S. Fajardo	60	Filipino	Executive Vice President - Corporate Banking Center Head	August 1, 2019 to present
			Senior Vice President - Center Head, Corporate Banking	August 1, 2018 to July 31, 2019
			First Vice President - Deputy Center Head, Corporate Banking	January 1, 2018 to July 31, 2018
			First Vice President - Business Head, Mortgage Finance Business	November 1, 2014 to December 31, 2018
			First Vice President - Group Head, Consumer Finance - Auto Finance Business Center	May 1, 2013 to October 31, 2014
Mary Joyce S. Gonzalez	65	Filipino	Executive Vice President - Retail Banking Center Head	August 1, 2015 to present
			Senior Vice President - Deputy Center Head, Retail Banking	June 1, 2010 to July 31, 2015
			First Vice President - Unit Head, Makati Region	May 24, 2002 to May 31, 2010
Manuel R. Lozano	53	Filipino	Executive Vice President - Chief Financial Officer	January 1, 2023 to present
Dennis D. Omila	51	Filipino	Executive Vice President - Chief Technology and Operations Officer	July 28, 2023 to present
			Executive Vice President - Chief Information Officer, and Head, IT Services Group and Operations and Shared Services Group	March 25, 2019 to July 27, 2023
			Executive Vice President - Chief Information Officer	August 1, 2018 to March 24, 2019
			Senior Vice President -	November 16, 2016 to July 31, 2018

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
			Chief Information Officer	
Michaela Sophia E. Rubio	59	Filipino	Executive Vice President – Chief Human Resource Officer and Head of CSR and Sustainability Senior Vice President - HR Director First Vice President and HR Director	August 1, 2019 to present June 1, 2014 to July 31, 2019 June 1, 2012 to May 31, 2014
Johnson L. Sia	56	Filipino	Executive Vice President – Treasurer and Global Markets Head	October 1, 2022 to present
Raymond Anthony B. Acosta	47	Filipino	Senior Vice President – Infrastructure and Service Management Head First Vice President – Head, Infrastructure and Service Management/ Digital Integration Committee Vice President - Senior Team Manager – Technical Support Database Admin Assistant Vice President – Senior Team Manager – Technical Support Database Admin	June 1, 2022 to July 28, 2022 July 1, 2019 to May 31, 2022 July 1, 2016 to June 30, 2019 June 27, 2008 to June 30, 2016
Atty. Arlene Joan T. Agustin	55	Filipino	Senior Vice President – Private Banking Group Head Senior Vice President – Trust Officer	December 1, 2018 to present February 5, 2018 to November 30, 2018
Mary Angelica C. Balangue	49	Filipino	Senior Vice President – Corporate Banking Group Head First Vice President – Senior Relationship Manager	June 1, 2022 to present November 18, 2019 to May 31, 2022
Atty. Joselito V. Banaag	53	Filipino	Senior Vice President – General Counsel and Corporate Secretary	November 16, 2015 to present
Conrad Anthony Dominic L. Banal	40	Filipino	Senior Vice President – Global Markets Trading Head	July 1, 2023 to present

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
			First Vice President – Head of Markets	March 1, 2018 to June 30, 2023
Konstantin O. Beloglazov	41	Russian	Senior Vice President – Portfolio Lending Head	November 3, 2022 to present
Ma. Cecilia Teresa S. Bernad	58	Filipino	Senior Vice President – Corporate Banking Group Head	July 1, 2023 to present
			First Vice President – Corporate Banking Group Head	July 1, 2015 to June 30, 2023
Michael L. Chong	38	Filipino	Senior Vice President – Debt Capital Markets Head	August 15, 2023 to present
Antonio Sebastian T. Corro	51	Filipino	Senior Vice President – Chief Cross Sell Officer	September 1, 2022 to present
			Senior Vice President – Consumer Finance Center Head	August 28, 2020 to August 31, 2022
			Senior Vice President – Head, Cards Business	August 1, 2018 to August 27, 2020
Albert Raymond C. Cuadrante	52	Filipino	Senior Vice President – Chief Marketing Officer	August 16, 2021 to present
Gerard R. Darwin	54	Filipino	Senior Vice President – Sales Head, Corporate Solutions	June 1, 2021 to present
			First Vice President – Sales Head – CMS, Transaction Banking	July 1, 2016 to June 30, 2021
			Vice President – Sales Director	June 23, 2006 to June 30, 2016
			Assistant Vice President – Business Manager	May 2, 2000 to June 22, 2006
Carlo I. Eñanosa	48	Filipino	Senior Vice President – Corporate Planning and Investor Relations Head	June 1, 2022 to present
			First Vice President – Head, Corporate Planning Group	August 1, 2018 to May 31, 2022
			Vice President – Head, Planning and Budget	July 1, 2016 to July 31, 2018
			Assistant Vice President – Strategic Risk Head	January 2, 2015 to June 30, 2016
Rear Admiral Rommel Jason L. Galang (Ret.)	58	Filipino	Senior Vice President – Chief Security Officer	July 29, 2022 to present

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
			First Vice President – Chief Security Officer	November 1, 2021 to July 28, 2022
Concepcion Perla P. Lontoc	55	Filipino	Senior Vice President – Sales Director and Retail Banking Center Deputy Head Senior Vice President – Sales Director First Vice President – Sales Director Vice President – Sales Director	October 27, 2023 to present May 1, 2020 to October 26, 2023 July 1, 2016 to April 30, 2020 December 14, 2007 to June 30, 2016
Michael P. Magbanua	49	Filipino	Senior Vice President – Corporate and Digital Operations Head First Vice President – Head, Customer Service Group	June 1, 2022 to present April 3, 2017 to May 31, 2022
Dave T. Morales	48	Filipino	Senior Vice President – Mortgage Finance Business Head First Vice President – Mortgage Finance Business Head Vice President – Sales Director Assistant Vice President – Sales Director	June 1, 2022 to present July 1, 2019 to May 31, 2022 July 1, 2014 to June 30, 2019 June 1, 2011 to June 30, 2014
Jose Maria O. Roxas	56	Filipino	Senior Vice President – Sales Director First Vice President – Sales Director Vice President – Sales Director Assistant Vice President – Sales Director	June 1, 2022 to present July 1, 2019 to May 31, 2022 July 1, 2016 to June 30, 2019 June 1, 2011 to June 30, 2016
Raquel N. Sevidal	57	Filipino	Senior Vice President – Chief Wholesale Credit Officer	July 1, 2022 to present
Gautam Sharma	40	Indian	Senior Vice President – Retail Bank Sales Network Head	November 3, 2022 to present
Jeannette Yvonne M. Zagala	53	Filipino	Senior Vice President – Global Markets Sales Head	March 1, 2023 to present

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
			Senior Vice President - Financial Markets Sales Head	June 1, 2021 to February 28, 2023
			First Vice President - Head of Distribution	November 8, 2017 to June 30, 2021
Norman C. Gabriel	44	Filipino	Senior Vice President - Chief Audit Executive	July 1, 2023 to present
			First Vice President - Deputy Chief Audit Executive	February 23, 2021 to June 30, 2023
			First Vice President - Deputy Head of Internal Audit	April 3, 2020 to February 22, 2021
Edgar Allan G. Oblena	41	Filipino	Senior Vice President - Officer-in-Charge, Financial Controllership	September 16, 2023 to present
			First Vice President - Head of Corporate Accounting	June 1, 2022 to September 15, 2023
			Vice President - Head of Corporate Accounting	April 1, 2020 to May 31, 2022
Jose Paolo G. Rufo	39	Filipino	Senior Vice President - Chief Information Security Officer and Data Protection Officer	July 29, 2022 to present
			First Vice President - Chief Information Security Officer and Data Protection Officer	July 1, 2022 to July 28, 2022
			First Vice President - Chief Information Security Officer	June 1, 2021 to June 30, 2022
			Vice President - Chief Information Security Officer	August 9, 2018 to May 31, 2021
Joselynn B. Torres	65	Filipino	Senior Vice President - Chief Compliance and Corporate Governance Officer	July 29, 2022 to present
			First Vice President - Chief Compliance and Corporate Governance Officer	December 1, 2018 to July 28, 2022
Atty. Buenaventura S. Sanguyo, Jr.	54	Filipino	Senior Vice President - Deputy Head, Legal Division, and Assistant Corporate Secretary	July 1, 2023 to present

NAME	AGE	CITIZENSHIP	POSITION	Period during which individual has served as such
			Vice President – Deputy Head, Legal Division, and Assistant Corporate Secretary	July 22, 2016 to June 30, 2023
			Vice President – Deputy Head, Legal Division	October 12, 2015 to July 21, 2016
Atty. Mayla S. Domingo	46	Filipino	Vice President – Corporate Affairs Head and Assistant Corporate Secretary	October 2, 2023 to present
Therese G. Chan	50	Filipino	Wealth and Brokerage Head	August 1, 2022 to present
Erwin Wiriadi	51	Indonesian	Chief Risk Officer	December 16, 2022 to present
			Acting Chief Risk Officer	October 28, 2022 to December 15, 2022
			Credit Portfolio Senior Group Manager	August 1, 2022 to October 27, 2022

BUSINESS EXPERIENCE:

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

Edwin R. Bautista serves as Director and President & Chief Executive Officer of UnionBank. He also serves as Chairman of First Union Plans, Inc.; and as Director of UBP Investments Corporation, UBX Philippines Corporation, UnionDigital Bank Inc., and UnionBank Investment Management and Trust Corporation (UBIMTC). 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.

Member: Executive Committee, Information Technology and Cybersecurity Committee

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

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

Alternate Member: Executive Committee, Market Risk Committee

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.

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

Manish Chawla is Executive Vice President and Chief Information 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 core consumer operations 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. 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.

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

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

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

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

As an Executive Vice President, she transformed Retail Banking into a digital, agile and expert sales unit. Joyce's passion, commitment and leadership ensures sustainable growth of business through data driven initiatives addressing the unique and ever-changing needs of our customers and their communities.

Manuel R. Lozano is Executive Vice President and Chief Financial Officer of UnionBank. He is currently a Director of the different subsidiaries of the Bank, namely, First Union Plans, Inc. (FUPI), UnionBank Financial Services Insurance Brokerage (UFSI), UnionBank Investment Management & Trust Corporation (UBMITC) and Chairman/Director of UBP Investments Corporation (UIC). He also served as Director of the Bank from May 2017 to April 2023. He was Senior Vice President and Chief Financial Officer of Aboitiz Equity Ventures, Inc. from June 2015 to December 2022, and Aboitiz Power Corporation from January 2014 to June 2015, both publicly listed companies. He was also the Chief Financial Officer of the Aboitiz Power Generation Group and AP Renewables, Inc. from December 2008 to December 2013. Prior to joining the Aboitiz Group, Mr. Lozano was the Chief Financial Officer and Director of PAXYS, Inc. and held various positions in financial institutions including Jardine Fleming & CLSA.

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

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

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

Non-Voting Member: Information Technology and Cybersecurity Committee

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 (New York); most recently, a Gold Stevie Award as HR Thought Leader of the Year (2022).

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.

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.

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., a publicly listed company, as an Assistant Manager for Treasury. In 1997, she transferred to Jade Progressive Savings and Mortgage Bank where she became the Senior Assistant Vice President-Treasurer. After her two-year stint, she went to join Robinsons Bank and became its First Vice President, Head of Treasury and concurrent Head of Legal & Credit Administration. From 2007 to 2009, she worked for GE Money Bank where she was appointed as First Vice President and Treasurer. When GE Money Bank was acquired by BDO Unibank, Inc., a publicly listed company, she was appointed as the Customer Solutions Desk Head of the Treasury Capital Markets and Derivatives Division and at the same time served as the First Vice President and Treasurer of BDO Elite Savings Bank until 2011. In the same year, she joined Maybank Philippines, Inc. where she became the Senior Vice President, Treasurer and Head of Global Markets.

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

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

Atty. Joselito V. Banaag 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., a publicly listed company, from 2012 to 2015. He also

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

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

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, both publicly-listed companies. He started his career with Citibank N.A. as Business Process Analyst under its Regional Financial Control.

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

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 18 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 almost thirty (30) 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 sixteen (16) years of experience in banking and finance. He was formerly the Managing Director, Head of Origin 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 Market. He led key landmark transactions arranged by HSBC including various onshore and offshore deals. 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 1999-2001.

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

Albert Raymond C. Cuadrante is Senior Vice President 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. 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, a publicly listed corporation, and handled various positions from Marketing Director for Red Ribbon, Vice President and Marketing Head of Jollibee, President for Greenwich, and established and headed the Digital Commerce and Customer Loyalty division for the Philippines, which was tasked to lead the digital transformation for customer-facing touchpoints. He was the recipient of the 2013 Asia Pacific Tambuli Chief Marketing Officer of the Year award, the 2023 Top 10 CMOs from the Philippines by CEO Insights Asia and the 2022 10 Most Inspiring CMOs by C Level Focus. He started his Marketing career at Procter & Gamble Philippines.

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

Gerard R. Darvin 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, a publicly listed corporation. He had been a Project Management Officer for Citigroup Business Service - Asia. He also worked with International Exchange Bank from 1998-2006 and held roles as Methods Analyst and Investments & Capital Budgeting Officer. Mr. Eñanosa graduated from De La Salle University with a Bachelor's degree in Industrial Engineering Minor in Mechanical Engineering.

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.

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

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

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

Dave T. Morales 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, a publicly listed company, as Merchants Sales Acquiring.

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

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 Chief Wholesale Credit Officer of UnionBank. She has more than twenty-four (24) years of experience in the banking industry. She was formerly First Vice President and Sub-Group Head - Countryside of the Commercial Banking Group of Metropolitan Bank and Trust Company ("MBTC"). 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.

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.

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, a publicly listed company. She has extensive experience with distribution of investment and foreign exchange sales, fixed income securities and UITF products to different market segments, among other. Ms. Zagala's leadership positions have included serving as Vice President and Fixed Income Products and Trading Desk Head of Citicorp Financial Services and Insurance Brokerage Phils., Inc. from July 2010 to January 2015, Senior Assistant Vice President and Fixed Income Asian Credit Portfolio of Banco De Oro Universal Bank, a publicly listed company, from February 2007 to July 2010. She started her career as Money Market Trader from The Philippine Banking Corporation, and later joined the Metropolitan Bank and Trust Company, a publicly listed company as US\$/PhP Swap and Forward Trader. She held various positions with the National Association of Securities Brokers, Inc.

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 and UnionBank. Mr. Gabriel obtained his Bachelor of Science degree in Accountancy from De La Salle University.

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. (a publicly listed company) from 2010 to 2018. He also served under the Government Service Insurance System as the Head of SAP and Database Administration Unit from 2009 to 2010.

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

Joselynn B. Torres 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.

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., a publicly listed company, from 2012 to 2015. He was previously a Partner at Castro Sanguyo Margarejo and Rosas Law Office. He was also engaged as an Associate of Reyes Francisco & Associates Law Office and Senior Tax Consultant at Isla Lipana & Co./ Pricewaterhouse Coopers. He graduated Cum Laude from the University of Santo Tomas with a degree in Bachelor of Arts in Political Science and obtained his Law degree from the University of the Philippines.

Atty. Mayla S. Domingo is Vice President, Corporate Affairs Head, and Assistant Corporate Secretary of UnionBank. She has twenty (20) years of work experience which honed her skills and specialization in corporate law and litigation from different industries like banks, stock exchange, investment house, and law firms. She was a former Head of CSS-Legal and Corporate Secretary of Maybank ATR Kim Eng Capital Partners, VP & Senior Legal Counsel of HSBC, and Legal Officer of The Philippine Stock Exchange*, BDO Unibank, Inc.*, and Philippine National Bank*. She was a former partner of Domingo Vitug Patano Lawyers, an Associate of Policarpio Pangulayan & Azura Law Office, and Legal Assistant of EB Astudillo & Associates. She graduated with a Bachelor of Arts degree in Political Science from UP Diliman and obtained her Juris Doctor degree from Ateneo de Manila. She was admitted to the Philippine Bar in 2003.

**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 Sales & Distribution Director from 2016-2019, and Senior Vice President for S&D Cards Sales Head (2012-2015) and CitiPhone (2010-2011), among others. Ms. Chan holds a Bachelor of Science degree in Broadcast Communication minor in Economics from the University of the Philippines – Diliman.

Erwin Wiriadi is the Chief Risk Officer of UnionBank. Prior to this role, he was the Director and Head of Consumer Risk Management of Citibank N.A. Philippines from 2017 to 2022 and was sitting in TransUnion Philippines Board of Directors representing Citibank. He also 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 since 2005 during his stint in Citibank N.A. Indonesia and had international exposures through risk reviews/audits and short-term assignment. Mr. Wiriadi graduated from The Ohio State University with a degree in MSc Industrial and Systems Engineering.

c) Significant employee

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

d) Family Relationship among Directors

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

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

e) Involvement in Certain Legal Proceedings

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

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

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

Item 10 - Compensation of Directors and Executive Officers

Information as to the aggregate compensation paid or accrued during the last two calendar years and to be paid in the ensuing calendar year to the Bank's Chief Executive Officer and four (4) other most highly compensated executive officers are as follows:

Name	Principal Position	Year	Aggregate Compensation (net of bonuses)	Bonuses
Edwin R. Bautista	President and Chief Executive Officer	2024	P151,834,676.16*	P33,832,822.72*
Manoj Varma	Senior Executive Vice President - Consumer Bank Head			
Ana Maria A. Delgado	Senior Executive Vice President - 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			

Name	Principal Position	Year	Aggregate Compensation (net of bonuses)	Bonuses
Edwin R. Bautista	President and Chief Executive Officer	2023	₱162,928,587.48	₱27,866,137.45
David Roi Hardoon	Chief Data and AI Officer			
Manoj Varma	Senior Executive Vice President - Consumer Bank Head			
Dennis D. Omila	Executive Vice President - Chief Technology and Operations Officer			
Manuel R. Lozano	Executive Vice President - Chief Financial Officer			
Edwin R. Bautista	President and Chief Executive Officer	2022	₱157,988,709.36	₱39,497,177.34
Henry Rhoel R. Aguda	Senior Executive Vice President - Chief Technology & Operations Officer & Chief Transformation Officer			
Manoj Varma	Senior Executive Vice President - Consumer Banking Head			
Dennis D. Omila	Executive Vice President - Chief Information Officer & Information Services & Operations Head			
Mary Joyce S. Gonzalez	Executive Vice President - Retail Banking Center Head			
All other officers & directors as a group unnamed		2024	₱5,430,083,445.20*	₱1,149,147,772.82*
		2023	₱5,122,720,231.32	₱1,084,101,672.47
		2022	₱4,179,469,741.78	₱1,019,083,295.42

**estimated amount*

The non-executive directors each receive a per diem of ₱160,000.00 for attendance in meetings of the Board, except for the Chairman of the Board who receives ₱240,000.00. The executive directors receive a per diem of ₱1,500.00 for attendance at Board meetings and ₱3,000.00 for each committee meeting.

The Chairman of each committee receives a per diem of ₱120,000.00 per meeting attended and a committee member receives a per diem of ₱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 2023, the total annual compensation paid to the directors amounted to P644,610,996.05. For security reasons, the Bank decided to disclose the annual compensation on an aggregate basis.

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

UnionBank Employee Stock Plan

UnionBank has an Employee Stock Plan ("ESP") that allows selected employees of the Bank stock ownership of shares to align the interest of management and shareholders for the long-term success of the Bank. Up to five million (5,000,000) common shares ("ESP Shares") of the Bank shall be granted once per annum, over a 5-year period, to eligible employees of the ESP with the rank of First Vice President and Up. The ESP is issued in the form of stock certificates and kept under the Bank's custody for a period of three (3) years. The issue price of the grant is equivalent to the closing price of common shares of UnionBank's stock on the day the Board of Directors approves the Profit Sharing/ Performance Bonus allocation for the Bank for the year. A total of 3,627,044 shares were issued to eligible employees out of the 5,000,000 common shares of the ESP over the 5-year period from 2019 to 2023. The last tranche of the issuance of shares under the ESP was on February 6, 2023.

Item 11 - Security Ownership of Certain Beneficial Owners and Management

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

The following are known to the registrant to be directly or indirectly the record or beneficial owners of more than 5 percent of registrant's voting securities (registrant has only one class of voting security, i.e. common shares) as of March 31, 2024:

Title of Class	Name, address of Record Owner & Relationship with Issuer	Name, address of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Aboitiz Equity Ventures, Inc. NAC Tower, 32 nd Street Bonifacio Global City Taguig City Principal Shareholders	Aboitiz Equity Ventures, Inc. NAC Tower, 32 nd Street Bonifacio Global City Taguig City	Filipino	1,492,926,033*	49.94%
Common	Social Security System East Avenue, Diliman Quezon City Principal Shareholders	Social Security System East Avenue, Diliman Quezon City	Filipino	547,310,714*	18.31%
Common	The Insular Life Assurance Co., Ltd. Insular Life Corporate Center Insular Life Drive Filinvest, Alabang, Muntinlupa City Principal Shareholders	The Insular Life Assurance Co., Ltd. Insular Life Corporate Center Insular Life Drive Filinvest, Alabang, Muntinlupa City	Filipino	370,388,126*	12.39%
Common	PCD Nominee Corporation 37/F Tower 1 Enterprise Center 6766 Ayala Avenue, Makati City Minority Shareholders	PCD Nominee Corporation** 37/F Tower 1 Enterprise Center 6766 Ayala Avenue, Makati City	Filipino	339,350,646	11.35%

* Inclusive of PCD-Lodged Shares. Based on previous meeting, Mr. Sabin M. Aboitiz has been authorized representative for the Aboitiz Equity Ventures, Inc., Mr. Raoul Antonio E. Littaua for The Insular Life Assurance, Co., Ltd., and Mr. Rolando L. Macasaet for Social Security System.

** The PCD Nominee Corporation, represented by its Director, Josephine F. Dela Cruz, only holds legal title, and not beneficial ownership over the lodged shares. As of the March 27, 2024 list of PCD participants, Papa Securities Corporation (793,739,929 or 26.55%) and Social Security System (264,203,995 or 8.84%) hold more than 5% of the Bank's voting securities under the names of various beneficial owners.

(b) Security Ownership of Management

The following are the number of shares comprising the Bank's capital stock (all of which are voting shares) owned of record by the directors, Chief Executive Officer, key officers of the Bank, and nominees for election as director as of March 31, 2024:

Title of Class	Name of Beneficial Owner	Number of Shares, Amount, and Nature of Legal and Beneficial Ownership		Citizenship	Percentage of Class
A. Directors					
Common	Erramon I. Aboitiz	543 34,243,880	Php5,430.00 (r) Php342,438,800.00 (b)	Filipino	0.00% 1.15%
Common	Justo A. Ortiz	5,639,675 -	Php56,396,750.00 (r) - (b)	Filipino	0.19% 0.00%
Common	Edwin R. Bautista	1,444,358 -	Php14,443,580.00 (r) - (b)	Filipino	0.05% 0.00%
Common	Sabin M. Aboitiz	319,352 4,367,064	Php3,193,520.00 (r) Php43,670,640.00 (b)	Filipino	0.00% 0.15%
Common	Ana Maria A. Delgado	166,947 4,748,783	Php1,669,470.00 (r) Php47,487,830.00 (b)	Filipino	0.00% 0.16%
Common	Samel A. Aboitiz	2,034,270 -	Php20,342,700.00 (r) - (b)	Filipino	0.07% 0.00%
Common	Jose Emmanuel U. Hilado	973,897 -	Php9,738,970.00 (r) - (b)	Filipino	0.03% 0.00%
Common	Nina Perpetua D. Aguas	1 -	Php10.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Rolando L. Macasaet	1 -	Php10.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Robert Joseph M. De Claro	1 -	Php10.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Roberto G. Manabat	102 -	Php1,020.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Manuel D. Escueta	102 -	Php1,020.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Josiah L. Go	102 36,742	Php1,020.00 (r) Php367,420.00 (b)	Filipino	0.00% 0.00%
Common	Atty. Francisco Ed. Lim	12,291 -	Php122,910.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Honorio G. Poblador IV	102 -	Php1,020.00 (r) - (b)	Filipino	0.00% 0.00%
B. Officers					
Common	Henry Rhoel R. Aguda	852,876 -	Php8,528,760.00 (r) - (b)	Filipino	0.03% 0.00%
Common	Roberto F. Abastillas	1,226,996 -	Php12,269,960.00 (r) - (b)	Filipino	0.04% 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	Ramon G. Duarte	390,334	Php3,903,340.00 (r)	Filipino	0.01%
		-	- (b)		0.00%
Common	Antonino Agustin S. Fajardo	865,264	Php8,652,640.00 (r)	Filipino	0.03%
		-	- (b)		0.00%
Common	Mary Joyce S. Gonzalez	1,088,319	Php10,883,190.00 (r)	Filipino	0.04%
		-	- (b)		0.00%
Common	Manuel R. Lozano	-	- (r)	Filipino	0.00%
		40,467	Php404,670.00 (b)		0.00%
Common	Dennis D. Omila	205,376	Php2,053,760.00 (r)	Filipino	0.01%
		-	- (b)		0.00%
Common	Michaela Sophia E. Rubio	219,972	Php2,199,720.00 (r)	Filipino	0.01%
		-	- (b)		0.00%
Common	Raymond Anthony B. Acosta	22,274	Php222,740.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Arlene Joan T. Agustin	28,321	Php283,210.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Maria Angelica C. Balangue	6,357	Php63,570.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Joselito V. Banaag	26,564	Php265,640.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Antonio Sebastian T. Corro	49,094	Php490,940.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Albert Raymond C. Cuadrante	9,341	Php93,410.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Gerard R. Darwin	95,017	Php950,170.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Joebart T. Dator	55,393	Php553,930.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Montano M. Dimapilis	36,330	Php363,300.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Carlo I. Eñanosa	64,623	Php646,230.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Rommel Jason L. Galang	1,466	Php14,660.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Concepcion Perla P. Lontoc	42,838	Php428,380.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Michael P. Magbanua	11,815	Php118,150.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Dave T. Morales	21,544	Php215,440.00 (r)	Filipino	0.00%
		-	- (b)		0.00%
Common	Raquel P. Palang	117,600	Php1,176,000.00 (r)	Filipino	0.00%
		4,080	Php40,800.00 (b)		0.00%
Common	Ruby Gisela L. Perez	20,858	Php208,580.00 (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	Ronaldo Jose M. Puno	27,409 -	Php274,090.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Jose Maria O. Roxas	35,494 6	Php354,940.00 (r) Php60.00 (b)	Filipino	0.00% 0.00%
Common	Raquel N. Sevidal	3,625 -	Php36,250.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Jeannette Yvonne M. Zagala	25,874 -	Php258,740.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Donald A. Asuncion	2,569 -	Php25,690.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Alan Jay C. Avila	2,378 -	Php23,780.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Conrad Anthony Dominic L. Banal	39,343 -	Php393,430.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Ronaldo S. Batisan	965 -	Php9,650.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Ma. Cecilia Teresa S. Bernad	117,205 -	Php1,172,050.00 (r) - (b)	Filipino	0.00% 0.00%
Common	May G. Buencamino	990 -	Php9,900.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Catherine Anne B. Casas	27,906 -	Php279,060.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Wilbert P. Casillano	1,456 -	Php14,560.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Luis Alberto A. Castañeda	35,816 -	Php358,160.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Efrenilo L. Cayanga, Jr.	9,003 -	Php90,030.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Abigail Sarena T. Chua	1,991 -	Php19,910.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Luis Martin S. Clemente	953 -	Php9,530.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Hannah Theresa S. Contreras	71,050 -	Php710,500.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Antonio Miguel D. Dans II	13,541 -	Php135,410.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Jonathan Jerald V. Deomano	6,276 -	Php62,760.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Julie Anne C. Dela Cruz	735 -	Php7,350.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Gladys G. Enriquez	801 -	Php8,010.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Edric B. Fernandez	3,695 -	Php36,950.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Marilou I. Ferrer	515 -	Php5,150.00 (r) - (b)	Filipino	0.00% 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	Norman C. Gabriel	5,724 -	Php57,240.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Erika Denise D. Go	2,658 -	Php26,580.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Enrique M. Gregorio	10,753 -	Php107,530.00 (r) - (b)	Filipino	0.00% 0.00%
Common	James Morris P. Iletto	1,219 -	Php12,190.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Mariano Dominick F. Lacson	20,030 -	Php200,300.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Adrian H. Lim	11,879 -	Php118,790.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Angelbert D.G. Macatangay	29,026 -	Php290,260.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Kenneth C. Mariano	753 -	Php7,530.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Ma. Eloisa Jovita M. Mariano	14,794 -	Php147,940.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Don Jerico B. Matriano	1,235 -	Php12,350.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Wilfredo P. Montino, Jr.	2,339 -	Php23,390.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Edgar Allan G. Oblena	753 -	Php7,530.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Christopher Patrick G. Ocampo	13,968 -	Php139,680.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Lauro P. Peralta	7,861 -	Php78,610.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Maria Iraida B. Recto	1,941 -	Php19,410.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Maria Katrina N. Roxas	200 -	Php2,000.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Jose Paolo G. Rufo	3,820 -	Php38,200.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Quintin C. San Diego, Jr.	20,366 -	Php203,660.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Christine V. Siapno	8,214 -	Php82,140.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Jose Paulo R. Soliman	1,921 -	Php19,210.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Rahni R. Svenningsen	10,161 -	Php101,610.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Ben P. Sy Chu	88,067 -	Php880,670.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Leslie May S. Tandoc	965 -	Php9,650.00 (r) - (b)	Filipino	0.00% 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	Fides C. Tiongson	143,742 -	Php1,437,420.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Ma. Cristina C. Tismo	4,035 -	Php40,350.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Jo-Ann Fatima L. Tolentino	300,971 -	Php3,009,710.00 (r) - (b)	Filipino	0.01% 0.00%
Common	Menchie M. Tormon	6,320 -	Php63,200.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Joselynn B. Torres	11,609 -	Php116,090.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Maria Paz B. Urmata	8,024 -	Php80,240.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Dominador N. Velasco IV	3,511 -	Php35,110.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Jane Ann C. Vergara	979 -	Php9,790.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Anna Lea O. Axalan	3,902 6,350	Php39,020.00 (r) Php63,500.00 (b)	Filipino	0.00% 0.00%
Common	Edzel S. Babas	43,991 -	Php439,910.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Margaret O. Chao	73,810 -	Php738,100.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Michael Vincent F. Condez	3,624 -	Php36,240.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Rachel Christine T. Geronimo	23,007 -	Php230,070.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Gillian Justine S. Pua	266 -	Php2,660.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Marnita J. Tan	698 -	Php6,980.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Elizabeth C. Tang	200 -	Php2,000.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Ronald Gerard M. Arceo	2 -	Php20.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Aaron Jon D. Atienza	4,927 -	Php49,270.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Basille Alicesandra L. Avelino	35 -	Php350.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Ma. Rowena S. Basconcillo	27,802 -	Php278,020.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Jenille Stephanie N. Chuan	- 800	- (r) Php8,000.00 (b)	Filipino	0.00% 0.00%
Common	Honeylee G. Regala	16,504 -	Php165,040.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Enrique Noel L. Yusingco	1,270 -	Php12,700.00 (r) - (b)	Filipino	0.00% 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	Therese G. Chan	17,839 -	Php178,390.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Girly G. Magnait	736 -	Php7,360.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Cheryl L. Patino	1,355 -	Php13,550.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Catherine N. Laniog	266 -	Php2,660.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Catherine Z. De Guzman	24,565 -	Php245,650.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Marcelo A. Belleca	31,411 -	Php314,110.00 (r) - (b)	Filipino	0.00% 0.00%
Common	Camille L. Basilio	20,367 -	Php203,670.00 (r) - (b)	Filipino	0.00% 0.00%

The aggregate number of shares owned of record by the Chief Executive Officer, key officers and directors as a group as of March 31, 2024 is 60,962,493 shares equivalent to Php609,624,930.00 at Php10.00/share which is approximately 1.98% of the Bank's outstanding capital stock.

"r" represents record ownership.

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

3. There is no existing voting trust agreement involving shares of the Bank.

4. There was no change in control that occurred in the Bank since the beginning of the last fiscal year.

Item 12 - Certain relationship and Related Transactions

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

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

The Bank's transactions with related parties, except deposit transactions, are reviewed and approved by the Bank's RPT Management Review Committee (for non-material transactions), endorsed by the RPT Board Committee, and ultimately approved or confirmed by the BOD. The terms and prices are benchmarked against market prices, non-RPT transactions and on a cost plus basis as practiced by the market if market prices are not available. In other instances, valuations are made by appraisers and third-party consultants in determining prices.

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

The table below shows the summary of material RPTs in 2023. All related party transactions were conducted fairly and at arm's length basis.

Relationship	Nature	Terms and Conditions	Amount / Contract Price	Outstanding Amount
DOSRI	Credit facilities, investment management account (IMA), insurance, lease, and others	Standard terms and conditions	14.660 billion	.5861 billion
Affiliates	Credit facilities, escrow, group health insurance, insurance accreditation, lease, and others	Annual renewal; standard terms and conditions	7.1 billion	-
Subsidiaries	Capital infusion, credit facilities, insourcing, IT services, lease, and others	Standard terms and conditions	40.18 billion	.005 billion
Other related parties	Credit facilities, IMA, insurance, derivatives, trust	Standard terms and conditions	9.68 billion	.531 billion

The Group's material transactions with its related parties are also disclosed in Note 32 on Related Party Transactions of the Audited Financial Statements, pages 145-151, as required by Philippine Auditing Standards (PAS) 24, *Related Party Disclosures*, and SEC FRB No. 013. Likewise, disclosure of transactions of the Parent Bank with its subsidiaries that have been eliminated at consolidated level are also disclosed on page 146.

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

(a) the business purpose of the arrangement	The nature and business purpose are disclosed in columnar format in Note 32 on pages 146-147.
(b) identification of the related party transaction with the registrant and nature of the relationship	As required by PAS 24, the related party transactions and outstanding balances shall be made separately for each of the following categories: (a) parent; (b) entities with joint control of, or significant influence over the entity; (c) subsidiaries; (d) associates; (e) joint ventures in which the entity is a venturer; (f) key management personnel of the entity or its parent; and (g) other related parties as disclosed in Note 32, pages 146-147.
(c) how transaction prices were determined by the parties;	Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability and did not present other unfavorable conditions. The Bank has a Related Party Transaction (RPT) Committee which assists the BOD in ensuring that all related party transactions are done on arm's length terms, in accordance with the Bank's RPT Policy. The RPT Committee's role is further detailed in Note 4, page 40. Discussion of transaction prices are further discussed in the narratives in Note 32, pages 145 to 151.
(d) if disclosures represent that transactions have been evaluated for fairness, a description of how the evaluation was made; and	In accordance with the Bank's RPT Policy, related party transactions are reviewed by the Bank's RPT Committee for fairness and endorsed to the BOD for approval or confirmation, depending on the amounts involved. Discussion of pricing is discussed in Note 32, pages 145 to 151.
(e) any on-going contractual or other commitments as a result of the arrangement.	Any further commitments, if applicable, are disclosed in narratives in Note 32, pages 145-151.

The disclosure shall also include information about parties that fall outside the definition of "related parties" under PAS No. 24, but with whom the registrants or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from others, more clearly independent parties on an arm's length basis. For example, an entity may be established and operated by individuals that were former senior management of, or have some other current or former relationship with, a registrant. The purpose of the entity may be to own assets used by the registrant or provide financing or services to the registrant. Although former management or persons with other relationships may not meet the definition of a related party pursuant to PAS 24, the former management positions may result in negotiation of terms that are more or less favorable than those available on an arm's-length basis from clearly independent third parties that are material to the registrant's financial position or financial performance. The foregoing required disclosure is not applicable to the Bank.

In some cases, investors may be unable to understand the registrant's reported results of operations without clear explanation of these arrangements and relationships. Items of similar

nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effect of related party transaction on the financial statements. Further details are discussed in narratives and disclosed also in Note 32, pages 145-151.

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

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

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

PART IV - EXHIBITS

Item 13 - Exhibits and Reports on SEC Form 17C

a) Exhibits – Please refer to the Index to Exhibits on page 96.

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

b) Report on SEC Form 17C

Provided below is a summary of reports on SEC Form 17-C (Current Report) disclosed to PSE and PDEX, and filed with the SEC for the period April 2023 to March 2024:

Date of Report	Event Reported
April 4, 2023	Resignation of the following senior officers: 1. Ms. Anne Kristine V. Lotino, Compliance AML Intelligence Senior Analyst and Assistant Vice President, effective April 8, 2023 2. Ms. Demellee T. Chua, Senior Corporate Solutions Manager and Assistant Vice President, effective April 11, 2023 3. Mr. Christian Gregorio N. Rubio, Senior Product Manager-EON Business and Assistant Vice President, effective April 14, 2023
April 12, 2023	Resignation of Ms. Franchesca C. Gomendoza, Citigold Relationship Banker and Assistant Vice President, effective April 14, 2023
April 17, 2023	Hiring of senior officers effective April 17, 2023: 1. Ms. Edith C. Roberto, CoBrand Cards and Agency Banking Head and Vice President 2. Ms. Ann Lourein R. Dela Cruz, Senior Audit Unit Head and Assistant Vice President 3. Ms. Maria Laura Ramona S. Villacorta, Relationship Manager and Assistant Vice President
April 17, 2023	Quarterly Progress Report on the Application of Proceeds from the Stock Rights Offering for the period February 6, 2023 to March 31, 2023
April 19, 2023	Updated Schedule of Analysts' Briefings for 2023
April 24, 2023	Press Release dated April 24, 2023 re: UnionBank 1Q2023 Net Income Up by 30%

Date of Report	Event Reported
April 24, 2023	Material Information/ Transaction re: UnionBank 1Q2023 Net Income Up by 30%
April 24, 2023	Consolidated Key Financial Information as of March 31, 2023
April 27, 2023	a. Resignation of senior officers: 1. Ms. Niña Samantha S. David, Market Segments and Services Specialist and Assistant Vice President, effective April 29, 2023 2. Ms. Ma. Theresa S. Daguiso, Operational Risk Management Head and Senior Vice President, effective April 30, 2023 3. Mr. Emmanuel Thomas Gerard O. Valeña, Digital Banking Lead and Assistant Vice President, effective May 1, 2023 b. Retirement of Ms. Ma. Vicenta P. Generoso, Senior Liquidity Manager and Assistant Vice President, effective May 1, 2023
April 28, 2023	Change in the Effective Date of Resignation of Ms. Ma. Theresa S. Daguiso, Operational Risk Management Head and Senior Vice President, from April 30, 2023 to June 1, 2023
April 28, 2023	Results of the Annual Stockholders' Meeting and Organizational Meeting of the Board of Directors held on April 28, 2023
May 2, 2023	Hiring of Ms. Maria Louisa S. Doce, Consumer Product Sales Senior Analyst and Assistant Vice President, effective May 2, 2023
May 12, 2023	Change in Corporate Contact Details
May 15, 2023	Resignation of Ms. Sarah Y. Lantin, Relationship Manager - Private Banking and Assistant Vice President, effective May 17, 2023
May 16, 2023	Hiring of Senior Officers effective May 16, 2023 1. Mr. Erick John G. Estrada, Expense FP&A Lead and Vice President 2. Mr. Adrian A. Cortez, Field Sales Manager and Assistant Vice President
May 16, 2023	Resignation of Mr. Sherwin L. Putong, Retail Sales Officer and Assistant Vice President, effective May 17, 2023
May 16, 2023	BSP Form 2B - Published Balance Sheets (Parent and Consolidated) as of March 31, 2023
May 30, 2023	Resignation of senior officers: 1. Mr. Joshua Eleazar T. Bosiños, Data Science Solutions Head and Vice President, effective June 1, 2023 2. Mr. Dandelo R. Cardona, Infrastructure and Capacity Architecture Head and Assistant Vice President, effective June 1, 2023 3. Mr. Morris B. Baronia, Technical Services and Operations Head and Assistant Vice President, effective June 3, 2023
May 30 2023	Resignation of Mr. Edsel E. Abril, Senior Investment Specialist and Vice President, effective June 1, 2023
June 1, 2023	1. Hiring of senior officers effective June 1, 2023: a. Mr. Lean Adriel D. Llanes, Senior Trader - Derivatives and Vice President b. Atty. Juan Antonio A. Bugayong, Fraud Investigations and External Affairs Head and Assistant Vice President c. Mr. Jomar R. Bulanon, Senior Lifecycle Management Program Manager and Assistant Vice President

Date of Report	Event Reported
	2. Change in rank of Ms. Rachel P. Asuncion, Sales Governance Head, effective June 1, 2023
June 5, 2023	Resignation of Ms. Michaela F. Vita, Wholesale Funding Sales Head and Vice President, effective June 7, 2023
June 8, 2023	Resignation of Ms. Rossanna Jane M. Refuerzo, Senior Retail Sales Officer and Assistant Vice President, effective June 13, 2023
June 14, 2023	Resignation of senior officers: 1. Ms. Isabella Francesca R. Bondoc, Business and Product Development Head and Assistant Vice President, effective June 16, 2023 2. Ms. Corito Maria D. Isberto, Cards Marketing and Portfolio Optimization Head and Assistant Vice President, effective June 17, 2023
June 22, 2023	Resignation of Ms. Sally Grace M. Cardenas, Credit Portfolio Manager and Assistant Vice President, effective June 24, 2023
June 23, 2023	Results of the Board of Directors' meeting held on June 23, 2023
June 26, 2023	Resignation of Senior Officers: 1. Ms. Tracy S. Lim, Retail Segments Head and Vice President, effective June 28, 2023 2. Ms. Jemima Gervic C. Vivo, Senior Planning Officer and Vice President, effective July 1, 2023
June 27, 2023	PSE Disclosure Form 4-2 - Acquisition/Disposition of Shares of Another Corporation re: Additional Capital Infusion in Subsidiary
June 29, 2023	Updated Schedule of Analysts' Briefings for 2023
July 1, 2023	Hiring of Mr. Manish Chawla, Chief Operations Officer and Executive Vice President, effective July 1, 2023
July 3, 2023	Hiring of senior officers effective July 3, 2023: 1. Ms. Rose Ann D. Madriaga, Service Level Management Head and Assistant Vice President 2. Mr. Benigno B. Zialcita IV, Investment Equity Dealer and Assistant Vice President
July 12, 2023	Resignation of senior officers: 1. Mr. Earl Walter Maxcy G. De Jesus, Incident Management Head and Assistant Vice President, effective July 14, 2023 2. Ms. Sheryll Ann Y. Sobremonte, Product Management Senior Manager and Vice President, effective July 17, 2023
July 20, 2023	Resignation of Mr. Christian Jude T. Coching, Senior Relationship Manager - CFSI and Vice President, effective July 24, 2023
July 27, 2023	Resignation of senior officers: 1. Mr. Marlon G. Arguelles, Information Security Team Manager and Assistant Vice President, effective July 30, 2023 2. Ms. Mary Joy C. Mendez, Account Management Head and Vice President, effective August 1, 2023
July 28, 2023	Change in Designation of executive officers effective July 28, 2023: 1. Mr. Dennis D. Omila, Executive Vice President, from Chief Information Officer and IT Services Group and Operations and Shares Services Group Head to Chief Technology and Operations Officer

Date of Report	Event Reported
	2. Mr. Manish Chawla, Executive Vice President, from Chief Operations Officer to Chief Information and Operations Officer
July 28, 2023	Press Release dated July 28, 2023 re: UnionBank 1H2023 Net Income at P6.4 billion
July 28, 2023	Material Information/ Transaction re: UnionBank 1H2023 Net Income at P6.4 billion
July 28, 2023	Consolidated Key and Financial Information as of June 30, 2023
July 31, 2023	Change in Effective Date of Resignation of Ms. Mary Joy C. Mendez, Account Management Head and Vice President, from August 1, 2023 to August 2, 2023
August 1, 2023	Hiring of Ms. Mary Grace O. Singson, Brokering and Wholesale Funding Sales Head and Vice President, effective August 1, 2023
August 3, 2023	1. Change in the effective date of resignation of Ms. Mary Joy C. Mendez, Account Management Head and Vice President, from August 2, 2023 to August 4, 2023 2. Resignation of Ms. Maria Angelica A. Calimlim, Compliance AML Risk Management Senior Analyst and Assistant Vice President, effective August 5, 2023
August 7, 2023	Hiring of senior officers effective August 7, 2023: 1. Mr. Jaime P. Garchitorena, Trade Finance Head and Senior Vice President 2. Ms. Carol Grace P. Co, Trust Operations Head and Vice President 3. Ms. Stephanie A. Villafuerte, Relationship Manager and Vice President
August 14, 2023	Hiring of Ms. Ruth Mary S. Calamba, Head of Operational Risk Management and Senior Vice President, effective August 14, 2023
August 15, 2023	Hiring of Mr. Michael L. Chong, Head of Debt Capital Markets and Senior Vice President, effective August 15, 2023
August 16, 2023	Approval by the Bangko Sentral ng Pilipinas of the amendment of the Articles of Incorporation of UnionBank to increase the authorized capital stock
August 17, 2023	Retraction of the resignation of Ms. Tracy S. Lim, Retail Segments Head and Vice President, effective immediately
August 18, 2023	Resignation of senior officers: 1. Mr. Val Ian Caleb A. Leus, Credit Portfolio Senior Analyst and Assistant Vice President, effective August 23, 2023 2. Mr. Marlon Roy S. Pelayo, Data Platforms Head and Vice President, effective August 25, 2023
August 25, 2023	1. Acceptance by the Board of Directors of the resignation of Mr. Francis B. Albalate, Senior Vice President and Financial Controller, effective end of business on September 15, 2023 2. Appointment of Senior Vice President Edgar Allan G. Oblena as Officer-in-Charge of Financial Controllershship effective September 16, 2023
August 25, 2023	Termination of employment of Ms. Abeegail M. Caberte, Talent Acquisition Head and Assistant Vice President, effective August 25, 2023
August 29, 2023	Changes in senior officers: 1. Retirement of Ms. Shen C. Ratilla, Business Training and

Date of Report	Event Reported
	Engagement Head and Senior Vice President, effective September 1, 2023 2. Resignation of Ms. Pamela Ann B. Gogna, Corporate Sales Head and Vice President, effective August 31, 2023 3. Resignation of Ms. Maria Theresa S. Cunanan, Compliance Business Control Senior Manager and Vice President, effective September 1, 2023 4. Resignation of Ms. Maria Cielito M. Magbanua, Operations Support Manager and Assistant Vice President, effective September 1, 2023
September 6, 2023	BSP Form 2B – Published Balance Sheets (Parent and Consolidated) as of June 30, 2023
September 11, 2023	Hiring of Mr. Ernie June T. Mondia, Treasury and Investment Channels Management Head and Assistant Vice President, effective September 11, 2023
September 20, 2023	Clarification of News Article published in Business World entitled “UnionBank gets BSP approval to operate as VASP”
September 28, 2023	Retirement of Mr. Hector C. De Leon, Card Operations Head and Vice President, effective October 1, 2023
October 2, 2023	Hiring of senior officers effective October 2, 2023: 1. Mr. Benjamin Jose B. Bondoc, Business and Product Development Head and Vice President 2. Atty. Mayla S. Domingo, Corporate Affairs Head, Assistant Corporate Secretary and Vice President
October 5, 2023	Approval by the Bangko Sentral ng Pilipinas of the additional equity investment of up to P900.0 million in UnionDigital Bank Inc.
October 11, 2023	Resignation of Mr. Melvin S. Guinto, Risk Bureau Officer and Assistant Vice President, effective October 13, 2023
October 12, 2023	Resignation of Mr. Michael Patrick R. Ibarra, Relationship Manager – Retail Banking and Assistant Vice President, effective October 15, 2023
October 16, 2023	Hiring of senior officers effective October 16, 2023: 1. Mr. Sidney Carlos M. Alba, Secured Loans FP&A Lead and Vice President 2. Mr. Miguel Carlos D. Libongco, Senior Fixed Income Portfolio Manager and Assistant Vice President
October 16, 2023	Quarterly Progress Report on the Application of Proceeds from the Stock Rights Offering for the period July 1, 2023 to September 30, 2023
October 17, 2023	Correction on the unit assignment of Mr. Miguel Carlos D. Libongco, Senior Fixed Income Portfolio Manager and Assistant Vice President
October 17, 2023	Resignation of Mr. Jonathan Z. Almeda, Payments and Clearing Management Head and Vice President, effective October 17, 2023
October 18, 2023	Updated Arrangements of the Analysts’ Briefing for the Third Quarter 2023 Results
October 26, 2023	Updated PHP Bonds Program increasing the Program Size to Php50.0 Billion
October 26, 2023	Resignation of Mr. Eduardo V. Enriquez III, SME Business Head and Senior Vice President, effective November 1, 2023
October 27, 2023	Approval by the Board of Directors of the following appointments effective immediately: 1. Senior Vice President Concepcion Perla P. Lontoc as Deputy

Date of Report	Event Reported
	Head for Retail Banking Center 2. Senior Vice President Ma. Cristina C. Tismo, Chief Information Officer
October 27, 2023	Press Release dated October 27, 2023 re: UnionBank 9M2023 Net Income at P8.1 billion
October 27, 2023	Material Information/ Transaction re: UnionBank 9M2023 Net Income at P8.1 billion
October 27, 2023	Consolidated Key Financial Information as of September 30, 2023
November 3, 2023	Hiring of senior officers effective November 3, 2023: 1. Mr. Aaron G. Mallari, Information Technology Lead – Trust Investment Services and Assistant Vice President 2. Ms. Ma. Bettina Ysabel P. Rodriguez, Segment Marketing Head and Assistant Vice President 3. Mr. Charles T. Santiago, Collections Control Head and Assistant Vice President
November 8, 2023	Resignation of Mr. Marc Nicholas S. Angeles, Business Process Automation Head and Vice President, effective November 8, 2023
November 13, 2023	Resignation of Ms. Ivy T. Zuñiga, Segment Marketing Head and Assistant Vice President, effective November 15, 2023
November 16, 2023	Hiring of senior officers effective November 16, 2023: 1. Mr. Brian Jonathan C. Dy, Senior Equities Portfolio Manager and Vice President 2. Mr. Kristoffer Emmanuel I. Limon, Commercial Credit Head and Vice President 3. Mr. Jose Manuel D. Diaz, Senior Liquidity Manager and Assistant Vice President
November 16, 2023	Issuance by the Bangko Sentral ng Pilipinas of the Certificate of Authority for UnionBank Investment Management and Trust Corporation (UBIMTC) to operate as a stand-alone trust corporation
November 20, 2023	Press Release dated November 20, 2023 re: UnionBank announces dual tranche 1.5Y and 3Y Bond Offering with Bond Exchange Option for holders of its Series C Bonds
November 20, 2023	Material Information/ Transaction re: UnionBank announces dual tranche 1.5Y and 3Y Bond Offering with Bond Exchange Option for holders of its Series C Bonds
November 22, 2023	Changes in senior officers: 1. Termination of employment of Mr. Aaron O. De Asa, Asset Recovery Group Head and Assistant Vice President, effective November 22, 2023 2. Resignation of Mr. Vishal Kadian, Cards and Consumer Loans Head, effective November 27, 2023
November 24, 2023	Approval by the Board of Directors of the infusion of additional capital of up to P1.8 billion in UnionDigital Bank Inc
November 24, 2023	BSP Form 2B – Published Balance Sheets (Parent and Consolidated) as of September 30, 2023
December 1, 2023	Hiring of Mr. Norbert T. Lim, Relationship Manager and Assistant Vice President, effective December 1, 2023
December 4, 2023	Press Release dated December 4, 2023 re: UnionBank raises P18.168 billion for its dual-tranche 1.5Y and 3Y Bond Offering
December 4, 2023	Material Information/ Transaction re: UnionBank raises P18.168 billion for its dual-tranche 1.5Y and 3Y Bond Offering
December 5, 2023	Approval by the Securities and Exchange Commission (SEC)

Date of Report	Event Reported
	on December 5, 2023 of the amendments to the Articles of Incorporation of UnionBank to increase the authorized capital stock
December 6, 2023	Resignation of Mr. Andrew Raphael L. Garcia, Digital Services Manager and Assistant Vice President, effective December 10, 2023
December 6, 2023	Issuance by the SEC of the Order of Fixing of Record Date of Stock Dividend dated December 6, 2023
December 20, 2023	Resignation of Ms. Pamela Jubaira C. Garcia, Relationship Banker and Assistant Vice President, effective December 22, 2023
December 27, 2023	1. Retirement of the following senior officers effective January 1, 2024: a. Mr. Dennies A. Bico, Senior Region Service Operations Officer and Vice President b. Mr. Emmanuel C. Don, Commercial Banking Group Head and Vice President 2. Resignation of the following senior officers: a. Ms. Paula Katerina S. Joson, Senior Vice President, effective January 1, 2024 b. Ms. Lynn Karen S. Fajardo, Sales and Business Development Manager and Assistant Vice President, effective January 2, 2024
January 2, 2024	Hiring of senior offices effective January 2, 2024: 1. Mr. Erick Kristofer Y. Chua, Product Head – Cards Insurance and Vice President 2. Ms. Joyce Ann C. Castillo, Compliance Officer – IT Compliance and Assistant Vice President
January 11, 2024	Resignation of senior officers: 1. Ms. Darylle Shiene S. Santos, Digital Channel Growth and Monetization Head and Assistant Vice President, effective January 14, 2024 2. Mr. Michael Paul E. Bagsit, Audit, Risk and Compliance AI Head and Assistant Vice President, effective January 15, 2024 3. Ms. Darlyn Lea M. Apolinario, Relationship Manager – Corporate Banking and Assistant Vice President, effective January 16, 2024
January 11, 2024	Change in the number of issued and outstanding shares in relation to the issuance of stock dividend shares
January 16, 2024	Resignation of Ms. Danica Lovely C. Ang, Fixed Income Product Manager and Assistant Vice President, effective January 16, 2024
January 19, 2024	Resignation of Ms. Sigrid Joyce D. Cruz, Digital Loans Head and Assistant Vice President, effective January 20, 2024
January 26, 2024	Press Release dated January 26, 2024 re: UnionBank FY 2023 Net Income at P9.2 billion
January 26, 2024	Material Information/ Transaction re: UnionBank FY 2023 Net Income at P9.2 billion
January 26, 2024	Results of the Board of Directors' meeting held on January 26, 2024
January 26, 2024	Consolidated Key Financial Information as of December 31, 2023
January 30, 2024	Changes in senior officers effective February 1, 2024:

Date of Report	Event Reported
	1. Resignation of Ms. Anna Marie Samantha B. Lacorte, Product Management Lead and Vice President 2. Retirement of Ms. Maria Carmen M. Gatmaitan, Compliance Product Senior Analyst and Assistant Vice President
January 30, 2024	Notice of Analysts' Briefings for the year 2024
February 20, 2024	BSP Form 2B – Published Balance Sheets (Parent and Consolidated) as of December 31, 2023
February 23, 2024	Notice of Annual Stockholders' Meeting (ASM) to be held on April 26, 2024 and the Record Date for stockholders entitled to notice of and vote at the ASM
February 27, 2024	Resignation of senior officers: 1. Ms. Anneschel Sheehan P. David, Wealth Segments Program Manager and Assistant Vice President, effective February 29, 2024 2. Mr. Juan Sebastian T. Santiago, Trader-Portfolio Management and Assistant Vice President, effective February 29, 2024 3. Ms. Kelly T. Chan, Senior Account Officer – Commercial Banking and Assistant Vice President, effective March 1, 2024 4. Ms. Nicejoy E. Manalaysay, Customer Experience Senior Analyst and Assistant Vice President, effective March 1, 2024
February 29, 2024	Resignation of Dr. David R. Hardoon, Chief Data and AI Officer effective end of business day on February 29, 2024
March 1, 2024	Commencement of Operations of UnionBank Investment Management and Trust Corporation
March 1, 2024	Resignation of Senior Officers
March 1, 2024	Hiring of Ms. Donnalyn Grace M. Guevara, Senior Compliance Officer – Subsidiaries Compliance and Assistant Vice President, effective March 1, 2024
March 4, 2024	Resignation of Kyle Renesn Z. Kalaw, Wealth Acquisitions Sales Head and Assistant Vice President, effective March 6, 2024
March 5, 2024	Hiring of Mr. Mukul Sukhani, Head of Cards and Loans and Executive Vice President, effective March 5, 2024
March 13, 2024	Resignation of senior officers: a. Mr. Jan Patrick P. Ching, Fixed Income and Capital Markets Head and Vice President, effective March 15, 2024 b. Ms. Darlene Angelini C. Alcasid, Consumer Product Sales Senior Analyst and Assistant Vice President, effective March 16, 2024
March 18, 2024	Hiring of Mr. Kris Lawrence L. Sia as Product Owner and Vice President, effective March 18, 2024
March 20, 2024	Demise of Mr. Robert Conrad D. Dueñas, Jr., Relationship Manager – Corporate Banking and Assistant Vice President on March 17, 2024
March 22, 2024	Results of the Board of Directors' meeting held on March 22, 2024: 1. Appointment of Senior Vice President Edgar Allan G. Oblena as the Bank's Financial Controller effective April 1, 2024 2. Promotion of Ms. Gladys M. Ocampo from Vice President to Senior Vice President/ HR Business Partner and Head of HR Shared Services, effective immediately

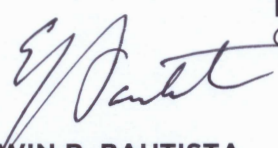
Date of Report	Event Reported
	3. Appointment of Atty. Corazon O. Baluyot-Dela Cruz and Atty. Jonaselle F. Tolentino as Assistant Corporate Secretaries, effective March 22, 2024 and April 1, 2024, respectively Atty. Maria Celsa Corina L. Kilayko, Assistant Corporate Secretary, resigned from the Bank effective April 1, 2024.
March 26, 2024	Resignation of senior officers: a. Ms. Franelle Ira M. Lareza, Program Management Manager and Assistant Vice President, effective March 28, 2024 b. Ms. Abby Jayne C. Go, Product Management Lead and Vice President, effective March 31, 2024

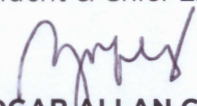
SIGNATURES

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

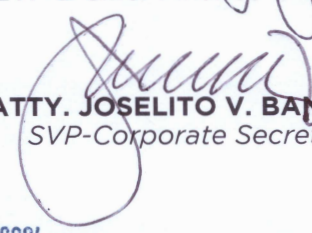
By:


ERRAMON I. ABOITIZ
Chairman of the Board


EDWIN R. BAUTISTA
President & Chief Executive Officer


EDGAR ALLAN G. OBLENA
*SVP- Financial Controller/
Principal Accounting Officer*


MANUEL R. LOZANO
EVP & Chief Finance Officer

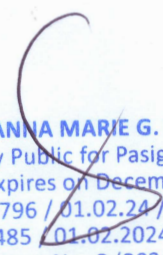

ATTY. JOSELITO V. BANAAG
SVP-Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 12 2024 of April 2024 at Pasig City, the following affiants exhibiting to me their competent evidence of identity pursuant to 2004 Rules on Notarial Practice.

Name	TIN No.
Erramon I. Aboitiz	103-715-862
Edwin R. Bautista	107-644-613
Manuel R. Lozano	148-773-908
Edgar Allan G. Oblena	300-059-461
Joselito V. Banaag	203-083-372

Notary Public

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Book No. XIV
Series of 2024


ATTY. JOANNA MARIE G. ROBLES
Notary Public for Pasig City
Commission Expires on December 31, 2025
IBP No. 389796 / 01.02.24 / Pasig City
PTR No. 1650485 / 01.02.2024 / Pasig City
Appointment No. 8 (2024-2025)
MCLE Compliance No. VII 0014850
18th Floor, UnionBank Plaza Meralco
corner Onyx and Sapphire Roads, Ortigas Center, Pasig City

**Index to Exhibits
Form 17A Item 14**

Subsidiaries of the Registrant

Additional Exhibits

Annex 1 - List of ATM Terminal as of December 31, 2023

Annex 2 - List of Bank Owned Branches as of December 31, 2023

Annex 3 - List of Leased Branches as of December 31, 2023

Subsidiaries of the Registrant

UnionBank of the Philippines subsidiaries and affiliates include:

	<u>Percentage of Ownership</u>
Subsidiaries:	
City Savings Bank, Inc. (CSB)	99.79%
PetNet Inc. (PETNET)	51.00%
UBP Investments Corporation (UIC)	100.00%
First Union Plans, Inc (FUPI)	100.00%
First Union Direct Corporation (FUDC)	100.00%
First Union Insurance and Financial Agencies, Inc. (FUIFAI)	100.00%
UBP Securities, Inc. (UBPSI)	100.00%
UnionData Corporation (UDC)	100.00%
Interventure Capital Corporation (IVCC)	60.00%
UBX Philippines Corporation (UBX)	100.00%
UBX Private Ltd. (UBX SG)	100.00%
UBX Remit Pte. Ltd. (UBX Remit)	100.00%
Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan)	97.75%
Union Digital Bank (UnionDigital)	100.00%
Unionbank Financial Services and Insurance Brokerage Philippines, Inc. (UFSI)	100.00%
Unionbank Investment Management and Trust Corporation (UBIMTC)	100.00%

**UNION BANK OF THE PHILIPPINES
LIST OF ATM TERMINALS
As of December 31, 2023**

Union Bank of the Philippines

	Branch Name	Address
1	C CUBE	19F Zeta Tower Robinson'S Bridgetowne, Eulogio Rodriguez Jr. Ave, Bagumbayan, Quezon City, Metro Manila, Philippines
2	GSIS COMPLEX	GSIS Financial Complex, Roxas Blvd., Pasay City
3	GSIS COMPLEX2	GSIS Financial Complex, Roxas Blvd., Pasay City
4	LA SALLE ZOBEL	Gate 5, La Salle Zobel, University Avenue, Ayala-Alabang Village., Muntinlupa City
5	CT - STA. MESA	4166 GP Ramon Magsaysay Blvd., Sta Mesa, Manila
6	CT - LAS PINAS	VIP Arcade, Ltd. Alabang – Zapote Rd., Las Piñas
7	STARTEK MAKATI	Ground Floor, SM Makati CyberZone, Sen. Gil Puyat Ave., Makati City
8	STARTEK ORTIGAS2	Startek Ortigas Tiendesitas Ugong Pasig City
9	SITEL J VARGAS	Bldg. E, Ortigas Home Depot # 1 Doña Julia Vargas Avenue, Barangay Ugong Pasig City, 1604 Philippines
10	SL BGC	12/F Philplans Corporate Center, Triangle Drive cor. Bonifacio Triangle, Bonifacio Global City, Taguig, Philippines
11	SOLAIRE1	Level 2 Casino Area Hallway (beside BDO ATM) Solaire Resort and Casino Hotel Macapagal Ave Bagong Naya Pasay
12	SOLAIRE2	Level 2 Casino Area Hallway (beside BDO ATM) Solaire Resort and Casino Hotel Macapagal Ave Bagong Naya Pasay
13	ABOITIZ NAC	8th floor NAC building 32nd street BGC near at the football field
14	EXTREME BINGO	Extreme Bingo 94 timog avenue, Quezon City
15	FOTON BALINTAWAK	728 A. Bonifacio Ave. Balintawak QC
16	SITEL ETON	Eton CyberPod, Corinthians Business Center, Along Ortigas Avenue (infront of Robinsons Galleria)
17	IBEX PARANAQUE	6th Floor (Pantry area) SM City, BF Parañaque Sucat Road corner President's Avenue, Parañaque City
18	IBEX SHAW	5/F Shaw IT Center 360 Shaw Blvd., cor. 9 de Pebrero St., Brgy. Addition Hills, Mandaluyong City
19	MD CENTER TAGUIG	Medical Center Taguig Levi B. Mariano Ave, Taguig, Metro Manila
20	MJC WINFORD	Winford Hotel & Casino Brgy. 350, Santa Cruz, Manila, Metro Manila
21	SL SHAW	9F, Shaw IT Center 360 Shaw Blvd corner 9 de Pebrero Street, Barangay Addition Hills San Felipe Neri, Mandaluyong City
22	MONOCRETE CONSTR	No. 888 Cayetano Ave. C5 Ext. Diversion Rd. Brgy, Paligton Tipas Taguig
23	HO 14TH FLR.	Plaza Head Office Meralco Ave cor Onyx Street Pasig
24	ALLIANCE GLOBAL	20/F Alliance Global Tower, 36th Street cor 11th Avenue Uptown Bonifacio Global City Taguig (Near Great Hall)
25	GRAND WING	G/F Casino floor, Hilton Grand Wing, Newport Boulevard, Newport City, Pasay 1309
26	TQMP PASIG	AGC Flat Glass Philippines, Inc. compound 730 M.H. del Pilar St, Pasig, Metro Manila
27	ARMSCOR	ARMSCOR Avenue Brgy Fortune Marikina City

	Branch Name	Address
28	TELE. VERTIS NORTH	Teleperformance Vertis North 18F Tower A Vertis North, Mindanao Ave , Q.C.
29	CATS	1008 Epifanio de los Santos Ave, San Juan, Metro Manila
30	ANDOKS	Corazon Tierro-Javier Building, 24 West Avenue, Barangay Bungad, Quezon City
31	SITEL TECHNOHUB	4/F technohub Bldg Ortigas Home Depot # 1 Dona Julia Vargas Avenue Bgy. Ugong Pasig City
32	ABOITIZ NAC CRM	8th floor NAC building 32nd street BGC near at the football field
33	SL CLARK	2nd to 6th floor, Two West Aeropark Building, Clark Global City, Clark Civil Aviation Complex, Clark Freeport Zone 2023
34	SL CLARK SITE 4	Site 4 Clark Center 6 Jose Abad Santos Highway Clark Field Pampanga
35	SL TARLAC1	Tarlac IT Park II, Ninoy Aquino Highway, San Isidro, Tarlac City
36	PELCO	Pampanga I Electric Coop Inc, Sto Domingo Mexico Pampanga
37	PHILEX OFFSITE1	Philex Mining Corp, Padcal, Tuba, Benquet
38	PHILEX OFFSITE2	Philex Mining Corp, Padcal, Tuba, Benquet
39	SITEL TARLAC	Level 2 Robinsons Place Tarlac
40	SL TARLAC2	Tarlac IT Park II, Ninoy Aquino Highway, San Isidro, Tarlac City
41	AIA	Subic Bay Metropolitan Authority Argonaut Hwy, Olongapo, Zambales
42	PILMICO TARLAC	Santo Domingo II,, Capas, Tarlac
43	SUBIC PORT GRAIN T.	Bldg. 8008 Leyte Wharf, Cubi Point, SBMA, Subic, Zambales 2209
44	BATAAN 2020	Roman Superhighway, Samal, Bataan
45	SL CARMONA	Warehouse Phase 1 and Phase 2, lot 562-B-3, Governor's Dr., Poblacion,Carmona, Cavite
46	SL CAMSUR1	Camarines Sur IT Center, IT Park, Provincial Capitol Complex, Cadlan, Pili 4418 Camarines Sur
47	SL LEGASPI	Ground Flr.Building ,Embarcadero de Legazpi,Legazpi port Site,Victory Village, Legaspi City
48	SL CAMSUR2	Camarines Sur IT Center, IT Park, Provincial Capitol Complex, Cadlan, Pili 4418 Camarines Sur
49	DLSU ADG BLDG	Ayuntamiento De Gonzales Bldg. DLSU-Dasmariñas Brgy. Fatima 1, Congressional Ave. Dasmariñas City, Cavite (GF cashier area)
50	DLSU MEDICAL	G/F DLSUMC New Building, Governor D. Mangubat Avenue City of Dasmariñas, Cavite
51	TWINLAKES T.	Twin Lakes Tagaytay Vineyard Resort Community, Tagaytay-Nasugbu Highway, Alfonso, Cavite (near Canyon Cove)
52	CEBU LEXMARK1 (Funai Electric)	Mactan Economic Zone II, Basak, Lapu-Lapu City
53	CEBU LEXMARK2	Lexmark Building, Cardinal Rosales Ave, Cebu City
54	ABOITIZ OFFSITE	Aboitiz & Co. Building Archbishop Reyes Avenue Banilad, Cebu City
55	QUALFON CEBU	Cardinal Rosales Avenue., Cor. Samar Loop Cebu Business Park., Cebu City
56	QLFN DUMAGUETE1	LinkSy I.T. Park, North National Highway Bantayan, Dumaguete City 6200, Philippines.
57	QLFN DUMAGUETE2	LinkSy I.T. Park, North National Highway Bantayan, Dumaguete City 6200, Philippines.
58	MD CITY ILOILO	Locsin Street, Molo, Iloilo City, Iloilo
59	CEBU VELEZ	Cebu Velez General Hospital F. Ramos St, Cebu City, Cebu
60	CEBU VECO	Visayan Electric Company (VECO) J. Panis St., Banilad, Cebu City

	Branch Name	Address
61	CMA S2 ARRIVAL	Lapu-Lapu Airport Rd, Lapu-Lapu City, 6016 Cebu, T2 Arrival
62	CMA S2 DEPARTURE	Lapu-Lapu Airport Rd, Lapu-Lapu City, 6016 Cebu, T2 Departure
63	CEBU TOWN CENTER	G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City
64	HGS ILOILO	HGS SM Strata 19F SM Strata Benigno Aquino Avenue Mandurriao, Iloilo City 5000 Philippines
65	SL DAVAO	R. Magsaysay Ave. cor. E. Jacinto St., Davao City
66	IBEX DAVAO	Ground Floor, Fountain Court, SM Lanang Premier JP Laurel Avenue, Brgy. San Antonio Davao City
67	DLPC	163 - 165 C. Bangoy Sr. St. Davao City, 8000
68	PILMICO ILIGAN	Kiwalan Cove, Dalipuga, Iligan City, Lanao del Norte
69	DLPC BAJADA	Rondez Engineering Center, JP Laurel Ave., Bajada, Davao City
70	DAVAO OFFSOURCING	Ayala Business Center, Matina Town Square
71	BELMONT HOTEL	Newport Blvd, Newport City 1309 Pasay City
72	INSULAR LIFE	G/F Filinvest Corporate City, Alabang 1781, Alabang, Muntinlupa, 1781
73	LIMA OFFSITE 1 (ADMIN)	Administration Office Special Economic Zone, Malvar, Batangas, 4233
74	WIDUS 1	MA Roxas Highway, Clark Freeport Zone 2023
75	WIDUS 2	MA Roxas Highway, Clark Freeport Zone 2023
76	WIDUS 3	5398 Manuel A. Roxas Highway, Clark Freeport Zone, Pampanga, Philippines 2023
77	WIDUS 4	MA Roxas Highway, Clark Freeport Zone 2023
78	WIDUS 5	MA Roxas Highway, Clark Freeport Zone 2023
79	FOTON CLARK	Lot 1A, Lot 1B and Lot 2 Prince Balagtas Avenue, Clark Freeport Zone
80	UNITED AUCTIONEER	United Auctioneers Inc. Bldg.1455 Argonaut Highway Subicbay Freeport Zone, Olongapo
81	AFPMBAI	AFPSLA Building, EDSA corner Colonel Bonny Serrano, Camp Aguinaldo, Quezon City, Metro Manila
82	RESORTS WORLD	Resorts World Manila, Newport Boulevard, Newport City Pasay 1309, Metro Manila
83	RAFI	35 Eduardo Aboitiz St. Tinago, Cebu City, 6000
84	ST DOMINIC	St. Dominic Medical Center, Aguinaldo Highway, Talaba, Bacoor Cavite
85	MABUHAY FILCEMENT	San Fernando, Cebu
86	EMPIRE EAST	3F The World Center Building, Makati City (beside reception area)
87	GERI	9/F Eastwood Global Plaza, Bagumbayan Eastwood City
88	MILLENIAL RESORTS	Calatagan South Beach Leisure Toursim Estate Brgy. Santa Ana, Batangas City
89	UNIVERSITY OF BAGUIO CRM	University of Baguio General Luna Road, Baguio City
90	SAVOY HOTEL	Newport blvd, Andrew Ave. Pasay City 1309
91	U E T INTERNATIONAL CORP	Block 8 Lot 3 Marina Street Corner Josefa Street Josefa Subd. Malabanas Angeles City 2009
92	ELECTROLINE CORP	Masagana St. Pinagbarilan, Baliuag Bulacan
93	SITEL BAGUIO ATM1 SITE2	University of Baguio General Luna Road, Baguio City
94	SITEL BAGUIO ATM2 SITE1	University of Baguio General Luna Road, Baguio City
95	BETAINE ATM1	15 Zeta Tower E Rodriguez Jr., Ave. cor Ortigas Ave., Bridgestowne, West Ugong Norte, QC.
96	ACEA SUBIC RESORTS	ACEA Subic Beach Resort, The Dungaree Beach, San Bernardino Road, Subic Bay Freeport Zone
97	BUILDNET ATM	Sitio Narra, Barangay Akle, San Ildefonso, Bulacan

	Branch Name	Address
98	BUKIDNON	BCC Commercial Building- Damlag Hi-Way Manolo Fortich, Bukidnon
99	INNOVA CAMP ATM	Ynion Drive, Magsaysay Road, San Antonio, San Pedro, Laguna
100	INNOVA CAMP CRM	Ynion Drive, Magsaysay Road, San Antonio, San Pedro, Laguna
101	CEBU AUTOLIV	3rd St. Cor. 3rd Ave. Mepz-1, MEPZ 1, Lapu-Lapu City, 6015 Cebu
102	E-BOW ATM	National Highway, Brgy. Landayan, San Pedro, Laguna
103	MEDIATRIX CRM	JP Laurel Highway, Mataas na Lupa Lipa City Batangas
104	JP MORGAN BGC ATM	9th Avenue corner 38th Street 25th Floor, Uptown Bonifacio, Taguig City, Philippines 1635
105	JP MORGAN BGC ATM2	9th Avenue corner 38th Street 25th Floor, Uptown Bonifacio, Taguig City, Philippines 1635
106	JP MORGAN CEBU ATM	7th Floor E-bloc Tower, Jose Ma. Del Mar Avenue, Asiatown IT Park, Apas, Cebu City, Philippines 6000
107	CENTRAL ONE BATAAN ATM1	Camaya Coast Station 3, Cabog-cabog, Balanga City, Bataan. Nearest landmark Cabog-cabog Elementary
108	LOURDES HOSPITAL CRM	Our Lady of Lourdes Hospital 46P Sanchez St. Sta. Mesa Manila
109	BETA IN ATM2 - Iloilo	2F Ayala Technohub Bldg., Smallville Business Center, Brgy San Rafael, Boardwalk Avenue, Mandurriao, Iloilo City 5000
110	MUZON TERMINAL CRM	Muzon Central Terminal And Market, Villarica Road, Brgy Muzon, San Jose Del Monte Bulacan (entrance of the Sm Supermarket which is inside the Terminal)
111	STOTSENBERG ATM	Gil Puyat Avenue Cor. Andres Soriano St. Clark Freeport Zone Pampanga (lobby main entrance casino, ground floor Stotsenberg Hotel)
112	NORTH STAR BULACAN CRM	9001 Dona Feliza Village Tierra Dayao Santa Cruz, Guiguinto, Bulacan 3015
113	CEBU AFGU1	Ground Floor, Ayala Life-FGU Center, Mindanao Avenue corner
114	NE GREENHILLS	Ground Floor, 22 Fort & Ester Building, Missouri Street, Northeast Greenhills, San Juan City
115	ADB	No.6 ADB Avenue, Ortigas Center, Mandaluyong City, Metro Manila
116	BOW2.5 ATM	Ynion Drive, Magsaysay Road, San Antonio, San Pedro, Laguna
117	BOW2.5 CRM	Ynion Drive, Magsaysay Road, San Antonio, San Pedro, Laguna
118	UBP ARK3	G/F, Insular Life Bldg., Ayala Avenue corner Paseo De Roxas, Salcedo Village, Makati City
119	SOFITEL	Lower Ground Floor, Sofitel Philippine Plaza, CCP Complex, Roxas Boulevard, Pasay City
120	EDSA SHANG MALL	Lower Ground Floor, Shangri-La Plaza, EDSA corner Shaw Boulevard, Mandaluyong City
121	CGS PLASTICS	272 General Luis Street Caybiga Caloocan City (Don Dave Litson Manok) (Caybiga Bazaar)
122	GULLAS COLLEGE CRM	Gov. M. Cuenco Ave. Banilad, Mandaue City Cebu
123	LAMCO PASIG	ALVA Business Center 259 C. Raymundo Ave. Maybunga, Pasig City (2nd Floor)
124	BOW2.6 ATM	UnionBank Plaza, Meralco Ave. cor. Onyx & Sapphire Roads, Ortigas Center, Pasig City
125	BEAWESOME DAVAO	Cybergate Delta 2 6th Floor Robinson Cybergate DVO, Governor Paciano Brgy, Agdao District, Davao City 8000
126	VALLEY BREAD	AE 220 Poblacion La Trinidad Benguet
127	MNL POLO CLUB	Manila Polo Club, McKinley Road, Makati City
128	NAIA T3	Ground Floor, NAIA Terminal 3, Andrews Avenue, Pasay City

	Branch Name	Address
129	UAA GROUP INC	Lot24 Blk.11 Commonwealth Holy Spirit Quezon City (Chery Commonwealth)
130	KINGSFORD MANILA	Bagong Nayong Pilipino Entertainment City, Tambo Paranaque City
131	MANILA PEN	Lower Ground Floor, Manila Peninsula Hotel, Makati City
132	TRANSGLOBAL CRM	PK Bldg. Ninoy Aquino Ave. Pascor Drive Brgy. Sto Nino Paranaque City
133	IBEX TIENDESITAS	Unit 301 Silver City Building, Tiendesitas, Frontera Verde, Ugong, Pasig City, Metro Manila, Philippines, 1604
134	IBEX ALABANG	8th Flr. CTP Asean Tower 2409 Asean Drive, Spectrum District, Filinvest City, Alabang, Muntinlupa City 1781
135	FRABELLE CORP	1051 Northbay Boulevard, Navotas City 3rd District NCR
136	IBEX CUBAO	22nd flr. Cyberpark Tower 2 Cubao, Quezon City, Metro Manila Philippines
137	NETSEC TECH INC	47 East Business Hub, 47 Esteban Abada St. Loyola Heights Quezon City
138	SOUTHWOODS MALL	2F, ATM 203 Southwoods Mall, Southwoods City, Biñan Laguna
139	UB SQUARE 1	Ground Floor, Citibank Square, 1 Eastwood Aveue, Eastwood City, Barangay Bagumbayan, Quezon City
140	UB SQUARE 2	Ground Floor, Citibank Square, 1 Eastwood Aveue, Eastwood City, Barangay Bagumbayan, Quezon City
141	US EMBASSY	2nd Floor, US Embassy, Roxas Boulevard, Manila City
142	CT PLAZA 17F 1	17F 34th Street, Taguig City
143	CT PLAZA 17F 2	17F 34th Street, Taguig City
144	NE GREENHILLS 2	Ground Floor, 22 Fort & Ester Building, Missouri Street, Northeast Greenhills, San Juan City
145	INSULAR WB1	Ground Floor, Insular Life Corporate Centre, Insular Drive, Filinvest Corporate City, Alabang, Muntinlupa City
146	INSULAR WB2	Ground Floor, Insular Life Corporate Centre, Insular Drive, Filinvest Corporate City, Alabang, Muntinlupa City
147	CEBU AFGU2	Ground Floor, Ayala Life-FGU Center, Mindanao Avenue corner
148	CEBU AFGU CRM1	Ground Floor, Ayala Life-FGU Center, Mindanao Avenue corner
149	CEBU AFGU CRM2	Ground Floor, Ayala Life-FGU Center, Mindanao Avenue corner
150	BINONDO ATM	2nd Floor, Pacific Center, Quintin Paredes corner Sabino, Padilla Streets, Binondo, Manila
151	MAKATI PASEO	8741 Paseo De Roxas G/F Citibank Center, Cor Villar Sts. Makati 1200
152	ACC	G/F Alabang Country Club, Acacia Drive, Ayala Alabang Village, Muntinlupa City
153	ATC	Makati Supermart Alabang, Alabang Town Center, Muntinlupa City
154	BAESA	Dra. C. Pascual Bldg., 142 Quirino Highway, Baesa, Quezon City
155	DR SANTOS LLANAS	G/F, MTF Bldg., Kabesang Segundo corner Dr. A. Santos, San Isidro, Sucat Road, Paranaque City
156	GREENBELT ATM	Twin Cities Condominium, 110 Legaspi St., Legaspi Village, Makati City
157	JULIA VARGAS CQM	Centerpoint Condominium, Doña Julia Vargas Ave. cor. Garnet St. Ortigas Center, Pasig City
158	JULIA VARGAS CRM	Centerpoint Condominium, Doña Julia Vargas Ave. cor. Garnet St. Ortigas Center, Pasig City
159	RICHVILLE	Upper G/F Richville Corporate Tower, Alabang-Zapote Rd., Madrigal Bus. Park, Muntinlupa City

	Branch Name	Address
160	SHAW PASIG	Chipeco Bldg., Shaw Blvd. corner Meralco Ave., Pasig City
161	VALERO	Ground Floor, Le Grand Condominium, 130 Valero St., Makati City
162	ACROPOLIS	171 Bridgeview Bldg., E. Rodriguez Jr. Ave, Bagumbayan, Quezon City
163	ALIMALL	Ali Mall Financial Center, Level 2, Ali Mall, Araneta Center, Cubao, Quezon City
164	E. RODRIGUEZ	G/F Megacenter Bldg., E. Rodriguez Ave., Quezon City
165	KALOOKAN	357 Rizal Ave. Ext. Grace Park, Kalookan City
166	MEDICAL CITY	Medical City Hospital Compound, Lourdes St. cor. San Miguel Ave., Mandaluyong City
167	MUNTINLUPA	12 Jason's Bldg., National Road Putatan, Muntinlupa
168	PASAY	2528 ERL Building, Taft Ave., Pasay City
169	TIMOG	Cabrera Building II. 64 Timog Ave, Quezon City
170	VITO CRUZ	G/F Kingswood Arcade Vito Cruz Ext. cor Pasong Tamo, Makati City
171	SSS AYALA CRM	SSS Bldg., Ayala Avenue, Makati City
172	SALCEDO	G/F Golden Rock Bldg., 168 Salcedo St., Legaspi Vill., Makati City
173	ANNAPOLIS	G/F, Unit 133, Promenade Missouri, Greenhills Shopping Center, Missouri cor. Annapolis Sts., Greenhills, San Juan
174	PEREA	G/F Greenbelt Mansion Bldg., 106 Perea St., Legaspi Village, Makati City
175	SSS AYALA ATM	SSS Bldg., Ayala Avenue, Makati City
176	ARK1	Insular Building Ayala Avenue., corner Paseo de Roxas Makati City
177	ARK2	Insular Building Ayala Avenue., corner Paseo de Roxas Makati City
178	ARK VTM	Insular Building Ayala Avenue., corner Paseo de Roxas Makati City
179	ARK CRM	Insular Building Ayala Avenue., corner Paseo de Roxas Makati City
180	ARK CQM	Insular Building Ayala Avenue., corner Paseo de Roxas Makati City
181	T. ALONZO	625 T. Alonzo St., Sta Cruz, Manila
182	AURORA	677 Aurora Blvd., near cor. Broadway St., Bgy. Mariana, New Manila , Quezon City
183	AYALA MADRIGAL ATM	G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City
184	AYALA MADRIGAL CRM 2	G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City
185	AYALA MADRIGAL CRM 3	G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City
186	AYALA MADRIGAL CQM	G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City
187	AYALA RUFINO ATM	Rufino Bldg. Ayala Ave. corner Herrera St., Makati City
188	AYALA RUFINO CQM	Rufino Bldg. Ayala Ave. corner Herrera St., Makati City
189	STO. DOMINGO	Ground Floor Unit-103 Elements Building 560 Quezon Avenue Brgy. Tatalon Quezon City
190	BF HOMES CRM 1	55 President Avenue, BF Homes, Parañaque City
191	BF HOMES CRM 2	55 President Avenue, BF Homes, Parañaque City
192	BF HOMES CQM	55 President Avenue, BF Homes, Parañaque City
193	BICUTAN	28 Doña Soledad Ave., Better Living, Parañaque City
194	BONI AVENUE	Boni Avenue cor. Ligaya St., Mandaluyong City
195	CUBAO	7th Avenue cor P. Tuazon, Cubao, Quezon City
196	DEL MONTE	G/F 345 Del Monte Avenue corner Banawe Street, Brgy. Manresa, Quezon City
197	EDSA KALOOKAN	512 EDSA corner Urbano Plata Street, Kalookan City
198	INTRAMUROS	G/F BF Condo Bldg. A. Soriano Sr. Ave. Intramuros, Manila
199	JP RIZAL ATM	731 J.P. Rizal St., Makati City
200	KAMIAS	Gr. Floor, TDS Bldg., No. 72 Kamias Road, Quezon City

	Branch Name	Address
201	KATIPUNAN ATM1	335 Agcor Bldg., Katipunan Ave.,Brgy. Loyola Heights, Quezon City
202	KATIPUNAN ATM2	335 Agcor Bldg., Katipunan Ave.,Brgy. Loyola Heights, Quezon City
203	LP PAMPLONA	Alabang Zapote Rd. cor. Crispina Ave., Pamplona, Las Piñas City
204	MAKATI AVENUE	7824 Durban St. corner Makati Avenue, Makati City
205	MALABON	Gov. Pascual Avenue cor. River St., Malabon City, Metro Manila
206	MALATE	G/F Marioco Bldg. 1945 M. Adriatico St. Malate, Manila
207	ORTIGAS ATM	21 San Miguel Ave., Ortigas Center, Pasig City
208	ORTIGAS CQM	21 San Miguel Ave., Ortigas Center, Pasig City
209	PASAY ROAD	Gemland Commercial Bldg., San Lorenzo Village, Makati City 1200
210	PASONG TAMO JTKC	G/F, JTKC Center 2155 Pasong Tamo street., Makati City
211	RADA	Prince Bldg., 117 Rada St, Legaspi Village, Makati City
212	ROOSEVELT	244 Roosevelt Avenue, San Francisco del Monte, Quezon City
213	SHAW MANDALUYONG	PICPA Bldg., 700 Shaw Blvd., Mandaluyong City
214	YUCHENGCO	Escolta corner Yuchengco Sts., Binondo
215	SOUTH TRIANGLE ATM	Quezon Ave. cor. Sct. Albano St., Quezon City
216	SOUTH TRIANGLE CRM	Quezon Ave. cor. Sct. Albano St., Quezon City
217	TAFT AVENUE	2625 G/F Kassel Condominium, Taft Avenue near cor.P. Ocampo St., Malate, Manila
218	TEKTITE	G/F PSE Center, Ortigas Complex, Pasig City
219	TOMAS MORATO	Tomas Morato cor. Sct. Lozano, Quezon City
220	PLAZA1	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
221	VALENZUELA	Km 12 McArthur Hi-way, Marulas, Valenzuela City
222	W. SERVICE RD	Rodeo Bldg. Km 18 West Service Road South Luzon Expressway, Parañaque City
223	W. AVENUE BALER	91-A Barangay Bungad, West Avenue, Quezon City
224	ESCOLTA CQM	G/F Regina Building, Escolta, Manila
225	ESCOLTA ATM	G/F Regina Building, Escolta, Manila
226	MARIKINA	WRC2 Bldg., No. 47 Gil Fernando Avenue (formerly A. Tuazon St), Midtown Subd. II Brgy. San Roque, Marikina City
227	NAVOTAS	807-817 M.Naval St., Navotas City
228	NOVALICHES GULOD	854 Quirino Highway, Gulod, Novaliches, Quezon City
229	AYALA ALABANG	G/F Nol Bldg. Commerce Ave., Madrigal Business Park, Alabang, Muntinlupa City
230	EMERALD AVENUE1	G/F Wynsum Corp. Plaza, Ortigas Center, Pasig City
231	GREENHILLS	Ortigas Ave near cor Wilson St., San Juan City
232	GREENHILLS CRM	Ortigas Ave near cor Wilson St., San Juan City
233	LIBIS	184-B E. Rodriguez Jr. Avenue., Bagumbayan, Quezon City
234	PASONG TAMO EXT.	G/F BCS Building, 2297 Pasong Tamo Extension, Makati City
235	PASONG TAMO EXT. ATM2	G/F BCS Building, 2297 Pasong Tamo Extension, Makati City
236	PASONG TAMO EXT.	G/F BCS Building, 2297 Pasong Tamo Extension, Makati City
237	MAYON	G/F, ACI Bldg., 178 Mayon Street, SMH, Brgy Maharlika, Quezon City
238	SHAW PASIG BLVD.	131-133 Shaw Boulevard, Pasig City
239	STO. CRISTO	LG01 and LG02 Burke Plaza, Sto Cristo St., Binondo, Manila
240	WACK WACK	6 Shaw Blvd. corner Laurel St., Mandaluyong City
241	PSO DE MAGALLANES	Ground Floor, Maga Center Building, Paseo de Magallanes, Makati City
242	MCKINLEY HILLS CRM2	Units 1A & 1B Two World Square Upper McKinley Road McKinley Hill Drive Fort Bonifacio, Taguig City

	Branch Name	Address
243	MCKINLEY HILLS ATM	Units 1A & 1B Two World Square Upper McKinley Road McKinley Hill Drive Fort Bonifacio, Taguig City
244	LIBERTAD MANDA.	Unit A2 Cluster El Dorado, California Garden Square, Libertad Street, Mandaluyong City
245	EDSA PIONEER	Upper Ground Floor 07 Robinsons Cybergate Plaza, Pioneer St., Mandaluyong City
246	NEW PORT CITY	G/F Star Cruises Building, Newport City, Andrews Avenue, Pasay City
247	5TH AVENUE BGC	Unit 3 Ground Floor, One Global Place, 5th Avenue corner 25th Street, BGC, Taguig City
248	SHANG TOWER 1	The St. Francis Shangri-La Place, Tower 1 G/F Retail Internal Road corner St. Francis Street, Mandaluyong City
249	EASTWOOD CITY	G/F LGR1-6, Le Grand Tower 1, Palm Tree Avenue, Eastwood City, Brgy. Bagumbayan, Quezon City
250	VERTEX ONE	G/F Space 12 & 13 Vertex One Building, San Lazaro, Manila
251	LRT 2 AURORA	G/F Marsk Building, Aurora Boulevard corner Balete Drive, Quezon City
252	2ND AVENUE BGC	G/F Blue Sapphire Building, 2nd Avenue corner 30th Street, Bonifacio Global City, Taguig
253	ICTSI PORT AREA	G/F, ICTSI Admin Bldg. Manila International Container Terminal, MICT South Road, Port Area, Manila
254	RENNAISSANCE TWR.	G/F Renaissance Center, Meralco Ave., Pasig City
255	LOURDES HOSPITAL	G/F, Main Bldg., Our Lady of Lourdes Hospital, 46 P. Sanchez St., Sta. Mesa, Manila
256	CITY PL SQUARE	3/F Lucky Chinatown-Cityplace Square, Calle Felipe corner La Chambre St., Binondo, Manila
257	32ND BGC	G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig
258	ANTEL RESIDENCES	Ground Floor, Best Western Antel Hotel 7829, Makati Avenue cor. Salamanca St., Makati City
259	MAYHALIGUE	Ground Floor, One Masangkay Place, No. 1420 Masangkay near cor. Mayhaligue St., Sta. Cruz, Manila
260	MASANGKAY	911-913 Masangkay St., Binondo, Manila
261	CARDINAL SANTOS	Ground Floor Cardinal Santos Medical Center, 10 Wilson St., Greenhills West San Juan City
262	MULTINATIONAL	G/F Multinational Bancorporation Center, Ayala Ave., Makati City
263	PLAZA4	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
264	DELA ROSA	G/F Insular Health Care Building, 167 Dela Rosa corner Legazpi St., Legazpi Village, Makati City
265	BONIFACIO HIGH ST	W Global Center cor 30th and 9th Ave. BGC, Taguig City
266	TRIANGLE DRIVE	Shop 3, G/F Philplans Building Corporate Center, 1012 North Triangle Drive, BGC, Taguig
267	ADB AVENUE	Ground floor Unit 101 AIC Burgundy Empire Tower, ADB Ave., Ortigas Pasig City
268	GMA TIMOG	Cabrera Bldg. 1, 103 Timog Avenue, Quezon City
269	FRONTERA VERDE	G/F Transcom Bldg., Frontera Verde, E. Rodriguez Jr. Avenue., Brgy. Ugong Pasig City
270	SSS E. AVENUE1	G/F SSS Main Bldg., East Ave., Quezon City
271	SSS E. AVENUE2	G/F SSS Main Bldg., East Ave., Quezon City
272	EMERALD AVENUE2	G/F Wynsum Corp. Plaza, Ortigas Center, Pasig City

	Branch Name	Address
273	GSIS MAIN	GSIS Main Office Financial Center, Pasay City
274	34TH ST. BGC	G/F, Shop 2, Panorama Bldg., 34TH St. Corner Lane A, Bonifacio Global City, Taguig
275	MCKINLEY RD. BGC	G/F, Unit 1, Fairways Towers, 5th Avenue, Bonifacio Global City, Taguig
276	38TH UPTOWN BGC	G/F, Orion Building, 11th Ave corner 38th St., Bonifacio Global City, Taguig City
277	7TH AVENUE BGC	G/F, Twenty-Four Seven Mckinley Building, 7th Ave. cor. 24th St., Bonifacio Global City, Brgy Fort Bonifacio, Taguig City
278	UPTOWN MALL BGC	Unit B106 Lower Ground Floor Uptown Place Mall 9th Ave Cor. 36th St Bonifacio Global City, Brgy Fort Bonifacio, Taguig City
279	LUXE RESIDENCES	G/F, Shop 3, The Luxe Residences, 28th St. corner 4th Avenue, Bonifacio Global City, Taguig City
280	PASCOR DRIVE	G/F, SkyFreight Center, Ninoy Aquino Avenue, corner Pascor Drive, Paranaque City
281	3RD AVENUE BGC	G/F, The Net Square Building, 3rd Avenue corner 28th Street, Bonifacio Global City, Taguig City
282	MCKINLEY W. LOWER	G/F Robinson Cyber Sigma Bldg. Lawton Ave. Bonifacio South Taguig City
283	CMW LUZON1	UGF, Kayumanggi Center Bldg., Commonwealth Avenue corner Luzon Avenue, Brgy Matandang Balara, Quezon City
284	CMW LUZON CRM	UGF, Kayumanggi Center Bldg., Commonwealth Avenue corner Luzon Avenue, Brgy Matandang Balara, Quezon City
285	CMW LUZON CQM	UGF, Kayumanggi Center Bldg., Commonwealth Avenue corner Luzon Avenue, Brgy Matandang Balara, Quezon City
286	KALOOKAN CRM	357 Rizal Ave. Ext. Grace Park, Kalookan City
287	KALOOKAN CQM	357 Rizal Ave. Ext. Grace Park, Kalookan City
288	PLAZA CRM	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
289	PSO DE ROXAS1	Ground Floor Tower II Paseo De Roxas Building 111 Paseo De Roxas Corner Legazpi Street Legaspi Village Makati City
290	PSO DE ROXAS CRM	Ground Floor Tower II Paseo De Roxas Building 111 Paseo De Roxas Corner Legazpi Street Legaspi Village Makati City
291	32ND BGC CRM	G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig
292	STO. DOMINGO CRM	Ground Floor Unit-103 Elements Building 560 Quezon Avenue Brgy. Tatalon Quezon City
293	STO. DOMINGO CQM	Ground Floor Unit-103 Elements Building 560 Quezon Avenue Brgy. Tatalon Quezon City
294	COMMONWEALTH AVE1	12-13 Upper, G/F, Diliman Commercial Center; Commonwealth Ave., Diliman Quezon City
295	COMMONWEALTH AVE2	12-13 Upper, G/F, Diliman Commercial Center; Commonwealth Ave., Diliman Quezon City
296	KALOOKAN2	357 Rizal Ave. Ext. Grace Park, Kalookan City
297	DASMA. BINONDO	G.A.Cu-Unjieng Bldg., Q. Paredes St. corner Dasmarinas St., Binondo, Manila
298	DASMA. BINONDO CRM	G.A.Cu-Unjieng Bldg., Q. Paredes St. corner Dasmarinas St., Binondo, Manila
299	DASMA. BINONDO CQM	G.A.Cu-Unjieng Bldg., Q. Paredes St. corner Dasmarinas St., Binondo, Manila

	Branch Name	Address
300	PLAZA CRM2	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
301	PLAZA CQM	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
302	32ND BGC CQM	G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig
303	MACAPAGAL CRM	G/F Unit 106 Y Tower Blk 04, Lot 01, corner Coral Way St., Macapagal Blvd., MOA Complex Pasay City
304	MACAPAGAL ATM	G/F Unit 106 Y Tower Blk 04, Lot 01, corner Coral Way St., Macapagal Blvd., MOA Complex Pasay City
305	UN AVENUE ATM	U.N. ave., Cor. M.H. Del Pilar and M. Guerrero Streets, Ermita Manila
306	UN AVENUE CRM	U.N. ave., Cor. M.H. Del Pilar and M. Guerrero Streets, Ermita Manila
307	PANDACAN ATM	1763 Paz M. Guazon St., Paco, Manila
308	PANDACAN CRM	1763 Paz M. Guazon St., Paco, Manila
309	DELA COSTA ATM	G/F Global Enterprise Bldg. No. 138 HV dela Costa Salcedo Village, Makati City
310	DELA COSTA CRM	G/F Global Enterprise Bldg. No. 138 HV dela Costa Salcedo Village, Makati City
311	DELA COSTA CQM	G/F Global Enterprise Bldg. No. 138 HV dela Costa Salcedo Village, Makati City
312	PANDACAN CQM	1763 Paz M. Guazon St., Paco, Manila
313	SANTIAGO	Maharlika Highway, Santiago City, Isabela
314	LAOAG	G/F 365 Plaza Bldg. Brgy., 1, San Nicolas, Ilocos Norte.
315	VIGAN	Jose Singson St., Vigan City, Ilocos Sur
316	ANGELES	G/F, Building 1, Unit 1 & 2, Central Town Mall, 263 Fil Am Friendship Highway, Brgy Cutcut, Angeles City, Pampanga
317	SAN FDO. CONSUNJI CRM	San Fernando Pampanga
318	BAGUIO	PF Floor, Cedar Peak Building, Corner General Luna Road and Mabini Street, Baguio City 2600
319	BALIWAG	G/F, 3006 St Augustine Square, Dona Remedios Trinidad Highway, Pinagbarilan Baliuag, Bulacan
320	MEYCAUAYAN	Gr. Floor, Marian Bldg., McArthur Hi-way, Calvario, Meycauayan City, Bulacan
321	CABANATUAN	P. Burgos Street, Cabanatuan City
322	DAGUPAN	Insular Life Building, Arellano St., Dagupan City
323	DAGUPAN2	Insular Life Building, Arellano St., Dagupan City
324	DAGUPAN CRM	Insular Life Building, Arellano St., Dagupan City
325	TARLAC ATM	Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City
326	TARLAC CRM 1	Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City
327	TARLAC CRM 2	Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City
328	TARLAC CQM	Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac City
329	SUBIC	19B Manila Avenue cor. Canal Street, Subic Bay Freeport Zone
330	SAN FDO. LA UNION	Ground Floor of Shania Tower, Quezon Avenue, San Fernando City, La Union
331	CAUAYAN ISABELA	G/F ITC Bldg., National Highway, Cauayan City, Isabela
332	CLARK	M. Roxas Highway, Philexcel Business Park Clark Freeport zone, Pampanga
333	CLARK2	M. Roxas Highway, Philexcel Business Park Clark Freeport zone, Pampanga

	Branch Name	Address
334	BAGUIO2	PF Floor, Cedar Peak Building, Corner General Luna Road and Mabini Street, Baguio City 2600
335	OLONGAPO	87 Magsaysay Drive Olongapo City
336	VIGAN2	Jose Singson St., Vigan City, Ilocos Sur
337	LAOAG CRM	G/F 365 Plaza Bldg. Brgy., 1, San Nicolas, Ilocos Norte.
338	MEYCAUAYAN2	Gr. Floor, Marian Bldg., McArthur Hi-way, Calvario, Meycauayan City, Bulacan
339	CABANATUAN2	P. Burgos Street, Cabanatuan City
340	SANTIAGO2	Maharlika Highway, Santiago City, Isabela
341	CAUAYAN ISABELA 2	G/F ITC Bldg., National Highway, Cauayan City, Isabela
342	SUBIC2	19B Manila Avenue cor. Canal Street, Subic Bay Freeport Zone
343	SAN FDO. LA UNION2	Ground Floor of Shania Tower, Quezon Avenue, San Fernando City, La Union
344	TUGUEGARAO2	G/F 2 Storey Bldg., Bagay Rd., Andrews St., Andrews Vill., Caritan Centro, Tuguegarao City, Cagayan
345	TUGUEGARAO CRM	G/F 2 Storey Bldg., Bagay Rd., Andrews St., Andrews Vill., Caritan Centro, Tuguegarao City, Cagayan
346	TUGUEGARAO CQM	G/F 2 Storey Bldg., Bagay Rd., Andrews St., Andrews Vill., Caritan Centro, Tuguegarao City, Cagayan
347	PAMPANGA ATM	GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga
348	PAMPANGA CRM	GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga
349	PAMPANGA CQM	GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga
350	NAGA	G/F Prime Days Hotel Bldg., Panganiban Drive, Naga City
351	STA. ROSA	Rizal Blvd., Corner Zavalla Street, Brgy Malusak, Sta Rosa City, Laguna
352	BATANGAS	G/F, Insular Life Bldg., Highway Hills, Hilltop, Batangas City
353	LEGASPI	G/F, Unit 1, SMC Bldg., Landco Business Park, Brgy Capantawan, Legazpi City
354	NAGA2	G/F Prime Days Hotel Bldg., Panganiban Drive, Naga City
355	CALAMBA PARIAN	Anderson Bldg. 1, Barangay Parian, Calamba City, Laguna
356	LIPA	B. Morada Avenue, Lipa City
357	LUCENA	G/F One People Square, M.L. Tagarao corner Granja Street, Lucena City
358	SAN PEDRO LAGUNA	Manila South Road corner Cataquiz Avenue, Brgy. Landayan, San Pedro, Laguna
359	DASMARINAS CAVITE	Congressional Road corner Gov. D Mangubat Ave. Aguinaldo Hi-way, Dasmariñas City, Cavite
360	IMUS CAVITE	G/F Melta Building, Aguinaldo Highway, corner Sampaguita Village, Imus, Cavite
361	BACOR	Addio building, aguinaldo H-way Talaba Bacoor., Cavite
362	CAINTA	F. Felix Ave. corner Karangalan Drive, Cainta, Rizal
363	PUERTO PRINCESA1	Rizal Avenue, Brgy. Maningning, Puerto Princesa City, Palawan
364	PUERTO PRINCESA2	Rizal Avenue, Brgy. Maningning, Puerto Princesa City, Palawan
365	PASEO DE STA ROSA	G/F The Medical City Southluzon, United Blvd, Greenfield Brgy Don Jose, Sta Rosa Laguna

	Branch Name	Address
366	TAGAYTAY	G/F Tagaytay Prime Residences, Tagytay-Calamba Road, Tagaytay Prime Rotonda, Barangay San Jose, Tagaytay City
367	CAINTA2	F. Felix Ave. corner Karangalan Drive, Cainta, Rizal
368	IMUS CAVITE2	G/F Melta Building, Aguinaldo Highway, corner Sampaguita Village, Imus, Cavite
369	BACOR2	Addio building, aguinaldo H-way talaba bacoor., Cavite
370	STA. ROSA2	Rizal Blvd., Corner Zavalla Street, Brgy Malusak, Sta Rosa City, Laguna
371	LEGASPI2	G/F, Unit 1, SMC Bldg., Landco Business Park, Brgy Capantawan, Legazpi City
372	LIPA2	B. Morada Avenue, Lipa City
373	LUCENA2	G/F One People Square, M.L. Tagarao corner Granja Street, Lucena City
374	LIMA TECH.1	Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas
375	LIMA TECH.2	Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas
376	LIMA TECH. CRM	Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas
377	LIMA TECH. CQM	Units 04 - 05, Block C, The Outlets at Lipa, LIMA Technology Center, Lipa, Batangas
378	BINAN CARMONA ATM	National Highway, Brgy. Maduya, Carmona, Cavite
379	BINAN CARMONA CRM	National Highway, Brgy. Maduya, Carmona, Cavite
380	BINAN CARMONA CQM	National Highway, Brgy. Maduya, Carmona, Cavite
381	CEBU BORROMEO	Door 8 Plaza Borromeo Bldg., Borromeo Street, Kalubihan, Cebu City
382	CEBU MANDAUE	Kentredder Bldg., A. Cortes St., Mandaue City, Cebu
383	TAGBILARAN2	J.S. Torralba St. corner CPG Avenue, Tagbilaran City, Bohol
384	CEBU LAPU-LAPU	Lot 2, Block 1, Phase 1, MEPZ II, SEPZ, Lapu-Lapu City, Cebu
385	CEBU LAPU-LAPU2	Lot 2, Block 1, Phase 1, MEPZ II, SEPZ, Lapu-Lapu City, Cebu
386	CEBU TIME SQUARE	G/F, Times Square 2 Bldg, Mantawe Avenue, Brgy Tipolo, North Reclamation Area, Mandaue City, Cebu
387	BACOLOD LACSON	G/F PhilAm Bldg., Lacson cor. Galo St., Bacolod City
388	CEBU BANILAD	G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City
389	CEBU CTR MAXILOM	G/F Ong Tiak Bldg., Gen Maxilom Ave., Cebu City
390	CEBU FUENTE	G/F Rajah Park Hotel, Fuente Osmeña Circle, Cebu City
391	ILOILO GEN. LUNA	Brgy Villa Anita General Luna, Iloilo City
392	ILOILO GEN. LUNA2	Brgy Villa Anita General Luna, Iloilo City
393	TACLOBAN2	Josmar Bldg., M.H. del Pilar St. corner Zamora St., Tacloban City
394	TACLOBAN3	Josmar Bldg., M.H. del Pilar St. corner Zamora St., Tacloban City
395	BACOLOD NORTH CRM	Cor. Villa Valderrama, Lacson St., Mandalagan, Bacolod City
396	BACOLOD NORTH ATM	Cor. Villa Valderrama, Lacson St., Mandalagan, Bacolod City
397	CEBU NORTH ROAD	Gr. Floor, Khuz'ns Bldg., North Hi-way, Estancia, Mandaue City
398	DUMAGUETE	UnionBank Building, Ramon Pastor Sr. Street corner San Juan Street Dumaguete City 6200, Negros Oriental
399	DUMAGUETE2	UnionBank Building, Ramon Pastor Sr. Street corner San Juan Street Dumaguete City 6200, Negros Oriental
400	CEBU MACTAN NT.	G/F, Retail 2 & 3, Plaza Magellan Tower 1, Mactan Newtown, Lapu Lapu City

	Branch Name	Address
401	CEBU AS FORTUNA	GF The Space, A.S. Fortuna Corner P. Remedies st., Brgy Banilad, Mandaue City
402	CEBU SUBANGDAKU	G/F, AD Gothong IT Center, Subangdaku, Mandaue City
403	NORTH DRIVE	G/F, North Drive, Ouano Avenue, North Reclamation Area, Mandaue City
404	CEBU MINGLANILLA	G/F, FCT Commercial Bldg., Poblacion Ward-II, Minglanilla, Cebu
405	CEBU SUMILON	G/F, Buildcomm Center, Sumilon Road, Cebu Business Park, Cebu City
406	CEBU BANILAD CRM	G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City
407	CEBU BANILAD CQM	G/F, Banilad Town Center, Gov. M. Cuenco Ave., Banilad, Cebu City
408	ASIATOWN2	G/F TGU Tower, Asiatown I.T. Park, Lahug, Cebu
409	CEBU BUS. PARK	G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City
410	CEBU BUS. PARK CRM	G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City
411	CEBU BUS. PARK CRM2	G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City
412	CEBU BUS. PARK CQM	G/F Insular Bldg., Mindanao Ave., cor Biliran Road, Cebu Business Park, Cebu City
413	CEBU PLARIDEL	No. 104 Plaridel St., Brgy. Sto. Niño, Cebu City
414	ILOILO IZNART CQM	Villanueva Bldg., Iznart St., Iloilo City
415	ILOILO IZNART CRM	Villanueva Bldg., Iznart St., Iloilo City
416	ILOILO IZNART	Villanueva Bldg., Iznart St., Iloilo City
417	CEBU PUSOK	M.L Quezon National Highway Pusok, Lapu-Lapu City 6015
418	CDO LAPASAN	Lapasan National Highway, Cagayan de Oro City
419	CDO LAPASAN2	Lapasan National Highway, Cagayan de Oro City
420	DAVAO CABAGUIO	G/F, DMIRIE Bldg., JP Cabaguio Avenue, Brgy. Paciano Bangoy, Davao City
421	GENERAL SANTOS 2	G/F Laiz Building, Pioneer Avenue, General Santos City
422	ILIGAN	Manuel L. Quezon Ave, Iligan City, 9200 Lanao del Norte
423	PAGADIAN	Rizal Ave, City of Pagadian, Zamboanga Del Sur, Philippines
424	PAGADIAN2	Rizal Ave, City of Pagadian, Zamboanga Del Sur, Philippines
425	DAVAO MONTEVERDE	G/F Mintrade Bldg. Monteverde Ave. cor. Sales St., Davao City
426	DAVAO QUIRINO	Quirino Avenue cor San Pedro St., Davao City
427	DAVAO RIZAL	G/F Quibod Commercial Center, Rizal Avenue, Davao City
428	GENERAL SANTOS	G/F Laiz Building, Pioneer Avenue, General Santos City
429	ILIGAN2	Manuel L. Quezon Ave, Iligan City, 9200 Lanao del Norte
430	ZAMBOANGA JALDON2	G/F ZAEC Bldg., Mayor Jaldon cor. Gov. Alavarez, Zamboanga City
431	ZAMBOANGA JALDON	G/F ZAEC Bldg., Mayor Jaldon cor. Gov. Alavarez, Zamboanga City
432	BUTUAN	G/F CAP Bldg. J. Rosales Avenue corner JC Aquino St., Butuan City
433	BUTUAN2	G/F CAP Bldg. J. Rosales Avenue corner JC Aquino St., Butuan City
434	DAVAO MAGSAYSAY	R. Magsaysay Ave. cor. E. Jacinto St., Davao City
435	DAVAO MAGSAYSAY CRM	R. Magsaysay Ave. cor. E. Jacinto St., Davao City
436	DAVAO MAGSAYSAY CRM2	R. Magsaysay Ave. cor. E. Jacinto St., Davao City
437	SAN AGUSTIN DELA COSTA ATM (LIBERTY CENTER)	G/F Liberty Center 102 HV Dela Costa corner San Agustin Streets, Salcedo Village, Makati City
438	DOUBLE DRAGON CRM	G/F Double Dragon Center West Tower, Macapagal Avenue corner EDSA Extension, Bay Area, Pasay City
439	DOUBLE DRAGON CQM	G/F Double Dragon Center West Tower, Macapagal Avenue corner EDSA Extension, Bay Area, Pasay City

	Branch Name	Address
440	GRG CRM	UBP Plaza Meralco Avenue., Ortigas Center, Pasig City
441	BAGUIO CRM 2	PF Floor, Cedar Peak Building, Corner General Luna Road and Mabini Street, Baguio City 2600
442	JP RIZAL CRM	731 J.P. Rizal St., Makati City
443	CEBU MANDAUE CRM	Kentredder Bldg., A. Cortes St., Mandaue City, Cebu
444	COMMONWEALTH AVE CRM	12-13 Upper, G/F, Diliman Commercial Center; Commonwealth Ave., Diliman Quezon City
445	ASIATOWN IT PARK CRM	G/F TGU Tower, Asiatown I.T. Park, Lahug, Cebu
446	SAN AGUSTIN DELA COSTA CRM (LIBERTY CENTER)	G/F Liberty Center 102 HV Dela Costa corner San Agustin Streets, Salcedo Village, Makati City
447	AYALA MADRIGAL CRM 1	G/F, Don Vicente Madrigal Building, 6793 Ayala Avenue, Makati City
448	TAGBILARAN CRM	J.S. Torralba St. corner CPG Avenue, Tagbilaran City, Bohol
449	BACOLOD LACSON CRM	G/F PhilAm Bldg., Lacson cor. Galo St., Bacolod City
450	GREENBELT CRM	Twin Cities Condominium, 110 Legaspi St., Legaspi Village, Makati City
451	NOVALICHES GULOD ATM	854 Quirino Highway, Gulod, Novaliches, Quezon City
452	SAN FDO. CONSUNJI	3M Bldg., MacArthur Highway, San Agustin, San Fernando, Pampanga
453	SHAW PASIG CRM	Chipeco Bldg., Shaw Blvd. corner Meralco Ave., Pasig City
454	SAN PEDRO LAGUNA 2	Manila South Road corner Cataquiz Avenue, Brgy. Landayan, San Pedro, Laguna
455	VISAYAS CONGRE ATM1	G/F, Unit 101, WMG Bldg., 47 Visayas Ave., Brgy Culiat
456	VISAYAS CONGRE ATM2	G/F, Unit 101, WMG Bldg., 47 Visayas Ave., Brgy Culiat
457	VISAYAS CONGRE CRM	G/F, Unit 101, WMG Bldg., 47 Visayas Ave., Brgy Culiat
458	MEDICAL CENTER PQUE CRM	G/F, Medical Center Paranaque, Dr. A Santos Avenue, Brgy San Antonio, Paranaque
459	YUCHENGCO CRM	Escolta corner Yuchengco Sts., Binondo
460	GENERAL SANTOS CRM	G/F Laiz Building, Pioneer Avenue, General Santos City
461	CEBU EXCHANGE ATM	Cebu Exchange Arthaland Retail 1D and 1E Cebu Exchange, Salinas Dr. Lahug, Cebu City
462	CEBU EXCHANGE CRM 1	Cebu Exchange Arthaland Retail 1D and 1E Cebu Exchange, Salinas Dr. Lahug, Cebu City
463	CEBU EXCHANGE CRM 2	Cebu Exchange Arthaland Retail 1D and 1E Cebu Exchange, Salinas Dr. Lahug, Cebu City
464	MALINTA	No. 295, Mirjan Building, Maysan Road, Paso de Blas, Valenzuela City
465	MALINTA2	No. 295, Mirjan Building, Maysan Road, Paso de Blas, Valenzuela City
466	UBP 6754 AYALA CRM1	G/F PNB Makati Center, 6754 Ayala Avenue, Brgy. San Lorenzo, Makati City
467	UBP 6754 AYALA ATM1	G/F PNB Makati Center, 6754 Ayala Avenue, Brgy. San Lorenzo, Makati City
468	BAGUIO CRM	PF Floor, Cedar Peak Building, Corner General Luna Road and Mabini Street, Baguio City 2600
469	MAKATI BNA 101	G/F Citibank Center, 8741 Paseo de Roxas corner Villar Streets, Makati City
470	MAKATI BNA 106	G/F Citibank Center, 8741 Paseo de Roxas corner Villar Streets, Makati City
471	MAKATI BNA 107	G/F Citibank Center, 8741 Paseo de Roxas corner Villar Streets, Makati City
472	MAKATI ATM 102	G/F Citibank Center, 8741 Paseo de Roxas corner Villar Streets, Makati City

	Branch Name	Address
473	GRENHILLS BNA 205	G/F 22 Fort & Ester Building, Missouri Street, Northeast Greenhills, San Juan City
474	GREENHILLS BNA 206	G/F 22 Fort & Ester Building, Missouri Street, Northeast Greenhills, San Juan City
475	GREENHILLS ATM 202	G/F 22 Fort & Ester Building, Missouri Street, Northeast Greenhills, San Juan City
476	CEBU BNA 304	G/F Ayala Life-FGU Center, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City
477	CEBU BNA 305	G/F Ayala Life-FGU Center, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City
478	CEBU BNA 306	G/F Ayala Life-FGU Center, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City
479	BINONDO BNA 401	2nd Floor, Pacific Center, Quintin Paredes corner Sabino Padilla Streets, Binondo, Manila
480	BINONDO BNA 404	2nd Floor, Pacific Center, Quintin Paredes corner Sabino Padilla Streets, Binondo, Manila
481	ALABANG BNA 503	Ground Floor, Insular Life Corporate Centre, Insular Drive, Filinvest Corporate City, Alabang, Muntinlupa City
482	ALABANG BNA 505	Ground Floor, Insular Life Corporate Centre, Insular Drive, Filinvest Corporate City, Alabang, Muntinlupa City
483	LIBIS BNA 604	Ground Floor, Citibank Square, 1 Eastwood Avenue, Eastwood City, Barangay Bagumbayan, Quezon City
484	LIBIS ATM 601	Ground Floor, Citibank Square, 1 Eastwood Avenue, Eastwood City, Barangay Bagumbayan, Quezon City
485	LIBIS ATM 602	Ground Floor, Citibank Square, 1 Eastwood Avenue, Eastwood City, Barangay Bagumbayan, Quezon City
486	ADB BNA 9906	GF Malayan Plaza, ADB Avenue, Ortigas, Pasig City, Metro Manila
487	ADB ATM 204	GF Malayan Plaza, ADB Avenue, Ortigas, Pasig City, Metro Manila
488	CITI PLAZA BNA 9912	Ground Floor, Citi Plaza, 34th Street, Taguig City
489	CITI PLAZA BNA 9915	Ground Floor, Citi Plaza, 34th Street, Taguig City
490	MOLITO BNA 504	Puregold Supermarket Molito Complex, Alabang Zapote Road cor. Madrigal Avenue, Muntinlupa City
491	US EMBASSY ATM 9930	2nd Floor, US Embassy, Roxas Boulevard, Pasay City
492	GREENBELT ATM 9913	Ground Floor, Greenbelt 5, Ayala Center, Makati City
493	BGC CENTRAL SQUARE MALL ATM 9924	Basement 1, Central Square, BGC High Street, Taguig City

City Savings Bank

	Branch Name	Address
1	Sto. Nino Branch	City Savings Financial Plaza Corner Osmena Blvd & P. Burgos St., Cebu City
2	Iloilo Branch	143 Esperanza Bldg., General Luna St., Iloilo City
3	Roxas Branch	McKinley St., Roxas City 5800
4	Tacloban Branch	YPL Bldg., 3 Salazar St., 6500 Tacloban City, Leyte
5	Bacolod Branch	Units 4-6, 722 Metropolis Towers, Brgy. Mandalagan, Bacolod City
6	Tagum Branch	G/F PLJ Bldg. Apokon Road, Tagum City, Davao del Norte
7	Zamboanga Branch	RHW Bldg. Brgy. Calenar, Mayor Jaldon St., Zamboanga

	Branch Name	Address
8	Dumaguete Branch	G/F Eros Bldg., Cor. Dr. V. Locsin and Real Sts., 6200 Dumaguete City
9	Calamba Branch	Unit #1 EF GF Margimel Bldg., National Highway Brgy. Halang, Calamba City, Laguna
10	Leganes Branch	Pestano Bldg., Gustilo St., Poblacion, Leganes, Iloilo
11	Balamban Branch	Binghay St., Balamban
12	Ormoc Branch	Aviles St., Ormoc City, Leyte
13	Borongan Branch	JRC Bldg., Brgy. Songco, Borongan, Eastern Samar
14	Kalibo Branch	GE Building, 406 Quezon Avenue, Kalibo, Aklan
15	Pampanga Branch	Unit 102-103 Sburbia Commercial Center, Mc Arthur Highway, Maimpis, San Fernando City, Pampanga
16	Cagayan de Oro Branch	TS Fashion Bldg., Corrales Avenue, Cagayan De Oro City
17	La Union Branch	Kenny Plaza, Quezon Avenue, Brgy. Catbangan, San Fernando City, La Union
18	Legazpi Branch	Tower Mall 4, Landco Business Park, Brgy. Bitano, Legazpi City, Albay
19	Lipa Branch	1nk Centre, Gen. Luna St., Sabang, Lipa City
20	Lucena Branch	ML Tagarao Street, Brgy. 5, Lucena City
21	Caloocan Branch	Diane Bldg., 746 Rizal Ave. Ext., Grace Park, Caloocan City
22	Tagbilaran Branch	CPG Ave., Tagbilaran City, Bohol
23	Tuguegarao Branch	Mabini St. Ugac Norte Tuguegarao City
24	Davao Branch	Doors 1-4 Phil. Red Cross Bldg., Roxas Avenue, Davao City
25	Butuan Branch	Ismael Elloso St. corner JC Aquino Ave. & Imadejas Subdivision Butuan City Agusan del Norte
26	Calapan Branch	Unit 5 & 6, Puregold Calapan, Brgy. Camilmil, Calapan City, Oriental Mindoro
27	Taguig Branch	#48 Gen. Alfredo Santos Avenue, Lower Bicutan, Taguig City
28	Las Pinas Branch	Alabang-Zapote Road corner Crispina Avenue, Pamplona, Las Piñas City
29	General Santos Branch	Santiago Blvd., General Santos City SOCCSKSARGEN
30	Mandaue Branch	City Bridge Plaza, A.C. Cortes Ave., Mandaue City, Cebu
31	Carcar Branch	Awayan Carcar Cebu fronting Caltex Station and Norkis
32	Tanjay Branch	Sweet Lady Bldg., Legazpi St., Brgy. Poblacion 8 Tanjay City Negros Oriental
33	Catarman Branch	1305 Camara Bldg., Brgy Mabololo Catarman Northern Samar
34	San Jose Mindoro Branch	Lebrilla Ang Building, Burgos Corner Rizal Street, Barangay Poblacion 1, San Jose Occidental Mindoro
35	Dipolog Branch	Sergio Osmena Street, Central Barangay, Dipolog City
36	Sta Cruz Branch	P. Guevarra Street, Poblacion, Barangay IV, Sta. Cruz, Laguna
37	Alaminos Branch	Quezon Avenue, Poblacion Alaminos City, Pangasinan
38	Lemery Branch	NVS Bldg, Barangay Malinis, Lemery, Batangas
39	Laoag Branch	Brgy. 51- A Nangalisan, Laoag City, Ilocos Norte
40	Bogo Branch	P. Rodriguez St., Bogo, Cebu
41	Naga Branch	Door #44-45 CBD II Terminal, Triangulo, Naga City, Camarines Sur
42	Marikina Branch	#3 G. Fernando Avenue, San Roque, Marikina City
43	Antique Branch	C.R. Building, T.A. Fornier St., San Jose, Antique
44	Sogod Branch	Corner Concepcion and Mangkaw Streets, Barangay Zone 1 Sogod, Southern Leyte
45	Taytay Branch	National Road, Ilog Pugad, Barangay San Juan, Taytay, Rizal
46	Pagadian Branch	F&N Building, San Francisco District, Pagadian City, Zamboanga del Sur

	Branch Name	Address
47	Gumaca Branch	A Bonifacio Street, Barangay Tabing Dagat, Gumaca, Quezon
48	Calbayog Branch	Salcor Bldg., Rosales Blvd., Calbayog City, Samar
49	Kabankalan Branch	L&M Bldg., Corner Guanzon & Azcona Sts., Kabankalan City
50	San Carlos Branch	Doors 2-4 Heritage Bldg. 1, F.C. Ledesma Ave., San Carlos City
51	Digos Branch	Rizal Avenue, Digos City, Davao Del Sur
52	Ubay Branch	Ground Floor Rogelio Inn Building, Colonel Marciano Garces Street, Poblacion, Ubay, Bohol
53	Infanta Branch	General Luna Street, Poblacion 39, Infanta Quezon Province
54	Kidapawan Branch	Ground Floor - Aspilla Bldg. Quirino Drive, North Cotabato, Kidapawan City
55	Bacoor Branch	G/F San Miguel Bldg., Aguinaldo Highway, Panapaan I, Bacoor City Cavite
56	North Caloocan Branch	Door 1-4 R-V Sabangan Building, 500 Susano Road, Hillcrest Village, Camarin, Caloocan City
57	Solano Branch	Ground Floor Ongtao Building, J.P. Rizal Avenue corner Burgos Street, Solano, Nueva Vizcaya
58	Sorsogon Branch	AD Reyes Building 1461 Magsaysay Street, Barangay Salog, Sorsogon City
59	Palawan Branch	Unit 1-A Ground Floor Unionbank Building, Rizal Avenue Corner Dacanay Street, Barangay Colero, Puerto Princesa City, Palawan
60	Surigao Branch	Ground Floor Parkway Mall Km 3, Barangay Luna, National Highway, Surigao City
61	Koronadal Branch	Villa Amor Hotel, Door 14, General Santos Drive corner Arellano Street, Koronadal City, General Santos
62	Olongapo Branch	G/F PNRC Building, Magsaysay Drive, Olongapo City, Zambales
63	Dasmarinas Branch	Lot 5 & 6, Block 94, Governor's Drive, Metrogate Subdivision, Dasmarinas City, Cavite
64	Baguio Branch	Ground Floor Insular Life Building, Abanao Extension, Corner Legarda Street, Baguio City, Benguet
65	Mati Branch	Rizal Street, Mati City, Davao Oriental
66	Anonas Branch	Belmon Place, 5 Anonas, Project 3, Quezon City
67	Head Office (Ortigas)	G/F, UnionBank Plaza, Meralco Ave. cor. Sapphire and Onyx Streets, Ortigas Center, Pasig City
68	Bayambang Branch	Corner Juan Luna St. Rizal Avenue, Poblacion Sur, Bayambang, Pangasinan
69	Sta. Ana Branch	National Highway Centro, Sta Ana, Cagayan
70	Alicia Branch	National Highway Barangay Magsaysay Alicia Isabela
71	Cauayan Branch	Don Canciller Ave., Cor. Rizal Ave., Alingog Center, Cauayan City
72	Echague Branch	Garfunkel Fine Properties, National Highway, San Fabian, Echague, Isabela
73	Tondo Branch	Ushio Plaza V Honorio Lopez Boulevard, Tondo, Manila
74	Valenzuela Branch	389 Mc Arthur Highway, Malinta, Valenzuela City
75	Navotas Branch	M. Naval Street, Navotas City
76	Sampaloc Branch	1803 Algecira St. Cor. G. Tuazon St. Sampaloc Manila
77	Angeles Branch	Diamond Spring Hotel, 192 McArthur Highway, Barangay Balibago, Angeles City Pampanga
78	Bantay	Zone 2 National Highway Corner Real St., Brgy. 1 Bantay, Ilocos Sur
79	Ilagan	National Highway, Baligatan, Ilagan City, Isabela

	Branch Name	Address
80	Tarlac	Plaza de Oro Arcade, MacArthur Highway, Sto. Cristo, Tarlac City
81	Cabanatuan	701 Paco Roman St., Dimasalang, Cabanatuan City, Nueva Ecija
82	Baliuag	Unit 5 & 6 R-Building DRT Hi-way, Pinagbarilan, Baliuag, Bulacan
83	Naguilian	Magsaysay District, Naguilian, Isabela
84	Balanga	Don Manuel Banzon Avenue, Dona Francisca, Balanga City, Bataan
85	Urdaneta	Honaco Commercial Bldg., National Highway, Urdaneta City, Pangasinan
86	Marilao	Ground Floor RL Building, McArthur Highway Abangan Norte Marilao, Bulacan
87	Dagupan	Rudel Bldg., Perez Boulevard, Corner Guilig St., Dagupan City, Pangasinan
88	San Jose, Nueva Ecija	Mario Salvador Building, Maharlika Highway, Barangay Malasin, San Jose City, Nueva Ecija
89	SJDM, Bulacan	GSS Building, Brgy. Sto. Cristo, Quirino Highway, San Jose Del Monte, Bulacan
90	Baler	Etcubanez Bldg., M.L Quezon Highway, Brgy. Suklayin, Baler, Aurora
91	San Miguel	R. Bldg., Daang Maharlika Highway, Sta Rita Matanda, San Miguel, Bulacan
92	Santiago	Ground Floor Insular Life Building, Maharlika Highway, Santiago City, Isabela
93	Tagaytay	Lot 12 E. Aguinaldo Highway, Brgy. San Jose, Tagaytay City, Cavite
94	Iriga	Zone 5, Highway 1, San Miguel, Iriga City
95	Diffun	Purok 7 National Hiway Andres Bonifacio, Diffun, Quirino
96	Daet	Ground Floor Central Plaza Mall, Central Plaza Complex, Barangay Lag-on, Daet, Camarines Norte
97	Abulug	Maharlika Highway, Barangay Libertad, Abulug, Cagayan/Java Commercial Center Maharlika Highway, Libertad, Abulug Cagayan
98	Sta Rosa	Ground Floor Unitop Building, Zircon Road, Balibago Complex, Balibago, Sta. Rosa, Laguna 4027
99	Batangas	Junction Commercial Complex, Zone 12, Padre Burgos St., Batangas City, Batangas
100	Antipolo	Unit 105 Rikland Center Marcos Highway Mayamot Antipolo City, Rizal
101	Aparri	Maharlika Highway, Macanaya, Aparri, Cagayan
102	Aurora	National Highway, San Jose, Aurora, Isabela
103	Cabatuan	Purok 2 Centro Cabatuan, Isabela
104	Masbate	Upper Ground Floor, Gaisano Capital Mall, National Highway, Masbate City
105	San Mateo	Alicia Road Barangay 1, San Mateo, Isabela
106	Ramon	Purok 1, National Highway, Bugallon Proper, Ramon, Isabela
107	Roxas Isabela	Don Mariano Marcos Avenue Bantug Roxas Isabela
108	Bank on Wheels (BOW)	G/F, UnionBank Plaza, Meralco Ave. cor. Sapphire and Onyx Streets, Ortigas Center, Pasig City

**UNION BANK OF THE PHILIPPINES
LIST OF BANK OWNED BRANCHES
As of December 31, 2023**

Union Bank of the Philippines

Branch Name	Address
Olongapo Branch	87 Magsaysay Drive, East Tapinac, Olongapo City, Zambales
Cagayan De Oro Branch	Lapasan National Highway, Brgy 25, Cagayan De Oro City
Iligan Branch	Manuel L. Quezon Avenue, Poblacion, Iligan City
Iloilo City Branch	General Luna St., Brgy. Villa Anita, Iloilo City
Richville Branch	UGI and UG 4 Condo Units Alabang Zapote Road Madrigal Business Park Alabang, Muntinlupa City
Emerald Branch	G/F Wynsum Corp. Plaza, 22 Emerald Avenue, Ortigas Center, Pasig City
Cabanatuan Branch	P. Burgos St., Poblacion, Cabanatuan City
Davao-Magsaysay Branch	156 Ramon Magsaysay Avenue corner Jacinto St., Brgy 29C, Davao City
Dumaguete Branch	Unionbank Bldg., Real corner San Juan Sts., Brgy 7, Dumaguete City
Dasmarinas	G/F UnionBank Centre Manila Bldg., Quintin Paredes corner Dasmarinas St, Binondo, Manila
Antel Residences (Unit Owned G-3) Floor Area 40.71	G/F Antel Residences, 7829 Salamanca Street., Brgy Poblacion, Makati City
Unionbank Plaza	G/F, UnionBank Plaza Bldg., Meralco Avenue corner Onyx St, Brgy San Antonio, Pasig City
Cebu Exchange Tower	G/F Unit D & E Ceu Exchange Tower, Salinas Drive, Lahug, Cebu city

City Savings Bank

Branch Name	Address
City Savings Financial Plaza	Barangay Santo Nino, Cebu City
Tagbilaran Branch	Barangay Poblacion II, Tagbilaran City, Bohol
Aurora Branch	Santiago-Tuguegarao Road and Pasuquin Street, Brgy. San Jose, Aurora, Isabela
Cabatuan Branch	Santiago-Tuguegarao Road, Brgy. Centro, Cabatuan, Isabela
Cauayan Branch	Alingog Center, Rizal Ave cor. Canciller Ave., Cauayan City Isabela
Diffun Branch	Cordon-Diffun-Madella-Aurora Road, Brgy. A. Bonifacio, Diffun, Quirino
Laoag Branch	Barangay Nangalisan, Laoag, Ilocos Norte - 338 sqm (T-021-2012000001)
Gamu Branch (formerly as Naguilian)	Magsaysay District, Naguilian, Isabela, Philippines
Roxas, Isabela Branch	Don Mariano Marcos Avenue, Brgy. Bantug, Roxas, Isabela
San Mateo Branch	Alicia-San Mateo Road, J. Cadelifia Street and La Salette Street, Brgy. 1, San Mateo, Isabela.
Sta. Ana Branch	Dugo-San Vicente Road and Arellano Street, Brgy. Centro, Sta. Ana, Cagayan

Bangko Kabayan

Branch Name	Address
Executive Office and Ibaan Branch	Santiago St. Poblacion Ibaan Batangas
San Pascual Branch	San Antonio San Pascual Batangas
Cuenca Branch	National Road Poblacion Cuenca Batangas
Rosario Branch	Barangay C Poblacion Rosario Batangas
Mabini Branch	F. Castillo Blvd. Poblacion Mabini Batangas
San Juan Branch	General Luna St. Poblacion San Juan Batangas
Nasugbu Branch	P. Rinoza St. Poblacion Nasugbu Batangas
Calaca Branch	Marasigan St. Poblacion Calaca Batangas
Pagsanjan Branch	Gen. Taino St. Poblacion 1 Pagsanjan Laguna
Nagcarlan Branch	Rizal Avenue Poblacion 2 Nagcarlan Laguna
Bogo Branch	Dele Vina Cor. Lequin Sts, Catecon, Gairan, Bogo City Cebu
Daanbantayan Branch	Osmena St. Poblacion Daanbantayan Cebu
Balasan Branch	Del Rosario St. Poblacion Sur Balasan Iloilo

Annex 3

**UNION BANK OF THE PHILIPPINES
LIST OF LEASED BRANCHES
As of December 31, 2023**

Union Bank of the Philippines

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
2ND AVENUE - GLOBAL CITY	Unit GF-A, GF Blue Sapphire Building, 2nd Avenue corner 30th Street, Bonifacio Global City, Taguig City	376,921.10	October 31, 2025	every 5 years
32ND AVE. - BGC	G/F The Trade & Financial Tower, 7th ave. cor. 32nd St., Fort Bonifacio, Taguig City	846,802.69	September 30, 2024	every 5 years
5TH AVENUE - GLOBAL CITY	Unit 103 GF One Global Place, along 5th Avenue, Bonifacio Global City, Taguig City	362,281.50	April 30, 2025	every 5 years
ACROPOLIS	171 Bridgeview Bldg., E. Rodriguez Jr. Ave, Bagumbayan, Quezon City	126,715.62	April 30, 2025	every 5 years
ADB AVENUE	G/F Burgundy Empire Tower ADB Ave. cor Sap[hire and Garnet Roads, Ortigas Center, Pasig City	308,426.19	October 31, 2028	every 5 years
ALABANG COUNTRY CLUB	G/F, Alabang Country Club, Acacia Drive, Ayala Alabang Village, Brgy. Ayala Alabang, Muntinlupa City	46,305.00	February 29, 2025	every 5 years
ALABANG TOWN (Kiosk)	Makati Supermart Alabang, Alabang Town Center, Muntinlupa City	270,706.84	December 31, 2023	every 2 years
ALI MALL	Ali Mall Financial Center, Level 2, Ali Mall, Araneta Center, Cubao, Quezon City	207,207.35	September 30, 2028	every 5 years
ANGELES	G/F, Bldg 1, Units 1 & 2, Central Town Mall, 263 Fil-Am Friendship Highway, Brgy Cutcut, Angeles City	123,135.65	November 06, 2026	every 5 years
ANNAPOLIS	G/F, Unit 133, Promenade Missouri, Greenhills Shopping Center, Missouri cor. Annapolis St. Greenhills, San Juan	253,469.52	September 30, 2026	every 5 years
ANTEL RESIDENCES	Unit G2 of Antel Residences, Makati Avenue, Makati City	141,822.48	September 30, 2026	every 5 years
AURORA - BALETE DRIVE	Marsk Realty Building, aurora Boulevard corner Balet Drive, Quezon City	108,642.23	September 14, 2025	every 5 years
AURORA BLVD.	677 Aurora Blvd., near cor. Broadway St., Bgy. Mariana, New Manila , Quezon City	93,806.69	March 14, 2025	every 5 years
AYALA - RUFINO	Rufino Bldg. Ayala Ave. corner V Rufino St., Makati city	320,137.20	June 30, 2027	every 5 years
AYALA ALABANG	G/F NOL Building, Commerce cor. Acacia, Alabang, Muntinlupa	679,753.19	June 30, 2024	every 5 years
AYALA AVE	G/F Madrigal Building, 6793 Ayala Avenue, Makati City	797,288.37	November 15, 2025	every 5 years
AYALA SSS	SSS (Makati) Building Ayala Avenue corner V.A. Rufino St, Makati city	893,468.82	December 31, 2023	every 1 years
BACOLOD CITY - LACSON	GF Philam Bldg., Lacson Street cor. Galo, Bacolod City	130,057.30	November 14, 2024	every 5 years

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
BACOLOD NORTH MANDALAGAN	G/F Unit 101, CODECO Bldg, Lacson St corner Consuela Avenue, Brgy Bata, Bacolod City, Negros Occidental	141,859.98	October 31, 2024	every 5 years
BACOR	Addio Bldg., Aguinaldo Highway, Talaba, Bacoor, Cavite	112,992.11	March 31, 2026	every 5 years
BAESA	Dra. C.Pascual Bldg., 142 Quirino Highway, Baesa, Quezon City	93,492.00	July 31, 2026	every 5 years
BAGUIO CITY	Unit PF-7 & PF-7A, Plaza Floor, Cedar Peak Bldg., General Luna corner Mabini Street, Brgy Kabayanihan, Baguio City	178,993.02	March 31, 2026	every 5 years
BALIWAG	Unit 3 & 4, 3006 Augustine Square, 17 Pinagbarilan St., Dona Remedios Trinidad Highway, Baliuag, Bulacan	60,628.68	April 30, 2026	every 5 years
BATANGAS CITY	G/F, Insualr Life Bldg., Highway Hills, Brgy Hilltop, Batangas City	98,018.57	September 30, 2024	every 3 years
BF HOMES	55 President Avenue, BF Homes, Parañaque City	280,716.37	August 31, 2028	every 5 years
BGC 34TH STREET (Panorama)	G/F Panorama Building, 34th Street corner Lane A, Bonifacio Global City, Brgy. Fort Bonifacio, Taguig City	533,299.32	February 28, 2025	every 5 years
BGC 38TH STREET	G/F Orion Bldg., 11th Avenue corner 38th Street., Bonifacio Global City Brgy. Fort Bonifacio, Taguig City	639,598.06	March 31, 2025	every 5 years
BGC 3RD AVENUE	G/F, The Net Square Bldg., 3rd Avenue corner 28th Street, Bonifacio Global City, Taguig City	384,735.75	May 15, 2026	every 5 years
BGC 7TH AVENUE	G/F, Twenty-Four Seven Mckinley Building, 7th Ave., cor. 24th St., Bonifacio Global City, Brgy. Fort Bonifacio , Taguig City	486,273.77	June 24, 2025	every 5 years
BGC MCKINLEY ROAD	G/F, Unit 2, Fairways Tower, 5th Avenue, Bonifacio Global City, Brgy Fort Bonifacio, Taguig City	222,486.71	January 31, 2025	every 5 years
BGC THE LUXE RESIDENCES	G/F, Shop 3, The Luxe Residences, 28th St corner 4th Avenue, Bonifacio Global City, Taguig City	748,659.24	January 31, 2025	every 5 years
BGC TRIANGLE DRIVE	Shop 3, Philplans Building Corporate Center, 1012 North Triangle Drive, Bonifacio Global City, Taguig City	449,275.42	August 14, 2028	every 5 years
BGC UPTOWN PLACE MALL	Lower G/F Uptown Place Mall, 9th Avenue corner 36th Street., Bonifacio Global City, Brgy. Fort Bonifacio, Taguig City	421,265.49	October 31, 2027	every 5 years
BICUTAN	28 Doña Soledad Ave., Better Living Subd., Bicutan, Parañaque City	161,832.14	December 31, 2027	every 5 years
BIÑAN-CARMONA	Golden Mile Business Park, National Highway, Brgy. Brgy. Maduya, Carmona, Cavite	158,608.45	June 30, 2025	every 5 years
BONI AVENUE	Boni Avenue cor. Ligaya St., Mandaluyong City	162,585.18	December 05, 2026	every 5 years
BONIFACIO HIGH STREET	W Global Center located at the corner of 30th Street and 9th Avenue, Brgy. Fort Bonifacio, Taguig City	525,605.03	January 31, 2028	every 5 years

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
BUTUAN	GF CAP Bldg. J.C. Aquino Ave corner J. Rosales St., Brgy Tandang Sora, Butuan City	56,607.86	July 31, 2024	every 5 years
CAINTA	F.Felix Ave. corner Karangalan Drive, Cainta, Rizal	237,600.00	March 31, 2026	every 5 years
CALAMBA - PARIAN	National Highway, Bo. Parian, Calamba, Laguna	199,175.58	May 31, 2027	every 5 years
CARDINAL SANTOS	G/F Cardinal Santos Medical Center, Wilson Street, Greenhills West, San Juan	190,153.38	December 30, 2025	every 1 years
CAUAYAN - ISABELA	G/F Trade Center Building, along National Highway, Cauayan City	111,538.57	November 14, 2028	every 5 years
CEBU - ASIATOWN IT PARK	Unit GF-01, TG Tower, Asiatown I.T. Park, Barangay Apas, Cebu City	265,612.47	January 31, 2029	every 5 years
CEBU - BANILAD	G/F, Banilad Town Center, Gov M. Cuenco Avenue, Banilad, Cebu City	132,033.86	July 31, 2028	every 5 years
CEBU - BORROMEIO	Plaza Borromeo, Borromeo St., Cebu City	78,880.00	June 30, 2027	every 5 years
CEBU - FUENTE	Fuente Osmeña, Cebu City	213,848.71	March 31, 2025	every 5 years
CEBU - MINGLANILLA	G/F, FCT Commercial Bldg., Poblacion Ward II, Minglanilla, Cebu	65,235.00	May 31, 2027	every 5 years
CEBU - PLARIDEL	No. 104 Plaridel St., Brgy. Sto. Niño, Cebu City	210,000.00	January 31, 2028	every 5 years
CEBU - SUBANGDAKU	G/F, Units 3 and 4, A.D. Gothong I.T. Center, Lopez Jaena St., Brgy. Subangdaku, Mandaue City Cebu	133,761.05	June 30, 2027	every 5 years
CEBU A.S. FORTUNA	G/F, The Space, A.S. Fortuna corner P. Remedios Street, Brgy Banilad, Mandaue City Cebu	114,865.34	February 15, 2027	every 5 years
CEBU BUSINESS PARK (INSULAR)	G/F Insular Life Cebu Business Center, Mindanao Avenue corner Biliran Road, CBP-IT Park, cebu City	543,949.33	February 14, 2026	every 5 years
CEBU- BUSINESS SUMILON ROAD	G/F, Buildcomm Center, Sumilon Road, Cebu Business Park, Cebu City	172,541.11	August 31, 2027	every 5 years
CEBU CENTER / MAXILOM	Gen. Maxilom Avenue, Cebu City	624,000.00	September 14, 2026	every 5 years
CEBU LAPU LAPU	Lot 2, Block 1, Phase 1, MEPZ II, SEPZ, Lapu-Lapu City, Cebu	48,744.92	May 31, 2026	every 25 years
CEBU MACTAN NEWTOWN	G/F Retail 2 & 3, Plaza Magellan Tower 1, Mactan Newtown, Lapu Lapu City Cebu	193,242.27	January 31, 2027	every 5 years
CEBU MANDAUE	Kentredder Bldg., A. Cortes St., Mandaue City, Cebu	134,505.00	February 28, 2025	every 5 years
CEBU NORTH DRIVE	G/F, North Drive Center, Ouano Avenue, North Reclamation Area, Mandaue City, Cebu	156,680.76	June 30, 2027	every 5 years
CEBU TIME SQUARE	G/F, Time Square 2 Bldg., Mantawe Avenue, North Reclamation Area, Brgy Tipolo, Mandaue City, Cebu	141,678.00	October 31, 2026	every 5 years
CITYPLACE SQUARE	3rd Floor, Lucky Chinatown-Cityplace Square, Calle Felipe cor. La Chambre Street, Brgy. 293, Zone 28, Binondo, Manila	264,943.62	July 31, 2024	every 3 years

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
CLARK	M. Roxas Highway, Philexcel Business Park, Clark Freeport Zone, Pampanga	94,778.18	April 14, 2028	every 5 years
COMMONWEALTH	G/F Diliman Commercial Center, Commonwealth Avenue Quezon City	107,443.40	February 28, 2025	every 5 years
COMMONWEALTH-LUZON AVE.	Kayumanggi Center, Commonwealth Avenue corner Luzon Avenue, Brgy. Matandang Balara, Quezon City	121,003.12	January 15, 2028	every 5 years
CUBAO (P. Tuazon)	7th Avenue cor P. Tuazon, Cubao, Quezon City	248,283.43	January 31, 2025	every 5 years
DAGUPAN	Perez Blvd. Brgy. Pogo Chico, Dagupan City	165,000.00	August 31, 2027	every 5 years
DASMARIÑAS CAVITE	Aguinaldo Hi-way cor. Congressional Avenue, Dasmariñas, Cavite	144,725.62	July 31, 2024	every 5 years
DAVAO - CABAGUIO	G/F, DMIRIE Bldg., JP Cabaguio Avenue, Brgy. Paciano Bangoy, Davao City	120,335.12	March 31, 2027	every 5 years
DAVAO - MONTEVERDE	Monteverde Avenue cor. Sales St., Davao City	201,982.93	June 30, 2026	every 5 years
DAVAO - QUIRINO	Quirino Avenue cor San Pedro St., Davao City	162,939.60	September 30, 2024	every 5 years
DAVAO - RIZAL	G/F Quibod Commercial Complex, Rizal Avenue, Davao City	111,172.05	November 30, 2025	every 5 years
DEL MONTE AVENUE	345 Del Monte Avenue corner Banawe St., Brgy Manresa, Quezon City	273,000.00	March 31, 2026	every 5 years
DELA ROSA	G/F, Insular Health Care Bldg., 167 Dela Rosa corner Legazpi Street, Legaspi Village, Makati City	315,272.83	May 31, 2025	every 1 years
DOUBLE DRAGON MERIDIAN	G/F, Double Dragon Center West Tower, Macapagal Avenue corner EDSA Extension, Bay Area, Pasay City	420,096.32	December 16, 2024	every 5 years
DR. A. SANTOS	GF Lianas Supermarket, Dr. A. Santos Avenue corner Canaynay Road, Sucat, Parañaque City	145,000.00	April 30, 2027	every 5 years
E. RODRIGUEZ	1st floor - West, Katipunan Bldg., 95 E. Rodriguez Ave., Brgy Tatalon, Quezon City	52,093.13	May 31, 2029	every 5 years
EASTWOOD CITY (Le Grand)	G/F Unit LGR1-6, Le Grand Tower 1, Palm Tree Ave., Eastwood City, Brgy. Bagumbayan, Quezon City	233,131.33	January 31, 2025	every 5 years
EDSA - KALOOKAN	EDSA cor. Urbano Plata St., Kalookan City	355,364.12	March 15, 2025	every 5 years
EDSA PIONEER	Upper GF Robinsons Cybergate Plaza, Robinsons Pioneer Complex, Mandaluyong EDSA	178,168.15	April 24, 2025	every 5 years
ESCOLTA	G/F Regina Building, Escolta, Manila	272,558.03	May 31, 2025	every 5 years
FRONTERA VERDE	G/F, Transcom Bldg., Frontera Verde, E. Rodriguez Jr. Avenue., Brgy Ugong, Pasig City	280,718.91	December 31, 2026	every 4 years
GEN. SANTOS	G/F, SunCity Suites, Digos Makar National Hwy., Brgy. Lagao, General Santos City	100,800.00	July 31, 2025	every 5 years

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
GMA TIMOG	G/F, Unit 101, Cabrera Bldg 1, 130 Timog Ave., Brgy Sacred Heart, Quezon City	361,679.91	January 23, 2029	every 5 years
GREENBELT	Aboitiz Bldg., 110 Legaspi St., Legaspi Village, Makati city	378,197.21	August 31, 2028	every 5 years
GREENHILLS	Ortigas Ave. near cor. Wilson St., San Juan	490,017.60	April 30, 2024	every 5 years
GSIS	GSIS Main Office Financial Center, Pasay City	200,607.89	May 31, 2028	every 5 years
H.V. DELA COSTA	Unit 101, Gr Fl Singapore Airlines House, H. V. dela Costa St., Salcedo Vill., Makati City	314,440.36	January 01, 2029	every 5 years
ICTSI - PORT AREA	Garden Area, Manila International Container Terminal, MICT South Access Road, Port Area, Manila	30,180.00	March 31, 2025	every 3 years
ILOILO - IZNART NORTH	Villanueva Bldg., Iznart St., Iloilo City	104,186.25	August 31, 2028	every 5 years
IMUS	G/F Melta Building, Aguinaldo Hi-way cor. Sampaguita Village, Imus, Cavite	132,000.00	December 31, 2025	every 5 years
INSULAR AYALA-PASEO	G/F, Insular Life Bldg., Ayala Avenue corner Paseo De Roxas, Makati City	1,365,623.88	November 30, 2027	every 5 years
INTRAMUROS	Gr. Floor, BF Condominium Bldg., A. Soriano Jr., Avenue, Intramuros, Manila	300,144.14	July 31, 2025	every 9 years
J. P. RIZAL	731 J.P.Rizal Street., Makati City	91,892.27	November 30, 2027	every 5 years
JULIA VARGAS	Centerpoint Condominium, Dona Julia Vargas Ave. cor. Garnet St. Ortigas Center, Pasig city	170,030.07	February 28, 2026	every 5 years
KALOOKAN	357 Rizal Ave. Ext. Grace Park, Kalookan City	273,488.91	March 31, 2028	every 5 years
KAMIAS	Gr. Floor, TDS Bldg., No. 72 Kamias Road, Quezon City	91,208.64	November 30, 2026	every 5 years
KATIPUNAN	335 Katipunan Avenue, Loyola Heights, Quezon City	232,029.13	January 15, 2025	every 5 years
LAOAG - SAN NICOLAS	G/F, 365 Plaza Building, Brgy 1, San Nicolas, Ilocos Norte	91,314.04	December 31, 2028	every 5 years
LAPU - LAPU NATIONAL HIGHWAY	M. L. Quezon National Highway, Pusok, Lapu-Lapu City Cebu	77,390.51	February 28, 2026	every 5 years
LAS PIÑAS - PAMPLONA	Alabang-Zapote Rd. cor. Crispina Avenue, Las Piñas City	322,546.36	May 31, 2026	every 5 years
LEGAZPI CITY	G/F, Unit 1, SMC Bldg., Landco Business Park, Brgy. Capatawan, Legazpi City	101,130.12	November 15, 2026	every 5 years
LIBERTAD MANDALUYONG	GF Cluster El Dorado, California Garden Square, Libertad, Mandaluyong City	176,109.71	October 31, 2024	every 3 years
LIBIS C5 QC	184-B E. Rodriguez Jr. Ave., Bagumbayan, Quezon City	206,481.79	December 31, 2024	every 1 years
LIMA	Unit GC-R04 and GC-R05, The Outlets, LIMA Technological Center, Special Economic Zone, Malvar, Lipa City	145,022.05	June 30, 2028	every 5 years
LIPA CITY	B. Morada Avenue, Lipa City, Batangas	159,535.20	April 30, 2027	every 2 years

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
LOURDES HOSPITAL	G/F Medical Arts Building, Our Lady of Lourdes Hospital, No. 46, P. Sanchez St., Sta Mesa, Manila	85,085.44	December 31, 2024	every 5 years
LUCENA (One People Square)	One People Square Business Center M.L. Tagarao cor. Granja Street, Lucena City	254,686.26	March 22, 2027	every 5 years
MACAPAGAL AVENUE	G/F, Y Tower, Macapagal Avenue corner Coral Way Drive, MOA Complex Pasay City	407,486.32	January 02, 2029	every 5 years
MAGALLANES	GF Maga Center, Paseo De Magallanes, Magallanes, Makati City	69,000.00	December 15, 2024	every 5 years
MAKATI AVENUE	Makati Avenue corner Durban St., Makati City	612,932.94	December 31, 2025	every 4 years
MALABON	Gov. Pascual Avenue cor. River St., Malabon	100,975.46	September 05, 2028	every 5 years
MALATE	G/F Marioco Building, 1945 M. Adriatico St., Malate, Manila	267,079.77	October 15, 2024	every 5 years
MALINTA	No. 295, Maysan Road, Paso de Blas, Valenzuela City	161,051.00	July 16, 2028	every 5 years
MANDALUYONG	G/F PICPA Bldg., 700 Shaw Blvd, Mandaluyong city	303,657.16	January 31, 2026	every 5 years
MANDAUE NORTH	Gr. Floor, Khuz'ns Bldg., North Hi-way, Estancia, Mandaue City Cebu	116,142.30	December 31, 2026	every 5 years
MARIKINA	WRC 2 Bldg. # 47 Gil Fernando Ave. former A. Tuazon St. Midtown Subdivision II Brgy. San Roque Marikina City	89,356.51	March 18, 2028	every 5 years
MASANGKAY	911-913 Masangkay St., Binondo, Manila	173,643.75	September 15, 2025	every 5 years
MAYHALIGUE	Gr. Floor, One Masangkay Place, No. 1420 Masangkay near cor. Mayhaligue St., Sta. Cruz Manila	234,381.48	June 30, 2027	every 5 years
MAYON	G/F, ACI Bldg., 178 Mayon Street, Sta Mesa Heights Brgy. Maharlika, Quezon City	94,500.00	January 31, 2027	every 5 years
MCKINLEY HILL	Unit 1A and 1B Two World Square, McKinley Hill, Taguig City	607,601.50	October 31, 2027	every 4 years
MCKINLEY WEST	Lower G/F, Robinsons Cyber Sigma Building, Lawton Avenue, Bonifacio South, Taguig City	114,229.50	July 07, 2027	every 5 years
MEDICAL CITY	The Medical Arts Tower, Medical City Hospital, Ortigas Avenue, Pasig city	169,487.88	May 31, 2024	every 5 years
MEDICAL CENTER PARANAQUE	G/F, Medical Center Paranaque, Dr. A. Santos Avenue, Brgy. San Antonio, Sucat, Paranaque City	184,200.00	February 28, 2025	every 5 years
MEYCAUAYAN	Gr. Floor, Marian Bldg., McArthur Hi-way, Calvario, Meycauayan, Bulacan	177,875.30	December 31, 2027	every 5 years
MULTINATIONAL BANCORP	Ground Floor Multinational Bancorporation Center, Ayala Avenue, Makati City	195,842.37	December 15, 2024	every 4 years
MUNTINLUPA	12 National Road, Putatan, Muntinlupa city	120,608.61	September 30, 2026	every 5 years
NAGA CITY	G/F Prime Days Hotel Bldg. Panganiban Drive, Naga City	190,499.07	April 30, 2029	every 5 years

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
NAVOTAS	807-817 M. Naval St., Navotas, Metro Manila	155,132.83	May 31, 2026	every 5 years
NEWPORT CITY	GF Star Cruises Centre, Newport City, Andrew Avenue, Pasay City	790,567.15	January 31, 2029	every 5 years
NOVALICHES	854 Quirino Hiway, Gulod, Novaliches, Quezon City	246,712.58	July 31, 2024	every 5 years
ORTIGAS (SAN MIGUEL)	21 San Miguel Ave., Ortigas Center, Pasig City	263,497.49	May 31, 2028	every 5 years
PAGADIAN CITY	Rizal Ave., Pagadian City	125,048.32	December 31, 2024	every 5 years
PAMPANGA	GF Mel-Vi Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga	187,103.55	May 31, 2028	every 5 years
OTIS	1763 Paz M. Guazon St., Paco, Manila	233,710.04	May 31, 2026	every 5 years
PASAY (TAFT)	along Taft Avenue, Pasay City	134,698.22	November 30, 2025	every 5 years
PASAY ROAD	No. 912 Pasay Road, San Lorenzo Village, Makati City	294,176.82	April 14, 2028	every 5 years
PASCOR DRIVE	G/F SkyFreight Center, Ninoy Aquino Avenue corner Pascor Drive, Brgy Sto Nino, Parañaque City	116,588.32	December 31, 2025	every 5 years
PASEO DE ROXAS	G/F 111 Paseo De Roxas Bldg. 111 Paseo De Roxas, Legazpi Village, Makati City	241,537.48	May 31, 2028	every 5 years
PASEO DE STA. ROSA	G/F Southern Luzon Medical Center, Sta. Rosa City, Laguna	97,544.37	December 31, 2027	every 5 years
SHAW BLVD.	131-133 Shaw Boulevard, Pasig City	225,540.94	January 31, 2026	every 5 years
PASONG TAMO - JTKC	G/F JTKC Building, Pasong Tamo, Makati City	497,588.55	July 31, 2026	every 3 years
PASONG TAMO EXTENSION	G/F Priscilla 100 Bldg., 2297 Pasong Tamo Ext., Makati City	429,319.54	October 01, 2028	every 5 years
PUERTO PRINCESA	G/F, UnionBank Bldg., 293 J. Rizal Avenue, Brgy. Maningning, Puerto Princesa City, Palawan	159,719.00	May 31, 2028	every 5 years
RADA	Prince Bldg., 117 Rada St, Legaspi Village, Makati City	300,791.50	May 31, 2027	every 5 years
RENAISSANCE	G/F Renaissance Center, Meralco Ave., Pasig City	324,292.18	February 29, 2024	every 5 years
ROOSEVELT	244 Roosevelt Avenue, San Francisco del Monte, Quezon City	194,842.97	June 30, 2025	every 5 years
SALCEDO	Golden Rock Bldg., 168 Salcedo St., Legaspi Village, Makati City	218,117.18	February 28, 2026	every 5 years
SAN AGUSTIN DELA COSTA	G/F, Liberty Center, 102 HV Dela Costa corner San Agustin Streets, Salcedo Village, Makati City	498,506.40	May 31, 2024	every 5 years
SAN FERNANDO - PAMPANGA	3M Bldg., MacArthur Highway, San Agustin, San Fernando, Pampanga	42,000.00	May 31, 2028	every 5 years
SAN FERNANDO LA UNION	G/F, Nisce Business Center, Quezon Avenue, City of San Fernando, La Union	81,068.48	November 30, 2028	every 5 years
SAN PEDRO	National Highway, near cor. Cataquiz Avenue, Brgy. Landayan, San Pedro, Laguna	81,068.48	December 31, 2028	every 3 years
SANTIAGO	along Maharlika Highway, Santiago, Isabela	85,000.00	July 31, 2027	every 5 years

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
SHAW PASIG	Chipeco Bldg., Shaw Blvd corner Meralco Ave. Pasig City	178,679.42	December 31, 2028	every 5 years
SOUTH TRIANGLE	Quezon Ave. cor. Sct. Albano St., Quezon City	444,915.63	December 31, 2025	every 5 years
SSS EAST AVENUE	G/F, SSS Main Building, East Avenue, Quezon City	124,250.50	May 13, 2024	every 5 years
ST. FRANCIS SHANGRI-LA PLACE	Unit T1G1 G/F Tower 1, St. Francis Shangri-La Place, Shaw Boulevard cor. St. Francis St. Mandaluyong City	317,036.64	December 31, 2026	every 3 years
STA. ROSA	Poblacion St., Barangay II, Sta. Rosa, Laguna	124,279.18	October 31, 2025	every 5 years
STO DOMINGO	Ground Floor, Elements Building, 560 Quezon Avenue, Quezon City	220,419.90	September 30, 2028	every 5 years
STO. CRISTO	Units LG 01, 02, 06 Burke Plaza, Sto Cristo cor San Fernando Sts , Binondo Manila	232,604.03	February 28, 2026	every 5 years
SUBIC	Manila Ave. Cor Dewey Ave. Canal Road, Subic Bay Freeport Zone, Zambales City	6,500,000.00	July 31, 2054	every 51 years
T. ALONZO	625 T. Alonzo St., Sta. Cruz, Manila	244,234.23	November 14, 2025	every 5 years
TACLOBAN CITY	G/F, Tacloban Plaza Bldg., Justice Romualdez St., Tacloban City	145,800.00	September 15, 2025	every 1 years
TAFT AVENUE	GO1 & LG1, The Kassel Condominium, No. 2625 Taft Avenue near cor. Vito Cruz St., Malate, Manila	119,603.54	September 30, 2028	every 5 years
TAGAYTAY	G/F, Tagaytay Prime Residences, Tagaytay-Calamba Road, Tagaytay Prime Rotunda, Brgy San Jose, Tagaytay City	125,583.72	December 16, 2028	every 3 years
TAGBILARAN	CPG Avenue, Tagbilaran, Bohol City	112,600.18	September 30, 2024	every 5 years
TARLAC	Jaral Bldg. McArthur Ave. cor. Juan Luna St., Tarlac, Tarlac	171,303.95	February 28, 2027	every 5 years
TEKTITE	G/F PSE Center, Ortigas Complex, Pasig City	1,033,675.77	September 30, 2025	every 4 years
TIMOG	Cabrera Building II. 64 Timog Ave, Quezon City	433,694.89	February 23, 2028	every 5 years
TOMAS MORATO	T. Morato cor. Sct. Lozano, Quezon City	249,713.42	November 30, 2024	every 5 years
TUGUEGARAO	G/F Bagay Road corner Andrews Street, Caritan Centro, Tuguegarao City, Cagayan	86,821.88	January 31, 2029	every 5 years
UN AVENUE	M.H. del Pilar corner M. Guerrero Streets, U.N. Avenue, Ermita, Manila	289,670.19	December 31, 2028	every 5 years
VALENZUELA - FATIMA	Km 12 McArthur Hi-way, Marulas, Valenzuela	202,253.88	May 14, 2027	every 5 years
VALERO	Le Grand Condominium, 130 Valero St., Salcedo Village, Makati City	337,365.00	July 31, 2028	every 3 years
VERTEX ONE - SAN LAZARO	Space 12 & 13, Vertex One building, San Lazaro, Manila	216,821.04	December 31, 2028	every 6 years
VIGAN	Jose Singson St., Vigan, Ilocos Sur	97,767.11	December 31, 2026	every 5 years
VISAYAS CONGRESSIONAL	G/F, WMG Bldg., 47 Visayas Avenue corner Congressional Ext., Brgy. Culiati, Quezon City	200,116.98	December 31, 2025	every 5 years

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
VITO CRUZ	Kingswood Arcade, Vito Cruz St. corner Pasong Tamo St., Makati City	102,482.78	January 30, 2026	every 5 years
WACK - WACK	6 Shaw Blvd. corner Laurel St., Mandaluyong City	227,535.81	December 31, 2024	every 5 years
WEST AVENUE - BALER	#91 West Ave. Brgy Bungad, Quezon City	163,184.96	May 31, 2028	every 5 years
WEST SERVICE ROAD	Rodeo Bldg., Km. 18 West Service Road, South Luzon Expressway, Parañaque City	126,048.06	June 30, 2027	every 5 years
YUCHENGCO	G/F , Units 2 & 3 , Escolta Parking Bldg., Escolta corner Yuchengco Sts., Binondo Manila	239,023.43	August 31, 2025	every 5 years
ZAMBOANGA CITY	G/F ZAEC Bldg. Mayor Jaldon Street cor. Governor Alvarez St. Zamboanga City	129,985.55	September 29, 2024	every 5 years
FORMER CITI MAKATI / UNIONBANK 8741 PASEO DE ROXAS	8741 Paseo De Roxas, Salcedo Village, Bel-Air, Makati	1,255,250.00	November 20, 2022	every 5 years
FORMER CITI GREENHILLS / UNIONBANK NORTHEAST	22 Missouri St., Northeast Greenhills , San Juan	1,453,108.78	November 30, 2024	every 5 years
FORMER CITI CEBU / UNIONBANK CEBU AYALA - FGU	G/F Ayala Life-FGU Center, Mindanao Ave. cor. Biliran Rd., Cebu Business Park, Cebu City	646,551.84	June 30, 2025	every 5 years
FORMER CITI ADB / UNIONBANK ADB	G/F ADB Bldg., 6 ADB Avenue, Mandaluyong City	-	-	-
6754 AYALA AVENUE	G/F PNB Makati Center, 6754 Ayala Avenue, Brgy San Lorenzo MAKATI	277,329.00	September 15, 2027	every 5 years

City Savings Bank

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
ABULUG	Java Commercial Center National Road, Libertad, Abulug, Cagayan	35,714.29	January 03, 2028	5
ALAMINOS	21 Quezon Avenue, Poblacion Alaminos City, Pangasinan	99,960.00	July 22, 2025	5
ALICIA	National Highway, Barangay Magsaysay, Alicia, Isabela	49,532.71	January 01, 2028	5
ANGELES	Diamond Spring Hotel 192 McArthur Highway Brgy. Balibago, Angeles City Pampanga	120,290.20	April 06, 2025	10
ANONAS	Ground Floor Belmont Place Building, No. 5 Anonas Street, Project 3, Quezon City	73,705.26	July 22, 2025	5
ANTIPOLO	Unit 105 Rikland Center Marcos Highway Mayamot Antipolo City, Rizal	104,533.53	July 01, 2028	5
ANTIQUE	C.R. Building, T.A. Fornier St., San Jose, Antique	78,947.37	December 01, 2028	5
APARRI	Maharlika Highway, Macanaya, Aparri, Cagayan	42,317.97	March 31, 2025	3
BACOLOD	G/F 722 Metropolis Tower, Lacson St., Mandalagan, Bacolod City, Negros Occidental	136,827.15	May 01, 2027	5

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
BACOR	G/F San Miguel Bldg, Panapaan I, Aguinaldo Hi-way Bacoar Cavite	79,007.91	May 31, 2024	5
BAGUIO	Ground Floor Insular Life Building, Abanao Extension, Corner Legarda Street, Baguio City, Benguet	165,460.50	October 01, 2028	5
BALAMBAN	E.S. Binghay St. Sto Niño-Sta Cruz Poblacion, Balamban, Cebu	98,250.00	April 01, 2028	5
BALANGA	Don Manuel Banzon Ave. Dona Francisca 2nd District City of Balanga, Bataan	116,101.11	May 14, 2028	8
BALER	Etcubañez Building Ground Floor Purok 7, Quezot Street, Brgy. Suklayin Baler Aurora	44,781.81	December 04, 2024	5
BALIWAG	R Building DRT Hi-way, Pinagbarilan, Baliwag, Bulacan	85,085.44	April 10, 2028	5
BANGUED	Snook's Commercial Bldg, Torrijos St., Zone 5, Bangued, Abra	22,028.42	March 01, 2028	5
BANTAY	Zone 2 National Highway Corner Real St. Brgy. 2 Bantay, Ilocos Sur	80,526.64	December 01, 2027	5
BATANGAS	Junction Commercial Complex, Zone 12, Padre Burgos St., Batangas City, Batangas	113,248.80	April 26, 2025	5
BAYAMBANG	EPAY Bldg. Juan Luan St. Poblacion Sur, Bayambang, Pangasinan	78,750.00	November 01, 2027	5
BAYAWAN	MRG Commercial Building, Peping Gamo St., Tinago, Bayawan City, Negros Oriental	30,173.68	February 28, 2025	5
BISLIG	Saint Vincent de Paul Arcade, John Bosco St., Mangagoy, Bislig City, Surigao del Sur	7,260.00	April 19, 2025	3
BOGO	P. Rodriguez St., Bogo, Cebu	30,000.00	July 31, 2026	5
BONTOC	Challea Bldg. Lower Caluttit, Bontoc, Mountain Province	15,887.86	July 18, 2028	5
BORONGAN	JRC Bldg., Songco, Borongan, Eastern Samar	57,995.91	October 31, 2025	5
BUTUAN	Imadejas Triangle, JC Aquino Avenue, Imadejas Subdivision, Butuan City	85,536.90	May 01, 2024	5
CABANATUAN	701 Paco Roman Street, Dimasalang Cabanatuan City, Nueva Ecija	87,980.82	December 05, 2027	5
CABARROGUIS	Purok 1, Gundaway, Cabarroguis, Quirino	14,533.00	June 05, 2024	1
CADIZ NEGROS OCCIDENTAL	Laura Hotel, Villena St., Cadiz, Negros, Occidental	15,000.00	October 01, 2028	5
CAGAYAN	TS Fashion Building, Corrales Ave. (between J. Ramonal & R. Chaves Sts., Cagayan de Oro City	88,485.05	July 01, 2024	3
CALAMBA	Unit #1EF G/F Margimel Bldg., National Highway, Brgy. Halang, Calamba City, Laguna	125,685.00	January 31, 2025	5
CALAPAN	Puregold Building, Brgy. Camilmil, Calapan City	87,549.79	September 09, 2024	5
CALBAYOG	Youxiu Bldg., Maharlika Highway, P1 Brgy. Obrero, Calbayog City, Western Samar	75,000.00	June 13, 2028	5

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
CALOOCAN	Dianne Building No. 746 Rizal Avenue Extension, Grace Park, Caloocan City	262,200.00	November 01, 2027	5
CANDON	2/F Valdez Building National Highway, San Nicolas, Candon City, Ilocos Sur	11,936.02	March 18, 2026	5
CARCAR	Units 1-4, Dr. Paulino H. Lopez Building Poblacion 1, Rotunda, Carcar City, Cebu	80,000.00	November 01, 2028	5
CATARMAN	Camara Building 1305 Bonifacio corner Garcia Sts., Barangay Mabolo, Catarman, Northern Samar	78,430.92	June 01, 2028	5
CATBALOGAN	138 Del Rosario Street, Brgy. 7, Catbalogan City, Samar	20,000.00	January 16, 2028	5
DAET	Central Plaza Mall, Central Plaza Complex, Brgy. Lag-on, Daet, Camarines Norte	98,324.73	May 01, 2025	5
DAGUPAN	Rudel Building Perez Boulevard, Corner Guilig Street, Dagupan City, Pangasinan	65,984.63	May 31, 2026	5
DANAO	Ground Floor, GA Complex II, Juan Luna St., Danao City, Cebu	17,407.90	November 17, 2024	3
DASMARINAS	Lot 5 & 6, Block 94, Governor's Drive, Metrogate Subdivision, Dasmaringas City, Cavite	58,080.00	December 31, 2023	5
DAVAO	Doors 1-4 Red Cross Bldg., M. Roxas Avenue, Davao City	173,752.93	November 01, 2027	5
DIGOS	Unit 6,7&8 USPD BLDG. Rizal Avenue Digos City	96,917.65	May 01, 2028	5
DINAGAT	DM Ave., P-1 Brgy. San Juan, San Jose Poblacion, Dinagat Islands	15,789.47	March 01, 2025	5
DINALUPIHAN	No. 20 Rizal St., Brgy Rizal, Dinalupihan, Bataan	16,000.00	June 13, 2028	5
DIPOLOG	Bulosan Bldg., Sergio Osmena Street, Central Barangay, Dipolog City, Zamboanga del Norte	42,105.26	July 23, 2025	5
DUMAGUETE	G/F EROS Bldg., Dr. V. Locsin St. corner Real St., Dumaguete City	136,379.80	December 31, 2024	5
ECHAGUE	R&J Building, Maharlika Highway, Ipil Junction, Echague, Isabela	42,105.26	November 01, 2028	5
ESPANA	1880 España Gallery Building, San Diego and Quintos Sts., corner España Blvd., Sampaloc, Manila	92,733.64	January 27, 2025	5
ESTANCIA	National Highway, Brgy. Tabuan, Estancia, Iloilo	17,368.42	July 31, 2024	3
GENERAL SANTOS	DIMDI Bldg Santiago Boulevard Dadiangas South, General Santos City South Cotabato	94,649.07	December 25, 2024	5
GLAN	Hombrebueno Street, Poblacion Glan, Sarangani Province	8,421.05	September 06, 2024	3
GOA	Jimenez Building 2, Rizal, Bagumbayan Pequeno St. Goa Camarines Sur	11,693.36	April 27, 2025	3
GUIMARAS	E. Cantua Bldg., San Miguel, Jordan, Guimaras	6,963.16	September 14, 2024	3

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
GUMACA	A. Bonifacio St. Brgy. Tabing Dagat Gumaca, Quezon	22,564.09	August 23, 2024	10
IBA	H&J De Guia Bldg., Rizal Street, Brgy Palanginan, Iba, Zambales	16,000.00	June 13, 2028	5
ILAGAN	4J Commercial Center, Baligatan, Ilagan City, Isabela	36,842.11	February 01, 2028	5
ILIGAN	Brgy. Mahayahay, Roxas Ave., Iligan City	25,531.58	October 17, 2024	3
ILOILO	Ground Floor 143 Esperanza Building, General Luna Street, Iloilo City	110,959.93	March 31, 2024	5
IMELDA	National Highway, Poblacion, Imelda, Zamboanga Sibugay	12,631.58	March 01, 2028	5
INFANTA	General Luna Street, Poblacion 39, Infanta Quezon Province	22,217.38	July 31, 2025	10
IPIL ZAMBOANGA SIBUGAY	CL Bldg, Purok Masigla, Poblacion, Ipil, Zamboanga Sibugay	30,000.00	August 16, 2028	5
IRIGA	Ground Floor, Hi-way 1 Zone 5, San Miguel Iriga City	76,563.00	June 12, 2025	5
IROSIN	JRC Bldg., Fr. Zamora St., Brgy. San Julian, Irosin, Sorsogon	17,407.89	March 02, 2025	5
ISULAN	2nd Floor, RD Bldg., National Highway, Brgy. Kalawag 2, Isulan, Sultan Kudarat	18,658.76	August 16, 2024	3
KABANKALAN	L&M Bldg., Corner Guanzon & Azcona Sts., Kabankalan City	27,333.04	April 01, 2028	5
KALIBO	G/F Cruzadel Bldg, Archbishop Reyes St. Poblacion, Kalibo, Aklan	51,179.21	April 01, 2028	5
KIDAPAWAN	G/F Aspillia Bldg., Quirino Drive, North Cotabato, Kidapawan City	108,000.00	June 26, 2026	3
KORONADAL	Villa Amor Hotel, General Santos Drive, cor., Arellano Street, Koronadal City, South Cotabato	74,970.00	July 22, 2025	5
LA UNION	1ST FLOOR Kenny Plaza, Quezon Ave., Catbangan, San Fernando City, La Union	84,210.52	March 01, 2027	5
LAGAWE	No. 07 Magno Building Rizal Avenue, Poblacion East, Lagawe, Ifugao	12,471.09	July 18, 2028	5
LAS PINAS	Alabang - Zapote Road Corner Crispina Avenue, Pamplona, Las Pinas City	137,679.05	May 31, 2026	5
LEGANES	Pestaño Bldg., Gustilo St., Poblacion, Leganes, Iloilo	74,082.75	December 31, 2025	4
LEGAZPI	Tower Mall Building 4, Landco Business Park, Legazpi City	135,924.29	January 31, 2024	5
LEMERY	NVS Building, Brgy. Malinis, Lemery, Batangas	77,175.00	September 28, 2024	5
LIPA	G/F 1NK Centre, General Luna St., Sabang, Lipa City, Batangas	94,168.73	October 02, 2027	5
LUCENA	Ground Floor ML. tagarao St., Brgy 5 Lucena City	113,975.13	May 21, 2028	5
LUNA	2nd Floor Awali Square Building San Isidro Luna Apayao	9,596.11	July 18, 2028	5

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
MAASIN	#267 Aquino Ledesma Suites R. Kangleon St. Brgy Tagnipa, Maasin City Southern Leyte, 6600	11,934.11	March 31, 2025	5
MALITA	Lustre Bldg., Manuel Peralta St., Malita, Davao Occidental	11,052.63	August 14, 2026	5
MANDAUE	Doors 3 and 4, Citybridge Plaza, A.C. Cortez cor. P. Burgos St., Mandaue, Cebu	119,938.56	March 31, 2026	5
MARIKINA	#3 G. Fernando Avenue, San Roque, Marikina City	130,394.78	June 05, 2024	5
MARILAO	RICHLANE Building McArthur Hi-way, Abangan Norte, Marilao, Bulacan	59,504.09	November 17, 2024	5
MARINDUQUE	P.Madrigal St. Brgy. Malusak Boac Marinduque	17,407.89	March 01, 2025	5
MASBATE	Upper Ground Floor (UGF 05 & 06), Gaisano Capital Masbate Quezon St., Crossing Masbate City	79,502.36	July 21, 2025	5
MATI	Andrada Building, #56 Rizal Street, Mati City, Davao Oriental	60,083.18	March 01, 2028	5
MEYCAUAYAN	Meycauayan College Comm. Ctr., Mc Arthur Highway, Brgy. Calvario, Meycauayan City, Bulacan	13,092.02	April 16, 2026	5
MIDSAYAP	Rizal St., Corner Magallanes St., Poblacion 3, Midsayap, North Cotabato	15,789.47	March 02, 2026	3
NABUNTURAN	Door 3 Tsukiko Bldg., LB Flores Street, Prk 3 Poblacion, Nabunturan, Compostela Valley	12,631.58	May 05, 2025	2
NAGA	Door No. 44 & 45, CBD Terminal II, Triangulo, Naga City	67,540.80	November 01, 2027	5
NAGUILIAN	Maharlika Highway, Purok 4, Upi, Gamu, Isabela	65,000.00	November 01, 2028	5
NASUGBU	HBT Bldg., JP Laurel St., Brgy. 9, Nasugbu, Batangas	18,568.42	March 02, 2025	5
NAVAL	208 P. Inocentes St., Naval, Biliran	14,098.86	September 01, 2025	5
NAVOTAS	M. Naval Street, Navotas City	64,784.24	May 31, 2026	5
NORTH CALOOCAN	Door 1-4 R-V Sabangan Building, 500 Susano Road, Hillcrest Village, Camarin, Caloocan City	45,920.00	March 31, 2024	5
OLONGAPO	39 Magsaysay Drive, East Tapinac, Olongapo City	128,357.46	July 01, 2028	5
ORMOC	STP Bldg, Aviles St., Ormoc City	126,588.66	December 31, 2024	6
ORTIGAS OFC (GF)	G/F. UnionBank Plaza, Meralco Avenue, cor. Sapphire St. and Onyx St., Ortigas Center, Brgy. San Antonio, Pasig City	250,906.95	September 01, 2025	2.33
OZAMIZ	Zamora St., Barangay 50th, Ozamis City, Misamis Occidental	18,416.84	March 01, 2025	5
PAGADIAN	F&N Building, San Francisco District, Pagadian City, Zamboanga del Sur	72,429.91	May 01, 2025	5
PALAWAN	Unit 1-A Ground Floor Unionbank Palawan Building	68,659.35	February 04, 2025	5
PAMPANGA	Unit 102 Suburbia Commercial Center, Mc Arthur Highway, Maimpis, San Fernando City, Pampanga	95,120.75	March 31, 2026	5

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
PLARIDEL	RBuilding, Daang Maharlika, Sta. Rita Matanda, San Miguel, Bulacan	77,175.00	May 05, 2025	5
RAMON	Purok 1, National High, Bugallon Proper, Ramon, Isabela	45,395.32	September 01, 2027	5
ROMBLON	2/F., Rose Petal Bldg., Brgy. Dapawan, Odiongan, Romblon	10,303.74	March 02, 2025	5
ROXAS	Don Mariano Marcos Avenue Bantug Roxas Isabela	35,735.88	May 31, 2024	5
SAN CARLOS	Doors 2-4 Heritage Bldg. 1, F.C. Ledesma Ave., San Carlos City	40,949.54	March 01, 2024	5
SAN CARLOS PANGASINAN	Pagsolingán Bldg. Rizal Avenue, San Carlos City, Pangasinan	4,000.00	March 13, 2025	5
SAN FRANCISCO	GF-01, Gaisano Capital San Francisco, Brgy. 5, National Highway, San Francisco, Agusan Del Sur.	27,562.50	September 29, 2025	5
SAN JOSE DEL MONTE BULACAN	Brgy. Kaypian, Quirino Highway, San Jose Delmonte Bulacan	66,150.00	January 12, 2025	5
SAN JOSE, NUEVA ECIA	Mario Salvador Building, Maharlika Highway, Barangay Malasin, San Jose City, Nueva Ecija	105,532.52	March 31, 2025	5
SAN JOSE, OCC MINDORO	Lebrilla Ang Building - Burgos St., corner Rizal St., Brgy. Poblacion 1, San Jose, Occidental Mindoro	76,768.82	June 30, 2025	5
SANTIAGO	Ground Floor Insular Life Building, Maharlika Highway, Santiago City, Isabela	74,022.94	May 01, 2024	5
SINDANGAN	Mabini St., Corner Fr. Zamora St., Poblacion, Sindangan, Zamboanga del Norte	15,789.47	March 04, 2025	5
SOGOD	Corner Concepcion and Mangkaw Streets, Barangay Zone 1 Sogod, Southern Leyte	42,649.34	July 31, 2025	5
SOLANO	Ground Floor Ongtao Building, J.P. Rizal Avenue corner Burgos Street, Quirino, Solano, Nueva Vizcaya	72,126.17	July 01, 2024	3
SORSOGON	Amparo D. Reyes Building - 1461 Magsaysay St. Brgy. Salog, Sorsogon City	107,688.07	December 07, 2024	5
STA. CRUZ LAGUNA	P. Guevarra Street, Poblacion, Barangay IV, Sta. Cruz, Laguna	92,842.11	October 14, 2024	5
STA. ROSA	Ground Floor Unitop Building, Zircon Road, Balibago Complex, Balibago, Sta. Rosa, Laguna 4027	71,107.12	November 01, 2024	5
SURIGAO	Ground Floor Parkway Mall Km 3, Barangay Luna, National Highway, Surigao City	115,753.80	June 11, 2024	5
TABUK	Commercial Space 2, Purok 2, Provincial Rd. Bulanao, Tabuk City, Kalinga Apayao	34,815.79	September 30, 2025	5
TACLOBAN	YPL Bldg., Door #3&4 Salazar St., Tacloban City	106,045.68	October 31, 2025	5
TAGAYTAY	Lot 12 (Briones Derm Clinique) E. Aguinaldo Highway Brgy San Jose Tagaytay City, Cavite	72,930.38	October 14, 2024	5

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
TAGUIG	48 Gen Alfredo Santos Avenue, Lower Bicutan, Taguig City	68,355.59	September 28, 2024	5
TAGUM	Ground Floor PLJ Building, Apokan Road, Tagum City, Davao del Norte	117,419.04	March 01, 2028	5
TANAY	#23 M.H. Del Pilar St., Brgy. Plaza Aldea, Tanay, Rizal	10,500.00	March 02, 2025	5
TANJAY	Sweet Lady Building, Legaspi St., Barangay Poblacion 8, Tanjay City ,6204 Negros Oriental	36,842.11	December 31, 2024	6
TARLAC	Plaza De Oro Arcade, Mac Arthur Highway corner J. Luna extension, Sto Cristo, Tarlac City, Tarlac	160,000.00	December 08, 2027	5
TAYTAY	National Road, Ilog Pugad, Barangay San Juan, Taytay, Rizal	110,103.39	August 31, 2026	5
TONDO	Ushio Plaza V. Honorio Lopez Boulevard, Tondo, Manila	95,720.15	June 20, 2025	5
TUBOD	A & A Bldg. PRK, 6A-TCES, Poblacion, Tubod, Lanao Del Norte	17,271.02	March 01, 2025	5
TUGUEGARAO	Unit 3 & 4 DR Asuncion Bldg Mabini St, Ugac Norte, Tuguegarao City 3500	78,171.58	February 27, 2025	5
UBAY	Ground Floor Rogelio Inn Building, Colonel Marciano Garces Street, Poblacion, Ubay, Bohol	43,368.42	August 01, 2028	5
URDANETA	Unit 18 & 19 Honaco Commercial Building, National Highway, Urdaneta City, Pangasinan	83,851.25	April 01, 2028	5
VALENCIA	Unit 2, Velox Energy Gas Station, Sayre Highway, Hagkol Poblacion, Valencia City, Bukidnon	21,696.79	October 04, 2024	3
VALENZUELA	389 Mc Arthur Highway, Malinta, Valenzuela City	127,628.16	April 01, 2025	5
VIRAC	Virac Town Center, Gogon Sirangan, Virac, Catanduanes	41,705.75	October 31, 2024	3
ZAMBOANGA	RHW Bldg., Mayor Jaldon St., Brgy. Canelar, Zamboanga City, Zamboanga del Sur	77,278.04	December 20, 2025	5

Bangko Kabayan

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
Batangas Branch	76 E. P. burgos St. Batangas City	109,128.16	March 31, 2026	every 5 years
San Jose	Makalintal Avenue, Brgy. Taysan, San Jose, Batangas	66,941.48	October 2, 2024	1 Year
Calatagan	Poblacion, Calatagan, Batangas	8,933.97	March 1, 2025	every 15 years
Sariaya	Poblacion, Sariaya, Quezon	26,741.14	July 25, 2027	every 15 years
Tiaong	Poblacion I, Tiaong, Quezon	11,576.25	August 17, 2027	every 15 years
Agoncillo	Poblacion, Agoncillo, Batangas	18,582.65	August 17, 2024	every 5 years
Lobo	Lobo, Batangas	8,820.00	June 30, 2024	6 mos
Lipa	Laserta Building, Lipa City	66,315.78	November 30, 2025	every 5 years
Talisay	Brgy. Banga, Talisay, Batangas	20,897.94	March 1, 2026	every 10 years

Branch Name	Address	Monthly Rental	Expiration of Lease	Term of Renewal
Atimonan	280 P. Enriquez St. corner Rizal St. Atimonan, Quezon	17,173.50	March 31, 2026	every 10 years
Gumaca	Brgy. Tabong Dagat, Gumaca, Quezon	19,845.00	April 8, 2026	every 10 years
Balayan	Brgy. V., Balayan Batangas	34,815.79	January 30, 2028	every 10 years
Tanauan	Unit 102, Emir Commercial Building, President J.P. Laurel Highway, Pob II., Tanauan City, Batangas	76,323.90	March 31, 2028	every 10 years
Lemery	National Highway, Brgy. Palanas, Lemery Batangas	49,193.76	February 28, 2027	every 10 years
Ledesma Branch	Gold Star Building 32 Ledesma Street, Corner Liberation Road, Iloilo City	134,400.00	September 1, 2028	5 years
Pototan Branch	JO-LO Building M. Yusay Street ,Pototan, Iloilo	56,000.00	February 1, 2034	10 years
Carcar Branch	San Vicente St., Cogon, Carcar Cebu	P15,000.00 net of tax	June 1, 2024	6mos
Sibulan Branch	San Juan St Dumaguete City	P68,000 per month starting November 16, 2023 with 5% escalation beg 3rd year	October 15, 2033	10 years
Mandaue Branch	251 SB, Cabahug Street Ibabao Estancia, Mandaue City	P23,958 per month due a	September 15, 2024	1 Year
Toledo Branch	Poblacion, Toledo City, Cebu	P15, 000.00 per month	August 4, 2024	6 mos
Tubigon Branch	Poblacion, Tubigon, Bohol	P16,080.75 (with 5% escalation rate annually starting January 2024)	June 30, 2024	6 mos
San Carlos	Ilang- Ilang St. San Julio Subd., San Carlos, Negros	24518.51 (with 5% increase yearly) starting 3rd year	December 15, 2033	10 years
Silay	Zone 1, Antilla Subd,Brgy. IV,Silay City	P12,000.00	May 2, 2024	6 Months
Danao	Barangay Taboc, Looc, Danao City, Cebu	P28,760.00	May 1, 2024	3 Years
Sta. Fe	Barangay Talisay, Santa Fe, Cebu	21,000 per month	September 8, 2025	2 years

UNION BANK OF THE PHILIPPINES
Index to Financial Statements and Supplementary Schedules
Form 17-A Item 7
December 31, 2023

Statement of Management's Responsibility for Financial Statements

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

Statements of Financial Position
As of December 31, 2023, and 2022

Statements of Income
For the years ended December 31, 2023, 2022 and 2021

Statements of Comprehensive Income
For the years ended December 31, 2023, 2022 and 2021

Statements of Changes in Capital Funds
For the years ended December 31, 2023, 2022 and 2021

Statements of Cash Flows
For the years ended December 31, 2023, 2022 and 2021

Notes to Financial Statements

Supplementary Information

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>

Fri 4/12/2024 6:40 PM

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

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

Hi UNION BANK OF THE PHILIPPINES,

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Transaction Code: **AFS-0-C9ADACHA068LC9K75PRQ4XRPS0AEFKGHG8**

Submission Date/Time: **Apr 12, 2024 06:40 PM**

Company TIN: **000-508-271**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Union Bank of the Philippines** (the Bank) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

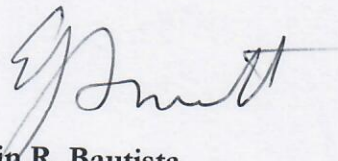
The Board of Directors is responsible for overseeing the Bank's financial reporting process.

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

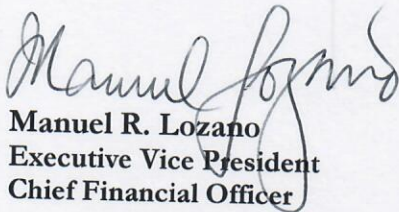
SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing and, in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of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



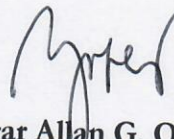
Erramon I. Aboitiz
Chairman of the Board



Edwin R. Bautista
President and Chief Executive Officer



Manuel R. Lozano
Executive Vice President
Chief Financial Officer



Edgar Allan G. Oblena
Senior Vice President
OIC - Financial Controllershship

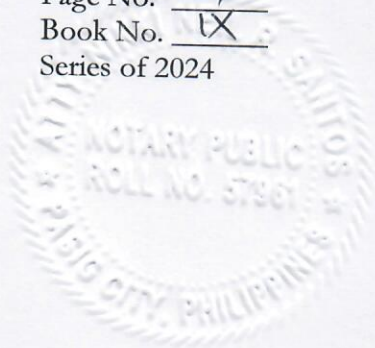
FEB 28 2024

SUBSCRIBED AND SWORN to before me this _____ of _____, 2024 at Pasig City, the following affiants personally known to me and exhibiting to me their TIN bearing their photographs and genuine signatures as competent evidence of identity in accordance with 2004 Rules on Notarial Practice.

Name	TIN
Erramon I. Aboitiz	103-715-862
Edwin R. Bautista	107-644-613
Manuel R. Lozano	148-773-908
Edgar Allan G. Oblena	300-059-461

Notary Public

Doc No. 121
Page No. 20
Book No. IX
Series of 2024



NIKKI NEIL SANTOS
Notary Public for Pasig
Metro Manila
Appointment No. 9 (2024-2025)
Commission No. Expires On 12-31-2025
PTR No. AA 1650484/ 1-2-24/ Pasig City
IBP No. 388100/ 1-2-24 Pasig City (RSM Chapter)
Roll of Attorneys No. 57961
MCLE Compliance No. VII-0006121/ 12-1-2021
18th Floor, UnionBank Plaza, Meralco Avenue
Ortigas Center, Pasig City

Union Bank of the Philippines and Subsidiaries

Consolidated Financial Statements
December 31, 2023 and 2022
and Years Ended December 31, 2023, 2022
and 2021

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Union Bank of the Philippines

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, 2023 and 2022, 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, 2023, 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, 2023 and 2022, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent 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.

Accounting for business combination

As disclosed in Note 1, in August 2022, the Parent Bank acquired the consumer banking business of another bank in the Philippines. The transaction was accounted for as a business combination, where the Group performed a provisional purchase price allocation, as allowed under PFRS 3, *Business Combination*. In 2023, the Parent Bank completed the identification and fair value measurement of assets and liabilities acquired, resulting in recognition of certain intangible assets, i.e. core deposits and customer relationships. Following PFRS 3, the intangible assets have been recognized retrospectively to the date of acquisition, resulting in the restatement of the comparative 2022 financial information.

We considered the accounting for this business combination as a key audit matter because the amounts involved are material and required significant management judgment and estimates in the identification and measurement of intangible assets using income approach, determination of the fair value of loans and receivables using discounted cash flow methodology and the fair value of properties acquired using valuation techniques that consider recent transaction prices for similar properties and economic conditions prevailing at the time the valuations were made.

The Parent Bank's disclosures about the business acquisition and the finalization of the purchase price allocation are included in Notes 1 and 3 to the consolidated and parent bank financial statements.

Audit Response

We reviewed the purchase agreement covering the acquisition, the consideration paid and the purchase price allocation. We reviewed management's identification of the underlying assets and liabilities based on our understanding of the business acquired and management's explanation on the rationale for the acquisition.

For the identified intangible assets and properties, we evaluated the competence, capabilities and qualifications of the external appraisers by considering their qualifications, experience and reporting responsibilities. We involved our internal specialists in obtaining an understanding and evaluating the methodologies and assumptions used in the determining the fair value of the intangible assets and properties. We assessed the methodologies adopted by referencing with common valuation models. We reviewed the fair value of intangible assets by comparing the key assumptions used such as forecasted cash flows and funding costs against historical performance and other relevant external data. We also tested the parameters used in the determination of the discount rate against market data. We reviewed the fair value of the properties by making reference to the relevant information supporting the sales and listings of comparable properties and the adjustments made to the sales price. We reviewed the fair value of loans and receivables by checking the forecasted cash flows of selected loans against the contractual



cash flows and the borrower's current financial condition and ability to pay the loan. We tested the parameters used in the determination of the discount rate against market

data and the Parent Bank's current incremental lending rate for similar type of loans and receivables. We evaluated the appropriateness of the accounting treatment, including the review of the impact of the final purchase price allocation to the comparative consolidated and parent company financial statements as at and for the year ended December 31, 2022. We also reviewed the related disclosures in the consolidated and parent company financial statements considering the requirements of the relevant accounting standards

Impairment testing of goodwill

Under PFRS, the Group and the Parent Bank perform testing of goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. The Group's and the Parent Bank's goodwill attributable to the various cash generating units (CGUs) is considered significant to the consolidated and parent bank financial statements. The Group's and the Parent Bank's impairment assessment requires significant judgement and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions, specifically on loan growth rate, deposit growth rate and discount rate. The disclosures in relation to the CGUs to which the goodwill is allocated and the Group's and the Parent Bank's impairment assessment are included in Notes 3 and 18 to the consolidated and parent bank financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used in calculating the value-in-use (VIU) of the CGUs. We compared the key assumptions used such as loan growth rate and deposit growth rate against the historical financial performance and the specific plans for the CGUs and other relevant external data. 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, 2023, 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, 2023 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 PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent bank financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and parent bank financial statements, management is responsible for assessing the Group's and Parent Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Bank or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's and Parent Bank's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and parent bank financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Parent Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent bank financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Bank to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated and parent bank financial statements, including the disclosures, and whether the consolidated and parent bank financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

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



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

SYCIP GORRES VELAYO & CO.



Janet A. Paraiso

Partner

CPA Certificate No. 92305

Tax Identification No. 193-975-241

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-062-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10079894, January 5, 2024, Makati City

February 28, 2024



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

(Amounts are presented in thousands of Philippine Pesos)

	Group		Parent Bank	
	December 31		December 31	
	2023	2022 (As restated)	2023	2022 (As restated)
RESOURCES				
Cash and Other Cash Items (Note 8)	₱10,439,112	₱9,891,536	₱9,350,898	₱8,924,249
Due from Bangko Sentral ng Pilipinas (Note 8)	82,643,663	94,610,308	63,883,124	66,588,121
Due from Other Banks (Note 9)	27,263,347	46,239,964	23,188,033	42,263,529
Interbank Loans Receivable and Securities Purchased under Reverse Repurchase Agreements (SPURRA) (Note 10)	25,411,119	23,553,973	3,184,078	14,634,811
Trading and Investment Securities				
At fair value through profit or loss (FVTPL) (Note 11)	5,805,716	8,653,516	5,676,867	8,583,178
At amortized cost (Note 12)	314,479,239	244,627,904	305,334,583	235,400,671
At fair value through other comprehensive income (FVOCI) (Note 13)	36,974,774	79,761,762	36,699,234	79,467,678
Loans and Other Receivables - net (Note 14)	526,145,828	479,626,649	411,823,839	393,734,345
Investment in Subsidiaries and Associates (Note 15)	37,675	123,396	36,114,412	31,782,696
Bank Premises, Furniture, Fixtures and Equipment - net (Note 16)	10,193,239	8,706,619	8,539,326	7,236,034
Investment Properties - net (Note 17)	8,592,259	8,258,873	7,359,283	7,124,049
Goodwill (Note 18)	53,992,565	53,992,565	43,339,696	43,339,696
Other Resources - net (Note 19)	43,164,817	34,839,105	35,119,322	28,110,319
TOTAL RESOURCES	₱1,145,143,353	₱1,092,886,170	₱989,612,695	₱967,189,376
LIABILITIES AND CAPITAL FUNDS				
LIABILITIES				
Deposit Liabilities (Note 21)				
Demand	₱233,282,684	₱232,081,793	₱234,228,367	₱233,365,153
Savings	195,864,333	195,020,730	190,062,551	188,480,585
Time	283,421,391	281,201,419	173,264,475	199,075,294
Long-term negotiable certificate of deposits	—	3,000,000	—	3,000,000
	712,568,408	711,303,942	597,555,393	623,921,032
Bills Payable (Note 22)	155,287,929	132,846,789	120,359,136	99,309,124
Notes and Bonds Payable (Note 23)	50,493,627	51,644,325	50,493,627	51,644,325
Other Liabilities (Note 24)	51,167,965	48,877,294	46,116,231	44,723,024
	969,517,929	944,672,350	814,524,387	819,597,505
CAPITAL FUNDS				
Capital funds attributable to the Parent Bank's stockholders (Note 25)				
Common stock	23,537,746	21,421,068	23,537,746	21,421,068
Treasury stock	(2,097)	—	(2,097)	—
Additional paid-in capital	57,769,376	47,949,927	57,769,376	47,949,927
Stock dividend distributable	6,355,129	—	6,355,129	—
Surplus free	88,719,176	90,799,424	89,032,606	91,379,317
Surplus reserves	2,542,762	2,452,975	2,142,570	2,030,080
Net unrealized fair value losses on investment securities at FVOCI (Note 13)	(2,195,087)	(14,057,609)	(2,196,947)	(14,059,469)
Remeasurements of defined benefit plans (Note 29)	(1,627,698)	(1,227,666)	(1,566,266)	(1,166,234)
Other reserves	(108,141)	30,989	16,191	37,182
Total capital funds attributable to the Parent Bank's stockholders	174,991,166	147,369,108	175,088,308	147,591,871
Non-controlling interests	634,258	844,712	—	—
	175,625,424	148,213,820	175,088,308	147,591,871
TOTAL LIABILITIES AND CAPITAL FUNDS	₱1,145,143,353	₱1,092,886,170	₱989,612,695	₱967,189,376

See accompanying Notes to Financial Statements.



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF INCOME

For the Years Ended December 31, 2023, 2022 and 2021

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

	Group			Parent Bank		
	Years Ended December 31			Years Ended December 31		
	2023	2022 (As restated)	2021	2023	2022 (As restated)	2021
INTEREST INCOME ON						
Loans and other receivables (Note 14)	₱59,219,084	₱36,004,714	₱27,372,449	₱38,853,221	₱23,907,388	₱17,497,261
Investment securities at amortized cost and FVOCI (Notes 12 and 13)	15,620,211	12,489,741	7,706,773	15,172,216	12,083,622	7,610,675
Cash and cash equivalents (Notes 8 and 9)	2,160,236	1,000,188	679,740	947,155	584,977	332,870
Interbank loans receivable and SPURRA (Note 10)	1,367,804	826,362	324,020	518,152	652,846	226,551
Trading securities at FVTPL (Note 11)	194,354	203,766	244,587	193,268	203,766	244,587
	78,561,689	50,524,771	36,327,569	55,684,012	37,432,599	25,911,944
INTEREST EXPENSE ON						
Deposit liabilities (Note 21)	15,788,182	6,021,671	2,967,692	9,457,250	4,196,509	1,805,424
Bills payable and other liabilities (Notes 22, 23, 24 and 29)	10,797,983	5,601,709	3,544,787	8,532,872	4,183,835	2,446,570
	26,586,165	11,623,380	6,512,479	17,990,122	8,380,344	4,251,994
NET INTEREST INCOME	51,975,524	38,901,391	29,815,090	37,693,890	29,052,255	21,659,950
PROVISION FOR CREDIT LOSSES (Note 20)	14,040,864	4,068,449	5,811,398	11,025,059	2,571,143	4,657,731
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	37,934,660	34,832,942	24,003,692	26,668,831	26,481,112	17,002,219
OTHER INCOME						
Service charges, fees and commissions (Note 27)	10,412,799	6,781,671	3,773,311	8,680,427	5,685,762	2,492,356
Gains (losses) on trading and investment securities at FVTPL and FVOCI (Notes 11 and 13)	918,647	(181,397)	217,943	917,695	(182,303)	217,533
Gains on sale of investment securities at amortized cost (Note 12)	—	100,223	8,447,595	—	100,223	8,447,595
Miscellaneous (Note 28)	7,470,943	6,598,584	2,861,815	9,304,608	7,497,855	3,542,828
	18,802,389	13,299,081	15,300,664	18,902,730	13,101,537	14,700,312
TOTAL OPERATING INCOME	56,737,049	48,132,023	39,304,356	45,571,561	39,582,649	31,702,531
OTHER EXPENSES						
Salaries and employee benefits (Note 29)	13,558,225	10,003,171	8,646,702	10,232,372	7,525,194	6,591,420
Taxes and licenses (Note 37)	5,941,970	4,110,188	2,881,458	4,045,416	2,738,837	1,929,202
Depreciation and amortization (Note 16)	2,666,493	1,860,432	1,623,679	1,939,485	1,420,123	1,146,458
Occupancy (Note 16)	1,164,202	1,026,889	890,645	891,506	764,356	674,342
Miscellaneous (Note 28)	21,557,379	14,347,165	10,277,070	18,108,976	11,497,383	7,147,271
	44,888,269	31,347,845	24,319,554	35,217,755	23,945,893	17,488,693
PROFIT BEFORE TAX	11,848,780	16,784,178	14,984,802	10,353,806	15,636,756	14,213,838
INCOME TAX EXPENSE (Note 30)	2,644,225	4,039,459	2,407,069	1,525,349	3,036,011	1,688,462
NET PROFIT	₱9,204,555	₱12,744,719	₱12,577,733	₱8,828,457	₱12,600,745	₱12,525,376
Attributable to:						
Parent Bank's stockholders	₱9,072,217	₱12,600,745	₱12,525,376	₱8,828,457	₱12,600,745	₱12,525,376
Non-controlling interests	132,338	143,974	52,357	—	—	—
	₱9,204,555	₱12,744,719	₱12,577,733	₱8,828,457	₱12,600,745	₱12,525,376
Basic/Diluted Earnings per Share (Note 33)	₱3.06	₱4.95	₱5.80	₱2.97	₱4.95	₱5.80

See accompanying Notes to Financial Statements.



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023, 2022 and 2021

(Amounts are presented in thousands of Philippine Pesos)

	Group			Parent Bank		
	Years Ended December 31			Years Ended December 31		
	2023	2022 (As restated)	2021	2023	2022 (As restated)	2021
NET PROFIT	₱9,204,555	₱12,744,719	₱12,577,733	₱8,828,457	₱12,600,745	₱12,525,376
OTHER COMPREHENSIVE INCOME (LOSS)						
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>						
Unrealized mark-to-market gains (losses) on investment securities at FVOCI	12,279,193	(12,510,381)	(845,911)	12,278,125	(12,556,049)	(835,790)
Realized gains on sale of investment securities at FVOCI recognized in profit or loss (Note 13)	(416,510)	(99,466)	(657,987)	(416,510)	(100,162)	(657,987)
Cumulative translation adjustment	(20,991)	17,235	32,640	(20,991)	17,235	30,559
Share in unrealized mark-to-market gains (losses) on investment securities at FVOCI of subsidiaries (Note 15)	—	—	—	907	43,807	(133)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>						
Remeasurement gains (losses) on defined benefit plan (Note 29)	(529,145)	372,764	502,675	(621,232)	336,721	427,890
Income tax benefit (expense) (Note 30)	132,286	(93,191)	(193,286)	155,309	(84,180)	(174,589)
Share in changes in remeasurement gains of subsidiaries (Note 15)	—	—	—	65,891	30,406	38,907
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	11,444,833	(12,313,039)	(1,161,869)	11,441,499	(12,312,222)	(1,171,143)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	₱20,649,388	₱431,680	₱11,415,864	₱20,269,956	₱288,523	₱11,354,233
Attributable to:						
Parent Bank's stockholders	₱20,513,716	₱288,523	₱11,362,598	₱20,269,956	₱288,523	₱11,354,233
Non-controlling interests	135,672	143,157	53,266	—	—	—
	₱20,649,388	₱431,680	₱11,415,864	₱20,269,956	₱288,523	₱11,354,233

See accompanying Notes to Financial Statements.



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL FUNDS

For the Years Ended December 31, 2023, 2022 and 2021

(Amounts are presented in thousands of Philippine Pesos)

	Group											
	Equity Attributable to Equity Holders of the Parent Bank											
							Net Unrealized Fair Value Gains (Losses) on Investment Securities at FVOCI	Remeasurements of Defined Benefit Plan	Other Reserves		Non-controlling Interests	Total Capital Funds
	Capital Stock	Treasury Stock	Additional Paid-in Capital	Stock Dividend Distributable	Surplus Free	Surplus Reserves				Total		
Balances as at January 1, 2023, as previously reported	₱21,421,068	₱–	₱47,949,927	₱–	₱90,727,927	₱2,452,975	(₱14,057,609)	(₱1,227,666)	₱30,989	₱147,297,611	₱844,712	₱148,142,323
Effect of business combination (See Note 1)	–	–	–	–	71,497	–	–	–	–	71,497	–	71,497
Balances as at January 1, 2023, as restated	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, as previously reported	–	–	–	–	12,529,248	–	(12,609,152)	279,695	17,235	217,026	143,157	360,183
Effect of business combination (See Note 1)	–	–	–	–	71,497	–	–	–	–	71,497	–	71,497
Total comprehensive income (loss) for the year, as restated	–	–	–	–	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, as restated	₱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

(Forward)



	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, 2021	₱12,184,715	₱—	₱14,214,983	₱—	₱77,096,218	₱2,645,080	₱55,384	(1,815,784)	(₱18,886)	₱104,361,710	₱790,692	₱105,152,402
Total comprehensive income (loss) for the year	—	—	—	—	12,525,376	—	(1,503,841)	308,423	32,640	11,362,598	53,266	11,415,864
Issuance of new shares (Note 25)	8,913	—	54,684	—	—	—	—	—	—	63,597	—	63,597
Stock dividends (Note 25)	—	—	(55,116)	3,048,388	(3,048,388)	—	—	—	—	(55,116)	—	(55,116)
Cash dividends (Note 25)	—	—	—	—	(4,267,770)	—	—	—	—	(4,267,770)	—	(4,267,770)
Appropriations during the year (Note 25)	—	—	—	—	(153,593)	153,593	—	—	—	—	—	—
Dividends of subsidiaries to NCI	—	—	—	—	—	—	—	—	—	—	(59,300)	(59,300)
Subscription of shares by NCI	—	—	—	—	—	—	—	—	—	—	10,000	10,000
Acquisition of NCI	—	—	—	—	(29,091)	—	—	—	—	(29,091)	(17,358)	(46,449)
Balances as at December 31, 2021	₱12,193,628	₱—	₱14,214,551	₱3,048,388	₱82,122,752	₱2,798,673	(₱1,448,457)	(₱1,507,361)	₱13,754	₱111,435,928	₱777,300	₱112,213,228



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, 2023, as previously reported	₱21,421,068	₱—	₱47,949,927	₱—	₱91,307,820	₱2,030,080	(₱14,059,469)	(₱1,166,234)	₱37,182	₱147,520,374
Effect of business combination (See Note 1)	—	—	—	—	71,497	—	—	—	—	71,497
Balances as at January 1, 2023, as restated	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, as previously reported	—	—	—	—	12,529,248	—	(12,612,404)	282,947	17,235	217,026
Effect of business combination (See Note 1)	—	—	—	—	71,497	—	—	—	—	71,497
Total comprehensive income (loss) for the year, as restated	—	—	—	—	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, as restated	₱21,421,068	₱—	₱47,949,927	₱—	₱91,379,317	₱2,030,080	(₱14,059,469)	(₱1,166,234)	₱37,182	₱147,591,871
Balances as at January 1, 2021	₱12,184,715	₱—	₱14,214,983	₱—	₱77,697,363	₱2,171,842	₱46,845	(₱1,741,389)	(₱10,612)	₱104,563,747
Total comprehensive income (loss) for the year	—	—	—	—	12,525,376	—	(1,493,910)	292,208	30,559	11,354,233
Issuance of new shares (Note 25)	8,913	—	54,684	—	—	—	—	—	—	63,597
Stock dividends (Note 25)	—	—	(55,116)	3,048,388	(3,048,388)	—	—	—	—	(55,116)
Cash dividends (Note 25)	—	—	—	—	(4,267,770)	—	—	—	—	(4,267,770)
Appropriations during the year – net (Note 25)	—	—	—	—	(152,092)	152,092	—	—	—	—
Balances as at December 31, 2021	₱12,193,628	₱—	₱14,214,551	₱3,048,388	₱82,754,489	₱2,323,934	(₱1,447,065)	(₱1,449,181)	₱19,947	₱111,658,691

See accompanying Notes to Financial Statements.



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023, 2022 and 2021

(Amounts are presented in thousands of Philippine Pesos)

	GROUP			PARENT BANK		
	Years Ended December 31			Years Ended December 31		
	2023	2022 (As restated)	2021	2023	2022 (As restated)	2021
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	₱11,848,780	₱16,784,178	₱14,984,802	₱10,353,806	₱15,636,756	₱14,213,838
Adjustments for:						
Provision for credit losses (Note 20)	14,040,864	4,068,449	5,811,398	11,025,059	2,571,143	4,657,731
Depreciation and amortization (Note 16)	3,277,968	2,480,931	2,221,316	2,408,164	1,884,657	1,557,053
Amortization of premium and discount of financial assets and liabilities	1,129,034	1,168,740	2,269,357	1,121,507	1,272,967	2,220,141
Gains on sale of investment properties and property and equipment (Note 16 and 17)	(1,026,933)	(1,209,196)	(25,581)	(1,110,755)	(1,192,575)	(209,261)
Unrealized foreign exchange losses (gains) - net	786,431	1,265,139	(876,088)	781,304	1,187,664	(909,334)
Gains on foreclosure of investment properties (Note 17)	(751,936)	(466,388)	(135,309)	(679,745)	(466,388)	(135,309)
Gains on sale of investment securities at FVOCI (Note 13)	(416,510)	(99,466)	(657,987)	(416,510)	(100,162)	(657,987)
Gain on sale of investments in associates (Note 15)	(22,702)	—	(167,332)	—	—	—
Share in net loss (profit) of subsidiaries and associates (Notes 15 and 28)	22,355	29,666	4,135	(2,837,072)	(1,712,086)	(1,173,016)
Reversal of impairment on investment properties (Note 17)	(751)	(24,695)	(64,649)	(787)	(24,722)	(64,649)
Gains on sale of investment securities at amortized cost (Note 12)	—	(100,223)	(8,447,595)	—	(100,223)	(8,447,595)
Impairment of goodwill and investment in subsidiaries (Notes 15 and 18)	—	—	529,599	—	—	—
Changes in operating assets and liabilities:						
Decreases (increases) in:						
Loans and other receivables	(60,181,803)	(80,626,502)	(19,355,679)	(28,603,062)	(54,060,475)	(17,497,222)
Trading securities at FVTPL	2,847,800	(3,013,511)	12,670,664	2,906,311	(3,011,908)	12,840,034
Other resources	(12,452,972)	(9,394,186)	(6,328,757)	(9,461,654)	(5,491,485)	(4,114,905)
Increases (decreases) in:						
Deposit liabilities	4,264,466	75,537,858	42,715,866	(23,365,639)	65,596,659	27,830,562
Other liabilities	9,971,999	17,677,790	2,905,804	7,448,793	15,065,712	1,533,845
Net cash provided (used) by operations	(26,663,910)	24,078,584	48,105,126	(30,430,280)	37,055,534	31,643,927
Income taxes paid	(4,860,628)	(3,566,294)	(2,171,465)	(3,223,021)	(2,148,791)	(1,260,561)
Net cash provided (used) by operating activities	(31,524,538)	20,512,290	45,933,661	(33,653,301)	34,906,743	30,383,366
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of:						
Investment securities at amortized cost	(13,554,953)	(118,551,429)	(125,796,399)	(13,519,953)	(113,271,357)	(124,111,014)
Investment securities at FVOCI	(25,052,262)	(111,135,751)	(78,214,061)	(25,026,221)	(111,112,623)	(78,214,061)
Bank premises, furniture, fixtures and equipment (Note 16)	(2,283,303)	(551,592)	(505,605)	(2,000,248)	(308,016)	(317,391)
Investments in subsidiaries and associates (Notes 1 and 15)	—	(14,400)	(109,608)	(1,547,298)	(7,073,025)	(1,500,000)
Proceeds from maturities/sale of:						
Investment securities at FVOCI	19,524,353	87,266,386	46,097,932	19,478,530	87,191,082	46,067,931
Investment securities at amortized cost	2,800,379	42,109,410	122,933,196	2,690,328	41,846,113	122,903,200
Investment properties (Note 17)	631,815	620,286	464,361	626,621	575,169	407,214
Bank premises, furniture, fixtures and equipment (Note 16)	113,651	45,761	52,920	101,896	18,285	15,543
Investments in associates (Note 15)	86,068	—	313,012	—	—	—
Dividends received from subsidiaries	—	—	—	129,000	188,000	1,496,811
Acquisition of business, net of cash acquired (Notes 1 and 15)	(3,259,683)	(44,942,683)	—	(3,252,782)	(41,193,404)	—
Dissolution of subsidiaries (Notes 1 and 15)	—	—	—	—	—	11
Net cash used in investing activities	(20,993,935)	(145,154,012)	(34,764,252)	(22,320,127)	(143,139,776)	(33,251,756)

(Forward)



	GROUP			PARENT BANK		
	Years Ended December 31			Years Ended December 31		
	2023	2022 (As restated)	2021	2023	2022 (As restated)	2021
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments of:						
Bills payable	(P1,291,332,050)	(P225,725,630)	(P131,247,110)	(P1,268,901,574)	(P177,520,637)	(P69,805,980)
Notes and bonds payable	(21,616,552)	(38,183,199)	(3,473,520)	(19,115,000)	(35,112,500)	—
Cash dividends (Note 25)	(4,707,549)	(4,269,771)	(4,267,770)	(4,707,549)	(4,269,771)	(4,267,770)
LTNCD	(3,000,000)	—	—	(3,000,000)	—	—
Lease liabilities (Note 24)	(633,871)	(659,030)	(579,064)	(524,291)	(496,312)	(446,112)
Acquisition of NCI's share in a subsidiary	(230,227)	—	—	—	—	—
Dividends of subsidiaries to NCI	(115,899)	(75,745)	(59,300)	—	—	—
Buy-back of treasury shares	(2,097)	—	—	(2,097)	—	—
Cash for fractional shares related to stock dividends (Note 25)	—	—	(55,116)	—	—	(55,116)
Proceeds from:						
Bills payable	1,313,421,732	306,504,535	127,075,530	1,289,600,128	247,352,242	62,765,158
Notes and bonds payable (Note 23)	20,500,543	13,904,476	11,057,895	18,005,196	10,932,289	7,650,000
Issuance of new shares, net of issuance costs (Note 25)	11,936,127	39,914,428	63,597	11,936,127	39,914,428	63,597
Subscription of shares by NCI	—	—	10,000	—	—	—
Net cash provided by (used in) financing activities	24,220,157	91,410,064	(1,474,858)	23,290,940	80,799,739	(4,096,223)
EFFECT OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES						
	(240,224)	42,726	(44,958)	(122,089)	34,162	(44,958)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(28,538,540)	(33,188,932)	9,649,593	(32,804,577)	(27,399,132)	(7,009,571)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR						
Cash and other cash items	9,891,536	8,904,903	8,958,042	8,924,249	7,988,517	7,814,917
Due from Bangko Sentral ng Pilipinas (BSP)	94,610,308	103,407,946	103,869,770	66,588,121	67,478,389	83,867,434
Due from other banks	46,239,964	54,258,465	68,532,218	42,263,529	51,308,983	64,763,768
Interbank loans receivable and securities purchased under reverse repurchase agreement (SPURRA)	23,553,973	40,913,399	16,475,090	14,634,811	33,033,953	10,373,294
	174,295,781	207,484,713	197,835,120	132,410,710	159,809,842	166,819,413
CASH AND CASH EQUIVALENTS AT END OF 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 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 SPURRA	25,411,119	23,553,973	40,913,399	3,184,078	14,634,811	33,033,953
	P145,757,241	P174,295,781	P207,484,713	P99,606,133	P132,410,710	P159,809,842
OPERATIONAL CASH FLOWS FROM INTERESTS AND DIVIDENDS						
Interest received	P77,075,696	P47,786,261	P38,840,197	P54,692,669	P36,762,893	P28,048,227
Interest paid	24,915,594	10,608,914	6,482,612	16,913,293	7,588,579	4,250,186
Dividends received	3,617	6,076	145,789	2,768	2,768	145,789

See accompanying Notes to Financial Statements.



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Incorporation and Operations

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

The Bank provides expanded commercial banking products and services such as loans and deposits, cash management, retail banking, foreign exchange, capital markets, corporate and consumer finance, investment management and trust banking. As of December 31, 2023, the Bank and its subsidiaries (collectively referred to as the “Group”) has 385 branches and 437 on-site and 165 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 49.94% 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, 2023 and 2022 are as follows:

Name of Subsidiary	Percentage of ownership		Nature of Business
	2023	2022	
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
First-Agro Industrial Rural Bank, Inc. (FAIR Bank) ^(d)	—	100.00%	Rural bank
UBP Investments Corporation (UIC)	100.00%	100.00%	Holding company
First Union Plans, Inc. (FUPI) ^(j)	100.00%	100.00%	Pre-need
First Union Direct Corporation (FUDC) ^(h)	100.00%	100.00%	Financial products marketing
First Union Insurance and Financial Agencies, Inc. (FUIFAI) ^(b)	100.00%	100.00%	Agent for insurance and financial products
UBP Securities, Inc. (UBPSI) ^(h)	100.00%	100.00%	Securities brokerage
Union Data Corp. (UDC) ^(h)	100.00%	100.00%	Data processing
Interventure Capital Corporation (IVCC) ^(h)	60.00%	60.00%	Venture capital
UBX Philippines Corporation (UBX)	100.00%	100.00%	Investment holding and innovation company
UBX Private Limited (UBX SG) ^(c)	100.00%	100.00%	Holding company
UBX Remit Pte Ltd. (UBX Remit) ^(d)	100.00%	100.00%	Remittance company
Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan) ^(e)	97.75%	70.00%	Private development bank
Progressive Bank, Inc. (PBI) ^(f)	—	100.00%	Rural bank
UnionDigital Bank, Inc. (UnionDigital) ^(g)	100.00%	100.00%	Digital bank
Unionbank Financial Services and Insurance Brokerage Philippines, Inc. (UFSI) ⁽ⁱ⁾	100.00%	100.00%	Insurance and securities brokerage
Unionbank Investment Management and Trust Corporation (UBIMTC) ^(k)	100.00%	—	Trust and other fiduciary business

(a) Subsidiary through CSB and UIC, with 40% and 11% share in ownership, respectively

(b) Wholly-owned subsidiaries of UIC

(c) Wholly owned subsidiary of UBX

(d) Wholly owned subsidiary of UBX SG

(e) Subsidiary through CSB and UIC, with 49% and 23.79% share in ownership, respectively. On July 10, 2023, the Parent Bank completed the purchase of 24.96% interest from the minority shareholders.

(f) On July 13, 2023, the SEC approved the merger between Bangko Kabayan, FAIR Bank and PBI, with Bangko Kabayan as the surviving entity

(g) Incorporated on November 25, 2021

(h) Non-operating subsidiaries, wholly-owned by UIC

(i) Acquired 100% ownership as part of the Parent Bank’s acquisition of Citigroup Inc.’s consumer business in the Philippines on August 1, 2022. On February 28, 2023, the SEC approved the change in corporate name from Citicorp Financial Services and Insurance Brokerage Philippines, Inc. to Unionbank Financial Services and Insurance Brokerage Philippines, Inc.

(j) In October 2022, the stockholders of FUPI approved the voluntary cessation and withdrawal of its pre-need business

(k) Incorporated on October 11, 2023



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 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. These funds were deposited in a treasury-in-trust for account to ensure the timely completion of SEC documentation. 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 will commence operations in March 2024.

- (b) In a special meeting held on December 23, 2021, the Bank's BOD approved the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The transaction includes the acquisition of Citigroup's credit card, personal loans, wealth management, and retail deposit businesses, as well as the real estate interests in Citibank Square in Eastwood, Quezon City, 3 full-service bank branches, and 5 wealth centers in the Philippines. On the same date, the BOD approved the raising of additional capital of up to ₱40.0 billion through the issuance of additional shares from the Bank's unissued authorized capital stock via a stock rights offering (SRO) to all existing shareholders. On May 16, 2022, the Bank issued approximately 617.2 million common shares priced at ₱64.81 per share. Proceeds from the SRO were deployed to partially fund the acquisition of Citigroup, Inc.'s Philippine consumer business.

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

On August 1, 2022, the Bank completed the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The transaction is effected via (i) an asset and liability transfer of the consumer banking activities of Citibank N.A., Philippines Branch, (ii) the sale of freehold and owned office premises and parking spaces in Citibank Square building in Eastwood, Quezon City, and (iii) the sale of the 100% shares in Citicorp Financial Services and Insurance Brokerage Philippines, Inc. CFSI is a domestic corporation organized to engage in the business of marketing insurance products and to act as a broker of debt and equity securities of every kind and description. CFSI is engaged in the brokerage of debt securities, third-party investment funds, and insurance products.



Finalization of purchase price allocation of Citigroup consumer business

As of December 31, 2022, the Group has provisionally assessed the fair values of the assets and liabilities acquired, except for Cash and other cash items and Due from other banks. In July 2023, the Parent Bank, with the assistance of a third party consultant, completed the determination of the fair values of assets and liabilities acquired, which includes the following adjustments:

- (1) the determination of the fair value of previously unidentified intangible assets attributable to the business acquired amounting to ₱8.49 billion, which comprises of customer relationship of ₱4.81 billion, and core deposits of ₱3.68 billion,
- (2) other adjustments, resulting in net reduction in net asset of ₱89.62 million;
- (3) adjustments in purchase price amounting to ₱76.81 million as a result of the above adjustments; and
- (4) reduction to the initially recorded goodwill amounting to ₱8.32 billion.

As required by PFRS, the above adjustments are retrospectively adjusted on the Group's 2022 comparative financial statements. Refer to the section "Restatement of comparative information" below.

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

	Fair values recognized on acquisition date
Assets	
Cash and other cash items	₱1,598
Due from other banks	28,126
Loans and receivables	65,493
Intangible assets*	8,486
Bank premises, furniture and fixtures, and equipment	2,120
Other resources	2,699
Total assets	108,522
Liabilities	
Deposit liabilities	65,265
Other liabilities	4,506
Total liabilities	69,771
Net Assets Acquired	₱38,751

*This consists of customer relationships of ₱4.81 billion, and core deposits of ₱3.68 billion.

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

Total Purchase price	₱77,926
Less: Fair values of net assets acquired	38,751
Goodwill	₱39,175

The goodwill arising from the acquisition is attributed to the opportunities for future growth in the credit card and personal loans business of the Group, and expected synergies in the consumer banking business of the combined Parent Bank and Citi acquired business. None of the resulting goodwill is expected to be deductible for tax purposes.

The fair value of the loans and receivables acquired as part of the business combination amounted to ₱65.55 billion, with gross contractual amount of ₱69.44 billion.



Had the acquisition occurred at the beginning of 2022, the consolidated total operating income would have increased by ₱8.21 billion and net income would have increased by ₱1.24 billion.

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

	Group	Parent Bank ⁽¹⁾
Purchase price	₱77,926	₱72,829
Less: Cash acquired from the acquisition of business	29,724	28,383
Net cash outflow from the acquisition	₱48,202	₱44,446

(1) For purposes of the Parent Bank financial statements, the purchase price above excludes the purchase of shares in UFSI amounting to ₱5.10 billion, which is included in 'acquisition of an investment in subsidiaries and associates' in the statement of cash flows.

Restatement of comparative information

As required by PFRS, the Bank retrospectively adjusted the provisional amounts recognized at the acquisition date. These adjustments reflect information about facts and circumstances that existed at the time of acquisition that, if known, would have influenced the measurement of the amounts recognized then. The retrospective adjustments made on the comparative period mainly include the following:

- (1) Net increase in other resources as a result of recognition of intangible assets related to customer relationship and core deposit, less amortization recognized in 2022 amounting to ₱252.56 million, recognition of credit card origination cost, net of amortization amounting to ₱432.07 million and net reduction in miscellaneous asset as a result of derecognition of prepaid insurance totaling ₱58.38 million, .
- (2) Net reduction in loans and receivable as a result of derecognition of the capitalized origination costs amounting to ₱31.25 million, net of amortization recognized in 2022.
- (3) Additional tax expense recognized in 2022 as a result of above adjustments, amounting to ₱108.02 million

The table below presents the impact of the retrospective adjustments (amounts in millions):

Group

	As of December 31, 2022		
	As previously reported	Increase (Decrease)	As restated
<i>Statements of financial position</i>			
Loans and other receivables	₱479,658	(₱31)	₱479,627
Goodwill	62,310	(8,317)	53,993
Other resources	26,342	8,497	34,839
Other liabilities	48,800	77	48,877
Surplus free	90,728	71	90,799



For the year ended December 31, 2022			
	As previously reported	Increase (Decrease)	As restated
<i>Statements of income</i>			
Depreciation and amortization	₱1,607	₱253	₱1,860
Salaries and employee benefits	10,031	(28)	10,003
Miscellaneous expenses	14,751	(404)	14,347
Total operating expenses	31,527	(179)	31,348
Profit before tax	16,605	179	16,784
Tax expense	3,931	108	4,039
Net profit	12,674	71	12,745

Parent Bank

As of December 31, 2022			
	As previously reported	Increase (Decrease)	As restated
<i>Statements of financial position</i>			
Loans and other receivables	₱393,765	(₱31)	₱393,734
Goodwill	51,659	(8,319)	43,340
Other resources	19,635	8,475	28,110
Other liabilities	44,646	77	44,723
Surplus free	91,308	71	91,379

For the year ended December 31, 2022			
	As previously reported	Increase (Decrease)	As restated
<i>Statements of income</i>			
Depreciation and amortization	₱1,167	₱253	₱1,420
Salaries and employee benefits	7,553	(28)	7,525
Miscellaneous expenses	11,901	(404)	11,497
Total operating expenses	24,125	(179)	23,946
Profit before tax	15,458	179	15,637
Tax expense	2,928	108	3,036
Net profit	12,530	71	12,601

- (c) 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, 2023.
- (d) 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 3,649 outlets nationwide. It offers a variety of cash-based services including remittance, currency exchange and bills payment.
- (e) UIC was incorporated and registered with the SEC on December 20, 1993. It is presently engaged in business as a holding company authorized to hold investments of real and personal properties, including shares of stocks, bonds, debentures, notes and other securities and obligations, without engaging in business of an investment company or broker or dealer in securities of stocks.

UIC holds investments of the Group's thrift banks, rural banks and remittance companies. In addition, through its wholly-owned subsidiaries, FUPI and FUIFAI, UIC is also engaged in



the servicing of existing pre-need plans, and being an agent for life and non-life insurance products.

- (f) UBX was incorporated to invest in, hold, own, purchase, lease manage, sell or otherwise dispose of real and personal properties of every kind and description. It shall also engage in the development of financial technology innovations and engage in electronic commerce business. UBX SG, a subsidiary of UBX, is incorporated to engage in the development of financial technology innovations and engage in electronic commerce business.
- (g) 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).

PBI is authorized to engage in the business of extending credit to farmers, tenants, and rural industries or enterprises, and to transact all business that may be legally done by rural banks formed under and in accordance with the existing Rural Banks Act (Republic Act No. 7353).

FAIR Bank was registered with the SEC primarily to engage in the business of extending rural credit to small farmers and tenants and to deserving rural industries or enterprises.

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, FAIR Bank and 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%.

With the approval of its merger with Fairbank and Progressive Bank, Inc. on July 13, 2023, Bangko Kabayan, Inc., as the surviving entity, has added 12 branches and 2 branch lite, based at Cebu and Iloilo, to its former 23 branches and 1 branch lite, located in Southern Luzon (Batangas, Laguna, and Quezon).

- (h) In its letter dated July 15, 2021, the BSP approved the application for authority to establish a digital bank, to be known as UnionDigital Bank, Inc. (UnionDigital), a wholly-owned subsidiary of the Bank, subject to regulatory conditions. The BSP subsequently granted the Authority to Register with the SEC. On November 25, 2021, the SEC approved UnionDigital's Articles of Incorporation and its By-Laws and issued its Certificate of Incorporation. The Parent Bank subscribed to 100,000,000 new common shares of UnionDigital at par value ₱10 per share totaling ₱1.0 billion.



On June 24, 2022, the BOD of the Parent Bank approved to infuse additional capital to UnionDigital of up to ₱2.0 billion. On July 12, 2022, UnionDigital was granted the Certificate of Authority to Operate as a digital bank. Accordingly, UnionDigital started its operations on July 18, 2022. On the same date, the Parent Bank infused ₱1.0 billion to UnionDigital.

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.

In its letter dated October 27, 2022, the BSP approved the Parent Bank's request for additional equity investment of up to ₱2.0 billion in UnionDigital. The Parent Bank then infused additional capital to UnionDigital in tranches for a total amount of ₱1.0 billion.

On June 23, 2023, the BOD of the Parent Bank approved the infusion of additional capital of ₱900 million to UnionDigital to support business growth. Subsequently, on September 29, 2023 and November 13, 2023, the Parent Bank infused capital amounting to ₱300.00 million and ₱600.00 million, respectively.

As of December 31, 2023 and 2022, the Parent Bank's total equity investment in UnionDigital amounted to ₱3.9 billion and ₱3.0 billion, respectively.

Non-operating subsidiaries

- (a) 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.
- (b) UBPSI was incorporated and registered with the SEC on March 2, 1993. It was organized to engage in the business of buying, selling or dealing in stocks and other securities. In January 1995, as approved by UBPSI's stockholders and BOD, UBPSI sold its stock exchange seat in the PSE. Accordingly, UBPSI ceased its stock brokerage activities.
- (c) UDC was registered with the SEC on September 8, 1998. It was organized to handle the centralized branch accounting services as well as the processing of credit card application forms of the Parent Bank and the entire backroom operations of FUPI. On July 1, 2003, the BOD of UDC approved the cessation of its business operations effective on August 30, 2003, and subsequently shortened its corporate term to December 31, 2017 by amending its Articles of Incorporation. The services previously handled by UDC are now undertaken by the Financial Services Group of the Parent Bank. UDC is still in process of securing the tax clearance from the BIR.
- (d) IVCC was incorporated and registered with the SEC on October 10, 1980. It was organized to develop, promote, aid and assist financially any small or medium scale enterprises and to purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage and otherwise deal with such real and personal property, including securities and bonds of other corporations as the transaction of the lawful business of the corporation may reasonably and necessarily require, subject to the limitations prescribed by law. IVCC has ceased operations since 1992.



The total assets, liabilities and capital funds of these non-operating subsidiaries amounted to ₱10,724, ₱3,283, and ₱7,442, respectively, as of December 31, 2023 and ₱12,436, ₱3,341 and ₱9,095, respectively, as of December 31, 2022.

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, 2023 were authorized for issue by the Bank's BOD on February 28, 2024.

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). PFRSs are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of resource, liability, income and expense.

The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standards (PAS 1), *Presentation of Financial Statements*. The Group presents statement of comprehensive income separate from the statement of income.

(c) Functional and Presentation Currency

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



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

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

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except that the Bank has adopted the following new accounting pronouncements starting January 1, 2023. Adoption of these pronouncements did not have any significant impact on the Bank's financial position or performance unless otherwise indicated.

- Amendments to PAS 12, *International Tax Reform-Pillar Two Model Rules*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

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, 2024

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current, Liabilities with Covenants*
- Amendments to PAS 7 and PFRS 7, *Supplier Finance Agreements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of Exchangeability*

Deferred effectivity

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

Basis of Consolidated Financial Statements

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

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



Non-controlling Interests

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

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in capital funds. Disposals of equity investments to non-controlling interests may result in gains and losses for the Group that are also recognized in capital funds.

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

Investment in Subsidiaries

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

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

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

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

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

In computing the Parent Bank's share in net profit or loss of subsidiaries, unrealized gains or losses on transactions between the Parent Bank and its subsidiaries are eliminated to the extent of



the Parent Bank's interest in the subsidiaries. Where unrealized losses are eliminated, the underlying asset is also tested for impairment from a group perspective.

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

Investment in Associates

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

Business Combinations and Goodwill

Business acquisitions are accounted for using the acquisition method of accounting. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in the statement of income.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

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

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

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the statement of income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in the statement of income or as a charge to



other comprehensive income. Contingent consideration that is classified as capital funds is not remeasured, and its subsequent settlement is accounted for within capital funds.

Fair Value Measurement

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

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

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

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

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

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

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

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

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

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



Initial measurement of financial instruments

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

'Day 1' difference

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

Measurement categories of financial assets and liabilities

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

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

Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria under PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets

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

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

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.



In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- the expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Group's measurement categories are described below:

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the statement of financial position as Due from BSP, Due from other banks, Interbank loans receivable, Financial assets at amortized cost under Trading and investment securities, Loans and other receivables and certain accounts under Other resources.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including Cash and other cash items, non-restricted balances of Due from BSP, Due from other banks, Interbank loans receivable and Securities purchased under repurchase agreements included in Loans and



other receivables. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial Assets at FVTPL

Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include government securities, corporate bonds and equity securities which are held for trading purposes.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVTPL are measured at fair value. Related transaction costs are recognized directly as expense in the statement of income. Unrealized gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL category and realized gains or losses arising from disposals of these instruments are included in Gains (losses) on trading and investment securities at FVTPL and FVOCI account in the statement of income.

Interest earned on these investments is reported in the statement of income under Interest income account while dividend income is reported in the statement of income under Miscellaneous income account when the right of payment has been established.

Financial Assets at FVOCI - Equity Investments

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading. The Group has designated certain equity instruments as at FVOCI on initial application of PFRS 9.

Equity financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in Net unrealized fair value gains (losses) on investment securities in the statement of financial position. When the asset is disposed of, the cumulative gain or loss previously recognized in the Net unrealized fair value gains (losses) on investment securities account is not reclassified to profit or loss, but is reclassified directly to Surplus free account.



Any dividends earned on holding these equity instruments are recognized in the statement of income under Miscellaneous income account.

Financial Assets at FVOCI - Debt Instruments

The Group classifies debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in the statement of income in the same manner as for financial assets measured at amortized cost. The Expected Credit Loss (ECL) calculation for financial assets at FVOCI is explained in the 'Impairment of Financial Assets' section.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to the statement of income.

Reclassification of financial assets

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

(b) Impairment of Financial Assets

The Group recognizes the allowance for expected credit losses for all loans and other debt financial assets carried at amortized cost, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under PFRS 9.

ECL represent possible credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life



of the financial instrument.

For non-credit-impaired financial instruments:

- Stage 1 consists of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Group and the Parent Bank recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 consists of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group and the Parent Bank recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes more than 90 days past due on its contractual payments. As part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of 180 days (i.e., consecutive payments from the borrowers for 180 days).

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors such as downgrade in the credit rating of the borrowers and a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL. All exposures are therefore provided with ECLs, in the context of SICR status.

ECL is a function of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for



each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

EAD is modelled on historic data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts, EAD includes an estimate of any further amounts that may be drawn at the time of default. LGD is the amount that may not be recovered in the event of default and is modelled based on historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

(c) Derecognition of Financial Assets

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is



deemed to be originated as credit impaired (POCI). Distressed restructuring with indications of unlikelihood to pay are categorized as impaired accounts and are moved to Stage 3.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

Derivative Financial Instruments

The Group is a counterparty to derivatives contracts, such as forwards, swaps and warrants. These contracts are entered into as a means of reducing or managing the Group's foreign exchange and interest rate exposures as well as those of its customers.

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as resources when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument. When such evidence exists, which indicates a fair value different from the transaction price, the Group recognizes a gain or loss at initial recognition.

Changes in the fair value of derivatives are recognized in the statement of income.

Financial Liabilities

Financial liabilities which include deposit liabilities, bills payable, notes and bonds payable, and other liabilities (except tax-related payables, pre-need reserves and post-employment defined benefit obligation) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in the statement of income under Interest expense.

Deposit liabilities are stated at amounts in which they are to be paid. Interest is accrued periodically and recognized in a separate liability account before recognizing as part of deposit liabilities.

Bills payable and Notes and bonds payable are recognized initially at fair value, which is the issue proceeds (fair value of consideration received) less any issuance costs. These are subsequently measured at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

Derivative liabilities, which are included as part of Other Liabilities, are recognized initially and subsequently measured at fair value with changes in fair value recognized in the statement of income.



Other liabilities, apart from derivative liabilities, are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Offsetting Financial Instruments

Financial resources and liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Bank Premises, Furniture, Fixtures and Equipment

Bank premises, furniture, fixtures and equipment are carried at acquisition cost less accumulated depreciation and amortization, and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the depreciable assets as follows:

Buildings	25 - 50 years
Furniture, fixtures and equipment	5 - 10 years

Leasehold rights and improvements are amortized over the term of the lease or the estimated useful lives of the improvements of five to ten years, whichever is shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values, estimated useful lives and method of depreciation and amortization of bank premises, furniture, fixtures and equipment (except land) are reviewed and adjusted if appropriate, at the end of each reporting period.

If a change in use requires an item of bank premises, furniture, fixtures and equipment to be reclassified to investment properties, the difference between the carrying amount of such asset and its fair value as of the date of change in use is recognized in other comprehensive income and accumulated in equity under the Other reserves account. If the asset is subsequently retired or disposed of, the related revaluation surplus is transferred directly to Surplus free account.



An item of bank premises, furniture, fixtures and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of income in the year the item is derecognized.

The Group classifies ROU assets as part of property and equipment. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. ROU assets are subject to impairment.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include parcels of land and buildings and related improvements acquired by the Group from defaulting borrowers.

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is initially measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are classified under Investment properties from foreclosure date. Gain or loss from foreclosure is included as part of Gain or loss on foreclosure account under Miscellaneous Income section of the statement of income.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and amortization and impairment. Depreciation is computed using the straight line method over the useful life of 50 years and 10 years for building held for lease and other foreclosed properties, respectively. Land is carried at cost less any impairment in value.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the year of retirement or disposal. Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs and real estate taxes, are normally charged against income in the period in which costs are incurred.



Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Intangible Assets

Intangible assets include goodwill, acquired computer software, 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 ten 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 pertains to exchange differences arising from the translation of the Parent Bank's Foreign Currency Deposit Unit (FCDU) operations and UBX SG, which is taken to the statement of comprehensive income.

Non-controlling interests represent the portion of the net resources and profit or loss not attributable to the Group which are presented separately in the Group's statement of income and within the capital funds in the Group's statements of financial position and changes in capital funds.

Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Expenses are recognized in the statement of income upon utilization of the resources or services or at the date these are incurred. All finance costs are reported on an accrual basis. The following specific recognition criteria of income and expenses must also be met before income or expense is recognized:

- (a) *Interest income recognized using the effective interest rate method* - Interest income is recognized in the statement of income for all instruments measured at amortized cost and debt instruments classified as financial assets at FVOCI using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

- (b) *Other interest income* - Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognized using the contractual interest rate and is included under Interest Income on financial assets at fair value through profit or loss.



- (c) *Service charges, fees and commissions* - Service charges, fees and commissions are generally recognized when the service has been provided. Loan commitment fees are earned as services are provided, recognized as other income on a time proportion basis over the commitment period.

The Group has a loyalty points programme as part of its credit cards business which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the interchange fee is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

- (d) *Gain (loss) on trading and investment securities* - Gain (loss) on trading and investment securities is recognized when the contractual rights on the securities is transferred to the buyer (at an amount equal to the difference of the selling price and the carrying amount of securities) and as a result of the mark-to market valuation of outstanding securities classified as FVTPL at year-end.

- (e) *Miscellaneous* income includes the following accounts:

- *Commissions earned on credit cards* - Commissions earned on credit cards are recognized as income upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments. Purchases by the credit cardholders, collectible on installment basis, are recorded at the cost of the items purchased. Interest income is recognized on every term of installment billed to the cardholders and computed using the effective interest method.
- *Gain (loss) from assets sold or exchanged* - Profit or loss from assets sold or exchanged is recognized when the control of the assets is transferred to the buyer or when the collectibility of the entire sales price is reasonably assured.
- *Rental* - Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms on ongoing leases.
- *Income from bancassurance business* - Exclusive access fee (EAF) related to the bancassurance partnership is recognized as revenue by reference to the completion rate of the target cumulative annualized premium earned.
- *Dividend* - Dividend income is recognized when the Group's right to receive payment is established.
- *Income from trust operations* - Trust fees related to investment funds are recognized in reference to the net asset value of the funds. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.



Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as Lessee accounts for its leases as follows:

Group as Lessor

Leases, which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Lease income from operating leases is recognized as income in the statement of income on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

i. Right-of-use assets

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

ii. Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest recognized under Interest expense of bills payable and other liabilities and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases for some branches and the related parking spaces, stalls used for specific events and several office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ATM offsite locations, signages and several items of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term as is recognized as part of 'Occupancy' in the statement of income.

Foreign Currency Transactions and Translations

The accounting records of the Group are maintained in Philippine pesos except for the FCDU of the Parent Bank which are maintained in United States (U.S.) dollars. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

For financial reporting purposes, the accounts of the FCDU are translated into their equivalents in Philippine pesos based on the Philippine Dealing System closing rates (PDSCR) prevailing at the end of the period (for resources and liabilities) and at the average PDSCR for the period (for income and expenses).

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Changes in the fair value of monetary financial assets denominated in foreign currency are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in the statement of income, and other changes in the carrying amount are recognized in other comprehensive income.

Impairment of Non-financial Assets

The Group's intangible assets (consisting of goodwill and computer software recorded as part of Other resources), bank premises, furniture, fixtures and equipment, investment properties, investments in subsidiaries (for Parent Bank only) and other non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life, such as goodwill, are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss is recognized in the statement of income for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value, reflecting market conditions, less costs to sell and value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's



assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss, except for goodwill.

Employee Benefits

The Group's employment benefits to employees are as follows:

(a) *Post-employment Defined Benefit Plan*

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan (included as part of Other Liabilities) is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows arising from expected benefit payments using a discount rate derived from the interest rates of a zero-coupon government bond as published by Philippine Dealing & Exchange Corp., that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is included as part of Interest expense or Interest income in the statement of income.

Past-service costs are recognized immediately in the statement of income in the period of a plan amendment or curtailment.

(b) *Post-employment Defined Contribution Plan*

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred.

(c) *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring



that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Profit-Sharing and Bonus Plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Parent Bank's shareholders, as indicated in the statement of income, after certain regulatory adjustments. The Group recognizes a provision where it is contractually obliged to pay the bonus plans. The Group also recognizes a provision for profit-sharing and bonus plans where there is a past practice that has created a constructive obligation, whether paid in cash or in the form of shares of the Parent Bank to be issued under the Employee Stock Plan.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting date.

They are included as part of Accrued taxes and other expenses under the Other liabilities account in the statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Income Taxes

Tax expense recognized in the statement of income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in capital funds, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.



The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in capital funds. In this case, the tax is also recognized in other comprehensive income or directly in capital funds, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

Related Party Relationships and Transactions

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

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

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

Earnings Per Share

Basic earnings per share are determined by dividing the net profit for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, after retroactive effect to any stock dividends declared in the current year.

Diluted earnings per common share are also computed by dividing net profit by the weighted average number of common shares subscribed and outstanding at the end of the reporting period, after making adjustments to reflect the effects of any potentially dilutive preferred shares, stock options and warrants.

Trust and Fiduciary Activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These resources and the related income arising thereon are excluded from these financial statements, as they are neither resources nor income of the Group.



Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and services as disclosed in Note 6, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these services require different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a particular segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

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

Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's position at the statement of financial position date (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. Summary of Accounting Judgments and Estimates

The preparation of the Group's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

Unless otherwise stated, below significant judgments and estimates apply as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023.

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 and 2021, the Parent Bank sold investment securities under the HTC FCDU sub portfolio with carrying amount of ₱1.7 billion and ₱47.4 billion, respectively, resulting in Gain on sale of investment securities at amortized cost totaling ₱100.2 million and ₱8.5 billion, respectively. The Parent Bank has assessed that 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 management strategies 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-portfolio (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. Sensitivities were applied, during risk rating, to consider uncertainties on available economic forecasts.
- The Group's criteria for assessing if there has been a SICR which is the basis for measuring allowances for financial assets on a Lifetime Expected Credit Loss (LTECL) basis. There are also qualitative assessments to consider significant increase in credit risk based on the identified risk profiles of their accounts and portfolios. In 2023 and 2022, 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. Similar to prior years, in 2023 and 2022, models have been reviewed and revised as appropriate based on latest reviews, economic outlook and studies from external sources. In 2022, the Group updated the PD models for wholesale and certain retail portfolios, the LGD model for home loan, and the EAD for credit cards considering the credit conversion factor (CCF). In 2023, the Bank developed new ECL models for the newly acquired Citibank portfolios. In addition, PD estimates for certain retail products were created. 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.
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels, level of government spending, and collateral values, and their effect on PDs, EADs and LGDs. As the economy progresses to post-pandemic scenario, analyses and forecasts were reviewed and updated if needed as the economic conditions evolved. The quantitative overlays were complemented by experience-based expert judgment inputs through management overlays considered integral to the systematic process.

The carrying amount of loans and other receivables and the related allowance are disclosed in Notes 14 and 20, while the carrying amount of debt financial assets classified under amortized cost and fair value through other comprehensive income and the related allowances are disclosed in Notes 12, 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, 2023 and 2022 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 goodwill by discounting the estimated excess earnings using the weighted-average cost of capital (WACC) as the discount rate. The Group estimates the discount rate used for the computation of the net present value by reference to industry cost of capital.

The recoverable amount of the CGU is determined based on a value-in-use calculation using cash flow projections from financial budgets covering a five-year period. Financial budget for the immediately succeeding year is approved by senior management and BOD of the Parent Bank, while the financial budgets for the other years of cash flow projections are determined by corporate planning group and the relevant business units. In 2023, the key assumptions used in the calculation of value-in-use, including loan and deposit growth rates, net interest margin, have been updated to consider the effect of the pandemic. The discount rates used for the computation of the value in use for various CGUs (see Note 18) are based on the pre-tax discount rates ranging from 10.2% to 26.3% and from 11.63% to 34.81% as of December 31, 2023 and 2022, respectively. The long-term growth rates used is 6.2% as of December 31, 2023 and 5.7% as of December 31, 2022. The CGUs to which the goodwill is allocated and related carryings 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.

Fair value determination of assets acquired and liabilities assumed from business combinations
As discussed in Note 1, the Parent Bank completed the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The Group sought an independent valuation for certain assets and liabilities acquired, including the identifiable intangible assets from the acquisition. In 2023, the Parent Bank finalized the determination of the fair values of the assets acquired and liabilities assumed from the acquisition of Citigroup Inc.'s consumer banking business in the Philippines.

In 2022, the Group finalized the determination of the fair values of the assets acquired and liabilities assumed from the acquisitions of Bangko Kabayan and PBI (see Note 15).

The Group determines the acquisition-date fair values of identifiable assets acquired and liabilities assumed from the acquiree without quoted market prices based on the following:

- For assets and liabilities that are short term in nature, carrying values approximate fair values;
- For financial assets and liabilities that are long-term in nature, fair values are estimated through the discounted cash flow methodology, using the appropriate market rates (e.g., current lending rates); and
- For nonfinancial assets such as property and equipment and investment properties, fair values are determined based on an appraisal which follows sales comparison approach and depreciated replacement cost approach depending on the highest and best use of the assets.
- For identifiable intangible assets such as customer relationships and core deposits, fair values are determined based on the discounted cash flows of the expected benefits from the net assets acquired.

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 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 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 ORMC reviews various operational risk policies and practices and approves the Operational Risk Management Framework which forms part of the Bank's enterprise risk management system that covers all business and functional units, including outsourced services, services provided to external parties, and environmental and social-related operational risk requirements. The ORMC also provides oversight on the implementation of a sound business continuity management framework.
- (e) The Audit Committee is composed of seven (7) members, all non-executive and majority of whom are independent, including the Chairman, most of whom are with accounting, auditing, or related financial management expertise or experience. The skills, qualifications, and experience of the committee members are appropriate for them to perform their duties as laid down by the BOD.



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

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

Among the responsibilities of the Audit Committee are:

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



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

- *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 mandate and applicable laws. This includes the authority to allocate resources, set audit frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish the audit engagement objectives.

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

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

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

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

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



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

The CGC is composed of nine (9) members of the BOD, all non-executive, majority of whom, including its Chairman, are independent directors. Its specific duties include, among others, making recommendations to the BOD regarding continuing education of directors, overseeing the periodic performance evaluation of the 1) Board; 2) Board Committees; 3) Individual Directors; 4) Management-level Committees (through the 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. 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 Transaction Committee is composed of at least five (5) members of the BOD, all of whom are independent directors, with the Internal Audit Head and Chief Compliance Officer as resource persons. The Committee assists the BOD in the fulfillment of its corporate governance responsibilities on related party transactions by ensuring that the latter 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 Board of Directors appointed two more independent directors to the Related Party Transaction 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, 2023 and 2022, the Group and the Parent Bank did not exceed the limit in any of its industry concentration.

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



The table below shows the breakdown of the Group's and the Parent Bank's exposure on receivable from customers and investments and placements as of December 31, 2023 and 2022:

	2023	
	Group	Parent Bank
Corporate loans	₱132,676,825	₱132,676,825
Consumer products*	120,130,248	120,130,248
Commercial loans	75,045,930	75,045,930
Home loans	70,547,795	70,547,795
CSB salary loans	84,456,190	—
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 Small and Medium Enterprise (SME) Financial Products and Consumer Loans

**Comprised of HR loans, quick loans and Home Credit receivables

	2022	
	Group	Parent Bank
Corporate loans	₱130,499,972	₱130,499,972
Consumer products*	99,202,486	99,202,486
Commercial loans	75,232,498	75,232,498
Home loans	65,659,469	65,659,469
CSB salary loans	64,029,282	—
Other receivables from customers**	45,871,855	20,002,091
Total receivables from customers	480,495,562	390,596,516
Investments and placements	492,852,118	442,454,859
	₱973,347,680	₱833,051,375

*Comprised of Small and Medium Enterprise (SME) Financial Products and Consumer Loans

**Comprised of HR loans, quick loans and Home Credit receivables

Investments and placements include financial assets at amortized cost, debt securities classified as financial assets at FVOCI, due from other banks, due from BSP and interbank loans receivable and the related accrued interest receivable amounting to ₱4.31 billion and ₱3.83 billion as of December 31, 2023 and 2022, 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 and 2022, the Parent Bank updated the stage assessment to enhance the considerations related to movements in the borrower's credit rating when determining significant increase in credit risk, which include rating threshold triggers.

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

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

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

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

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

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

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

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



Below is the breakdown of the Group and Parent Bank's corporate loans exposure (outstanding balance and accrued interest receivable) by masterscale rating as of December 31, 2023 and 2022:

		December 31, 2023			
Credit Score	Masterscale	Amounts			
		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

		December 31, 2022			
Credit Score	Masterscale	Amounts			
		Stage 1	Stage 2	Stage 3	Total
<i>High Quality Grade</i>					
AAA to A-	1	P–	P–	P–	P–
BBB+	2	4,702,187	–	–	4,702,187
BBB	3	–	–	–	–
BBB- to BB+	4	42,470,009	30,021	–	42,500,030
<i>Standard Grade</i>					
BB to BB-	5	26,794,965	40,651	–	26,835,616
B+	6	4,983,374	–	–	4,983,374
B to B-	7	30,739,257	10,649,085	–	41,388,342
CCC+ to CCC	8	9,776,060	76,577	–	9,852,637
<i>Substandard Grade</i>					
Lower than CCC	9	77,012	7,816	–	84,828
<i>Non-Performing</i>					
Default	10	–	–	152,958	152,958
		₱119,542,864	₱10,804,150	₱152,958	₱130,499,972

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, 2023 and 2022 for financial and non-financial institutions:

Financial Institutions

		December 31, 2023			
		Amounts			
Credit Score	Masterscale	Stage 1	Stage 2	Stage 3	Total
High Quality Grade					
AAA to A-	1	P–	P–	P–	P–
BBB+	2	–	–	–	–
BBB-	3	–	–	–	–
BBB- to BB+	4	2,509,605	–	–	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
		P22,032,763	P–	P28,176	P22,060,939

		December 31, 2022			
		Amounts			
Credit Score	Masterscale	Stage 1	Stage 2	Stage 3	Total
<i>High Quality Grade</i>					
AAA to A-	1	P–	P–	P–	P–
BBB+	2	–	–	–	–
BBB-	3	–	–	–	–
BBB- to BB+	4	250,218	–	–	250,218
<i>Standard Grade</i>					
BB to BB-	5	1,974,404	–	–	1,974,404
B+	6	1,151,668	–	–	1,151,668
B to B-	7	8,393,725	–	–	8,393,725
CCC+ to CCC	8	7,809,630	–	–	7,809,630
<i>Substandard Grade</i>					
Lower than CCC	9	135,453	–	–	135,453
<i>Non-Performing</i>					
Default	10	–	–	28,430	28,430
		P19,715,098	P–	P28,430	P19,743,528



Non-financial Institutions

December 31, 2023				
Masterscale	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	P–	P–	P–	P–
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
	P41,920,218	P1,623,842	P9,440,931	P52,984,991

December 31, 2022				
Masterscale	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	P–	P–	P–	P–
2	–	–	–	–
3	1,377,275	–	–	1,377,275
4	3,056,524	–	–	3,056,524
5	10,820,105	504,744	–	11,324,849
6	14,048,050	4,112,895	–	18,160,945
7	13,655,655	51,023	–	13,706,678
8	1,020,102	1,050,094	–	2,070,196
9	604,258	1,166,003	–	1,770,261
10	30,909	85,377	3,905,956	4,022,242
	P44,612,878	P6,970,136	P3,905,956	P55,488,970

Small and Medium Enterprise (SME) Financial Products

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 businesses. Credit models are constantly reviewed and updated as necessary while data analytics have been enhanced to improve portfolio quality and product offers.

Consumer Financial Products

The Consumer loan portfolio of the Parent Bank is composed of four main product lines, namely: Home Loans, Credit Card, Personal Loans, and Auto Loans. 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 Citi 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, 2023 and 2022:

Home Loans

December 31, 2023				
Masterscale	Amounts			
	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

December 31, 2022				
Masterscale	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	₱7,640,551	₱—	₱—	₱7,640,551
2	10,467,797	—	—	10,467,797
3	10,920,928	39,841	—	10,960,769
4	8,489,749	313,319	—	8,803,068
5	7,357,469	544,792	—	7,902,261
6	1,878,642	682,064	—	2,560,706
7	11,511,153	—	—	11,511,153
Default	—	—	5,813,164	5,813,164
	₱58,266,289	₱1,580,016	₱5,813,164	₱65,659,469



Consumer Products (Credit cards and Personal loan portfolio)

December 31, 2023				
Amounts				
Masterscale	Stage 1	Stage 2	Stage 3	Total
0	₱17,859,240	₱234,278	₱—	₱18,093,518
1	11,807,491	2,261	—	11,809,752
2	18,166,397	12,795	—	18,179,192
3	19,122,782	10,823	—	19,133,605
4	12,244,860	16,775	—	12,261,635
5	9,980,209	21,950	—	10,002,159
6	273,541	291	—	273,832
7	523,765	1,754	—	525,519
8	701,743	15,805	—	717,548
9	39,307	109,088	—	148,395
10	68,774	195,742	—	264,516
11	51,735	409,384	—	461,119
12	—	616,926	—	616,926
13	—	72,940	1,615,309	1,688,249
14	—	104,610	—	104,610
15	—	40,954	—	40,954
16	—	80,847	—	80,847
17	—	—	422,955	422,955
	₱90,839,844	₱1,947,223	₱2,038,264	₱94,825,331

December 31, 2022				
Amounts				
Delinquency Bucket	Stage 1	Stage 2	Stage 3	Total
0	₱73,051,126	₱192,070	₱27,577	₱73,270,773
1	1,569,678	60,467	2,266	1,632,411
2	—	413,390	3,383	416,773
3	—	300,022	9,945	309,967
4	—	—	185,255	185,255
5	—	—	154,904	154,904
6	—	—	120,610	120,610
	₱74,620,804	₱965,949	₱503,940	₱76,090,693

Consumer Products (SME Financial Products, Legacy Credit Cards and Auto Loans)

December 31, 2023				
Amounts				
Masterscale	Stage 1	Stage 2	Stage 3	Total
1	₱3,642,044	₱83,997	₱—	₱3,726,041
2	3,481,836	218	—	3,482,054
3	3,064,521	40,052	—	3,104,573
4	4,063,824	72,780	—	4,136,604
5	5,282,769	143,649	—	5,426,418
6	4,140,919	1,159,220	—	5,300,139
7	—	—	—	—
8	—	—	—	—
9	—	—	—	—
Default	—	—	129,088	129,088
	₱23,675,913	₱1,499,916	₱129,088	₱25,304,917



Masterscale	December 31, 2022			
	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	₱2,804,812	₱182,287	₱—	₱2,987,099
2	2,451,709	—	—	2,451,709
3	4,238,197	483,315	—	4,721,512
4	3,534,179	2,596	—	3,536,775
5	3,762,453	41,294	—	3,803,747
6	2,614,899	147,808	—	2,762,707
7	—	—	—	—
Default	—	—	2,848,244	2,848,244
	₱19,406,249	₱857,300	₱2,848,244	₱23,111,793

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, 2023 and 2022:

Credit Score	December 31, 2023			
	Amounts			
	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



Credit Score	December 31, 2022			
	Amounts			
	Stage 1	Stage 2	Stage 3	Total
D to E	₱11,204,266	₱—	₱—	₱11,204,266
B to C	46,106,634	1,096,789	—	47,203,423
A	247,694	188,085	—	435,779
Default	—	—	5,185,814	5,185,814
	₱57,558,594	₱1,284,874	₱5,185,814	₱64,029,282

Other receivables from customers

Other receivables from customers of the Group and the Parent Bank include small portfolios such as, with respect to the Parent Bank, (i) personal loans, (ii) HR loans, (iii) bills purchased and (iv) customer liabilities under acceptances, (v) home credit receivables, (vi) teacher's loans acquired from CSB and, with respect to the subsidiaries, (i) personal loans, and (ii) motorcycle loans. Each of these products has established credit risk guidelines and systems for managing credit risk across all businesses.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate.

Each product was risk rated using techniques appropriate to the Group's and Parent Bank's credit experience. Such methods consider the payment history that are reflected in aging, delinquency, and/or change in rating. These provide the bases for the ECL stage determination.

The description of each groupings according to stage is explained further as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, does not demonstrate significant increase in credit risk.

Stage 2 - those that are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date, and, based on change in rating, delinquencies and payment history, demonstrates significant increase in credit risk.

Stage 3 - Those that are considered default of more than 90 days past due or demonstrates objective evidence of impairment as of reporting date.

Below is a summary as of December 31, 2023 and 2022 of the Group's and Parent Bank's other receivables from customers.

	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



December 31, 2022				
	Amounts			
	Stage 1	Stage 2	Stage 3	Total
Group	₱37,691,857	₱2,674,618	₱5,505,380	₱45,871,855
Parent Bank	18,883,459	261,453	857,179	20,002,091

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, 2023 and 2022:

Sovereign - Group

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



December 31, 2022				
Masterscale	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	₱16,316,140	₱—	₱—	₱16,316,140
2	—	—	—	—
3	—	—	—	—
4	279,717	—	—	279,717
5	—	—	—	—
6	1,513,995	—	—	1,513,995
7	—	—	—	—
8	—	—	—	—
9	266,666,218	—	—	266,666,218
10	—	—	—	—
11	1,315,359	789,534	—	2,104,893
12	2,014,319	—	—	2,014,319
13	—	—	—	—
14	—	2,247,582	—	2,247,582
15	—	—	—	—
16	—	—	—	—
Default	—	—	—	—
	₱288,105,748	₱3,037,116	₱—	₱291,142,864

Corporate – Group

December 31, 2023				
Masterscale	Amounts			
	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



December 31, 2022				
Masterscale	Amounts			Total
	Stage 1	Stage 2	Stage 3	
1	₱37,191,682	₱—	₱—	₱37,191,682
2	4,473,290	—	—	4,473,290
3	632,707	—	—	632,707
4	124,625,859	—	—	124,625,859
5	5,469,752	—	—	5,469,752
6	11,206,441	—	—	11,206,441
7	1,943,576	—	—	1,943,576
8	2,776,528	—	—	2,776,528
9	9,624,269	—	—	9,624,269
10	1,693,417	—	—	1,693,417
11	2,071,733	—	—	2,071,733
12	—	—	—	—
13	—	—	—	—
Default	—	—	—	—
	₱201,709,254	₱—	₱—	₱201,709,254

Sovereign – Parent Bank

December 31, 2023				
Masterscale	Amounts			Total
	Stage 1	Stage 2	Stage 3	
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



Masterscale	December 31, 2022			
	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	₱16,316,140	₱—	₱—	₱16,316,140
2	—	—	—	—
3	—	—	—	—
4	279,717	—	—	279,717
5	—	—	—	—
6	1,513,995	—	—	1,513,995
7	—	—	—	—
8	—	—	—	—
9	257,339,212	—	—	257,339,212
10	—	—	—	—
11	1,315,359	789,534	—	₱2,104,893
12	2,014,319	—	—	2,014,319
13	—	—	—	—
14	—	2,247,582	—	2,247,582
15	—	—	—	—
16	—	—	—	—
Default	—	—	—	—
	₱278,778,742	₱3,037,116	₱—	₱281,815,858

Corporate – Parent Bank

Masterscale	December 31, 2023			
	Amounts			
	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



Masterscale	December 31, 2022			
	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	₱37,191,682	₱—	₱—	₱37,191,682
2	4,473,290	—	—	4,473,290
3	632,707	—	—	632,707
4	83,703,955	—	—	83,703,955
5	5,469,752	—	—	5,469,752
6	11,206,441	—	—	11,206,441
7	1,884,024	—	—	1,884,024
8	2,736,528	—	—	2,736,528
9	9,624,269	—	—	9,624,269
10	1,693,417	—	—	1,693,417
11	2,022,936	—	—	2,022,936
12	—	—	—	—
13	—	—	—	—
Default	—	—	—	—
	₱160,639,001	₱—	₱—	₱160,639,001

Analysis of Movements of Gross Carrying Amounts

Movements in 2023 and 2022 for total receivables from customers follow. The balances presented include the related accrued interest receivables:

Group

	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱282,953,118	₱34,964,422	₱21,970,626	₱339,888,166
Newly originated assets that remained in Stage 1 as at December 31, 2023	204,366,140	—	—	204,366,140
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	10,994,810	4,132,300	15,127,110
Movements in receivable balance (excluding write-offs)	(127,828,623)	(12,871,190)	(640,456)	(141,340,269)
Transfers to Stage 1	16,082,298	(11,938,827)	(4,143,471)	—
Transfers to Stage 2	(4,345,040)	4,870,309	(525,269)	—
Transfers to Stage 3	(4,737,502)	(1,260,552)	5,998,054	—
Amounts written-off	(16,778)	(4,394)	(3,090,214)	(3,111,386)
Effects of business combination (see Note 1)	64,941,020	382,465	242,316	65,565,801
Balances at end of year	₱431,414,633	₱25,137,043	₱23,943,886	₱480,495,562



Parent Bank

	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱230,841,937	₱32,938,659	₱15,193,263	₱278,973,859
Newly originated assets that remained in Stage 1 as at December 31, 2023	137,123,696	—	—	137,123,696
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	8,466,219	1,814,489	10,280,708
Movements in receivable balance (excluding write-offs)	(86,987,037)	(11,371,851)	(254,062)	(98,612,950)
Transfers to Stage 1	15,939,588	(11,814,113)	(4,125,475)	—
Transfers to Stage 2	(4,102,795)	4,622,984	(520,189)	—
Transfers to Stage 3	(3,089,579)	(912,042)	4,001,621	—
Amounts written-off	—	—	(2,734,598)	(2,734,598)
Effects of business combination (see Note 1)	64,941,020	382,465	242,316	65,565,801
Balances at end of year	₱354,666,830	₱22,312,321	₱13,617,365	₱390,596,516

The movements in 2023 and 2022 for total receivables from customers follow:

Corporate Loans - Group and Parent Bank

	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



	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱89,626,427	₱27,629,390	₱1,418,769	₱118,674,586
Newly originated assets that remained in Stage 1 as at December 31, 2023	35,366,827	—	—	35,366,827
Movements in receivable balance (excluding write-offs)	(13,458,919)	(8,816,711)	(239,909)	(22,515,539)
Transfers to Stage 1	10,532,896	(10,532,896)	—	—
Transfers to Stage 2	(2,524,367)	2,524,367	—	—
Amounts written off	—	—	(1,025,902)	(1,025,902)
Balances at end of year	₱119,542,864	₱10,804,150	₱152,958	₱130,499,972

Commercial Loans - Group and Parent Bank

	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱62,899,728	₱3,669,199	₱3,373,820	₱69,942,747
Newly originated assets that remained in Stage 1 as at December 31, 2023	57,610,451	—	—	57,610,451
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	6,434,907	307,023	6,741,930
Movements in receivable balance (excluding write-offs)	(55,891,527)	(2,963,017)	(208,086)	(59,062,630)
Transfers to Stage 1	204,121	(36,891)	(167,230)	—
Transfers to Stage 2	(11,662)	101,750	(90,088)	—
Transfers to Stage 3	(483,135)	(235,812)	718,947	—
Balances at end of year	₱64,327,976	₱6,970,136	₱3,934,386	₱75,232,498



Home Loans - Group and Parent Bank

	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱50,025,715	₱1,344,654	₱6,844,301	₱58,214,670
Newly originated assets that remained in Stage 1 as at December 31, 2022	21,149,124	—	—	21,149,124
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	201,611	274,863	476,474
Movements in receivable balance (excluding write-offs)	(12,751,142)	(125,291)	(1,301,467)	(14,177,900)
Transfers to Stage 1	2,305,218	(714,332)	(1,590,886)	—
Transfers to Stage 2	(851,925)	1,193,695	(341,770)	—
Transfers to Stage 3	(1,610,701)	(320,321)	1,931,022	—
Amounts written off	—	—	(2,899)	(2,899)
Balances at end of year	₱58,266,289	₱1,580,016	₱5,813,164	₱65,659,469

Other Consumer Products - Group and Parent Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱94,027,053	₱1,823,249	₱3,352,184	₱99,202,486
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)	9,945,664	877,508	(60,419)	10,762,754
Transfers to Stage 1	770,059	(671,481)	(98,578)	—
Transfers to Stage 2	(1,866,880)	1,953,236	(86,356)	—
Transfers to Stage 3	(3,802,123)	(1,123,429)	4,925,551	—
Amounts written-off	—	—	—	(6,634,968)
Balances at end of year	₱114,515,757	₱3,447,139	₱2,167,351	₱120,130,248



	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱15,215,749	₱158,194	₱2,745,710	₱18,119,653
Newly originated assets that remained in Stage 1 as at December 31, 2023	8,759,275	—	—	8,759,275
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	734,103	1,186,838	1,920,941
Movements in receivable balance (excluding write-offs)	3,853,771	606,470	1,691,030	6,151,271
Transfers to Stage 1	2,862,306	(523,403)	(2,338,903)	—
Transfers to Stage 2	(704,885)	766,774	(61,889)	—
Transfers to Stage 3	(900,183)	(301,354)	1,201,537	—
Amounts written-off	—	—	(1,314,455)	(1,314,455)
Effects of business combination (see Note 1)	64,941,020	382,465	242,316	65,565,801
Balances at end of year	₱94,027,053	₱1,823,249	₱3,352,184	₱99,202,486

Consumer Products

	2023			
	Stage 1	Stage 2	Stage 3	Total
Balances as of acquisition date	₱74,620,804	₱965,949	₱503,940	₱76,090,693
Newly originated assets that remained in Stage 1 as at December 31, 2023	8,483,398	—	—	8,483,398
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	233,176	218,623	451,799
Movements in receivable balance (excluding write-offs)	11,358,752	1,014,325	1,001,918	13,374,995
Transfers to Stage 1	703,662	(640,912)	(62,750)	—
Transfers to Stage 2	(1,318,020)	1,396,221	(78,201)	—
Transfers to Stage 3	(3,008,751)	(1,021,536)	4,030,287	—
Amounts written-off	—	—	(3,575,554)	(3,575,554)
Balances at end of year	₱90,839,845	₱1,947,223	₱2,038,263	₱94,825,331

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances as of acquisition date	₱64,941,020	₱382,465	₱242,316	₱65,565,801
Newly originated assets that remained in Stage 1 as at December 31, 2023	3,182,203	—	—	3,182,203
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	17,595	276	17,871
Movements in receivable balance (excluding write-offs)	6,819,213	631,206	191,843	7,642,262
Transfers to Stage 1	517,680	(495,416)	(22,264)	—
Transfers to Stage 2	(588,099)	643,158	(55,059)	—
Transfers to Stage 3	(251,213)	(213,059)	464,272	—
Amounts written-off	—	—	(317,444)	(317,444)
Balances at end of year	₱74,620,804	₱965,949	₱503,940	₱76,090,693



CSB Salary Loans - Group

	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱40,801,513	₱ 1,467,019	₱3,356,560	₱45,625,092
Newly originated assets that remained in Stage 1 as at December 31, 2022	50,842,291	—	—	50,842,291
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	1,181,381	1,326,854	2,508,235
Movements in receivable balance (excluding write-offs)	(33,667,702)	(1,223,528)	(15,411)	(34,906,641)
Transfers to Stage 1	79,028	(74,611)	(4,417)	—
Transfers to Stage 2	(90,252)	91,926	(1,674)	—
Transfers to Stage 3	(389,843)	(153,055)	542,898	—
Amounts written-off	(16,441)	(4,258)	(18,996)	(39,695)
Balances at end of year	₱57,558,594	₱1,284,874	₱5,185,814	₱64,029,282

Other Receivables from Customers

Other receivables from customers include HR loans, Quick loans and Home Credit and CSB personal loan receivables.

Group

	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	₱2,241,167	₱9,308,923	₱46,418,744



	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱24,383,986	₱695,966	₱4,231,466	₱29,311,418
Newly originated assets that remained in Stage 1 as at December 31, 2022	30,638,172	—	—	30,638,172
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	2,442,808	1,036,722	3,479,530
Movements in receivable balance (excluding write-offs)	(15,913,104)	(349,113)	(566,613)	(16,828,830)
Transfers to Stage 1	98,729	(56,694)	(42,035)	—
Transfers to Stage 2	(161,949)	191,797	(29,848)	—
Transfers to Stage 3	(1,353,640)	(250,010)	1,603,650	—
Amounts written-off	(337)	(136)	(727,962)	(728,435)
Balances at end of year	₱37,691,857	₱2,674,618	₱5,505,380	₱45,871,855

Parent Bank

	2023			Total
	Stage 1	Stage 2	Stage 3	
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

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱13,074,318	₱137,222	₱810,663	₱14,022,203
Newly originated assets that remained in Stage 1 as at December 31, 2022	14,238,019	—	—	14,238,019
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	1,095,598	45,765	1,141,363
Movements in receivable balance (excluding write-offs)	(8,739,220)	(73,302)	(195,630)	(9,008,152)
Transfers to Stage 1	35,047	(6,591)	(28,456)	—
Transfers to Stage 2	(9,956)	36,398	(26,442)	—
Transfers to Stage 3	(95,560)	(54,555)	150,115	—
Amounts written-off	—	—	(391,342)	(391,342)
Balances at end of year	₱18,502,648	₱1,134,770	₱364,673	₱20,002,091



Investments and Placements

Movements in 2023 and 2022 for investments and placements follow. The balances presented include accrued interest receivables:

Group

	2023			Total
	Stage 1	Stage 2	Stage 3	
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

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱423,060,847	₱2,778,897	₱—	₱425,839,744
Newly originated assets that remained in Stage 1 as at December 31, 2022	196,419,137	—	—	196,419,137
Movements in the balance (excluding write-offs)	(129,664,982)	258,219	—	(129,406,763)
Balances at end of year	₱489,815,002	₱3,037,116	₱—	₱492,852,118

Parent

	2023			Total
	Stage 1	Stage 2	Stage 3	
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

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balance at beginning of year	₱379,695,719	₱2,778,897	₱—	₱382,474,616
Newly originated assets that remained in Stage 1 as at December 31, 2022	150,492,730	—	—	150,492,730
Movements in the balance (excluding write-offs)	(90,770,706)	258,219	—	(90,512,487)
Balance at end of year	₱439,417,743	₱3,037,116	₱—	₱442,454,859

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, 2023, 2022, and 2021, the net impact of the subsequent accretion of the 2020 loan modifications amounted to income of ₱47.14 million, ₱129.15 million,



and ₱101.37 million for the Group, respectively, and income of ₱46.52 million, ₱106.00 million, and ₱51.84 million for the Parent Bank, respectively.

Collateral Held as Security and Other Credit Enhancements

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

An estimate of the fair value of collateral and other security enhancements held by the Group and the Parent Bank against loans and other receivables as of December 31, 2023 and 2022 is shown below:

Group					
	Exposure before collaterals	Properties	Deposits	Others	Exposure after financial effect of collaterals
As of December 31, 2023	₱548,898,606	₱27,626,545	₱824,136	₱90,110,026	₱430,337,900
As of December 31, 2022	496,377,906	₱32,771,126	₱764,920	₱86,173,770	376,668,090
Parent Bank					
	Exposure before collaterals	Properties	Deposits	Others	Exposure after financial effect of collaterals
As of December 31, 2023	₱426,207,235	₱25,425,229	₱749,558	₱89,230,221	₱310,802,228
As of December 31, 2022	403,594,811	30,824,454	722,316	85,015,443	287,032,598

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 2023						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
<i>Financial assets</i>							
Cash and other cash items	P10,439	P-	P-	P-	P-	P-	P10,439
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
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	P96,949	P126,103	P73,958	P59,482	P88,353	P836,975	P1,281,820
<i>Non-derivative liabilities</i>							
Deposit liabilities							
Demand	P233,283	P-	P-	P-	P-	P-	P233,283
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
<i>Derivative Liabilities</i>	-	52	253	295	632	2,520	3,752
Total liabilities	P437,062	P230,690	P128,075	P17,175	P23,959	P145,929	P982,890



	Group 2022						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
<i>Financial assets</i>							
Cash and other cash items	P9,892	P-	P-	P-	P-	P-	P9,892
Due from BSP	72,286	22,336	-	-	-	-	94,622
Due from other banks	46,240	-	-	-	-	-	46,240
Interbank loans receivable and SPURRA	8,274	15,292	-	-	-	-	23,566
	136,692	37,628	-	-	-	-	174,320
Financial assets at FVTPL							
Derivative assets	-	445	367	125	192	905	2,034
Debt securities	-	7,478	-	-	-	-	7,478
Equity securities	-	-	-	-	-	411	411
Financial assets at FVOCI							
Debt securities	-	3,206	2,998	1,159	1,253	79,470	88,086
Equity securities	-	-	-	-	-	46	46
Financial assets at amortized cost	-	1,450	1,539	2,710	6,149	340,496	352,344
	-	12,579	4,904	3,994	7,594	421,328	450,399
Loans and other receivables	2,091	90,780	39,572	31,540	48,307	363,061	575,351
Other receivables							
Accounts receivable	-	-	-	-	-	11,116	11,116
Accrued interest receivable	-	9,693	-	-	-	-	9,693
Sales contract receivable	-	29	46	67	130	2,952	3,224
	2,091	100,502	39,618	31,607	48,437	377,129	599,384
Other financial assets							
Returned checks and other cash items	-	30	-	-	-	-	30
Sundry debits	-	154	-	-	-	-	154
	-	184	-	-	-	-	184
Total assets	P138,783	P150,893	P44,522	P35,601	P56,031	P798,457	P1,224,387
<i>Non-derivative liabilities</i>							
Deposit liabilities							
Demand	P232,082	P-	P-	P-	P-	P-	P232,082
Savings	195,021	-	-	-	-	-	195,021
Time and LTNCD	3,168	171,623	62,678	7,124	29,440	18,633	292,666
	430,271	171,623	62,678	7,124	29,440	18,633	719,769
Bills payable	-	19,284	50,183	4,829	14,629	52,225	141,150
Notes and bonds payable	-	58	241	421	19,839	34,683	55,242
Manager's checks	7,334	-	-	-	-	-	7,334
Accrued interest payable	-	1,802	-	-	-	-	1,802
Accounts payable	-	12,586	-	-	-	-	12,586
Other liabilities	-	16,907	-	-	-	-	16,907
	437,605	222,260	113,102	12,374	63,908	105,541	954,790
<i>Derivative Liabilities</i>	-	923	393	92	191	799	2,398
Total liabilities	P437,605	P223,183	P113,495	P12,466	P64,099	P106,340	P957,188
	Parent Bank 2023						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
<i>Financial assets</i>							
Cash and other cash items	P9,351	P-	P-	P-	P-	P-	P9,351
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	P88,422	P91,589	P65,390	P48,803	P69,004	P720,057	P1,083,265

(Forward)



	Parent Bank						Total
	2023						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
<i>Non-derivative liabilities</i>							
Deposit liabilities							
Demand	P234,228	P–	P–	P–	P–	P–	P234,228
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
<i>Derivative liabilities</i>							
	–	52	253	295	632	2,520	3,752
Total liabilities	P431,890	P171,257	P94,421	P7,982	P5,388	P104,162	P815,100

	Parent Bank						
	2022						
	On Demand	Up to 1 month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 year	Total
<i>Financial assets</i>							
Cash and other cash items	₱8,924	₱–	₱–	₱–	₱–	₱–	₱8,924
Due from BSP	58,188	8,406	–	–	–	–	66,594
Due from other banks	42,264	–	–	–	–	–	42,264
Interbank loans receivable and SPURRA	–	14,646	–	–	–	–	14,646
	109,376	23,052	–	–	–	–	132,428
Financial assets at FVTPL							
Derivative assets	–	445	367	125	192	905	2,034
Debt securities	–	7,408	–	–	–	–	7,408
Equity securities	–	–	–	–	–	–	–
Financial assets at FVOCI							
Debt securities	–	3,206	2,997	1,158	1,252	79,169	87,782
Equity securities	–	–	–	–	–	46	46
Financial assets at amortized cost							
	–	1,299	1,423	2,678	5,934	328,341	339,675
	–	12,358	4,787	3,961	7,378	408,461	436,945
Loans and other receivables	–	88,260	37,903	29,759	43,398	254,846	454,166
Other receivables							
Accounts receivable	–	–	–	–	–	6,347	6,347
Accrued interest receivable	–	6,956	–	–	–	–	6,956
Sales contract receivable	–	21	42	61	120	2,829	3,073
	–	95,237	37,945	29,820	43,518	264,022	470,542
Other financial assets							
Returned checks and other cash items	–	30	–	–	–	–	30
Sundry debits	–	154	–	–	–	–	154
	–	184	–	–	–	–	184
Total assets	₱109,376	₱130,831	₱42,732	₱33,781	₱50,896	₱672,483	₱1,040,099

<i>Non-derivative liabilities</i>							
Deposit liabilities							
Demand	P233,365	P–	P–	P–	P–	P–	P233,365
Savings	188,481	–	–	–	–	–	188,481
Time and LTNCD	163	123,249	50,119	3,941	25,967	2,418	205,857
	422,009	123,249	50,119	3,941	25,967	2,418	627,703
Bills payable	–	19,284	49,173	398	692	35,351	104,898
Notes and bonds payable	–	58	241	421	19,839	34,683	55,242
Manager's checks	7,320	–	–	–	–	–	7,320
Accrued interest payable	–	1,418	–	–	–	–	1,418
Accounts payable	–	11,053	–	–	–	–	11,053
Other liabilities	–	15,194	–	–	–	–	15,194
	429,329	170,256	99,533	4,760	46,498	72,452	822,828
<i>Derivative liabilities</i>	–	923	393	92	191	799	2,398
Total liabilities	P429,329	P171,179	P99,926	P4,852	P46,689	P73,251	P825,226



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, 2023 and 2022 follows (amounts in millions):

	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%

	December 31, 2022	
	Group	Parent Bank
Total HQLA	₱284,622	₱238,303
Total net cash outflows	191,939	167,553
LCR Ratio	148.29%	142.23%

Net Stable Funding Ratio (NSFR)

On June 6, 2018, the BSP issued BSP Circular No. 1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR). The NSFR is aimed to promote long-term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short-term resilience of a bank's liquidity profile. Banks shall maintain an NSFR of at least 100 percent (100%) at all times. The implementation of the minimum NSFR shall be phased in to help ensure that covered banks can meet the standard through reasonable measures without disrupting credit extension and financial market activities. Banks shall comply with the prescribed minimum ratio of 100%. As of December 31, 2023 and 2022, the NSFR was at 123.54% and 123.81%, respectively, for the Group, and at 124.03% and 122.03%, 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, 2023 and 2022 follows (amounts in millions of Philippine pesos)

	Foreign Exchange	Interest Rate	Equity	Total VaR
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
2022	₱135.4	₱1,132.7	₱—	₱1,574.3
Average daily	97.6	2,441.5	—	3,141.7
Highest	233.3	5,001.8	—	5,026.6
Lowest	7.9	1,132.7	—	1,574.3

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 2023			Total
	Up to Six Months	Beyond Six Months To One Year	Beyond One Year	
<i>Resources</i>				
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
<i>Liabilities</i>				
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



Group 2022				
	Up to Six Months	Beyond Six Months To One Year	Beyond One Year	Total
<i>Resources</i>				
Loans	₱175,895	₱67,406	₱236,326	₱479,627
Placements	103,164	–	61,240	164,404
Investments	6,539	2,678	323,826	333,043
	285,598	70,084	621,392	977,074
<i>Liabilities</i>				
Deposit liabilities	235,191	27,557	448,556	711,304
Bills payable	94,048	13,431	25,368	132,847
Notes and bonds payable	8,313	19,035	24,296	51,644
	337,552	60,023	498,220	895,795
Asset-Liability Gap	(₱51,954)	₱10,061	₱123,172	₱81,279

Parent Bank 2023				
	Up to Six Months	Beyond Six Months To One Year	Beyond One Year	Total
<i>Resources</i>				
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
<i>Liabilities</i>				
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

Parent Bank 2022				
	Up to Six Months	Beyond Six Months To One Year	Beyond One Year	Total
<i>Resources</i>				
Loans	₱169,462	₱57,440	₱166,832	₱393,734
Placements	56,906	–	66,580	123,486
Investments	6,464	2,658	314,330	323,452
	232,832	60,098	547,742	840,672
<i>Liabilities</i>				
Deposit liabilities	174,915	24,956	424,050	623,921
Bills payable	88,764	–	10,545	99,309
Notes and bonds payable	8,313	19,035	24,296	51,644
	271,992	43,991	458,891	774,874
Asset-Liability Gap	(₱39,160)	₱16,107	₱88,851	₱65,798

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):

Increase (decrease) in interest rates (in basis points)	Group		Parent Bank	
	100	(100)	100	(100)
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%
2022				
Change in annualized net interest income	(₱927.8)	₱927.8	(₱606.3)	₱606.3
As a percentage of net interest income	(1.49%)	1.49%	(1.32%)	1.32%

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, 2023 and 2022 is shown below:

	Group 2023		
	U.S. Dollars	Other Foreign Currencies	Total
<i>Resources:</i>			
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
	7,376,868	6,017,636	13,394,504
<i>Liabilities:</i>			
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	361,075	153,748	514,823
	26,741,196	19,931,652	46,672,848
Currency swaps and forwards	51,291,204	15,844,124	67,135,328
Net exposure	₱31,926,876	₱1,930,108	₱33,856,984

	Group 2022		
	U.S. Dollars	Other Foreign Currencies	Total
<i>Resources:</i>			
Cash and other cash items	₱15,207	₱592,166	₱607,373
Due from other banks	5,507,861	2,783,336	8,291,197
Financial assets at FVTPL	—	955	955
Financial assets at amortized cost	—	1,868,279	1,868,279
Loans and other receivables	3,579,372	147,946	3,727,318
	9,102,440	5,392,682	14,495,122
<i>Liabilities:</i>			
Deposit liabilities	—	4,416,831	4,416,831
Bills payable	75,173,396	12,103	75,185,499
Notes and bonds payable	6,969,375	—	6,969,375
Derivative liabilities	—	1,567	1,567
Accrued interest and other expenses	451,087	210	451,297
Other liabilities	59,019	98,364	157,383
	82,652,877	4,529,075	87,181,952
Currency swaps and forwards	49,162,467	(648,950)	48,513,517
Net exposure	(₱24,387,970)	₱214,657	(₱24,173,313)



	Parent Bank		
	2023		
	U.S. Dollars	Other Foreign Currencies	Total
<i>Resources:</i>			
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
	7,149,293	4,894,538	12,043,831
<i>Liabilities:</i>			
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	48,082	122,445	170,527
	26,428,203	19,871,823	46,300,026
Currency swaps and forwards	51,291,204	15,098,480	66,389,684
Net exposure	₱32,012,294	₱121,195	₱32,133,489

	Parent Bank		
	2022		
	U.S. Dollars	Other Foreign Currencies	Total
<i>Resources:</i>			
Cash and other cash items	₱15,207	₱592,166	₱607,373
Due from other banks	5,323,373	2,783,335	8,106,708
Financial assets at FVTPL	—	955	955
Financial assets at amortized cost	—	1,868,279	1,868,279
Loans and other receivables	3,579,372	147,946	3,727,318
	8,917,952	5,392,681	14,310,633
<i>Liabilities:</i>			
Deposit liabilities	—	4,416,831	4,416,831
Bills payable	75,173,396	12,103	75,185,499
Notes and bonds payable	6,969,375	—	6,969,375
Derivative liabilities	—	1,567	1,567
Accrued interest and other expenses	451,087	210	451,297
Other liabilities	59,019	98,364	157,383
	82,652,877	4,529,075	87,181,952
Currency swaps and forwards	49,162,467	(648,950)	48,513,517
Net exposure	(₱24,572,458)	₱214,656	(₱24,357,802)

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.



	2023		2022	
	% Change	Effect on Net Profit For the Year	% Change	Effect on Net Profit For the Year
U.S. dollars	1.0%	(705,647)	1.0%	(245,721)
Japanese yen	2.0%	(630,043)	2.0%	1,250
Euros	1.0%	7,608	1.5%	2,529
Others	1.2%	6,894	1.6%	(355)

Operational Risk

BSP Circular No. 900, Guidelines on Operational Risk Management, serve as the groundwork for the Bank's Operational Risk Management (ORM) framework. This is to standardize the approach undertaken by the Bank in order to facilitate consistently strong ORM practices across the organization.

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

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

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

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

Legal Risk and Regulatory Risk Management

Legal risk pertains to the Parent Bank's exposure to losses arising from cases decided not in favor of the Parent Bank where significant legal costs have already been incurred, or in some instances, where the Parent Bank may be required to pay damages. The Parent Bank is often involved in litigation in enforcing its collection rights under loan agreements in case of borrower default. The Parent Bank may incur significant legal expenses as a result of these events, but the Parent Bank may still end up with non-collection or non-enforcement of claims.



The Parent Bank has established measures to avoid or mitigate the effects of these adverse decisions and engages several qualified legal advisors, who were endorsed to and carefully approved by senior management. At year-end, the Parent Bank also ensures that material adjustments or disclosures are made in the financial statements for any significant commitments or contingencies which may have arisen from legal proceedings involving the Parent Bank.

Regulatory risk refers to the potential risk for the Parent Bank and its subsidiaries to suffer financial loss due to changes in the laws, monetary, tax, or other governmental regulations of the country. Compliance risk is the Bank's potential exposure to legal penalties, financial forfeiture and material loss, resulting from its failure to act in accordance with industry laws and regulations, internal policies or prescribed best practices. 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, 2023 and 2022, as reported to the BSP, follow (amounts in millions):

	Group		Parent Bank	
	2023	2022	2023	2022
Common Equity Tier 1 Capital				
Paid-up common stock	₱23,538	₱21,421	₱23,538	₱21,421
Common stock dividends distributable	6,355	–	6,355	–
Additional paid in capital	57,769	47,950	57,769	47,950
Surplus free	75,449	77,052	77,388	78,044
Undivided profits	8,624	11,506	9,241	12,093
Other comprehensive income/(loss)	(3,390)	(15,289)	(3,357)	(15,384)
Minority interest in financial allied subsidiary	655	866	–	–
Sub-total	169,000	143,506	170,934	144,124
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	448	293	400	1,191
Deferred income tax	9,024	7,288	6,936	5,301
Goodwill	48,843	57,232	43,340	51,456
Other intangible assets	12,820	3,760	10,810	1,499
Defined benefit pension fund assets	–	7	–	–
Un-booked valuation reserves	–	2,109	–	1,694
Investments in equity of consolidated subsidiary banks and quasi banks, and other financial allied undertakings	–	–	36,439	31,325
Total regulatory adjustments to Common Equity Tier 1 capital	71,138	70,689	97,927	92,466
Total Common Equity Tier 1 capital	97,862	72,817	73,007	51,658
Total Tier 1 capital	₱97,862	₱72,817	₱73,007	₱51,658
Tier 2 Capital				
General loan loss provision	₱5,770	₱4,443	₱4,773	₱3,268
Unsecured subordinated debt	6,762	6,756	6,762	6,756
Total Tier 2 capital	12,532	11,199	11,535	10,024
Net Tier 1 capital	97,862	72,817	73,007	51,658
Net Tier 2 capital	12,532	11,199	11,535	10,024
Total qualifying capital	110,394	84,016	84,542	61,682
Credit risk-weighted assets	608,482	556,365	477,080	455,410
Market risk-weighted assets	20,816	7,127	20,789	6,831
Operational risk-weighted assets	74,642	80,922	55,781	60,374
Total risk-weighted assets	₱703,940	₱644,414	₱553,650	₱522,615
Capital ratios:				
Total regulatory capital expressed as percentage of total risk weighted assets	15.68%	13.04%	15.27%	11.80%
Total Tier 1 expressed as percentage of total risk-weighted assets	13.90%	11.30%	13.19%	9.88%
Total Common Equity Tier 1 expressed as percentage of total risk-weighted assets	13.90%	11.30%	13.19%	9.88%
Conservation buffer	7.90%	5.30%	7.19%	3.88%

The Group and the Parent Bank have fully complied with the CAR requirements of the BSP.



The breakdown of credit risk-weighted assets, market risk-weighted assets and operational risk-weighted assets follow (amounts in millions):

	Group		Parent Bank	
	2023	2022	2023	2022
On-books assets	₱589,047	₱534,813	₱457,879	₱433,867
Off-books assets	9,401	10,410	9,387	10,401
Counterparty risk-weighted assets:				
in the banking books	8,671	9,619	8,671	9,619
in the trading books	1363	1,523	1363	1,523
Gross Credit Risk-Weighted Assets	₱608,482	₱556,365	₱477,300	₱455,410
Excess of amount permitted in upper Tier 2	—	—	220	—
Total Credit Risk-Weighted Assets	₱608,482	₱556,365	₱477,080	₱455,410
Capital Requirements	₱60,848	₱55,637	₱47,708	₱45,541
Interest rate exposures	₱8,328	₱5,419	₱8,328	₱5,419
Equity exposures	—	—	—	—
Foreign exchange exposures	12,488	1,708	12,461	1,412
Total Market Risk-Weighted Assets	₱20,816	₱7,127	₱20,789	₱6,831
Capital Requirements	₱2,082	₱713	₱2,079	₱683
Total Operational Risk-Weighted Assets - Basic indicator	₱74,642	₱80,922	₱55,781	₱60,374
Capital Requirements	₱7,464	₱8,092	₱5,578	₱6,037

The total credit exposure broken down by type of exposures and risk weights follow (amounts in millions):

	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	—	—	3,057	—	3,057

(Forward)



	Group					
	2023					
	Credit Risk Total Credit Risk Exposure	Total Credit Risk Exposure after Risk Mitigation	0%-50%	75%-100%	150%	Total Weighted Assets
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

	Group					
	2022					
	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	₱9,873	₱9,873	₱9,873	₱–	₱–	₱–
Checks and other cash items	18	18	18	–	–	4
Due from BSP	94,630	94,630	94,630	–	–	–
Due from other banks	46,254	46,254	43,111	3,144	–	22,893
Financial assets at FVTPL	39	39	–	39	–	39
Financial assets at FVOCI	80,679	69,443	49,460	19,983	–	24,253
Financial assets at amortized cost	248,372	248,372	228,213	20,159	–	27,287
Loans and receivables	461,304	459,917	91,711	361,647	6,560	407,172
SPURRA	23,565	3,323	3,323	–	–	–
Sales contract receivable (SCR)	2,162	2,162	–	1,039	1,123	2,724
ROPA	5,297	5,297	–	–	5,297	7,946
Other assets	39,045	39,045	–	39,045	–	39,045
Total risk-weighted on-books assets not covered by CRM	1,011,238	978,373	520,339	445,056	12,980	531,363
Total risk-weighted on-books assets covered by CRM	–	32,864	32,864	–	–	3,450
	₱1,011,238	₱1,011,237	₱553,203	₱445,056	₱12,980	₱534,813
Risk-Weighted Off-Books Assets						
Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances)	₱4,536	₱–	₱–	₱4,536	₱–	₱4,536
Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions)	4,600	–	–	2,300	–	2,300
Trade-related contingencies arising from movements of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one year	17,873	–	–	3,574	–	3,574
	₱27,009	₱–	₱–	₱10,410	₱–	₱10,410

(Forward)



	Group					Total Weighted Assets
	2022					
	Credit Risk Total Credit Risk Exposure	Total Credit Risk Exposure after Risk Mitigation	0%-50%	75%-100%	150%	
Counterparty Risk-Weighted Assets in the Banking Books						
Repo-style Exposure	₱97,000	₱18,770	₱18,302	₱468	₱—	₱9,619
Counterparty Risk-Weighted Assets in the Trading Books						
Interest Rate Contracts	₱1,115	₱—	₱—	₱—	₱—	₱—
Exchange Rate Contracts	107,982	2,413	1,685	728	—	1,523
Total	₱109,097	₱2,413	₱1,685	₱728	₱—	₱1,523
	Parent Bank					Total Weighted Assets
	2023					
	Credit Risk Total Credit Risk Exposure	Total Credit Risk Exposure after Risk Mitigation	0%-50%	75%-100%	150%	
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	—	55,459	—	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
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



	Parent Bank					
	2022					
	Credit Risk Total Credit Risk Exposure	Total Credit Risk Exposure after Risk Mitigation	0%-50%	75%-100%	150%	Total Weighted Assets
Risk-Weighted On-Books Assets						
Cash on hand	₱8,924	₱8,924	₱8,924	₱ –	₱ –	₱ –
Due from BSP	66,595	66,595	66,595	–	–	–
Due from other banks	42,278	42,278	40,929	1,348	–	20,007
Financial assets through other comprehensive income	80,384	69,148	49,392	19,756	–	24,015
Financial assets at amortized cost	239,143	239,143	218,985	20,159	–	27,269
Loans and receivables	379,934	378,629	90,084	286,201	2,344	324,589
SPURRA	14,645	1,539	1,539	–	–	–
SCR	2,063	2,063	–	989	1,074	2,600
ROPA	3,839	3,839	–	–	3,839	5,759
Other assets	26,189	26,189	–	26,189	–	26,189
Total risk-weighted on-books assets not covered by CRM	863,994	838,347	476,448	354,642	7,257	430,428
Total risk-weighted on-books assets covered by CRM	–	25,647	25,647	–	–	3,439
	₱863,994	₱863,994	₱502,095	₱354,642	₱7,257	₱433,867
Risk-Weighted Off-Books Assets						
Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances)	₱4,536	₱–	₱–	₱4,536	₱–	₱4,536
Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions)	4,600	–	–	2,300	–	2,300
Trade-related contingencies arising from movements of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one year	17,826	–	–	3,565	–	3,565
	₱26,962	₱–	₱–	₱10,401	₱–	₱10,401
Counterparty Risk-Weighted Assets in the Banking Books						
Repo-style Exposure	₱97,000	₱18,770	₱18,302	₱468	₱–	₱9,619
Counterparty Risk-Weighted Assets in the Trading Books						
Interest Rate Contracts	₱1,115	₱–	₱–	₱–	₱–	₱–
Exchange Rate Contracts	107,982	2,413	1,685	728	–	1,523
Total	₱109,097	₱2,413	₱1,685	₱728	₱–	₱1,523

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, 2023 and 2022. 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, 2023 and 2022 follow (amounts in millions, except for percentages):

	Consolidated		Parent Bank	
	2023	2022	2023	2022
Tier 1 Capital	₱97,862	₱72,817	₱73,007	₱51,658
Exposure Measure	1,123,087	1,035,178	915,156	888,335
BLR	8.71%	7.03%	7.98%	5.82%

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 2023, the Group and Parent Bank's ICAAP Document was submitted to the BSP on March 30, 2023.

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.

In 2023, given the significant growth in mass market and digital banking products, the Group revisited the level of aggregation of its consumer banking segment. Given the differences in processes and customer characteristics, the Group assessed that there is a change in the level of aggregation, and Mass Market/ Digital Banking is now presented as a separate operating segment. In accordance with PFRS, the Group retroactively presented the comparative information separating this segment from the others.

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.

(b) Institutional Banking

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



(c) 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, 2023, 2022 and 2021 follow (amounts in millions):

	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	₱42,037	₱14,992	₱8,554	₱3,784	₱1,224	₱187	₱70,778
Other expenses	(20,612)	(8,454)	(3,680)	(1,786)	(672)	(9,684)	(44,888)
Income before credit losses and income tax	₱21,425	₱6,538	₱4,874	₱1,998	₱552	(₱9,497)	25,890
Provision for credit losses							(14,041)
Tax expense							(2,644)
Net income							₱9,205
Segment resources	₱194,610	₱182,076	₱210,701	₱383,954	₱1,869	₱171,933	₱1,145,143
Segment liabilities	₱403,353	₱155,938	₱150,684	₱214,413	₱245	₱44,885	₱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



Segment Reporting and Fair Value Measurement and Offsetting of Financial Assets and Financial Liabilities

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	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	₱23,657	₱11,095	₱9,329	₱5,260	₱727	₱2,132	₱52,200
Other expenses	(11,544)	(6,449)	(3,134)	(1,940)	(332)	(7,949)	(31,348)
Income before credit losses and income tax	₱12,113	₱4,646	₱6,195	₱3,320	₱395	(₱5,817)	20,852
Provision for credit losses							(4,068)
Tax expense							(4,039)
Net income							₱12,745
Segment resources	₱174,533	₱148,966	₱210,838	₱405,454	₱1,600	₱151,495	₱1,092,886
Segment liabilities	₱394,203	₱126,431	₱130,426	₱250,306	₱222	₱43,084	₱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

	Consumer Banking	Mass Market/ Digital	Institutional	Treasury	Trust/ Insurance and Brokerage	Headquarters	Total
December 31, 2021							
Results of operations							
Net interest income and other income	₱11,053	₱8,856	₱9,522	₱13,254	₱337	₱2,094	₱45,116
Other expenses	(6,090)	(5,991)	(3,148)	(1,319)	(176)	(7,596)	(24,320)
Income before credit losses and income tax	₱4,963	₱2,865	₱6,374	₱11,935	₱161	(₱5,502)	20,796
Provision for credit losses							(5,811)
Tax expense							(2,407)
Net income							₱12,578
Segment resources	₱78,100	₱123,500	₱198,796	₱337,676	₱74	₱92,949	₱831,095
Segment liabilities	₱290,339	₱105,372	₱151,029	₱150,119	₱7	₱22,016	₱718,882
Other information:							
Depreciation and amortization	₱13	₱424	₱50	₱4	₱7	₱1,126	₱1,624
Capital expenditures	259	139	342	7	—	2,639	3,386

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, 2023			
	Level 1	Level 2	Level 3	Total
<i>Resources</i>				
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
<i>Liabilities</i>				
Derivative liabilities	—	926,176	—	926,176
December 31, 2022				
<i>Resources</i>				
Financial assets at FVTPL				
Debt securities	₱6,996,559	₱—	₱—	₱6,996,559
Equity securities	39,338	411,050	31,000	481,388
Derivative assets	—	1,122,881	52,688	1,175,569
Trust fund assets	—	60,109	—	60,109
Financial assets at FVOCI				
Debt securities	79,489,027	—	—	79,489,027
Equity securities	—	—	272,735	272,735
<i>Liabilities</i>				
Derivative liabilities	—	1,546,773	—	1,546,773



Parent Bank

December 31, 2023				
	Level 1	Level 2	Level 3	Total
<i>Resources</i>				
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
<i>Liabilities</i>				
Derivative liabilities	–	926,176	–	926,176
December 31, 2022				
	Level 1	Level 2	Level 3	Total
<i>Resources</i>				
Financial assets at FVTPL				
Debt securities	₱6,996,559	₱–	₱–	₱6,996,559
Equity securities	–	411,050	–	411,050
Derivative assets	–	1,122,881	52,688	1,175,569
Financial assets at FVOCI				
Debt securities	79,421,431	–	–	79,421,431
Equity securities	–	–	46,247	46,247
<i>Liabilities</i>				
Derivative liabilities	–	1,546,773	–	1,546,773

b) Financial instruments measured at amortized cost and investment properties for which fair value is disclosed

Group

December 31, 2023					
	Carrying Value	Level 1	Level 2	Level 3	Total
<i>Resources</i>					
<i>Financial Assets</i>					
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
<i>Nonfinancial Assets</i>					
Investment properties	8,592,259	–	–	18,908,548	18,908,548
<i>Liabilities</i>					
<i>Financial Liabilities</i>					
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
December 31, 2022					
	Carrying Value	Level 1	Level 2	Level 3	Total
<i>Resources</i>					
<i>Financial Assets</i>					
Financial assets at amortized cost	₱244,627,904	₱219,164,614	₱–	₱–	₱219,164,614
Loans and other receivables	479,626,649	–	–	473,119,154	473,119,154
<i>Nonfinancial Assets</i>					
Investment properties	8,258,873	–	–	16,767,610	16,767,610
<i>Liabilities</i>					
<i>Financial Liabilities</i>					
Deposit liabilities	711,303,942	–	–	711,341,525	711,341,525
Bills payable	132,846,789	–	127,994,547	–	127,994,547
Notes and bonds payable	51,644,325	–	48,770,253	–	48,770,253



Parent Bank

December 31, 2023					
	Carrying Value	Level 1	Level 2	Level 3	Total
Resources					
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
Investment properties	7,359,283	–	–	17,343,691	17,343,691
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
December 31, 2022					
	Carrying Value	Level 1	Level 2	Level 3	Total
Resources					
Financial assets at amortized cost	₱235,400,671	₱210,794,053	₱–	₱–	₱210,794,053
Loans and other receivables	393,734,345	–	–	387,226,850	387,226,850
Investment properties	7,124,049	–	–	16,572,598	16,572,598
Liabilities					
Deposit liabilities	623,921,032	–	–	623,958,615	623,958,615
Bills payable	99,309,124	–	94,456,882	–	94,456,882
Notes and bonds payable	51,644,325	–	48,770,253	–	48,770,253

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years. Certain disclosures required for financial instruments measured at fair value and classified as Level 3 are not presented as these financial instruments are comprised of derivative assets and unquoted equity securities that are not material to the financial statements.

Below information provided about how the fair values of the Group's classes of financial instruments are determined.

- (a) *For Cash and other cash items, Due from BSP and other banks, Interbank loans receivable, SPURRA (included under loans and other receivable) and Returned checks and other cash items, and Other liabilities such as Manager's checks, Bills purchased, Accounts payable, Accrued interest payable, Payment orders payable and Due to Treasurer of the Philippines* Management considers that the carrying amounts approximate their fair value due to their short-term nature. Accordingly, these are not presented in the tables above.
- (b) *Debt securities*
Fair values of debt securities under Level 1, composed of government securities issued by the Philippine government and other foreign governments and private debt securities, are determined based on quoted prices at the close of business as appearing on Bloomberg. Fair values of debt securities under Level 2 composed of government securities, determined based on observable input prices of similar securities appearing on Bloomberg.
- (c) *Derivatives*
The fair values of derivative financial instruments that are not quoted in an active market are determined through valuation techniques using the net present value computation (see Note 3). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.
- (d) *Equity securities*
Instruments included in Level 1 comprise equity securities classified as financial assets at FVTPL. These securities are valued based on their closing prices published by the Philippine Stock Exchange.



Club shares classified as financial assets at FVTPL are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

Equity instruments included in Level 3 are UIC's investment in unquoted equity securities valued using the adjusted net asset method. The adjusted net asset method involves deriving the fair value of the investee's equity instruments by reference to the fair value of its assets and liabilities. Adjustments in the fair value of the investee's net assets, such as discount for the lack of liquidity, were also considered in the valuation. The Level 3 unquoted equity instruments are not material to the consolidated financial statements.

(e) *Loans and receivables, Deposit liabilities and Bills payable*

The Group maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(f) *Notes and bonds payable*

Fair values of notes and bonds payable under Level 2 are determined based on quoted prices at the close of business as appearing on PDEX and Bloomberg. These are classified as Level 2 due to absence of an active market.

(g) *Investment properties*

The fair values of the Group's investment properties are determined on the basis of the appraisals performed by internal appraisers (for investment properties with values below ₱5 million) and independent appraisal companies acceptable to the BSP (for investment properties with fair values above ₱5 million), with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation process is conducted by the appraisers with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, appraisal companies take into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management's assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair values of investment properties are determined using the market data approach that reflects observable and recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable property in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable and recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value will be the lower level of the hierarchy or Level 3. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value.

There has been no change in the valuation techniques used by the Group during the year for its investment properties.



Fair Value Measurement, Offsetting of Financial Assets and Financial Liabilities and Cash and Balances with the BSP

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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, 2023 and 2022 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, 2023				December 31, 2022			
	Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Exposure	Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Exposure
		Financial Instruments	Collateral Received			Financial Instruments	Collateral Received	
Financial Assets								
Derivative Assets								
Currency forwards	P171,025	P75,833	P-	P95,192	P807,279	P379,452	P-	P427,827
Cross currency interest rate swaps	469,300	57,965	-	411,335	315,602	21,550	-	294,052
Loans and Receivables	25,785,023	-	25,785,023	-	23,948,338	-	23,948,338	-
Total financial assets	P26,425,348	P133,798	P25,785,023	P506,527	P25,071,219	P401,002	P23,948,338	P721,879
Financial Liabilities								
Derivative Liabilities								
Currency forwards	P741,313	P75,833	P-	P665,480	P1,306,506	P379,452	P-	P927,054
Cross currency swaps	184,863	57,965	-	126,898	240,267	21,550	-	218,717
Deposit Liabilities	595,679	373,904	-	221,775	652,651	331,529	-	321,122
Bills Payable	25,411,119	25,411,119	-	-	23,553,973	23,553,973	-	-
Total financial liabilities	P26,932,974	P25,918,821	P-	P1,014,153	P25,753,397	P24,286,504	P-	P1,466,893

	Parent Bank							
	December 31, 2023				December 31, 2022			
	Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Exposure	Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Exposure
		Financial Instruments	Collateral Received			Financial Instruments	Collateral Received	
Financial assets								
Derivative assets								
Currency forwards	P171,025	P75,833	P-	P95,192	P807,279	P379,452	P-	P427,827
Cross currency interest rate swaps	469,300	57,965	-	411,335	315,602	21,550	-	294,052
Loans and receivables	3,498,457	-	3,498,457	-	14,966,340	-	14,966,340	-
Total financial assets	P4,138,782	P133,798	P3,498,457	P506,527	P16,089,221	P401,002	P14,966,340	P721,879
Financial liabilities								
Derivative liabilities								
Currency forwards	P741,313	P75,833	P-	P665,480	P1,306,506	P379,452	P-	P927,054
Cross currency swaps	184,863	57,965	-	126,898	240,267	21,550	-	218,717
Deposit liabilities	511,063	314,379	-	196,684	610,047	331,529	-	278,518
Bills Payable	3,184,078	3,184,078	-	-	14,634,811	14,634,811	-	-
Total financial liabilities	P4,621,317	P3,632,255	P-	P989,062	P16,791,631	P15,367,342	P-	P1,424,289



8. Cash and Balances with the BSP

These accounts are composed of the following as of December 31:

	Group		Parent Bank	
	2023	2022	2023	2022
Cash and other cash items	₱10,439,112	₱9,891,536	₱9,350,898	₱8,924,249
Due from BSP				
Mandatory reserves	₱56,967,441	₱62,263,916	₱53,955,218	₱59,250,130
Non-mandatory reserves	25,676,222	32,346,392	9,927,906	7,337,991
	₱82,643,663	₱94,610,308	₱63,883,124	₱66,588,121

Cash consists primarily of funds in the form of Philippine currency notes and coins in the Group and the Parent Bank's vault and those in the possession of tellers, including ATMs. Other cash items include cash items (other than currency and coins on hand) such as checks drawn on other banks or other branches that were received after the Group and the Parent Bank's clearing cut-off time until the close of the regular banking hours.

Mandatory reserves represent the balance of the deposit account maintained with the BSP to meet reserve requirements and to serve as clearing account for interbank claims (see Note 21). Due from BSP bears annual interest rates ranging from 5.00% to 6.71% in 2023, from 1.50% to 5.00% in 2022, and from 1.50% to 2.00% in 2021, 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 ₱1,465,746, ₱896,452 and ₱665,311 in 2023, 2022, and 2021, respectively, while the total interest income on Due from BSP recognized by the Parent Bank amounted to ₱290,285, ₱487,778 and ₱325,236 in 2023, 2022, and 2021, respectively.

Under Section 254 of the MORB, a bank shall keep its required reserves in the form of deposits placed in the bank's demand deposit account with the BSP. Section 254.1 of the MORB further provides that such deposit account with the BSP is not considered as a regular current account as drawings against such deposits shall be limited to: (a) settlement of obligation with the BSP, and (b) withdrawals to meet cash requirements.

9. Due from Other Banks

The balance of this account consists of regular deposits with the following:

	Group		Parent Bank	
	2023	2022	2023	2022
Foreign banks	₱22,905,216	₱41,686,572	₱22,905,216	₱41,686,572
Local banks	4,358,131	4,553,392	282,817	576,957
	₱27,263,347	₱46,239,964	₱23,188,033	₱42,263,529



The breakdown of this account as to currency follows:

	Group		Parent Bank	
	2023	2022	2023	2022
U.S. dollars	₱20,482,672	₱39,093,926	₱20,373,199	₱38,909,437
Philippine pesos	4,507,037	4,362,703	541,197	570,757
Other currencies	2,273,638	2,783,335	2,273,637	2,783,335
	₱27,263,347	₱46,239,964	₱23,188,033	₱42,263,529

Annual interest rates on these deposits range from 0.00% to 5.40% in 2023, from 0.00% to 2.30% in 2022, and from 0.00% to 2.00% in 2021. Total interest income on Due from other banks earned by the Group amounted to ₱694,490, ₱103,736, and ₱14,429 in 2023, 2022, and 2021, respectively, while total interest income earned by the Parent Bank amounted to ₱656,870, ₱97,199, and ₱7,634 in 2023, 2022, and 2021, respectively.

Due from other banks is net of allowance for credit losses amounting to ₱11,874 and ₱18,447, as of December 31, 2023 and 2022, respectively.

10. Interbank Loans Receivable and Securities Purchased under Repurchase Agreements

Interbank loans receivable consists of foreign currency-denominated loans granted to other banks with terms ranging from 1 to 10 days as of 2023 and from 1 to 68 days as of 2022. 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 ₱251,783, ₱260,343, and ₱23,256 in 2023, 2022, and 2021, respectively, for the Group, and ₱251,783, ₱259,183, and ₱22,170 in 2023, 2022, and 2021, respectively, for the Parent Bank. Interest income on SPURRA amounted to ₱1,116,021, ₱566,019, and ₱300,764 in 2023, 2022, and 2021, respectively, for the Group, and ₱266,369, ₱393,663, and ₱204,381 in 2023, 2022, and 2021, respectively, for the Parent Bank.

Annual interest rates on interbank loans receivable range from 0.00% to 6.44% in 2023, from 0.05% to 5.03% in 2022, and 0.01% to 2.00% in 2021. SPURRA bears nominal annual interest ranging from 5.50% to 6.48% in 2023, from 0.00% to 5.23% in 2022, and from 0.10% to 3.05% in 2021.

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, 2023 and 2022 consist of the following:

	Group		Parent Bank	
	2023	2022	2023	2022
Debt securities held for trading	₱4,542,117	₱6,996,559	₱4,542,117	₱6,996,559
Equity securities designated at FVTPL	570,949	481,388	442,100	411,050
Derivative assets	692,650	1,175,569	692,650	1,175,569
	₱5,805,716	₱8,653,516	₱5,676,867	₱8,583,178



The breakdown of this account as to currency follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Philippine pesos	₱3,222,363	₱5,304,291	₱3,093,514	₱5,233,953
U.S. dollars	2,582,650	3,348,270	2,582,650	3,348,270
Others	703	955	703	955
	₱5,805,716	₱8,653,516	₱5,676,867	₱8,583,178

The Group recognized fair value gains (losses) on financial assets at FVTPL amounting to ₱502,136, (₱281,559), and (₱440,044) in 2023, 2022, and 2021, respectively, while the Parent Bank recognized fair value gains (losses) on financial assets at FVTPL amounting to ₱501,185, (₱282,465) and (₱440,453), in 2023, 2022, and 2021, respectively, and included as part of Gains (losses) on trading and investment securities at FVTPL and FVOCI in the statement of income.

Interest income generated from these financial assets amounted to ₱194,354, ₱203,766, and ₱244,587 in 2023, 2022, and 2021, respectively, for the Group, and ₱193,268, ₱203,766, and ₱244,587 in 2023, 2022, and 2021, respectively, for the Parent Bank. 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. In 2021, annual interest rates on these financial assets range from 2.38% to 4.62% and from 1.38% to 10.63% for securities denominated in Philippine peso and U.S. dollars, respectively.

Derivative instruments include warrants, foreign exchange forwards and swaps and cross-currency interest rate swaps. These derivative instruments represent commitments to purchase/sell/exchange foreign currency or bonds on a future date at an agreed price, exchange rate and/or interest rates.

Equity securities include PSE listed securities, club shares and unquoted equity securities.

The aggregate contractual or notional amount of derivative financial instruments and the total fair values of derivative financial assets and liabilities of the Group and the Parent Bank are set out below.

	December 31, 2023		
	Notional Amount	Fair Values	
		Assets	Liabilities (Note 24)
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
		December 31, 2022	
Currency forwards			
Bought	₱74,853,141	₱288,247	₱1,263,097
Sold	25,708,489	519,032	43,409
Cross currency interest rate swaps			
Payer	3,751,347	15,823	234,509
Receiver	3,917,497	299,779	5,758
Warrants		52,688	—
		₱1,175,569	₱1,546,773



12. Financial Assets at Amortized Cost

The Group's and the Parent Bank's financial assets at amortized cost as of December 31, 2023 and 2022 consist of the following:

	Group		Parent Bank	
	2023	2022	2023	2022
Government bonds and other debt securities	₱293,919,676	₱242,659,492	₱284,865,020	₱233,522,259
Private bonds and commercial papers	20,864,219	2,273,341	20,774,219	2,183,341
	314,783,895	244,932,833	305,639,239	235,705,600
Allowance for impairment (Note 20)	(304,656)	(304,929)	(304,656)	(304,929)
	₱314,479,239	₱244,627,904	₱305,334,583	₱235,400,671

Investment securities of both the Group and the Parent Bank with an aggregate principal amount of ₱120,461,769 and ₱103,659,400 of December 31, 2023 and 2022, 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, 2023 and 2022 follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Philippine pesos	₱217,448,551	₱211,267,150	₱208,303,895	₱202,039,917
U.S. dollars	95,104,589	31,492,475	95,104,589	31,492,475
Others	1,926,099	1,868,279	1,926,099	1,868,279
	₱314,479,239	₱244,627,904	₱305,334,583	₱235,400,671

Financial assets at amortized cost denominated in Philippine pesos have annual fixed interest rates ranging from 2.38% to 9.50% in 2023, from 2.38% to 18.25% in 2022, and from 1.03% to 18.25% in 2021, 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 2023 and 2022, and from 3.25% to 9.50% in 2021. These bonds have remaining maturities of 1 year to 30 years as at December 31, 2023 and 2022 and 1 year to 29 years as at December 31, 2021.

Interest income generated from these financial assets, including amortization of premium or discount, amounted to ₱13,810,046, ₱9,731,453, and ₱5,865,798 in 2023, 2022, and 2021, respectively, by the Group, and ₱13,365,395, ₱9,330,858, and ₱5,777,352 in 2023, 2022, and 2021, respectively, by the Parent Bank. This is shown as part of Interest income on investment securities at amortized cost and FVOCI account in the statement of income.

Government bonds with aggregate face value of ₱1.2 billion as of December 31, 2023, and 2022, 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, and ₱47.4 billion in 2022 and 2021, respectively, resulting in gains totaling ₱0.10 billion, and ₱8.45 billion in 2022 and 2021, respectively (see Note 3). There were no sale of investment securities classified as Investment securities at amortized cost in 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, 2023 and 2022 consist of the following:

	Group		Parent Bank	
	2023	2022	2023	2022
Debt securities:				
Government bonds	₱36,646,114	₱62,104,853	₱36,636,587	₱62,095,606
Private bonds and commercial papers	39,307	17,384,174	—	17,325,825
Equity securities	289,353	272,735	62,647	46,247
	₱36,974,774	₱79,761,762	₱36,699,234	₱79,467,678

The breakdown of this account as to currency as of December 31, 2023 and 2022 follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Philippine pesos	₱36,748,068	₱23,609,883	₱36,699,234	₱23,542,286
U.S. dollars	226,706	56,151,879	—	55,925,392
	₱36,974,774	₱79,761,762	₱36,699,234	₱79,467,678

The Group has designated the above equity securities as at FVOCI because they are held for long-term investments and are neither held-for-trading nor designated as at FVTPL. Unquoted equity securities pertain to golf club shares and investments in non-marketable equity securities.

Debt securities denominated in Philippine pesos have annual interest rates ranging from 2.88% to 9.25% for 2023 and 2022, and from 2.88% to 6.88% for 2021, while debt securities denominated in U.S. dollars have annual interest rates ranging from 1.25% to 9.63% in 2023 and 2022, and from 1.13% to 9.63% in 2021. Interest income, including amortization of premium or discount, amounted to ₱1,810,165 and ₱1,806,821 in 2023 for the Group and Parent Bank, respectively, ₱2,758,288 and ₱2,752,764 in 2022 for the Group and Parent Bank, respectively, and ₱1,840,975 and ₱1,833,323 in 2021 for the Group and Parent Bank, respectively, and is shown as part of Interest income on investment securities at amortized cost and FVOCI account in the statement of income.

In 2023, 2022 and 2021, the Group and the Parent Bank recognized gains from the sale of investments securities at FVOCI amounting to ₱0.42 billion, ₱0.10 billion, and ₱0.66 billion, respectively. The amounts are included under Gains on trading and investments securities at FVTPL and FVOCI in the statement of income.

As of December 31, 2023 and 2022, allowance for credit losses credited against other comprehensive income amounted to ₱65 and ₱12,287, respectively.



14. Loans and Other Receivables

The Group's and the Parent Bank's loans and other receivables as of December 31, 2023 and 2022 consist of the following:

	Group		Parent Bank	
	December 31		December 31	
	2023	2022	2023	2022
Receivables from customers:				
Loans and discounts	₱509,344,030	₱459,972,123	₱393,690,035	₱372,906,505
Customers' liabilities under acceptances and trust receipts	10,944,955	11,616,859	10,944,955	11,616,859
Bills purchased	2,432,182	3,180,968	2,432,182	3,180,968
Accrued interest receivable	6,554,565	5,725,612	3,194,525	2,892,184
	529,275,732	480,495,562	410,261,697	390,596,516
Unearned discounts	(2,741,969)	(2,235,708)	(367,697)	(235,514)
Allowance for impairment (Note 20)	(19,166,486)	(14,038,685)	(13,415,639)	(9,177,037)
	507,367,277	464,221,169	396,478,361	381,183,965
Other receivables:				
Accounts receivable	12,346,579	9,316,601	8,920,956	6,718,338
Accrued interest receivable	4,506,661	4,244,524	4,358,097	4,063,998
Sales contracts receivable	2,768,725	2,319,031	2,666,485	2,215,959
Installment contracts receivable	909	2,188	—	—
	19,622,874	15,882,344	15,945,538	12,998,295
Allowance for impairment (Note 20)	(844,323)	(476,864)	(600,060)	(447,915)
	18,778,551	15,405,480	15,345,478	12,550,380
	₱526,145,828	₱479,626,649	₱411,823,839	₱393,734,345

Restructured loans amounted to ₱2,534,769 and ₱2,766,595 as of December 31, 2023 and 2022, respectively, for the Group, and ₱2,464,565 and ₱2,733,513 as of December 31, 2023 and 2022, respectively, for the Parent Bank. Interest income on these restructured loans amounted to ₱113,116, ₱136,650, and ₱38,733 in 2023, 2022 and 2021, respectively, for the Group, and ₱111,147, ₱136,129 and ₱25,189 in 2023, 2022 and 2021, respectively, for the Parent Bank.

The maturity profile of loans and other receivables (net of unearned discounts) follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Less than one year	₱206,226,521	₱206,542,153	₱179,801,242	₱197,799,858
One year to less than five years	221,942,259	169,116,975	128,518,701	97,237,602
Beyond five years	117,987,857	118,514,319	117,519,595	108,353,086
	₱546,156,637	₱494,173,447	₱425,839,538	₱403,390,546

Loans and other receivables bear annual interest ranging from 4.25% to 14.00% in 2023 and 2022, and from 4% to 14% in 2021.



The breakdown of loans (receivable from customers excluding accrued interest receivable) as to type of interest rate follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Variable interest rates	₱379,224,034	₱274,129,500	₱278,853,696	₱274,129,500
Fixed interest rates	143,497,133	200,640,450	128,213,476	113,574,832
	₱522,721,167	₱474,769,950	₱407,067,172	₱387,704,332

The amounts of interest income per type of loans and receivables for each reporting period are as follows:

	Group		
	2023	2022	2021
Receivables from customers	₱59,015,283	₱35,862,813	₱27,270,729
Other receivables:			
Sales contracts receivable	203,642	141,615	101,402
Installment contracts receivable	159	286	318
	₱59,219,084	₱36,004,714	₱27,372,449

	Parent Bank		
	2023	2022	2021
Receivables from customers	₱38,670,624	₱23,773,696	₱17,402,061
Sales contracts receivable	182,597	133,692	95,200
	₱38,853,221	₱23,907,388	₱17,497,261

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	2023	2022
Acquisition costs:			
CSB	99.79%	₱6,746,861	₱6,746,861
UFSI (Note 1)	100%	5,097,261	5,097,261
UnionDigital (Note 1)	100%	3,900,000	3,000,000
UBX	100%	1,100,000	1,100,000
UIC	100%	924,861	924,861
UBIMTC (Note 1)	100%	300,000	—
FUPI	100%	290,002	290,002
UBPSI	100%	5,000	5,000
UDC	100%	3,125	3,125
		₱18,367,110	₱17,167,110



The movement in investments in subsidiaries is shown below:

	2023	2022	2021
Acquisition costs:			
Beginning balances	₱17,167,110	₱10,069,849	₱8,573,349
Additional investments (Note 1)	1,200,000	7,097,261	1,500,000
Others	—	—	(3,500)
	18,367,110	17,167,110	10,069,849
Accumulated equity in total comprehensive income:			
Beginning balances	14,615,586	13,013,106	13,294,638
Share in net profit (Note 28)	2,837,072	1,712,086	1,173,016
Dividends	(129,000)	(188,000)	(1,496,811)
Share in other comprehensive income (loss) (Note 29)	76,346	82,778	38,774
Others	—	(4,384)	3,489
	17,400,004	14,615,586	13,013,106
Net investment in subsidiaries	₱35,767,114	₱31,782,696	₱23,082,955

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, 2023 and 2022, the Group has investment in associates with aggregate carrying amounts of ₱37,675 and ₱123,396, respectively. The aggregate share in losses on these associates amounted to ₱21,300, ₱30,125, and ₱14,186 in 2023, 2022, and 2021, 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. This is accounted as an Investment in associate in the Parent Bank's statement of financial position. The result of the purchase of the said shares increased the Group's ownership in Bangko Kabayan to 97.52%. CSB's and UIC's ownership remained the same at 49% and 21%, respectively (see Note 1).

Sale of Investments in Fintech Platform Ventures Pte Ltd. by UBX SG

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).

Sale of Investments in Pacific Payments Pte. Ltd by UBX SG

On June 18, 2021, UBX SG sold its 25% stake in Pacific Payments Pte. Ltd.'s for a total consideration of \$5.4 million (₱262.4 million) resulting in a gain on sale of investment in associate amounting to \$3 million (₱156.0 million). UBX SG will use the proceeds to pursue growth and investments opportunities.

Sale of Investments in CC Mobile Financial Services Philippines, Inc. by UBX PH

On June 11, 2021, UBX sold its 35% equity ownership in CC Mobile Financial Services Philippines, Inc. to FPV pursuant to a corporate restructuring of the Finscore Group intended to consolidate the ownership of all its subsidiaries under one Singaporean holding company – FPV. UBX PH has agreed to assign the receivable from FPV arising from the sale to UBX SG. In exchange, UBX SG issued 64,760 Class A Redeemable Preferred Shares (RPS) ("UBX shares")



at an issue price of \$1.04 million (₱53.03 million) to UBX PH. UBX SG has, in turn, entered into a Subscription and Shareholders' Agreement dated June 4, 2021 wherein it subscribed to 1,350,000 shares (31.98% equity ownership) in FPV, free from any encumbrances, for the aggregate subscription consideration of \$1.39 million (₱70.88 million). As of December 31, 2021, UBX SG has 31.98% ownership in FPV, which in turn has 100% ownership in CC Mobile Financial Services Philippines, Inc.

Summarized Financial Information

The following table presents the combined financial information of the subsidiaries, which comprises of CSB, UnionDigital, PETNET, UBX, CFSI, UIC, Bangko Kabayan, FAIR Bank, PBI and UBIMTC as of and for the years ended December 31, 2023 and 2022:

	Assets	Liabilities	Revenues	Net Profit (Loss)
2023	₱187,953,140	₱157,096,503	₱25,946,479	₱3,126,768
2022	154,318,123	127,538,388	16,079,090	2,491,764

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, 2023 and 2022 are shown below.

	Group					Total
	Land	Buildings	Furniture, Fixtures and Equipment	Right-of-use Asset	Leasehold and Improvements	
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
December 31, 2022						
Cost	₱850,660	₱5,070,587	₱5,314,628	₱3,416,378	₱1,852,361	₱16,504,614
Accumulated depreciation and amortization	—	(929,215)	(3,477,933)	(2,112,457)	(1,278,390)	(7,797,995)
Net carrying amounts	₱850,660	₱4,141,372	₱1,836,695	₱1,303,921	₱573,971	₱8,706,619
	Parent Bank					Total
	Land	Buildings	Furniture, Fixtures and Equipment	Right-of-use Asset	Leasehold and Improvements	
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
December 31, 2022						
Cost	₱248,301	₱4,574,015	₱3,878,962	₱2,751,126	₱904,476	₱12,356,880
Accumulated depreciation and amortization	—	(671,565)	(2,348,595)	(1,682,023)	(418,663)	(5,120,846)
Net carrying amounts	₱248,301	₱3,902,450	₱1,530,367	₱1,069,103	₱485,813	₱7,236,034



A reconciliation of the carrying amounts at the beginning and end of 2023 and 2022 of this account (including right-of-use assets) is shown below:

	Group					Total
	Land	Buildings	Furniture, Fixtures and Equipment	Right-of-Use Assets	Leasehold and Improvements	
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
Balances at January 1, 2022, net of accumulated depreciation and amortization	₱850,660	₱2,246,859	₱1,850,968	₱1,194,627	₱622,657	₱6,765,771
Additions	—	15,282	454,858	523,806	81,451	1,075,397
Disposals	—	—	(24,849)	—	—	(24,849)
Reclassifications/adjustments	—	23,476	(2,784)	136,607	(23,309)	133,990
Depreciation and amortization charges for the year (as restated - Note 1)	—	(96,708)	(494,052)	(620,499)	(152,494)	(1,363,753)
Effects of business combination (Note 1)	—	1,952,463	52,554	69,380	45,666	2,120,063
Balances at December 31, 2022, net of accumulated depreciation and amortization	₱850,660	₱4,141,372	₱1,836,695	₱1,303,921	₱573,971	₱8,706,619
	Parent Bank					Total
	Land	Buildings	Furniture, Fixtures and Equipment	Right-of-Use Assets	Leasehold and Improvements	
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
Balances at January 1, 2022, net of accumulated depreciation and amortization	₱248,301	₱2,024,558	₱1,622,650	₱956,692	₱484,125	₱5,336,326
Additions	—	—	273,418	514,000	34,597	822,015
Disposals	—	—	(17,318)	—	—	(17,318)
Reclassifications/adjustments	—	—	(1,393)	(250)	—	(1,643)
Depreciation and amortization charges for the year (as restated - Note 1)	—	(74,571)	(399,334)	(464,534)	(78,575)	(1,017,014)
Effects of business combination (Note 1)	—	1,952,463	52,344	63,195	45,666	2,113,668
Balances at December 31, 2022, net of accumulated depreciation and amortization	₱248,301	₱3,902,450	₱1,530,367	₱1,069,103	₱485,813	₱7,236,034



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, 2023 and 2022, 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			
	2023	2022 (as restated)	2021
Bank premises, furniture, fixtures and equipment*	₱839,585	₱743,254	₱647,994
Investment properties (Note 17)	389,636	370,290	406,421
Computer software (Note 19)	595,876	322,612	405,150
Customer relationships (Note 19)	343,500	143,125	—
Core deposits (Note 19)	289,714	136,505	—
Foreclosed machineries and chattel	208,182	144,646	164,114
	₱2,666,493	₱1,860,432	₱1,623,679

*Excluding depreciation of ROU asset presented in Occupancy amounting to ₱611,475 and ₱620,499 in 2023 and 2022, respectively.

Parent Bank			
	2023	2022 (as restated)	2021
Bank premises, furniture, fixtures and equipment*	₱636,278	₱552,480	₱498,472
Investment properties (Note 17)	374,242	358,600	394,241
Computer software (Note 19)	316,402	252,365	253,745
Customer relationships (Note 19)	343,500	143,125	—
Core deposits (Note 19)	262,643	109,434	—
Foreclosed machineries and chattel	6,420	4,119	—
	₱1,939,485	₱1,420,123	₱1,146,458

*Excluding depreciation of ROU asset presented in Occupancy amounting to ₱468,679 and ₱464,534 in 2023 and 2022, respectively.

In 2023, 2022, and 2021 depreciation charges amounted to ₱611.48 million, ₱620.50 million, and ₱597.64 million, respectively, for the ROU asset of the Group and ₱468.68 million, ₱464.53 million, and ₱410.60 million, respectively, for ROU of the Parent Bank. This is shown as part of Occupancy in the consolidated and parent bank statements of income.

Under BSP rules, investments in bank premises, furniture, fixtures and equipment should not exceed 50% of the Parent Bank's unimpaired capital. As of December 31, 2023 and 2022, 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 below.

	Group		Parent	
	As at December 31		As at December 31	
	2023	2022	2023	2022
Cost	₱11,648,702	₱11,432,533	₱10,190,789	₱10,129,917
Accumulated depreciation	(2,951,583)	(3,101,955)	(2,766,694)	(2,934,165)
Accumulated impairment loss	(104,860)	(71,705)	(64,812)	(71,703)
Net carrying amounts	₱8,592,259	₱8,258,873	₱7,359,283	₱7,124,049

The movements in the Group's and the Parent Bank's investment properties are shown below.

	Group		
	2023		
	Building Held for Lease	Foreclosed Properties	Total
Cost			
Balances at January 1	₱2,533,566	₱8,898,967	₱11,432,533
Reclassifications/adjustments	—	10,676	10,676
Additions	—	1,716,395	1,716,395
Disposals	(142)	(1,510,760)	(1,510,902)
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
Reclassifications/adjustments	—	5,335	5,335
Depreciation	52,738	336,898	389,636
Disposals	—	(545,343)	(545,343)
Balances at December 31	842,463	2,109,120	2,951,583
Accumulated Impairment Losses			
Balances at January 1	—	71,705	71,705
Reclassifications/adjustments	—	40,969	40,969
Reversals on provision for impairment	—	(751)	(751)
Disposals	—	(7,063)	(7,063)
Balances at December 31	—	104,860	104,860
Net Book Values	₱1,690,961	₱6,901,298	₱8,592,259

	Group		
	2022		
	Building Held for Lease	Foreclosed Properties	Total
Cost			
Balances at January 1	₱2,533,566	₱9,166,608	₱11,700,174
Reclassifications/adjustments	—	(41,189)	(41,189)
Additions	—	842,881	842,881
Disposals	—	(1,069,333)	(1,069,333)
Balances at December 31	2,533,566	8,898,967	11,432,533
Accumulated Depreciation and Amortization			
Balances at January 1	736,553	2,193,850	2,930,403
Reclassifications/adjustments	434	(9,042)	(8,608)
Depreciation	52,738	317,552	370,290
Disposals	—	(190,130)	(190,130)
Balances at December 31	789,725	2,312,230	3,101,955
Accumulated Impairment Losses			
Balances at January 1	—	96,427	96,427
Reversals on provision for impairment	—	(24,722)	(24,722)
Balances at December 31	—	71,705	71,705
Net Book Values	₱1,743,841	₱6,515,032	₱8,258,873



	Parent Bank		
	2023		
	Building Held for Lease	Foreclosed Properties	Total
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

	Parent Bank		
	2022		
	Building Held for Lease	Foreclosed Properties	Total
Cost			
Balances at January 1	₱2,198,110	₱8,090,635	₱10,288,745
Additions	—	831,156	831,156
Disposals	—	(988,760)	(988,760)
Balances at December 31	2,198,110	7,931,807	10,129,917
Accumulated Depreciation and Amortization			
Balances at January 1	603,427	2,153,016	2,756,443
Depreciation	45,854	312,746	358,600
Disposals	—	(180,878)	(180,878)
Balances at December 31	649,281	2,284,884	2,934,165
Accumulated Impairment Losses			
Balances at January 1	—	96,425	96,425
Reversals on provision for impairment	—	(24,722)	(24,722)
Balances at December 31	—	71,703	71,703
Net Book Values	₱1,548,829	₱5,575,220	₱7,124,049

Real property taxes related to these investment properties paid by the Group and recognized as expense in 2023, 2022, and 2021 totaled ₱48,291, ₱41,242, and ₱33,676, respectively, and are presented as part of Taxes and licenses account under Other expenses in the statements of income.

Rent income earned by the Group on its investment properties under operating leases amounted to ₱118,560, ₱209,600, and ₱108,047, in 2023, 2022, and 2021, respectively, and is included as part of Rental account under Miscellaneous income in the statements of income (see Note 28).

The gain from foreclosure of loan collaterals, presented as part of Miscellaneous income in the statements of income (see Note 28), amounted to ₱751.94 million and ₱679.75 million for the Group and the Parent Bank, respectively, in 2023, ₱466.39 million and ₱135.31 million for the Group and the Parent Bank in 2022 and 2021, respectively.

The gain (loss) on disposal of foreclosed properties, presented as part of Miscellaneous income in the statements of income (see Note 28), amounted to ₱1,023.53 million, ₱1,224.04 million, and (₱43.69 million), in 2023, 2022, and 2021, respectively, for the Group, and ₱1,110.20 million, ₱1,193.00 million, and ₱207.36 million in 2023, 2022, and 2021, 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).

For the 2022 acquisition of Citigroup's consumer banking business, the Group, with the assistance of a third party consultant, completed the determination of the fair value of assets and liabilities acquired and the related goodwill.

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 Corporate and Commercial Banking;
- b. With respect to the goodwill from the acquisition of CSB and PR Savings Bank, to CSB's DepEd salary loans business and motorcycle loans business, respectively;
- c. With respect to the goodwill from the acquisition of PETNET, the separate cash generating unit of PETNET at entity level;
- d. With respect to the goodwill from the acquisition of Bangko Kabayan, the separate cash generating unit of Bangko Kabayan at entity level; and,
- e. With respect to the goodwill from the acquisition of Citigroup Inc.'s consumer banking business in the Philippines, the separate cash generating unit of (i) credit card and personal loans products within the consumer banking business; and (ii) UFSI at entity level

The following presents the movement in goodwill of the Group for 2023 and 2022:

	Group	
	2023	2022
		(As restated)
Beginning balance	₱53,992,565	₱14,818,932
Acquisition of business and a subsidiary (Note 1)	–	39,173,633
Ending balance	₱53,992,565	₱53,992,565



The goodwill of the Group is allocated to the following CGUs:

	Group		Parent Bank	
	2023	2022 (As restated)	2023	2022 (As restated)
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 Corporate and Commercial 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	—	—
PETNET	715,118	715,118	—	—
UFSI	3,720,835	3,720,835	—	—
Bangko Kabayan	116,139	116,139	—	—
	₱53,992,565	₱53,992,565	₱43,339,696	₱43,339,696

*Arising from the acquisition of CSB amounting to ₱3.37 billion

**Arising from the acquisition of PR Savings Bank amounting to ₱3.48 billion. Goodwill impairment recognized in 2021 and 2020 for CSB's motorcycle loans business amounted to ₱752.77 million.

Refer to Note 1 for the discussion on the acquisition of the Citigroup Inc.'s consumer banking business

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 performed its annual impairment test in December of each year, unless indicators for impairment warrant earlier reassessment. The Group considers various internal and external sources of information in assessing whether there is any indication that goodwill is impaired including if there are significant changes with an adverse effect on the CGUs that have taken place during the period in the technological, market, economic or legal environment in which the Group operates.

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. Key assumptions in VIU calculation of CGUs are most sensitive to loan growth rate and discount rate. Future cash flows and growth rates were based on historical experiences and strategies developed. 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 2023 and 2022, 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	
	2023	2022 (As restated)	2023	2022 (As restated)
Deferred tax assets (Note 30)	₱9,680,031	₱7,707,203	₱7,710,187	₱5,856,878
Software under development	9,650,075	6,190,999	9,650,075	6,190,999
Computer software – net	5,327,888	3,836,706	3,182,556	1,499,300
Customer relationships – net	4,322,375	4,665,875	4,322,375	4,665,875
Core deposits – net	3,426,743	3,716,456	3,304,923	3,567,565
Advances and other investments	1,614,541	1,755,564	1,525,288	1,754,866
Creditable withholding taxes	1,449,688	1,604,581	1,329,675	1,400,877
Deferred charges	1,229,215	993,808	819,419	432,074
Prepaid expenses	1,032,466	927,173	714,724	745,778
Documentary stamps	778,537	363,585	428,597	329,892
Non-current assets held for sale	626,545	331,476	–	–
Returned checks and other cash items	281,599	29,999	281,599	29,999
Sundry debits	246,755	153,758	246,755	153,758
Net retirement asset (Note 29)	189,241	31,955	–	–
Miscellaneous	3,352,374	2,511,069	1,606,920	1,485,756
	43,208,073	34,881,888	35,123,093	28,113,617
Allowance for impairment (Note 20)	(43,256)	(42,783)	(3,771)	(3,298)
	₱43,164,817	₱34,839,105	₱35,119,322	₱28,110,319

Movements in the Computer software, Customer relationship and Core deposits accounts follow:

	Group		
	Computer Software	Customer Relationship	Core Deposits
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
Balances at January 1, 2022, net of accumulated amortization	₱2,159,596	₱–	₱175,962
Additions	2,027,117	–	–
Amortization charges for the year	(322,612)	(143,125)	(136,505)
Reclassifications/adjustments	(27,395)	–	–
Effects of business combination (Note 1)	–	4,809,000	3,677,000
Balances at December 31, 2022, net of accumulated amortization	₱3,836,706	₱4,665,875	₱3,716,457



	Parent Bank		
	Computer Software	Customer Relationship	Core Deposit
Balances at January 1, 2023, net of accumulated amortization	₱1,499,300	₱4,665,875	₱3,567,565
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
Balances at January 1, 2022, net of accumulated amortization	₱1,722,139	₱—	₱—
Additions	29,528	—	—
Amortization charges for the year	(252,365)	(143,125)	(109,435)
Reclassifications/adjustments	(2)	—	—
Effects of business combination (Note 1)	—	4,809,000	3,677,000
Balances at December 31, 2022, net of accumulated amortization	₱1,499,300	₱4,665,875	₱3,567,565

Miscellaneous includes foreclosed machineries, chattels, motorcycle and automobiles, security deposits and ongoing improvements on the Group's and the Parent Bank's branches and offices.

20. Allowance for Impairment

The breakdown of allowance for impairment is shown in the table below:

	Group		Parent Bank	
	2023	2022	2023	2022
Receivable from customers (Note 14)	₱19,166,486	₱14,038,685	₱13,415,639	₱9,177,037
Other receivables (Note 14)	844,323	476,864	600,060	447,915
Investments and placements (Notes 9, 12 and 13)	316,638	335,663	312,518	331,543
Others	148,116	114,488	68,583	75,001
	₱20,475,563	₱14,965,700	₱14,396,800	₱10,031,496

Allowance for impairment of investments and placements include the Group's and the Parent Bank's financial assets at amortized cost, debt financial assets at FVOCI, due from other banks and interbank loans receivables. Others refer to allowance for impairment of investment properties and other resources.

With the foregoing level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance for any losses that the Group may incur from the non-collection or nonrealization of its receivables and other risk assets.



The reconciliation of allowance for the total receivables from customers follows.

Total Receivables from Customers - Group

	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 at December 31, 2023	1,223,586	—	—	1,223,586
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	372,563	3,074,350	3,446,913
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
Amounts written-off	(60,003)	(40,846)	(3,690,060)	(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	(775,406)	(1,000,666)	1,776,072	—
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	₱1,357,576	₱14,205,652	₱19,166,486

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱1,460,927	₱861,913	₱11,112,182	₱13,435,022
Newly originated assets that remained in Stage 1 as at December 31, 2022	1,658,539	—	—	1,658,539
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	632,846	1,893,670	2,526,516
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(1,313,814)	795,907	(910,571)	(1,428,478)
Amounts written-off	1,202,776	(498,644)	(704,132)	—
Transfers to Stage 1	619,827	(447,721)	(172,106)	—
Transfers to Stage 2	(356,893)	(213,335)	570,228	—
Transfers to Stage 3	(779,436)	(88,775)	1,348,038	479,827
Impact on ECL of exposures transferred between stages	(16,799)	(4,383)	(2,611,559)	(2,632,741)
Balances at end of year	₱2,475,127	₱1,037,808	₱10,525,750	₱14,038,685



Total Receivables from Customers – Parent Bank

	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 at December 31, 2023	947,769	—	—	947,769
Newly originated assets that moved to Stage 2 and Stage 3 as at 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	(105,725)	(779,441)	885,166	—
Impact on ECL of exposures transferred between stages	(532,300)	563,837	3,096,437	3,127,974
Amounts written-off	(60,003)	(40,846)	(2,302,503)	(2,403,352)
Balances at end of year	₱3,215,569	₱1,186,605	₱9,013,465	₱13,415,639

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱522,406	₱758,099	₱8,755,380	₱10,035,885
Newly originated assets that remained in Stage 1 as at December 31, 2022	1,020,405	—	—	1,020,405
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	448,013	1,081,563	1,529,576
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(1,367,151)	732,291	(991,410)	(1,626,270)
Transfers to Stage 1	1,199,324	(495,056)	(704,268)	—
Transfers to Stage 2	638,024	(466,129)	(171,895)	—
Transfers to Stage 3	458,270	(59,499)	(398,771)	—
Impact on ECL of exposures transferred between stages	(773,454)	(88,554)	1,347,808	485,800
Amounts written-off	(21)	(3)	(2,268,335)	(2,268,359)
Balances at end of year	₱1,697,803	₱829,162	₱6,650,072	₱9,177,037



Reconciliation of the allowance for impairment by class follows:

Corporate Loans - Group and Parent Bank

	2023			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱48,511	₱233,297	₱141,586	₱423,394
Newly originated assets that remained in Stage 1 as at December 31, 2023	50,036	—	—	50,036
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	12,840	—	12,840
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(29,533)	(64,030)	(40,608)	(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	₱68,150	₱190,706	₱100,978	₱359,834

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱109,824	₱595,309	₱1,436,992	₱2,142,125
Newly originated assets that remained in Stage 1 as at December 31, 2022	26,340	—	—	26,340
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	3,564	16,182	19,746
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(87,059)	(273,367)	(285,686)	(646,112)
Transfers to Stage 1	96,869	(96,869)	—	—
Transfers to Stage 2	(1,708)	1,708	—	—
Impact on ECL of exposures transferred between stages	(95,755)	2,952	—	(92,803)
Amounts written-off	—	—	(1,025,902)	(1,025,902)
Balances at end of year	₱48,511	₱233,297	₱141,586	₱423,394

In 2023, there were no write-offs for corporate loans.



Commercial Loans - Group and Parent Bank

	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 at December 31, 2023	237,326	—	—	237,326
Newly originated assets that moved to Stage 2 & 3 as at December 31, 2023	—	81,184	661,092	742,276
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱236,600	₱140,537	₱2,202,547	₱2,579,684
Newly originated assets that remained in Stage 1 as at December 31, 2022	308,773	—	—	308,773
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	235,401	180,066	415,467
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(224,944)	(125,034)	247,975	(102,003)
Transfers to Stage 1	85,256	(533)	(84,723)	—
Transfers to Stage 2	—	42,776	(42,776)	—
Transfers to Stage 3	(5,527)	(4,863)	10,390	—
Impact on ECL of exposures transferred between stages	(85,109)	(42,757)	383,315	255,449
Balances at end of year	₱315,049	₱245,527	₱2,896,794	₱3,457,370

In 2023 and 2022, there were no write-offs for commercial loans.



Home Loans - Group and Parent Bank

	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 at December 31, 2023	262,545	—	—	262,545
Newly originated assets that moved to Stage 3 as at December 31, 2023	—	5,941	58,264	64,205
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL inputs, model and assumptions	(244,869)	(1,177)	(179,197)	(426,329)
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	₱1,628,257	₱2,183,964

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱28,163	₱13,510	₱2,147,296	₱2,188,969
Newly originated assets that remained in Stage 1 as at December 31, 2022	322,534	—	—	322,534
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	4,492	49,243	53,735
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	112,530	2,082	(730,590)	(615,978)
Transfers to Stage 1	491,523	(7,213)	(484,310)	—
Transfers to Stage 2	(196)	90,171	(89,975)	—
Transfers to Stage 3	(390)	(2,998)	3,388	—
Impact on ECL of exposures transferred between stages	(478,968)	(66,213)	355,503	(189,678)
Amounts written-off	—	—	(2,899)	(2,899)
Balances at end of year	₱475,196	₱33,831	₱1,247,656	₱1,756,683



Consumer Products - Group and Parent Bank

Consumer Products include auto loans, business line, credit cards and the acquired credit card and the acquired credit card and personal loan portfolio from Citibank.

	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 at December 31, 2023	391,493	—	—	391,493
Newly originated assets that moved to Stage 3 as at December 31, 2023	—	125,613	461,065	586,678
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱24,322	₱4,732	₱2,362,695	₱2,391,749
Newly originated assets that remained in Stage 1 as at December 31, 2022	270,921	—	—	270,921
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	59,936	824,492	884,428
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(1,059,607)	1,129,937	(133,045)	(62,715)
Transfers to Stage 1	524,413	(390,089)	(134,324)	—
Transfers to Stage 2	639,929	(601,577)	(38,352)	—
Transfers to Stage 3	468,188	(50,749)	(417,439)	—
Impact on ECL of exposures transferred between stages	(112,417)	15,913	573,457	476,953
Amounts written-off	(20)	(3)	(896,785)	(896,808)
Balances at end of year	₱755,729	₱168,100	₱2,140,699	₱3,064,528



Other Consumer Products - Citi

	2023			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱138,621	₱98,832	₱76,855	₱314,308
Newly originated assets that remained in Stage 1 as at December 31, 2023	204,419	—	—	204,419
Newly originated assets that moved to Stage 3 as at December 31, 2023	—	107,277	135,226	242,503
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	1,459,625	833,686	719,786	3,013,097
Transfers to Stage 1	368,661	(327,120)	(41,541)	—
Transfers to Stage 2	(19,663)	71,911	(52,248)	—
Transfers to Stage 3	(44,666)	(576,419)	621,085	—
Impact on ECL of exposures transferred between stages	(346,480)	501,724	934,596	1,089,840
Amounts written-off	—	—	(1,166,531)	(1,166,531)
Balances at end of year	₱1,760,517	₱709,891	₱1,227,228	₱3,697,636

CSB Salary Loans – Group

	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 at December 31, 2023	83,820	—	—	83,820
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	33,937	150,906	184,843
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(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



	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱157,803	₱86,678	₱644,341	₱888,822
Newly originated assets that remained in Stage 1 as at December 31, 2022	217,944	—	—	217,944
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	156,532	187,114	343,646
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	4,882	(37,605)	(83,561)	(116,284)
Transfers to Stage 1	2,576	(2,446)	(130)	—
Transfers to Stage 2	(15,629)	16,043	(414)	—
Transfers to Stage 3	(80,335)	(40,447)	120,782	—
Amounts written-off	(16,441)	(4,258)	(18,996)	(39,695)
Balances at end of year	₱270,800	₱174,497	₱849,136	₱1,294,433

Other Receivables from Customers

Group

	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 at December 31, 2023	198,366	—	—	198,366
Newly originated assets that moved to Stage 3 as at December 31, 2023	—	113,048	1,743,023	1,856,071
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	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	₱284,765	₱138,836	₱4,393,171	₱4,816,772



	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱904,215	₱21,145	₱2,318,313	₱3,243,673
Newly originated assets that remained in Stage 1 as at December 31, 2022	512,027	—	—	512,027
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	172,921	636,573	809,494
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(59,616)	99,894	74,336	114,614
Transfers to Stage 1	2,139	(1,494)	(645)	—
Transfers to Stage 2	(2,569)	3,158	(589)	—
Transfers to Stage 3	(738,829)	(114,278)	853,107	—
Impact on ECL of exposures transferred between stages	(7,187)	1,330	35,763	29,906
Amounts written-off	(338)	(122)	(666,977)	(667,437)
Balances at end of year	₱609,842	₱182,554	₱3,249,881	₱4,042,277

Parent Bank

	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 at December 31, 2023	6,369	—	—	6,369
Newly originated assets that moved to Stage 3 as at 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



	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱123,498	₱4,009	₱605,851	₱733,358
Newly originated assets that remained in Stage 1 as at December 31, 2022	91,837	—	—	91,837
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	144,620	11,580	156,200
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(108,071)	(1,327)	(90,064)	(199,462)
Transfers to Stage 1	1,263	(352)	(911)	—
Transfers to Stage 2	(1)	793	(792)	—
Transfers to Stage 3	(4,001)	(889)	4,890	—
Impact on ECL of exposures transferred between stages	(1,205)	1,551	35,533	35,879
Amounts written-off	(1)	—	(342,749)	(342,750)
Balances at end of year	₱103,319	₱148,405	₱223,338	₱475,062

Investments and PlacementsGroup

	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 at 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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱58,265	₱235,311	₱—	₱293,576
Newly originated assets that remained in Stage 1 as at December 31, 2022	392	—	—	392
Effect of collections and other movements in receivable balance (excluding write-offs)	(14,481)	56,176	—	41,695
Impact of changes in ECL model and assumptions	—	—	—	—
Balances at end of year	₱44,176	₱291,487	₱—	₱335,663



Parent Bank

	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 at December 31, 2023	15,103	–	–	15,103
Newly originated assets that moved to Stage 2 as at 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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱54,144	₱235,311	₱–	₱289,455
Newly originated assets that remained in Stage 1 as at December 31, 2022	392	–	–	392
Newly originated assets that moved to Stage 2 as at December 31, 2022	–	–	–	–
Effect of collections and other movements in receivable balance (excluding write-offs)	(14,480)	56,176	–	41,696
Balances at end of year	₱40,056	₱291,487	₱–	₱331,543

21. Deposit Liabilities

The breakdown of deposit liabilities account follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Due to banks:				
Demand	₱1,223,082	₱1,729,960	₱1,223,082	₱1,729,960
Savings	264,879	195,453	264,021	195,396
Time	188,340	159,893	185,765	157,364
Long-term certificate of deposits	–	10,000	–	10,000
	1,676,301	2,095,306	1,672,868	2,092,720
Due to customers:				
Demand	232,059,602	230,351,833	233,005,285	231,635,193
Savings	195,599,454	194,825,277	189,798,530	188,285,189
Time	283,233,051	281,041,526	173,078,710	198,917,930
Long-term certificate of deposits	–	2,990,000	–	2,990,000
	710,892,107	709,208,636	595,882,525	621,828,312
	₱712,568,408	₱711,303,942	₱597,555,393	₱623,921,032



The breakdown of deposit liabilities account as to currency follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Philippine pesos	₱616,554,615	₱619,749,669	₱501,541,600	₱532,366,759
Foreign currencies	96,013,793	91,554,273	96,013,793	91,554,273
	₱712,568,408	₱711,303,942	₱597,555,393	₱623,921,032

Deposit liabilities bear annual interest rates ranging from 0.00% to 7.00% in 2023, from 0.00% to 8.00% in 2022, and from 0.00% to 8.00% in 2021 for the Group and from 0.00% to 6.00% in 2023, from 0.00% to 5.75% in 2022, and from 0.00% to 5.75% in 2021 for the Parent Bank. Demand and savings deposits usually have either fixed or variable interest rates while time deposits have fixed interest rates.

Long Term Negotiable Certificate of Deposits (LTNCD)

On December 12, 2017, the MB of the BSP approved the Parent Bank's issuance of up to ₱20,000,000 of Long-term Negotiable Certificate of Deposits (LTNCD). Out of the approved amount, ₱3,000,000 were issued on February 21, 2018 at a fixed coupon rate of 4.375% per annum, payable quarterly and matured on August 21, 2023. The net proceeds were utilized to further improve the Parent Bank's maturity profile and support business expansion plans.

Interest expense on the deposit liabilities amounted to ₱15.79 million, ₱6.02 million, and ₱2.97 million, in 2023, 2022, and 2021 respectively, in the Group's statements of income, and ₱9.46 million, ₱4.20 million, and ₱1.81 million in 2023, 2022, and 2021, 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 were issued reducing 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.

BSP Circulars No. 1083, 1087, and 1100 were issued in 2020 to provide guidelines allowing the use of eligible loans to MSME and large enterprises for alternative compliance to required reserves for deposit liabilities and amended by BSP Circular No. 1155 issued in 2022.

LTNCDs are subject to required reserves of 4.0% under BSP Circular 1041. As of December 31, 2023, the Group has no outstanding LTNCD.

Regular reserves as of December 31, 2023 and 2022 amounted to ₱56,967,441 and ₱62,263,916, respectively, for the Group, and ₱53,955,218 and ₱59,250,130, respectively, for the Parent Bank (see Note 8).



22. Bills Payable

Bills payable consist of borrowings from:

	Group		Parent Bank	
	2023	2022	2023	2022
Banks, other financial institutions and individuals	₱154,975,282	₱131,571,232	₱120,056,162	₱98,043,240
Others	312,647	1,275,557	302,974	1,265,884
	₱155,287,929	₱132,846,789	₱120,359,136	₱99,309,124

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 38).

Other bills payable of the Group mainly pertain to availments of short-term loan lines from certain related parties (see Note 32).

The breakdown of bills payable as to currency follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Foreign currencies	₱84,836,387	₱99,303,162	₱84,836,387	₱99,303,162
Philippine pesos	70,451,542	33,543,627	35,522,749	5,962
	₱155,287,929	₱132,846,789	₱120,359,136	₱99,309,124

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		
	2023	2022	2021	2023	2022	2021
Banks, other financial institutions and individuals	₱8,466,972	₱3,002,685	₱1,229,757	₱6,263,551	₱1,621,975	₱175,039
BSP	87,028	—	21	87,028	—	21
Others	327	485	762	327	485	762
	₱8,554,327	₱3,003,170	₱1,230,540	₱6,350,906	₱1,622,460	₱175,822

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		
	2023	2022	2021
Philippine pesos	3.50% to 8.37%	1.00% to 8.37%	1.00% to 8.28%
Foreign currencies	0.32% to 6.41%	1.06% to 5.23%	0.10% to 3.05%



23. Notes and Bonds Payable

The Group's and the Parent Bank's notes and bonds payable as of December 31, 2023 and 2022 consist of the following:

	Coupon Interest	Principal Amount	Outstanding Balance		Issue Date	Maturity Date	Redemption Date
			December 31, 2023	December 31, 2022			
USD Senior Medium Term Notes Due 2025	2.125%	₱16,611,000	₱16,568,058	₱16,659,943	October 22, 2020	October 22, 2025	
Peso Senior Series F Bonds Due 2025	6.563%	10,338,500	10,269,590	—	December 5, 2023	June 5, 2025	
USD Social Bonds Due 2028	6.821%*	8,305,500	8,266,271	8,312,899	July 23, 2021	July 23, 2028	
Peso Senior Series G Bonds Due 2026	6.680%	7,829,500	7,739,007	—	December 5, 2023	December 5, 2026	
Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025	5.250%	6,800,000	6,762,293	6,756,565	February 24, 2020	May 24, 2030	May 24, 2030
Peso Senior Series D Bonds Due 2026	3.375%	885,000	888,408	880,047	December 9, 2020	March 9, 2026	March 9, 2026
Peso Digital Bonds	3.250%	11,000,000	—	10,937,832	June 2, 2022	December 2, 2023	
Peso Senior Series C Bonds Due 2023	2.750%	8,115,000	—	8,097,039	December 9, 2020	December 9, 2023	December 9, 2023
Total for the Group and Parent Bank		₱69,884,500	₱50,493,627	₱51,644,325			

*floating interest rate based on SOFR rate, which is based on prevailing rate as of December 31, 2023

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 SGX-ST.

The Notes will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions of the issuance) unsecured obligations of the Parent Bank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Parent Bank from time to time outstanding.

Peso Senior Series 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 ₱8.12 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.



Peso Digital Bonds Due 2023

On June 2, 2022, the Parent Bank successfully issued the country's first-ever offering of Peso Digital Bonds amounting to ₱11.0 billion. The Digital Bonds with a tenor of 1.5 years and a fixed rate of 3.25% per annum were issued out of the Bank's existing ₱39.0 billion Bond Program. The Digital Bonds were listed and available for trading on PDEX.

A first for the Philippines, this digital public bond offering and issuance marks a milestone and the success of this Proof of Concept and paves the way for future utilization of Distributed Ledger / Blockchain Technology towards more automated and operationally efficient local capital markets. The Digital Bonds were issued through the digital registry and digital depository of the Phil. Depository & Trust Corp. utilizing infrastructure powered by #STACS blockchain and which new digital infrastructure is kept interoperable with the traditional trading to clearing infrastructure of the Phil. Dealing & Exchange Corp. Fixed Income Market.

Peso Senior Series C Bonds Due 2023

The ₱8.12 billion worth of fixed rate Senior Series C Bonds were issued as part of the dual-tranche issuance of the Bank on December 9, 2020 under its existing ₱39.0 Billion Bond Program. The bonds were listed on the PDEX.

The Bank may, at its sole option and subject to the Terms and Conditions of the issuance, redeem the Bonds at par plus accrued interest (if any), without premium or penalty, as of but excluding the Early Redemption Date.

The Bonds constitute direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, enforceable according to the Terms and Conditions of the Bonds, and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves, and at least *pari passu* with all other present and future direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, except for any obligation enjoying a statutory preference or priority established under Philippine laws.

USD Social Bonds Due 2028

The International Finance Corporation (IFC) invested in a 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 will be used to finance loans to micro, small and medium-sized enterprises (MSMEs).

The Parent Bank shall at all times maintain, and abstain from any action which may result in the breach of, several financial parameters provided in the subscription agreement with IFC.

Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025

The Basel III-compliant Unsecured Subordinated Tier 2 Notes were issued by the Parent Bank under its BSP-approved issuance of ₱20.0 Billion Unsecured Subordinated Notes Qualifying as Tier 2 Capital.

Unless the Notes are previously redeemed, the Initial Interest Rate will be reset at the equivalent of the Initial Spread per annum plus the Benchmark as of Reset Date as defined in the Terms and Conditions of the Notes. Subject to certain conditions, the BSP Guidelines, and the Terms and Conditions, the Parent Bank may redeem the Notes in whole and not only in part on the Redemption Option Date at 100% of the face value of the Notes, plus accrued and unpaid interest as of but excluding the Redemption Option Date.



The Notes have a loss absorption feature which means the Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Trigger Event. A Non-Viability Trigger Event is deemed to have occurred when the Issuer is considered non-viable as determined by the BSP.

The Tier II Notes constitute a direct, unconditional, fixed, unsecured and subordinated obligation of the Bank. Claims in respect of the Tier II Notes will rank: (a) junior to the claims of holders of all deposits and general creditors of the Bank; (b) *pari passu* with obligations of the Bank that are, expressly or by applicable laws, subordinated so as to rank *pari passu* with claims in respect of securities constituting “Tier 2” capital of the Bank; and (c) senior to (i) the claims for payment of any obligation that, expressly or by applicable law, is subordinated to the Tier II Notes, (ii) the claims in respect of securities constituting “Tier 1” capital of the Bank, and (iii) the rights and claims of holders of equity shares of the Bank.

Peso Senior Series 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.

The interest expense on notes and bonds payable amounted to ₱2,123,773, ₱2,490,116, and ₱2,197,668 in 2023, 2022, and 2021, respectively, for the Group, and ₱2,075,693, ₱2,465,079, and ₱2,173,188 in 2023, 2022, and 2021, 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, 2023 and 2022, the Group is in compliance with all the debt covenants on the above notes and bonds.

24. Other Liabilities

Other liabilities consist of the following as of December 31:

	Group		Parent Bank	
	2023	2022	2023	2022
Accounts payable	₱14,715,682	₱15,399,428	₱12,821,356	₱13,842,626
Accrued taxes and other expenses	13,039,259	10,718,444	10,729,290	8,825,604
Manager’s checks	7,512,789	7,333,511	7,509,074	7,319,745
Other credits - dormant	3,055,238	2,831,198	2,927,349	2,742,792
Bills purchased - domestic and foreign	2,432,182	3,180,968	2,432,182	3,180,968
Payment orders payable	1,950,117	614,557	1,950,117	614,557
Post-employment defined benefit obligation (Note 29)	1,571,666	999,012	1,464,586	910,109
Lease liabilities	1,551,143	1,424,530	1,180,973	1,177,555
Unearned income - bancassurance (Note 32)	590,258	715,710	590,258	715,710
Sundry credits	1,117,848	1,661,559	1,115,410	1,661,559
Derivative liabilities (Note 11)	926,176	1,546,773	926,176	1,546,773
Withholding taxes payable	498,995	451,502	365,536	358,269
Pre-need reserves	1,646	12,346	—	—
Miscellaneous	2,204,966	1,987,756	2,103,924	1,826,757
	₱51,167,965	₱48,877,294	₱46,116,231	₱44,723,024



The unearned income represents the unamortized portion of the Exclusive Access Fees (EAF) arising from the Parent Bank's bancassurance agreement with a related party (see Note 32).

Set out below is the carrying amount of lease liabilities and the movements during the year:

	Group		Parent Bank	
	2023	2022	2023	2022
As at January 1	₱1,424,530	₱1,382,880	₱1,177,555	₱1,043,850
Additions	685,477	567,389	468,129	514,000
Payments	(633,871)	(659,030)	(524,291)	(496,312)
Accretion of interest (Note 34)	75,007	67,851	59,580	56,240
Effect of business combination (Note 1)	—	65,440	—	59,777
As at December 31	₱1,551,143	₱1,424,530	₱1,180,973	₱1,177,555

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, 2023 and 2022, the Group has no lease commitments which have not yet commenced.

The breakdown of Accrued taxes and other expenses account follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Accrued interest payable	₱3,472,484	₱1,801,913	₱2,495,138	₱1,418,309
Accrued income and other taxes	860,068	1,044,520	728,144	663,356
Other accruals	8,706,707	7,872,011	7,506,008	6,743,939
	₱13,039,259	₱10,718,444	₱10,729,290	₱8,825,604

Other accruals represent mainly fringe and other personnel benefits.

25. Capital Funds

Capital Stock

The Parent Bank's capital stock as of December 31, 2023 and 2022 consists of the following:

	Shares		Amount	
	2023	2022	2023	2022
Common – ₱10 par value				
Authorized	5,030,785,238	2,530,785,238	₱50,307,852	₱25,307,852
Issued	2,353,774,567	2,142,106,764	23,537,746	21,421,068
Treasury stock	(27,977)	—	(2,097)	—
Issued and outstanding	2,353,746,590	2,142,106,764	23,535,649	21,421,068
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, 2023 and 2022, there are 2,351.5 million and 2,139.6 million shares listed at the PSE, respectively. The number of holders and the closing price of the said shares is 4,949 and ₱50.35 per share as of December 31, 2023, respectively, and 4,961 and ₱86.10 per share as of December 31, 2022, respectively.

Issuance of Shares under the Employee Stock Plan

The Bank issued 697,339, 199,964 and 516,435 common shares on February 6, 2023, January 28, 2022 and February 4, 2021, respectively, and 891,351 common shares on January 29, 2021, to qualified employees under the Parent Bank's Employee Stock Plan (ESP).

The last tranche of the issuance of shares under the ESP was on February 6, 2023. A total of 3.6 million common shares were issued over the five-year period.

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. 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.

Issuance of Shares through Stock Rights

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 issued shares were listed at the PSE on the same date. Net proceeds to the Parent Bank amounted to ₱11.86 billion.

On May 16, 2022, the Parent Bank issued approximately 617.2 million common shares priced at ₱64.81 per share. The shares were offered to eligible shareholders as of record date of April 11, 2022 at a ratio of 1 right share for every 2.4707 existing common shares. The newly issued shares were listed at the PSE on the same date. Net proceeds to the Parent Bank from the Offer amounted to ₱39.80 billion.

Distribution of Stock Dividends

On January 5, 2022, the Parent Bank issued 304,838,842 common shares at par value of ₱10 for whole shares and paid ₱0.14 million for 1,862.5 fractional shares in relation to the 25% stock dividends approved by the Bank's BOD and stockholders on June 25, 2021 and August 11, 2021, respectively.

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 2023, 2022, and 2021:

Date of Declaration	Date of Record	Date of BSP Approval	Date of Payment	Dividend per Share	Outstanding Shares	Total Amount
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
January 29, 2021	February 15, 2021	N/A	March 4, 2021	3.50	1,219,362,818	4,267,770

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

Surplus Reserves

The amended PNUCA requires that the portion of retained earnings representing Trust fund income of FUPI be automatically restricted to payments of benefits of plan holders and related payments as allowed in the amended PNUCA. The accumulated Trust Fund income, net of releases representing the amount of Trust fund income that pertains to the matured and pre-terminated plans of planholders which have been withdrawn from the trust fund during the year, should be appropriated and presented separately as Surplus Reserves in the statements of changes in capital funds. FUPI transferred out ₱55.79 million and ₱0.66 million from appropriated reserves for the years ended December 31, 2022, and 2021, respectively. No transfer has been made for the year ended December 31, 2023.

In compliance with BSP regulations, a portion of the Group's income from trust operations is setup as Surplus Reserves. For the years ended December 31, 2023, 2022, and 2021, the Group and the Parent Bank appropriated ₱31.2 million, ₱31.7 million, and ₱24.0 million, respectively.

Included in this account is the difference between the 1% general loan loss provision (GLLP) over the computed ECL allowance for credit losses related to Stage 1 accounts, as a required BSP appropriation. As of December 31, 2023 and 2022, surplus reserves related to the difference between GLLP over ECL allowance amounted to ₱2.17 billion and ₱2.12 billion, respectively, for the Group and ₱1.77 billion and ₱1.69 billion, respectively, for the Parent Bank.



26. Maturity Profile of Assets and Liabilities

The following tables show an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the statement of financial position date:

	Group					
	2023			2022 (As Restated)		
	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	₱10,439,112	₱–	₱10,439,112	₱9,891,536	₱–	₱9,891,536
Due from BSP	82,643,663	–	82,643,663	94,610,308	–	94,610,308
Due from other banks	27,275,221	–	27,275,221	46,258,411	–	46,258,411
IBLR and SPURRA	25,411,162	–	25,411,162	23,553,973	–	23,553,973
Trading and investment securities						
at FVTPL	5,805,716	–	5,805,716	8,653,516	–	8,653,516
at amortized cost - gross	4,855,282	309,928,613	314,783,895	431,164	244,501,669	244,932,833
at FVOCI	29,506	36,945,268	36,974,774	6,127,961	73,633,801	79,761,762
Loans and receivables - net of unearned discounts	205,981,555	340,175,082	546,156,637	206,510,904	287,631,294	494,142,198
Other resources	585,449	1,802,360	2,387,809	245,340	1,787,617	2,032,957
	363,026,666	688,851,323	1,051,877,989	396,283,113	607,554,381	1,003,837,494
Nonfinancial Assets						
Investment in associates	–	37,675	37,675	–	123,396	123,396
Bank premises, furniture, fixtures and equipment	–	19,217,959	19,217,959	–	16,504,614	16,504,614
Investment properties	–	11,648,702	11,648,702	–	11,432,533	11,432,533
Goodwill	–	53,992,565	53,992,565	–	53,992,565	53,992,565
Other resources	3,260,691	37,559,573	40,820,264	2,953,714	29,895,217	32,848,931
	3,260,691	122,456,474	125,717,165	2,953,714	111,948,325	114,902,039
	₱366,287,357	₱811,307,797	₱1,177,595,154	₱399,236,827	₱719,502,706	₱1,118,739,533
Allowance for credit losses and impairment (Notes 20)			20,475,455			14,953,413
Accumulated depreciation (Notes 16 and 17)			11,976,303			10,899,950
			32,451,758			25,853,363
			₱1,145,143,353			₱1,092,886,170
Financial Liabilities						
Deposit liabilities	₱680,342,981	₱32,225,427	₱712,568,408	₱649,537,302	₱61,766,640	₱711,303,942
Bills payable	118,394,375	36,893,554	155,287,929	107,029,992	25,816,797	132,846,789
Notes and bonds payable	–	50,493,627	50,493,627	8,097,039	43,547,286	51,644,325
Other liabilities	41,706,033	5,307,645	47,013,678	38,313,521	4,702,712	43,016,233
	840,443,389	124,920,253	965,363,642	802,977,854	135,833,435	938,811,288
Nonfinancial Liabilities						
Accrued income and other taxes	860,068	–	860,068	1,044,520	–	1,044,520
Other liabilities	498,995	2,795,224	3,294,219	451,502	4,365,040	4,816,542
	1,359,063	2,795,224	4,154,287	1,496,022	4,365,040	5,861,062
	₱841,802,452	₱127,715,477	₱969,517,929	₱804,473,876	₱140,198,475	₱944,672,350



Maturity Profile of Assets and Liabilities and Service Charges, Fees and Commissions

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	Parent Bank					
	2023			2022 (As Restated)		
	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	₱9,350,898	₱—	₱9,350,898	₱8,924,249	₱—	₱8,924,249
Due from BSP	63,883,124	—	63,883,124	66,588,121	—	66,588,121
Due from other banks	23,195,787	—	23,195,787	42,277,856	—	42,277,856
IBLR and SPURRA	3,184,121	—	3,184,121	14,634,811	—	14,634,811
Trading and investment securities						
at FVTPL	5,676,867	—	5,676,867	8,583,178	—	8,583,178
at amortized cost - gross	4,719,843	300,919,396	305,639,239	356,113	235,349,487	235,705,600
at FVOCI	—	36,699,234	36,699,234	6,108,089	73,359,589	79,467,678
Loans and receivables - net of unearned discounts	179,801,242	246,038,296	425,839,538	197,768,610	205,590,687	403,359,297
Other resources	528,354	1,525,288	2,053,642	183,757	1,754,866	1,938,623
	290,340,236	585,182,214	875,522,450	345,424,784	516,054,629	861,479,413
Nonfinancial Assets						
Investment in subsidiaries	—	36,114,412	36,114,412	—	31,782,696	31,782,696
Bank premises, furniture, fixtures and equipment	—	14,678,017	14,678,017	—	12,356,880	12,356,880
Investment properties	—	10,190,789	10,190,789	—	10,129,917	10,129,917
Goodwill	—	43,339,696	43,339,696	—	43,339,696	43,339,696
Other resources	2,472,996	30,596,455	33,069,451	2,534,922	23,640,072	26,199,230
	2,472,996	134,919,369	137,392,365	2,534,922	121,249,261	123,784,183
	₱292,813,232	₱720,101,583	₱1,012,914,815	₱347,959,706	₱637,303,890	₱985,263,596
Allowance for credit losses and impairment			14,396,692			10,019,209
Accumulated depreciation (Notes 16 and 17)			8,905,385			8,055,011
			23,302,077			18,074,220
			₱989,612,695			₱967,189,376
Financial Liabilities						
Deposit liabilities	595,611,052	1,944,341	597,555,393	584,787,370	39,133,662	623,921,032
Bills payable	97,271,395	23,087,741	120,359,136	88,265,362	11,043,762	99,309,124
Notes and bonds payable	—	50,493,627	50,493,627	8,097,039	43,547,286	51,644,325
Other liabilities	37,484,533	4,843,836	42,328,369	35,164,978	4,332,394	39,497,372
	730,366,980	80,369,545	810,736,525	716,314,749	98,057,104	814,371,853
Nonfinancial Liabilities						
Accrued income and other taxes	728,144	—	728,144	663,356	—	663,356
Other liabilities	365,536	2,694,182	3,059,718	358,269	4,204,027	4,562,296
	1,093,680	2,694,182	3,787,862	1,021,625	4,204,027	5,225,652
	₱731,460,660	₱83,063,727	₱814,524,387	₱717,336,374	₱102,261,131	₱819,597,505

27. Service Charges, Fees and Commissions

This account is broken down as follows:

	Group			Parent Bank		
	2023	2022	2021	2023	2022	2021
Service charges	₱8,487,387	₱5,308,086	₱2,817,479	₱7,747,743	₱4,812,508	₱1,850,655
Brokerage fees	769,277	312,756	22,588	6,405	19,888	22,588
Commissions from bancassurance (Note 32)	589,520	377,657	230,570	589,520	377,657	230,570
Bank commissions	203,243	241,109	189,630	198,945	218,555	157,510
Others	363,372	542,063	513,044	137,814	257,154	231,033
	₱10,412,799	₱6,781,671	₱3,773,311	₱8,680,427	₱5,685,762	₱2,492,356

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		
	2023	2022	2021
Foreign exchange gains - net	₱2,126,188	₱2,151,194	₱1,295,539
Recoveries from charged-off assets	1,149,193	579,130	164,270
Gain (loss) on sale of investment properties (Note 17)	1,023,532	1,224,045	(43,689)
Cards rebates and migration support	826,689	463,827	—
Gain on foreclosure of investment properties (Note 17)	751,936	466,388	135,309
Fines and penalties	424,541	289,138	175,877
Income from trust operations (Note 31)	311,816	316,939	239,994
Rental (Notes 17 and 34)	127,739	218,019	116,450
Gain on sale of investments in associates and subsidiary (Note 15)	22,702	—	167,332
Dividend	3,617	6,076	145,789
Gain (loss) on sale of property and equipment	3,401	(14,849)	18,108
Trust fund income (loss) (Note 19)	3,341	(1,301)	212
Others	696,248	899,978	446,624
	₱7,470,943	₱6,598,584	₱2,861,815

	Parent Bank		
	2023	2022	2021
Share in net profit of subsidiaries (Note 15)	₱2,837,072	₱1,712,086	₱1,173,016
Foreign exchange gains – net	1,464,603	1,523,650	869,122
Gain on sale of investment properties (Note 17)	1,110,198	1,193,004	207,360
Recoveries from charged-off assets	1,106,189	533,616	131,843
Cards rebates and migration support	826,689	463,827	—
Gain on foreclosure of investment properties (Note 17)	679,745	466,388	135,309
Fines and penalties	424,541	289,138	175,877
Income from trust operations (Note 31)	311,816	316,939	239,994
Rental (Notes 17 and 34)	180,273	154,907	132,734
Dividend	2,768	2,768	145,789
Gain (loss) on sale of property and equipment	558	(429)	1,900
Others	360,156	841,961	329,884
	₱9,304,608	₱7,497,855	₱3,542,828



Miscellaneous Expenses

The breakdown of miscellaneous expenses follows:

	Group		
	2023	2022	2021
Information technology	₱5,726,110	₱3,115,086	₱1,559,722
Advertising and publicity	4,882,498	2,255,794	1,078,193
Insurance	1,518,627	1,353,558	1,095,425
Outside services	1,488,965	1,260,553	1,304,352
Fees and commission	1,364,037	573,087	205,180
Provision for impairment on investment properties and other non-financial assets (Note 17)	916,619	374,536	318,639
Management and professional fees	903,708	1,062,648	424,333
Supervision and compliance costs	781,521	684,576	597,197
Communication	644,736	460,209	434,029
Card-related expenses	508,396	730,958	493,255
Stationery and supplies	424,516	353,613	369,415
Transportation and travel	416,558	334,164	175,810
Litigation	303,581	183,726	73,377
Repairs and maintenance	224,376	169,308	129,711
Fines and penalties	95,918	87,503	65,679
Representation and entertainment	76,332	74,712	43,165
Impairment on goodwill (Note 18)	—	—	529,599
Others	1,280,881	1,273,134	1,379,989
	₱21,557,379	₱14,347,165	₱10,277,070

	Parent Bank		
	2023	2022	2021
Information technology	₱5,215,041	₱2,937,704	₱1,475,863
Advertising and publicity	4,792,726	2,187,771	1,052,145
Insurance	1,264,648	1,176,892	952,327
Fees and commission	1,149,643	388,987	127,030
Outside services	1,083,916	863,284	706,927
Supervision and compliance costs	747,560	660,929	517,116
Management and professional fees	700,469	676,020	337,332
Card-related expenses	508,396	730,958	493,255
Communication	446,582	324,773	287,329
Provision for (reversal of) impairment on investment properties and other non-financial assets (Note 17)	403,042	2,186	(64,649)
Stationery and supplies	368,009	285,337	322,034
Litigation	300,055	170,532	69,306
Transportation and travel	214,406	171,298	80,497
Repairs and maintenance	174,097	124,642	92,144
Representation and entertainment	51,928	63,983	36,471
Others	688,458	732,087	662,144
	₱18,108,976	₱11,497,383	₱7,147,271



29. Salaries and Employee Benefits

Salaries and Employee Benefits Expense

Expenses recognized for employee benefits are as follows:

	Group		
	2023	2022	2021
Short-term benefits:			
Salaries and wages	₱7,395,773	₱5,581,557	₱4,378,637
Bonuses and fringe benefits	4,763,223	3,276,495	3,279,091
Social security costs	386,205	267,273	209,543
Other benefits	225,620	200,104	250,263
Post-employment and other long-term benefits	787,404	677,742	529,168
	₱13,558,225	₱10,003,171	₱8,646,702

	Parent Bank		
	2023	2022	2021
Short-term benefits:			
Salaries and wages	₱5,318,750	₱4,234,232	₱3,167,844
Bonuses and fringe benefits	3,850,248	2,452,656	2,712,001
Social security costs	261,460	164,995	123,634
Other benefits	171,337	159,729	160,551
Post-employment and other long-term benefits	630,577	513,582	427,390
	₱10,232,372	₱7,525,194	₱6,591,420

Post-employment Defined Benefit Plan and Defined Contribution Plan*(a) Characteristics of the Defined Benefit Plan*

The Group maintains funded, tax-qualified, noncontributory pension plans covering all regular full-time employees that are being administered by appointed trustee banks, including the Parent Bank's TISG, for the Parent Bank, UIC, CSB, FUIFAI, Bangko Kabayan, PBI, and PETNET. Under these pension plans, all covered employees are entitled to cash benefits after satisfying certain age and service requirements.

The Group maintains various retirement plans, 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, PBI, PETNET, 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 optional retirement age is 60 and the compulsory retirement age is 65. Both must have a minimum of five years of credited service. Both have retirement benefit equal to one-half month's salary as of the date of retirement multiplied by the employee's year of service. Upon retirement of an employee, whether optional or compulsory, his services may be continued or extended on a case to case basis upon agreement of management and employee.

This is based on the retirement plan benefits provided in the Retirement Law (R.A. No. 7641). Under the law, unless the parties provide for broader inclusions, the term one-half (1/2) month salary shall mean fifteen (15) days plus one-twelfth (1/12) of the 13th month pay and the cash equivalent of not more than (5) days of service incentive leaves.

CSB Plan

The normal retirement age is 60 or completion of 30 years of service whichever is earlier. The service of any member, however, may be extended from year-to-year beyond the normal retirement date, provided such an extension of service is with the consent of the member and the express approval of CSB. The plan also provides for an early retirement after completion of at least ten years of service. Normal retirement benefit is an amount equivalent to 100% of the final basic monthly salary multiplied by the number of years of service prior to January 1, 2008 and 150% of the final basic monthly salary for services rendered starting January 1, 2008.

FUIFAI Plan

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of FUIFAI's BOD. Normal retirement benefit is an amount equivalent to 150% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

PETNET Plan

The normal retirement age is 60. The plan also provides for an early retirement at age 50 with the completion of at least ten years of service and late retirement beyond age 60. However, early and late retirement are subject to the approval of the company. Retirement benefit is an amount equivalent to 92% of the final monthly salary for each year of continuous service.

Bangko Kabayan Plan

The normal retirement age is 60 with at least five years of credited service. Retirement benefit is an amount equivalent to 100%, 125% or 150% of the latest basic monthly salary for each year of credited service if the years of service is 10 years but less than 15 years, 15 years but less than 20 years, and 20 years or more, respectively.

PBI Plan

The normal retirement age is 60 with at least five years of credited service. Retirement benefit is an amount equivalent to 22.5 days pay for every year of credited service.



Former Citibank, N.A., PH Consumer Business PlansFund B and Fund C

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with the completion of at least ten years of continuous service. Normal retirement benefit is an amount equivalent to 200% of the final average covered monthly salary for each year of credited service.

The Parent Bank and Citigroup, Inc. agreed that the previous tenure of Citi employees will be continued upon joining with the Group.

(b) Characteristics of the Defined Contribution Plans

The Group maintains a defined contribution plan covering all regular and permanent employees. Starting on the date of membership of an employee in the Plan, the employer shall contribute to the retirement fund 8% of the member's salary as defined every month. As this plan operates in the Philippines, it is subject to R.A. No. 7641, which requires a minimum benefit equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year.

Former Citibank, N.A., PH Consumer Business PlanFund D

Fund D is an allocated fund established to hold contributions on behalf of and made by the employees and the corresponding earnings and losses on such contributions. The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with the completion of at least ten years of continuous service. Normal retirement benefit is an amount equivalent to the sum of (a) 100% of the balance in the Member's Individual Account Balances (IAB) attributable to the employer's contributions as of most recent valuation prior to his retirement date adjusted for subsequent contributions and earnings and (b) 100% of the balance in the Member's IAB attributable to the employee's contributions as of most recent valuation prior to his retirement date adjusted for subsequent contributions and earnings.

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 2023 and 2022.

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	
	2023	2022
Present value of the obligation	₱7,299,841	₱6,194,063
Fair value of plan assets	5,917,416	5,227,021
	₱1,382,425	₱967,042



As of December 31, 2023 and 2022, the net retirement obligation amounting to ₱1,382,425 and ₱967,042 is separately shown as Net retirement asset of ₱189,241 and ₱31,955, respectively (see Note 19), and as Post-employment defined benefit obligation of ₱1,571,666 and ₱998,997, respectively (see Note 24).

	Parent Bank	
	2023	2022
Present value of the obligation	₱6,505,811	₱5,468,708
Fair value of plan assets	5,041,225	4,558,600
	₱1,464,586	₱910,109

The movements in the present value of the post-employment benefit obligation recognized in the financial statements are as follows:

	Group		
	2023	2022	2021
Balance at beginning of year	₱6,194,063	₱5,285,027	₱5,225,149
Current service cost	617,879	579,173	529,168
Interest expense	392,446	244,198	158,374
Remeasurements:			
Actuarial losses (gains) arising from			
Changes in financial assumptions	425,647	(917,442)	(524,992)
Experience adjustments	56,868	27,707	60,611
Changes in demographic assumptions	50	(3,246)	977
Benefits paid	(387,112)	(375,742)	(164,260)
Effects of business combinations*(Note 1)	—	1,354,388	—
Balance at end of year	₱7,299,841	₱6,194,063	₱5,285,027

*Represents retirement obligation of employees from the acquired business at the date of business combination

	Parent Bank		
	2023	2022	2021
Balance at beginning of year	₱5,468,709	₱4,514,965	₱4,544,704
Current service cost	521,682	459,481	427,390
Interest expense	346,395	235,886	157,398
Remeasurements:			
Actuarial losses (gains) arising from			
Changes in financial assumptions	473,555	(877,330)	(472,541)
Experience adjustments	(27,055)	15,287	80,474
Changes in demographic assumptions	—	—	1,134
Benefits paid	(277,475)	(211,825)	(223,594)
Effects of business combinations* (Note 1)	—	1,332,245	—
Balance at end of year	₱6,505,811	₱5,468,708	₱4,514,965

*Represents retirement obligation of employees from UnionBank, iBank, and Citibank PH Consumer Business Plans

The movements in the fair value of plan assets are presented below.

	Group		
	2023	2022	2021
Balance at beginning of year	₱5,227,021	₱4,321,676	₱4,113,808
Interest income	344,075	208,245	118,247
Return on plan asset (excluding amounts included in net interest)	(46,580)	(520,217)	39,271
Contributions to the plan	720,135	417,379	219,028
Benefits paid	(327,235)	(261,690)	(168,678)
Effects of business combinations (Note 1)	—	1,061,628	—
Balance at end of year	₱5,917,416	₱5,227,021	₱4,321,676



	Parent Bank		
	2023	2022	2021
Balance at beginning of year	₱4,558,600	₱3,621,937	₱3,439,660
Interest income	301,472	195,439	115,739
Return on plan asset (excluding amounts included in net interest)	(174,732)	(525,321)	36,957
Contributions to the plan	633,360	416,742	253,175
Benefits paid	(277,475)	(211,825)	(223,594)
Effects of business combinations* (Note 1)	—	1,061,628	—
Balance at end of year	₱5,041,225	₱4,558,600	₱3,621,937

*Represents fair value of plans for UnionBank, iBank, and Citibank PH Consumer Business Plans

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	
	2023	2022
Bank deposits	₱789,749	₱403,505
Quoted equity securities:		
Financial and insurance activities	3,125,493	2,614,648
Real estate activities	88,133	68,099
Electricity, gas and water	30,675	35,533
Wholesale and retail trade	—	13,376
Others	564,438	123,645
	3,808,739	2,855,301
Debt securities:		
Corporate bonds	677,912	813,103
Philippine government bonds	624,496	40,124
	1,302,408	853,227
Receivable related to the plan assets of the employees from the acquired business (Note 1)	—	1,061,628
Others	16,520	53,360
	₱5,917,416	₱5,227,021

	Parent Bank	
	2023	2022
Bank deposits	₱769,724	₱380,409
Quoted equity securities:		
Financial and insurance activities	2,560,165	2,207,860
Real estate activities	88,130	68,096
Electricity, gas and water	21,151	26,502
Wholesale and retail trade	—	13,376
Others	400,910	123,589
	3,070,356	2,439,423
Debt securities:		
Corporate bonds	581,251	647,751
Philippine government bonds	604,224	20,364
	1,185,475	668,115
Others	15,670	9,025
	₱5,041,225	₱3,496,972



Equity securities under the fund are primarily investments in corporations listed in the PSE, which include ₱478,398 and ₱352,208 investments in the shares of stocks of the Parent Bank as of December 31, 2023 and 2022, respectively, while debt securities represent investments in government and corporate bonds, which include ₱311,861 and ₱354,516 investment in the notes of the Parent Bank as of December 31, 2023 and 2022, 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 ₱241,771 and ₱348,462 deposits with the Parent Bank as of December 31, 2023 and 2022, respectively (see Note 32).

Actual returns on plan assets amounted to ₱221,388 in 2023, (₱311,972) in 2022, and ₱157,518 in 2021 for the Group. Actual returns on plan assets amounted to ₱50,635 in 2023, (₱329,883) in 2022, and ₱152,596 in 2021 for Parent.

The amounts recognized in the statements of income in respect of the post-employment defined benefit plan are as follows:

	Group		
	2023	2022	2021
Current service cost	₱617,879	₱579,173	₱529,168
Past service cost	—	—	—
Net interest expense (income)	48,371	35,953	40,127
	₱666,250	₱615,126	₱569,295

	Parent Bank		
	2023	2022	2021
Current service cost	₱521,682	₱459,481	₱427,390
Net interest expense (income)	44,923	40,447	41,659
	₱566,605	₱499,928	₱469,049

The amounts recognized in other comprehensive income in respect of the post-employment defined benefit plan are as follows:

	Group		
	2023	2022	2021
Actuarial losses (gains) arising from changes in:			
Financial assumption	₱425,647	(₱917,442)	(₱524,992)
Experience adjustments	56,868	27,707	60,611
Demographic assumptions	50	(3,246)	977
Return on plan assets (excluding amounts included in net interest)	46,580	520,217	(39,271)
	₱529,145	(₱372,764)	(₱502,675)



	Parent Bank		
	2023	2022	2021
Actuarial losses (gains) arising from changes in:			
Financial assumption	₱473,555	(₱877,329)	(₱472,541)
Experience adjustments	(27,055)	15,286	80,474
Demographic assumptions	-	-	1,134
Return on plan assets (excluding amounts included in net interest)	174,732	525,321	(36,957)
	₱621,232	(₱336,722)	(₱427,890)

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 of ₱65,891, ₱30,406 and ₱38,907 in 2023, 2022, and 2021, respectively (see Note 15).

The Group and the Parent Bank expect to contribute ₱918,375 and ₱745,889, respectively, in 2023.

In determining the retirement benefits, the following actuarial assumptions were used:

	Group		
	2023	2022	2021
Retirement age	60	60	60
Average remaining working life	6-26 years	5-26 years	6-27 years
Discount rate	6.01%-7.31%	4.00%-7.56%	3.88%-5.15%
Expected rate of salary increase	2.00%-7.00%	2.00%-7.00%	2.00%-6.00%
Employee turnover rate	0%-19%	0%-26%	0%-22%

	Parent Bank		
	2023	2022	2021
Retirement age	60	60	60
Average remaining working life	8 to 14 years	8 to 15 years	9 to 10 years
Discount rate	6.01%-6.11%	7.05%-7.25%	4.87%-5.02%
Expected rate of salary increase	6.00%-7.00%	6.00%-7.00%	6.00%
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, 2023			
Discount rate	+/-1.0%	(P721,266)	P930,243
Salary growth rate	+/-1.0%	992,066	(798,490)
Turn-over rate	+/-20.0%	(51,105)	(43,777)
December 31, 2022			
Discount rate	+/-1.0%	(P828,743)	P1,028,688
Salary growth rate	+/-1.0%	1,082,018	(913,920)
Turn-over rate	+/-20.0%	218,908	(219,330)

Parent

	Impact on Post-Employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2023			
Discount rate	+/-1.0%	(P641,114)	P665,717
Salary growth rate	+/-1.0%	867,439	(544,559)
Turn-over rate	+/-20.0%	(52,624)	39,776
December 31, 2022			
Discount rate	+/-1.0%	(P522,565)	P674,188
Salary growth rate	+/-1.0%	716,235	(569,040)
Turn-over rate	+/-20.0%	(20,189)	20,640

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, 2023 and 2022 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

	2023	2022
Less than one year	₱1,649,751	₱1,048,430
One year to less than five years	2,357,357	1,813,795
Five years to less than ten years	4,584,317	3,162,944
Ten years to less than 15 years	5,503,589	3,496,334
15 years to less than 20 years	6,906,291	4,245,541
20 years and above	15,254,451	9,593,251
	₱36,255,756	₱23,360,295

Parent

	2023	2022
Less than one year	₱1,447,895	₱1,096,908
One year to less than five years	2,131,964	2,090,152
Five years to less than ten years	4,036,406	3,698,105
Ten years to less than 15 years	4,365,293	4,278,180
15 years to less than 20 years	5,146,918	4,953,445
20 years and above	10,351,462	10,517,514
	₱27,479,938	₱26,634,304

The weighted average duration of the defined benefit obligation is 17 years in 2023 and 16 years in 2022.

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, 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, 2023, accrued sick leave obligation amounted to ₱621.64 million.



30. Income Taxes

Current and Deferred Income Taxes

The components of income tax expense (benefit) for the years ended December 31, 2023, 2022, and 2021 are as follows:

	Group		
	2023	2022	2021
	(As restated)		
Reported in profit or loss			
Current tax expense:			
Final tax	₱3,165,140	₱2,231,917	₱1,269,860
Regular corporate income tax (RCIT)	886,028	1,333,468	826,288
MCIT	538,492	1,467	74,426
	4,589,660	3,566,852	2,170,574
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(1,945,435)	472,607	236,495
	₱2,644,225	₱4,039,459	₱2,407,069
Reported in other comprehensive income			
Deferred tax expense (benefit) relating to origination and reversal of actuarial gains or losses	(₱132,286)	₱93,191	₱193,286
	Parent Bank		
	2023	2022	2021
	(As restated)		
Reported in profit or loss			
Current tax expense:			
Final tax	₱2,669,179	₱2,029,648	₱1,158,225
RCIT	26,334	108,513	35,941
MCIT	527,838	—	74,108
	3,223,351	2,138,161	1,268,274
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(1,698,002)	897,850	420,188
	₱1,525,349	₱3,036,011	₱1,688,462
Reported in other comprehensive income			
Deferred tax expense (benefit) relating to origination and reversal of actuarial gains or losses	(₱155,309)	₱84,180	₱174,589



The reconciliation of the statutory income tax rate and the effective income tax rate follows:

	Group		
	2023	2022	2021
		(As restated)	
Statutory income tax rate	25.00%	25.00%	25.00%
Adjustment for income subjected to lower income tax rates	(2.02)	(3.20)	(2.11)
CREATE related adjustments	—	—	6.25
Tax effects of:			
FCDU income before tax	(2.02)	(1.73)	(17.72)
Non-taxable income	(8.48)	(0.89)	(0.76)
Non-deductible expenses	10.98	3.20	3.06
Others	(0.98)	1.69	2.34
Effective income tax rate	22.49%	24.07%	16.06%

	Parent Bank		
	2023	2022	2021
		(As restated)	
Statutory income tax rate	25.00%	25.00%	25.00%
Adjustment for income subjected to lower income tax rates	(5.36)	(3.15)	(1.97)
CREATE related adjustments	—	—	5.68
Tax effects of:			
FCDU income before tax	(2.32)	(1.86)	(18.79)
Non-taxable income	(6.87)	(3.68)	(0.27)
Non-deductible expenses	6.49	3.31	2.07
Others	(2.22)	(0.20)	(0.23)
Effective income tax rate	14.73%	19.42%	11.90%



The components of the net deferred tax assets presented under Other resources (see Note 19) as of December 31, 2023, and 2022 follow:

	Group	
	2023	2022 (As restated)
Deferred tax assets:		
Allowance for impairment	₱5,010,016	₱4,088,549
Accrued other expenses	1,682,104	1,203,425
Net operating loss carry over (NOLCO)	1,069,474	477,682
Deferred service fees	476,785	405,965
Excess MCIT	681,016	368,069
Investment properties	287,322	353,181
Unrealized foreign exchange loss	250,459	169,644
Others	775,071	1,190,370
	10,232,247	8,256,885
Deferred tax liabilities:		
Unrealized foreign exchange gain	60,723	126,653
Capitalized interest	21,965	22,880
Others	469,528	400,149
	552,216	549,682
Net deferred tax assets	₱9,680,031	₱7,707,203

	Parent Bank	
	2023	2022 (As restated)
Deferred tax assets:		
Allowance for credit losses	₱3,576,777	₱3,055,124
Accrued other expenses	1,542,120	1,196,466
Net operating loss carry-over (NOLCO)	1,068,153	466,729
Excess MCIT	680,353	366,968
Investment properties	202,220	276,990
Unrealized foreign exchange loss	248,787	169,646
Others	789,288	690,644
	8,107,698	6,222,567
Deferred tax liabilities:		
Unrealized foreign exchange gain	51,875	123,159
Capitalized interest	21,965	22,880
Others	323,671	219,650
	397,511	365,689
Net deferred tax assets	₱7,710,187	₱5,856,878

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	₱—	₱500,000	₱1,711,455	2021-2025*
2021	155,461	—	—	155,461	2022-2026*
2023	2,517,174	—	—	2,517,174	2024-2026
	₱4,884,090	₱—	₱500,000	₱4,384,090	



**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

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

As a result of the changes brought about by CREATE signed into law on March 26, 2021, the regular corporate income tax (RCIT) is reduced from 30% to 25% effective July 1, 2020.

This resulted in a reduction in the current income tax for 2020 by ₱156.36 million and by ₱78.41 million for the Group and the Parent Bank, respectively, that is recognized in the 2021 statement of income. In addition, as a result of the change in the tax rate, the deferred tax balances have been remeasured from 30% to 25%, resulting in reduction in net deferred tax asset of ₱1,156.01 million and ₱948.86 million for the Group and the Parent Bank, respectively, increase in provision for deferred income tax by ₱1,088.04 million and ₱881.24 million for the Group and the Parent Bank, respectively, in the 2021 statement of income, and decrease in other comprehensive income by ₱68.01 million and ₱67.62 million for the Group and the Parent Bank, respectively, in the 2021 statement of comprehensive income.

The following are the relevant tax regulations affecting the Group:

Income Tax

- 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;
- 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;
- Withholding tax of 15% is imposed on interest earned under the expanded foreign currency deposit system; and,
- NOLCO can be claimed as deductions against taxable income within three years after NOLCO is incurred. The excess of the MCIT over income tax due may be carried over to the three succeeding taxable years and credited against income tax due provided the Bank is in RCIT position. On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of Bayanihan to Recover as One Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.



Gross Receipts Tax

Banks are subject to gross receipts tax under Sec. 121 of the National Internal Revenue Code as amended.

Documentary Stamp Tax

Documentary stamp taxes (DST) (at varying rates) are imposed on the following:

- (a) Bank checks, drafts, or certificate of deposit not bearing interest, and other instruments;
- (b) Bonds, loan agreements, promissory notes, bills of exchange, drafts, instruments and securities issued by the Government of any of its instrumentalities, deposit substitute debt instruments, certificates of deposits bearing interest and other not payable on sight or demand;
- (c) Acceptance of bills of exchange and letters of credit; and,
- (d) Bills of lading or receipt.

The significant provisions relating to DST under TRAIN are summarized below:

- (a) On every original issue of debt instruments, there shall be collected a DST of 1.50 on each 200 or fractional part thereof of the issue price of any such debt instrument; provided, that for such debt instruments with terms of less than one year, the DST to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days; provided further that only one DST shall be imposed on either loan agreement or promissory notes to secure such loan.
- (b) On all sales or transfer of shares or certificates of stock in any corporation, there shall be collected a DST of 1.50 on each 200, or fractional part thereof, of the par value of such stock.
- (c) On all bills of exchange (between points within the Philippines) or drafts, there shall be collected a DST of 0.60 on each 200, or fractional part thereof, of the face value of any such bill of exchange or draft.
- (d) The following instruments, documents and papers shall be exempt from DST:
 - Borrowings and lending of securities executed under the Securities Borrowing and Lending Program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority;
 - Loan agreements or promissory notes, the aggregate of which does not exceed 250,000 or any such amount as may be determined by the Secretary of Finance, executed by an individual for his purchase on installment for his personal use;
 - Sale, barter or exchange of shares of stock listed and traded through the local stock exchange (as amended by RA No. 9648);
 - Fixed income and other securities traded in the secondary market or through an exchange;
 - Derivatives including repurchase agreements and reverse repurchase agreements;
 - Bank deposit accounts without a fixed term or maturity; and,
 - Interbank call loans with maturity of not more than seven days to cover deficiency in reserve against deposit liabilities.

Itemized Deduction

In 2023, 2022 and 2021, the Parent Bank opted to claim itemized deductions.



31. Trust Operations

The following securities and other properties held by the Parent Bank in fiduciary or agency capacity (for a fee) for its customers are not included in the accompanying statement of financial position since these are not properties of the Parent Bank.

	2023	2022
Investments	₱91,212,192	₱88,449,123
Others	2,755,771	3,199,964
	₱93,967,963	₱91,649,087

In compliance with the requirements of the General Banking Act relative to the Parent Bank's trust functions:

- (a) Investment in government securities with a total face value of ₱1,210,600 as of December 31, 2023 and 2022, are deposited with BSP as security for the Parent Bank's faithful compliance with its fiduciary obligations (see Note 12); and,
- (b) Ten percent of the Parent Bank's trust income is transferred to Surplus reserves. This yearly transfer is required until the surplus reserves for trust function is equivalent to 20% of the Parent Bank's authorized capital stock. No part of such reserves shall at anytime be paid out as dividends, but losses accruing in the course of business may be charged against such surplus. As of December 31, 2023 and 2022, the reserve for trust functions amounted to ₱367,836 and ₱336,655, respectively, and is included as part of Surplus reserves in the statements of financial position (see Note 25).

Income from trust operations of the Group and the Parent Bank amounted to ₱311,816, ₱316,939, and ₱239,994 in 2023, 2022 and 2021, respectively. These are shown as Income from trust operations account under Miscellaneous income in the statements of income (see Note 28).

32. Related Party Transactions

The Group's and Parent Bank's related parties include subsidiaries, stockholders, key management personnel and others as described below.

The Parent Bank's transactions with related parties, except deposit transactions, are reviewed and approved by the Bank's RPT Management Review Committee (for non-material transactions), endorsed by the RPT Board Committee, and ultimately approved or confirmed by the BOD. The terms and prices are benchmarked against market prices, non-RPT transactions and on a cost-plus basis as practiced by the market if market prices are not available. In other instances, valuations are made by appraisers and third party consultants in determining prices.



The summary of the Group's significant transactions with its related parties as of and for the years ended December 31, 2023 and 2022 are as follows:

Related Party Category	2023		2022		Terms and Conditions/Nature
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	
Applicable to the Parent Bank					
Subsidiaries					
Lease of properties:					
Lease income	₱72,056	₱–	₱33,550	₱–	Lease renewed every 5 years with 5% escalation rate
Refundable deposits	6,375	8,334	2,356	2,356	
Management services	88,227	–	161,188	–	Project management fee, management services, commission and service charges paid to/by subsidiaries
Deposit liabilities:					
Outstanding balance	–	1,799,248	–	1,961,153	
Net movements	(161,905)	–	(1,241,048)	–	
Interest expense on deposits	4,631	–	2,356	–	With interest rate based on average daily bank deposit rate.
Receivables purchase agreements:					
Purchase of receivables	–	–	9,979,340	–	Purchase of DepEd receivables from CSB
Sale of receivables	22,027,981	–	6,682,351	–	Sale of qualified Quick Loan Accounts to UnionDigital
Interbank borrowing					
Net movements	10,000,000	–	3,000,521	–	Short-term borrowing with annual fixed rate ranging from 6.34% to 6.41% in 2023 and 2.125% in 2022. No outstanding balances as of 2023 and 2022.
Interest expense	1,771	–	531	–	
Advances:					
Outstanding balance	–	129,438	–	79,573	Various expenses advanced by the Bank
Net movements	49,865	–	8,372	–	
Other liabilities	–	2,653	–	375,978	Various expenses and service fees
Applicable to the Group and the Parent Bank					
Stockholders and related parties under common ownership					
Deposit liabilities:					
Outstanding balance	–	2,474,724	–	6,709,215	With interest rate based on average daily bank deposit rate
Net movements	(4,234,491)	–	(18,750,550)	–	
Interest expense on deposits	24,028	–	37,919	–	
Bills payable:					
Outstanding balance	–	13,957	–	13,936	Long term liability with annual fixed rate of 4%
Net movements	21	–	20	–	
Interest expense	560	–	56,658	–	
Income from bancassurance business:					
Commission income	589,520	–	377,657	–	Income recognized on sale of insurance policies in accordance with the bancassurance agreement
Unearned income	–	590,258	–	715,710	Unearned income from Exclusive Access Fees arising from the bancassurance agreement

(Forward)



Related Party Category	2023		2022		Terms and Conditions/Nature
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	
Sale of Investment properties					
Sales contract receivable	(P413,987)	P–	P591,410	P413,987	
Gain on disposal	–	–	226,901	–	Sale of foreclosed property
Unearned income	(52,044)	–	52,004	52,004	
Loans receivable	(29,330)	30,239	(8,829)	909	Secured borrowings with annual interest of 8.0% and 12.0% in 2023 and 2022
Key management personnel Directors, officers and other related interests:	4,262,562	–	2,973,832	–	Employee benefits related to key management personnel
Loans	829,899	829,899	639,635	639,635	Employee fringe benefit loans with annual fixed interest rate from 0.00% to 8.0% in 2023 and 2022
Accounts receivable	185,238	185,238	156,659	156,659	Fringe benefits related to employee cars and laptop lease

Lease of Properties

The Parent Bank leases certain properties to UIC, CSB, UBX, UnionDigital and UFSI at fixed monthly rental payments with 5% annual escalation rate.

Management Services

The Parent Bank entered into service agreements with CSB, UIC, FAIR Bank, PETNET, UBX, UnionDigital, and UFSI to perform to perform various services including corporate accounting, human resource, legal, corporate secretarial, operations support, IT-related and data science.

Deposit Liabilities and Interest Expense

The deposit accounts of subsidiaries and stockholders with the Parent Bank generally earn interest based on daily bank deposit rates.

Advances

The Parent Bank also has advances to CSB, FUIFAI, UnionDigital, CFSI, PETNET and UBX as of December 31, 2023 and 2022. These are generally settled in cash upon demand.

Bills Payable and Interest Expense

In 2020, CSB availed of a loan with Aboitiz Foundation, Inc., amounting to P14.00 million which is payable in five years and bears an annual interest rate of 4.0%. This borrowing had an outstanding balance of P13.96 million and P13.94 million (net of unamortized debt issue costs) as of December 31, 2023 and 2022, respectively.



In 2022, CSB availed of short-term borrowings from AEVI, Aboitiz Power Corporation, and Aboitiz and Co., Inc., related parties under common ownership, amounting to ₱2.10 billion, ₱23.82 billion, and nil, respectively and such availments have been paid in full as of December 31, 2022. No availments were made for the year ended December 31, 2023.

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 by an amount of ₱143.08 million each year from 2023 to 2027, provided that UBP shall not be a defaulting party in a material breach during the EAF Credit Period.

EAF recognized for 2023 and 2022 is included in Commission from bancassurance under Service charges, fees and commissions account in the statements of income. Unearned income arising from this transaction is presented as Unearned Income - bancassurance under Other liabilities account in the statements of financial position (see Note 24).

Under the distribution agreement, Insular Life will have exclusive access to the branch network of the Parent Bank and CSB. Additionally, the Parent Bank's sales force, composed of relationship managers and financial advisors, shall be trained and licensed to sell life insurance products. Under the same Agreement, the Parent Bank shall earn commissions on all insurance policies sold by the Parent Bank. Commissions earned in 2023 and 2022 are presented as part of Commissions from bancassurance under Service charges, fees and commissions account in the statements of income (see Note 27).

Receivables Purchase Agreements

Department of Education (DepEd) Loans

On February 28, 2022, the Parent Bank entered into an agreement with CSB to purchase, in a true sale and without recourse basis, and for cash consideration, certain DepEd loans in one or more tranches for up to a maximum outstanding principal amount of ₱10 billion. The Parent Bank completed the purchase of the first tranche of receivables with outstanding principal of ₱99.31 million on April 8, 2022, and the second tranche of receivables with outstanding principal of ₱9.98 billion on July 4, 2022.



Quick Loans

On August 1, 2022 (the “Effective Date”), the Parent Bank entered into an agreement (the “Agreement”) with UnionDigital to sell, in a true sale and without recourse basis, and for cash consideration, loan accounts from the Parent Bank’s Quick Loans portfolio that are existing and granted as of the Effective Date and during the Term of the Agreement, which pass the eligibility criteria including the credit score, borrower profile, loan tenors and terms acceptable to UnionDigital. The Agreement shall remain valid and subsisting until terminated by the Parties as defined and allowed under the Agreement. The total outstanding principal sold to UnionDigital in 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 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. As of December 31, 2023 and 2022, the outstanding balance of the loan is nil and ₱413.98 million, respectively.

Key Management Personnel Compensation

The compensation of key management personnel for the Group and Parent Bank follows:

	Group		
	2023	2022	2021
Short-term benefits	₱3,948,441	₱2,565,550	₱2,298,705
Post-employment benefits	178,917	197,044	91,915
Other long-term benefits	135,204	211,238	69,681
	₱4,262,562	₱2,973,832	₱2,460,301

	Parent Bank		
	2023	2022	2021
Short-term benefits	₱3,074,645	₱2,126,299	₱1,885,566
Post-employment benefits	161,847	182,200	74,477
Other long-term benefits	128,555	205,565	63,703
	₱3,365,047	₱2,514,064	₱2,023,746

The Group incurred directors’ fees amounting to ₱159,594, ₱130,788, and ₱141,415 in 2023, 2022 and 2021, respectively. The Parent Bank incurred fees amounting to ₱105,409, ₱100,687, and ₱118,039 in 2023, 2022 and 2021, 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	
	2023	2022	2023	2022
Total DOSRI loans	₱830,157	₱640,544	₱690,843	₱616,127
Unsecured DOSRI loans	418,582	272,992	292,880	263,012
% of DOSRI loans to total loan portfolio	0.16%	0.13%	0.17%	0.16%
% of unsecured DOSRI loans to total DOSRI loans	0.05%	—%	0.06%	—%
% of unsecured DOSRI loans inclusive of fringe benefits to total DOSRI loans	50.42%	42.62%	42.39%	42.69%
% of past due DOSRI loans to total DOSRI loans	0.05%	—%	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 the Chairman/Chief Executive Officer. Through its Retirement Committee, it has appointed TISG as one of its trustees for the retirement fund which is covered by trust agreements.

The composition of the retirement plan assets in the actuarial valuation reports of the Parent Bank and its subsidiaries as of December 31, 2023 and 2022 are disclosed in Note 29. As of December 31, 2023 and 2022, total assets of the retirement plan managed by the TISG of the Parent Bank as contained in the actuarial valuation reports amounted to ₱6.31 billion and ₱4.03 billion, respectively.

As of December 31, 2023 and 2022, 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, 2023 and 2022 as follows:

	Group			
	2023		2022	
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Investment in Parent Bank shares	₱126,190	₱478,398	₱75,094	₱352,208
Investments in Parent Bank notes payable:				
Outstanding balance	–	311,861	–	354,516
Net movements	(42,655)	–	(125,375)	–
Interest income	17,255	–	17,093	–
Accrued interest income	–	4,562	–	6,486
Deposit liabilities:				
Outstanding balance	–	241,771	–	348,462
Net movements	(106,691)	–	(45,819)	–
Interest income on deposits	1,692	–	11,397	–
Dividend income	9,307	–	9,064	–

	Parent Bank			
	2023		2022	
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Investment in Parent Bank shares	₱126,136	₱461,852	₱71,028	₱332,716
Investments in Parent Bank notes payable:				
Outstanding balance	–	271,083	–	310,972
Net movements	(39,889)	–	(117,515)	–
Interest income	15,067	–	14,906	–
Accrued interest income	–	3,185	–	5,958
Deposit liabilities:				
Outstanding balance	–	235,176	–	329,851
Net movements	(94,675)	–	(42,555)	–
Interest income on deposits	1,684	–	11,397	–
Dividend income	8,751	–	8,560	–

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 ₱188,896 and ₱166,093, covering October 2022 to September 2023 and October 2021 to September 2022, 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, 2023 and 2022, the receivable of UIC from Kingswood Project amounted to ₱32.0 million and ₱33.2 million, respectively.



33. Earnings Per Share

In 2023, 2022 and 2021, 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 as required under PFRS.

The basic and diluted earnings per share were computed as follows:

	Group		
	2023	2022 (As restated)	2021
Net profit attributable to Parent Bank's stockholders	₱9,072,217	₱12,600,745	₱12,525,376
Divided by:			
Weighted average number of outstanding common shares	2,332,962	1,911,431	1,219,289
Adjustment related to stock dividends	635,519	635,519	940,358
Weighted average number of outstanding common shares, after adjustment for stock dividends	2,968,481	2,546,950	2,159,647
Basic and diluted earnings per share	₱3.06	₱4.95	₱5.80

	Parent Bank		
	2023	2022 (As restated)	2021
Net profit	₱8,828,457	₱12,600,745	₱12,525,376
Divided by:			
Weighted average number of outstanding common shares	2,332,962	1,911,431	1,219,289
Adjustment related to stock dividend	635,519	635,519	940,358
Weighted average number of outstanding common shares, after adjustment for stock dividends	2,968,481	2,546,950	2,159,647
Basic and diluted earnings per share	₱2.97	₱4.95	₱5.80



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, 2023 and 2022, 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, 2023 and 2022:

	Group		Parent Bank	
	2023	2022	2023	2022
1 year or less	₱597,214	₱532,912	₱453,932	₱419,854
more than 1 years to 2 years	450,676	391,940	352,348	307,215
more than 2 years to 3 years	303,813	237,140	235,500	199,287
more than 3 years to 4 years	217,275	89,969	157,865	78,118
more than 5 years	64,374	22,077	35,301	16,331

The following are the amounts recognized in profit or loss for the years ended December 31, 2023 and 2022:

	Group		Parent Bank	
	2023	2022	2023	2022
Amortization expense of ROU assets (Note 16)	₱611,475	₱620,499	₱468,679	₱464,534
Interest expense on lease liabilities (Note 24)	75,007	67,851	59,580	56,240
Expenses relating to short term – leases	268,345	171,523	214,309	132,394
Total amount recognized in profit or loss	₱954,827	₱859,873	₱742,568	₱653,168

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, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Group	₱127,739	₱218,019	₱116,450
Parent Bank	180,273	154,907	132,734



The estimated minimum future annual rentals receivable under non-cancellable operating leases follows:

	Group	
	2023	2022
Within one year	₱119,487	₱142,891
Beyond one year but within five years	123,370	257,160
	₱242,469	₱400,051

	Parent Bank	
	2023	2022
Within one year	₱102,643	₱133,423
Beyond one year but within five years	110,043	246,878
	₱212,686	₱380,301

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, 2023, no additional material losses or liabilities are required to be recognized in the accompanying financial statements as a result of the above commitments and transactions.

There are several suits, assessments or notices and claims that remain unsettled. Management believes, based on the opinion of its legal counsels, that the ultimate outcome of such suits, assessments and claims will not have a material effect on the Group's and the Parent Bank's financial position and results of operations.

35. Notes to the Statements of Cash Flows

Presented below is the supplemental information on the Group's and the Parent Bank's liabilities arising from financing activities:

	Group			
	LTNCD	Bills Payable	Notes and Bonds Payable	Lease Liabilities*
Balances at January 1, 2023	₱3,000,000	₱132,846,789	₱51,644,325	₱1,424,530
Cash flows from financing activities:				
Additions	—	1,313,421,732	20,500,543	—
Repayment of borrowings	(3,000,000)	(1,291,332,050)	(21,616,552)	(633,871)
Non-cash financing activities:				
Effects of foreign exchange rate changes	—	350,441	(65,136)	—
New lease arrangements	—	—	—	685,477
Amortization of debt issue costs and accretion of interest	—	1,017	30,447	75,007
Balances as of December 31, 2023	₱—	₱155,287,929	₱50,493,627	₱1,551,143

*additions to lease liabilities arising from initial recognition of ROU assets are considered non-cash financing activities



	Group				
	LTNCD	Bills Payable	Notes and Bonds Payable	Lease Liabilities*	Total
Balances at January 1, 2022	₱3,000,000	₱51,168,138	₱69,853,986	₱1,382,880	₱125,405,004
Cash flows from financing activities:					
Additions	—	306,504,535	13,904,476	—	320,409,011
Repayment of borrowings	—	(225,725,630)	(38,183,199)	(659,030)	(264,567,859)
Non-cash financing activities:					
Effects of foreign exchange rate changes	—	899,746	5,982,985	—	6,882,731
New lease arrangements	—	—	—	567,389	567,389
Amortization of debt issue costs and accretion of interest	—	—	—	65,440	65,440
Balances as of December 31, 2022	—	—	86,077	67,851	153,928
	₱3,000,000	₱132,846,789	₱51,644,325	₱1,424,530	₱188,915,644

*additions to lease liabilities arising from initial recognition of ROU assets are considered non-cash financing activities

	Parent Bank				
	LTNCD	Bills Payable	Notes and Bonds Payable	Lease Liabilities*	Total
Balances at January 1, 2023	₱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 as of December 31, 2023	₱—	₱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

	Parent Bank				
	LTNCD	Bills Payable	Notes and Bonds Payable	Lease Liabilities*	Total
Balances at January 1, 2022	₱3,000,000	₱28,577,774	₱69,789,836	₱1,043,850	₱102,411,460
Cash flows from financing activities:					
Additions	—	247,352,242	10,932,289	—	258,284,531
Repayment of borrowings	—	(177,520,637)	(35,112,500)	(496,312)	(213,129,449)
Non-cash financing activities:					
Effects of foreign exchange rate changes	—	899,745	5,948,623	—	6,848,368
New lease arrangements	—	—	—	514,000	514,000
Amortization of debt issue costs and accretion of interest	—	—	—	59,777	59,777
Balances as of December 31, 2022	—	—	86,077	56,240	142,317
	₱3,000,000	₱99,309,124	₱51,644,325	₱1,177,555	₱155,131,004

*additions to lease liabilities arising from initial recognition of ROU assets are considered non-cash financing activities

Non-cash investing activities of the Group for the years ended December 31, 2023 and 2022 include (1) additions to investment properties in settlement of loans and receivables amounting to ₱984.12 million and ₱376.49 million, respectively, (2) disposals of properties with carrying values of ₱638.52 million and ₱1,482.10 million, respectively, through sales contract receivables, and (3) addition to right of use assets amounting to ₱675.99 million and ₱523.81 million, respectively, for the Group and amounting to ₱468.13 million and ₱514.00 million, respectively for the Parent Bank.



36. Events After the End of the Reporting PeriodStock Dividend Distribution

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.

Dividend Declaration

On January 26, 2024, the Parent Bank's BOD approved the declaration of cash dividends at ₱0.80 per share for a total of ₱2,391,408 in favor of all stockholders of the Bank, payable from the unrestricted retained earnings of the Bank as of December 31, 2023. Record date for stockholders entitled to the cash dividend was set on February 13, 2024 and payment was made on February 20, 2024.

Stock Rights Offering

On January 26, 2024, the Parent Bank's BOD approved the capital raising of up to ₱10.0 billion via stock rights offering to all stockholders, subject to regulatory approvals. Net proceeds will be used to fund capital infusion to UnionDigital, projected retail loan availments and for general corporate purposes.

Capital Infusion in Union Digital

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, the Parent Bank infused ₱600.00 million out of the approved amount to UnionDigital to support its business growth.



37. Supplementary Information Required Under BSP Circular 1074

Presented below is the supplementary information required by the BSP under BSP Circular 1074.

Basic quantitative indicators of financial performance

Group	2023	2022 (As restated)	2021
Return on average capital funds:			
$\frac{\text{Net profit}}{\text{Average total capital funds}^*}$	5.6%	9.7%	11.5%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources}^*}$	0.8%	1.3%	1.6%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest-earning resources}^*}$	5.5%	4.8%	4.6%
Liquidity ratio:			
$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	43.5%	49.6%	53.9%
Debt-to-equity ratio:			
$\frac{\text{Liabilities}}{\text{Equity}}$	5.5:1	6.4:1	6.4:1
Asset-to-equity ratio:			
$\frac{\text{Asset}}{\text{Equity}}$	6.5:1	7.4:1	7.4:1
Interest rate coverage ratio:			
$\frac{\text{Earnings before interests and taxes}}{\text{Interest expense}}$	1.4:1	2.4:1	3.3:1

**Average amount is calculated based on current year-end and previous year-end balances*



Parent Bank	2023	2022 (As restated)	2021
Return on average capital funds:			
$\frac{\text{Net profit}}{\text{Average total capital funds}^*}$	5.5%	9.7%	11.6%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources}^*}$	0.9%	1.5%	1.6%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest-earning resources}^*}$	4.8%	4.1%	3.9%
Liquidity ratio:			
$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	40.0%	48.5%	50.6%
Debt-to-equity ratio:			
$\frac{\text{Liabilities}}{\text{Equity}}$	4.7:1	5.6:1	5.5:1
Asset-to-equity ratio:			
$\frac{\text{Asset}}{\text{Equity}}$	5.7:1	6.6:1	6.5:1
Interest rate coverage ratio:			
$\frac{\text{Earnings before interests and taxes}}{\text{Interest expense}}$	1.6:1	2.9:1	4.3:1

**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, 2023 and 2022, the Parent Bank has outstanding capital stock shown below (peso amounts in thousands):

	Shares		Amount	
	2023	2022	2023	2022
Common – ₱10 par value				
Authorized	5,030,785,238	2,530,785,238	₱50,307,852	₱25,307,852
Issued	2,353,774,567	2,142,106,764	23,537,466	21,421,068
Treasury stock	(27,977)	–	(2,097)	–
Issued and outstanding	2,353,746,590	2,142,106,764	23,535,369	21,421,068
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.

Stock Dividend Distributable

On January 4, 2024, the Bank issued 635.5 million common shares at par value of ₱10 in relation to the 27% stock dividends declaration approved by the Bank's BOD and stockholders on February 24, 2023 and April 28, 2023, respectively.



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, 2023 and 2022 is shown below (amounts in thousands):

	Group			
	2023			
	Loans and Other Receivables		Trading and Investment Securities	Total
	Amount	%		
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
South America	—	—	13,095,789	13,095,789
United States	—	—	14,979,766	14,979,766
	₱544,716,220	100.00	₱491,108,029	₱1,035,824,249



	Group			
	2022			
	Loans and Other Receivables		Trading and Investment Securities	Total
	Amount	%		
<i>Concentration by industry</i>				
Financial and insurance activities	P34,819,473	7.07	P451,417,807	P486,237,280
Real estate activities	90,231,828	18.33	7,150,000	97,381,828
Information and communication	35,095,786	7.13	—	35,095,786
Wholesale and retail trade, repair of motor vehicles	32,282,632	6.56	—	32,282,632
Manufacturing	28,515,108	5.79	2,665,228	31,180,336
Transportation and storage	21,836,091	4.44	1,884,539	23,720,630
Arts, entertainment and recreation	12,627,793	2.57	—	12,627,793
Electricity, gas steam and air conditioning supply	13,090,565	2.66	24,106,204	37,196,769
Other service activities	15,924,128	3.24	2,845,681	18,769,809
Construction	6,110,416	1.24	—	6,110,416
Activities of households as employers and undifferentiated goods and services	4,320,351	0.88	—	4,320,351
Agriculture, forestry and fishing	2,284,137	0.46	—	2,284,137
Accommodation and food service activities	1,540,725	0.31	—	1,540,725
Professional, scientific and technical activities	472,896	0.10	—	472,896
Other consumption	97,556,795	19.82	—	97,556,795
Others	95,486,796	19.40	2,782,659	98,269,455
	P492,195,520	100.00	P492,852,118	P985,047,638
<i>Concentration by location</i>				
Philippines	P492,195,520	100.00	P398,026,315	P890,221,835
Others - Asia	—	—	23,944,279	23,944,279
South America	—	—	6,061,624	6,061,624
North America	—	—	7,441,164	7,441,164
United States	—	—	50,591,184	50,591,184
Europe	—	—	6,787,552	6,787,552
	P492,195,520	100.00	P492,852,118	P985,047,638
Parent Bank				
2023				
	Loans and Other Receivables		Trading and Investment Securities	Total
	Amount	%		
<i>Concentration by industry</i>				
Financial and insurance activities	P64,419,599	15.27	P392,513,892	P456,933,491
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
	P421,906,706	100.00	P436,698,874	P858,605,580
<i>Concentration by location</i>				
Philippines	P421,906,706	100.00	P381,672,027	P803,578,733
Others - Asia	—	—	26,951,292	26,951,292
South America	—	—	13,095,789	13,095,789
United States	—	—	14,979,766	14,979,766
	P421,906,706	100.00	P436,698,874	P858,605,580



	Parent Bank			
	2022			
	Loans and Other Receivables		Trading and Investment Securities	Total
	Amount	%		
<i>Concentration by industry</i>				
Financial and insurance activities	₱40,015,301	10.01	₱401,020,548	₱441,035,849
Real estate activities	97,115,155	24.30	—	97,115,155
Information and communication	89,587,397	22.42	7,150,000	96,737,397
Wholesale and retail trade, repair of motor vehicles	35,091,072	8.78	—	35,091,072
Manufacturing	31,351,303	7.85	—	31,351,303
Transportation and storage	28,359,410	7.10	2,665,228	31,024,638
Arts, entertainment and recreation	21,735,910	5.44	1,884,539	23,620,449
Electricity, gas steam and air conditioning supply	15,761,449	3.94	2,845,681	18,607,130
Other service activities	13,090,425	3.28	24,106,204	37,196,629
Construction	12,626,780	3.16	—	12,626,780
Activities of households as employers and undifferentiated goods and services	5,993,159	1.50	—	5,993,159
Accommodation and food service activities	4,317,198	1.08	—	4,317,198
Professional, scientific and technical activities	1,347,158	0.34	—	1,347,158
Agriculture, forestry and fishing	1,193,414	0.30	—	1,193,414
Other consumption	465,180	0.11	—	465,180
Others	1,542,640	0.39	2,782,659	4,325,299
	₱399,592,951	100.00	₱442,454,859	₱842,047,810
<i>Concentration by location</i>				
Philippines	₱399,592,951	100.00	₱347,629,056	₱747,222,007
Others - Asia	—	—	23,944,279	23,944,279
South America	—	—	6,061,624	6,061,624
North America	—	—	7,441,164	7,441,164
United States	—	—	50,591,184	50,591,184
Europe	—	—	6,787,552	6,787,552
	₱399,592,951	100.00	₱442,454,859	₱842,047,810

The BSP considers significant credit exposures 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.

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	
	2023	2022	2023	2022
Secured:				
Real estate	₱9,123,863	₱12,265,747	₱7,061,241	₱10,408,920
Deposit hold-out	388,958	374,133	314,379	331,529
Chattel mortgage	37,008	84,735	—	—
Others	70,712,231	66,576,638	70,593,577	65,419,101
	80,262,060	79,301,253	77,969,197	76,159,550
Unsecured	465,894,577	414,840,945	347,870,341	327,199,747
	₱546,156,637	₱494,142,198	₱425,839,538	₱403,359,297

The breakdown as to secured and unsecured of non-accruing loans of the Group and the Parent Bank as of December 31 follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Secured	₱5,436,524	₱6,590,346	₱5,374,227	₱6,426,779
Unsecured	28,799,717	15,289,340	15,479,796	7,293,894
	₱34,236,241	₱21,879,686	₱20,854,023	₱13,720,673



As to status

Non-performing loans (NPLs) of the Group and the Parent Bank as of December 31, 2023 and 2022 are presented below, net of the related allowance for credit losses in compliance with BSP Circular 855, respectively (amounts in thousands).

	Group		Parent Bank	
	2023	2022	2023	2022
Gross NPLs	₱34,236,241	₱21,879,686	₱20,854,023	₱13,720,673
Specific allowance for credit losses on NPLs	(13,942,408)	(10,791,956)	(8,975,937)	(6,951,092)
	₱20,293,833	₱11,087,730	₱11,878,086	₱6,769,581

Under BSP Circular 941, an account or exposure is considered non-performing, even without any missed contractual payments, when it is deemed impaired under existing applicable accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, in the case of secured accounts. All other accounts, even if not considered impaired, shall be considered non-performing if any contractual principal and/or interest are past due for more than ninety (90) days, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after it has become past due. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

Non-performing loans, investment, receivables, or any financial asset (and/or any replacement loan) shall remain classified as such until (a) there is a sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.

Information on the amounts of performing and non-performing loans and receivables (gross of allowance for impairment and credit losses) per product line of the Group and Parent Bank are as follows:

	Group					
	2023			2022		
	Performing	Non-Performing	Total	Performing	Non-Performing	Total
Corporate loans	₱132,566,330	₱110,495	₱132,676,825	₱130,325,055	₱174,917	₱130,499,972
Consumer products*	116,136,252	3,993,996	120,130,248	95,958,602	3,243,884	99,202,486
Commercial loans	65,656,618	9,389,312	75,045,930	71,273,065	3,959,433	75,232,498
Home loans	63,664,670	6,883,125	70,547,795	59,923,287	5,736,182	65,659,469
CSB salary loans	77,205,187	7,251,003	84,456,190	58,843,468	5,185,814	64,029,282
Other receivables from customers**	39,810,434	6,608,310	46,418,744	42,292,399	3,579,456	45,871,855
Total receivables from customers	₱495,039,491	₱34,236,241	₱529,275,732	₱458,615,876	₱21,879,686	₱480,495,562

*Comprised of Small and Medium Enterprise (SME) Financial Products and Consumer Loans

**Comprised of HR loans, quick loans and Home Credit receivables



	Parent Bank					
	2023			2022		
	Performing	Non-Performing	Total	Performing	Non-Performing	Total
Corporate loans	₱132,566,330	₱110,495	₱132,676,825	₱130,325,055	₱174,917	₱130,499,972
Consumer products*	116,136,252	3,993,996	120,130,248	95,958,602	3,243,884	99,202,486
Commercial loans	65,656,618	9,389,312	75,045,930	71,273,065	3,959,433	75,232,498
Home loans	63,664,670	6,883,125	70,547,795	59,923,287	5,736,182	65,659,469
Other receivables from customers**	11,383,805	477,094	11,860,899	19,395,834	606,257	20,002,091
Total receivables from customers	₱389,407,674	₱20,854,023	₱410,261,697	₱376,875,843	₱13,720,673	₱390,596,516

*Comprised of Small and Medium Enterprise (SME) Financial Products and Consumer Loans

**Comprised of HR loans, quick loans and Home Credit receivables

Related party loans

As of December 31, 2023 and 2022, 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	
	2023	2022	2023	2022
Total DOSRI loans	₱830,157	₱640,544	₱690,843	₱616,127
Unsecured DOSRI loans	418,582	272,992	292,880	263,012
Total related party loans (including DOSRI loans)	830,157	640,544	690,843	616,127
Unsecured related party loans (including DOSRI loans)	418,582	272,992	292,880	263,012
% of DOSRI/related party loans to total loan portfolio	0.16%	0.13%	0.17%	0.16%
% of unsecured DOSRI/related party loans to total DOSRI loans	0.05%	—%	0.06%	—%
% of unsecured DOSRI loans inclusive of fringe benefit loans to total DOSRI loans	50.42%	42.62%	42.39%	42.69%
% of past due DOSRI/related party loans to total DOSRI loans	0.05%	—%	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 ₱98.17 billion and ₱78.23 billion as of December 31, 2023 and 2022, respectively.

Investment securities of both the Group and the Parent Bank with carrying values of ₱123.27 billion and ₱106.71 billion as of December 31, 2023 and 2022, respectively, were pledged against bills payable under repurchase agreement.



Commitments and contingencies

Following is a summary of the Group and Parent Bank's commitments and contingent accounts (amounts in thousands):

	Group		Parent Bank	
	2023	2022	2023	2022
Commitments	₱345,361,959	₱50,820,675	₱345,294,119	₱50,773,475
Trust department accounts	93,967,963	91,649,087	93,967,963	91,649,087
Forward exchange bought	67,830,319	74,853,141	67,830,319	74,853,141
Forward exchange sold	15,469,007	25,708,489	15,469,007	25,708,489
Other derivatives	24,458,518	13,801,894	24,458,518	13,801,894
Inward bills for collections	24,452,478	17,307,197	24,452,478	17,307,197
Unused standby letters of credit	7,226,237	8,986,154	7,226,237	8,986,154
Spot exchange sold	2,544,518	3,530,275	2,544,518	3,530,275
Spot exchange bought	2,215,761	3,378,510	2,215,761	3,378,510
Outstanding guarantees issued	1,100,445	1,426,923	1,100,445	1,426,685
Other commitment and contingent accounts	27,567	111,295	27,552	48,960

38. 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 ₱2.79 billion in 2023 as shown under Taxes and Licenses account. Total GRT payable as of December 31, 2023 amounted to ₱0.71 billion and is included as part of Accrued taxes and other expenses under Other liabilities account in the 2023 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, 2023, DST affixed amounted to ₱2.63 billion.

Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2023 are shown below (amounts in thousands):

Final	₱2,558,593
Expanded	376,500
Compensation and benefits	1,451,187
	₱4,386,280



Taxes and Licenses

The details of taxes and licenses in 2023 of the Parent Bank are as follows (amounts in thousands):

GRT	₱2,792,497
DST	1,143,080
Real property tax	43,915
Fringe benefit tax (FBT)	65,929
Local and business permits	44,866
Miscellaneous	21,058
Less:	
FBT charged to employee benefits	(65,929)
	<u>₱4,045,416</u>

Excise Taxes

The Parent Bank does not have excise taxes accrued since it did not have any transactions subject to excise tax.

Other Required Tax Information

The Parent Bank has not paid or accrued any excise taxes or customs' duties and tariff fees as it had no importation for the year ended December 31, 2023.

The Parent Bank has no pending tax assessment and case in courts or other regulatory bodies outside of the BIR as at December 31, 2023.



COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3	6	0	7	3					

COMPANY NAME

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

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

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

Form Type

A	A	F	S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address

www.unionbankph.com

Company's Telephone Number

8667-6388

Mobile Number

No. of Stockholders

4,949

Annual Meeting (Month / Day)

April 26

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

EDGAR ALLAN G. OBLENA

Email Address

eagoblerna@unionbankph.com

Telephone Number/s

(632) 8667-6388

Mobile Number

CONTACT PERSON'S ADDRESS

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

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

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



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Union Bank of the Philippines

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, 2023 and 2022, 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, 2023, 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, 2023 and 2022, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent 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.

Accounting for business combination

As disclosed in Note 1, in August 2022, the Parent Bank acquired the consumer banking business of another bank in the Philippines. The transaction was accounted for as a business combination, where the Group performed a provisional purchase price allocation, as allowed under PFRS 3, *Business Combination*. In 2023, the Parent Bank completed the identification and fair value measurement of assets and liabilities acquired, resulting in recognition of certain intangible assets, i.e. core deposits and customer relationships. Following PFRS 3, the intangible assets have been recognized retrospectively to the date of acquisition, resulting in the restatement of the comparative 2022 financial information.

We considered the accounting for this business combination as a key audit matter because the amounts involved are material and required significant management judgment and estimates in the identification and measurement of intangible assets using income approach, determination of the fair value of loans and receivables using discounted cash flow methodology and the fair value of properties acquired using valuation techniques that consider recent transaction prices for similar properties and economic conditions prevailing at the time the valuations were made.

The Parent Bank's disclosures about the business acquisition and the finalization of the purchase price allocation are included in Notes 1 and 3 to the consolidated and parent bank financial statements.

Audit Response

We reviewed the purchase agreement covering the acquisition, the consideration paid and the purchase price allocation. We reviewed management's identification of the underlying assets and liabilities based on our understanding of the business acquired and management's explanation on the rationale for the acquisition.

For the identified intangible assets and properties, we evaluated the competence, capabilities and qualifications of the external appraisers by considering their qualifications, experience and reporting responsibilities. We involved our internal specialists in obtaining an understanding and evaluating the methodologies and assumptions used in the determining the fair value of the intangible assets and properties. We assessed the methodologies adopted by referencing with common valuation models. We reviewed the fair value of intangible assets by comparing the key assumptions used such as forecasted cash flows and funding costs against historical performance and other relevant external data. We also tested the parameters used in the determination of the discount rate against market data. We reviewed the fair value of the properties by making reference to the relevant information supporting the sales and listings of comparable properties and the adjustments made to the sales price. We reviewed the fair value of loans and receivables by checking the forecasted cash flows of selected loans against the contractual



cash flows and the borrower's current financial condition and ability to pay the loan. We tested the parameters used in the determination of the discount rate against market data and the Parent Bank's current incremental lending rate for similar type of loans and receivables. We evaluated the appropriateness of the accounting treatment, including the review of the impact of the final purchase price allocation to the comparative consolidated and parent company financial statements as at and for the year ended December 31, 2022. We also reviewed the related disclosures in the consolidated and parent company financial statements considering the requirements of the relevant accounting standards

Impairment testing of goodwill

Under PFRS, the Group and the Parent Bank perform testing of goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. The Group's and the Parent Bank's goodwill attributable to the various cash generating units (CGUs) is considered significant to the consolidated and parent bank financial statements. The Group's and the Parent Bank's impairment assessment requires significant judgement and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions, specifically on loan growth rate, deposit growth rate and discount rate. The disclosures in relation to the CGUs to which the goodwill is allocated and the Group's and the Parent Bank's impairment assessment are included in Notes 3 and 18 to the consolidated and parent bank financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used in calculating the value-in-use (VIU) of the CGUs. We compared the key assumptions used such as loan growth rate and deposit growth rate against the historical financial performance and the specific plans for the CGUs and other relevant external data. 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, 2023, 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, 2023 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 PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent bank financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and parent bank financial statements, management is responsible for assessing the Group's and Parent Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Bank or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's and Parent Bank's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and parent bank financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Parent Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent bank financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Bank to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated and parent bank financial statements, including the disclosures, and whether the consolidated and parent bank financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

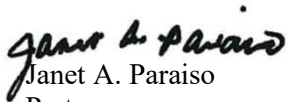
Our audits was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 37 to the financial statements and Revenue Regulations 15-2010 in Note 38 to the financial statements is presented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



- 7 -

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

SYCIP GORRES VELAYO & CO.



Janet A. Paraiso

Partner

CPA Certificate No. 92305

Tax Identification No. 193-975-241

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-062-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10079894, January 5, 2024, Makati City

February 28, 2024



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

(Amounts are presented in thousands of Philippine Pesos)

	Group		Parent Bank	
	December 31		December 31	
	2023	2022 (As restated)	2023	2022 (As restated)
RESOURCES				
Cash and Other Cash Items (Note 8)	₱10,439,112	₱9,891,536	₱9,350,898	₱8,924,249
Due from Bangko Sentral ng Pilipinas (Note 8)	82,643,663	94,610,308	63,883,124	66,588,121
Due from Other Banks (Note 9)	27,263,347	46,239,964	23,188,033	42,263,529
Interbank Loans Receivable and Securities Purchased under Reverse Repurchase Agreements (SPURRA) (Note 10)	25,411,119	23,553,973	3,184,078	14,634,811
Trading and Investment Securities				
At fair value through profit or loss (FVTPL) (Note 11)	5,805,716	8,653,516	5,676,867	8,583,178
At amortized cost (Note 12)	314,479,239	244,627,904	305,334,583	235,400,671
At fair value through other comprehensive income (FVOCI) (Note 13)	36,974,774	79,761,762	36,699,234	79,467,678
Loans and Other Receivables - net (Note 14)	526,145,828	479,626,649	411,823,839	393,734,345
Investment in Subsidiaries and Associates (Note 15)	37,675	123,396	36,114,412	31,782,696
Bank Premises, Furniture, Fixtures and Equipment - net (Note 16)	10,193,239	8,706,619	8,539,326	7,236,034
Investment Properties - net (Note 17)	8,592,259	8,258,873	7,359,283	7,124,049
Goodwill (Note 18)	53,992,565	53,992,565	43,339,696	43,339,696
Other Resources - net (Note 19)	43,164,817	34,839,105	35,119,322	28,110,319
TOTAL RESOURCES	₱1,145,143,353	₱1,092,886,170	₱989,612,695	₱967,189,376
LIABILITIES AND CAPITAL FUNDS				
LIABILITIES				
Deposit Liabilities (Note 21)				
Demand	₱233,282,684	₱232,081,793	₱234,228,367	₱233,365,153
Savings	195,864,333	195,020,730	190,062,551	188,480,585
Time	283,421,391	281,201,419	173,264,475	199,075,294
Long-term negotiable certificate of deposits	—	3,000,000	—	3,000,000
	712,568,408	711,303,942	597,555,393	623,921,032
Bills Payable (Note 22)	155,287,929	132,846,789	120,359,136	99,309,124
Notes and Bonds Payable (Note 23)	50,493,627	51,644,325	50,493,627	51,644,325
Other Liabilities (Note 24)	51,167,965	48,877,294	46,116,231	44,723,024
	969,517,929	944,672,350	814,524,387	819,597,505
CAPITAL FUNDS				
Capital funds attributable to the Parent Bank's stockholders (Note 25)				
Common stock	23,537,746	21,421,068	23,537,746	21,421,068
Treasury stock	(2,097)	—	(2,097)	—
Additional paid-in capital	57,769,376	47,949,927	57,769,376	47,949,927
Stock dividend distributable	6,355,129	—	6,355,129	—
Surplus free	88,719,176	90,799,424	89,032,606	91,379,317
Surplus reserves	2,542,762	2,452,975	2,142,570	2,030,080
Net unrealized fair value losses on investment securities at FVOCI (Note 13)	(2,195,087)	(14,057,609)	(2,196,947)	(14,059,469)
Remeasurements of defined benefit plans (Note 29)	(1,627,698)	(1,227,666)	(1,566,266)	(1,166,234)
Other reserves	(108,141)	30,989	16,191	37,182
Total capital funds attributable to the Parent Bank's stockholders	174,991,166	147,369,108	175,088,308	147,591,871
Non-controlling interests	634,258	844,712	—	—
	175,625,424	148,213,820	175,088,308	147,591,871
TOTAL LIABILITIES AND CAPITAL FUNDS	₱1,145,143,353	₱1,092,886,170	₱989,612,695	₱967,189,376

See accompanying Notes to Financial Statements.



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF INCOME

For the Years Ended December 31, 2023, 2022 and 2021

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

	Group			Parent Bank		
	Years Ended December 31			Years Ended December 31		
	2023	2022 (As restated)	2021	2023	2022 (As restated)	2021
INTEREST INCOME ON						
Loans and other receivables (Note 14)	₱59,219,084	₱36,004,714	₱27,372,449	₱38,853,221	₱23,907,388	₱17,497,261
Investment securities at amortized cost and FVOCI (Notes 12 and 13)	15,620,211	12,489,741	7,706,773	15,172,216	12,083,622	7,610,675
Cash and cash equivalents (Notes 8 and 9)	2,160,236	1,000,188	679,740	947,155	584,977	332,870
Interbank loans receivable and SPURRA (Note 10)	1,367,804	826,362	324,020	518,152	652,846	226,551
Trading securities at FVTPL (Note 11)	194,354	203,766	244,587	193,268	203,766	244,587
	78,561,689	50,524,771	36,327,569	55,684,012	37,432,599	25,911,944
INTEREST EXPENSE ON						
Deposit liabilities (Note 21)	15,788,182	6,021,671	2,967,692	9,457,250	4,196,509	1,805,424
Bills payable and other liabilities (Notes 22, 23, 24 and 29)	10,797,983	5,601,709	3,544,787	8,532,872	4,183,835	2,446,570
	26,586,165	11,623,380	6,512,479	17,990,122	8,380,344	4,251,994
NET INTEREST INCOME	51,975,524	38,901,391	29,815,090	37,693,890	29,052,255	21,659,950
PROVISION FOR CREDIT LOSSES (Note 20)	14,040,864	4,068,449	5,811,398	11,025,059	2,571,143	4,657,731
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	37,934,660	34,832,942	24,003,692	26,668,831	26,481,112	17,002,219
OTHER INCOME						
Service charges, fees and commissions (Note 27)	10,412,799	6,781,671	3,773,311	8,680,427	5,685,762	2,492,356
Gains (losses) on trading and investment securities at FVTPL and FVOCI (Notes 11 and 13)	918,647	(181,397)	217,943	917,695	(182,303)	217,533
Gains on sale of investment securities at amortized cost (Note 12)	—	100,223	8,447,595	—	100,223	8,447,595
Miscellaneous (Note 28)	7,470,943	6,598,584	2,861,815	9,304,608	7,497,855	3,542,828
	18,802,389	13,299,081	15,300,664	18,902,730	13,101,537	14,700,312
TOTAL OPERATING INCOME	56,737,049	48,132,023	39,304,356	45,571,561	39,582,649	31,702,531
OTHER EXPENSES						
Salaries and employee benefits (Note 29)	13,558,225	10,003,171	8,646,702	10,232,372	7,525,194	6,591,420
Taxes and licenses (Note 37)	5,941,970	4,110,188	2,881,458	4,045,416	2,738,837	1,929,202
Depreciation and amortization (Note 16)	2,666,493	1,860,432	1,623,679	1,939,485	1,420,123	1,146,458
Occupancy (Note 16)	1,164,202	1,026,889	890,645	891,506	764,356	674,342
Miscellaneous (Note 28)	21,557,379	14,347,165	10,277,070	18,108,976	11,497,383	7,147,271
	44,888,269	31,347,845	24,319,554	35,217,755	23,945,893	17,488,693
PROFIT BEFORE TAX	11,848,780	16,784,178	14,984,802	10,353,806	15,636,756	14,213,838
INCOME TAX EXPENSE (Note 30)	2,644,225	4,039,459	2,407,069	1,525,349	3,036,011	1,688,462
NET PROFIT	₱9,204,555	₱12,744,719	₱12,577,733	₱8,828,457	₱12,600,745	₱12,525,376
Attributable to:						
Parent Bank's stockholders	₱9,072,217	₱12,600,745	₱12,525,376	₱8,828,457	₱12,600,745	₱12,525,376
Non-controlling interests	132,338	143,974	52,357	—	—	—
	₱9,204,555	₱12,744,719	₱12,577,733	₱8,828,457	₱12,600,745	₱12,525,376
Basic/Diluted Earnings per Share (Note 33)	₱3.06	₱4.95	₱5.80	₱2.97	₱4.95	₱5.80

See accompanying Notes to Financial Statements.



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023, 2022 and 2021

(Amounts are presented in thousands of Philippine Pesos)

	Group			Parent Bank		
	Years Ended December 31			Years Ended December 31		
	2023	2022 (As restated)	2021	2023	2022 (As restated)	2021
NET PROFIT	₱9,204,555	₱12,744,719	₱12,577,733	₱8,828,457	₱12,600,745	₱12,525,376
OTHER COMPREHENSIVE INCOME (LOSS)						
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>						
Unrealized mark-to-market gains (losses) on investment securities at FVOCI	12,279,193	(12,510,381)	(845,911)	12,278,125	(12,556,049)	(835,790)
Realized gains on sale of investment securities at FVOCI recognized in profit or loss (Note 13)	(416,510)	(99,466)	(657,987)	(416,510)	(100,162)	(657,987)
Cumulative translation adjustment	(20,991)	17,235	32,640	(20,991)	17,235	30,559
Share in unrealized mark-to-market gains (losses) on investment securities at FVOCI of subsidiaries (Note 15)	—	—	—	907	43,807	(133)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>						
Remeasurement gains (losses) on defined benefit plan (Note 29)	(529,145)	372,764	502,675	(621,232)	336,721	427,890
Income tax benefit (expense) (Note 30)	132,286	(93,191)	(193,286)	155,309	(84,180)	(174,589)
Share in changes in remeasurement gains of subsidiaries (Note 15)	—	—	—	65,891	30,406	38,907
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	11,444,833	(12,313,039)	(1,161,869)	11,441,499	(12,312,222)	(1,171,143)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	₱20,649,388	₱431,680	₱11,415,864	₱20,269,956	₱288,523	₱11,354,233
Attributable to:						
Parent Bank's stockholders	₱20,513,716	₱288,523	₱11,362,598	₱20,269,956	₱288,523	₱11,354,233
Non-controlling interests	135,672	143,157	53,266	—	—	—
	₱20,649,388	₱431,680	₱11,415,864	₱20,269,956	₱288,523	₱11,354,233

See accompanying Notes to Financial Statements.



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL FUNDS

For the Years Ended December 31, 2023, 2022 and 2021

(Amounts are presented in thousands of Philippine Pesos)

	Group											
	Equity Attributable to Equity Holders of the Parent Bank											
							Net Unrealized Fair Value Gains (Losses) on Investment Securities at FVOCI	Remeasurements of Defined Benefit Plan	Other Reserves		Non-controlling Interests	Total Capital Funds
Capital Stock	Treasury Stock	Additional Paid-in Capital	Stock Dividend Distributable	Surplus Free	Surplus Reserves					Total		
Balances as at January 1, 2023, as previously reported	₱21,421,068	₱–	₱47,949,927	₱–	₱90,727,927	₱2,452,975	(₱14,057,609)	(₱1,227,666)	₱30,989	₱147,297,611	₱844,712	₱148,142,323
Effect of business combination (See Note 1)	–	–	–	–	71,497	–	–	–	–	71,497	–	71,497
Balances as at January 1, 2023, as restated	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, as previously reported	–	–	–	–	12,529,248	–	(12,609,152)	279,695	17,235	217,026	143,157	360,183
Effect of business combination (See Note 1)	–	–	–	–	71,497	–	–	–	–	71,497	–	71,497
Total comprehensive income (loss) for the year, as restated	–	–	–	–	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, as restated	₱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

(Forward)



	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, 2021	₱12,184,715	₱—	₱14,214,983	₱—	₱77,096,218	₱2,645,080	₱55,384	(1,815,784)	(₱18,886)	₱104,361,710	₱790,692	₱105,152,402
Total comprehensive income (loss) for the year	—	—	—	—	12,525,376	—	(1,503,841)	308,423	32,640	11,362,598	53,266	11,415,864
Issuance of new shares (Note 25)	8,913	—	54,684	—	—	—	—	—	—	63,597	—	63,597
Stock dividends (Note 25)	—	—	(55,116)	3,048,388	(3,048,388)	—	—	—	—	(55,116)	—	(55,116)
Cash dividends (Note 25)	—	—	—	—	(4,267,770)	—	—	—	—	(4,267,770)	—	(4,267,770)
Appropriations during the year (Note 25)	—	—	—	—	(153,593)	153,593	—	—	—	—	—	—
Dividends of subsidiaries to NCI	—	—	—	—	—	—	—	—	—	—	(59,300)	(59,300)
Subscription of shares by NCI	—	—	—	—	—	—	—	—	—	—	10,000	10,000
Acquisition of NCI	—	—	—	—	(29,091)	—	—	—	—	(29,091)	(17,358)	(46,449)
Balances as at December 31, 2021	₱12,193,628	₱—	₱14,214,551	₱3,048,388	₱82,122,752	₱2,798,673	(₱1,448,457)	(₱1,507,361)	₱13,754	₱111,435,928	₱777,300	₱112,213,228



	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, 2023, as previously reported	₱21,421,068	₱—	₱47,949,927	₱—	₱91,307,820	₱2,030,080	(₱14,059,469)	(₱1,166,234)	₱37,182	₱147,520,374
Effect of business combination (See Note 1)	—	—	—	—	71,497	—	—	—	—	71,497
Balances as at January 1, 2023, as restated	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, as previously reported	—	—	—	—	12,529,248	—	(12,612,404)	282,947	17,235	217,026
Effect of business combination (See Note 1)	—	—	—	—	71,497	—	—	—	—	71,497
Total comprehensive income (loss) for the year, as restated	—	—	—	—	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, as restated	₱21,421,068	₱—	₱47,949,927	₱—	₱91,379,317	₱2,030,080	(₱14,059,469)	(₱1,166,234)	₱37,182	₱147,591,871
Balances as at January 1, 2021	₱12,184,715	₱—	₱14,214,983	₱—	₱77,697,363	₱2,171,842	₱46,845	(₱1,741,389)	(₱10,612)	₱104,563,747
Total comprehensive income (loss) for the year	—	—	—	—	12,525,376	—	(1,493,910)	292,208	30,559	11,354,233
Issuance of new shares (Note 25)	8,913	—	54,684	—	—	—	—	—	—	63,597
Stock dividends (Note 25)	—	—	(55,116)	3,048,388	(3,048,388)	—	—	—	—	(55,116)
Cash dividends (Note 25)	—	—	—	—	(4,267,770)	—	—	—	—	(4,267,770)
Appropriations during the year – net (Note 25)	—	—	—	—	(152,092)	152,092	—	—	—	—
Balances as at December 31, 2021	₱12,193,628	₱—	₱14,214,551	₱3,048,388	₱82,754,489	₱2,323,934	(₱1,447,065)	(₱1,449,181)	₱19,947	₱111,658,691

See accompanying Notes to Financial Statements.



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023, 2022 and 2021

(Amounts are presented in thousands of Philippine Pesos)

	GROUP			PARENT BANK		
	Years Ended December 31			Years Ended December 31		
	2023	2022 (As restated)	2021	2023	2022 (As restated)	2021
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	₱11,848,780	₱16,784,178	₱14,984,802	₱10,353,806	₱15,636,756	₱14,213,838
Adjustments for:						
Provision for credit losses (Note 20)	14,040,864	4,068,449	5,811,398	11,025,059	2,571,143	4,657,731
Depreciation and amortization (Note 16)	3,277,968	2,480,931	2,221,316	2,408,164	1,884,657	1,557,053
Amortization of premium and discount of financial assets and liabilities	1,129,034	1,168,740	2,269,357	1,121,507	1,272,967	2,220,141
Gains on sale of investment properties and property and equipment (Note 16 and 17)	(1,026,933)	(1,209,196)	(25,581)	(1,110,755)	(1,192,575)	(209,261)
Unrealized foreign exchange losses (gains) - net	786,431	1,265,139	(876,088)	781,304	1,187,664	(909,334)
Gains on foreclosure of investment properties (Note 17)	(751,936)	(466,388)	(135,309)	(679,745)	(466,388)	(135,309)
Gains on sale of investment securities at FVOCI (Note 13)	(416,510)	(99,466)	(657,987)	(416,510)	(100,162)	(657,987)
Gain on sale of investments in associates (Note 15)	(22,702)	—	(167,332)	—	—	—
Share in net loss (profit) of subsidiaries and associates (Notes 15 and 28)	22,355	29,666	4,135	(2,837,072)	(1,712,086)	(1,173,016)
Reversal of impairment on investment properties (Note 17)	(751)	(24,695)	(64,649)	(787)	(24,722)	(64,649)
Gains on sale of investment securities at amortized cost (Note 12)	—	(100,223)	(8,447,595)	—	(100,223)	(8,447,595)
Impairment of goodwill and investment in subsidiaries (Notes 15 and 18)	—	—	529,599	—	—	—
Changes in operating assets and liabilities:						
Decreases (increases) in:						
Loans and other receivables	(60,181,803)	(80,626,502)	(19,355,679)	(28,603,062)	(54,060,475)	(17,497,222)
Trading securities at FVTPL	2,847,800	(3,013,511)	12,670,664	2,906,311	(3,011,908)	12,840,034
Other resources	(12,452,972)	(9,394,186)	(6,328,757)	(9,461,654)	(5,491,485)	(4,114,905)
Increases (decreases) in:						
Deposit liabilities	4,264,466	75,537,858	42,715,866	(23,365,639)	65,596,659	27,830,562
Other liabilities	9,971,999	17,677,790	2,905,804	7,448,793	15,065,712	1,533,845
Net cash provided (used) by operations	(26,663,910)	24,078,584	48,105,126	(30,430,280)	37,055,534	31,643,927
Income taxes paid	(4,860,628)	(3,566,294)	(2,171,465)	(3,223,021)	(2,148,791)	(1,260,561)
Net cash provided (used) by operating activities	(31,524,538)	20,512,290	45,933,661	(33,653,301)	34,906,743	30,383,366
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of:						
Investment securities at amortized cost	(13,554,953)	(118,551,429)	(125,796,399)	(13,519,953)	(113,271,357)	(124,111,014)
Investment securities at FVOCI	(25,052,262)	(111,135,751)	(78,214,061)	(25,026,221)	(111,112,623)	(78,214,061)
Bank premises, furniture, fixtures and equipment (Note 16)	(2,283,303)	(551,592)	(505,605)	(2,000,248)	(308,016)	(317,391)
Investments in subsidiaries and associates (Notes 1 and 15)	—	(14,400)	(109,608)	(1,547,298)	(7,073,025)	(1,500,000)
Proceeds from maturities/sale of:						
Investment securities at FVOCI	19,524,353	87,266,386	46,097,932	19,478,530	87,191,082	46,067,931
Investment securities at amortized cost	2,800,379	42,109,410	122,933,196	2,690,328	41,846,113	122,903,200
Investment properties (Note 17)	631,815	620,286	464,361	626,621	575,169	407,214
Bank premises, furniture, fixtures and equipment (Note 16)	113,651	45,761	52,920	101,896	18,285	15,543
Investments in associates (Note 15)	86,068	—	313,012	—	—	—
Dividends received from subsidiaries	—	—	—	129,000	188,000	1,496,811
Acquisition of business, net of cash acquired (Notes 1 and 15)	(3,259,683)	(44,942,683)	—	(3,252,782)	(41,193,404)	—
Dissolution of subsidiaries (Notes 1 and 15)	—	—	—	—	—	11
Net cash used in investing activities	(20,993,935)	(145,154,012)	(34,764,252)	(22,320,127)	(143,139,776)	(33,251,756)

(Forward)



	GROUP			PARENT BANK		
	Years Ended December 31			Years Ended December 31		
	2023	2022 (As restated)	2021	2023	2022 (As restated)	2021
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments of:						
Bills payable	(P1,291,332,050)	(P225,725,630)	(P131,247,110)	(P1,268,901,574)	(P177,520,637)	(P69,805,980)
Notes and bonds payable	(21,616,552)	(38,183,199)	(3,473,520)	(19,115,000)	(35,112,500)	—
Cash dividends (Note 25)	(4,707,549)	(4,269,771)	(4,267,770)	(4,707,549)	(4,269,771)	(4,267,770)
LTNCD	(3,000,000)	—	—	(3,000,000)	—	—
Lease liabilities (Note 24)	(633,871)	(659,030)	(579,064)	(524,291)	(496,312)	(446,112)
Acquisition of NCI's share in a subsidiary	(230,227)	—	—	—	—	—
Dividends of subsidiaries to NCI	(115,899)	(75,745)	(59,300)	—	—	—
Buy-back of treasury shares	(2,097)	—	—	(2,097)	—	—
Cash for fractional shares related to stock dividends (Note 25)	—	—	(55,116)	—	—	(55,116)
Proceeds from:						
Bills payable	1,313,421,732	306,504,535	127,075,530	1,289,600,128	247,352,242	62,765,158
Notes and bonds payable (Note 23)	20,500,543	13,904,476	11,057,895	18,005,196	10,932,289	7,650,000
Issuance of new shares, net of issuance costs (Note 25)	11,936,127	39,914,428	63,597	11,936,127	39,914,428	63,597
Subscription of shares by NCI	—	—	10,000	—	—	—
Net cash provided by (used in) financing activities	24,220,157	91,410,064	(1,474,858)	23,290,940	80,799,739	(4,096,223)
EFFECT OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES	(240,224)	42,726	(44,958)	(122,089)	34,162	(44,958)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,538,540)	(33,188,932)	9,649,593	(32,804,577)	(27,399,132)	(7,009,571)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR						
Cash and other cash items	9,891,536	8,904,903	8,958,042	8,924,249	7,988,517	7,814,917
Due from Bangko Sentral ng Pilipinas (BSP)	94,610,308	103,407,946	103,869,770	66,588,121	67,478,389	83,867,434
Due from other banks	46,239,964	54,258,465	68,532,218	42,263,529	51,308,983	64,763,768
Interbank loans receivable and securities purchased under reverse repurchase agreement (SPURRA)	23,553,973	40,913,399	16,475,090	14,634,811	33,033,953	10,373,294
	174,295,781	207,484,713	197,835,120	132,410,710	159,809,842	166,819,413
CASH AND CASH EQUIVALENTS AT END OF 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 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 SPURRA	25,411,119	23,553,973	40,913,399	3,184,078	14,634,811	33,033,953
	P145,757,241	P174,295,781	P207,484,713	P99,606,133	P132,410,710	P159,809,842
OPERATIONAL CASH FLOWS FROM INTERESTS AND DIVIDENDS						
Interest received	P77,075,696	P47,786,261	P38,840,197	P54,692,669	P36,762,893	P28,048,227
Interest paid	24,915,594	10,608,914	6,482,612	16,913,293	7,588,579	4,250,186
Dividends received	3,617	6,076	145,789	2,768	2,768	145,789

See accompanying Notes to Financial Statements.



UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Incorporation and Operations

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

The Bank provides expanded commercial banking products and services such as loans and deposits, cash management, retail banking, foreign exchange, capital markets, corporate and consumer finance, investment management and trust banking. As of December 31, 2023, the Bank and its subsidiaries (collectively referred to as the “Group”) has 385 branches and 437 on-site and 165 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 49.94% 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, 2023 and 2022 are as follows:

Name of Subsidiary	Percentage of ownership		Nature of Business
	2023	2022	
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
First-Agro Industrial Rural Bank, Inc. (FAIR Bank) ^(f)	—	100.00%	Rural bank
UBP Investments Corporation (UIC)	100.00%	100.00%	Holding company
First Union Plans, Inc. (FUPI) ^(j)	100.00%	100.00%	Pre-need
First Union Direct Corporation (FUDC) ^(h)	100.00%	100.00%	Financial products marketing
First Union Insurance and Financial Agencies, Inc. (FUIFAI) ^(b)	100.00%	100.00%	Agent for insurance and financial products
UBP Securities, Inc. (UBPSI) ^(h)	100.00%	100.00%	Securities brokerage
Union Data Corp. (UDC) ^(h)	100.00%	100.00%	Data processing
Interventure Capital Corporation (IVCC) ^(h)	60.00%	60.00%	Venture capital
UBX Philippines Corporation (UBX)	100.00%	100.00%	Investment holding and innovation company
UBX Private Limited (UBX SG) ^(c)	100.00%	100.00%	Holding company
UBX Remit Pte Ltd. (UBX Remit) ^(d)	100.00%	100.00%	Remittance company
Bangko Kabayan, Inc. (A Private Development Bank) (Bangko Kabayan) ^(e)	97.75%	70.00%	Private development bank
Progressive Bank, Inc. (PBI) ^(f)	—	100.00%	Rural bank
UnionDigital Bank, Inc. (UnionDigital) ^(g)	100.00%	100.00%	Digital bank
Unionbank Financial Services and Insurance Brokerage Philippines, Inc. (UFSI) ⁽ⁱ⁾	100.00%	100.00%	Insurance and securities brokerage
Unionbank Investment Management and Trust Corporation (UBIMTC) ^(k)	100.00%	—	Trust and other fiduciary business
(a) Subsidiary through CSB and UIC, with 40% and 11% share in ownership, respectively			
(b) Wholly-owned subsidiaries of UIC			
(c) Wholly owned subsidiary of UBX			
(d) Wholly owned subsidiary of UBX SG			
(e) Subsidiary through CSB and UIC, with 49% and 23.79% share in ownership, respectively. On July 10, 2023, the Parent Bank completed the purchase of 24.96% interest from the minority shareholders.			
(f) On July 13, 2023, the SEC approved the merger between Bangko Kabayan, FAIR Bank and PBI, with Bangko Kabayan as the surviving entity			
(g) Incorporated on November 25, 2021			
(h) Non-operating subsidiaries, wholly-owned by UIC			
(i) Acquired 100% ownership as part of the Parent Bank’s acquisition of Citigroup Inc.’s consumer business in the Philippines on August 1, 2022. On February 28, 2023, the SEC approved the change in corporate name from Citicorp Financial Services and Insurance Brokerage Philippines, Inc. to Unionbank Financial Services and Insurance Brokerage Philippines, Inc.			
(j) In October 2022, the stockholders of FUPI approved the voluntary cessation and withdrawal of its pre-need business			
(k) Incorporated on October 11, 2023			



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 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. These funds were deposited in a treasury-in-trust for account to ensure the timely completion of SEC documentation. 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 will commence operations in March 2024.

- (b) In a special meeting held on December 23, 2021, the Bank's BOD approved the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The transaction includes the acquisition of Citigroup's credit card, personal loans, wealth management, and retail deposit businesses, as well as the real estate interests in Citibank Square in Eastwood, Quezon City, 3 full-service bank branches, and 5 wealth centers in the Philippines. On the same date, the BOD approved the raising of additional capital of up to ₱40.0 billion through the issuance of additional shares from the Bank's unissued authorized capital stock via a stock rights offering (SRO) to all existing shareholders. On May 16, 2022, the Bank issued approximately 617.2 million common shares priced at ₱64.81 per share. Proceeds from the SRO were deployed to partially fund the acquisition of Citigroup, Inc.'s Philippine consumer business.

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

On August 1, 2022, the Bank completed the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The transaction is effected via (i) an asset and liability transfer of the consumer banking activities of Citibank N.A., Philippines Branch, (ii) the sale of freehold and owned office premises and parking spaces in Citibank Square building in Eastwood, Quezon City, and (iii) the sale of the 100% shares in Citicorp Financial Services and Insurance Brokerage Philippines, Inc. CFSI is a domestic corporation organized to engage in the business of marketing insurance products and to act as a broker of debt and equity securities of every kind and description. CFSI is engaged in the brokerage of debt securities, third-party investment funds, and insurance products.



Finalization of purchase price allocation of Citigroup consumer business

As of December 31, 2022, the Group has provisionally assessed the fair values of the assets and liabilities acquired, except for Cash and other cash items and Due from other banks. In July 2023, the Parent Bank, with the assistance of a third party consultant, completed the determination of the fair values of assets and liabilities acquired, which includes the following adjustments:

- (1) the determination of the fair value of previously unidentified intangible assets attributable to the business acquired amounting to ₱8.49 billion, which comprises of customer relationship of ₱4.81 billion, and core deposits of ₱3.68 billion,
- (2) other adjustments, resulting in net reduction in net asset of ₱89.62 million;
- (3) adjustments in purchase price amounting to ₱76.81 million as a result of the above adjustments; and
- (4) reduction to the initially recorded goodwill amounting to ₱8.32 billion.

As required by PFRS, the above adjustments are retrospectively adjusted on the Group's 2022 comparative financial statements. Refer to the section "Restatement of comparative information" below.

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

	Fair values recognized on acquisition date
Assets	
Cash and other cash items	₱1,598
Due from other banks	28,126
Loans and receivables	65,493
Intangible assets*	8,486
Bank premises, furniture and fixtures, and equipment	2,120
Other resources	2,699
Total assets	108,522
Liabilities	
Deposit liabilities	65,265
Other liabilities	4,506
Total liabilities	69,771
Net Assets Acquired	₱38,751

*This consists of customer relationships of ₱4.81 billion, and core deposits of ₱3.68 billion.

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

Total Purchase price	₱77,926
Less: Fair values of net assets acquired	38,751
Goodwill	₱39,175

The goodwill arising from the acquisition is attributed to the opportunities for future growth in the credit card and personal loans business of the Group, and expected synergies in the consumer banking business of the combined Parent Bank and Citi acquired business. None of the resulting goodwill is expected to be deductible for tax purposes.

The fair value of the loans and receivables acquired as part of the business combination amounted to ₱65.55 billion, with gross contractual amount of ₱69.44 billion.



Had the acquisition occurred at the beginning of 2022, the consolidated total operating income would have increased by ₱8.21 billion and net income would have increased by ₱1.24 billion.

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

	Group	Parent Bank ⁽¹⁾
Purchase price	₱77,926	₱72,829
Less: Cash acquired from the acquisition of business	29,724	28,383
Net cash outflow from the acquisition	₱48,202	₱44,446

(1) For purposes of the Parent Bank financial statements, the purchase price above excludes the purchase of shares in UFSI amounting to ₱5.10 billion, which is included in 'acquisition of an investment in subsidiaries and associates' in the statement of cash flows.

Restatement of comparative information

As required by PFRS, the Bank retrospectively adjusted the provisional amounts recognized at the acquisition date. These adjustments reflect information about facts and circumstances that existed at the time of acquisition that, if known, would have influenced the measurement of the amounts recognized then. The retrospective adjustments made on the comparative period mainly include the following:

- (1) Net increase in other resources as a result of recognition of intangible assets related to customer relationship and core deposit, less amortization recognized in 2022 amounting to ₱252.56 million, recognition of credit card origination cost, net of amortization amounting to ₱432.07 million and net reduction in miscellaneous asset as a result of derecognition of prepaid insurance totaling ₱58.38 million, .
- (2) Net reduction in loans and receivable as a result of derecognition of the capitalized origination costs amounting to ₱31.25 million, net of amortization recognized in 2022.
- (3) Additional tax expense recognized in 2022 as a result of above adjustments, amounting to ₱108.02 million

The table below presents the impact of the retrospective adjustments (amounts in millions):

Group

	As of December 31, 2022		
	As previously reported	Increase (Decrease)	As restated
<i>Statements of financial position</i>			
Loans and other receivables	₱479,658	(₱31)	₱479,627
Goodwill	62,310	(8,317)	53,993
Other resources	26,342	8,497	34,839
Other liabilities	48,800	77	48,877
Surplus free	90,728	71	90,799



	For the year ended December 31, 2022		
	As previously reported	Increase (Decrease)	As restated
<i>Statements of income</i>			
Depreciation and amortization	₱1,607	₱253	₱1,860
Salaries and employee benefits	10,031	(28)	10,003
Miscellaneous expenses	14,751	(404)	14,347
Total operating expenses	31,527	(179)	31,348
Profit before tax	16,605	179	16,784
Tax expense	3,931	108	4,039
Net profit	12,674	71	12,745

Parent Bank

	As of December 31, 2022		
	As previously reported	Increase (Decrease)	As restated
<i>Statements of financial position</i>			
Loans and other receivables	₱393,765	(₱31)	₱393,734
Goodwill	51,659	(8,319)	43,340
Other resources	19,635	8,475	28,110
Other liabilities	44,646	77	44,723
Surplus free	91,308	71	91,379

	For the year ended December 31, 2022		
	As previously reported	Increase (Decrease)	As restated
<i>Statements of income</i>			
Depreciation and amortization	₱1,167	₱253	₱1,420
Salaries and employee benefits	7,553	(28)	7,525
Miscellaneous expenses	11,901	(404)	11,497
Total operating expenses	24,125	(179)	23,946
Profit before tax	15,458	179	15,637
Tax expense	2,928	108	3,036
Net profit	12,530	71	12,601

- (c) 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, 2023.
- (d) 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 3,649 outlets nationwide. It offers a variety of cash-based services including remittance, currency exchange and bills payment.
- (e) UIC was incorporated and registered with the SEC on December 20, 1993. It is presently engaged in business as a holding company authorized to hold investments of real and personal properties, including shares of stocks, bonds, debentures, notes and other securities and obligations, without engaging in business of an investment company or broker or dealer in securities of stocks.

UIC holds investments of the Group's thrift banks, rural banks and remittance companies. In addition, through its wholly-owned subsidiaries, FUPI and FUIFAI, UIC is also engaged in



the servicing of existing pre-need plans, and being an agent for life and non-life insurance products.

- (f) UBX was incorporated to invest in, hold, own, purchase, lease manage, sell or otherwise dispose of real and personal properties of every kind and description. It shall also engage in the development of financial technology innovations and engage in electronic commerce business. UBX SG, a subsidiary of UBX, is incorporated to engage in the development of financial technology innovations and engage in electronic commerce business.
- (g) 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).

PBI is authorized to engage in the business of extending credit to farmers, tenants, and rural industries or enterprises, and to transact all business that may be legally done by rural banks formed under and in accordance with the existing Rural Banks Act (Republic Act No. 7353).

FAIR Bank was registered with the SEC primarily to engage in the business of extending rural credit to small farmers and tenants and to deserving rural industries or enterprises.

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, FAIR Bank and 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%.

With the approval of its merger with Fairbank and Progressive Bank, Inc. on July 13, 2023, Bangko Kabayan, Inc., as the surviving entity, has added 12 branches and 2 branch lite, based at Cebu and Iloilo, to its former 23 branches and 1 branch lite, located in Southern Luzon (Batangas, Laguna, and Quezon).

- (h) In its letter dated July 15, 2021, the BSP approved the application for authority to establish a digital bank, to be known as UnionDigital Bank, Inc. (UnionDigital), a wholly-owned subsidiary of the Bank, subject to regulatory conditions. The BSP subsequently granted the Authority to Register with the SEC. On November 25, 2021, the SEC approved UnionDigital's Articles of Incorporation and its By-Laws and issued its Certificate of Incorporation. The Parent Bank subscribed to 100,000,000 new common shares of UnionDigital at par value ₱10 per share totaling ₱1.0 billion.



On June 24, 2022, the BOD of the Parent Bank approved to infuse additional capital to UnionDigital of up to ₱2.0 billion. On July 12, 2022, UnionDigital was granted the Certificate of Authority to Operate as a digital bank. Accordingly, UnionDigital started its operations on July 18, 2022. On the same date, the Parent Bank infused ₱1.0 billion to UnionDigital.

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.

In its letter dated October 27, 2022, the BSP approved the Parent Bank's request for additional equity investment of up to ₱2.0 billion in UnionDigital. The Parent Bank then infused additional capital to UnionDigital in tranches for a total amount of ₱1.0 billion.

On June 23, 2023, the BOD of the Parent Bank approved the infusion of additional capital of ₱900 million to UnionDigital to support business growth. Subsequently, on September 29, 2023 and November 13, 2023, the Parent Bank infused capital amounting to ₱300.00 million and ₱600.00 million, respectively.

As of December 31, 2023 and 2022, the Parent Bank's total equity investment in UnionDigital amounted to ₱3.9 billion and ₱3.0 billion, respectively.

Non-operating subsidiaries

- (a) 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.
- (b) UBPSI was incorporated and registered with the SEC on March 2, 1993. It was organized to engage in the business of buying, selling or dealing in stocks and other securities. In January 1995, as approved by UBPSI's stockholders and BOD, UBPSI sold its stock exchange seat in the PSE. Accordingly, UBPSI ceased its stock brokerage activities.
- (c) UDC was registered with the SEC on September 8, 1998. It was organized to handle the centralized branch accounting services as well as the processing of credit card application forms of the Parent Bank and the entire backroom operations of FUPI. On July 1, 2003, the BOD of UDC approved the cessation of its business operations effective on August 30, 2003, and subsequently shortened its corporate term to December 31, 2017 by amending its Articles of Incorporation. The services previously handled by UDC are now undertaken by the Financial Services Group of the Parent Bank. UDC is still in process of securing the tax clearance from the BIR.
- (d) IVCC was incorporated and registered with the SEC on October 10, 1980. It was organized to develop, promote, aid and assist financially any small or medium scale enterprises and to purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage and otherwise deal with such real and personal property, including securities and bonds of other corporations as the transaction of the lawful business of the corporation may reasonably and necessarily require, subject to the limitations prescribed by law. IVCC has ceased operations since 1992.



The total assets, liabilities and capital funds of these non-operating subsidiaries amounted to ₱10,724, ₱3,283, and ₱7,442, respectively, as of December 31, 2023 and ₱12,436, ₱3,341 and ₱9,095, respectively, as of December 31, 2022.

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, 2023 were authorized for issue by the Bank's BOD on February 28, 2024.

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). PFRSs are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of resource, liability, income and expense.

The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standards (PAS 1), *Presentation of Financial Statements*. The Group presents statement of comprehensive income separate from the statement of income.

(c) Functional and Presentation Currency

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



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

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

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except that the Bank has adopted the following new accounting pronouncements starting January 1, 2023. Adoption of these pronouncements did not have any significant impact on the Bank's financial position or performance unless otherwise indicated.

- Amendments to PAS 12, *International Tax Reform-Pillar Two Model Rules*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

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, 2024

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current, Liabilities with Covenants*
- Amendments to PAS 7 and PFRS 7, *Supplier Finance Agreements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of Exchangeability*

Deferred effectivity

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

Basis of Consolidated Financial Statements

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

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



Non-controlling Interests

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

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in capital funds. Disposals of equity investments to non-controlling interests may result in gains and losses for the Group that are also recognized in capital funds.

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

Investment in Subsidiaries

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

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

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

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

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

In computing the Parent Bank's share in net profit or loss of subsidiaries, unrealized gains or losses on transactions between the Parent Bank and its subsidiaries are eliminated to the extent of



the Parent Bank's interest in the subsidiaries. Where unrealized losses are eliminated, the underlying asset is also tested for impairment from a group perspective.

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

Investment in Associates

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

Business Combinations and Goodwill

Business acquisitions are accounted for using the acquisition method of accounting. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in the statement of income.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

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

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

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the statement of income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in the statement of income or as a charge to



other comprehensive income. Contingent consideration that is classified as capital funds is not remeasured, and its subsequent settlement is accounted for within capital funds.

Fair Value Measurement

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

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

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

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

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

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

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

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

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

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



Initial measurement of financial instruments

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

'Day 1' difference

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

Measurement categories of financial assets and liabilities

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

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

Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria under PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets

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

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

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.



In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- the expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Group's measurement categories are described below:

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the statement of financial position as Due from BSP, Due from other banks, Interbank loans receivable, Financial assets at amortized cost under Trading and investment securities, Loans and other receivables and certain accounts under Other resources.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including Cash and other cash items, non-restricted balances of Due from BSP, Due from other banks, Interbank loans receivable and Securities purchased under repurchase agreements included in Loans and



other receivables. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial Assets at FVTPL

Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include government securities, corporate bonds and equity securities which are held for trading purposes.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVTPL are measured at fair value. Related transaction costs are recognized directly as expense in the statement of income. Unrealized gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL category and realized gains or losses arising from disposals of these instruments are included in Gains (losses) on trading and investment securities at FVTPL and FVOCI account in the statement of income.

Interest earned on these investments is reported in the statement of income under Interest income account while dividend income is reported in the statement of income under Miscellaneous income account when the right of payment has been established.

Financial Assets at FVOCI - Equity Investments

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading. The Group has designated certain equity instruments as at FVOCI on initial application of PFRS 9.

Equity financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in Net unrealized fair value gains (losses) on investment securities in the statement of financial position. When the asset is disposed of, the cumulative gain or loss previously recognized in the Net unrealized fair value gains (losses) on investment securities account is not reclassified to profit or loss, but is reclassified directly to Surplus free account.



Any dividends earned on holding these equity instruments are recognized in the statement of income under Miscellaneous income account.

Financial Assets at FVOCI - Debt Instruments

The Group classifies debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in the statement of income in the same manner as for financial assets measured at amortized cost. The Expected Credit Loss (ECL) calculation for financial assets at FVOCI is explained in the 'Impairment of Financial Assets' section.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to the statement of income.

Reclassification of financial assets

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

(b) Impairment of Financial Assets

The Group recognizes the allowance for expected credit losses for all loans and other debt financial assets carried at amortized cost, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under PFRS 9.

ECL represent possible credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life



of the financial instrument.

For non-credit-impaired financial instruments:

- Stage 1 consists of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Group and the Parent Bank recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 consists of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group and the Parent Bank recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes more than 90 days past due on its contractual payments. As part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of 180 days (i.e., consecutive payments from the borrowers for 180 days).

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors such as downgrade in the credit rating of the borrowers and a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL. All exposures are therefore provided with ECLs, in the context of SICR status.

ECL is a function of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for



each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

EAD is modelled on historic data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts, EAD includes an estimate of any further amounts that may be drawn at the time of default. LGD is the amount that may not be recovered in the event of default and is modelled based on historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

(c) Derecognition of Financial Assets

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is



deemed to be originated as credit impaired (POCI). Distressed restructuring with indications of unlikelihood to pay are categorized as impaired accounts and are moved to Stage 3.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

Derivative Financial Instruments

The Group is a counterparty to derivatives contracts, such as forwards, swaps and warrants. These contracts are entered into as a means of reducing or managing the Group's foreign exchange and interest rate exposures as well as those of its customers.

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as resources when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument. When such evidence exists, which indicates a fair value different from the transaction price, the Group recognizes a gain or loss at initial recognition.

Changes in the fair value of derivatives are recognized in the statement of income.

Financial Liabilities

Financial liabilities which include deposit liabilities, bills payable, notes and bonds payable, and other liabilities (except tax-related payables, pre-need reserves and post-employment defined benefit obligation) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in the statement of income under Interest expense.

Deposit liabilities are stated at amounts in which they are to be paid. Interest is accrued periodically and recognized in a separate liability account before recognizing as part of deposit liabilities.

Bills payable and Notes and bonds payable are recognized initially at fair value, which is the issue proceeds (fair value of consideration received) less any issuance costs. These are subsequently measured at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

Derivative liabilities, which are included as part of Other Liabilities, are recognized initially and subsequently measured at fair value with changes in fair value recognized in the statement of income.



Other liabilities, apart from derivative liabilities, are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Offsetting Financial Instruments

Financial resources and liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Bank Premises, Furniture, Fixtures and Equipment

Bank premises, furniture, fixtures and equipment are carried at acquisition cost less accumulated depreciation and amortization, and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the depreciable assets as follows:

Buildings	25 - 50 years
Furniture, fixtures and equipment	5 - 10 years

Leasehold rights and improvements are amortized over the term of the lease or the estimated useful lives of the improvements of five to ten years, whichever is shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values, estimated useful lives and method of depreciation and amortization of bank premises, furniture, fixtures and equipment (except land) are reviewed and adjusted if appropriate, at the end of each reporting period.

If a change in use requires an item of bank premises, furniture, fixtures and equipment to be reclassified to investment properties, the difference between the carrying amount of such asset and its fair value as of the date of change in use is recognized in other comprehensive income and accumulated in equity under the Other reserves account. If the asset is subsequently retired or disposed of, the related revaluation surplus is transferred directly to Surplus free account.



An item of bank premises, furniture, fixtures and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of income in the year the item is derecognized.

The Group classifies ROU assets as part of property and equipment. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. ROU assets are subject to impairment.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include parcels of land and buildings and related improvements acquired by the Group from defaulting borrowers.

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is initially measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are classified under Investment properties from foreclosure date. Gain or loss from foreclosure is included as part of Gain or loss on foreclosure account under Miscellaneous Income section of the statement of income.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and amortization and impairment. Depreciation is computed using the straight line method over the useful life of 50 years and 10 years for building held for lease and other foreclosed properties, respectively. Land is carried at cost less any impairment in value.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the year of retirement or disposal. Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs and real estate taxes, are normally charged against income in the period in which costs are incurred.



Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Intangible Assets

Intangible assets include goodwill, acquired computer software, 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 ten 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 pertains to exchange differences arising from the translation of the Parent Bank's Foreign Currency Deposit Unit (FCDU) operations and UBX SG, which is taken to the statement of comprehensive income.

Non-controlling interests represent the portion of the net resources and profit or loss not attributable to the Group which are presented separately in the Group's statement of income and within the capital funds in the Group's statements of financial position and changes in capital funds.

Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Expenses are recognized in the statement of income upon utilization of the resources or services or at the date these are incurred. All finance costs are reported on an accrual basis. The following specific recognition criteria of income and expenses must also be met before income or expense is recognized:

- (a) *Interest income recognized using the effective interest rate method* - Interest income is recognized in the statement of income for all instruments measured at amortized cost and debt instruments classified as financial assets at FVOCI using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

- (b) *Other interest income* - Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognized using the contractual interest rate and is included under Interest Income on financial assets at fair value through profit or loss.



- (c) *Service charges, fees and commissions* - Service charges, fees and commissions are generally recognized when the service has been provided. Loan commitment fees are earned as services are provided, recognized as other income on a time proportion basis over the commitment period.

The Group has a loyalty points programme as part of its credit cards business which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the interchange fee is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

- (d) *Gain (loss) on trading and investment securities* - Gain (loss) on trading and investment securities is recognized when the contractual rights on the securities is transferred to the buyer (at an amount equal to the difference of the selling price and the carrying amount of securities) and as a result of the mark-to market valuation of outstanding securities classified as FVTPL at year-end.

- (e) *Miscellaneous income* includes the following accounts:

- *Commissions earned on credit cards* - Commissions earned on credit cards are recognized as income upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments. Purchases by the credit cardholders, collectible on installment basis, are recorded at the cost of the items purchased. Interest income is recognized on every term of installment billed to the cardholders and computed using the effective interest method.
- *Gain (loss) from assets sold or exchanged* - Profit or loss from assets sold or exchanged is recognized when the control of the assets is transferred to the buyer or when the collectibility of the entire sales price is reasonably assured.
- *Rental* - Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms on ongoing leases.
- *Income from bancassurance business* - Exclusive access fee (EAF) related to the bancassurance partnership is recognized as revenue by reference to the completion rate of the target cumulative annualized premium earned.
- *Dividend* - Dividend income is recognized when the Group's right to receive payment is established.
- *Income from trust operations* - Trust fees related to investment funds are recognized in reference to the net asset value of the funds. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.



Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as Lessee accounts for its leases as follows:

Group as Lessor

Leases, which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Lease income from operating leases is recognized as income in the statement of income on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

i. Right-of-use assets

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

ii. Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest recognized under Interest expense of bills payable and other liabilities and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases for some branches and the related parking spaces, stalls used for specific events and several office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ATM offsite locations, signages and several items of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term as is recognized as part of 'Occupancy' in the statement of income.

Foreign Currency Transactions and Translations

The accounting records of the Group are maintained in Philippine pesos except for the FCDU of the Parent Bank which are maintained in United States (U.S.) dollars. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

For financial reporting purposes, the accounts of the FCDU are translated into their equivalents in Philippine pesos based on the Philippine Dealing System closing rates (PDSCR) prevailing at the end of the period (for resources and liabilities) and at the average PDSCR for the period (for income and expenses).

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Changes in the fair value of monetary financial assets denominated in foreign currency are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in the statement of income, and other changes in the carrying amount are recognized in other comprehensive income.

Impairment of Non-financial Assets

The Group's intangible assets (consisting of goodwill and computer software recorded as part of Other resources), bank premises, furniture, fixtures and equipment, investment properties, investments in subsidiaries (for Parent Bank only) and other non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life, such as goodwill, are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss is recognized in the statement of income for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value, reflecting market conditions, less costs to sell and value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's



assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss, except for goodwill.

Employee Benefits

The Group's employment benefits to employees are as follows:

(a) *Post-employment Defined Benefit Plan*

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan (included as part of Other Liabilities) is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows arising from expected benefit payments using a discount rate derived from the interest rates of a zero-coupon government bond as published by Philippine Dealing & Exchange Corp., that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is included as part of Interest expense or Interest income in the statement of income.

Past-service costs are recognized immediately in the statement of income in the period of a plan amendment or curtailment.

(b) *Post-employment Defined Contribution Plan*

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred.

(c) *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring



that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Profit-Sharing and Bonus Plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Parent Bank's shareholders, as indicated in the statement of income, after certain regulatory adjustments. The Group recognizes a provision where it is contractually obliged to pay the bonus plans. The Group also recognizes a provision for profit-sharing and bonus plans where there is a past practice that has created a constructive obligation, whether paid in cash or in the form of shares of the Parent Bank to be issued under the Employee Stock Plan.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting date.

They are included as part of Accrued taxes and other expenses under the Other liabilities account in the statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Income Taxes

Tax expense recognized in the statement of income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in capital funds, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.



The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in capital funds. In this case, the tax is also recognized in other comprehensive income or directly in capital funds, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

Related Party Relationships and Transactions

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

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

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

Earnings Per Share

Basic earnings per share are determined by dividing the net profit for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, after retroactive effect to any stock dividends declared in the current year.

Diluted earnings per common share are also computed by dividing net profit by the weighted average number of common shares subscribed and outstanding at the end of the reporting period, after making adjustments to reflect the effects of any potentially dilutive preferred shares, stock options and warrants.

Trust and Fiduciary Activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These resources and the related income arising thereon are excluded from these financial statements, as they are neither resources nor income of the Group.



Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and services as disclosed in Note 6, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these services require different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a particular segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

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

Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's position at the statement of financial position date (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. Summary of Accounting Judgments and Estimates

The preparation of the Group's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

Unless otherwise stated, below significant judgments and estimates apply as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023.

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 and 2021, the Parent Bank sold investment securities under the HTC FCDU sub portfolio with carrying amount of ₱1.7 billion and ₱47.4 billion, respectively, resulting in Gain on sale of investment securities at amortized cost totaling ₱100.2 million and ₱8.5 billion, respectively. The Parent Bank has assessed that 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 management strategies 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-portfolio (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. Sensitivities were applied, during risk rating, to consider uncertainties on available economic forecasts.
- The Group's criteria for assessing if there has been a SICR which is the basis for measuring allowances for financial assets on a Lifetime Expected Credit Loss (LTECL) basis. There are also qualitative assessments to consider significant increase in credit risk based on the identified risk profiles of their accounts and portfolios. In 2023 and 2022, 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. Similar to prior years, in 2023 and 2022, models have been reviewed and revised as appropriate based on latest reviews, economic outlook and studies from external sources. In 2022, the Group updated the PD models for wholesale and certain retail portfolios, the LGD model for home loan, and the EAD for credit cards considering the credit conversion factor (CCF). In 2023, the Bank developed new ECL models for the newly acquired Citibank portfolios. In addition, PD estimates for certain retail products were created. 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.
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels, level of government spending, and collateral values, and their effect on PDs, EADs and LGDs. As the economy progresses to post-pandemic scenario, analyses and forecasts were reviewed and updated if needed as the economic conditions evolved. The quantitative overlays were complemented by experience-based expert judgment inputs through management overlays considered integral to the systematic process.

The carrying amount of loans and other receivables and the related allowance are disclosed in Notes 14 and 20, while the carrying amount of debt financial assets classified under amortized cost and fair value through other comprehensive income and the related allowances are disclosed in Notes 12, 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, 2023 and 2022 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 goodwill by discounting the estimated excess earnings using the weighted-average cost of capital (WACC) as the discount rate. The Group estimates the discount rate used for the computation of the net present value by reference to industry cost of capital.

The recoverable amount of the CGU is determined based on a value-in-use calculation using cash flow projections from financial budgets covering a five-year period. Financial budget for the immediately succeeding year is approved by senior management and BOD of the Parent Bank, while the financial budgets for the other years of cash flow projections are determined by corporate planning group and the relevant business units. In 2023, the key assumptions used in the calculation of value-in-use, including loan and deposit growth rates, net interest margin, have been updated to consider the effect of the pandemic. The discount rates used for the computation of the value in use for various CGUs (see Note 18) are based on the pre-tax discount rates ranging from 10.2% to 26.3% and from 11.63% to 34.81% as of December 31, 2023 and 2022, respectively. The long-term growth rates used is 6.2% as of December 31, 2023 and 5.7% as of December 31, 2022. The CGUs to which the goodwill is allocated and related carryings 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.

Fair value determination of assets acquired and liabilities assumed from business combinations
As discussed in Note 1, the Parent Bank completed the acquisition of Citigroup Inc.'s consumer banking business in the Philippines. The Group sought an independent valuation for certain assets and liabilities acquired, including the identifiable intangible assets from the acquisition. In 2023, the Parent Bank finalized the determination of the fair values of the assets acquired and liabilities assumed from the acquisition of Citigroup Inc.'s consumer banking business in the Philippines.

In 2022, the Group finalized the determination of the fair values of the assets acquired and liabilities assumed from the acquisitions of Bangko Kabayan and PBI (see Note 15).

The Group determines the acquisition-date fair values of identifiable assets acquired and liabilities assumed from the acquiree without quoted market prices based on the following:

- For assets and liabilities that are short term in nature, carrying values approximate fair values;
- For financial assets and liabilities that are long-term in nature, fair values are estimated through the discounted cash flow methodology, using the appropriate market rates (e.g., current lending rates); and
- For nonfinancial assets such as property and equipment and investment properties, fair values are determined based on an appraisal which follows sales comparison approach and depreciated replacement cost approach depending on the highest and best use of the assets.
- For identifiable intangible assets such as customer relationships and core deposits, fair values are determined based on the discounted cash flows of the expected benefits from the net assets acquired.

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 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 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 ORMC reviews various operational risk policies and practices and approves the Operational Risk Management Framework which forms part of the Bank's enterprise risk management system that covers all business and functional units, including outsourced services, services provided to external parties, and environmental and social-related operational risk requirements. The ORMC also provides oversight on the implementation of a sound business continuity management framework.
- (e) The Audit Committee is composed of seven (7) members, all non-executive and majority of whom are independent, including the Chairman, most of whom are with accounting, auditing, or related financial management expertise or experience. The skills, qualifications, and experience of the committee members are appropriate for them to perform their duties as laid down by the BOD.



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

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

Among the responsibilities of the Audit Committee are:

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



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

- *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 mandate and applicable laws. This includes the authority to allocate resources, set audit frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish the audit engagement objectives.

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

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

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

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

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



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

The CGC is composed of nine (9) members of the BOD, all non-executive, majority of whom, including its Chairman, are independent directors. Its specific duties include, among others, making recommendations to the BOD regarding continuing education of directors, overseeing the periodic performance evaluation of the 1) Board; 2) Board Committees; 3) Individual Directors; 4) Management-level Committees (through the 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. 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 Transaction Committee is composed of at least five (5) members of the BOD, all of whom are independent directors, with the Internal Audit Head and Chief Compliance Officer as resource persons. The Committee assists the BOD in the fulfillment of its corporate governance responsibilities on related party transactions by ensuring that the latter 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 Board of Directors appointed two more independent directors to the Related Party Transaction 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, 2023 and 2022, the Group and the Parent Bank did not exceed the limit in any of its industry concentration.

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



The table below shows the breakdown of the Group's and the Parent Bank's exposure on receivable from customers and investments and placements as of December 31, 2023 and 2022:

	2023	
	Group	Parent Bank
Corporate loans	₱132,676,825	₱132,676,825
Consumer products*	120,130,248	120,130,248
Commercial loans	75,045,930	75,045,930
Home loans	70,547,795	70,547,795
CSB salary loans	84,456,190	—
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 Small and Medium Enterprise (SME) Financial Products and Consumer Loans

**Comprised of HR loans, quick loans and Home Credit receivables

	2022	
	Group	Parent Bank
Corporate loans	₱130,499,972	₱130,499,972
Consumer products*	99,202,486	99,202,486
Commercial loans	75,232,498	75,232,498
Home loans	65,659,469	65,659,469
CSB salary loans	64,029,282	—
Other receivables from customers**	45,871,855	20,002,091
Total receivables from customers	480,495,562	390,596,516
Investments and placements	492,852,118	442,454,859
	₱973,347,680	₱833,051,375

*Comprised of Small and Medium Enterprise (SME) Financial Products and Consumer Loans

**Comprised of HR loans, quick loans and Home Credit receivables

Investments and placements include financial assets at amortized cost, debt securities classified as financial assets at FVOCI, due from other banks, due from BSP and interbank loans receivable and the related accrued interest receivable amounting to ₱4.31 billion and ₱3.83 billion as of December 31, 2023 and 2022, 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 and 2022, the Parent Bank updated the stage assessment to enhance the considerations related to movements in the borrower's credit rating when determining significant increase in credit risk, which include rating threshold triggers.

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

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

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

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

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

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

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

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



Below is the breakdown of the Group and Parent Bank's corporate loans exposure (outstanding balance and accrued interest receivable) by masterscale rating as of December 31, 2023 and 2022:

		December 31, 2023			
Credit Score	Masterscale	Amounts			Total
		Stage 1	Stage 2	Stage 3	
High Quality Grade					
AAA to A-	1	P–	P–	P–	P–
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
		P117,375,504	P15,200,343	P100,978	P132,676,825

		December 31, 2022			
Credit Score	Masterscale	Amounts			Total
		Stage 1	Stage 2	Stage 3	
<i>High Quality Grade</i>					
AAA to A-	1	P–	P–	P–	P–
BBB+	2	4,702,187	–	–	4,702,187
BBB	3	–	–	–	–
BBB- to BB+	4	42,470,009	30,021	–	42,500,030
<i>Standard Grade</i>					
BB to BB-	5	26,794,965	40,651	–	26,835,616
B+	6	4,983,374	–	–	4,983,374
B to B-	7	30,739,257	10,649,085	–	41,388,342
CCC+ to CCC	8	9,776,060	76,577	–	9,852,637
<i>Substandard Grade</i>					
Lower than CCC	9	77,012	7,816	–	84,828
<i>Non-Performing</i>					
Default	10	–	–	152,958	152,958
		P119,542,864	P10,804,150	P152,958	P130,499,972

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, 2023 and 2022 for financial and non-financial institutions:

Financial Institutions

		December 31, 2023			
		Amounts			
Credit Score	Masterscale	Stage 1	Stage 2	Stage 3	Total
High Quality Grade					
AAA to A-	1	P–	P–	P–	P–
BBB+	2	–	–	–	–
BBB-	3	–	–	–	–
BBB- to BB+	4	2,509,605	–	–	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
		P22,032,763	P–	P28,176	P22,060,939

		December 31, 2022			
		Amounts			
Credit Score	Masterscale	Stage 1	Stage 2	Stage 3	Total
High Quality Grade					
AAA to A-	1	P–	P–	P–	P–
BBB+	2	–	–	–	–
BBB-	3	–	–	–	–
BBB- to BB+	4	250,218	–	–	250,218
Standard Grade					
BB to BB-	5	1,974,404	–	–	1,974,404
B+	6	1,151,668	–	–	1,151,668
B to B-	7	8,393,725	–	–	8,393,725
CCC+ to CCC	8	7,809,630	–	–	7,809,630
Substandard Grade					
Lower than CCC	9	135,453	–	–	135,453
Non-Performing					
Default	10	–	–	28,430	28,430
		P19,715,098	P–	P28,430	P19,743,528



Non-financial Institutions

December 31, 2023				
Amounts				
Masterscale	Stage 1	Stage 2	Stage 3	Total
1	P–	P–	P–	P–
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
	P41,920,218	P1,623,842	P9,440,931	P52,984,991

December 31, 2022				
Amounts				
Masterscale	Stage 1	Stage 2	Stage 3	Total
1	P–	P–	P–	P–
2	–	–	–	–
3	1,377,275	–	–	1,377,275
4	3,056,524	–	–	3,056,524
5	10,820,105	504,744	–	11,324,849
6	14,048,050	4,112,895	–	18,160,945
7	13,655,655	51,023	–	13,706,678
8	1,020,102	1,050,094	–	2,070,196
9	604,258	1,166,003	–	1,770,261
10	30,909	85,377	3,905,956	4,022,242
	P44,612,878	P6,970,136	P3,905,956	P55,488,970

Small and Medium Enterprise (SME) Financial Products

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 businesses. Credit models are constantly reviewed and updated as necessary while data analytics have been enhanced to improve portfolio quality and product offers.

Consumer Financial Products

The Consumer loan portfolio of the Parent Bank is composed of four main product lines, namely: Home Loans, Credit Card, Personal Loans, and Auto Loans. 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 Citi 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, 2023 and 2022:

Home Loans

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

December 31, 2022				
Amounts				
Masterscale	Stage 1	Stage 2	Stage 3	Total
1	₱7,640,551	₱–	₱–	₱7,640,551
2	10,467,797	–	–	10,467,797
3	10,920,928	39,841	–	10,960,769
4	8,489,749	313,319	–	8,803,068
5	7,357,469	544,792	–	7,902,261
6	1,878,642	682,064	–	2,560,706
7	11,511,153	–	–	11,511,153
Default	–	–	5,813,164	5,813,164
	₱58,266,289	₱1,580,016	₱5,813,164	₱65,659,469



Consumer Products (Credit cards and Personal loan portfolio)

December 31, 2023				
Masterscale	Amounts			
	Stage 1	Stage 2	Stage 3	Total
0	₱17,859,240	₱234,278	₱–	₱18,093,518
1	11,807,491	2,261	–	11,809,752
2	18,166,397	12,795	–	18,179,192
3	19,122,782	10,823	–	19,133,605
4	12,244,860	16,775	–	12,261,635
5	9,980,209	21,950	–	10,002,159
6	273,541	291	–	273,832
7	523,765	1,754	–	525,519
8	701,743	15,805	–	717,548
9	39,307	109,088	–	148,395
10	68,774	195,742	–	264,516
11	51,735	409,384	–	461,119
12	–	616,926	–	616,926
13	–	72,940	1,615,309	1,688,249
14	–	104,610	–	104,610
15	–	40,954	–	40,954
16	–	80,847	–	80,847
17	–	–	422,955	422,955
	₱90,839,844	₱1,947,223	₱2,038,264	₱94,825,331

December 31, 2022				
Delinquency Bucket	Amounts			
	Stage 1	Stage 2	Stage 3	Total
0	₱73,051,126	₱192,070	₱27,577	₱73,270,773
1	1,569,678	60,467	2,266	1,632,411
2	–	413,390	3,383	416,773
3	–	300,022	9,945	309,967
4	–	–	185,255	185,255
5	–	–	154,904	154,904
6	–	–	120,610	120,610
	₱74,620,804	₱965,949	₱503,940	₱76,090,693

Consumer Products (SME Financial Products, Legacy Credit Cards and Auto Loans)

December 31, 2023				
Masterscale	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	₱3,642,044	₱83,997	₱–	₱3,726,041
2	3,481,836	218	–	3,482,054
3	3,064,521	40,052	–	3,104,573
4	4,063,824	72,780	–	4,136,604
5	5,282,769	143,649	–	5,426,418
6	4,140,919	1,159,220	–	5,300,139
7	–	–	–	–
8	–	–	–	–
9	–	–	–	–
Default	–	–	129,088	129,088
	₱23,675,913	₱1,499,916	₱129,088	₱25,304,917



Masterscale	December 31, 2022			
	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	₱2,804,812	₱182,287	₱—	₱2,987,099
2	2,451,709	—	—	2,451,709
3	4,238,197	483,315	—	4,721,512
4	3,534,179	2,596	—	3,536,775
5	3,762,453	41,294	—	3,803,747
6	2,614,899	147,808	—	2,762,707
7	—	—	—	—
Default	—	—	2,848,244	2,848,244
	₱19,406,249	₱857,300	₱2,848,244	₱23,111,793

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, 2023 and 2022:

Credit Score	December 31, 2023			
	Amounts			
	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



Credit Score	December 31, 2022			
	Amounts			
	Stage 1	Stage 2	Stage 3	Total
D to E	₱11,204,266	₱—	₱—	₱11,204,266
B to C	46,106,634	1,096,789	—	47,203,423
A	247,694	188,085	—	435,779
Default	—	—	5,185,814	5,185,814
	₱57,558,594	₱1,284,874	₱5,185,814	₱64,029,282

Other receivables from customers

Other receivables from customers of the Group and the Parent Bank include small portfolios such as, with respect to the Parent Bank, (i) personal loans, (ii) HR loans, (iii) bills purchased and (iv) customer liabilities under acceptances, (v) home credit receivables, (vi) teacher's loans acquired from CSB and, with respect to the subsidiaries, (i) personal loans, and (ii) motorcycle loans. Each of these products has established credit risk guidelines and systems for managing credit risk across all businesses.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate.

Each product was risk rated using techniques appropriate to the Group's and Parent Bank's credit experience. Such methods consider the payment history that are reflected in aging, delinquency, and/or change in rating. These provide the bases for the ECL stage determination.

The description of each groupings according to stage is explained further as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, does not demonstrate significant increase in credit risk.

Stage 2 - those that are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date, and, based on change in rating, delinquencies and payment history, demonstrates significant increase in credit risk.

Stage 3 - Those that are considered default of more than 90 days past due or demonstrates objective evidence of impairment as of reporting date.

Below is a summary as of December 31, 2023 and 2022 of the Group's and Parent Bank's other receivables from customers.

	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



December 31, 2022				
	Amounts			
	Stage 1	Stage 2	Stage 3	Total
Group	₱37,691,857	₱2,674,618	₱5,505,380	₱45,871,855
Parent Bank	18,883,459	261,453	857,179	20,002,091

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, 2023 and 2022:

Sovereign - Group

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



December 31, 2022				
Masterscale	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	₱16,316,140	₱—	₱—	₱16,316,140
2	—	—	—	—
3	—	—	—	—
4	279,717	—	—	279,717
5	—	—	—	—
6	1,513,995	—	—	1,513,995
7	—	—	—	—
8	—	—	—	—
9	266,666,218	—	—	266,666,218
10	—	—	—	—
11	1,315,359	789,534	—	2,104,893
12	2,014,319	—	—	2,014,319
13	—	—	—	—
14	—	2,247,582	—	2,247,582
15	—	—	—	—
16	—	—	—	—
Default	—	—	—	—
	₱288,105,748	₱3,037,116	₱—	₱291,142,864

Corporate – Group

December 31, 2023				
Masterscale	Amounts			
	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



December 31, 2022				
Masterscale	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	₱37,191,682	₱—	₱—	₱37,191,682
2	4,473,290	—	—	4,473,290
3	632,707	—	—	632,707
4	124,625,859	—	—	124,625,859
5	5,469,752	—	—	5,469,752
6	11,206,441	—	—	11,206,441
7	1,943,576	—	—	1,943,576
8	2,776,528	—	—	2,776,528
9	9,624,269	—	—	9,624,269
10	1,693,417	—	—	1,693,417
11	2,071,733	—	—	2,071,733
12	—	—	—	—
13	—	—	—	—
Default	—	—	—	—
	₱201,709,254	₱—	₱—	₱201,709,254

Sovereign – Parent Bank

December 31, 2023				
Masterscale	Amounts			
	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



Masterscale	December 31, 2022			
	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	₱16,316,140	₱—	₱—	₱16,316,140
2	—	—	—	—
3	—	—	—	—
4	279,717	—	—	279,717
5	—	—	—	—
6	1,513,995	—	—	1,513,995
7	—	—	—	—
8	—	—	—	—
9	257,339,212	—	—	257,339,212
10	—	—	—	—
11	1,315,359	789,534	—	₱2,104,893
12	2,014,319	—	—	2,014,319
13	—	—	—	—
14	—	2,247,582	—	2,247,582
15	—	—	—	—
16	—	—	—	—
Default	—	—	—	—
	₱278,778,742	₱3,037,116	₱—	₱281,815,858

Corporate – Parent Bank

Masterscale	December 31, 2023			
	Amounts			
	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



Masterscale	December 31, 2022			
	Amounts			
	Stage 1	Stage 2	Stage 3	Total
1	₱37,191,682	₱—	₱—	₱37,191,682
2	4,473,290	—	—	4,473,290
3	632,707	—	—	632,707
4	83,703,955	—	—	83,703,955
5	5,469,752	—	—	5,469,752
6	11,206,441	—	—	11,206,441
7	1,884,024	—	—	1,884,024
8	2,736,528	—	—	2,736,528
9	9,624,269	—	—	9,624,269
10	1,693,417	—	—	1,693,417
11	2,022,936	—	—	2,022,936
12	—	—	—	—
13	—	—	—	—
Default	—	—	—	—
	₱160,639,001	₱—	₱—	₱160,639,001

Analysis of Movements of Gross Carrying Amounts

Movements in 2023 and 2022 for total receivables from customers follow. The balances presented include the related accrued interest receivables:

Group

	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱282,953,118	₱34,964,422	₱21,970,626	₱339,888,166
Newly originated assets that remained in Stage 1 as at December 31, 2023	204,366,140	—	—	204,366,140
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	10,994,810	4,132,300	15,127,110
Movements in receivable balance (excluding write-offs)	(127,828,623)	(12,871,190)	(640,456)	(141,340,269)
Transfers to Stage 1	16,082,298	(11,938,827)	(4,143,471)	—
Transfers to Stage 2	(4,345,040)	4,870,309	(525,269)	—
Transfers to Stage 3	(4,737,502)	(1,260,552)	5,998,054	—
Amounts written-off	(16,778)	(4,394)	(3,090,214)	(3,111,386)
Effects of business combination (see Note 1)	64,941,020	382,465	242,316	65,565,801
Balances at end of year	₱431,414,633	₱25,137,043	₱23,943,886	₱480,495,562



Parent Bank

	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱230,841,937	₱32,938,659	₱15,193,263	₱278,973,859
Newly originated assets that remained in Stage 1 as at December 31, 2023	137,123,696	—	—	137,123,696
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	8,466,219	1,814,489	10,280,708
Movements in receivable balance (excluding write-offs)	(86,987,037)	(11,371,851)	(254,062)	(98,612,950)
Transfers to Stage 1	15,939,588	(11,814,113)	(4,125,475)	—
Transfers to Stage 2	(4,102,795)	4,622,984	(520,189)	—
Transfers to Stage 3	(3,089,579)	(912,042)	4,001,621	—
Amounts written-off	—	—	(2,734,598)	(2,734,598)
Effects of business combination (see Note 1)	64,941,020	382,465	242,316	65,565,801
Balances at end of year	₱354,666,830	₱22,312,321	₱13,617,365	₱390,596,516

The movements in 2023 and 2022 for total receivables from customers follow:

Corporate Loans - Group and Parent Bank

	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



	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱89,626,427	₱27,629,390	₱1,418,769	₱118,674,586
Newly originated assets that remained in Stage 1 as at December 31, 2023	35,366,827	—	—	35,366,827
Movements in receivable balance (excluding write-offs)	(13,458,919)	(8,816,711)	(239,909)	(22,515,539)
Transfers to Stage 1	10,532,896	(10,532,896)	—	—
Transfers to Stage 2	(2,524,367)	2,524,367	—	—
Amounts written off	—	—	(1,025,902)	(1,025,902)
Balances at end of year	₱119,542,864	₱10,804,150	₱152,958	₱130,499,972

Commercial Loans - Group and Parent Bank

	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱62,899,728	₱3,669,199	₱3,373,820	₱69,942,747
Newly originated assets that remained in Stage 1 as at December 31, 2023	57,610,451	—	—	57,610,451
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	6,434,907	307,023	6,741,930
Movements in receivable balance (excluding write-offs)	(55,891,527)	(2,963,017)	(208,086)	(59,062,630)
Transfers to Stage 1	204,121	(36,891)	(167,230)	—
Transfers to Stage 2	(11,662)	101,750	(90,088)	—
Transfers to Stage 3	(483,135)	(235,812)	718,947	—
Balances at end of year	₱64,327,976	₱6,970,136	₱3,934,386	₱75,232,498



Home Loans - Group and Parent Bank

	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱50,025,715	₱1,344,654	₱6,844,301	₱58,214,670
Newly originated assets that remained in Stage 1 as at December 31, 2022	21,149,124	—	—	21,149,124
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	201,611	274,863	476,474
Movements in receivable balance (excluding write-offs)	(12,751,142)	(125,291)	(1,301,467)	(14,177,900)
Transfers to Stage 1	2,305,218	(714,332)	(1,590,886)	—
Transfers to Stage 2	(851,925)	1,193,695	(341,770)	—
Transfers to Stage 3	(1,610,701)	(320,321)	1,931,022	—
Amounts written off	—	—	(2,899)	(2,899)
Balances at end of year	₱58,266,289	₱1,580,016	₱5,813,164	₱65,659,469

Other Consumer Products - Group and Parent Bank

	2023			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱94,027,053	₱1,823,249	₱3,352,184	₱99,202,486
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)	9,945,664	877,508	(60,419)	10,762,754
Transfers to Stage 1	770,059	(671,481)	(98,578)	—
Transfers to Stage 2	(1,866,880)	1,953,236	(86,356)	—
Transfers to Stage 3	(3,802,123)	(1,123,429)	4,925,551	—
Amounts written-off	—	—	—	(6,634,968)
Balances at end of year	₱114,515,757	₱3,447,139	₱2,167,351	₱120,130,248



	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱15,215,749	₱158,194	₱2,745,710	₱18,119,653
Newly originated assets that remained in Stage 1 as at December 31, 2023	8,759,275	—	—	8,759,275
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	734,103	1,186,838	1,920,941
Movements in receivable balance (excluding write-offs)	3,853,771	606,470	1,691,030	6,151,271
Transfers to Stage 1	2,862,306	(523,403)	(2,338,903)	—
Transfers to Stage 2	(704,885)	766,774	(61,889)	—
Transfers to Stage 3	(900,183)	(301,354)	1,201,537	—
Amounts written-off	—	—	(1,314,455)	(1,314,455)
Effects of business combination (see Note 1)	64,941,020	382,465	242,316	65,565,801
Balances at end of year	₱94,027,053	₱1,823,249	₱3,352,184	₱99,202,486

Consumer Products

	2023			Total
	Stage 1	Stage 2	Stage 3	
Balances as of acquisition date	₱74,620,804	₱965,949	₱503,940	₱76,090,693
Newly originated assets that remained in Stage 1 as at December 31, 2023	8,483,398	—	—	8,483,398
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	233,176	218,623	451,799
Movements in receivable balance (excluding write-offs)	11,358,752	1,014,325	1,001,918	13,374,995
Transfers to Stage 1	703,662	(640,912)	(62,750)	—
Transfers to Stage 2	(1,318,020)	1,396,221	(78,201)	—
Transfers to Stage 3	(3,008,751)	(1,021,536)	4,030,287	—
Amounts written-off	—	—	(3,575,554)	(3,575,554)
Balances at end of year	₱90,839,845	₱1,947,223	₱2,038,263	₱94,825,331

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances as of acquisition date	₱64,941,020	₱382,465	₱242,316	₱65,565,801
Newly originated assets that remained in Stage 1 as at December 31, 2023	3,182,203	—	—	3,182,203
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	17,595	276	17,871
Movements in receivable balance (excluding write-offs)	6,819,213	631,206	191,843	7,642,262
Transfers to Stage 1	517,680	(495,416)	(22,264)	—
Transfers to Stage 2	(588,099)	643,158	(55,059)	—
Transfers to Stage 3	(251,213)	(213,059)	464,272	—
Amounts written-off	—	—	(317,444)	(317,444)
Balances at end of year	₱74,620,804	₱965,949	₱503,940	₱76,090,693



CSB Salary Loans - Group

	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱40,801,513	₱ 1,467,019	₱3,356,560	₱45,625,092
Newly originated assets that remained in Stage 1 as at December 31, 2022	50,842,291	—	—	50,842,291
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	1,181,381	1,326,854	2,508,235
Movements in receivable balance (excluding write-offs)	(33,667,702)	(1,223,528)	(15,411)	(34,906,641)
Transfers to Stage 1	79,028	(74,611)	(4,417)	—
Transfers to Stage 2	(90,252)	91,926	(1,674)	—
Transfers to Stage 3	(389,843)	(153,055)	542,898	—
Amounts written-off	(16,441)	(4,258)	(18,996)	(39,695)
Balances at end of year	₱57,558,594	₱1,284,874	₱5,185,814	₱64,029,282

Other Receivables from Customers

Other receivables from customers include HR loans, Quick loans and Home Credit and CSB personal loan receivables.

Group

	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	₱2,241,167	₱9,308,923	₱46,418,744



	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱24,383,986	₱695,966	₱4,231,466	₱29,311,418
Newly originated assets that remained in Stage 1 as at December 31, 2022	30,638,172	—	—	30,638,172
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	2,442,808	1,036,722	3,479,530
Movements in receivable balance (excluding write-offs)	(15,913,104)	(349,113)	(566,613)	(16,828,830)
Transfers to Stage 1	98,729	(56,694)	(42,035)	—
Transfers to Stage 2	(161,949)	191,797	(29,848)	—
Transfers to Stage 3	(1,353,640)	(250,010)	1,603,650	—
Amounts written-off	(337)	(136)	(727,962)	(728,435)
Balances at end of year	₱37,691,857	₱2,674,618	₱5,505,380	₱45,871,855

Parent Bank

	2023			Total
	Stage 1	Stage 2	Stage 3	
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

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱13,074,318	₱137,222	₱810,663	₱14,022,203
Newly originated assets that remained in Stage 1 as at December 31, 2022	14,238,019	—	—	14,238,019
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	1,095,598	45,765	1,141,363
Movements in receivable balance (excluding write-offs)	(8,739,220)	(73,302)	(195,630)	(9,008,152)
Transfers to Stage 1	35,047	(6,591)	(28,456)	—
Transfers to Stage 2	(9,956)	36,398	(26,442)	—
Transfers to Stage 3	(95,560)	(54,555)	150,115	—
Amounts written-off	—	—	(391,342)	(391,342)
Balances at end of year	₱18,502,648	₱1,134,770	₱364,673	₱20,002,091



Investments and Placements

Movements in 2023 and 2022 for investments and placements follow. The balances presented include accrued interest receivables:

Group

	2023			Total
	Stage 1	Stage 2	Stage 3	
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

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱423,060,847	₱2,778,897	₱–	₱425,839,744
Newly originated assets that remained in Stage 1 as at December 31, 2022	196,419,137	–	–	196,419,137
Movements in the balance (excluding write-offs)	(129,664,982)	258,219	–	(129,406,763)
Balances at end of year	₱489,815,002	₱3,037,116	₱–	₱492,852,118

Parent

	2023			Total
	Stage 1	Stage 2	Stage 3	
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	₱439,417,743	₱3,037,116	₱–	₱442,454,859

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balance at beginning of year	₱379,695,719	₱2,778,897	₱–	₱382,474,616
Newly originated assets that remained in Stage 1 as at December 31, 2022	150,492,730	–	–	150,492,730
Movements in the balance (excluding write-offs)	(90,770,706)	258,219	–	(90,512,487)
Balance at end of year	₱439,417,743	₱3,037,116	₱–	₱442,454,859

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, 2023, 2022, and 2021, the net impact of the subsequent accretion of the 2020 loan modifications amounted to income of ₱47.14 million, ₱129.15 million,



and ₱101.37 million for the Group, respectively, and income of ₱46.52 million, ₱106.00 million, and ₱51.84 million for the Parent Bank, respectively.

Collateral Held as Security and Other Credit Enhancements

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

An estimate of the fair value of collateral and other security enhancements held by the Group and the Parent Bank against loans and other receivables as of December 31, 2023 and 2022 is shown below:

Group					
	Exposure before collaterals	Properties	Deposits	Others	Exposure after financial effect of collaterals
As of December 31, 2023	₱548,898,606	₱27,626,545	₱824,136	₱90,110,026	₱430,337,900
As of December 31, 2022	496,377,906	₱32,771,126	₱764,920	₱86,173,770	376,668,090
Parent Bank					
	Exposure before collaterals	Properties	Deposits	Others	Exposure after financial effect of collaterals
As of December 31, 2023	₱426,207,235	₱25,425,229	₱749,558	₱89,230,221	₱310,802,228
As of December 31, 2022	403,594,811	30,824,454	722,316	85,015,443	287,032,598

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 2023						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
<i>Financial assets</i>							
Cash and other cash items	P10,439	P–	P–	P–	P–	P–	P10,439
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
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	P96,949	P126,103	P73,958	P59,482	P88,353	P836,975	P1,281,820
<i>Non-derivative liabilities</i>							
Deposit liabilities							
Demand	P233,283	P–	P–	P–	P–	P–	P233,283
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
<i>Derivative Liabilities</i>	–	52	253	295	632	2,520	3,752
Total liabilities	P437,062	P230,690	P128,075	P17,175	P23,959	P145,929	P982,890



	Group 2022						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
<i>Financial assets</i>							
Cash and other cash items	P9,892	P–	P–	P–	P–	P–	P9,892
Due from BSP	72,286	22,336	–	–	–	–	94,622
Due from other banks	46,240	–	–	–	–	–	46,240
Interbank loans receivable and SPURRA	8,274	15,292	–	–	–	–	23,566
	136,692	37,628	–	–	–	–	174,320
Financial assets at FVTPL							
Derivative assets	–	445	367	125	192	905	2,034
Debt securities	–	7,478	–	–	–	–	7,478
Equity securities	–	–	–	–	–	411	411
Financial assets at FVOCI							
Debt securities	–	3,206	2,998	1,159	1,253	79,470	88,086
Equity securities	–	–	–	–	–	46	46
Financial assets at amortized cost	–	1,450	1,539	2,710	6,149	340,496	352,344
	–	12,579	4,904	3,994	7,594	421,328	450,399
Loans and other receivables	2,091	90,780	39,572	31,540	48,307	363,061	575,351
Other receivables							
Accounts receivable	–	–	–	–	–	11,116	11,116
Accrued interest receivable	–	9,693	–	–	–	–	9,693
Sales contract receivable	–	29	46	67	130	2,952	3,224
	2,091	100,502	39,618	31,607	48,437	377,129	599,384
Other financial assets							
Returned checks and other cash items	–	30	–	–	–	–	30
Sundry debits	–	154	–	–	–	–	154
	–	184	–	–	–	–	184
Total assets	P138,783	P150,893	P44,522	P35,601	P56,031	P798,457	P1,224,387
<i>Non-derivative liabilities</i>							
Deposit liabilities							
Demand	P232,082	P–	P–	P–	P–	P–	P232,082
Savings	195,021	–	–	–	–	–	195,021
Time and LTNCD	3,168	171,623	62,678	7,124	29,440	18,633	292,666
	430,271	171,623	62,678	7,124	29,440	18,633	719,769
Bills payable	–	19,284	50,183	4,829	14,629	52,225	141,150
Notes and bonds payable	–	58	241	421	19,839	34,683	55,242
Manager's checks	7,334	–	–	–	–	–	7,334
Accrued interest payable	–	1,802	–	–	–	–	1,802
Accounts payable	–	12,586	–	–	–	–	12,586
Other liabilities	–	16,907	–	–	–	–	16,907
	437,605	222,260	113,102	12,374	63,908	105,541	954,790
<i>Derivative Liabilities</i>	–	923	393	92	191	799	2,398
Total liabilities	P437,605	P223,183	P113,495	P12,466	P64,099	P106,340	P957,188

	Parent Bank 2023						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
<i>Financial assets</i>							
Cash and other cash items	P9,351	P–	P–	P–	P–	P–	P9,351
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	P88,422	P91,589	P65,390	P48,803	P69,004	P720,057	P1,083,265

(Forward)



	Parent Bank						Total
	2023						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
<i>Non-derivative liabilities</i>							
Deposit liabilities							
Demand	P234,228	P–	P–	P–	P–	P–	P234,228
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
<i>Derivative liabilities</i>							
	–	52	253	295	632	2,520	3,752
Total liabilities	P431,890	P171,257	P94,421	P7,982	P5,388	P104,162	P815,100

	Parent Bank						Total
	2022						
	On Demand	Up to 1 month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 year	
<i>Financial assets</i>							
Cash and other cash items	₱8,924	₱–	₱–	₱–	₱–	₱–	₱8,924
Due from BSP	58,188	8,406	–	–	–	–	66,594
Due from other banks	42,264	–	–	–	–	–	42,264
Interbank loans receivable and SPURRA	–	14,646	–	–	–	–	14,646
	109,376	23,052	–	–	–	–	132,428
<i>Financial assets at FVTPL</i>							
Derivative assets	–	445	367	125	192	905	2,034
Debt securities	–	7,408	–	–	–	–	7,408
Equity securities	–	–	–	–	–	–	–
<i>Financial assets at FVOCI</i>							
Debt securities	–	3,206	2,997	1,158	1,252	79,169	87,782
Equity securities	–	–	–	–	–	46	46
<i>Financial assets at amortized cost</i>							
	–	1,299	1,423	2,678	5,934	328,341	339,675
	–	12,358	4,787	3,961	7,378	408,461	436,945
Loans and other receivables	–	88,260	37,903	29,759	43,398	254,846	454,166
<i>Other receivables</i>							
Accounts receivable	–	–	–	–	–	6,347	6,347
Accrued interest receivable	–	6,956	–	–	–	–	6,956
Sales contract receivable	–	21	42	61	120	2,829	3,073
	–	95,237	37,945	29,820	43,518	264,022	470,542
<i>Other financial assets</i>							
Returned checks and other cash items	–	30	–	–	–	–	30
Sundry debits	–	154	–	–	–	–	154
	–	184	–	–	–	–	184
Total assets	₱109,376	₱130,831	₱42,732	₱33,781	₱50,896	₱672,483	₱1,040,099

<i>Non-derivative liabilities</i>							
Deposit liabilities							
Demand	P233,365	P–	P–	P–	P–	P–	P233,365
Savings	188,481	–	–	–	–	–	188,481
Time and LTNCD	163	123,249	50,119	3,941	25,967	2,418	205,857
	422,009	123,249	50,119	3,941	25,967	2,418	627,703
Bills payable	–	19,284	49,173	398	692	35,351	104,898
Notes and bonds payable	–	58	241	421	19,839	34,683	55,242
Manager's checks	7,320	–	–	–	–	–	7,320
Accrued interest payable	–	1,418	–	–	–	–	1,418
Accounts payable	–	11,053	–	–	–	–	11,053
Other liabilities	–	15,194	–	–	–	–	15,194
	429,329	170,256	99,533	4,760	46,498	72,452	822,828
<i>Derivative liabilities</i>	–	923	393	92	191	799	2,398
Total liabilities	P429,329	P171,179	P99,926	P4,852	P46,689	P73,251	P825,226



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, 2023 and 2022 follows (amounts in millions):

	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%

	December 31, 2022	
	Group	Parent Bank
Total HQLA	₱284,622	₱238,303
Total net cash outflows	191,939	167,553
LCR Ratio	148.29%	142.23%

Net Stable Funding Ratio (NSFR)

On June 6, 2018, the BSP issued BSP Circular No. 1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR). The NSFR is aimed to promote long-term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short-term resilience of a bank's liquidity profile. Banks shall maintain an NSFR of at least 100 percent (100%) at all times. The implementation of the minimum NSFR shall be phased in to help ensure that covered banks can meet the standard through reasonable measures without disrupting credit extension and financial market activities. Banks shall comply with the prescribed minimum ratio of 100%. As of December 31, 2023 and 2022, the NSFR was at 123.54% and 123.81%, respectively, for the Group, and at 124.03% and 122.03%, 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, 2023 and 2022 follows (amounts in millions of Philippine pesos)

	Foreign Exchange	Interest Rate	Equity	Total VaR
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
 2022	 ₱135.4	 ₱1,132.7	 ₱—	 ₱1,574.3
Average daily	97.6	2,441.5	—	3,141.7
Highest	233.3	5,001.8	—	5,026.6
Lowest	7.9	1,132.7	—	1,574.3

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 2023			Total
	Up to Six Months	Beyond Six Months To One Year	Beyond One Year	
<i>Resources</i>				
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
<i>Liabilities</i>				
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



	Group			
	2022			
	Up to Six Months	Beyond Six Months To One Year	Beyond One Year	Total
<i>Resources</i>				
Loans	₱175,895	₱67,406	₱236,326	₱479,627
Placements	103,164	—	61,240	164,404
Investments	6,539	2,678	323,826	333,043
	285,598	70,084	621,392	977,074
<i>Liabilities</i>				
Deposit liabilities	235,191	27,557	448,556	711,304
Bills payable	94,048	13,431	25,368	132,847
Notes and bonds payable	8,313	19,035	24,296	51,644
	337,552	60,023	498,220	895,795
Asset-Liability Gap	(₱51,954)	₱10,061	₱123,172	₱81,279

	Parent Bank			
	2023			
	Up to Six Months	Beyond Six Months To One Year	Beyond One Year	Total
<i>Resources</i>				
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
<i>Liabilities</i>				
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

	Parent Bank			Total
	2022			
	Up to Six Months	Beyond Six Months To One Year	Beyond One Year	
<i>Resources</i>				
Loans	₱169,462	₱57,440	₱166,832	₱393,734
Placements	56,906	—	66,580	123,486
Investments	6,464	2,658	314,330	323,452
	232,832	60,098	547,742	840,672
<i>Liabilities</i>				
Deposit liabilities	174,915	24,956	424,050	623,921
Bills payable	88,764	—	10,545	99,309
Notes and bonds payable	8,313	19,035	24,296	51,644
	271,992	43,991	458,891	774,874
Asset-Liability Gap	(₱39,160)	₱16,107	₱88,851	₱65,798

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):

Increase (decrease) in interest rates (in basis points)	Group		Parent Bank	
	100	(100)	100	(100)
2023				
Change in annualized net interest income	(P1,647.7)	P1,647.7	(P1,259.0)	P1,259.0
As a percentage of net interest income	(3.17%)	3.17%	(3.34%)	3.34%
2022				
Change in annualized net interest income	(P927.8)	P927.8	(P606.3)	P606.3
As a percentage of net interest income	(1.49%)	1.49%	(1.32%)	1.32%

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, 2023 and 2022 is shown below:

	Group 2023		
	U.S. Dollars	Other Foreign Currencies	Total
<i>Resources:</i>			
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
	7,376,868	6,017,636	13,394,504
<i>Liabilities:</i>			
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	361,075	153,748	514,823
	26,741,196	19,931,652	46,672,848
Currency swaps and forwards	51,291,204	15,844,124	67,135,328
Net exposure	₱31,926,876	₱1,930,108	₱33,856,984
	Group 2022		
	U.S. Dollars	Other Foreign Currencies	Total
<i>Resources:</i>			
Cash and other cash items	₱15,207	₱592,166	₱607,373
Due from other banks	5,507,861	2,783,336	8,291,197
Financial assets at FVTPL	—	955	955
Financial assets at amortized cost	—	1,868,279	1,868,279
Loans and other receivables	3,579,372	147,946	3,727,318
	9,102,440	5,392,682	14,495,122
<i>Liabilities:</i>			
Deposit liabilities	—	4,416,831	4,416,831
Bills payable	75,173,396	12,103	75,185,499
Notes and bonds payable	6,969,375	—	6,969,375
Derivative liabilities	—	1,567	1,567
Accrued interest and other expenses	451,087	210	451,297
Other liabilities	59,019	98,364	157,383
	82,652,877	4,529,075	87,181,952
Currency swaps and forwards	49,162,467	(648,950)	48,513,517
Net exposure	(₱24,387,970)	₱214,657	(₱24,173,313)



	Parent Bank		
	2023		
	U.S. Dollars	Other Foreign Currencies	Total
<i>Resources:</i>			
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
	7,149,293	4,894,538	12,043,831
<i>Liabilities:</i>			
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	48,082	122,445	170,527
	26,428,203	19,871,823	46,300,026
Currency swaps and forwards	51,291,204	15,098,480	66,389,684
Net exposure	₱32,012,294	₱121,195	₱32,133,489

	Parent Bank		
	2022		
	U.S. Dollars	Other Foreign Currencies	Total
<i>Resources:</i>			
Cash and other cash items	₱15,207	₱592,166	₱607,373
Due from other banks	5,323,373	2,783,335	8,106,708
Financial assets at FVTPL	—	955	955
Financial assets at amortized cost	—	1,868,279	1,868,279
Loans and other receivables	3,579,372	147,946	3,727,318
	8,917,952	5,392,681	14,310,633
<i>Liabilities:</i>			
Deposit liabilities	—	4,416,831	4,416,831
Bills payable	75,173,396	12,103	75,185,499
Notes and bonds payable	6,969,375	—	6,969,375
Derivative liabilities	—	1,567	1,567
Accrued interest and other expenses	451,087	210	451,297
Other liabilities	59,019	98,364	157,383
	82,652,877	4,529,075	87,181,952
Currency swaps and forwards	49,162,467	(648,950)	48,513,517
Net exposure	(₱24,572,458)	₱214,656	(₱24,357,802)

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.



	2023		2022	
	% Change	Effect on Net Profit For the Year	% Change	Effect on Net Profit For the Year
U.S. dollars	1.0%	(705,647)	1.0%	(245,721)
Japanese yen	2.0%	(630,043)	2.0%	1,250
Euros	1.0%	7,608	1.5%	2,529
Others	1.2%	6,894	1.6%	(355)

Operational Risk

BSP Circular No. 900, Guidelines on Operational Risk Management, serve as the groundwork for the Bank's Operational Risk Management (ORM) framework. This is to standardize the approach undertaken by the Bank in order to facilitate consistently strong ORM practices across the organization.

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

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

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

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

Legal Risk and Regulatory Risk Management

Legal risk pertains to the Parent Bank's exposure to losses arising from cases decided not in favor of the Parent Bank where significant legal costs have already been incurred, or in some instances, where the Parent Bank may be required to pay damages. The Parent Bank is often involved in litigation in enforcing its collection rights under loan agreements in case of borrower default. The Parent Bank may incur significant legal expenses as a result of these events, but the Parent Bank may still end up with non-collection or non-enforcement of claims.



The Parent Bank has established measures to avoid or mitigate the effects of these adverse decisions and engages several qualified legal advisors, who were endorsed to and carefully approved by senior management. At year-end, the Parent Bank also ensures that material adjustments or disclosures are made in the financial statements for any significant commitments or contingencies which may have arisen from legal proceedings involving the Parent Bank.

Regulatory risk refers to the potential risk for the Parent Bank and its subsidiaries to suffer financial loss due to changes in the laws, monetary, tax, or other governmental regulations of the country. Compliance risk is the Bank's potential exposure to legal penalties, financial forfeiture and material loss, resulting from its failure to act in accordance with industry laws and regulations, internal policies or prescribed best practices. 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, 2023 and 2022, as reported to the BSP, follow (amounts in millions):

	Group		Parent Bank	
	2023	2022	2023	2022
Common Equity Tier 1 Capital				
Paid-up common stock	P23,538	P21,421	P23,538	P21,421
Common stock dividends distributable	6,355	–	6,355	–
Additional paid in capital	57,769	47,950	57,769	47,950
Surplus free	75,449	77,052	77,388	78,044
Undivided profits	8,624	11,506	9,241	12,093
Other comprehensive income/(loss)	(3,390)	(15,289)	(3,357)	(15,384)
Minority interest in financial allied subsidiary	655	866	–	–
Sub-total	169,000	143,506	170,934	144,124
Less Regulatory Adjustments:				
Treasury stock	P3	P–	P2	P–
Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI, and unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates	448	293	400	1,191
Deferred income tax	9,024	7,288	6,936	5,301
Goodwill	48,843	57,232	43,340	51,456
Other intangible assets	12,820	3,760	10,810	1,499
Defined benefit pension fund assets	–	7	–	–
Un-booked valuation reserves	–	2,109	–	1,694
Investments in equity of consolidated subsidiary banks and quasi banks, and other financial allied undertakings	–	–	36,439	31,325
Total regulatory adjustments to Common Equity Tier 1 capital	71,138	70,689	97,927	92,466
Total Common Equity Tier 1 capital	97,862	72,817	73,007	51,658
Total Tier 1 capital	P97,862	P72,817	P73,007	P51,658
Tier 2 Capital				
General loan loss provision	P5,770	P4,443	P4,773	P3,268
Unsecured subordinated debt	6,762	6,756	6,762	6,756
Total Tier 2 capital	12,532	11,199	11,535	10,024
Net Tier 1 capital	97,862	72,817	73,007	51,658
Net Tier 2 capital	12,532	11,199	11,535	10,024
Total qualifying capital	110,394	84,016	84,542	61,682
Credit risk-weighted assets	608,482	556,365	477,080	455,410
Market risk-weighted assets	20,816	7,127	20,789	6,831
Operational risk-weighted assets	74,642	80,922	55,781	60,374
Total risk-weighted assets	P703,940	P644,414	P553,650	P522,615
Capital ratios:				
Total regulatory capital expressed as percentage of total risk weighted assets	15.68%	13.04%	15.27%	11.80%
Total Tier 1 expressed as percentage of total risk-weighted assets	13.90%	11.30%	13.19%	9.88%
Total Common Equity Tier 1 expressed as percentage of total risk-weighted assets	13.90%	11.30%	13.19%	9.88%
Conservation buffer	7.90%	5.30%	7.19%	3.88%

The Group and the Parent Bank have fully complied with the CAR requirements of the BSP.



The breakdown of credit risk-weighted assets, market risk-weighted assets and operational risk-weighted assets follow (amounts in millions):

	Group		Parent Bank	
	2023	2022	2023	2022
On-books assets	₱589,047	₱534,813	₱457,879	₱433,867
Off-books assets	9,401	10,410	9,387	10,401
Counterparty risk-weighted assets:				
in the banking books	8,671	9,619	8,671	9,619
in the trading books	1363	1,523	1363	1,523
Gross Credit Risk-Weighted Assets	₱608,482	₱556,365	₱477,300	₱455,410
Excess of amount permitted in upper Tier 2	—	—	220	—
Total Credit Risk-Weighted Assets	₱608,482	₱556,365	₱477,080	₱455,410
Capital Requirements	₱60,848	₱55,637	₱47,708	₱45,541
Interest rate exposures	₱8,328	₱5,419	₱8,328	₱5,419
Equity exposures	—	—	—	—
Foreign exchange exposures	12,488	1,708	12,461	1,412
Total Market Risk-Weighted Assets	₱20,816	₱7,127	₱20,789	₱6,831
Capital Requirements	₱2,082	₱713	₱2,079	₱683
Total Operational Risk-Weighted Assets - Basic indicator	₱74,642	₱80,922	₱55,781	₱60,374
Capital Requirements	₱7,464	₱8,092	₱5,578	₱6,037

The total credit exposure broken down by type of exposures and risk weights follow (amounts in millions):

	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	—	—	3,057	—	3,057

(Forward)



	Group					Total Weighted Assets
	2023					
	Credit Risk Total Credit Risk Exposure	Total Credit Risk Exposure after Risk Mitigation	0%-50%	75%-100%	150%	
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	P16,881	P–	P–	P3,377	P–	P3,377
	P24,434	P–	P–	P9,401	P–	P9,401
Counterparty Risk-Weighted Assets in the Banking Books						
Repo-style Exposure	P114,057	P15,892	P13,897	P1,995	P–	P8,671
Counterparty Risk-Weighted Assets in the Trading Books						
Interest Rate Contracts	P–	P–	P–	P–	P–	P–
Exchange Rate Contracts	101,841	2,231	1,679	552	–	1,363
Total	P101,841	P2,231	P1,679	P552	P–	P1,363

	Group					
	2022					
	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	₱9,873	₱9,873	₱9,873	₱–	₱–	₱–
Checks and other cash items	18	18	18	–	–	4
Due from BSP	94,630	94,630	94,630	–	–	–
Due from other banks	46,254	46,254	43,111	3,144	–	22,893
Financial assets at FVTPL	39	39	–	39	–	39
Financial assets at FVOCI	80,679	69,443	49,460	19,983	–	24,253
Financial assets at amortized cost	248,372	248,372	228,213	20,159	–	27,287
Loans and receivables	461,304	459,917	91,711	361,647	6,560	407,172
SPURRA	23,565	3,323	3,323	–	–	–
Sales contract receivable (SCR)	2,162	2,162	–	1,039	1,123	2,724
ROPA	5,297	5,297	–	–	5,297	7,946
Other assets	39,045	39,045	–	39,045	–	39,045
Total risk-weighted on-books assets not covered by CRM	1,011,238	978,373	520,339	445,056	12,980	531,363
Total risk-weighted on-books assets covered by CRM	–	32,864	32,864	–	–	3,450
	₱1,011,238	₱1,011,237	₱553,203	₱445,056	₱12,980	₱534,813
Risk-Weighted Off-Books Assets						
Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances)	₱4,536	₱–	₱–	₱4,536	₱–	₱4,536
Transaction-related contingencies (e.g., performance bonds, bid bonds, warrantees and stand-by LCs related to particular transactions)	4,600	–	–	2,300	–	2,300
Trade-related contingencies arising from movements of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one year	17,873	–	–	3,574	–	3,574
	₱27,009	₱–	₱–	₱10,410	₱–	₱10,410

(Forward)



	Group					
	2022					
	Credit Risk Total Credit Risk Exposure	Total Credit Risk Exposure after Risk Mitigation	0%-50%	75%-100%	150%	Total Weighted Assets
Counterparty Risk-Weighted Assets in the Banking Books						
Repo-style Exposure	₱97,000	₱18,770	₱18,302	₱468	₱—	₱9,619
Counterparty Risk-Weighted Assets in the Trading Books						
Interest Rate Contracts	₱1,115	₱—	₱—	₱—	₱—	₱—
Exchange Rate Contracts	107,982	2,413	1,685	728	—	1,523
Total	₱109,097	₱2,413	₱1,685	₱728	₱—	₱1,523

	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	—	55,459	—	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
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



	Parent Bank					
	2022					
	Credit Risk Total Credit Risk Exposure	Total Credit Risk Exposure after Risk Mitigation	0%-50%	75%-100%	150%	Total Weighted Assets
Risk-Weighted On-Books Assets						
Cash on hand	₱8,924	₱8,924	₱8,924	₱ –	₱ –	₱–
Due from BSP	66,595	66,595	66,595	–	–	–
Due from other banks	42,278	42,278	40,929	1,348	–	20,007
Financial assets through other comprehensive income	80,384	69,148	49,392	19,756	–	24,015
Financial assets at amortized cost	239,143	239,143	218,985	20,159	–	27,269
Loans and receivables	379,934	378,629	90,084	286,201	2,344	324,589
SPURRA	14,645	1,539	1,539	–	–	–
SCR	2,063	2,063	–	989	1,074	2,600
ROPA	3,839	3,839	–	–	3,839	5,759
Other assets	26,189	26,189	–	26,189	–	26,189
Total risk-weighted on-books assets not covered by CRM	863,994	838,347	476,448	354,642	7,257	430,428
Total risk-weighted on-books assets covered by CRM	–	25,647	25,647	–	–	3,439
	₱863,994	₱863,994	₱502,095	₱354,642	₱7,257	₱433,867
Risk-Weighted Off-Books Assets						
Direct credit substitutes (e.g., general guarantee of indebtedness and acceptances)	₱4,536	₱–	₱–	₱4,536	₱–	₱4,536
Transaction-related contingencies (e.g., performance bonds, bid bonds, warranties and stand-by LCs related to particular transactions)	4,600	–	–	2,300	–	2,300
Trade-related contingencies arising from movements of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one year	17,826	–	–	3,565	–	3,565
	₱26,962	₱–	₱–	₱10,401	₱–	₱10,401
Counterparty Risk-Weighted Assets in the Banking Books						
Repo-style Exposure	₱97,000	₱18,770	₱18,302	₱468	₱–	₱9,619
Counterparty Risk-Weighted Assets in the Trading Books						
Interest Rate Contracts	₱1,115	₱–	₱–	₱–	₱–	₱–
Exchange Rate Contracts	107,982	2,413	1,685	728	–	1,523
Total	₱109,097	₱2,413	₱1,685	₱728	₱–	₱1,523

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, 2023 and 2022. 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, 2023 and 2022 follow (amounts in millions, except for percentages):

	Consolidated		Parent Bank	
	2023	2022	2023	2022
Tier 1 Capital	₱97,862	₱72,817	₱73,007	₱51,658
Exposure Measure	1,123,087	1,035,178	915,156	888,335
BLR	8.71%	7.03%	7.98%	5.82%

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 2023, the Group and Parent Bank's ICAAP Document was submitted to the BSP on March 30, 2023.

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.

In 2023, given the significant growth in mass market and digital banking products, the Group revisited the level of aggregation of its consumer banking segment. Given the differences in processes and customer characteristics, the Group assessed that there is a change in the level of aggregation, and Mass Market/ Digital Banking is now presented as a separate operating segment. In accordance with PFRS, the Group retroactively presented the comparative information separating this segment from the others.

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.

(b) Institutional Banking

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



(c) 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, 2023, 2022 and 2021 follow (amounts in millions):

	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	P42,037	P14,992	P8,554	P3,784	P1,224	P187	P70,778
Other expenses	(20,612)	(8,454)	(3,680)	(1,786)	(672)	(9,684)	(44,888)
Income before credit losses and income tax	P21,425	P6,538	P4,874	P1,998	P552	(P9,497)	25,890
Provision for credit losses							(14,041)
Tax expense							(2,644)
Net income							P9,205
Segment resources	P194,610	P182,076	P210,701	P383,954	P1,869	P171,933	P1,145,143
Segment liabilities	P403,353	P155,938	P150,684	P214,413	P245	P44,885	P969,518
Other information:							
Depreciation and amortization	P35	P644	P70	P5	P6	P1,906	P2,666
Capital expenditures	171	605	362	43	—	3,144	4,325



Segment Reporting and Fair Value Measurement and Offsetting of Financial Assets and Financial Liabilities

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	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	₱23,657	₱11,095	₱9,329	₱5,260	₱727	₱2,132	₱52,200
Other expenses	(11,544)	(6,449)	(3,134)	(1,940)	(332)	(7,949)	(31,348)
Income before credit losses and income tax	₱12,113	₱4,646	₱6,195	₱3,320	₱395	(₱5,817)	20,852
Provision for credit losses							(4,068)
Tax expense							(4,039)
Net income							₱12,745
Segment resources	₱174,533	₱148,966	₱210,838	₱405,454	₱1,600	₱151,495	₱1,092,886
Segment liabilities	₱394,203	₱126,431	₱130,426	₱250,306	₱222	₱43,084	₱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

	Consumer Banking	Mass Market/ Digital	Institutional	Treasury	Trust/ Insurance and Brokerage	Headquarters	Total
December 31, 2021							
Results of operations							
Net interest income and other income	₱11,053	₱8,856	₱9,522	₱13,254	₱337	₱2,094	₱45,116
Other expenses	(6,090)	(5,991)	(3,148)	(1,319)	(176)	(7,596)	(24,320)
Income before credit losses and income tax	₱4,963	₱2,865	₱6,374	₱11,935	₱161	(₱5,502)	20,796
Provision for credit losses							(5,811)
Tax expense							(2,407)
Net income							₱12,578
Segment resources	₱78,100	₱123,500	₱198,796	₱337,676	₱74	₱92,949	₱831,095
Segment liabilities	₱290,339	₱105,372	₱151,029	₱150,119	₱7	₱22,016	₱718,882
Other information:							
Depreciation and amortization	₱13	₱424	₱50	₱4	₱7	₱1,126	₱1,624
Capital expenditures	259	139	342	7	—	2,639	3,386

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, 2023			
	Level 1	Level 2	Level 3	Total
<i>Resources</i>				
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
<i>Liabilities</i>				
Derivative liabilities	–	926,176	–	926,176
December 31, 2022				
<i>Resources</i>				
Financial assets at FVTPL				
Debt securities	₱6,996,559	₱–	₱–	₱6,996,559
Equity securities	39,338	411,050	31,000	481,388
Derivative assets	–	1,122,881	52,688	1,175,569
Trust fund assets	–	60,109	–	60,109
Financial assets at FVOCI				
Debt securities	79,489,027	–	–	79,489,027
Equity securities	–	–	272,735	272,735
<i>Liabilities</i>				
Derivative liabilities	–	1,546,773	–	1,546,773



Parent Bank

December 31, 2023				
	Level 1	Level 2	Level 3	Total
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
December 31, 2022				
	Level 1	Level 2	Level 3	Total
Resources				
Financial assets at FVTPL				
Debt securities	₱6,996,559	₱—	₱—	₱6,996,559
Equity securities	—	411,050	—	411,050
Derivative assets	—	1,122,881	52,688	1,175,569
Financial assets at FVOCI				
Debt securities	79,421,431	—	—	79,421,431
Equity securities	—	—	46,247	46,247
Liabilities				
Derivative liabilities	—	1,546,773	—	1,546,773

b) Financial instruments measured at amortized cost and investment properties for which fair value is disclosed

Group

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
December 31, 2022					
	Carrying Value	Level 1	Level 2	Level 3	Total
Resources					
Financial Assets					
Financial assets at amortized cost	₱244,627,904	₱219,164,614	₱—	₱—	₱219,164,614
Loans and other receivables	479,626,649	—	—	473,119,154	473,119,154
Nonfinancial Assets					
Investment properties	8,258,873	—	—	16,767,610	16,767,610
Liabilities					
Financial Liabilities					
Deposit liabilities	711,303,942	—	—	711,341,525	711,341,525
Bills payable	132,846,789	—	127,994,547	—	127,994,547
Notes and bonds payable	51,644,325	—	48,770,253	—	48,770,253



Parent Bank

	December 31, 2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
Resources					
Financial assets at amortized cost	P305,334,583	P285,206,482	P–	P–	P285,206,482
Loans and other receivables	411,823,839	–	–	399,803,520	399,803,520
Investment properties	7,359,283	–	–	17,343,691	17,343,691
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

	December 31, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total
Resources					
Financial assets at amortized cost	P235,400,671	P210,794,053	P–	P–	P210,794,053
Loans and other receivables	393,734,345	–	–	387,226,850	387,226,850
Investment properties	7,124,049	–	–	16,572,598	16,572,598
Liabilities					
Deposit liabilities	623,921,032	–	–	623,958,615	623,958,615
Bills payable	99,309,124	–	94,456,882	–	94,456,882
Notes and bonds payable	51,644,325	–	48,770,253	–	48,770,253

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years. Certain disclosures required for financial instruments measured at fair value and classified as Level 3 are not presented as these financial instruments are comprised of derivative assets and unquoted equity securities that are not material to the financial statements.

Below information provided about how the fair values of the Group's classes of financial instruments are determined.

- (a) *For Cash and other cash items, Due from BSP and other banks, Interbank loans receivable, SPURRA (included under loans and other receivable) and Returned checks and other cash items, and Other liabilities such as Manager's checks, Bills purchased, Accounts payable, Accrued interest payable, Payment orders payable and Due to Treasurer of the Philippines* Management considers that the carrying amounts approximate their fair value due to their short-term nature. Accordingly, these are not presented in the tables above.
- (b) *Debt securities*
Fair values of debt securities under Level 1, composed of government securities issued by the Philippine government and other foreign governments and private debt securities, are determined based on quoted prices at the close of business as appearing on Bloomberg. Fair values of debt securities under Level 2 composed of government securities, determined based on observable input prices of similar securities appearing on Bloomberg.
- (c) *Derivatives*
The fair values of derivative financial instruments that are not quoted in an active market are determined through valuation techniques using the net present value computation (see Note 3). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.
- (d) *Equity securities*
Instruments included in Level 1 comprise equity securities classified as financial assets at FVTPL. These securities are valued based on their closing prices published by the Philippine Stock Exchange.



Club shares classified as financial assets at FVTPL are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

Equity instruments included in Level 3 are UIC's investment in unquoted equity securities valued using the adjusted net asset method. The adjusted net asset method involves deriving the fair value of the investee's equity instruments by reference to the fair value of its assets and liabilities. Adjustments in the fair value of the investee's net assets, such as discount for the lack of liquidity, were also considered in the valuation. The Level 3 unquoted equity instruments are not material to the consolidated financial statements.

(e) *Loans and receivables, Deposit liabilities and Bills payable*

The Group maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(f) *Notes and bonds payable*

Fair values of notes and bonds payable under Level 2 are determined based on quoted prices at the close of business as appearing on PDEX and Bloomberg. These are classified as Level 2 due to absence of an active market.

(g) *Investment properties*

The fair values of the Group's investment properties are determined on the basis of the appraisals performed by internal appraisers (for investment properties with values below ₱5 million) and independent appraisal companies acceptable to the BSP (for investment properties with fair values above ₱5 million), with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation process is conducted by the appraisers with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, appraisal companies take into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management's assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair values of investment properties are determined using the market data approach that reflects observable and recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable property in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable and recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value will be the lower level of the hierarchy or Level 3. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value.

There has been no change in the valuation techniques used by the Group during the year for its investment properties.



Fair Value Measurement, Offsetting of Financial Assets and Financial Liabilities and Cash and Balances with the BSP

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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, 2023 and 2022 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, 2023				December 31, 2022			
	Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Exposure	Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Exposure
		Financial Instruments	Collateral Received			Financial Instruments	Collateral Received	
Financial Assets								
Derivative Assets								
Currency forwards	₱171,025	₱75,833	₱—	₱95,192	₱807,279	₱379,452	₱—	₱427,827
Cross currency interest rate swaps	469,300	57,965	—	411,335	315,602	21,550	—	294,052
Loans and Receivables	25,785,023	—	25,785,023	—	23,948,338	—	23,948,338	—
Total financial assets	₱26,425,348	₱133,798	₱25,785,023	₱506,527	₱25,071,219	₱401,002	₱23,948,338	₱721,879
Financial Liabilities								
Derivative Liabilities								
Currency forwards	₱741,313	₱75,833	₱—	₱665,480	₱1,306,506	₱379,452	₱—	₱927,054
Cross currency swaps	184,863	57,965	—	126,898	240,267	21,550	—	218,717
Deposit Liabilities	595,679	373,904	—	221,775	652,651	331,529	—	321,122
Bills Payable	25,411,119	25,411,119	—	—	23,553,973	23,553,973	—	—
Total financial liabilities	₱26,932,974	₱25,918,821	₱—	₱1,014,153	₱25,753,397	₱24,286,504	₱—	₱1,466,893

	Parent Bank							
	December 31, 2023				December 31, 2022			
	Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Exposure	Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Exposure
		Financial Instruments	Collateral Received			Financial Instruments	Collateral Received	
Financial assets								
Derivative assets								
Currency forwards	₱171,025	₱75,833	₱—	₱95,192	₱807,279	₱379,452	₱—	₱427,827
Cross currency interest rate swaps	469,300	57,965	—	411,335	315,602	21,550	—	294,052
Loans and receivables	3,498,457	—	3,498,457	—	14,966,340	—	14,966,340	—
Total financial assets	₱4,138,782	₱133,798	₱3,498,457	₱506,527	₱16,089,221	₱401,002	₱14,966,340	₱721,879
Financial liabilities								
Derivative liabilities								
Currency forwards	₱741,313	₱75,833	₱—	₱665,480	₱1,306,506	₱379,452	₱—	₱927,054
Cross currency swaps	184,863	57,965	—	126,898	240,267	21,550	—	218,717
Deposit liabilities	511,063	314,379	—	196,684	610,047	331,529	—	278,518
Bills Payable	3,184,078	3,184,078	—	—	14,634,811	14,634,811	—	—
Total financial liabilities	₱4,621,317	₱3,632,255	₱—	₱989,062	₱16,791,631	₱15,367,342	₱—	₱1,424,289



8. Cash and Balances with the BSP

These accounts are composed of the following as of December 31:

	Group		Parent Bank	
	2023	2022	2023	2022
Cash and other cash items	₱10,439,112	₱9,891,536	₱9,350,898	₱8,924,249
Due from BSP				
Mandatory reserves	₱56,967,441	₱62,263,916	₱53,955,218	₱59,250,130
Non-mandatory reserves	25,676,222	32,346,392	9,927,906	7,337,991
	₱82,643,663	₱94,610,308	₱63,883,124	₱66,588,121

Cash consists primarily of funds in the form of Philippine currency notes and coins in the Group and the Parent Bank's vault and those in the possession of tellers, including ATMs. Other cash items include cash items (other than currency and coins on hand) such as checks drawn on other banks or other branches that were received after the Group and the Parent Bank's clearing cut-off time until the close of the regular banking hours.

Mandatory reserves represent the balance of the deposit account maintained with the BSP to meet reserve requirements and to serve as clearing account for interbank claims (see Note 21). Due from BSP bears annual interest rates ranging from 5.00% to 6.71% in 2023, from 1.50% to 5.00% in 2022, and from 1.50% to 2.00% in 2021, 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 ₱1,465,746, ₱896,452 and ₱665,311 in 2023, 2022, and 2021, respectively, while the total interest income on Due from BSP recognized by the Parent Bank amounted to ₱290,285, ₱487,778 and ₱325,236 in 2023, 2022, and 2021, respectively.

Under Section 254 of the MORB, a bank shall keep its required reserves in the form of deposits placed in the bank's demand deposit account with the BSP. Section 254.1 of the MORB further provides that such deposit account with the BSP is not considered as a regular current account as drawings against such deposits shall be limited to: (a) settlement of obligation with the BSP, and (b) withdrawals to meet cash requirements.

9. Due from Other Banks

The balance of this account consists of regular deposits with the following:

	Group		Parent Bank	
	2023	2022	2023	2022
Foreign banks	₱22,905,216	₱41,686,572	₱22,905,216	₱41,686,572
Local banks	4,358,131	4,553,392	282,817	576,957
	₱27,263,347	₱46,239,964	₱23,188,033	₱42,263,529



The breakdown of this account as to currency follows:

	Group		Parent Bank	
	2023	2022	2023	2022
U.S. dollars	₱20,482,672	₱39,093,926	₱20,373,199	₱38,909,437
Philippine pesos	4,507,037	4,362,703	541,197	570,757
Other currencies	2,273,638	2,783,335	2,273,637	2,783,335
	₱27,263,347	₱46,239,964	₱23,188,033	₱42,263,529

Annual interest rates on these deposits range from 0.00% to 5.40% in 2023, from 0.00% to 2.30% in 2022, and from 0.00% to 2.00% in 2021. Total interest income on Due from other banks earned by the Group amounted to ₱694,490, ₱103,736, and ₱14,429 in 2023, 2022, and 2021, respectively, while total interest income earned by the Parent Bank amounted to ₱656,870, ₱97,199, and ₱7,634 in 2023, 2022, and 2021, respectively.

Due from other banks is net of allowance for credit losses amounting to ₱11,874 and ₱18,447, as of December 31, 2023 and 2022, respectively.

10. Interbank Loans Receivable and Securities Purchased under Repurchase Agreements

Interbank loans receivable consists of foreign currency-denominated loans granted to other banks with terms ranging from 1 to 10 days as of 2023 and from 1 to 68 days as of 2022. 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 ₱251,783, ₱260,343, and ₱23,256 in 2023, 2022, and 2021, respectively, for the Group, and ₱251,783, ₱259,183, and ₱22,170 in 2023, 2022, and 2021, respectively, for the Parent Bank. Interest income on SPURRA amounted to ₱1,116,021, ₱566,019, and ₱300,764 in 2023, 2022, and 2021, respectively, for the Group, and ₱266,369, ₱393,663, and ₱204,381 in 2023, 2022, and 2021, respectively, for the Parent Bank.

Annual interest rates on interbank loans receivable range from 0.00% to 6.44% in 2023, from 0.05% to 5.03% in 2022, and 0.01% to 2.00% in 2021. SPURRA bears nominal annual interest ranging from 5.50% to 6.48% in 2023, from 0.00% to 5.23% in 2022, and from 0.10% to 3.05% in 2021.

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, 2023 and 2022 consist of the following:

	Group		Parent Bank	
	2023	2022	2023	2022
Debt securities held for trading	₱4,542,117	₱6,996,559	₱4,542,117	₱6,996,559
Equity securities designated at FVTPL	570,949	481,388	442,100	411,050
Derivative assets	692,650	1,175,569	692,650	1,175,569
	₱5,805,716	₱8,653,516	₱5,676,867	₱8,583,178



The breakdown of this account as to currency follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Philippine pesos	₱3,222,363	₱5,304,291	₱3,093,514	₱5,233,953
U.S. dollars	2,582,650	3,348,270	2,582,650	3,348,270
Others	703	955	703	955
	₱5,805,716	₱8,653,516	₱5,676,867	₱8,583,178

The Group recognized fair value gains (losses) on financial assets at FVTPL amounting to ₱502,136, (₱281,559), and (₱440,044) in 2023, 2022, and 2021, respectively, while the Parent Bank recognized fair value gains (losses) on financial assets at FVTPL amounting to ₱501,185, (₱282,465) and (₱440,453), in 2023, 2022, and 2021, respectively, and included as part of Gains (losses) on trading and investment securities at FVTPL and FVOCI in the statement of income.

Interest income generated from these financial assets amounted to ₱194,354, ₱203,766, and ₱244,587 in 2023, 2022, and 2021, respectively, for the Group, and ₱193,268, ₱203,766, and ₱244,587 in 2023, 2022, and 2021, respectively, for the Parent Bank. 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. In 2021, annual interest rates on these financial assets range from 2.38% to 4.62% and from 1.38% to 10.63% for securities denominated in Philippine peso and U.S. dollars, respectively.

Derivative instruments include warrants, foreign exchange forwards and swaps and cross-currency interest rate swaps. These derivative instruments represent commitments to purchase/sell/exchange foreign currency or bonds on a future date at an agreed price, exchange rate and/or interest rates.

Equity securities include PSE listed securities, club shares and unquoted equity securities.

The aggregate contractual or notional amount of derivative financial instruments and the total fair values of derivative financial assets and liabilities of the Group and the Parent Bank are set out below.

	December 31, 2023		
	Notional Amount	Fair Values	
		Assets	Liabilities (Note 24)
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
December 31, 2022			
Currency forwards			
Bought	₱74,853,141	₱288,247	₱1,263,097
Sold	25,708,489	519,032	43,409
Cross currency interest rate swaps			
Payer	3,751,347	15,823	234,509
Receiver	3,917,497	299,779	5,758
Warrants		52,688	—
		₱1,175,569	₱1,546,773



12. Financial Assets at Amortized Cost

The Group's and the Parent Bank's financial assets at amortized cost as of December 31, 2023 and 2022 consist of the following:

	Group		Parent Bank	
	2023	2022	2023	2022
Government bonds and other debt securities	₱293,919,676	₱242,659,492	₱284,865,020	₱233,522,259
Private bonds and commercial papers	20,864,219	2,273,341	20,774,219	2,183,341
	314,783,895	244,932,833	305,639,239	235,705,600
Allowance for impairment (Note 20)	(304,656)	(304,929)	(304,656)	(304,929)
	₱314,479,239	₱244,627,904	₱305,334,583	₱235,400,671

Investment securities of both the Group and the Parent Bank with an aggregate principal amount of ₱120,461,769 and ₱103,659,400 of December 31, 2023 and 2022, 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, 2023 and 2022 follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Philippine pesos	₱217,448,551	₱211,267,150	₱208,303,895	₱202,039,917
U.S. dollars	95,104,589	31,492,475	95,104,589	31,492,475
Others	1,926,099	1,868,279	1,926,099	1,868,279
	₱314,479,239	₱244,627,904	₱305,334,583	₱235,400,671

Financial assets at amortized cost denominated in Philippine pesos have annual fixed interest rates ranging from 2.38% to 9.50% in 2023, from 2.38% to 18.25% in 2022, and from 1.03% to 18.25% in 2021, 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 2023 and 2022, and from 3.25% to 9.50% in 2021. These bonds have remaining maturities of 1 year to 30 years as at December 31, 2023 and 2022 and 1 year to 29 years as at December 31, 2021.

Interest income generated from these financial assets, including amortization of premium or discount, amounted to ₱13,810,046, ₱9,731,453, and ₱5,865,798 in 2023, 2022, and 2021, respectively, by the Group, and ₱13,365,395, ₱9,330,858, and ₱5,777,352 in 2023, 2022, and 2021, respectively, by the Parent Bank. This is shown as part of Interest income on investment securities at amortized cost and FVOCI account in the statement of income.

Government bonds with aggregate face value of ₱1.2 billion as of December 31, 2023, and 2022, 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, and ₱47.4 billion in 2022 and 2021, respectively, resulting in gains totaling ₱0.10 billion, and ₱8.45 billion in 2022 and 2021, respectively (see Note 3). There were no sale of investment securities classified as Investment securities at amortized cost in 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, 2023 and 2022 consist of the following:

	Group		Parent Bank	
	2023	2022	2023	2022
Debt securities:				
Government bonds	₱36,646,114	₱62,104,853	₱36,636,587	₱62,095,606
Private bonds and commercial papers	39,307	17,384,174	—	17,325,825
Equity securities	289,353	272,735	62,647	46,247
	₱36,974,774	₱79,761,762	₱36,699,234	₱79,467,678

The breakdown of this account as to currency as of December 31, 2023 and 2022 follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Philippine pesos	₱36,748,068	₱23,609,883	₱36,699,234	₱23,542,286
U.S. dollars	226,706	56,151,879	—	55,925,392
	₱36,974,774	₱79,761,762	₱36,699,234	₱79,467,678

The Group has designated the above equity securities as at FVOCI because they are held for long-term investments and are neither held-for-trading nor designated as at FVTPL. Unquoted equity securities pertain to golf club shares and investments in non-marketable equity securities.

Debt securities denominated in Philippine pesos have annual interest rates ranging from 2.88% to 9.25% for 2023 and 2022, and from 2.88% to 6.88% for 2021, while debt securities denominated in U.S. dollars have annual interest rates ranging from 1.25% to 9.63% in 2023 and 2022, and from 1.13% to 9.63% in 2021. Interest income, including amortization of premium or discount, amounted to ₱1,810,165 and ₱1,806,821 in 2023 for the Group and Parent Bank, respectively, ₱2,758,288 and ₱2,752,764 in 2022 for the Group and Parent Bank, respectively, and ₱1,840,975 and ₱1,833,323 in 2021 for the Group and Parent Bank, respectively, and is shown as part of Interest income on investment securities at amortized cost and FVOCI account in the statement of income.

In 2023, 2022 and 2021, the Group and the Parent Bank recognized gains from the sale of investments securities at FVOCI amounting to ₱0.42 billion, ₱0.10 billion, and ₱0.66 billion, respectively. The amounts are included under Gains on trading and investments securities at FVTPL and FVOCI in the statement of income.

As of December 31, 2023 and 2022, allowance for credit losses credited against other comprehensive income amounted to ₱65 and ₱12,287, respectively.



14. Loans and Other Receivables

The Group's and the Parent Bank's loans and other receivables as of December 31, 2023 and 2022 consist of the following:

	Group		Parent Bank	
	December 31		December 31	
	2023	2022	2023	2022
Receivables from customers:				
Loans and discounts	₱509,344,030	₱459,972,123	₱393,690,035	₱372,906,505
Customers' liabilities under acceptances and trust receipts	10,944,955	11,616,859	10,944,955	11,616,859
Bills purchased	2,432,182	3,180,968	2,432,182	3,180,968
Accrued interest receivable	6,554,565	5,725,612	3,194,525	2,892,184
	529,275,732	480,495,562	410,261,697	390,596,516
Unearned discounts	(2,741,969)	(2,235,708)	(367,697)	(235,514)
Allowance for impairment (Note 20)	(19,166,486)	(14,038,685)	(13,415,639)	(9,177,037)
	507,367,277	464,221,169	396,478,361	381,183,965
Other receivables:				
Accounts receivable	12,346,579	9,316,601	8,920,956	6,718,338
Accrued interest receivable	4,506,661	4,244,524	4,358,097	4,063,998
Sales contracts receivable	2,768,725	2,319,031	2,666,485	2,215,959
Installment contracts receivable	909	2,188	—	—
	19,622,874	15,882,344	15,945,538	12,998,295
Allowance for impairment (Note 20)	(844,323)	(476,864)	(600,060)	(447,915)
	18,778,551	15,405,480	15,345,478	12,550,380
	₱526,145,828	₱479,626,649	₱411,823,839	₱393,734,345

Restructured loans amounted to ₱2,534,769 and ₱2,766,595 as of December 31, 2023 and 2022, respectively, for the Group, and ₱2,464,565 and ₱2,733,513 as of December 31, 2023 and 2022, respectively, for the Parent Bank. Interest income on these restructured loans amounted to ₱113,116, ₱136,650, and ₱38,733 in 2023, 2022 and 2021, respectively, for the Group, and ₱111,147, ₱136,129 and ₱25,189 in 2023, 2022 and 2021, respectively, for the Parent Bank.

The maturity profile of loans and other receivables (net of unearned discounts) follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Less than one year	₱206,226,521	₱206,542,153	₱179,801,242	₱197,799,858
One year to less than five years	221,942,259	169,116,975	128,518,701	97,237,602
Beyond five years	117,987,857	118,514,319	117,519,595	108,353,086
	₱546,156,637	₱494,173,447	₱425,839,538	₱403,390,546

Loans and other receivables bear annual interest ranging from 4.25% to 14.00% in 2023 and 2022, and from 4% to 14% in 2021.



The breakdown of loans (receivable from customers excluding accrued interest receivable) as to type of interest rate follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Variable interest rates	₱379,224,034	₱274,129,500	₱278,853,696	₱274,129,500
Fixed interest rates	143,497,133	200,640,450	128,213,476	113,574,832
	₱522,721,167	₱474,769,950	₱407,067,172	₱387,704,332

The amounts of interest income per type of loans and receivables for each reporting period are as follows:

	Group		
	2023	2022	2021
Receivables from customers	₱59,015,283	₱35,862,813	₱27,270,729
Other receivables:			
Sales contracts receivable	203,642	141,615	101,402
Installment contracts receivable	159	286	318
	₱59,219,084	₱36,004,714	₱27,372,449

	Parent Bank		
	2023	2022	2021
Receivables from customers	₱38,670,624	₱23,773,696	₱17,402,061
Sales contracts receivable	182,597	133,692	95,200
	₱38,853,221	₱23,907,388	₱17,497,261

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	2023	2022
Acquisition costs:			
CSB	99.79%	₱6,746,861	₱6,746,861
UFSI (Note 1)	100%	5,097,261	5,097,261
UnionDigital (Note 1)	100%	3,900,000	3,000,000
UBX	100%	1,100,000	1,100,000
UIC	100%	924,861	924,861
UBIMTC (Note 1)	100%	300,000	—
FUPI	100%	290,002	290,002
UBPSI	100%	5,000	5,000
UDC	100%	3,125	3,125
		₱18,367,110	₱17,167,110



The movement in investments in subsidiaries is shown below:

	2023	2022	2021
Acquisition costs:			
Beginning balances	₱17,167,110	₱10,069,849	₱8,573,349
Additional investments (Note 1)	1,200,000	7,097,261	1,500,000
Others	—	—	(3,500)
	18,367,110	17,167,110	10,069,849
Accumulated equity in total comprehensive income:			
Beginning balances	14,615,586	13,013,106	13,294,638
Share in net profit (Note 28)	2,837,072	1,712,086	1,173,016
Dividends	(129,000)	(188,000)	(1,496,811)
Share in other comprehensive income (loss) (Note 29)	76,346	82,778	38,774
Others	—	(4,384)	3,489
	17,400,004	14,615,586	13,013,106
Net investment in subsidiaries	₱35,767,114	₱31,782,696	₱23,082,955

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, 2023 and 2022, the Group has investment in associates with aggregate carrying amounts of ₱37,675 and ₱123,396, respectively. The aggregate share in losses on these associates amounted to ₱21,300, ₱30,125, and ₱14,186 in 2023, 2022, and 2021, 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. This is accounted as an Investment in associate in the Parent Bank's statement of financial position. The result of the purchase of the said shares increased the Group's ownership in Bangko Kabayan to 97.52%. CSB's and UIC's ownership remained the same at 49% and 21%, respectively (see Note 1).

Sale of Investments in Fintech Platform Ventures Pte Ltd. by UBX SG

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).

Sale of Investments in Pacific Payments Pte. Ltd by UBX SG

On June 18, 2021, UBX SG sold its 25% stake in Pacific Payments Pte. Ltd.'s for a total consideration of \$5.4 million (₱262.4 million) resulting in a gain on sale of investment in associate amounting to \$3 million (₱156.0 million). UBX SG will use the proceeds to pursue growth and investments opportunities.

Sale of Investments in CC Mobile Financial Services Philippines, Inc. by UBX PH

On June 11, 2021, UBX sold its 35% equity ownership in CC Mobile Financial Services Philippines, Inc. to FPV pursuant to a corporate restructuring of the Finscore Group intended to consolidate the ownership of all its subsidiaries under one Singaporean holding company – FPV. UBX PH has agreed to assign the receivable from FPV arising from the sale to UBX SG. In exchange, UBX SG issued 64,760 Class A Redeemable Preferred Shares (RPS) ("UBX shares")



at an issue price of \$1.04 million (₱53.03 million) to UBX PH. UBX SG has, in turn, entered into a Subscription and Shareholders' Agreement dated June 4, 2021 wherein it subscribed to 1,350,000 shares (31.98% equity ownership) in FPV, free from any encumbrances, for the aggregate subscription consideration of \$1.39 million (₱70.88 million). As of December 31, 2021, UBX SG has 31.98% ownership in FPV, which in turn has 100% ownership in CC Mobile Financial Services Philippines, Inc.

Summarized Financial Information

The following table presents the combined financial information of the subsidiaries, which comprises of CSB, UnionDigital, PETNET, UBX, CFSI, UIC, Bangko Kabayan, FAIR Bank, PBI and UBIMTC as of and for the years ended December 31, 2023 and 2022:

	Assets	Liabilities	Revenues	Net Profit (Loss)
2023	₱187,953,140	₱157,096,503	₱25,946,479	₱3,126,768
2022	154,318,123	127,538,388	16,079,090	2,491,764

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, 2023 and 2022 are shown below.

	Group					Total
	Land	Buildings	Furniture, Fixtures and Equipment	Right-of-use Asset	Leasehold and Improvements	
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
December 31, 2022						
Cost	₱850,660	₱5,070,587	₱5,314,628	₱3,416,378	₱1,852,361	₱16,504,614
Accumulated depreciation and amortization	—	(929,215)	(3,477,933)	(2,112,457)	(1,278,390)	(7,797,995)
Net carrying amounts	₱850,660	₱4,141,372	₱1,836,695	₱1,303,921	₱573,971	₱8,706,619
	Parent Bank					Total
	Land	Buildings	Furniture, Fixtures and Equipment	Right-of-use Asset	Leasehold and Improvements	
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
December 31, 2022						
Cost	₱248,301	₱4,574,015	₱3,878,962	₱2,751,126	₱904,476	₱12,356,880
Accumulated depreciation and amortization	—	(671,565)	(2,348,595)	(1,682,023)	(418,663)	(5,120,846)
Net carrying amounts	₱248,301	₱3,902,450	₱1,530,367	₱1,069,103	₱485,813	₱7,236,034



A reconciliation of the carrying amounts at the beginning and end of 2023 and 2022 of this account (including right-of-use assets) is shown below:

	Group					Total
	Land	Buildings	Furniture, Fixtures and Equipment	Right-of-Use Assets	Leasehold and Improvements	
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
Balances at January 1, 2022, net of accumulated depreciation and amortization	₱850,660	₱2,246,859	₱1,850,968	₱1,194,627	₱622,657	₱6,765,771
Additions	—	15,282	454,858	523,806	81,451	1,075,397
Disposals	—	—	(24,849)	—	—	(24,849)
Reclassifications/adjustments	—	23,476	(2,784)	136,607	(23,309)	133,990
Depreciation and amortization charges for the year (as restated - Note 1)	—	(96,708)	(494,052)	(620,499)	(152,494)	(1,363,753)
Effects of business combination (Note 1)	—	1,952,463	52,554	69,380	45,666	2,120,063
Balances at December 31, 2022, net of accumulated depreciation and amortization	₱850,660	₱4,141,372	₱1,836,695	₱1,303,921	₱573,971	₱8,706,619
	Parent Bank					Total
	Land	Buildings	Furniture, Fixtures and Equipment	Right-of-Use Assets	Leasehold and Improvements	
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
Balances at January 1, 2022, net of accumulated depreciation and amortization	₱248,301	₱2,024,558	₱1,622,650	₱956,692	₱484,125	₱5,336,326
Additions	—	—	273,418	514,000	34,597	822,015
Disposals	—	—	(17,318)	—	—	(17,318)
Reclassifications/adjustments	—	—	(1,393)	(250)	—	(1,643)
Depreciation and amortization charges for the year (as restated – Note 1)	—	(74,571)	(399,334)	(464,534)	(78,575)	(1,017,014)
Effects of business combination (Note 1)	—	1,952,463	52,344	63,195	45,666	2,113,668
Balances at December 31, 2022, net of accumulated depreciation and amortization	₱248,301	₱3,902,450	₱1,530,367	₱1,069,103	₱485,813	₱7,236,034



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, 2023 and 2022, 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		
	2023	2022 (as restated)	2021
Bank premises, furniture, fixtures and equipment*	₱839,585	₱743,254	₱647,994
Investment properties (Note 17)	389,636	370,290	406,421
Computer software (Note 19)	595,876	322,612	405,150
Customer relationships (Note 19)	343,500	143,125	—
Core deposits (Note 19)	289,714	136,505	—
Foreclosed machineries and chattel	208,182	144,646	164,114
	₱2,666,493	₱1,860,432	₱1,623,679

*Excluding depreciation of ROU asset presented in Occupancy amounting to ₱611,475 and ₱620,499 in 2023 and 2022, respectively.

	Parent Bank		
	2023	2022 (as restated)	2021
Bank premises, furniture, fixtures and equipment*	₱636,278	₱552,480	₱498,472
Investment properties (Note 17)	374,242	358,600	394,241
Computer software (Note 19)	316,402	252,365	253,745
Customer relationships (Note 19)	343,500	143,125	—
Core deposits (Note 19)	262,643	109,434	—
Foreclosed machineries and chattel	6,420	4,119	—
	₱1,939,485	₱1,420,123	₱1,146,458

*Excluding depreciation of ROU asset presented in Occupancy amounting to ₱468,679 and ₱464,534 in 2023 and 2022, respectively.

In 2023, 2022, and 2021 depreciation charges amounted to ₱611.48 million, ₱620.50 million, and ₱597.64 million, respectively, for the ROU asset of the Group and ₱468.68 million, ₱464.53 million, and ₱410.60 million, respectively, for ROU of the Parent Bank. This is shown as part of Occupancy in the consolidated and parent bank statements of income.

Under BSP rules, investments in bank premises, furniture, fixtures and equipment should not exceed 50% of the Parent Bank's unimpaired capital. As of December 31, 2023 and 2022, 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 below.

	Group		Parent	
	As at December 31		As at December 31	
	2023	2022	2023	2022
Cost	₱11,648,702	₱11,432,533	₱10,190,789	₱10,129,917
Accumulated depreciation	(2,951,583)	(3,101,955)	(2,766,694)	(2,934,165)
Accumulated impairment loss	(104,860)	(71,705)	(64,812)	(71,703)
Net carrying amounts	₱8,592,259	₱8,258,873	₱7,359,283	₱7,124,049

The movements in the Group's and the Parent Bank's investment properties are shown below.

	Group		
	2023		
	Building Held for Lease	Foreclosed Properties	Total
Cost			
Balances at January 1	₱2,533,566	₱8,898,967	₱11,432,533
Reclassifications/adjustments	—	10,676	10,676
Additions	—	1,716,395	1,716,395
Disposals	(142)	(1,510,760)	(1,510,902)
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
Reclassifications/adjustments	—	5,335	5,335
Depreciation	52,738	336,898	389,636
Disposals	—	(545,343)	(545,343)
Balances at December 31	842,463	2,109,120	2,951,583
Accumulated Impairment Losses			
Balances at January 1	—	71,705	71,705
Reclassifications/adjustments	—	40,969	40,969
Reversals on provision for impairment	—	(751)	(751)
Disposals	—	(7,063)	(7,063)
Balances at December 31	—	104,860	104,860
Net Book Values	₱1,690,961	₱6,901,298	₱8,592,259

	Group		
	2022		
	Building Held for Lease	Foreclosed Properties	Total
Cost			
Balances at January 1	₱2,533,566	₱9,166,608	₱11,700,174
Reclassifications/adjustments	—	(41,189)	(41,189)
Additions	—	842,881	842,881
Disposals	—	(1,069,333)	(1,069,333)
Balances at December 31	2,533,566	8,898,967	11,432,533
Accumulated Depreciation and Amortization			
Balances at January 1	736,553	2,193,850	2,930,403
Reclassifications/adjustments	434	(9,042)	(8,608)
Depreciation	52,738	317,552	370,290
Disposals	—	(190,130)	(190,130)
Balances at December 31	789,725	2,312,230	3,101,955
Accumulated Impairment Losses			
Balances at January 1	—	96,427	96,427
Reversals on provision for impairment	—	(24,722)	(24,722)
Balances at December 31	—	71,705	71,705
Net Book Values	₱1,743,841	₱6,515,032	₱8,258,873



	Parent Bank		
	2023		
	Building Held for Lease	Foreclosed Properties	Total
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

	Parent Bank		
	2022		
	Building Held for Lease	Foreclosed Properties	Total
Cost			
Balances at January 1	₱2,198,110	₱8,090,635	₱10,288,745
Additions	—	831,156	831,156
Disposals	—	(988,760)	(988,760)
Balances at December 31	2,198,110	7,931,807	10,129,917
Accumulated Depreciation and Amortization			
Balances at January 1	603,427	2,153,016	2,756,443
Depreciation	45,854	312,746	358,600
Disposals	—	(180,878)	(180,878)
Balances at December 31	649,281	2,284,884	2,934,165
Accumulated Impairment Losses			
Balances at January 1	—	96,425	96,425
Reversals on provision for impairment	—	(24,722)	(24,722)
Balances at December 31	—	71,703	71,703
Net Book Values	₱1,548,829	₱5,575,220	₱7,124,049

Real property taxes related to these investment properties paid by the Group and recognized as expense in 2023, 2022, and 2021 totaled ₱48,291, ₱41,242, and ₱33,676, respectively, and are presented as part of Taxes and licenses account under Other expenses in the statements of income.

Rent income earned by the Group on its investment properties under operating leases amounted to ₱118,560, ₱209,600, and ₱108,047, in 2023, 2022, and 2021, respectively, and is included as part of Rental account under Miscellaneous income in the statements of income (see Note 28).

The gain from foreclosure of loan collaterals, presented as part of Miscellaneous income in the statements of income (see Note 28), amounted to ₱751.94 million and ₱679.75 million for the Group and the Parent Bank, respectively, in 2023, ₱466.39 million and ₱135.31 million for the Group and the Parent Bank in 2022 and 2021, respectively.

The gain (loss) on disposal of foreclosed properties, presented as part of Miscellaneous income in the statements of income (see Note 28), amounted to ₱1,023.53 million, ₱1,224.04 million, and (₱43.69 million), in 2023, 2022, and 2021, respectively, for the Group, and ₱1,110.20 million, ₱1,193.00 million, and ₱207.36 million in 2023, 2022, and 2021, 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).

For the 2022 acquisition of Citigroup's consumer banking business, the Group, with the assistance of a third party consultant, completed the determination of the fair value of assets and liabilities acquired and the related goodwill.

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 Corporate and Commercial Banking;
- b. With respect to the goodwill from the acquisition of CSB and PR Savings Bank, to CSB's DepEd salary loans business and motorcycle loans business, respectively;
- c. With respect to the goodwill from the acquisition of PETNET, the separate cash generating unit of PETNET at entity level;
- d. With respect to the goodwill from the acquisition of Bangko Kabayan, the separate cash generating unit of Bangko Kabayan at entity level; and,
- e. With respect to the goodwill from the acquisition of Citigroup Inc.'s consumer banking business in the Philippines, the separate cash generating unit of (i) credit card and personal loans products within the consumer banking business; and (ii) UFSI at entity level

The following presents the movement in goodwill of the Group for 2023 and 2022:

	Group	
	2023	2022 (As restated)
Beginning balance	₱53,992,565	₱14,818,932
Acquisition of business and a subsidiary (Note 1)	–	39,173,633
Ending balance	₱53,992,565	₱53,992,565



The goodwill of the Group is allocated to the following CGUs:

	Group		Parent Bank	
	2023	2022 (As restated)	2023	2022 (As restated)
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 Corporate and Commercial 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	—	—
PETNET	715,118	715,118	—	—
UFSI	3,720,835	3,720,835	—	—
Bangko Kabayan	116,139	116,139	—	—
	₱53,992,565	₱53,992,565	₱43,339,696	₱43,339,696

*Arising from the acquisition of CSB amounting to ₱3.37 billion

**Arising from the acquisition of PR Savings Bank amounting to ₱3.48 billion. Goodwill impairment recognized in 2021 and 2020 for CSB's motorcycle loans business amounted to ₱752.77 million.

Refer to Note 1 for the discussion on the acquisition of the Citigroup Inc.'s consumer banking business

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 performed its annual impairment test in December of each year, unless indicators for impairment warrant earlier reassessment. The Group considers various internal and external sources of information in assessing whether there is any indication that goodwill is impaired including if there are significant changes with an adverse effect on the CGUs that have taken place during the period in the technological, market, economic or legal environment in which the Group operates.

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. Key assumptions in VIU calculation of CGUs are most sensitive to loan growth rate and discount rate. Future cash flows and growth rates were based on historical experiences and strategies developed. 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 2023 and 2022, 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	
	2023	2022 (As restated)	2023	2022 (As restated)
Deferred tax assets (Note 30)	₱9,680,031	₱7,707,203	₱7,710,187	₱5,856,878
Software under development	9,650,075	6,190,999	9,650,075	6,190,999
Computer software – net	5,327,888	3,836,706	3,182,556	1,499,300
Customer relationships – net	4,322,375	4,665,875	4,322,375	4,665,875
Core deposits – net	3,426,743	3,716,456	3,304,923	3,567,565
Advances and other investments	1,614,541	1,755,564	1,525,288	1,754,866
Creditable withholding taxes	1,449,688	1,604,581	1,329,675	1,400,877
Deferred charges	1,229,215	993,808	819,419	432,074
Prepaid expenses	1,032,466	927,173	714,724	745,778
Documentary stamps	778,537	363,585	428,597	329,892
Non-current assets held for sale	626,545	331,476	–	–
Returned checks and other cash items	281,599	29,999	281,599	29,999
Sundry debits	246,755	153,758	246,755	153,758
Net retirement asset (Note 29)	189,241	31,955	–	–
Miscellaneous	3,352,374	2,511,069	1,606,920	1,485,756
	43,208,073	34,881,888	35,123,093	28,113,617
Allowance for impairment (Note 20)	(43,256)	(42,783)	(3,771)	(3,298)
	₱43,164,817	₱34,839,105	₱35,119,322	₱28,110,319

Movements in the Computer software, Customer relationship and Core deposits accounts follow:

	Group		
	Computer Software	Customer Relationship	Core Deposits
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
Balances at January 1, 2022, net of accumulated amortization	₱2,159,596	₱–	₱175,962
Additions	2,027,117	–	–
Amortization charges for the year	(322,612)	(143,125)	(136,505)
Reclassifications/adjustments	(27,395)	–	–
Effects of business combination (Note 1)	–	4,809,000	3,677,000
Balances at December 31, 2022, net of accumulated amortization	₱3,836,706	₱4,665,875	₱3,716,457



	Parent Bank		
	Computer Software	Customer Relationship	Core Deposit
Balances at January 1, 2023, net of accumulated amortization	₱1,499,300	₱4,665,875	₱3,567,565
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
Balances at January 1, 2022, net of accumulated amortization	₱1,722,139	₱—	₱—
Additions	29,528	—	—
Amortization charges for the year	(252,365)	(143,125)	(109,435)
Reclassifications/adjustments	(2)	—	—
Effects of business combination (Note 1)	—	4,809,000	3,677,000
Balances at December 31, 2022, net of accumulated amortization	₱1,499,300	₱4,665,875	₱3,567,565

Miscellaneous includes foreclosed machineries, chattels, motorcycle and automobiles, security deposits and ongoing improvements on the Group's and the Parent Bank's branches and offices.

20. Allowance for Impairment

The breakdown of allowance for impairment is shown in the table below:

	Group		Parent Bank	
	2023	2022	2023	2022
Receivable from customers (Note 14)	₱19,166,486	₱14,038,685	₱13,415,639	₱9,177,037
Other receivables (Note 14)	844,323	476,864	600,060	447,915
Investments and placements (Notes 9, 12 and 13)	316,638	335,663	312,518	331,543
Others	148,116	114,488	68,583	75,001
	₱20,475,563	₱14,965,700	₱14,396,800	₱10,031,496

Allowance for impairment of investments and placements include the Group's and the Parent Bank's financial assets at amortized cost, debt financial assets at FVOCI, due from other banks and interbank loans receivables. Others refer to allowance for impairment of investment properties and other resources.

With the foregoing level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance for any losses that the Group may incur from the non-collection or nonrealization of its receivables and other risk assets.



The reconciliation of allowance for the total receivables from customers follows.

Total Receivables from Customers - Group

	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 at December 31, 2023	1,223,586	—	—	1,223,586
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	372,563	3,074,350	3,446,913
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
Amounts written-off	(60,003)	(40,846)	(3,690,060)	(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	(775,406)	(1,000,666)	1,776,072	—
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	₱1,357,576	₱14,205,652	₱19,166,486

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱1,460,927	₱861,913	₱11,112,182	₱13,435,022
Newly originated assets that remained in Stage 1 as at December 31, 2022	1,658,539	—	—	1,658,539
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	632,846	1,893,670	2,526,516
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(1,313,814)	795,907	(910,571)	(1,428,478)
Amounts written-off	1,202,776	(498,644)	(704,132)	—
Transfers to Stage 1	619,827	(447,721)	(172,106)	—
Transfers to Stage 2	(356,893)	(213,335)	570,228	—
Transfers to Stage 3	(779,436)	(88,775)	1,348,038	479,827
Impact on ECL of exposures transferred between stages	(16,799)	(4,383)	(2,611,559)	(2,632,741)
Balances at end of year	₱2,475,127	₱1,037,808	₱10,525,750	₱14,038,685



Total Receivables from Customers – Parent Bank

	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 at December 31, 2023	947,769	—	—	947,769
Newly originated assets that moved to Stage 2 and Stage 3 as at 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	(105,725)	(779,441)	885,166	—
Impact on ECL of exposures transferred between stages	(532,300)	563,837	3,096,437	3,127,974
Amounts written-off	(60,003)	(40,846)	(2,302,503)	(2,403,352)
Balances at end of year	₱3,215,569	₱1,186,605	₱9,013,465	₱13,415,639

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱522,406	₱758,099	₱8,755,380	₱10,035,885
Newly originated assets that remained in Stage 1 as at December 31, 2022	1,020,405	—	—	1,020,405
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	448,013	1,081,563	1,529,576
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(1,367,151)	732,291	(991,410)	(1,626,270)
Transfers to Stage 1	1,199,324	(495,056)	(704,268)	—
Transfers to Stage 2	638,024	(466,129)	(171,895)	—
Transfers to Stage 3	458,270	(59,499)	(398,771)	—
Impact on ECL of exposures transferred between stages	(773,454)	(88,554)	1,347,808	485,800
Amounts written-off	(21)	(3)	(2,268,335)	(2,268,359)
Balances at end of year	₱1,697,803	₱829,162	₱6,650,072	₱9,177,037



Reconciliation of the allowance for impairment by class follows:

Corporate Loans - Group and Parent Bank

	2023			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱48,511	₱233,297	₱141,586	₱423,394
Newly originated assets that remained in Stage 1 as at December 31, 2023	50,036	—	—	50,036
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	12,840	—	12,840
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(29,533)	(64,030)	(40,608)	(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	₱68,150	₱190,706	₱100,978	₱359,834

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱109,824	₱595,309	₱1,436,992	₱2,142,125
Newly originated assets that remained in Stage 1 as at December 31, 2022	26,340	—	—	26,340
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	3,564	16,182	19,746
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(87,059)	(273,367)	(285,686)	(646,112)
Transfers to Stage 1	96,869	(96,869)	—	—
Transfers to Stage 2	(1,708)	1,708	—	—
Impact on ECL of exposures transferred between stages	(95,755)	2,952	—	(92,803)
Amounts written-off	—	—	(1,025,902)	(1,025,902)
Balances at end of year	₱48,511	₱233,297	₱141,586	₱423,394

In 2023, there were no write-offs for corporate loans.



Commercial Loans - Group and Parent Bank

	2023			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱315,049	₱245,527	₱2,896,794	₱3,457,370
Newly originated assets that remained in Stage 1 as at December 31, 2023	237,326	—	—	237,326
Newly originated assets that moved to Stage 2 & 3 as at December 31, 2023	—	81,184	661,092	742,276
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(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

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱236,600	₱140,537	₱2,202,547	₱2,579,684
Newly originated assets that remained in Stage 1 as at December 31, 2022	308,773	—	—	308,773
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	235,401	180,066	415,467
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(224,944)	(125,034)	247,975	(102,003)
Transfers to Stage 1	85,256	(533)	(84,723)	—
Transfers to Stage 2	—	42,776	(42,776)	—
Transfers to Stage 3	(5,527)	(4,863)	10,390	—
Impact on ECL of exposures transferred between stages	(85,109)	(42,757)	383,315	255,449
Balances at end of year	₱315,049	₱245,527	₱2,896,794	₱3,457,370

In 2023 and 2022, there were no write-offs for commercial loans.



Home Loans - Group and Parent Bank

	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 at December 31, 2023	262,545	—	—	262,545
Newly originated assets that moved to Stage 3 as at December 31, 2023	—	5,941	58,264	64,205
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL inputs, model and assumptions	(244,869)	(1,177)	(179,197)	(426,329)
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	₱1,628,257	₱2,183,964

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱28,163	₱13,510	₱2,147,296	₱2,188,969
Newly originated assets that remained in Stage 1 as at December 31, 2022	322,534	—	—	322,534
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	4,492	49,243	53,735
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	112,530	2,082	(730,590)	(615,978)
Transfers to Stage 1	491,523	(7,213)	(484,310)	—
Transfers to Stage 2	(196)	90,171	(89,975)	—
Transfers to Stage 3	(390)	(2,998)	3,388	—
Impact on ECL of exposures transferred between stages	(478,968)	(66,213)	355,503	(189,678)
Amounts written-off	—	—	(2,899)	(2,899)
Balances at end of year	₱475,196	₱33,831	₱1,247,656	₱1,756,683



Consumer Products - Group and Parent Bank

Consumer Products include auto loans, business line, credit cards and the acquired credit card and the acquired credit card and personal loan portfolio from Citibank.

	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 at December 31, 2023	391,493	—	—	391,493
Newly originated assets that moved to Stage 3 as at December 31, 2023	—	125,613	461,065	586,678
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱24,322	₱4,732	₱2,362,695	₱2,391,749
Newly originated assets that remained in Stage 1 as at December 31, 2022	270,921	—	—	270,921
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	59,936	824,492	884,428
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(1,059,607)	1,129,937	(133,045)	(62,715)
Transfers to Stage 1	524,413	(390,089)	(134,324)	—
Transfers to Stage 2	639,929	(601,577)	(38,352)	—
Transfers to Stage 3	468,188	(50,749)	(417,439)	—
Impact on ECL of exposures transferred between stages	(112,417)	15,913	573,457	476,953
Amounts written-off	(20)	(3)	(896,785)	(896,808)
Balances at end of year	₱755,729	₱168,100	₱2,140,699	₱3,064,528



Other Consumer Products - Citi

	2023			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱138,621	₱98,832	₱76,855	₱314,308
Newly originated assets that remained in Stage 1 as at December 31, 2023	204,419	—	—	204,419
Newly originated assets that moved to Stage 3 as at December 31, 2023	—	107,277	135,226	242,503
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	1,459,625	833,686	719,786	3,013,097
Transfers to Stage 1	368,661	(327,120)	(41,541)	—
Transfers to Stage 2	(19,663)	71,911	(52,248)	—
Transfers to Stage 3	(44,666)	(576,419)	621,085	—
Impact on ECL of exposures transferred between stages	(346,480)	501,724	934,596	1,089,840
Amounts written-off	—	—	(1,166,531)	(1,166,531)
Balances at end of year	₱1,760,517	₱709,891	₱1,227,228	₱3,697,636

CSB Salary Loans – Group

	2023			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱270,800	₱174,497	₱849,136	₱1,294,433
Newly originated assets that remained in Stage 1 as at December 31, 2023	83,820	—	—	83,820
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	33,937	150,906	184,843
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(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



	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱157,803	₱86,678	₱644,341	₱888,822
Newly originated assets that remained in Stage 1 as at December 31, 2022	217,944	—	—	217,944
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	—	156,532	187,114	343,646
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	4,882	(37,605)	(83,561)	(116,284)
Transfers to Stage 1	2,576	(2,446)	(130)	—
Transfers to Stage 2	(15,629)	16,043	(414)	—
Transfers to Stage 3	(80,335)	(40,447)	120,782	—
Amounts written-off	(16,441)	(4,258)	(18,996)	(39,695)
Balances at end of year	₱270,800	₱174,497	₱849,136	₱1,294,433

Other Receivables from CustomersGroup

	2023			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱609,842	₱182,554	₱3,249,881	₱4,042,277
Newly originated assets that remained in Stage 1 as at December 31, 2023	198,366	—	—	198,366
Newly originated assets that moved to Stage 3 as at December 31, 2023	—	113,048	1,743,023	1,856,071
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	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	₱284,765	₱138,836	₱4,393,171	₱4,816,772



	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱904,215	₱21,145	₱2,318,313	₱3,243,673
Newly originated assets that remained in Stage 1 as at December 31, 2022	512,027	—	—	512,027
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	172,921	636,573	809,494
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(59,616)	99,894	74,336	114,614
Transfers to Stage 1	2,139	(1,494)	(645)	—
Transfers to Stage 2	(2,569)	3,158	(589)	—
Transfers to Stage 3	(738,829)	(114,278)	853,107	—
Impact on ECL of exposures transferred between stages	(7,187)	1,330	35,763	29,906
Amounts written-off	(338)	(122)	(666,977)	(667,437)
Balances at end of year	₱609,842	₱182,554	₱3,249,881	₱4,042,277

Parent Bank

	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 at December 31, 2023	6,369	—	—	6,369
Newly originated assets that moved to Stage 3 as at 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



	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱123,498	₱4,009	₱605,851	₱733,358
Newly originated assets that remained in Stage 1 as at December 31, 2022	91,837	—	—	91,837
Newly originated assets that moved to Stage 3 as at December 31, 2022	—	144,620	11,580	156,200
Effect of collections and other movements in receivable balance (excluding write-offs), and impact of changes in ECL model and assumptions	(108,071)	(1,327)	(90,064)	(199,462)
Transfers to Stage 1	1,263	(352)	(911)	—
Transfers to Stage 2	(1)	793	(792)	—
Transfers to Stage 3	(4,001)	(889)	4,890	—
Impact on ECL of exposures transferred between stages	(1,205)	1,551	35,533	35,879
Amounts written-off	(1)	—	(342,749)	(342,750)
Balances at end of year	₱103,319	₱148,405	₱223,338	₱475,062

Investments and PlacementsGroup

	2023			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱44,176	₱291,487	₱—	₱335,663
Newly originated assets that remained in Stage 1 as at 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

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balances at beginning of year	₱58,265	₱235,311	₱—	₱293,576
Newly originated assets that remained in Stage 1 as at December 31, 2022	392	—	—	392
Effect of collections and other movements in receivable balance (excluding write-offs)	(14,481)	56,176	—	41,695
Impact of changes in ECL model and assumptions	—	—	—	—
Balances at end of year	₱44,176	₱291,487	₱—	₱335,663



Parent Bank

	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 at December 31, 2023	15,103	–	–	15,103
Newly originated assets that moved to Stage 2 as at 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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balances at beginning of year	₱54,144	₱235,311	₱–	₱289,455
Newly originated assets that remained in Stage 1 as at December 31, 2022	392	–	–	392
Newly originated assets that moved to Stage 2 as at December 31, 2022	–	–	–	–
Effect of collections and other movements in receivable balance (excluding write-offs)	(14,480)	56,176	–	41,696
Balances at end of year	₱40,056	₱291,487	₱–	₱331,543

21. Deposit Liabilities

The breakdown of deposit liabilities account follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Due to banks:				
Demand	₱1,223,082	₱1,729,960	₱1,223,082	₱1,729,960
Savings	264,879	195,453	264,021	195,396
Time	188,340	159,893	185,765	157,364
Long-term certificate of deposits	–	10,000	–	10,000
	1,676,301	2,095,306	1,672,868	2,092,720
Due to customers:				
Demand	232,059,602	230,351,833	233,005,285	231,635,193
Savings	195,599,454	194,825,277	189,798,530	188,285,189
Time	283,233,051	281,041,526	173,078,710	198,917,930
Long-term certificate of deposits	–	2,990,000	–	2,990,000
	710,892,107	709,208,636	595,882,525	621,828,312
	₱712,568,408	₱711,303,942	₱597,555,393	₱623,921,032



The breakdown of deposit liabilities account as to currency follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Philippine pesos	₱616,554,615	₱619,749,669	₱501,541,600	₱532,366,759
Foreign currencies	96,013,793	91,554,273	96,013,793	91,554,273
	₱712,568,408	₱711,303,942	₱597,555,393	₱623,921,032

Deposit liabilities bear annual interest rates ranging from 0.00% to 7.00% in 2023, from 0.00% to 8.00% in 2022, and from 0.00% to 8.00% in 2021 for the Group and from 0.00% to 6.00% in 2023, from 0.00% to 5.75% in 2022, and from 0.00% to 5.75% in 2021 for the Parent Bank. Demand and savings deposits usually have either fixed or variable interest rates while time deposits have fixed interest rates.

Long Term Negotiable Certificate of Deposits (LTNCD)

On December 12, 2017, the MB of the BSP approved the Parent Bank's issuance of up to ₱20,000,000 of Long-term Negotiable Certificate of Deposits (LTNCD). Out of the approved amount, ₱3,000,000 were issued on February 21, 2018 at a fixed coupon rate of 4.375% per annum, payable quarterly and matured on August 21, 2023. The net proceeds were utilized to further improve the Parent Bank's maturity profile and support business expansion plans.

Interest expense on the deposit liabilities amounted to ₱15.79 million, ₱6.02 million, and ₱2.97 million, in 2023, 2022, and 2021 respectively, in the Group's statements of income, and ₱9.46 million, ₱4.20 million, and ₱1.81 million in 2023, 2022, and 2021, 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 were issued reducing 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.

BSP Circulars No. 1083, 1087, and 1100 were issued in 2020 to provide guidelines allowing the use of eligible loans to MSME and large enterprises for alternative compliance to required reserves for deposit liabilities and amended by BSP Circular No. 1155 issued in 2022.

LTNCDs are subject to required reserves of 4.0% under BSP Circular 1041. As of December 31, 2023, the Group has no outstanding LTNCD.

Regular reserves as of December 31, 2023 and 2022 amounted to ₱56,967,441 and ₱62,263,916, respectively, for the Group, and ₱53,955,218 and ₱59,250,130, respectively, for the Parent Bank (see Note 8).



22. Bills Payable

Bills payable consist of borrowings from:

	Group		Parent Bank	
	2023	2022	2023	2022
Banks, other financial institutions and individuals	₱154,975,282	₱131,571,232	₱120,056,162	₱98,043,240
Others	312,647	1,275,557	302,974	1,265,884
	₱155,287,929	₱132,846,789	₱120,359,136	₱99,309,124

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 38).

Other bills payable of the Group mainly pertain to availments of short-term loan lines from certain related parties (see Note 32).

The breakdown of bills payable as to currency follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Foreign currencies	₱84,836,387	₱99,303,162	₱84,836,387	₱99,303,162
Philippine pesos	70,451,542	33,543,627	35,522,749	5,962
	₱155,287,929	₱132,846,789	₱120,359,136	₱99,309,124

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		
	2023	2022	2021	2023	2022	2021
Banks, other financial institutions and individuals	₱8,466,972	₱3,002,685	₱1,229,757	₱6,263,551	₱1,621,975	₱175,039
BSP	87,028	—	21	87,028	—	21
Others	327	485	762	327	485	762
	₱8,554,327	₱3,003,170	₱1,230,540	₱6,350,906	₱1,622,460	₱175,822

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		
	2023	2022	2021
Philippine pesos	3.50% to 8.37%	1.00% to 8.37%	1.00% to 8.28%
Foreign currencies	0.32% to 6.41%	1.06% to 5.23%	0.10% to 3.05%



23. Notes and Bonds Payable

The Group's and the Parent Bank's notes and bonds payable as of December 31, 2023 and 2022 consist of the following:

	Coupon Interest	Principal Amount	Outstanding Balance		Issue Date	Maturity Date	Redemption Date
			December 31, 2023	December 31, 2022			
USD Senior Medium Term Notes Due 2025	2.125%	₱16,611,000	₱16,568,058	₱16,659,943	October 22, 2020	October 22, 2025	
Peso Senior Series F Bonds Due 2025	6.563%	10,338,500	10,269,590	—	December 5, 2023	June 5, 2025	
USD Social Bonds Due 2028	6.821%*	8,305,500	8,266,271	8,312,899	July 23, 2021	July 23, 2028	
Peso Senior Series G Bonds Due 2026	6.680%	7,829,500	7,739,007	—	December 5, 2023	December 5, 2026	
Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025	5.250%	6,800,000	6,762,293	6,756,565	February 24, 2020	May 24, 2030	May 24, 2030
Peso Senior Series D Bonds Due 2026	3.375%	885,000	888,408	880,047	December 9, 2020	March 9, 2026	March 9, 2026
Peso Digital Bonds	3.250%	11,000,000	—	10,937,832	June 2, 2022	December 2, 2023	
Peso Senior Series C Bonds Due 2023	2.750%	8,115,000	—	8,097,039	December 9, 2020	December 9, 2023	December 9, 2023
Total for the Group and Parent Bank		₱69,884,500	₱50,493,627	₱51,644,325			

*floating interest rate based on SOFR rate, which is based on prevailing rate as of December 31, 2023

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 SGX-ST.

The Notes will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions of the issuance) unsecured obligations of the Parent Bank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Parent Bank from time to time outstanding.

Peso Senior Series 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 ₱8.12 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.



Peso Digital Bonds Due 2023

On June 2, 2022, the Parent Bank successfully issued the country's first-ever offering of Peso Digital Bonds amounting to ₱11.0 billion. The Digital Bonds with a tenor of 1.5 years and a fixed rate of 3.25% per annum were issued out of the Bank's existing ₱39.0 billion Bond Program. The Digital Bonds were listed and available for trading on PDEX.

A first for the Philippines, this digital public bond offering and issuance marks a milestone and the success of this Proof of Concept and paves the way for future utilization of Distributed Ledger / Blockchain Technology towards more automated and operationally efficient local capital markets. The Digital Bonds were issued through the digital registry and digital depository of the Phil. Depository & Trust Corp. utilizing infrastructure powered by #STACS blockchain and which new digital infrastructure is kept interoperable with the traditional trading to clearing infrastructure of the Phil. Dealing & Exchange Corp. Fixed Income Market.

Peso Senior Series C Bonds Due 2023

The ₱8.12 billion worth of fixed rate Senior Series C Bonds were issued as part of the dual-tranche issuance of the Bank on December 9, 2020 under its existing ₱39.0 Billion Bond Program. The bonds were listed on the PDEX.

The Bank may, at its sole option and subject to the Terms and Conditions of the issuance, redeem the Bonds at par plus accrued interest (if any), without premium or penalty, as of but excluding the Early Redemption Date.

The Bonds constitute direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, enforceable according to the Terms and Conditions of the Bonds, and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves, and at least *pari passu* with all other present and future direct, unconditional, unsecured, and unsubordinated peso-denominated obligations of the Bank, except for any obligation enjoying a statutory preference or priority established under Philippine laws.

USD Social Bonds Due 2028

The International Finance Corporation (IFC) invested in a 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 will be used to finance loans to micro, small and medium-sized enterprises (MSMEs).

The Parent Bank shall at all times maintain, and abstain from any action which may result in the breach of, several financial parameters provided in the subscription agreement with IFC.

Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025

The Basel III-compliant Unsecured Subordinated Tier 2 Notes were issued by the Parent Bank under its BSP-approved issuance of ₱20.0 Billion Unsecured Subordinated Notes Qualifying as Tier 2 Capital.

Unless the Notes are previously redeemed, the Initial Interest Rate will be reset at the equivalent of the Initial Spread per annum plus the Benchmark as of Reset Date as defined in the Terms and Conditions of the Notes. Subject to certain conditions, the BSP Guidelines, and the Terms and Conditions, the Parent Bank may redeem the Notes in whole and not only in part on the Redemption Option Date at 100% of the face value of the Notes, plus accrued and unpaid interest as of but excluding the Redemption Option Date.



The Notes have a loss absorption feature which means the Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Trigger Event. A Non-Viability Trigger Event is deemed to have occurred when the Issuer is considered non-viable as determined by the BSP.

The Tier II Notes constitute a direct, unconditional, fixed, unsecured and subordinated obligation of the Bank. Claims in respect of the Tier II Notes will rank: (a) junior to the claims of holders of all deposits and general creditors of the Bank; (b) *pari passu* with obligations of the Bank that are, expressly or by applicable laws, subordinated so as to rank *pari passu* with claims in respect of securities constituting “Tier 2” capital of the Bank; and (c) senior to (i) the claims for payment of any obligation that, expressly or by applicable law, is subordinated to the Tier II Notes, (ii) the claims in respect of securities constituting “Tier 1” capital of the Bank, and (iii) the rights and claims of holders of equity shares of the Bank.

Peso Senior Series 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.

The interest expense on notes and bonds payable amounted to ₱2,123,773, ₱2,490,116, and ₱2,197,668 in 2023, 2022, and 2021, respectively, for the Group, and ₱2,075,693, ₱2,465,079, and ₱2,173,188 in 2023, 2022, and 2021, 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, 2023 and 2022, the Group is in compliance with all the debt covenants on the above notes and bonds.

24. Other Liabilities

Other liabilities consist of the following as of December 31:

	Group		Parent Bank	
	2023	2022	2023	2022
Accounts payable	₱14,715,682	₱15,399,428	₱12,821,356	₱13,842,626
Accrued taxes and other expenses	13,039,259	10,718,444	10,729,290	8,825,604
Manager’s checks	7,512,789	7,333,511	7,509,074	7,319,745
Other credits - dormant	3,055,238	2,831,198	2,927,349	2,742,792
Bills purchased - domestic and foreign	2,432,182	3,180,968	2,432,182	3,180,968
Payment orders payable	1,950,117	614,557	1,950,117	614,557
Post-employment defined benefit obligation (Note 29)	1,571,666	999,012	1,464,586	910,109
Lease liabilities	1,551,143	1,424,530	1,180,973	1,177,555
Unearned income - bancassurance (Note 32)	590,258	715,710	590,258	715,710
Sundry credits	1,117,848	1,661,559	1,115,410	1,661,559
Derivative liabilities (Note 11)	926,176	1,546,773	926,176	1,546,773
Withholding taxes payable	498,995	451,502	365,536	358,269
Pre-need reserves	1,646	12,346	—	—
Miscellaneous	2,204,966	1,987,756	2,103,924	1,826,757
	₱51,167,965	₱48,877,294	₱46,116,231	₱44,723,024



The unearned income represents the unamortized portion of the Exclusive Access Fees (EAF) arising from the Parent Bank's bancassurance agreement with a related party (see Note 32).

Set out below is the carrying amount of lease liabilities and the movements during the year:

	Group		Parent Bank	
	2023	2022	2023	2022
As at January 1	₱1,424,530	₱1,382,880	₱1,177,555	₱1,043,850
Additions	685,477	567,389	468,129	514,000
Payments	(633,871)	(659,030)	(524,291)	(496,312)
Accretion of interest (Note 34)	75,007	67,851	59,580	56,240
Effect of business combination (Note 1)	—	65,440	—	59,777
As at December 31	₱1,551,143	₱1,424,530	₱1,180,973	₱1,177,555

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, 2023 and 2022, the Group has no lease commitments which have not yet commenced.

The breakdown of Accrued taxes and other expenses account follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Accrued interest payable	₱3,472,484	₱1,801,913	₱2,495,138	₱1,418,309
Accrued income and other taxes	860,068	1,044,520	728,144	663,356
Other accruals	8,706,707	7,872,011	7,506,008	6,743,939
	₱13,039,259	₱10,718,444	₱10,729,290	₱8,825,604

Other accruals represent mainly fringe and other personnel benefits.

25. Capital Funds

Capital Stock

The Parent Bank's capital stock as of December 31, 2023 and 2022 consists of the following:

	Shares		Amount	
	2023	2022	2023	2022
Common – ₱10 par value				
Authorized	5,030,785,238	2,530,785,238	₱50,307,852	₱25,307,852
Issued	2,353,774,567	2,142,106,764	23,537,746	21,421,068
Treasury stock	(27,977)	—	(2,097)	—
Issued and outstanding	2,353,746,590	2,142,106,764	23,535,649	21,421,068
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, 2023 and 2022, there are 2,351.5 million and 2,139.6 million shares listed at the PSE, respectively. The number of holders and the closing price of the said shares is 4,949 and ₱50.35 per share as of December 31, 2023, respectively, and 4,961 and ₱86.10 per share as of December 31, 2022, respectively.

Issuance of Shares under the Employee Stock Plan

The Bank issued 697,339, 199,964 and 516,435 common shares on February 6, 2023, January 28, 2022 and February 4, 2021, respectively, and 891,351 common shares on January 29, 2021, to qualified employees under the Parent Bank's Employee Stock Plan (ESP).

The last tranche of the issuance of shares under the ESP was on February 6, 2023. A total of 3.6 million common shares were issued over the five-year period.

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. 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.

Issuance of Shares through Stock Rights

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 issued shares were listed at the PSE on the same date. Net proceeds to the Parent Bank amounted to ₱11.86 billion.

On May 16, 2022, the Parent Bank issued approximately 617.2 million common shares priced at ₱64.81 per share. The shares were offered to eligible shareholders as of record date of April 11, 2022 at a ratio of 1 right share for every 2.4707 existing common shares. The newly issued shares were listed at the PSE on the same date. Net proceeds to the Parent Bank from the Offer amounted to ₱39.80 billion.

Distribution of Stock Dividends

On January 5, 2022, the Parent Bank issued 304,838,842 common shares at par value of ₱10 for whole shares and paid ₱0.14 million for 1,862.5 fractional shares in relation to the 25% stock dividends approved by the Bank's BOD and stockholders on June 25, 2021 and August 11, 2021, respectively.

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 2023, 2022, and 2021:

Date of Declaration	Date of Record	Date of BSP Approval	Date of Payment	Dividend per Share	Outstanding Shares	Total Amount
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
January 29, 2021	February 15, 2021	N/A	March 4, 2021	3.50	1,219,362,818	4,267,770

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

Surplus Reserves

The amended PNUCA requires that the portion of retained earnings representing Trust fund income of FUPI be automatically restricted to payments of benefits of plan holders and related payments as allowed in the amended PNUCA. The accumulated Trust Fund income, net of releases representing the amount of Trust fund income that pertains to the matured and pre-terminated plans of planholders which have been withdrawn from the trust fund during the year, should be appropriated and presented separately as Surplus Reserves in the statements of changes in capital funds. FUPI transferred out ₱55.79 million and ₱0.66 million from appropriated reserves for the years ended December 31, 2022, and 2021, respectively. No transfer has been made for the year ended December 31, 2023.

In compliance with BSP regulations, a portion of the Group's income from trust operations is setup as Surplus Reserves. For the years ended December 31, 2023, 2022, and 2021, the Group and the Parent Bank appropriated ₱31.2 million, ₱31.7 million, and ₱24.0 million, respectively.

Included in this account is the difference between the 1% general loan loss provision (GLLP) over the computed ECL allowance for credit losses related to Stage 1 accounts, as a required BSP appropriation. As of December 31, 2023 and 2022, surplus reserves related to the difference between GLLP over ECL allowance amounted to ₱2.17 billion and ₱2.12 billion, respectively, for the Group and ₱1.77 billion and ₱1.69 billion, respectively, for the Parent Bank.



26. Maturity Profile of Assets and Liabilities

The following tables show an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the statement of financial position date:

	Group					
	2023			2022 (As Restated)		
	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	P10,439,112	P--	P10,439,112	P9,891,536	P--	P9,891,536
Due from BSP	82,643,663	—	82,643,663	94,610,308	—	94,610,308
Due from other banks	27,275,221	—	27,275,221	46,258,411	—	46,258,411
IBLR and SPURRA	25,411,162	—	25,411,162	23,553,973	—	23,553,973
Trading and investment securities						
at FVTPL	5,805,716	—	5,805,716	8,653,516	—	8,653,516
at amortized cost - gross	4,855,282	309,928,613	314,783,895	431,164	244,501,669	244,932,833
at FVOCI	29,506	36,945,268	36,974,774	6,127,961	73,633,801	79,761,762
Loans and receivables - net of unearned discounts	205,981,555	340,175,082	546,156,637	206,510,904	287,631,294	494,142,198
Other resources	585,449	1,802,360	2,387,809	245,340	1,787,617	2,032,957
	363,026,666	688,851,323	1,051,877,989	396,283,113	607,554,381	1,003,837,494
Nonfinancial Assets						
Investment in associates	—	37,675	37,675	—	123,396	123,396
Bank premises, furniture, fixtures and equipment	—	19,217,959	19,217,959	—	16,504,614	16,504,614
Investment properties	—	11,648,702	11,648,702	—	11,432,533	11,432,533
Goodwill	—	53,992,565	53,992,565	—	53,992,565	53,992,565
Other resources	3,260,691	37,559,573	40,820,264	2,953,714	29,895,217	32,848,931
	3,260,691	122,456,474	125,717,165	2,953,714	111,948,325	114,902,039
	P366,287,357	P811,307,797	P1,177,595,154	P399,236,827	P719,502,706	P1,118,739,533
Allowance for credit losses and impairment (Notes 20)			20,475,455			14,953,413
Accumulated depreciation (Notes 16 and 17)			11,976,303			10,899,950
			32,451,758			25,853,363
			P1,145,143,353			P1,092,886,170
Financial Liabilities						
Deposit liabilities	P680,342,981	P32,225,427	P712,568,408	P649,537,302	P61,766,640	P711,303,942
Bills payable	118,394,375	36,893,554	155,287,929	107,029,992	25,816,797	132,846,789
Notes and bonds payable	—	50,493,627	50,493,627	8,097,039	43,547,286	51,644,325
Other liabilities	41,706,033	5,307,645	47,013,678	38,313,521	4,702,712	43,016,233
	840,443,389	124,920,253	965,363,642	802,977,854	135,833,435	938,811,288
Nonfinancial Liabilities						
Accrued income and other taxes	860,068	—	860,068	1,044,520	—	1,044,520
Other liabilities	498,995	2,795,224	3,294,219	451,502	4,365,040	4,816,542
	1,359,063	2,795,224	4,154,287	1,496,022	4,365,040	5,861,062
	P841,802,452	P127,715,477	P969,517,929	P804,473,876	P140,198,475	P944,672,350



Maturity Profile of Assets and Liabilities and Service Charges, Fees and Commissions

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	Parent Bank					
	2023			2022 (As Restated)		
	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	₱9,350,898	₱—	₱9,350,898	₱8,924,249	₱—	₱8,924,249
Due from BSP	63,883,124	—	63,883,124	66,588,121	—	66,588,121
Due from other banks	23,195,787	—	23,195,787	42,277,856	—	42,277,856
IBLR and SPURRA	3,184,121	—	3,184,121	14,634,811	—	14,634,811
Trading and investment securities						
at FVTPL	5,676,867	—	5,676,867	8,583,178	—	8,583,178
at amortized cost - gross	4,719,843	300,919,396	305,639,239	356,113	235,349,487	235,705,600
at FVOCI	—	36,699,234	36,699,234	6,108,089	73,359,589	79,467,678
Loans and receivables - net of unearned discounts	179,801,242	246,038,296	425,839,538	197,768,610	205,590,687	403,359,297
Other resources	528,354	1,525,288	2,053,642	183,757	1,754,866	1,938,623
	290,340,236	585,182,214	875,522,450	345,424,784	516,054,629	861,479,413
Nonfinancial Assets						
Investment in subsidiaries	—	36,114,412	36,114,412	—	31,782,696	31,782,696
Bank premises, furniture, fixtures and equipment	—	14,678,017	14,678,017	—	12,356,880	12,356,880
Investment properties	—	10,190,789	10,190,789	—	10,129,917	10,129,917
Goodwill	—	43,339,696	43,339,696	—	43,339,696	43,339,696
Other resources	2,472,996	30,596,455	33,069,451	2,534,922	23,640,072	26,199,230
	2,472,996	134,919,369	137,392,365	2,534,922	121,249,261	123,784,183
	₱292,813,232	₱720,101,583	₱1,012,914,815	₱347,959,706	₱637,303,890	₱985,263,596
Allowance for credit losses and impairment			14,396,692			10,019,209
Accumulated depreciation (Notes 16 and 17)			8,905,385			8,055,011
			23,302,077			18,074,220
			₱989,612,695			₱967,189,376
Financial Liabilities						
Deposit liabilities	595,611,052	1,944,341	597,555,393	584,787,370	39,133,662	623,921,032
Bills payable	97,271,395	23,087,741	120,359,136	88,265,362	11,043,762	99,309,124
Notes and bonds payable	—	50,493,627	50,493,627	8,097,039	43,547,286	51,644,325
Other liabilities	37,484,533	4,843,836	42,328,369	35,164,978	4,332,394	39,497,372
	730,366,980	80,369,545	810,736,525	716,314,749	98,057,104	814,371,853
Nonfinancial Liabilities						
Accrued income and other taxes	728,144	—	728,144	663,356	—	663,356
Other liabilities	365,536	2,694,182	3,059,718	358,269	4,204,027	4,562,296
	1,093,680	2,694,182	3,787,862	1,021,625	4,204,027	5,225,652
	₱731,460,660	₱83,063,727	₱814,524,387	₱717,336,374	₱102,261,131	₱819,597,505

27. Service Charges, Fees and Commissions

This account is broken down as follows:

	Group			Parent Bank		
	2023	2022	2021	2023	2022	2021
Service charges	₱8,487,387	₱5,308,086	₱2,817,479	₱7,747,743	₱4,812,508	₱1,850,655
Brokerage fees	769,277	312,756	22,588	6,405	19,888	22,588
Commissions from bancassurance (Note 32)	589,520	377,657	230,570	589,520	377,657	230,570
Bank commissions	203,243	241,109	189,630	198,945	218,555	157,510
Others	363,372	542,063	513,044	137,814	257,154	231,033
	₱10,412,799	₱6,781,671	₱3,773,311	₱8,680,427	₱5,685,762	₱2,492,356

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		
	2023	2022	2021
Foreign exchange gains - net	₱2,126,188	₱2,151,194	₱1,295,539
Recoveries from charged-off assets	1,149,193	579,130	164,270
Gain (loss) on sale of investment properties (Note 17)	1,023,532	1,224,045	(43,689)
Cards rebates and migration support	826,689	463,827	—
Gain on foreclosure of investment properties (Note 17)	751,936	466,388	135,309
Fines and penalties	424,541	289,138	175,877
Income from trust operations (Note 31)	311,816	316,939	239,994
Rental (Notes 17 and 34)	127,739	218,019	116,450
Gain on sale of investments in associates and subsidiary (Note 15)	22,702	—	167,332
Dividend	3,617	6,076	145,789
Gain (loss) on sale of property and equipment	3,401	(14,849)	18,108
Trust fund income (loss) (Note 19)	3,341	(1,301)	212
Others	696,248	899,978	446,624
	₱7,470,943	₱6,598,584	₱2,861,815

	Parent Bank		
	2023	2022	2021
Share in net profit of subsidiaries (Note 15)	₱2,837,072	₱1,712,086	₱1,173,016
Foreign exchange gains – net	1,464,603	1,523,650	869,122
Gain on sale of investment properties (Note 17)	1,110,198	1,193,004	207,360
Recoveries from charged-off assets	1,106,189	533,616	131,843
Cards rebates and migration support	826,689	463,827	—
Gain on foreclosure of investment properties (Note 17)	679,745	466,388	135,309
Fines and penalties	424,541	289,138	175,877
Income from trust operations (Note 31)	311,816	316,939	239,994
Rental (Notes 17 and 34)	180,273	154,907	132,734
Dividend	2,768	2,768	145,789
Gain (loss) on sale of property and equipment	558	(429)	1,900
Others	360,156	841,961	329,884
	₱9,304,608	₱7,497,855	₱3,542,828



Miscellaneous Expenses

The breakdown of miscellaneous expenses follows:

	Group		
	2023	2022	2021
Information technology	₱5,726,110	₱3,115,086	₱1,559,722
Advertising and publicity	4,882,498	2,255,794	1,078,193
Insurance	1,518,627	1,353,558	1,095,425
Outside services	1,488,965	1,260,553	1,304,352
Fees and commission	1,364,037	573,087	205,180
Provision for impairment on investment properties and other non-financial assets (Note 17)	916,619	374,536	318,639
Management and professional fees	903,708	1,062,648	424,333
Supervision and compliance costs	781,521	684,576	597,197
Communication	644,736	460,209	434,029
Card-related expenses	508,396	730,958	493,255
Stationery and supplies	424,516	353,613	369,415
Transportation and travel	416,558	334,164	175,810
Litigation	303,581	183,726	73,377
Repairs and maintenance	224,376	169,308	129,711
Fines and penalties	95,918	87,503	65,679
Representation and entertainment	76,332	74,712	43,165
Impairment on goodwill (Note 18)	—	—	529,599
Others	1,280,881	1,273,134	1,379,989
	₱21,557,379	₱14,347,165	₱10,277,070

	Parent Bank		
	2023	2022	2021
Information technology	₱5,215,041	₱2,937,704	₱1,475,863
Advertising and publicity	4,792,726	2,187,771	1,052,145
Insurance	1,264,648	1,176,892	952,327
Fees and commission	1,149,643	388,987	127,030
Outside services	1,083,916	863,284	706,927
Supervision and compliance costs	747,560	660,929	517,116
Management and professional fees	700,469	676,020	337,332
Card-related expenses	508,396	730,958	493,255
Communication	446,582	324,773	287,329
Provision for (reversal of) impairment on investment properties and other non-financial assets (Note 17)	403,042	2,186	(64,649)
Stationery and supplies	368,009	285,337	322,034
Litigation	300,055	170,532	69,306
Transportation and travel	214,406	171,298	80,497
Repairs and maintenance	174,097	124,642	92,144
Representation and entertainment	51,928	63,983	36,471
Others	688,458	732,087	662,144
	₱18,108,976	₱11,497,383	₱7,147,271



29. Salaries and Employee Benefits

Salaries and Employee Benefits Expense

Expenses recognized for employee benefits are as follows:

	Group		
	2023	2022	2021
Short-term benefits:			
Salaries and wages	₱7,395,773	₱5,581,557	₱4,378,637
Bonuses and fringe benefits	4,763,223	3,276,495	3,279,091
Social security costs	386,205	267,273	209,543
Other benefits	225,620	200,104	250,263
Post-employment and other long-term benefits	787,404	677,742	529,168
	₱13,558,225	₱10,003,171	₱8,646,702

	Parent Bank		
	2023	2022	2021
Short-term benefits:			
Salaries and wages	₱5,318,750	₱4,234,232	₱3,167,844
Bonuses and fringe benefits	3,850,248	2,452,656	2,712,001
Social security costs	261,460	164,995	123,634
Other benefits	171,337	159,729	160,551
Post-employment and other long-term benefits	630,577	513,582	427,390
	₱10,232,372	₱7,525,194	₱6,591,420

Post-employment Defined Benefit Plan and Defined Contribution Plan*(a) Characteristics of the Defined Benefit Plan*

The Group maintains funded, tax-qualified, noncontributory pension plans covering all regular full-time employees that are being administered by appointed trustee banks, including the Parent Bank's TISG, for the Parent Bank, UIC, CSB, FUIFAI, Bangko Kabayan, PBI, and PETNET. Under these pension plans, all covered employees are entitled to cash benefits after satisfying certain age and service requirements.

The Group maintains various retirement plans, 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, PBI, PETNET, 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 optional retirement age is 60 and the compulsory retirement age is 65. Both must have a minimum of five years of credited service. Both have retirement benefit equal to one-half month's salary as of the date of retirement multiplied by the employee's year of service. Upon retirement of an employee, whether optional or compulsory, his services may be continued or extended on a case to case basis upon agreement of management and employee.

This is based on the retirement plan benefits provided in the Retirement Law (R.A. No. 7641). Under the law, unless the parties provide for broader inclusions, the term one-half (1/2) month salary shall mean fifteen (15) days plus one-twelfth (1/12) of the 13th month pay and the cash equivalent of not more than (5) days of service incentive leaves.

CSB Plan

The normal retirement age is 60 or completion of 30 years of service whichever is earlier. The service of any member, however, may be extended from year-to-year beyond the normal retirement date, provided such an extension of service is with the consent of the member and the express approval of CSB. The plan also provides for an early retirement after completion of at least ten years of service. Normal retirement benefit is an amount equivalent to 100% of the final basic monthly salary multiplied by the number of years of service prior to January 1, 2008 and 150% of the final basic monthly salary for services rendered starting January 1, 2008.

FUIFAI Plan

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of FUIFAI's BOD. Normal retirement benefit is an amount equivalent to 150% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

PETNET Plan

The normal retirement age is 60. The plan also provides for an early retirement at age 50 with the completion of at least ten years of service and late retirement beyond age 60. However, early and late retirement are subject to the approval of the company. Retirement benefit is an amount equivalent to 92% of the final monthly salary for each year of continuous service.

Bangko Kabayan Plan

The normal retirement age is 60 with at least five years of credited service. Retirement benefit is an amount equivalent to 100%, 125% or 150% of the latest basic monthly salary for each year of credited service if the years of service is 10 years but less than 15 years, 15 years but less than 20 years, and 20 years or more, respectively.

PBI Plan

The normal retirement age is 60 with at least five years of credited service. Retirement benefit is an amount equivalent to 22.5 days pay for every year of credited service.



Former Citibank, N.A., PH Consumer Business PlansFund B and Fund C

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with the completion of at least ten years of continuous service. Normal retirement benefit is an amount equivalent to 200% of the final average covered monthly salary for each year of credited service.

The Parent Bank and Citigroup, Inc. agreed that the previous tenure of Citi employees will be continued upon joining with the Group.

(b) Characteristics of the Defined Contribution Plans

The Group maintains a defined contribution plan covering all regular and permanent employees. Starting on the date of membership of an employee in the Plan, the employer shall contribute to the retirement fund 8% of the member's salary as defined every month. As this plan operates in the Philippines, it is subject to R.A. No. 7641, which requires a minimum benefit equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year.

Former Citibank, N.A., PH Consumer Business PlanFund D

Fund D is an allocated fund established to hold contributions on behalf of and made by the employees and the corresponding earnings and losses on such contributions. The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with the completion of at least ten years of continuous service. Normal retirement benefit is an amount equivalent to the sum of (a) 100% of the balance in the Member's Individual Account Balances (IAB) attributable to the employer's contributions as of most recent valuation prior to his retirement date adjusted for subsequent contributions and earnings and (b) 100% of the balance in the Member's IAB attributable to the employee's contributions as of most recent valuation prior to his retirement date adjusted for subsequent contributions and earnings.

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 2023 and 2022.

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	
	2023	2022
Present value of the obligation	₱7,299,841	₱6,194,063
Fair value of plan assets	5,917,416	5,227,021
	₱1,382,425	₱967,042



As of December 31, 2023 and 2022, the net retirement obligation amounting to ₱1,382,425 and ₱967,042 is separately shown as Net retirement asset of ₱189,241 and ₱31,955, respectively (see Note 19), and as Post-employment defined benefit obligation of ₱1,571,666 and ₱998,997, respectively (see Note 24).

	Parent Bank	
	2023	2022
Present value of the obligation	₱6,505,811	₱5,468,708
Fair value of plan assets	5,041,225	4,558,600
	₱1,464,586	₱910,109

The movements in the present value of the post-employment benefit obligation recognized in the financial statements are as follows:

	Group		
	2023	2022	2021
Balance at beginning of year	₱6,194,063	₱5,285,027	₱5,225,149
Current service cost	617,879	579,173	529,168
Interest expense	392,446	244,198	158,374
Remeasurements:			
Actuarial losses (gains) arising from			
Changes in financial assumptions	425,647	(917,442)	(524,992)
Experience adjustments	56,868	27,707	60,611
Changes in demographic assumptions	50	(3,246)	977
Benefits paid	(387,112)	(375,742)	(164,260)
Effects of business combinations*(Note 1)	—	1,354,388	—
Balance at end of year	₱7,299,841	₱6,194,063	₱5,285,027

*Represents retirement obligation of employees from the acquired business at the date of business combination

	Parent Bank		
	2023	2022	2021
Balance at beginning of year	₱5,468,709	₱4,514,965	₱4,544,704
Current service cost	521,682	459,481	427,390
Interest expense	346,395	235,886	157,398
Remeasurements:			
Actuarial losses (gains) arising from			
Changes in financial assumptions	473,555	(877,330)	(472,541)
Experience adjustments	(27,055)	15,287	80,474
Changes in demographic assumptions	—	—	1,134
Benefits paid	(277,475)	(211,825)	(223,594)
Effects of business combinations* (Note 1)	—	1,332,245	—
Balance at end of year	₱6,505,811	₱5,468,708	₱4,514,965

*Represents retirement obligation of employees from UnionBank, iBank, and Citibank PH Consumer Business Plans

The movements in the fair value of plan assets are presented below.

	Group		
	2023	2022	2021
Balance at beginning of year	₱5,227,021	₱4,321,676	₱4,113,808
Interest income	344,075	208,245	118,247
Return on plan asset (excluding amounts included in net interest)	(46,580)	(520,217)	39,271
Contributions to the plan	720,135	417,379	219,028
Benefits paid	(327,235)	(261,690)	(168,678)
Effects of business combinations (Note 1)	—	1,061,628	—
Balance at end of year	₱5,917,416	₱5,227,021	₱4,321,676



	Parent Bank		
	2023	2022	2021
Balance at beginning of year	₱4,558,600	₱3,621,937	₱3,439,660
Interest income	301,472	195,439	115,739
Return on plan asset (excluding amounts included in net interest)	(174,732)	(525,321)	36,957
Contributions to the plan	633,360	416,742	253,175
Benefits paid	(277,475)	(211,825)	(223,594)
Effects of business combinations* (Note 1)	—	1,061,628	—
Balance at end of year	₱5,041,225	₱4,558,600	₱3,621,937

*Represents fair value of plans for UnionBank, iBank, and Citibank PH Consumer Business Plans

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	
	2023	2022
Bank deposits	₱789,749	₱403,505
Quoted equity securities:		
Financial and insurance activities	3,125,493	2,614,648
Real estate activities	88,133	68,099
Electricity, gas and water	30,675	35,533
Wholesale and retail trade	—	13,376
Others	564,438	123,645
	3,808,739	2,855,301
Debt securities:		
Corporate bonds	677,912	813,103
Philippine government bonds	624,496	40,124
	1,302,408	853,227
Receivable related to the plan assets of the employees from the acquired business (Note 1)	—	1,061,628
Others	16,520	53,360
	₱5,917,416	₱5,227,021

	Parent Bank	
	2023	2022
Bank deposits	₱769,724	₱380,409
Quoted equity securities:		
Financial and insurance activities	2,560,165	2,207,860
Real estate activities	88,130	68,096
Electricity, gas and water	21,151	26,502
Wholesale and retail trade	—	13,376
Others	400,910	123,589
	3,070,356	2,439,423
Debt securities:		
Corporate bonds	581,251	647,751
Philippine government bonds	604,224	20,364
	1,185,475	668,115
Others	15,670	9,025
	₱5,041,225	₱3,496,972



Equity securities under the fund are primarily investments in corporations listed in the PSE, which include ₱478,398 and ₱352,208 investments in the shares of stocks of the Parent Bank as of December 31, 2023 and 2022, respectively, while debt securities represent investments in government and corporate bonds, which include ₱311,861 and ₱354,516 investment in the notes of the Parent Bank as of December 31, 2023 and 2022, 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 ₱241,771 and ₱348,462 deposits with the Parent Bank as of December 31, 2023 and 2022, respectively (see Note 32).

Actual returns on plan assets amounted to ₱221,388 in 2023, (₱311,972) in 2022, and ₱157,518 in 2021 for the Group. Actual returns on plan assets amounted to ₱50,635 in 2023, (₱329,883) in 2022, and ₱152,596 in 2021 for Parent.

The amounts recognized in the statements of income in respect of the post-employment defined benefit plan are as follows:

	Group		
	2023	2022	2021
Current service cost	₱617,879	₱579,173	₱529,168
Past service cost	—	—	—
Net interest expense (income)	48,371	35,953	40,127
	₱666,250	₱615,126	₱569,295

	Parent Bank		
	2023	2022	2021
Current service cost	₱521,682	₱459,481	₱427,390
Net interest expense (income)	44,923	40,447	41,659
	₱566,605	₱499,928	₱469,049

The amounts recognized in other comprehensive income in respect of the post-employment defined benefit plan are as follows:

	Group		
	2023	2022	2021
Actuarial losses (gains) arising from changes in:			
Financial assumption	₱425,647	(₱917,442)	(₱524,992)
Experience adjustments	56,868	27,707	60,611
Demographic assumptions	50	(3,246)	977
Return on plan assets (excluding amounts included in net interest)	46,580	520,217	(39,271)
	₱529,145	(₱372,764)	(₱502,675)



	Parent Bank		
	2023	2022	2021
Actuarial losses (gains) arising from changes in:			
Financial assumption	₱473,555	(₱877,329)	(₱472,541)
Experience adjustments	(27,055)	15,286	80,474
Demographic assumptions	-	-	1,134
Return on plan assets (excluding amounts included in net interest)	174,732	525,321	(36,957)
	₱621,232	(₱336,722)	(₱427,890)

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 of ₱65,891, ₱30,406 and ₱38,907 in 2023, 2022, and 2021, respectively (see Note 15).

The Group and the Parent Bank expect to contribute ₱918,375 and ₱745,889, respectively, in 2023.

In determining the retirement benefits, the following actuarial assumptions were used:

	Group		
	2023	2022	2021
Retirement age	60	60	60
Average remaining working life	6-26 years	5-26 years	6-27 years
Discount rate	6.01%-7.31%	4.00%-7.56%	3.88%-5.15%
Expected rate of salary increase	2.00%-7.00%	2.00%-7.00%	2.00%-6.00%
Employee turnover rate	0%-19%	0%-26%	0%-22%

	Parent Bank		
	2023	2022	2021
Retirement age	60	60	60
Average remaining working life	8 to 14 years	8 to 15 years	9 to 10 years
Discount rate	6.01%-6.11%	7.05%-7.25%	4.87%-5.02%
Expected rate of salary increase	6.00%-7.00%	6.00%-7.00%	6.00%
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, 2023			
Discount rate	+/-1.0%	(P721,266)	P930,243
Salary growth rate	+/-1.0%	992,066	(798,490)
Turn-over rate	+/-20.0%	(51,105)	(43,777)
December 31, 2022			
Discount rate	+/-1.0%	(P828,743)	P1,028,688
Salary growth rate	+/-1.0%	1,082,018	(913,920)
Turn-over rate	+/-20.0%	218,908	(219,330)

Parent

	Impact on Post-Employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2023			
Discount rate	+/-1.0%	(P641,114)	P665,717
Salary growth rate	+/-1.0%	867,439	(544,559)
Turn-over rate	+/-20.0%	(52,624)	39,776
December 31, 2022			
Discount rate	+/-1.0%	(P522,565)	P674,188
Salary growth rate	+/-1.0%	716,235	(569,040)
Turn-over rate	+/-20.0%	(20,189)	20,640

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, 2023 and 2022 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

	2023	2022
Less than one year	₱1,649,751	₱1,048,430
One year to less than five years	2,357,357	1,813,795
Five years to less than ten years	4,584,317	3,162,944
Ten years to less than 15 years	5,503,589	3,496,334
15 years to less than 20 years	6,906,291	4,245,541
20 years and above	15,254,451	9,593,251
	₱36,255,756	₱23,360,295

Parent

	2023	2022
Less than one year	₱1,447,895	₱1,096,908
One year to less than five years	2,131,964	2,090,152
Five years to less than ten years	4,036,406	3,698,105
Ten years to less than 15 years	4,365,293	4,278,180
15 years to less than 20 years	5,146,918	4,953,445
20 years and above	10,351,462	10,517,514
	₱27,479,938	₱26,634,304

The weighted average duration of the defined benefit obligation is 17 years in 2023 and 16 years in 2022.

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, 2023, the key actuarial assumptions include expected salary increase rate of 6.00% per annum and discount rate of 6.07%.

As of December 31, 2023, accrued sick leave obligation amounted to ₱621.64 million.



30. Income Taxes

Current and Deferred Income Taxes

The components of income tax expense (benefit) for the years ended December 31, 2023, 2022, and 2021 are as follows:

	Group		
	2023	2022	2021
	(As restated)		
Reported in profit or loss			
Current tax expense:			
Final tax	₱3,165,140	₱2,231,917	₱1,269,860
Regular corporate income tax (RCIT)	886,028	1,333,468	826,288
MCIT	538,492	1,467	74,426
	4,589,660	3,566,852	2,170,574
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(1,945,435)	472,607	236,495
	₱2,644,225	₱4,039,459	₱2,407,069
Reported in other comprehensive income			
Deferred tax expense (benefit) relating to origination and reversal of actuarial gains or losses	(₱132,286)	₱93,191	₱193,286

	Parent Bank		
	2023	2022	2021
	(As restated)		
Reported in profit or loss			
Current tax expense:			
Final tax	₱2,669,179	₱2,029,648	₱1,158,225
RCIT	26,334	108,513	35,941
MCIT	527,838	—	74,108
	3,223,351	2,138,161	1,268,274
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(1,698,002)	897,850	420,188
	₱1,525,349	₱3,036,011	₱1,688,462
Reported in other comprehensive income			
Deferred tax expense (benefit) relating to origination and reversal of actuarial gains or losses	(₱155,309)	₱84,180	₱174,589



The reconciliation of the statutory income tax rate and the effective income tax rate follows:

	Group		
	2023	2022	2021
		(As restated)	
Statutory income tax rate	25.00%	25.00%	25.00%
Adjustment for income subjected to lower income tax rates	(2.02)	(3.20)	(2.11)
CREATE related adjustments	—	—	6.25
Tax effects of:			
FCDU income before tax	(2.02)	(1.73)	(17.72)
Non-taxable income	(8.48)	(0.89)	(0.76)
Non-deductible expenses	10.98	3.20	3.06
Others	(0.98)	1.69	2.34
Effective income tax rate	22.49%	24.07%	16.06%

	Parent Bank		
	2023	2022	2021
		(As restated)	
Statutory income tax rate	25.00%	25.00%	25.00%
Adjustment for income subjected to lower income tax rates	(5.36)	(3.15)	(1.97)
CREATE related adjustments	—	—	5.68
Tax effects of:			
FCDU income before tax	(2.32)	(1.86)	(18.79)
Non-taxable income	(6.87)	(3.68)	(0.27)
Non-deductible expenses	6.49	3.31	2.07
Others	(2.22)	(0.20)	(0.23)
Effective income tax rate	14.73%	19.42%	11.90%



The components of the net deferred tax assets presented under Other resources (see Note 19) as of December 31, 2023, and 2022 follow:

	Group	
	2023	2022 (As restated)
Deferred tax assets:		
Allowance for impairment	₱5,010,016	₱4,088,549
Accrued other expenses	1,682,104	1,203,425
Net operating loss carry over (NOLCO)	1,069,474	477,682
Deferred service fees	476,785	405,965
Excess MCIT	681,016	368,069
Investment properties	287,322	353,181
Unrealized foreign exchange loss	250,459	169,644
Others	775,071	1,190,370
	10,232,247	8,256,885
Deferred tax liabilities:		
Unrealized foreign exchange gain	60,723	126,653
Capitalized interest	21,965	22,880
Others	469,528	400,149
	552,216	549,682
Net deferred tax assets	₱9,680,031	₱7,707,203

	Parent Bank	
	2023	2022 (As restated)
Deferred tax assets:		
Allowance for credit losses	₱3,576,777	₱3,055,124
Accrued other expenses	1,542,120	1,196,466
Net operating loss carry-over (NOLCO)	1,068,153	466,729
Excess MCIT	680,353	366,968
Investment properties	202,220	276,990
Unrealized foreign exchange loss	248,787	169,646
Others	789,288	690,644
	8,107,698	6,222,567
Deferred tax liabilities:		
Unrealized foreign exchange gain	51,875	123,159
Capitalized interest	21,965	22,880
Others	323,671	219,650
	397,511	365,689
Net deferred tax assets	₱7,710,187	₱5,856,878

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	₱—	₱500,000	₱1,711,455	2021-2025*
2021	155,461	—	—	155,461	2022-2026*
2023	2,517,174	—	—	2,517,174	2024-2026
	₱4,884,090	₱—	₱500,000	₱4,384,090	



**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

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

As a result of the changes brought about by CREATE signed into law on March 26, 2021, the regular corporate income tax (RCIT) is reduced from 30% to 25% effective July 1, 2020.

This resulted in a reduction in the current income tax for 2020 by ₱156.36 million and by ₱78.41 million for the Group and the Parent Bank, respectively, that is recognized in the 2021 statement of income. In addition, as a result of the change in the tax rate, the deferred tax balances have been remeasured from 30% to 25%, resulting in reduction in net deferred tax asset of ₱1,156.01 million and ₱948.86 million for the Group and the Parent Bank, respectively, increase in provision for deferred income tax by ₱1,088.04 million and ₱881.24 million for the Group and the Parent Bank, respectively, in the 2021 statement of income, and decrease in other comprehensive income by ₱68.01 million and ₱67.62 million for the Group and the Parent Bank, respectively, in the 2021 statement of comprehensive income.

The following are the relevant tax regulations affecting the Group:

Income Tax

- 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;
- 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;
- Withholding tax of 15% is imposed on interest earned under the expanded foreign currency deposit system; and,
- NOLCO can be claimed as deductions against taxable income within three years after NOLCO is incurred. The excess of the MCIT over income tax due may be carried over to the three succeeding taxable years and credited against income tax due provided the Bank is in RCIT position. On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of Bayanihan to Recover as One Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.



Gross Receipts Tax

Banks are subject to gross receipts tax under Sec. 121 of the National Internal Revenue Code as amended.

Documentary Stamp Tax

Documentary stamp taxes (DST) (at varying rates) are imposed on the following:

- (a) Bank checks, drafts, or certificate of deposit not bearing interest, and other instruments;
- (b) Bonds, loan agreements, promissory notes, bills of exchange, drafts, instruments and securities issued by the Government of any of its instrumentalities, deposit substitute debt instruments, certificates of deposits bearing interest and other not payable on sight or demand;
- (c) Acceptance of bills of exchange and letters of credit; and,
- (d) Bills of lading or receipt.

The significant provisions relating to DST under TRAIN are summarized below:

- (a) On every original issue of debt instruments, there shall be collected a DST of 1.50 on each 200 or fractional part thereof of the issue price of any such debt instrument; provided, that for such debt instruments with terms of less than one year, the DST to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days; provided further that only one DST shall be imposed on either loan agreement or promissory notes to secure such loan.
- (b) On all sales or transfer of shares or certificates of stock in any corporation, there shall be collected a DST of 1.50 on each 200, or fractional part thereof, of the par value of such stock.
- (c) On all bills of exchange (between points within the Philippines) or drafts, there shall be collected a DST of 0.60 on each 200, or fractional part thereof, of the face value of any such bill of exchange or draft.
- (d) The following instruments, documents and papers shall be exempt from DST:
 - Borrowings and lending of securities executed under the Securities Borrowing and Lending Program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority;
 - Loan agreements or promissory notes, the aggregate of which does not exceed 250,000 or any such amount as may be determined by the Secretary of Finance, executed by an individual for his purchase on installment for his personal use;
 - Sale, barter or exchange of shares of stock listed and traded through the local stock exchange (as amended by RA No. 9648);
 - Fixed income and other securities traded in the secondary market or through an exchange;
 - Derivatives including repurchase agreements and reverse repurchase agreements;
 - Bank deposit accounts without a fixed term or maturity; and,
 - Interbank call loans with maturity of not more than seven days to cover deficiency in reserve against deposit liabilities.

Itemized Deduction

In 2023, 2022 and 2021, the Parent Bank opted to claim itemized deductions.



31. Trust Operations

The following securities and other properties held by the Parent Bank in fiduciary or agency capacity (for a fee) for its customers are not included in the accompanying statement of financial position since these are not properties of the Parent Bank.

	2023	2022
Investments	₱91,212,192	₱88,449,123
Others	2,755,771	3,199,964
	₱93,967,963	₱91,649,087

In compliance with the requirements of the General Banking Act relative to the Parent Bank's trust functions:

- (a) Investment in government securities with a total face value of ₱1,210,600 as of December 31, 2023 and 2022, are deposited with BSP as security for the Parent Bank's faithful compliance with its fiduciary obligations (see Note 12); and,
- (b) Ten percent of the Parent Bank's trust income is transferred to Surplus reserves. This yearly transfer is required until the surplus reserves for trust function is equivalent to 20% of the Parent Bank's authorized capital stock. No part of such reserves shall at anytime be paid out as dividends, but losses accruing in the course of business may be charged against such surplus. As of December 31, 2023 and 2022, the reserve for trust functions amounted to ₱367,836 and ₱336,655, respectively, and is included as part of Surplus reserves in the statements of financial position (see Note 25).

Income from trust operations of the Group and the Parent Bank amounted to ₱311,816, ₱316,939, and ₱239,994 in 2023, 2022 and 2021, respectively. These are shown as Income from trust operations account under Miscellaneous income in the statements of income (see Note 28).

32. Related Party Transactions

The Group's and Parent Bank's related parties include subsidiaries, stockholders, key management personnel and others as described below.

The Parent Bank's transactions with related parties, except deposit transactions, are reviewed and approved by the Bank's RPT Management Review Committee (for non-material transactions), endorsed by the RPT Board Committee, and ultimately approved or confirmed by the BOD. The terms and prices are benchmarked against market prices, non-RPT transactions and on a cost-plus basis as practiced by the market if market prices are not available. In other instances, valuations are made by appraisers and third party consultants in determining prices.



The summary of the Group's significant transactions with its related parties as of and for the years ended December 31, 2023 and 2022 are as follows:

Related Party Category	2023		2022		Terms and Conditions/Nature
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	
Applicable to the Parent Bank					
Subsidiaries					
Lease of properties:					
Lease income	₱72,056	₱–	₱33,550	₱–	Lease renewed every 5 years with 5% escalation rate
Refundable deposits	6,375	8,334	2,356	2,356	
Management services	88,227	–	161,188	–	Project management fee, management services, commission and service charges paid to/by subsidiaries
Deposit liabilities:					
Outstanding balance	–	1,799,248	–	1,961,153	
Net movements	(161,905)	–	(1,241,048)	–	
Interest expense on deposits	4,631	–	2,356	–	With interest rate based on average daily bank deposit rate.
Receivables purchase agreements:					
Purchase of receivables	–	–	9,979,340	–	Purchase of DepEd receivables from CSB
Sale of receivables	(22,027,981)	–	6,682,351	–	Sale of qualified Quick Loan Accounts to UnionDigital
Interbank borrowing					
Net movements	10,000,000	–	3,000,521	–	Short-term borrowing with annual fixed rate ranging from 6.34% to 6.41% in 2023 and 2.125% in 2022. No outstanding balances as of 2023 and 2022.
Interest expense	1,771	–	531	–	
Advances:					
Outstanding balance	–	129,438	–	79,573	Various expenses advanced by the Bank
Net movements	49,865	–	8,372	–	
Other liabilities	–	2,653	–	375,978	Various expenses and service fees
Applicable to the Group and the Parent Bank					
Stockholders and related parties under common ownership					
Deposit liabilities:					
Outstanding balance	–	2,474,724	–	6,709,215	With interest rate based on average daily bank deposit rate
Net movements	(4,234,491)	–	(18,750,550)	–	
Interest expense on deposits	24,028	–	37,919	–	
Bills payable:					
Outstanding balance	–	13,957	–	13,936	Long term liability with annual fixed rate of 4%
Net movements	21	–	20	–	
Interest expense	560	–	56,658	–	
Income from bancassurance business:					
Commission income	589,520	–	377,657	–	Income recognized on sale of insurance policies in accordance with the bancassurance agreement
Unearned income	–	590,258	–	715,710	Unearned income from Exclusive Access Fees arising from the bancassurance agreement

(Forward)



Related Party Category	2023		2022		Terms and Conditions/Nature
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	
Sale of Investment properties					
Sales contract receivable	(P413,987)	P–	P591,410	P413,987	
Gain on disposal	–	–	226,901	–	Sale of foreclosed property
Unearned income	(52,044)	–	52,004	52,004	
Loans receivable	(29,330)	30,239	(8,829)	909	Secured borrowings with annual interest of 8.0% and 12.0% in 2023 and 2022
Key management personnel Directors, officers and other related interests:	4,262,562	–	2,973,832	–	Employee benefits related to key management personnel
Loans	829,899	829,899	639,635	639,635	Employee fringe benefit loans with annual fixed interest rate from 0.00% to 8.0% in 2023 and 2022
Accounts receivable	185,238	185,238	156,659	156,659	Fringe benefits related to employee cars and laptop lease

Lease of Properties

The Parent Bank leases certain properties to UIC, CSB, UBX, UnionDigital and UFSI at fixed monthly rental payments with 5% annual escalation rate.

Management Services

The Parent Bank entered into service agreements with CSB, UIC, FAIR Bank, PETNET, UBX, UnionDigital, and UFSI to perform to perform various services including corporate accounting, human resource, legal, corporate secretarial, operations support, IT-related and data science.

Deposit Liabilities and Interest Expense

The deposit accounts of subsidiaries and stockholders with the Parent Bank generally earn interest based on daily bank deposit rates.

Advances

The Parent Bank also has advances to CSB, FUIFAI, UnionDigital, CFSI, PETNET and UBX as of December 31, 2023 and 2022. These are generally settled in cash upon demand.

Bills Payable and Interest Expense

In 2020, CSB availed of a loan with Aboitiz Foundation, Inc., amounting to P14.00 million which is payable in five years and bears an annual interest rate of 4.0%. This borrowing had an outstanding balance of P13.96 million and P13.94 million (net of unamortized debt issue costs) as of December 31, 2023 and 2022, respectively.



In 2022, CSB availed of short-term borrowings from AEVI, Aboitiz Power Corporation, and Aboitiz and Co., Inc., related parties under common ownership, amounting to ₱2.10 billion, ₱23.82 billion, and nil, respectively and such availments have been paid in full as of December 31, 2022. No availments were made for the year ended December 31, 2023.

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 by an amount of ₱143.08 million each year from 2023 to 2027, provided that UBP shall not be a defaulting party in a material breach during the EAF Credit Period.

EAF recognized for 2023 and 2022 is included in Commission from bancassurance under Service charges, fees and commissions account in the statements of income. Unearned income arising from this transaction is presented as Unearned Income - bancassurance under Other liabilities account in the statements of financial position (see Note 24).

Under the distribution agreement, Insular Life will have exclusive access to the branch network of the Parent Bank and CSB. Additionally, the Parent Bank's sales force, composed of relationship managers and financial advisors, shall be trained and licensed to sell life insurance products. Under the same Agreement, the Parent Bank shall earn commissions on all insurance policies sold by the Parent Bank. Commissions earned in 2023 and 2022 are presented as part of Commissions from bancassurance under Service charges, fees and commissions account in the statements of income (see Note 27).

Receivables Purchase Agreements

Department of Education (DepEd) Loans

On February 28, 2022, the Parent Bank entered into an agreement with CSB to purchase, in a true sale and without recourse basis, and for cash consideration, certain DepEd loans in one or more tranches for up to a maximum outstanding principal amount of ₱10 billion. The Parent Bank completed the purchase of the first tranche of receivables with outstanding principal of ₱99.31 million on April 8, 2022, and the second tranche of receivables with outstanding principal of ₱9.98 billion on July 4, 2022.



Quick Loans

On August 1, 2022 (the “Effective Date”), the Parent Bank entered into an agreement (the “Agreement”) with UnionDigital to sell, in a true sale and without recourse basis, and for cash consideration, loan accounts from the Parent Bank’s Quick Loans portfolio that are existing and granted as of the Effective Date and during the Term of the Agreement, which pass the eligibility criteria including the credit score, borrower profile, loan tenors and terms acceptable to UnionDigital. The Agreement shall remain valid and subsisting until terminated by the Parties as defined and allowed under the Agreement. The total outstanding principal sold to UnionDigital in 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 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. As of December 31, 2023 and 2022, the outstanding balance of the loan is nil and ₱413.98 million, respectively.

Key Management Personnel Compensation

The compensation of key management personnel for the Group and Parent Bank follows:

	Group		
	2023	2022	2021
Short-term benefits	₱3,948,441	₱2,565,550	₱2,298,705
Post-employment benefits	178,917	197,044	91,915
Other long-term benefits	135,204	211,238	69,681
	₱4,262,562	₱2,973,832	₱2,460,301

	Parent Bank		
	2023	2022	2021
Short-term benefits	₱3,074,645	₱2,126,299	₱1,885,566
Post-employment benefits	161,847	182,200	74,477
Other long-term benefits	128,555	205,565	63,703
	₱3,365,047	₱2,514,064	₱2,023,746

The Group incurred directors’ fees amounting to ₱159,594, ₱130,788, and ₱141,415 in 2023, 2022 and 2021, respectively. The Parent Bank incurred fees amounting to ₱105,409, ₱100,687, and ₱118,039 in 2023, 2022 and 2021, 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	
	2023	2022	2023	2022
Total DOSRI loans	₱830,157	₱640,544	₱690,843	₱616,127
Unsecured DOSRI loans	418,582	272,992	292,880	263,012
% of DOSRI loans to total loan portfolio	0.16%	0.13%	0.17%	0.16%
% of unsecured DOSRI loans to total DOSRI loans	0.05%	—%	0.06%	—%
% of unsecured DOSRI loans inclusive of fringe benefits to total DOSRI loans	50.42%	42.62%	42.39%	42.69%
% of past due DOSRI loans to total DOSRI loans	0.05%	—%	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 the Chairman/Chief Executive Officer. Through its Retirement Committee, it has appointed TISG as one of its trustees for the retirement fund which is covered by trust agreements.

The composition of the retirement plan assets in the actuarial valuation reports of the Parent Bank and its subsidiaries as of December 31, 2023 and 2022 are disclosed in Note 29. As of December 31, 2023 and 2022, total assets of the retirement plan managed by the TISG of the Parent Bank as contained in the actuarial valuation reports amounted to ₱6.31 billion and ₱4.03 billion, respectively.

As of December 31, 2023 and 2022, 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, 2023 and 2022 as follows:

	Group			
	2023		2022	
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Investment in Parent Bank shares	₱126,190	₱478,398	₱75,094	₱352,208
Investments in Parent Bank notes payable:				
Outstanding balance	–	311,861	–	354,516
Net movements	(42,655)	–	(125,375)	–
Interest income	17,255	–	17,093	–
Accrued interest income	–	4,562	–	6,486
Deposit liabilities:				
Outstanding balance	–	241,771	–	348,462
Net movements	(106,691)	–	(45,819)	–
Interest income on deposits	1,692	–	11,397	–
Dividend income	9,307	–	9,064	–

	Parent Bank			
	2023		2022	
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Investment in Parent Bank shares	₱126,136	₱461,852	₱71,028	₱332,716
Investments in Parent Bank notes payable:				
Outstanding balance	–	271,083	–	310,972
Net movements	(39,889)	–	(117,515)	–
Interest income	15,067	–	14,906	–
Accrued interest income	–	3,185	–	5,958
Deposit liabilities:				
Outstanding balance	–	235,176	–	329,851
Net movements	(94,675)	–	(42,555)	–
Interest income on deposits	1,684	–	11,397	–
Dividend income	8,751	–	8,560	–

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 ₱354,989 and ₱166,093, covering October 2022 to September 2023 and October 2021 to September 2022, 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, 2023 and 2022, the receivable of UIC from Kingswood Project amounted to ₱32.0 million and ₱33.2 million, respectively.



33. Earnings Per Share

In 2023, 2022 and 2021, 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 as required under PFRS.

The basic and diluted earnings per share were computed as follows:

	Group		
	2023	2022 (As restated)	2021
Net profit attributable to Parent Bank's stockholders	₱9,072,217	₱12,600,745	₱12,525,376
Divided by:			
Weighted average number of outstanding common shares	2,332,962	1,911,431	1,219,289
Adjustment related to stock dividends	635,519	635,519	940,358
Weighted average number of outstanding common shares, after adjustment for stock dividends	2,968,481	2,546,950	2,159,647
Basic and diluted earnings per share	₱3.06	₱4.95	₱5.80

	Parent Bank		
	2023	2022 (As restated)	2021
Net profit	₱8,828,457	₱12,600,745	₱12,525,376
Divided by:			
Weighted average number of outstanding common shares	2,332,962	1,911,431	1,219,289
Adjustment related to stock dividend	635,519	635,519	940,358
Weighted average number of outstanding common shares, after adjustment for stock dividends	2,968,481	2,546,950	2,159,647
Basic and diluted earnings per share	₱2.97	₱4.95	₱5.80



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, 2023 and 2022, 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, 2023 and 2022:

	Group		Parent Bank	
	2023	2022	2023	2022
1 year or less	₱597,214	₱532,912	₱453,932	₱419,854
more than 1 years to 2 years	450,676	391,940	352,348	307,215
more than 2 years to 3 years	303,813	237,140	235,500	199,287
more than 3 years to 4 years	217,275	89,969	157,865	78,118
more than 5 years	64,374	22,077	35,301	16,331

The following are the amounts recognized in profit or loss for the years ended December 31, 2023 and 2022:

	Group		Parent Bank	
	2023	2022	2023	2022
Amortization expense of ROU assets (Note 16)	₱611,475	₱620,499	₱468,679	₱464,534
Interest expense on lease liabilities (Note 24)	75,007	67,851	59,580	56,240
Expenses relating to short term – leases	268,345	171,523	214,309	132,394
Total amount recognized in profit or loss	₱954,827	₱859,873	₱742,568	₱653,168

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, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Group	₱127,739	₱218,019	₱116,450
Parent Bank	180,273	154,907	132,734



The estimated minimum future annual rentals receivable under non-cancellable operating leases follows:

	Group	
	2023	2022
Within one year	₱119,487	₱142,891
Beyond one year but within five years	123,370	257,160
	₱242,469	₱400,051

	Parent Bank	
	2023	2022
Within one year	₱102,643	₱133,423
Beyond one year but within five years	110,043	246,878
	₱212,686	₱380,301

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, 2023, no additional material losses or liabilities are required to be recognized in the accompanying financial statements as a result of the above commitments and transactions.

There are several suits, assessments or notices and claims that remain unsettled. Management believes, based on the opinion of its legal counsels, that the ultimate outcome of such suits, assessments and claims will not have a material effect on the Group's and the Parent Bank's financial position and results of operations.

35. Notes to the Statements of Cash Flows

Presented below is the supplemental information on the Group's and the Parent Bank's liabilities arising from financing activities:

	Group				
	LTNCD	Bills Payable	Notes and Bonds Payable	Lease Liabilities*	Total
Balances at January 1, 2023	₱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 as of December 31, 2023	₱—	₱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



	Group				Total
	LTNCD	Bills Payable	Notes and Bonds Payable	Lease Liabilities*	
Balances at January 1, 2022	₱3,000,000	₱51,168,138	₱69,853,986	₱1,382,880	₱125,405,004
Cash flows from financing activities:					
Additions	—	306,504,535	13,904,476	—	320,409,011
Repayment of borrowings	—	(225,725,630)	(38,183,199)	(659,030)	(264,567,859)
Non-cash financing activities:					
Effects of foreign exchange rate changes	—	899,746	5,982,985	—	6,882,731
New lease arrangements	—	—	—	567,389	567,389
Amortization of debt issue costs and accretion of interest	—	—	—	65,440	65,440
Balances as of December 31, 2022	—	—	86,077	67,851	153,928
	₱3,000,000	₱132,846,789	₱51,644,325	₱1,424,530	₱188,915,644

*additions to lease liabilities arising from initial recognition of ROU assets are considered non-cash financing activities

	Parent Bank				Total
	LTNCD	Bills Payable	Notes and Bonds Payable	Lease Liabilities*	
Balances at January 1, 2023	₱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 as of December 31, 2023	₱—	₱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

	Parent Bank				Total
	LTNCD	Bills Payable	Notes and Bonds Payable	Lease Liabilities*	
Balances at January 1, 2022	₱3,000,000	₱28,577,774	₱69,789,836	₱1,043,850	₱102,411,460
Cash flows from financing activities:					
Additions	—	247,352,242	10,932,289	—	258,284,531
Repayment of borrowings	—	(177,520,637)	(35,112,500)	(496,312)	(213,129,449)
Non-cash financing activities:					
Effects of foreign exchange rate changes	—	899,745	5,948,623	—	6,848,368
New lease arrangements	—	—	—	514,000	514,000
Amortization of debt issue costs and accretion of interest	—	—	—	59,777	59,777
Balances as of December 31, 2022	—	—	86,077	56,240	142,317
	₱3,000,000	₱99,309,124	₱51,644,325	₱1,177,555	₱155,131,004

*additions to lease liabilities arising from initial recognition of ROU assets are considered non-cash financing activities

Non-cash investing activities of the Group for the years ended December 31, 2023 and 2022 include (1) additions to investment properties in settlement of loans and receivables amounting to ₱984.12 million and ₱376.49 million, respectively, (2) disposals of properties with carrying values of ₱638.52 million and ₱1,482.10 million, respectively, through sales contract receivables, and (3) addition to right of use assets amounting to ₱675.99 million and ₱523.81 million, respectively, for the Group and amounting to ₱468.13 million and ₱514.00 million, respectively for the Parent Bank.



36. Events After the End of the Reporting PeriodStock Dividend Distribution

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.

Dividend Declaration

On January 26, 2024, the Parent Bank's BOD approved the declaration of cash dividends at ₱0.80 per share for a total of ₱2,391,408 in favor of all stockholders of the Bank, payable from the unrestricted retained earnings of the Bank as of December 31, 2023. Record date for stockholders entitled to the cash dividend was set on February 13, 2024 and payment was made on February 20, 2024.

Stock Rights Offering

On January 26, 2024, the Parent Bank's BOD approved the capital raising of up to ₱10.0 billion via stock rights offering to all stockholders, subject to regulatory approvals. Net proceeds will be used to fund capital infusion to UnionDigital, projected retail loan availments and for general corporate purposes.

Capital Infusion in Union Digital

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, the Parent Bank infused ₱600.00 million out of the approved amount to UnionDigital to support its business growth.



37. Supplementary Information Required Under BSP Circular 1074

Presented below is the supplementary information required by the BSP under BSP Circular 1074.

Basic quantitative indicators of financial performance

Group	2023	2022 (As restated)	2021
Return on average capital funds:			
$\frac{\text{Net profit}}{\text{Average total capital funds}^*}$	5.6%	9.7%	11.5%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources}^*}$	0.8%	1.3%	1.6%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest-earning resources}^*}$	5.5%	4.8%	4.6%
Liquidity ratio:			
$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	43.5%	49.6%	53.9%
Debt-to-equity ratio:			
$\frac{\text{Liabilities}}{\text{Equity}}$	5.5:1	6.4:1	6.4:1
Asset-to-equity ratio:			
$\frac{\text{Asset}}{\text{Equity}}$	6.5:1	7.4:1	7.4:1
Interest rate coverage ratio:			
$\frac{\text{Earnings before interests and taxes}}{\text{Interest expense}}$	1.4:1	2.4:1	3.3:1

*Average amount is calculated based on current year-end and previous year-end balances



Parent Bank	2023	2022 (As restated)	2021
Return on average capital funds:			
$\frac{\text{Net profit}}{\text{Average total capital funds*}}$	5.5%	9.7%	11.6%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources*}}$	0.9%	1.5%	1.6%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest-earning resources*}}$	4.8%	4.1%	3.9%
Liquidity ratio:			
$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	40.0%	48.5%	50.6%
Debt-to-equity ratio:			
$\frac{\text{Liabilities}}{\text{Equity}}$	4.7:1	5.6:1	5.5:1
Asset-to-equity ratio:			
$\frac{\text{Asset}}{\text{Equity}}$	5.7:1	6.6:1	6.5:1
Interest rate coverage ratio:			
$\frac{\text{Earnings before interests and taxes}}{\text{Interest expense}}$	1.6:1	2.9:1	4.3:1

*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, 2023 and 2022, the Parent Bank has outstanding capital stock shown below (peso amounts in thousands):

	Shares		Amount	
	2023	2022	2023	2022
Common – ₱10 par value				
Authorized	5,030,785,238	2,530,785,238	₱50,307,852	₱25,307,852
Issued	2,353,774,567	2,142,106,764	23,537,466	21,421,068
Treasury stock	(27,977)	–	(2,097)	–
Issued and outstanding	2,353,746,590	2,142,106,764	23,535,369	21,421,068
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.

Stock Dividend Distributable

On January 4, 2024, the Bank issued 635.5 million common shares at par value of ₱10 in relation to the 27% stock dividends declaration approved by the Bank's BOD and stockholders on February 24, 2023 and April 28, 2023, respectively.



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, 2023 and 2022 is shown below (amounts in thousands):

	Group			
	2023			
	Loans and Other Receivables		Trading and Investment Securities	Total
	Amount	%		
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
South America	—	—	13,095,789	13,095,789
United States	—	—	14,979,766	14,979,766
	₱544,716,220	100.00	₱491,108,029	₱1,035,824,249



	Group			
	2022			
	Loans and Other Receivables		Trading and Investment Securities	Total
	Amount	%		
<i>Concentration by industry</i>				
Financial and insurance activities	P34,819,473	7.07	P451,417,807	P486,237,280
Real estate activities	90,231,828	18.33	7,150,000	97,381,828
Information and communication	35,095,786	7.13	—	35,095,786
Wholesale and retail trade, repair of motor vehicles	32,282,632	6.56	—	32,282,632
Manufacturing	28,515,108	5.79	2,665,228	31,180,336
Transportation and storage	21,836,091	4.44	1,884,539	23,720,630
Arts, entertainment and recreation	12,627,793	2.57	—	12,627,793
Electricity, gas steam and air conditioning supply	13,090,565	2.66	24,106,204	37,196,769
Other service activities	15,924,128	3.24	2,845,681	18,769,809
Construction	6,110,416	1.24	—	6,110,416
Activities of households as employers and undifferentiated goods and services	4,320,351	0.88	—	4,320,351
Agriculture, forestry and fishing	2,284,137	0.46	—	2,284,137
Accommodation and food service activities	1,540,725	0.31	—	1,540,725
Professional, scientific and technical activities	472,896	0.10	—	472,896
Other consumption	97,556,795	19.82	—	97,556,795
Others	95,486,796	19.40	2,782,659	98,269,455
	P492,195,520	100.00	P492,852,118	P985,047,638
<i>Concentration by location</i>				
Philippines	P492,195,520	100.00	P398,026,315	P890,221,835
Others - Asia	—	—	23,944,279	23,944,279
South America	—	—	6,061,624	6,061,624
North America	—	—	7,441,164	7,441,164
United States	—	—	50,591,184	50,591,184
Europe	—	—	6,787,552	6,787,552
	P492,195,520	100.00	P492,852,118	P985,047,638
	Parent Bank			
	2023			
	Loans and Other Receivables		Trading and Investment Securities	Total
	Amount	%		
<i>Concentration by industry</i>				
Financial and insurance activities	P64,419,599	15.27	P392,513,892	P456,933,491
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
	P421,906,706	100.00	P436,698,874	P858,605,580
<i>Concentration by location</i>				
Philippines	P421,906,706	100.00	P381,672,027	P803,578,733
Others - Asia	—	—	26,951,292	26,951,292
South America	—	—	13,095,789	13,095,789
United States	—	—	14,979,766	14,979,766
	P421,906,706	100.00	P436,698,874	P858,605,580



	Parent Bank			
	2022			
	Loans and Other Receivables		Trading and Investment Securities	Total
	Amount	%		
<i>Concentration by industry</i>				
Financial and insurance activities	₱40,015,301	10.01	₱401,020,548	₱441,035,849
Real estate activities	97,115,155	24.30	–	97,115,155
Information and communication	89,587,397	22.42	7,150,000	96,737,397
Wholesale and retail trade, repair of motor vehicles	35,091,072	8.78	–	35,091,072
Manufacturing	31,351,303	7.85	–	31,351,303
Transportation and storage	28,359,410	7.10	2,665,228	31,024,638
Arts, entertainment and recreation	21,735,910	5.44	1,884,539	23,620,449
Electricity, gas steam and air conditioning supply	15,761,449	3.94	2,845,681	18,607,130
Other service activities	13,090,425	3.28	24,106,204	37,196,629
Construction	12,626,780	3.16	–	12,626,780
Activities of households as employers and undifferentiated goods and services	5,993,159	1.50	–	5,993,159
Accommodation and food service activities	4,317,198	1.08	–	4,317,198
Professional, scientific and technical activities	1,347,158	0.34	–	1,347,158
Agriculture, forestry and fishing	1,193,414	0.30	–	1,193,414
Other consumption	465,180	0.11	–	465,180
Others	1,542,640	0.39	2,782,659	4,325,299
	₱399,592,951	100.00	₱442,454,859	₱842,047,810
<i>Concentration by location</i>				
Philippines	₱399,592,951	100.00	₱347,629,056	₱747,222,007
Others - Asia	–	–	23,944,279	23,944,279
South America	–	–	6,061,624	6,061,624
North America	–	–	7,441,164	7,441,164
United States	–	–	50,591,184	50,591,184
Europe	–	–	6,787,552	6,787,552
	₱399,592,951	100.00	₱442,454,859	₱842,047,810

The BSP considers significant credit exposures 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.

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	
	2023	2022	2023	2022
Secured:				
Real estate	₱9,123,863	₱12,265,747	₱7,061,241	₱10,408,920
Deposit hold-out	388,958	374,133	314,379	331,529
Chattel mortgage	37,008	84,735	–	–
Others	70,712,231	66,576,638	70,593,577	65,419,101
	80,262,060	79,301,253	77,969,197	76,159,550
Unsecured	465,894,577	414,840,945	347,870,341	327,199,747
	₱546,156,637	₱494,142,198	₱425,839,538	₱403,359,297

The breakdown as to secured and unsecured of non-accruing loans of the Group and the Parent Bank as of December 31 follows:

	Group		Parent Bank	
	2023	2022	2023	2022
Secured	₱5,436,524	₱6,590,346	₱5,374,227	₱6,426,779
Unsecured	28,799,717	15,289,340	15,479,796	7,293,894
	₱34,236,241	₱21,879,686	₱20,854,023	₱13,720,673



As to status

Non-performing loans (NPLs) of the Group and the Parent Bank as of December 31, 2023 and 2022 are presented below, net of the related allowance for credit losses in compliance with BSP Circular 855, respectively (amounts in thousands).

	Group		Parent Bank	
	2023	2022	2023	2022
Gross NPLs	₱34,236,241	₱21,879,686	₱20,854,023	₱13,720,673
Specific allowance for credit losses on NPLs	(13,942,408)	(10,791,956)	(8,975,937)	(6,951,092)
	₱20,293,833	₱11,087,730	₱11,878,086	₱6,769,581

Under BSP Circular 941, an account or exposure is considered non-performing, even without any missed contractual payments, when it is deemed impaired under existing applicable accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, in the case of secured accounts. All other accounts, even if not considered impaired, shall be considered non-performing if any contractual principal and/or interest are past due for more than ninety (90) days, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after it has become past due. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

Non-performing loans, investment, receivables, or any financial asset (and/or any replacement loan) shall remain classified as such until (a) there is a sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.

Information on the amounts of performing and non-performing loans and receivables (gross of allowance for impairment and credit losses) per product line of the Group and Parent Bank are as follows:

	Group					
	2023			2022		
	Performing	Non-Performing	Total	Performing	Non-Performing	Total
Corporate loans	₱132,566,330	₱110,495	₱132,676,825	₱130,325,055	₱174,917	₱130,499,972
Consumer products*	116,136,252	3,993,996	120,130,248	95,958,602	3,243,884	99,202,486
Commercial loans	65,656,618	9,389,312	75,045,930	71,273,065	3,959,433	75,232,498
Home loans	63,664,670	6,883,125	70,547,795	59,923,287	5,736,182	65,659,469
CSB salary loans	77,205,187	7,251,003	84,456,190	58,843,468	5,185,814	64,029,282
Other receivables from customers**	39,810,434	6,608,310	46,418,744	42,292,399	3,579,456	45,871,855
Total receivables from customers	₱495,039,491	₱34,236,241	₱529,275,732	₱458,615,876	₱21,879,686	₱480,495,562

*Comprised of Small and Medium Enterprise (SME) Financial Products and Consumer Loans

**Comprised of HR loans, quick loans and Home Credit receivables



	Parent Bank					
	2023			2022		
	Performing	Non-Performing	Total	Performing	Non-Performing	Total
Corporate loans	₱132,566,330	₱110,495	₱132,676,825	₱130,325,055	₱174,917	₱130,499,972
Consumer products*	116,136,252	3,993,996	120,130,248	95,958,602	3,243,884	99,202,486
Commercial loans	65,656,618	9,389,312	75,045,930	71,273,065	3,959,433	75,232,498
Home loans	63,664,670	6,883,125	70,547,795	59,923,287	5,736,182	65,659,469
Other receivables from customers**	11,383,805	477,094	11,860,899	19,395,834	606,257	20,002,091
Total receivables from customers	₱389,407,674	₱20,854,023	₱410,261,697	₱376,875,843	₱13,720,673	₱390,596,516

*Comprised of Small and Medium Enterprise (SME) Financial Products and Consumer Loans

**Comprised of HR loans, quick loans and Home Credit receivables

Related party loans

As of December 31, 2023 and 2022, 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	
	2023	2022	2023	2022
Total DOSRI loans	₱830,157	₱640,544	₱690,843	₱616,127
Unsecured DOSRI loans	418,582	272,992	292,880	263,012
Total related party loans (including DOSRI loans)	830,157	640,544	690,843	616,127
Unsecured related party loans (including DOSRI loans)	418,582	272,992	292,880	263,012
% of DOSRI/related party loans to total loan portfolio	0.16%	0.13%	0.17%	0.16%
% of unsecured DOSRI/related party loans to total DOSRI loans	0.05%	—%	0.06%	—%
% of unsecured DOSRI loans inclusive of fringe benefit loans to total DOSRI loans	50.42%	42.62%	42.39%	42.69%
% of past due DOSRI/related party loans to total DOSRI loans	0.05%	—%	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 ₱98.17 billion and ₱78.23 billion as of December 31, 2023 and 2022, respectively.

Investment securities of both the Group and the Parent Bank with carrying values of ₱123.27 billion and ₱106.71 billion as of December 31, 2023 and 2022, respectively, were pledged against bills payable under repurchase agreement.



Commitments and contingencies

Following is a summary of the Group and Parent Bank's commitments and contingent accounts (amounts in thousands):

	Group		Parent Bank	
	2023	2022	2023	2022
Commitments	₱345,361,959	₱50,820,675	₱345,294,119	₱50,773,475
Trust department accounts	93,967,963	91,649,087	93,967,963	91,649,087
Forward exchange bought	67,830,319	74,853,141	67,830,319	74,853,141
Forward exchange sold	15,469,007	25,708,489	15,469,007	25,708,489
Other derivatives	24,458,518	13,801,894	24,458,518	13,801,894
Inward bills for collections	24,452,478	17,307,197	24,452,478	17,307,197
Unused standby letters of credit	7,226,237	8,986,154	7,226,237	8,986,154
Spot exchange sold	2,544,518	3,530,275	2,544,518	3,530,275
Spot exchange bought	2,215,761	3,378,510	2,215,761	3,378,510
Outstanding guarantees issued	1,100,445	1,426,923	1,100,445	1,426,685
Other commitment and contingent accounts	27,567	111,295	27,552	48,960

38. 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 ₱2.79 billion in 2023 as shown under Taxes and Licenses account. Total GRT payable as of December 31, 2023 amounted to ₱0.71 billion and is included as part of Accrued taxes and other expenses under Other liabilities account in the 2023 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, 2023, DST affixed amounted to ₱2.63 billion.

Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2023 are shown below (amounts in thousands):

Final	₱2,558,593
Expanded	376,500
Compensation and benefits	1,451,187
	₱4,386,280



Taxes and Licenses

The details of taxes and licenses in 2023 of the Parent Bank are as follows (amounts in thousands):

GRT	₱2,792,497
DST	1,143,080
Real property tax	43,915
Fringe benefit tax (FBT)	65,929
Local and business permits	44,866
Miscellaneous	21,058
Less:	
FBT charged to employee benefits	(65,929)
	<u>₱4,045,416</u>

Excise Taxes

The Parent Bank does not have excise taxes accrued since it did not have any transactions subject to excise tax.

Other Required Tax Information

The Parent Bank has not paid or accrued any excise taxes or customs' duties and tariff fees as it had no importation for the year ended December 31, 2023.

The Parent Bank has no pending tax assessment and case in courts or other regulatory bodies outside of the BIR as at December 31, 2023.



**INDEX TO SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023**

A. Statement of Management's Responsibility for Financial Statements

**B. Independent Auditors' Report on the SEC Supplementary Schedules
Filed Separately from the Basic Financial Statements**

C. List of Supplementary Information

Supplementary Schedules to Financial Statements (Form 17-A, Item 7)

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	Loans and Other Receivables	*
	Financial Assets at Fair Value Through Profit or Loss	
	Financial Assets at Amortized Cost	
	Financial Assets at Fair Value Through Other Comprehensive Income	
	(Annex 68-J, A)	
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	5
	(Annex 68-J, B)	
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	6
	(Annex 68-J, C)	
D	Long-term Debt	7
	(Annex 68-J, D)	
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	*
	(Annex 68-J, E)	
F	Guarantees of Securities of Other Issuers	*
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D.	Schedule of Financial Soundness Indicators for December 31, 2023 and 2022 (Annex 68-E)	11
E.	Schedule for Listed Companies with a Recent Offering of Securities to the Public	12

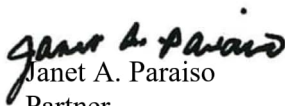
* These schedules and supplementary information are not included as these are not applicable to Group.

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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated February 28, 2024. 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 Financial Statements and 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 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 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, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-062-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10079894, January 5, 2024, Makati City

February 28, 2024

Union Bank of the Philippines and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule A - Financial Assets
December 31, 2023
(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	4,268,505,369	P 3,959,948	P 3,959,948	P 155,216
Filinvest Development Corporation	1,550,360	1,493	1,493	63
First Pacific Company Ltd.	71,981,000	68,877	68,877	3,113
International Container Terminal Services Inc.	10,409,560	10,076	10,076	614
JG Summit Holdings	33,055,890	30,886	30,886	1,348
Philippine National Bank	4,983,300	4,868	4,868	276
Power Finance Corporation Ltd.	166,110,000	163,373	163,373	5,336
Power Sector Asset and Liabilities Management Corp	154,150,080	175,637	175,637	22,651
Republic of Philippines	11,074,000	9,142	9,142	213
Vista Land and Lifescapes Inc.(Vista Land)	83,088,140	81,690	81,690	4,174
Metropolitan Bank and Trust Company	26,200,000	25,890	25,890	777
San Miguel Corp	10,500,000	10,237	10,237	573
Total Debt Securities		P 4,542,117	P 4,542,117	P 194,354
Equity Securities**				
Abacore Capital (Abacus)	456,000	P 388	P 388	-
Anscor	31,250	364	364	-
Araneta Property, Inc. - A	544	1	1	-
Asiastest Group International, Inc.	4	-	-	-
Benguet Corporation - A	355	2	2	-
Benguet Corporation - B	1,702	8	8	-
BDO Unibank, Inc.	72	9	9	-
Cosco Capital, Inc.	99,000	457	457	-
Imperial Resources, Inc.	30	-	-	-
Empire East	5,857,808	738	738	-
Global Estates Resort	760,500	722	722	-
Keppel Philippines Properties, Inc. - A	593	3	3	-
Mabuhay Holdings Corporation	170,000	19	19	-
Metro Alliance	645,000	293	293	-
Omico Corporation	800	-	-	-
Petron Corporation	249,100	884	884	-
Philippine Depository & Trust Corp.	5,228	959	959	-
Prime Media Holdings, Inc.	939	3	3	-
Project Quest	8,750,000	31,606	31,606	-
Republic Glass	733,000	2,200	2,200	-
Shang Properties	147,142	540	540	-
Shiptek Solutions Corp PH	-	31,000	31,000	-
The Philodrill Corporation	280,554	3	3	-
Wellex Industries, Inc.	333	-	-	-
Bureau of Treasury	58,000,000	58,650	58,650	-
Alta Vista Golf & Country Club	1	400	400	-
Cebu Country Club (certified true copy only)	2	30,000	30,000	-
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	405,000	405,000	-
The Metropolitan Club, Inc. A	10	2,500	2,500	-
The Metropolitan Club, Inc. B	13	3,900	3,900	-
Total Equity Securities		P 570,949	P 570,949	-

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*
Derivative Assets				
ANZ Banking Group Ltd	-	337	337	P -
ANZ Banking Group Ltd Manila	-	3,177	3,177	-
Barclays Bank	-	2,121	2,121	-
Banco De Oro	-	1,754	1,754	-
Banco De Oro Private	-	7,175	7,175	-
BNP Paribas Investment (Phils.), Inc.	-	536	536	-
Bank of America N.A.	-	31	31	-
Bank of New York	-	727	727	-
Bangko Sentral ng Pilipinas	-	25,564	25,564	-
Community Bank, N.A.	-	4,966	4,966	-
Chinabank	-	8,957	8,957	-
Citibank Manila	-	55,405	55,405	-
CITI BANK - Singapore	-	91	91	-
CreditAccess Philippines Financing Company Inc.	-	2,423	2,423	-
EPL Propack Philippines, Inc.	-	423	423	-
Goldman Sachs	-	3,500	3,500	-
ING Group	-	31	31	-
JPMorgan Chase & Co London	-	13,763	13,763	-
JPMorgan Chase & Co Singapore	-	2,654	2,654	-
JPMorgan Chase & Co Manila	-	44,514	44,514	-
Land Bank of the Philippines	-	998	998	-
Mandarin securities corporation	-	2	2	-
Metropolitan Bank and Trust Company	-	10,859	10,859	-
Monark Equipment Corporation	-	65	65	-
The Bank of Tokyo-Mitsubishi UFJ Limited. (Manila Branch)	-	938	938	-
Novel Capital, Inc.	-	219	219	-
Petron Corporation	-	760	760	-
Philippine Resins Industries, Inc.	-	4	4	-
Sagility Philippines	-	84	84	-
Security Bank Corporation	-	10,593	10,593	-
Standard Chartered - London	-	151,885	151,885	-
Standard Chartered - Manila	-	35,580	35,580	-
Standard Chartered - London	-	2,047	2,047	-
Stealth Ventures Corporation	-	10	10	-
Sutherland Global	-	11,844	11,844	-
Union Bank of Switzerland	-	627	627	-
Wells Fargo	-	54	54	-
Individual Clients	-	235,607	235,607	-
Credit Suisse International Group	-	52,325	52,325	-
Total Derivative Assets	P	692,650	P 692,650	p -
Total - Financial Assets at Fair Value through Profit or Loss	P	5,805,716	P 5,805,716	P 194,354
FINANCIAL ASSETS AT AMORTIZED COST				
Government bonds and other debt securities				
Bureau of Treasury	225,770,790,122	P 230,607,493	P 219,996,087	P 10,596,701
Abu Dhabi National Energy Co.(TAQA)	442,960,000	443,404	437,392	18,864
Bharat Petroleum Corp. Ltd.	3,128,405,000	3,071,850	3,051,940	152,077
Brazil Sovereign Group	1,661,100,000	1,932,521	1,819,381	103,801
Colombia Sovereign Group	996,660,000	1,271,184	1,032,679	58,651
Indonesian Government	9,700,824,000	10,365,682	10,227,303	450,938
NTPC Limited	276,850,000	274,831	273,082	12,705
Peru Sovereign Group	1,771,840,000	2,484,513	2,225,006	96,051
Perusahaan Perseroan(Persero) PT Perusahaan Listrik Negara	830,550,000	1,050,117	983,404	53,604
Petroleos Mexicanos	5,411,774,200	7,078,394	3,683,727	441,869
Petroliaim Nasional Berhad(Petronas)	553,700,000	553,603	543,445	19,188
Power Finance Corporation Ltd.	1,716,470,000	1,720,317	1,506,357	56,516
Power Sector Asset and Liabilities Management Corp	5,875,421,440	7,384,557	6,537,958	157,793
PT Indonesia Asahan Aluminium (Persero)	1,474,226,250	1,453,022	1,465,347	53,793
PT Pertamina(Persero)	166,110,000	165,586	153,755	5,280
Qatar Sovereign Group	276,850,000	277,000	268,863	8,841
Republic of Philippines	1,273,510,000	1,249,314	1,117,481	49,376
Saudi Arabia Sovereign Group	1,716,470,000	1,725,507	1,485,242	44,136
Saudi Arabian Oil Company	1,384,250,000	1,391,975	1,277,558	51,751
Sultanate of Oman Sovereign Group	1,221,905,160	1,272,351	1,243,199	59,280
Turkey Sovereign Group	2,214,800,000	2,211,582	1,752,004	127,856
Uruguay Sovereign Group	110,740,000	144,016	135,225	5,628
US Treasury/Sovereign Group	14,949,900,000	14,979,766	10,613,521	286,623
Hindustan Petroleum Corp. Ltd.	830,550,000	811,091	801,522	37,638
Total Government bonds and other debt securities	P	293,919,676	P 272,631,478	P 12,948,960
Private bonds and commercial papers				
Vista Land and Lifescapes Inc.(Vista Land)	1,336,800,000	P 1,356,235	P 1,316,435	P 112,840
STI Education Services Group Inc.	45,370,000	45,370	42,919	2,844
Del Monte Pacific Limited	2,768,500,000	2,762,131	2,716,591	109,033
Manila Water Company Inc.	3,296,840,540	3,275,836	2,988,850	145,055
Megaworld Corporation	3,140,198,810	3,150,468	2,923,368	125,188
Metropolitan Bank and Trust Company	442,960,000	441,709	413,056	9,880
Philippine National Bank	450,545,690	454,957	440,138	8,808
JG Summit Holdings	2,868,775,070	2,983,758	2,680,497	101,691
Filinvest Development Corporation	2,187,115,000	2,182,531	2,106,542	91,461
First Pacific Company Ltd.	1,723,723,470	1,749,874	1,649,397	68,015
San Miguel Corporation	40,000,000	40,000	40,000	1,950
Aboitiz Power Corporation	50,000,000	50,000	50,000	2,437
International Container Terminal Services Inc.	2,303,392,000	2,371,350	2,090,157	81,886
Total Private bonds and commercial papers	P	20,864,219	P 19,457,950	P 861,088
Less: Allowance for Credit Loss		(304,656)		-
Total - Financial Assets at Amortized Cost	P	314,479,239	P 292,089,428	P 13,810,048

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
OTHER COMPREHENSIVE INCOME**

Government and private bonds and other debt securities

Bureau of Treasury	38,173,618	P	36,685,421	P	36,685,421	P	1,810,165

Total Government and private bonds and other debt securities		P	36,685,421	P	36,685,421	P	1,810,165

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	-		-		-		-
Philippine Airlines	4,573,528		4,574		4,574		-
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	-		48,636		48,636		-
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			4		4		-

Total Equity Securities		P	289,353	P	289,353	P	-

Total - Financial Assets at Fair value through OCI		P	36,974,774	P	36,974,774	P	1,810,165

GRAND TOTAL		P	357,259,729	P	334,869,918	P	15,814,567

*income received and accrued relates to interest income received and accrued from the financial assets

**dividend income from equity securities in 2023 amounted to P3.6 million

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, 2023

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, 2023

(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	52,977	P	556,073	P	516,305	P	92,745	P	-	p	92,745
UBX Philippines Corporation (Subsidiary)		631		41,806		5,745		36,692		-		36,692
Unionbank Financial Services and Insurance Brokerage Philippines, Inc. (Subsid		23,377		10,186		33,563		-		-		-
PetNet, Inc. (Subsidiary)		2,575		-		2,575		-		-		-
First Union Insurance and Financial Agencies, Inc. (Subsidiary)		13		8		20		1		-		1
	P	79,573	P	608,073	P	558,208	P	129,438	P	-	P	129,438
Accounts Payable to Related Parties												
UBX Philippines Corporation (Subsidiary)	P	77,144	P	70,925	P	148,069	p	-	P	-	P	-
UnionDigital Bank, Inc. (Subsidiary)		298,259		18,248,332		18,544,006		2,585		-		2,585
UBP Investments Corporation (Subsidiary)		397		-		397		-		-		-
Bangko Kayaban, Inc. (Bangko Kabayan) (Subsidiary)		178		15,122		15,232		68		-		68
	P	375,978	P	18,334,379	P	18,707,704	P	2,653	P	-	P	2,653

Union Bank of the Philippines and Subsidiaries

SEC Released Amended SRC Rule 68

Annex 68-J

Schedule D - Long-term Debt

December 31, 2023

(Amounts in Thousands of Philippine Pesos)

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	P 16,611,000	p -	P 16,568,058
Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025	20,000,000	-	6,762,293
Peso Senior Series D Bonds Due 2026	39,000,000	-	888,408
Peso Senior Series F Bonds Due 2025	50,000,000	-	10,269,590
Peso Senior Series G Bonds Due 2026		-	7,739,007
USD IFC Social Bonds	8,305,500	-	8,266,271

Details:

	Maturity Date	Interest Rate
Peso Senior Series F Bonds Due 2025	June 5, 2025	6.563%
USD Senior Medium Term Notes Due 2025	October 22, 2025	2.125%
Peso Senior Series D Bonds Due 2026	March 9, 2026	3.375%
Peso Senior Series G Bonds Due 2026	December 5, 2026	6.680%
USD IFC Social Bonds	July 23, 2028	6.821%*
Unsecured Subordinated Tier 2 Notes Due 2030 Callable in 2025	May 24, 2030	5.250%

*floating rate

Union Bank of the Philippines and Subsidiaries

SEC Released Amended SRC Rule 68

Annex 68-J

Schedule G - Capital Stock

December 31, 2023

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	<u>5,030,785,238</u>	<u>2,353,746,590</u>	<u>5,000,000</u>	<u>1,898,129,946</u>	<u>51,431,698</u>	<u>404,184,946</u>
Preferred Stock	<u>100,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Reporting Period Ended December 31, 2023
(Amounts in Thousands of Philippine Pesos)

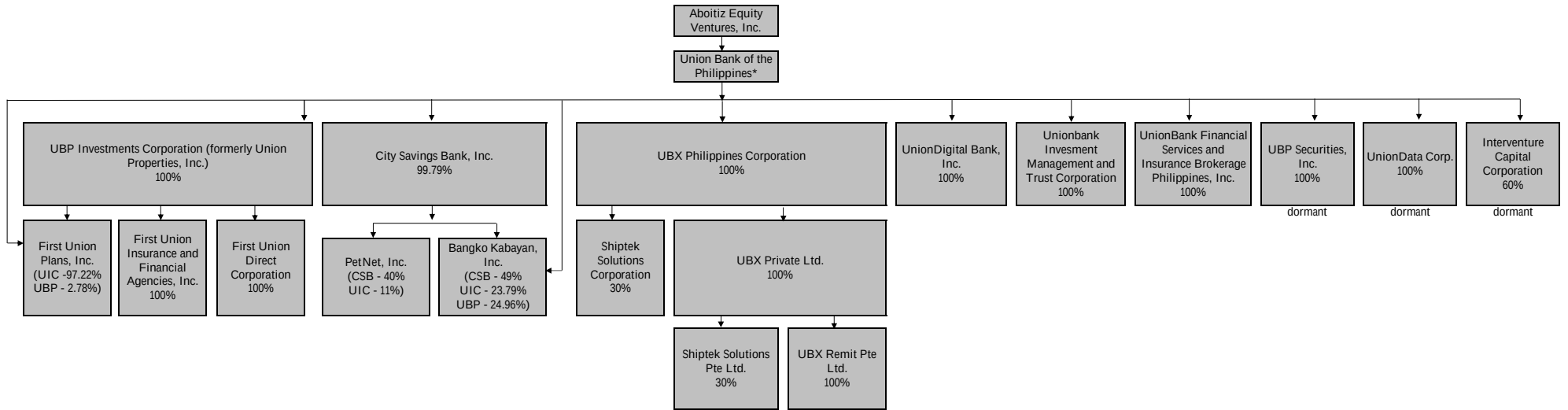
UNION BANK OF THE PHILIPPINES
UnionBank Plaza, Meralco Avenue corner Onyx Street and Sapphire Road
Ortigas Center, Pasig City

Unappropriated Retained Earnings, beginning of reporting period	P	67,389,356
Add: Items that are directly credited to Unappropriated Retained Earnings		
Effect of restatement due to business combination as required by PFRS		71,497
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declarations during the period	(11,062,678)	
Retained Earnings Appropriation during the period	(112,490)	(11,175,168)
Unappropriated Retained Earnings, as adjusted		56,285,685
Net Income for the current year		8,828,457
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	585,978	
Unrealized fair value gains on financial assets at fair value through profit or loss (FVTPL)	173,848	
Unrealized gain on foreclosure/initial recognition	509,809	
Share in net profit of subsidiaries	2,837,072	
Sub-total		4,106,707
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	875,441	
Realized fair value gains on trading financial assets at FVTPL	202,040	
Realized gain on foreclosure through sale	335,159	
Sub-total		1,412,640
Adjusted Net Income		6,134,390
Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on unrealized gain on foreclosure		111,009
Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Benefits from deferred taxes	(1,813,119)	
Total Retained Earnings, end of the reporting period		
Available for Dividend Declaration	P	60,717,965

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, 2023

CONGLOMERATE MAPPING



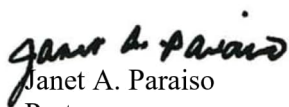
* Union Bank of the Philippines (UBP) is effectively 49.94% owned by Aboitiz Equity Ventures, Inc. (AEVI); hence, UBP is an associate of AEVI in accordance with PAS 28, *Investments in Associates*.

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 Subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and have issued our report thereon dated February 28, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Janet A. Paraiso

Partner

CPA Certificate No. 92305

Tax Identification No. 193-975-241

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-062-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10079894, January 5, 2024, Makati City

February 28, 2024

Annex 68 -E

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Union Bank of the Philippines and Subsidiaries

As of December 31, 2023

Ratio	Formula	Current Year (2023)	Prior Year (2022)
Current ratio	Current Assets/ Current Liabilities	43.5%	49.6%
Acid test ratio	Liquid Asset/ Current Liabilities	43.2%	49.4%
Solvency ratios	Net Profit After Tax, Before Non-cash Expenses/ Liabilities	2.7%	2.2%
Debt-to-equity ratio	Liabilities/ Equity	5.5:1	6.4:1
Asset-to-equity ratio	Asset/ Equity	6.5:1	7.4:1
Interest rate coverage ratio	Earnings before interests and taxes/ Interest expense	1.4:1	2.4:1
Return on equity	Net Profit/ Average Total Capital Funds*	5.6%	9.7%
Return on assets	Net Profit/ Average Total Resources*	0.8%	1.3%
Net interest margin	Net Interest Income/ Average Interest- earning Resources*	5.5%	4.9%

**Average amount is calculated based on current year-end and previous year-end balances.*

ANNEX 68-I

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE
PUBLIC

Union Bank of the Philippines
For the Period Ended December 31, 2023

1. Gross and net proceeds as disclosed in the final prospectus

UBP Stock Rights Offering:

Gross Proceeds	11,999,999,992
Net Proceeds	11,862,166,681

2. Actual gross and net proceeds

UBP Stock Rights Offering:

Gross Proceeds	11,999,999,992
Total Offer Expenses	137,833,311
Net Proceeds	11,862,166,681

3. Each expenditure item where the proceeds were used

The net proceeds of the Stock Rights Offering (SRO) in the amount of Php11,862,166,681 has been fully disbursed. Php900 million was infused as capital to UnionDigital Bank, Inc. (a subsidiary) while the rest were deployed to loans in accordance with the approved Use of Proceeds of the Bank's SRO.

Total Offer Expenditures amounting to Php137,833,311 include the SEC Filing Fee, Documentary Stamp Tax, PSE Listing and Processing Fee, Legal and Professional Fees, and Other Miscellaneous Expenses.

4. Balance of the proceeds as at end of reporting period

Nil. Proceeds have been fully utilized as of end of reporting period.



GOING BEYOND, GOING FOR GOLD

UNIONBANK'S SUSTAINABILITY REPORT 2023

About The Cover

Going Beyond, Going for Gold captures UnionBank’s pursuit of success beyond financial gain to create a positive impact on employees, customers, and the community. The theme showcases the Bank’s dedication to innovation and excellence in the banking sector and beyond, and highlights its contribution to the Aboitiz Groups’ Great Transformation toward becoming the Philippines’ first techglomerate.

Aboitiz Group businesses weave core values throughout their operations to achieve their goals and fulfill the promise for a better world. Magis, UnionBank’s core value meaning “doing more, doing better, doing greater,” anchors its vision to drive meaningful social change through inclusion, equity, diversity, and belonging. Bold initiatives highlighted in this report illustrate UnionBank’s dedication to cultivating innovative progress. The Bank’s operations and programs uplift marginalized communities, promote equal opportunities, and demonstrate its commitment to fostering transformation and sustainability.

Going Beyond, Going for Gold means putting words into action to foster a diverse, equitable, and inclusive society. The benefits of these actions for UnionBank’s stakeholders are reflected in the data and inspiring stories within the pages of its report.

About This Report

The Union Bank of the Philippines 2023 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
Approach to GRI:	In accordance
Reporting Scope:	Parent Bank and subsidiaries CitySavings Bank, UBX, and Union Digital
Reporting Period:	January to December 31, 2023
Reporting Cycle:	Annual
Previous Report:	UnionBank’s 2022 Sustainability Report, “Banking to the Top with Innovation,” published in April 2023.

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 sixth sustainability report was prepared in accordance with Global Reporting Initiative (GRI) Standards. It follows the Sustainability Reporting Guidelines of the Securities and Exchange Commission (SEC), and refers to applicable guidance from the World Economic Forum’s Integrated Reporting Document and the United Nations Sustainable Development Goals metrics.

This report may be downloaded at unionbankph.com/sustainability/full-report.

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PURPOSE STATEMENT AND BANK DNA

Vision

To become one of the top three universal banks in the Philippines by building a bank of enduring greatness.

Purpose

To co-create innovations for a better world.

Values

As we co-create the future, we remain rooted to our three core values:

Integrity

I do the right thing at all times. I am trustworthy, transparent, and authentic. I treat everyone with respect. I am fair, honest, and accountable for all my actions.

Magis

I am obsessed with the customer. I continuously innovate. I learn fast to build capabilities. I achieve great results with an agile mindset.

Ubuntu

I collaborate. I seek to understand through courageous conversations. I give feedback, real-time, and on-demand. I communicate clearly and openly.

Corporate Brand Idea

Powering the future of banking.

Distinguishing Beliefs

Forward thinking. Innovative.
Open. Agile.

Employer Brand

Own the future. Co-create innovations.

Credo

We are a dynamic bank committed to bringing the future of banking to the present by being forward thinking, innovative, open, and agile.

We seek to provide our customers with the best solutions and experiences. We are committed to driving our customers to success by powering our systems with advanced technology and platforms. We are accelerating their growth by connecting them to a whole new world of opportunities.

We are more than a bank. We seek to transform the lives of Filipinos and make their dreams a reality.

Our goal is to co-create innovations for a better world.



BUSINESS PROFILE

Union Bank of the Philippines, formerly the Union Savings and Mortgage Bank, is a publicly listed universal bank and a pioneer of digital banking and financial technology in the Philippines. Its clientele includes retail, middle-market, and corporate customers, as well as major government institutions. UnionBank was incorporated on August 16, 1968 and was licensed to operate as a commercial bank in 1982. It listed its common shares in the Philippine Stock Exchange a decade later, and was licensed to operate as a universal bank on July 15, 1992. There were two mergers: first with the International Corporate Bank (Interbank) in

1994, and then with International Exchange Bank (iBank) in 2006. UnionBank acquired Citi Philippines’ consumer banking assets in August 2022.

For the past 42 years, UnionBank’s focus on innovation has continuously elevated customer experience and enabled and empowered the underbanked and unbanked segments of the country.

UnionBank organizes and manages its main operating business according to their distinct products, services, and markets. The Bank’s distinct business segments are outlined in the table below.

Business Segments

 Consumer Banking Handles individual customers’ deposits and provides consumer-type loans, such as automobiles and mortgage financing, credit card facilities, and funds transfer facilities.	 Corporate and Commercial Banking Manages loans and other credit facilities and deposit and current accounts for corporate, institutional, small and medium enterprises, and middle market customers.
 Treasury Manages UnionBank’s liquidity and funding requirements and transactions in financial markets covering foreign exchange, fixed income trading and investments, and derivatives.	 Headquarters Includes corporate management, support, and administrative units not specifically identified with Consumer Banking, Corporate and Commercial Banking, or Treasury.

Mass Market and Financial Inclusion

UnionBank leverages its mass market reach and technology to promote financial inclusion through three subsidiaries.



CitySavings



UBX



UnionDigital

CitySavings is UnionBank’s thrift bank subsidiary and mass market arm. With the belief that “Simple is Good,” CitySavings offers clients from underserved markets in rural areas of the Philippines simple, straightforward banking coupled with warm and helpful customer service. It retains a “small bank” personality while growing its network mainly through microfinance loans for teachers, motorcycle drivers, and others. CitySavings makes the financing experience easy and convenient for its niche customers and ensures close engagement at every level of customer interaction.

UBX, UnionBank’s technology arm, launched with innovation and digital transformation in mind. It houses initiatives, platforms, and investments in fintech companies to make banking natural, open, and accessible through embedded banking ecosystems. UBX uses technology to facilitate financial inclusivity and business growth, builds platforms that bring businesses and people together, provides access to needed technology and services, and creates marketplaces that aggregate supply and demand.

UnionDigital (UD) bridges the gap between innovation and regulation to make digital banking and virtual assets safe and accessible to Filipinos. Commercially launched in July 2022, UD capitalized on UnionBank group’s ecosystem strategy to achieve profitability. In 2023, the prestigious Asian Banker Awards recognized UD as the “Best Digital-only Bank” for its exceptional achievements. This accolade solidifies UD’s position as a frontrunner among digital banks in the Philippines, with only two institutions from the country securing spots in the esteemed Global Top 100 Digital-only Bank Ranking for 2023.

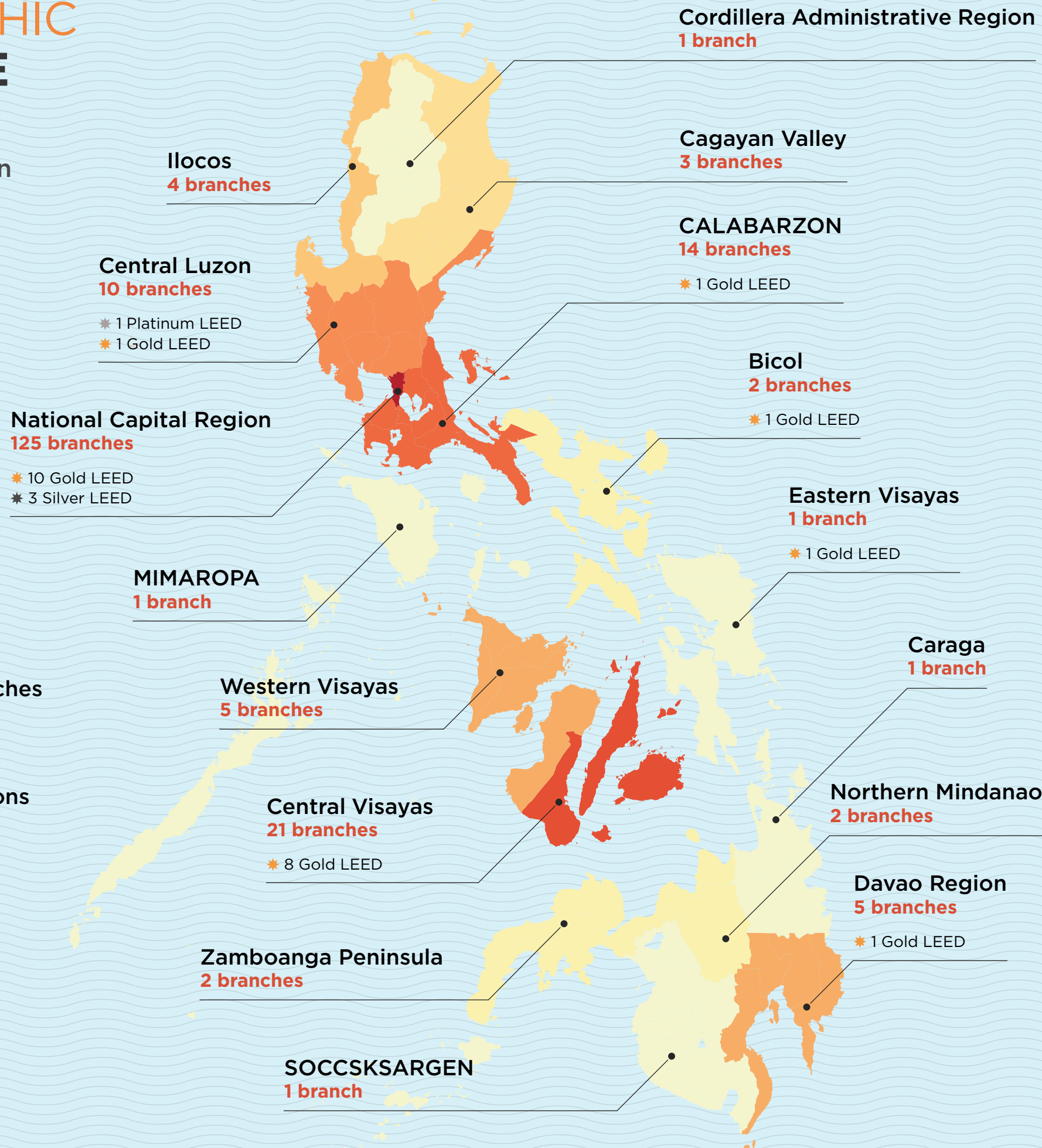
GEOGRAPHIC PRESENCE

Operations by region

198
Total UnionBank Branches

27
Total LEED Certifications

- ★ 1 Platinum
- ★ 23 Gold
- ★ 3 Silver



Leadership in Energy and Environmental Design (LEED)

Leadership in Energy and Environmental Design (LEED) is a widely used green building rating system developed by the US Green Building Council. LEED certification provides a framework for highly efficient and cost-saving green buildings, and it is globally recognized as a symbol of environmental stewardship and energy efficiency. UnionBank aims to incorporate LEED principles in all its branches to reduce carbon emissions and the consumption of electricity, water, and paper. This will improve resource efficiency, help in efforts to combat climate change, and contribute to a greener and more sustainable future.

ECONOMIC CONTRIBUTION

₱1.1 T

Total assets

₱70.78 B

Revenue

₱128.54 B

Market capitalization
(as of March 22, 2024)

₱0.8

Dividends per share

7,852

Total number of employees (includes CitySavings and other subsidiaries)

₱10.59 B

Payments to government

346

Branches nationwide
(includes CitySavings)

₱13.56 B

Payments to employees

>100

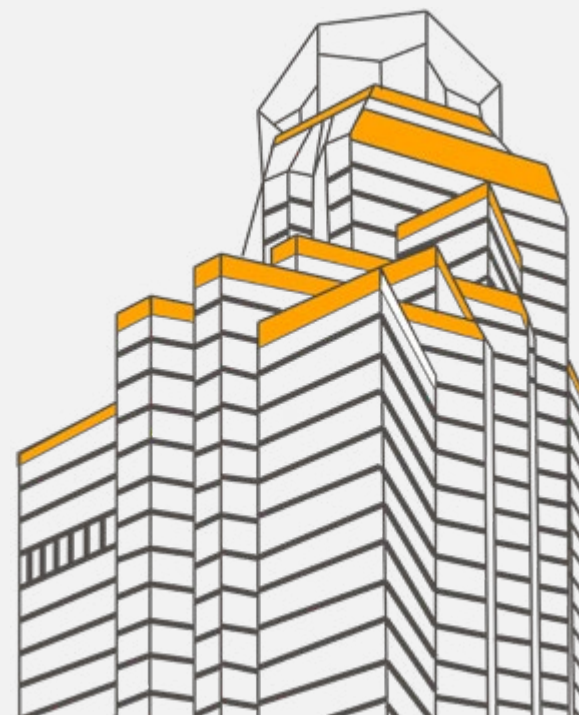
Products and platforms

₱23.35 B

Paid to suppliers

12.79 M

Customers served
(includes CitySavings)



UnionBank achieves strong economic performance through robust risk management practices that mitigate financial risks and comply with regulatory requirements. It monitors credit, market, liquidity, and operational risks, and implements appropriate controls and safeguards. UnionBank also delivers superior customer service and satisfaction to retain and attract customers. It offers innovative and customer-specific products and services and actively monitors feedback to improve offerings.

UnionBank continuously reviews operating expenses to optimize costs. To improve efficiency and profitability, UnionBank streamlines processes, reduces overhead costs, and leverages technology to automate routine tasks. The Bank adopts this holistic approach to effectively manage its economic performance and drive long-term success in a dynamic and competitive market environment.

The Bank's economic performance influences the prosperity and well-being of its stakeholders. Governments rely on economic growth for revenue and stability. Businesses and investors are impacted by market conditions and consumer demand. Workers' wages and job security depend on economic health. Consumers experience changes in purchasing power and affordability. Communities face shifts in employment opportunities, infrastructure investment, and availability of social services. UnionBank provides stability for stakeholders in a world of constant change.

Impact

- **Revenue Generation** through interest income, fees from lending, investment, and banking services
- **Job Creation** through workforce, supply chain, and investments
- **Taxes and Contributions** that support public services and infrastructure development

Risks

- **Market Volatility** through fluctuations in interest rates, foreign exchange rates, and asset prices that affect profitability and financial stability
- **Regulatory Changes** that increase operational costs and constrain business activities
- **Economic Downturns** that lead to higher loan defaults, reduce demand for banking services, and increase credit risk exposure

UnionBank mitigates risk with robust risk management practices, including diversifying the Bank's portfolio, stress testing, and compliance monitoring.

Opportunities

- **Digital Transformation** to enhance customer experience, streamline operations, and expand our market reach
- **Sustainable Finance** investments in environmentally and socially responsible projects and products aligned with customer preferences and regulatory trends
- **Market Expansion** to diversify revenue streams and capture emerging opportunities

UnionBank seizes these opportunities to strengthen its competitive position, enhance resilience, and contribute positively to the economy and society.

JOINT MESSAGE OF THE CHAIRMAN AND PRESIDENT & CEO



Erramon I. Aboitiz
Chairman

Edwin R. Bautista
President & CEO



Dear Stakeholders,

The global banking environment continues to evolve into more agile and innovative ways to make customer experience the heart of the business. Throughout changes brought about by the acquisition of Citibank's consumer business, UnionBank's unwavering dedication to providing top-notch and convenient solutions underscores its position at the forefront of this evolving landscape. 2023 emphasized the need to learn and adapt to changes. It taught us how to pivot and refocus on the fundamentals and what truly matters to the organization.

Beyond this, our steadfastness remains, and our unyielding commitment to introducing pioneering solutions to the communities we serve continues to anchor on our aspiration of becoming the largest and most profitable retail bank in the Philippines within the next three years. As the Bank strategically grows its retail customer base, which includes the strategic acquisition of the Citi consumer business, it also continues to find inclusive ways to create meaningful impact on society by 'Teching Up' the country.

Our sustainability mission has reached greater heights as we find ways to elevate our products and offer services to focus on becoming a leader in sustainability through innovation, sustainable finance, and inclusive prosperity. While we integrate digital solutions into every aspect of banking, we also continue to elevate the lives of our employees, customers, and communities we serve.

Our pillars of reliability and resilience

Our transformation continues to be driven by the unwavering dedication and resilience of our workforce. Through a series of strategic initiatives, UnionBank not only embraced this mission, but also internalized the lessons gleaned from the previous year, propelling the Bank towards even greater accomplishments.

Composed of three pillars - **People** → [page 40](#), **Planet** → [page 66](#), and **Purpose** → [page 78](#) - Tech Up Pilipinas is UnionBank's commitment to continuous evolution by leveraging technology for social good.

Through digital skills and capability building, we can co-create products, services, and programs that contribute to the sustainability of our planet. ‘Going for Gold, Going Beyond’ reflects our drive to power the future of banking, and to achieve greatness through our people.

We are known for being the most modern, digital-ready, and forward-thinking Bank in the country. This is owed to our 5,482-strong workforce that is high-tech and high-touch. For years in a row, the Bank has also been awarded multiple times as “Best Digital Bank” and “Best Retail Bank” by prestigious institutions, and it is also recognized in areas of transformation, people, and culture. All of this wouldn’t be possible without our highly engaged and empowered employees.

With the Bank’s sustainability framework [page 18](#) serving as an anchor and backbone for its environmental and social initiatives, building the workforce’s capabilities—especially in environment, social, and governance (ESG) principles—was inevitable.



Our dual-transformation strategy—Strengthening Today While Creating Tomorrow—is best exemplified by this framework, which guides the Bank in financing initiatives that promote environmental and social sustainable development. The Bank continues to integrate environmental awareness responsibility into every facet of its operations and culture.

Ultimately, the Bank promotes long-term economic growth by increasing the capacity of individuals and organizations in wealth management and empowering small-scale businesses and entrepreneurs. We envision an organization whose employees and stakeholders embrace a culture of future thinking built on sustainable revenue generation and income.

Going for gold, going for enduring greatness

Becoming a bank of enduring greatness equates to a high reliability organization. Whether the Bank transitions entirely to digital and mobile platforms, adopts embedded banking, embraces open finance, or incorporates all these approaches, we continue to be reliable, and our business remains sustainable.

We aspire to become among the top three ESG-driven banks in the Philippines. Sustainable value creation does not happen overnight, but we know that our aspiration to become a great retail bank should also translate into our sustainability performance.

We aim to become a leader in sustainability through innovation, sustainable finance, and inclusive prosperity through three goals:

First, we will embed sustainability in our operations and our culture. 2023 marked the third year of our sustainability transition plan. We successfully rolled out and fully implemented the enhanced Environment and Social (E&S) Risk Management policy, which is another facet of our commitment to becoming a highly reliable organization. We also strengthened policies on operational risk management and business continuity and resiliency to embed the ESG lens. We expanded our E&S risk assessment to our outsourced service providers and suppliers, ensuring their capability to withstand disruptions, quickly resume operations, and continue to provide services to the Bank. This ensures that we include them in the adoption of our sustainability principles in accordance with the Bank’s policies.

Diversity and inclusion were the thrust of our sustainability culture program in 2023. It was through the acquisition of Citi consumer business that we best exemplified this. We learned that the true strength of our organization is embracing the capabilities and uniqueness of each team member. We ensured that equal opportunities were given to team members despite coming from two different organizations. The unwavering dedication and resilience demonstrated by everyone involved in the project played a pivotal role in the integration’s success.

As a testament to UnionBank’s commitment to embracing diversity and inclusion, the first Diversity, Equity, and Inclusion (DEI) Summit was held in 2023. This is a significant milestone in our ongoing efforts to cultivate a workplace that celebrates diversity, equity, and inclusion. We aim to establish a safe space where employees, regardless of their gender, race, or ethnicity, feel heard, valued, and understood.

5,482

UnionBank employees

Best Digital Bank & Best Retail Bank

Awarded by prestigious institutions

1st

Diversity, Equity, and Inclusion (DEI) Summit was held

3,440

MSME loans financed in the Philippines

Second, we will continue to design and offer products and services that contribute to sustainable development. On July 23, 2021, UnionBank issued a seven-year USD 150 million (PHP 7.55 billion) Social Bond with the International Finance Corporation (IFC) as sole investor. The bond, which was issued under our new sustainable finance framework, is the first social bond by the Bank and its longest-term USD-denominated bond to date. In 2023, the proceeds of the Social Bond helped finance 3,440 micro-, small-, and medium-sized enterprise (MSME) loans in the Philippines. We would like to acknowledge the partnership with the IFC for enabling UnionBank’s investment in nation building.

Lastly, we contribute to our country by creating shared value for the organization through social sustainability and innovation. One example is through ‘Selyado on Wheels,’ a program aligned with our commitment to societal impact through financial literacy and inclusion. We also continue to support professionals from the government sector, our transformation partners, and members of academe through Asian Institute of Digital Transformation (AIDT). These programs have helped drive the Bank’s mission to Tech Up Pilipinas by teaching organizations and leaders how to create meaningful transformations and sustainable development.

Social sustainability and innovation as the building blocks of greatness

Guided by our purpose to co-create innovations for a better world, “Tech Up Pilipinas” is an impactful initiative that inspired UnionBank Leaders and team members to become more intentional in elevating the lives of our customers and stakeholders. In June 2023, we received recognition for this cause as the Bank was given the 2023 Asia Pacific Tambuli Award for Corporate Culture and Leadership. This exemplifies how through our innovations, products, services, and programs, we can contribute to empowering and uplifting the lives of Filipinos, government agencies, and communities we serve.

Our subsidiaries also align with our Tech Up mission. **UBX** continues to support and provide financial access and services to Filipinos. As it has firmly established itself as the Philippines’ leading digital transformation provider and open finance platform, it builds and invests technologies and tailored solutions for MSMEs, large enterprises, and government entities.

Contributing to the Bank’s expansion strategy is the successful acquisition of the Citi consumer business. This monumental deal has surpassed expectations, further propelling UnionBank as one of the

key players in the retail banking space. We owe this success to our digital transformation, as UnionBank is prepared and technologically capable of integrating their business with ours. We continue to reach greater heights as we have climbed from tenth place to third in terms of transaction volume and active cards base. This achievement has accelerated our aspiration to become a great retail bank.

Our subsidiary **CitySavings Bank (CSB)** has proven its commitment to innovative, client-first practices by clinching the title of the Most Customer-Centric Savings Bank in the Philippines for 2023. It continues to lead financial inclusion initiatives such as public school teach loans, public sector salary loans, and motorcycle loans to independent dealerships. CSB’s revolutionary Loan Ranger mobile app is designed to empower public school teachers with a seamless and secure platform for managing savings and loans. True to its vision of leading the mass-market banking sector, CSB reached a notable milestone, achieving PHP 100 billion in loans by the end of 2023.

The Bank’s unwavering dedication to bank the underserved segment is evident in its diverse financial products, cementing CSB’s role as a banking innovator dedicated to simplifying the financial journey for its valued customers. CSB provides capability building not just for its employees, but for educators nationwide.

Most Customer-centric Savings Bank in the Philippines for 2023
Awarded to CitySavings by International Finance

₱100 B
in CitySavings loans by year end



Meanwhile, our subsidiary **Union Digital (UD)** is a frontrunner among digital banks in the Philippines, with only two institutions from the country securing spots in the esteemed Global Top 100 Digital-Only Bank Ranking for 2023. It aims to launch more digital banking products, while underscoring their unwavering commitment to financial inclusion, user-friendly services, and ongoing innovation. UD is actively contributing to the advancement of the digital banking sector and providing every Filipino with access to the latest financial technologies.

Going beyond our Tech Up mission

Over the recent years, “Tech Up Pilipinas” has evolved from being our mission to our north star. This initiative drives us to focus on digital transformation, sustainable finance, and inclusive prosperity. It also represents our commitment to sustainability by integrating innovation and incorporating environment, social, and governance frameworks into the Bank’s overall business and digital transformation journey. By focusing on people, mindset, and culture, we leverage our strength in digital expertise and continuous innovation to promote sustainability.

Empowering and enabling the workforce and fellow Filipinos with digital skills and capabilities, we will continue to capitalize on our expertise, partnerships, and strengths to create products and solutions to improve the businesses and communities we serve. We aim to elevate banking to new heights by maximizing technology and innovating to become a great retail bank.

Going for gold goes beyond revenues as we scale up our retail business. It means heading towards becoming a leader in social sustainability and innovation to continue to tech up our customers, partners, and the nation.

Erramon I. Aboitiz
Chairman

Edwin R. Bautista
President & CEO

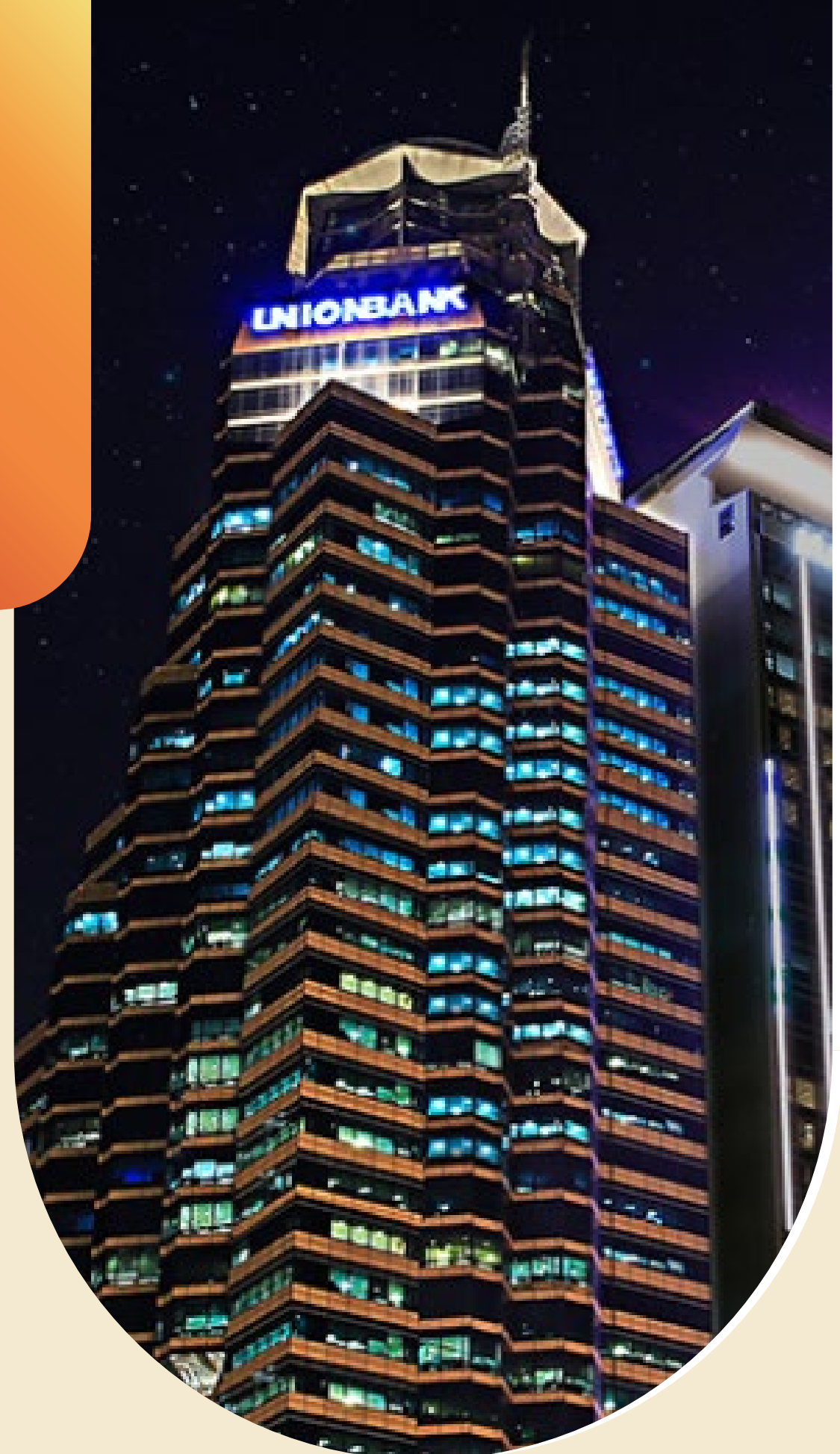
SUSTAINABILITY AT UNIONBANK

UnionBank co-creates innovations for a better world by fostering sustainability beyond bank and finance industry stakeholders. The Tech Up Pilipinas sustainability strategy—which focuses on digital transformation—sustainable finance, and inclusive prosperity, promotes equality, inclusion, and growth, and respect for the natural environment. The Bank’s policy frameworks ensure compliance with laws and regulations and embed environmental, social, and governance awareness in its culture.

SUSTAINABILITY POLICY

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 continuously improve and promote cooperation
- 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.

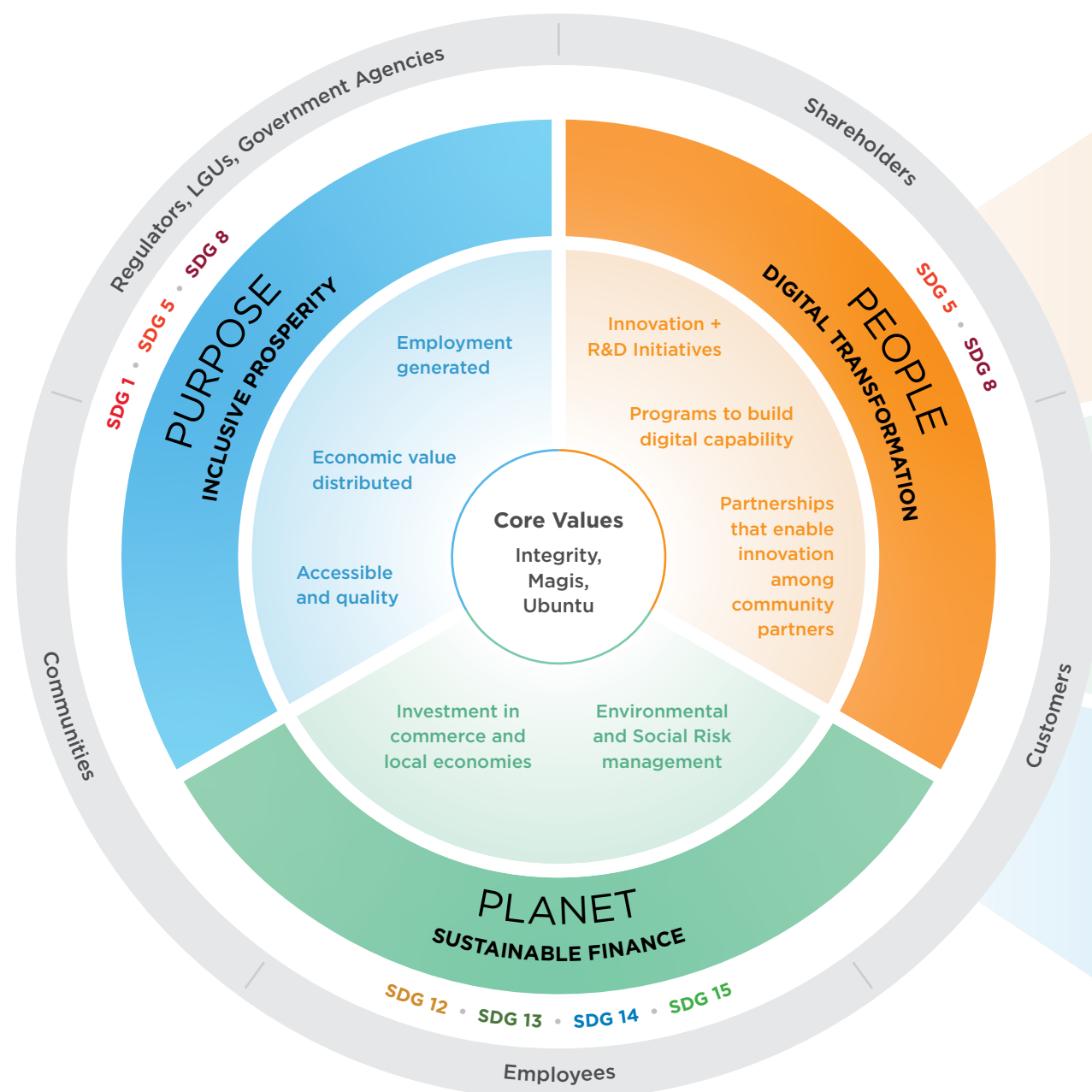


SUSTAINABILITY FRAMEWORK

OUR ESG MISSION

Tech Up Pilipinas

Our Purpose: Co-create innovations for a better world



The UnionBank Sustainability Framework guides the development and implementation of programs and initiatives that enhance sustainability performance. The three-pillar framework of People, Planet, and Purpose, is designed to align with UnionBank's Tech Up Pilipinas sustainability strategy. Tech Up Pilipinas features three commitment areas—Digital Transformation, Sustainable Finance, and Inclusive Prosperity—to maximize innovation and improve lives.

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.

Read more on [page 40](#)

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.

Read more on [page 66](#)

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.

Read more on [page 78](#)

SCOPE AND MATERIALITY

In preparation for its sustainability reports, the Bank conducts extensive internal monitoring of topics relevant to strategy, reputation, and value creation. This report primarily pertains to UnionBank’s sustainability performance, with some additional data from CitySavings. It follows GRI Reporting Principles for stakeholder inclusiveness, sustainability context, materiality, completeness, accuracy, balance, clarity, comparability, reliability, and timeliness.

The Corporate Social Responsibility (CSR) and Sustainability Unit under the Human Resources

Group stewards the report, leading the bank-wide Technical Working Group composed of members from units in risk management, compliance and corporate governance, treasury, operations, private banking, information technology, facilities management, and business services.

UnionBank’s sustainability reporting process (see the table below) promotes stakeholder engagement and refines material topics to inform the Bank’s strategy and drive performance.

Materiality Assessment

In 2021, UnionBank revisited its material topics in a materiality exercise facilitated by Business for Sustainable Development. Using multiple frameworks, the exercise surfaced issues material to the company based on impacts, risks, and opportunities. The process also included sustainability topics from the Sustainability Reporting Guidelines for Publicly Listed Companies from the Security and Exchange Commission (SEC).

Material sustainability issues were grouped into themes to identify the Bank’s strategic areas of action, and societal issues were organized according to their ratings in the materiality exercise. Material topics were further assessed in consideration of the extent of UnionBank’s potential to mitigate negative social impacts, their capability to effect meaningful change, and their anticipated impact on the Bank’s value creation. Employee and customer feedback helped update and prioritize material topics based on their impact to UnionBank and their importance to stakeholders.

Reporting Process

Application of GRI process and principles

Activities

1	Prioritize material topics	2	Validate and review
	- Engage key stakeholder groups in the materiality of topics to be disclosed; revise the sustainability policy, framework, and environmental, social, and governance metrics. - Develop the sustainable finance roadmap in compliance with Bangko Sentral ng Pilipinas. File reports and disclosures according to industry best practices and applicable standards of global sustainability raters.		- Rank materiality topics based on perceived scale of impact with the reasonable interests of UnionBank and its stakeholders. - The Sustainability Advisory Council and Senior Management review the sustainability framework, material topics, and key performance indicators for strategic interests of UnionBank and its units. - Conduct internal review and assessment.
	- Conduct kick-off meeting and sustainability learning and working sessions. - Conduct stakeholder engagement exercise (primarily internal stakeholders). - Review stakeholder concerns (through external stakeholder engagement channels).		- Consult with the Chair & CEO, members of the Reputation Council, Unit Heads, and data owners. - Hold story conference and one-on-one interviews with business unit heads and subject matter experts.

Material Topics

People Digital Transformation	Planet Sustainable Finance	Purpose Inclusive Prosperity	
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	9 Risk Management 10 Climate Change Issues 11 Sustainable Finance 12 Risk Management for Sustainability Management	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
SDG 5 • SDG 8	SDG 12 • SDG 13 SDG 14 • SDG 15	SDG 1 • SDG 5 • SDG 8	
STAKEHOLDERS			
Regulators, LGUs, Government Agencies Shareholders Customers Employees Communities			

RISK MANAGEMENT

UnionBank implements a robust environmental and social (E&S) risk policy to manage risks and identify opportunities. **The E&S policy is based on a two-pronged strategy.** First, it mobilizes finance for sustainable development by promoting financial inclusion, provisioning capital for infrastructure, and providing finance for innovation and digital transformation. Second, it develops a sustainable finance practice by promoting market integrity, assessing risks and proposing mitigation programs to address those risks, analyzing trade-offs, and building sustainable programs and transition plans to help clients. In so doing, UnionBank aligns with AmBisyon Natin 2040, the anchor for national development planning under the National Economic Development Authority, and the Philippine Sustainable Finance Roadmap to transition to a more circular economy.

The following steps guide the Bank’s risk management approach:

- Understand E&S risks and their direct and indirect impacts on clients and the Bank;
- Use a science-based approach to determine the risk severity scale to capture the magnitude and frequency of risks;
- Set practical and actionable risk controls to assess clients; and
- Develop a due diligence tool that facilitates effective assessment and management of the risks without significantly affecting the transaction costs of the Bank.

Overview of the Environmental and Social Risk Management System (ESRMS)

The ESRMS Framework is anchored to the Bank’s philosophy and is based on BSP Circulars 1085 and 1128, and BSP Memo 2022-042. UnionBank utilized a sector- and geographic-specific risk approach to comply with BSP requirements and identify and characterize direct and indirect E&S risks that could pose financial threats to the Bank when E&S issues impact clients’ creditworthiness.

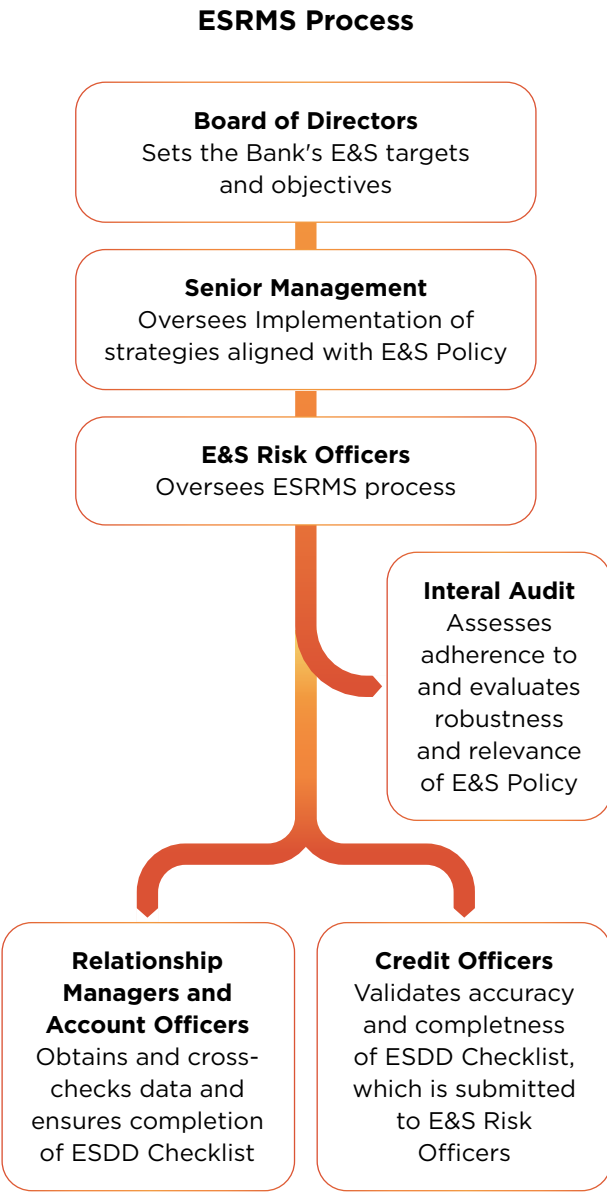
The enhanced E&S Risk Management Policy and the integration of E&S risk parameters with the Bank’s Internal Credit Risk Rating System (ICRRS) were rolled out in April and May 2023, respectively, and are fully implemented.

The submission of the E&S due diligence (ESDD) tool is regularly monitored, and non-submission is a documentary deficiency subject to the guidelines of Credit and Operations Risk Control. The E&S assessment identifies and documents E&S issues in clients’ business operations and suggests timebound actions to bridge gaps or mitigate E&S risks. E&S Risk Officers monitor action plan progress and report quarterly to the Risk Management Committee.

The Operational Risk Management (ORM) manual was updated to include and assess E&S operational risks. The ORM includes general risk statements for units directly involved in E&S activities for the Risk & Control Risk Assessment. Key Risk Indicators are being created to monitor risk exposures. Incident Reports and Risk Treatment Action Plan are in place. The ORM unit continues to enhance capacities by attending E&S-focused events and training Unit Risk and Compliance Officers (URCOs) during quarterly URCO meetings.

Implementation and progress of sustainability initiatives

After the completion of the E&S Risk Management Policy enhancement in the first quarter of 2023, a new engagement with a third-party consultant is being considered to further align with Philippine Sustainable Finance Taxonomy Guidelines.



Breakdown of the Bank’s E&S Risk Exposures by Industry

Based on the E&S review, top industries in terms of outstanding balance are telecommunications, gaming and leisure, and roads and bridges.

INDUSTRY	O/S in P'MM	% O/S
Telecommunications	20,210.0	19.3%
Gaming and Leisure	14,304.8	13.7%
Roads and Bridges	13,849.0	13.2%
Real Estate	13,399.6	12.8%
Energy*	11,766.3	11.2%
Manufacturing	8,699.1	8.3%
Water Services	7,427.1	7.1%
Financing/Insurance Activities	5,789.2	5.5%
Transportation and Storage	4,456.2	4.3%
Construction	1,663.7	1.6%
Wholesale and Retail Trade	1,473.9	1.4%
Mining	884.3	0.8%
Aquaculture	428.5	0.4%
Restaurant	220.0	0.2%
Information and Technology	125.0	0.1%
Memorial Services	10.0	0.0%
Education	-	0.0%
TOTAL	104,706.6	100.0%

* Companies involved in the oil and gas industry are considered under Energy.

Existing and Emerging E&S Risks and Their Impact on the Bank

In 2023, no critical E&S risks assessed from the existing pool of clients were left unmitigated, hence, there was no impact on the Bank. Similarly, no E&S operational risks emerged in 2023.

STAKEHOLDER ENGAGEMENT

The integrity of UnionBank's sustainability reporting depends in part on a careful review of stakeholder concerns. Their feedback allows UnionBank to implement operational changes that meet stakeholder needs in responsive and dynamic ways, thus paving the way for innovation. In 2023, the following stakeholders were consulted on a regular basis using multiple modes of engagement. The Bank maintains several virtual engagement pathways to facilitate timely and convenient communication.

LEGEND

- People: Digital Transformation
- Planet: Sustainable Finance
- Purpose: Inclusive Prosperity

Stakeholder Group	Top Concern	Material Topic	Engagement Channels	Frequency of Engagement	UnionBank Response
 Customers	Access to customer service, product-related inquiries	● Usability and Accessibility ● Customer Experience ● Data Privacy and Integrity ● Cybersecurity and Resilience ● Information Security ● Innovation ● Digital Inclusion ● Digital Capability	● Online channels (Facebook, e-mail, X [formerly Twitter], Instagram, LinkedIn, Glassdoor, corporate pages) ● Customer service hotline ● Consumer complaints are reported at the Board level	Daily	● 24-hour customer support center handles product inquiries, relationship management, and customer care ● Rafa, a 24/7 customer service chatbot, is accessible through Facebook messenger ● UnionBank branches were evaluated using the Net Promoter Score, and scored 91.40% from January to December 2023 ● CitySavings branches were evaluated based on customer satisfaction and scored 96.54%
 Employees	Health and medical benefits; health and safety; loans and government-mandated benefits; inclusion (for example, health and safety includes workers in UnionBank-controlled workplaces)	● Labor Standards and Human Rights ● Employee Experience ● Employment ● Total Well-being ● Employee Volunteerism ● Diversity and Inclusion	HR Helpdesk	● Daily (Human Resource Services), ● Bi-weekly (Employee Relations initiatives)	● Health and medical assistance (beyond PhilHealth) for employees ● Safety audits, emergency response training ● In-house clinics and accredited hospitals ● Health and mental wellness programs, annual physical exams ● Health management policies (including flu, tuberculosis, hepatitis A and B) ● 17 employees are members of the Health and Safety Committee ● Diversity, Equity, and Inclusion network (UMatter), DEI Summit with SOGIE 101 and related awareness workshops
 Communities	Relevant and continuing community development projects	● Business Ethics ● Labor Standards and Human Rights ● Diversity and Inclusion ● Local Enterprise and Workforce Development ● Community Engagement ● Employee Volunteerism	● Assigned account managers per area ● Website	Immediate feedback (e.g., after a Go Beyond Communities activity is completed)	● GoBeyond Communities ● UBXPcellerator ● SSS UMID, Pag-IBIG, GlobalLinker
 Regulators, LGUs, Government Agencies	Labor issues, occupational health, and safety	● Risk Management ● Sustainable Finance ● Climate Change Issues ● Risk Management for Sustainability Management ● Environmental Compliance ● Socioeconomic Compliance	Reportorial submissions	Annual, or as needed	● Sustainability Report ● Self-Monitoring Report (for Department of Environment and Natural Resources) ● Department of Labor and Employment (DOLE) workplace inspections
 Shareholders	Risk mitigation and effectiveness of approach	● Business Ethics ● Financial Performance ● Indirect Economic Performance	● Board and Committee Meetings ● Financial results briefings	● Annual (stockholders' meeting) ● Quarterly (financial results briefings)	● Investor Relations briefs ● Sustainability Report ● Corporate Website (including the sustainability microsite)

GOVERNANCE

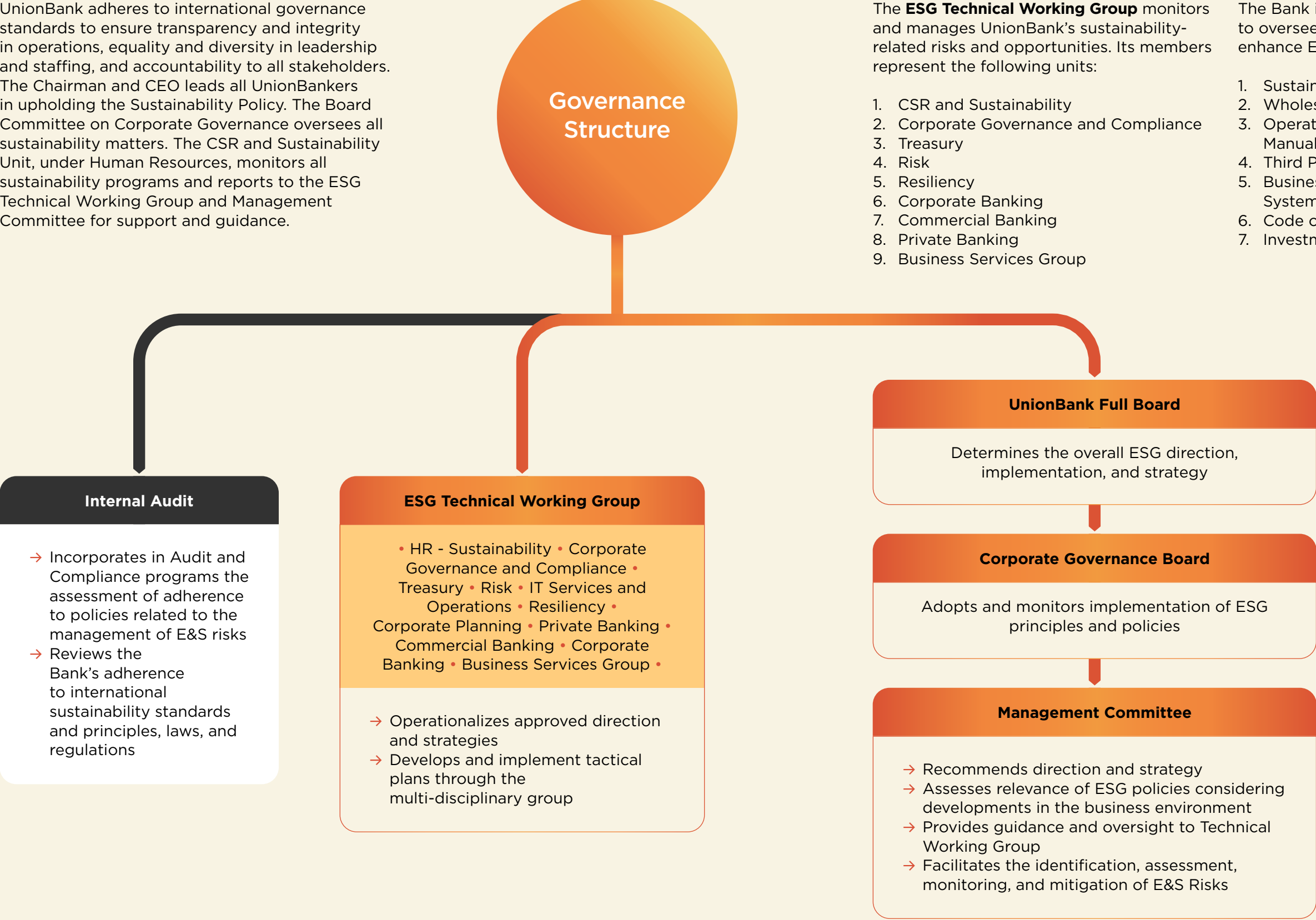
UnionBank adheres to international governance standards to ensure transparency and integrity in operations, equality and diversity in leadership and staffing, and accountability to all stakeholders. The Chairman and CEO leads all UnionBankers in upholding the Sustainability Policy. The Board Committee on Corporate Governance oversees all sustainability matters. The CSR and Sustainability Unit, under Human Resources, monitors all sustainability programs and reports to the ESG Technical Working Group and Management Committee for support and guidance.

The **ESG Technical Working Group** monitors and manages UnionBank's sustainability-related risks and opportunities. Its members represent the following units:

1. CSR and Sustainability
2. Corporate Governance and Compliance
3. Treasury
4. Risk
5. Resiliency
6. Corporate Banking
7. Commercial Banking
8. Private Banking
9. Business Services Group

The Bank implements the following policies to oversee sustainability matters and enhance ESG performance:

1. Sustainability Policy [↪ page 16](#)
2. Wholesale Credit Risk Policy
3. Operational Risk Management System Manual
4. Third Party Due Diligence Form
5. Business Continuity Management System Manual
6. Code of Conduct
7. Investment Policy Guidelines



Board Diversity

Diversity offers agility, adaptability, and innovation in an increasingly complex financial landscape by granting access to a wide range of skills and experiences. Embracing diversity allows UnionBank to think differently, solve problems more creatively, raise challenging questions, and make more accurate decisions. The Bank does not discriminate based on age, gender, religion, socio-political affiliation, status, and nationality; encourages variety in expertise and background among employees; and promotes the same principles of diversity for the Board of Directors. Diversity in the composition of the Board is upheld on an annual basis in alignment with relevant regulations, including the fit and proper rule of the Bangko Sentral ng Pilipinas and Securities and Exchange Commission. The following measures are used to implement the Board Diversity Policy in compliance with the standards espoused by the ASEAN Corporate Governance Scorecard:

- At least two female directors or 10% of the total Board membership, whichever is higher.
- At least 50% of the Board members have background or experience in banking and financial services.
- At least 50% of the Board members have attended a training on anti-money laundering.

Taken together, UnionBank Board members possess a wide range of core competencies. Individual members are purposefully selected to complement the Board’s existing body of skills and experiences. The Board demonstrates integrity and adherence to the principles of good governance and accountability to ensure a high standard of oversight. Given the Bank’s focus on digital transformation, the Board ensures the security and privacy of stakeholders’ information in compliance with the law and best practices in governance.

Codes of Conduct

UnionBank’s Codes of Conduct uphold its core values of integrity, respect for the customer, and communication and collaboration; mitigate risks to the Bank and its stakeholders; and contribute to sustainability goals. The Bank’s Codes of Conduct address the following topics:

- Corruption and Bribery
- Confidentiality of Information
- Conflicts of Interest
- Anti-Money Laundering
- Sustainability (Environment, Health, and Safety)
- Whistleblowing

Codes of Conduct are implemented through the following mechanisms:

- Systematically defined responsibilities, accountabilities, and reporting lines throughout divisions and groups.
- Dedicated help desks, focal points, ombudsman, and hotlines.
- Employee performance appraisal systems with integrated compliance and codes of conduct.
- Disciplinary actions in case of breach.

Supply Chain Development

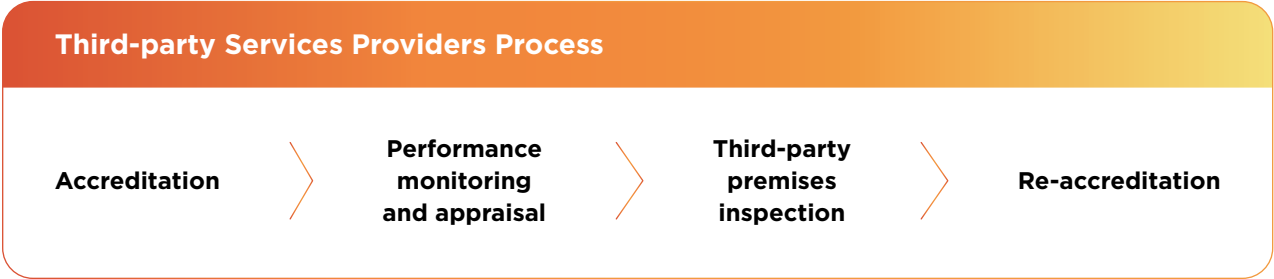
In 2023, a sustainability assessment was embedded in the Bank’s outsourcing assessment in compliance with BSP Circular 1128 to ensure the capability of Third-party Service Providers (TPSP) to withstand disruptions, quickly resume operations, and continue to provide services to the Bank.

Third-party relationships present a significant risk due to the varying levels of awareness of the Bank’s policies, regulatory requirements, and service quality standards. An unsuitable TPSP may lead to customer service concerns, result in operational errors, and jeopardize business opportunities. To manage risks, the Bank performs a risk assessment of any

non-inherent functions or activities and evaluates the implications of outsourcing by checking the potential impact on the Bank’s operations, financial condition, reputation, and ability to achieve its objectives and implement strategies and plans.

All third-party vendors undergo a thorough accreditation process—including assessment—due diligence, and selection, to ensure compliance with regulatory requirements and prudent use of funds on the purchase of quality goods and services. TPSPs for information technology requirements require accreditation, due diligence, onboarding, monitoring, and performance evaluation, vulnerability and penetration tests, and remediation for vulnerabilities prior to their engagement. Business continuity plan (BCP) testing is undertaken for critical service providers to ensure that clients are not affected by any service failures of the TPSP.

Contracts, which include confidentiality and privacy clauses in compliance with the Data Privacy Act and Consumer Protection laws, are thoroughly reviewed for compliance with outsourcing regulatory requirements. Contract review also sets TPSP performance metrics with clear definitions of appraisal criteria. Ensuring TPSP compliance with relevant national laws and regulations of the Bank helps increase customer satisfaction, ensures efficiency in operations, and contributes to the sustainability of the Bank’s delivery of quality goods and services.



Procurement Practices

UnionBank aligns procurement practices and priorities with strategic goals, objectives, and business requirements. These practices address risks and opportunities to enhance sustainability performance and create long-term values for clients. The Bank evaluates potential suppliers based on criteria such as reputation, financial stability, compliance, and past performance to mitigate risks, maximize opportunities, and strengthen the integrity of the supply chain. A rigorous supplier selection process ensures reliability, quality, and cost-effectiveness.

The Bank holds high standards for integrity and transparency in its communication with suppliers. Contracts delineate the terms and conditions of its relationships with suppliers, but they also define measurable targets for performance. Regular contract reviews provide an opportunity to confer with suppliers and maintain high standards for compliance.

As part of its risk management strategy, UnionBank identifies and mitigates procurement risks such as supply chain disruptions, supplier failure, and compliance issues. UnionBank creates contingency plans and diversifies the supplier base to minimize risk exposure. This management approach allows UnionBank to optimize procurement practices, enhance logistics, and drive operational efficiency.



- 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

Anti-corruption

The Bank is committed to conducting business activities in a fair, honest, and ethical manner. UnionBank has zero tolerance for bribery and corruption and strives to apply the highest standards of corporate ethics and professionalism in the conduct of its business. This zero-tolerance approach also means the Bank is committed to the mitigation, deterrence, and detection of bribery, corruption, and other unethical practices.

100%

Employees, management, and directors who received information and training on anti-corruption policies and procdures

0

- » Incidents for dismissal of employees or directors due to corruption
- » Incidents of contract termination due to corruption

UnionBank complies with the Philippines' anti-bribery and corruption laws and implements anti-corruption measures such as its Whistleblowing Policy and Fair Securities Dealing Policy to achieve transparency. The Anti-Money Laundering Policy intends to reduce the risk of making transactions that may be exploited and result in incidences of bribery or fraud. The Board of Directors is responsible for the Bank's Anti-Bribery and Corruption Compliance Program, which prohibits the receipt of gifts, entertainment, and benefits; and oversees vendor management, whistleblowing, and other related activities.



- 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.

ESG

ACHIEVEMENTS

From Compliance to Culture

The FOCUS 2030 Digital Transformation Strategy was developed to fulfill the mission of becoming a bank of enduring greatness. The Bank strengthens its commitment through REFOCUS, which aims to double efforts towards achieving the ‘Go for Gold’ aspiration and become a Great Retail Bank by 2025.

Tech Up Pilipinas continues to define UnionBank’s sustainability strategy and embed ESG matters in the overall business strategy as an integral part of the Bank’s digital transformation journey. The Tech Up Pilipinas roadmap aligns with the overall business goal of “teching up” employees and fellow Filipinos to co-create innovations for a better world, and it aims take sustainability from compliance to culture.

The plan includes compliance with BSP Memorandum Circular 1085 by defining the roles and responsibilities of the Board of Directors and integrating ESG in the organizational structure as the initial, yet vital, step. This is followed by cascading the roadmap, updating policies, and building ESG capabilities throughout the Bank.

Key imperatives of the FOCUS 2030 Digital Transformation Strategy

- Financial Value
- Operational Excellence
- Customer Franchise
- UnionBank Brand/Experience
- Superior Innovation

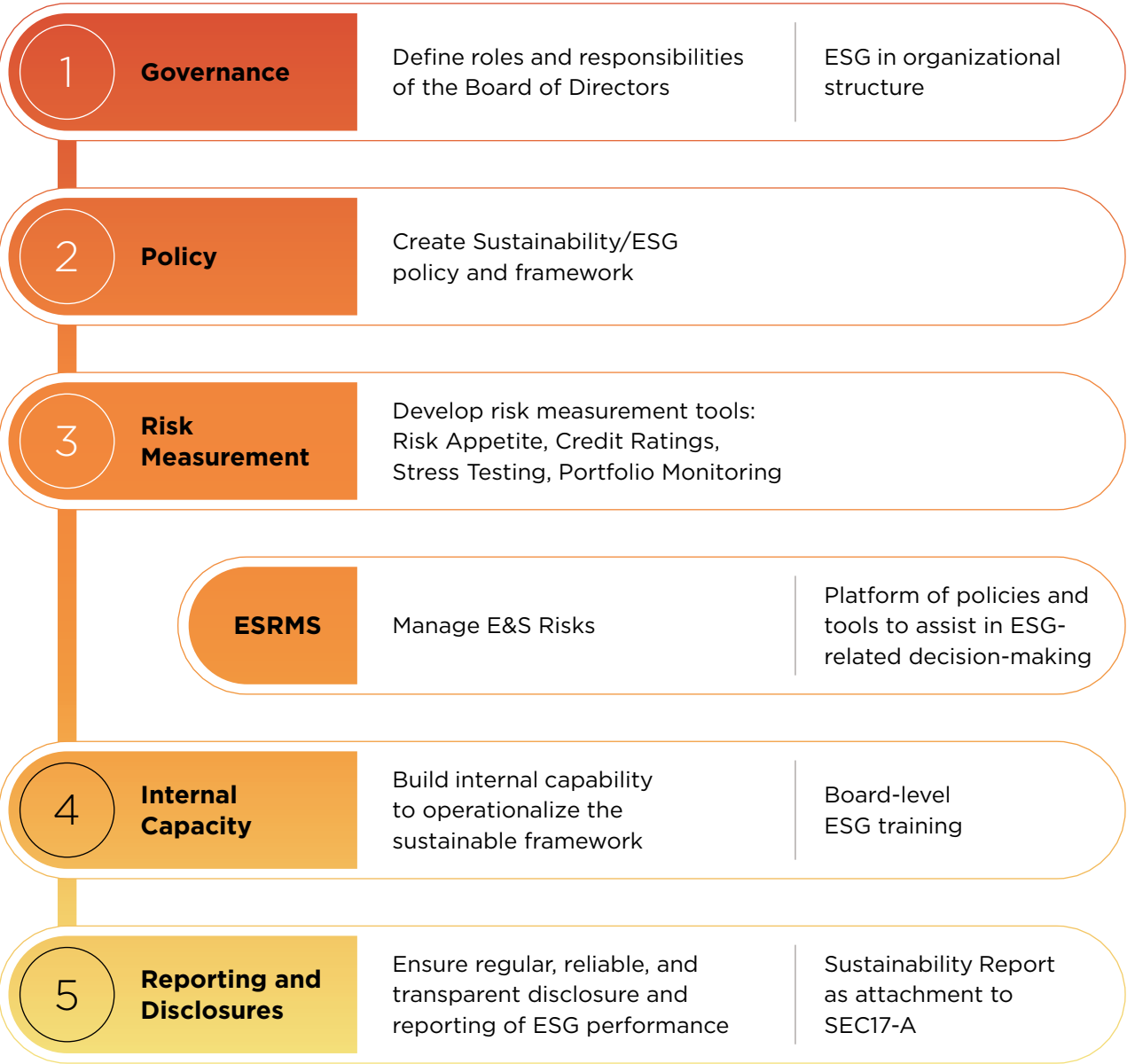
ESG Roadmap



Transition Plan Progress

Established in May 2020, the ESG Technical Working Group consulted with the Board of Directors, Management Committee, Center Group Heads and Leaders, and ESG consultants to develop and implement UnionBank’s Sustainable Finance Framework to comply with BSP Memorandum Circular 1085.

The BSP circular guides banks to integrate ESG topics into strategic pursuits consistent with their size, risk profile, and complexity of operations. The following diagram outlines the circular’s key requirements that must be established within a three-year transitory period.



UnionBank is embedding sustainability in its DNA, policies, programs, and processes. The ESG TWG’s sustainability initiatives include:

Corporate Governance and Compliance Institutionalize the adoption of sustainability principles.	Environmental and Social (E&S) Risk Management System Develop an E&S risk management system and manual and embed E&S risk in existing documents. This covers both credit and operational risk management.	Building Capabilities for Stakeholders Promote a culture that fosters environmentally and socially responsible business decisions. In 2023, UnionBank conducted training events to increase knowledge of sustainability principles among team members.
Sustainable Finance Develop financial products and services that integrate ESG into business decisions.	Communication Plan Ensure transparent, updated, and comprehensive disclosure of ESG performance in reports and news articles.	Audit and Alignment Audit and assess adherence to international sustainability standards and requirements of BSP, SEC, and other regulatory agencies.

Other initiatives to promote adherence to internationally recognized sustainability standards and practices

UnionBank continuously reviews disclosures in the Annual and Sustainability Reports to verify that ESG elements and metrics are communicated in a timely manner. It assesses the relevance and effectiveness of ESG reporting standards, such as the frameworks of the Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Disclosures (TCFD), and World Economic Forum (WEF).

UnionBank uses past ESG performance to manage environmental and social risks and show international ESG Raters how it adapts to changes in the regulatory landscape.

As ESG Raters develop proprietary methodologies based on best ESG practices, various international ESG standards, and legislations, UnionBank aims to improve its ESG ratings by measuring and monitoring its sustainability performance.

Sustainability learning and appreciation courses

UnionBank uses bank-wide learning and development programs to deepen employees’ knowledge of ESG and sustainable finance topics. Topics include ESG 101, Introduction to Sustainable Finance, and targeted learning sessions for relevant units that will implement ESRMS-related products and processes. Trainings are scheduled according to regulatory compliance, operation, and relevance to developments in the market.

2023 Social Bond Allocation and Impact Report

On July 23, 2021, UnionBank issued a seven-year, USD 150 million (PHP 7.55 billion) Social Bond with the International Finance Corporation (IFC) as sole investor. The proceeds of the Social Bond will be allocated exclusively to qualified micro, small and medium enterprise (MSME) loans, screened against the IFC eligibility criteria and exclusion list. As of December 31, 2023, the Social Bond Use of Proceeds Registry amounted to PHP 7.563 billion, representing 100.177% allocation to the gross proceeds of the Social Bond.

SyCip Gorres Velayo & Co. performed a limited assurance engagement on the Use of Proceeds of the Social Bond as of and for the year ended December 31, 2023.



GOING BEYOND, GOING FOR GOLD

UnionBank continues to pursue financial success while achieving maximum positive impact for all its stakeholders. Going for Gold, Going Beyond showcases the Bank's commitment to innovation and excellence beyond the banking industry, armed with the Aboitiz Group core values, to build a better world.

UnionBank's core value of Magis, which means 'doing more, doing better, doing greater,' drives the Bank's bold initiatives to cultivate innovative progress and meaningful change and foster transformation and sustainability. The Bank is committed to promoting a diverse, equitable, and inclusive society, which is evident in its programs and achievements across focus areas on Digital Transformation, Sustainable Finance, and Inclusive Prosperity.

In its Digital Transformation efforts, UnionBank continues to make its products and services more accessible to clients. It invested heavily in employee development and training, and offered self-development and learning programs for employees and other stakeholders. It facilitated volunteer programs that benefited more communities and helped drive meaningful change. Sustainable Finance initiatives facilitated loans to beneficiaries such as teachers and motorcycle drivers. Environmental projects also helped reduce and manage waste and contribute to the restoration of habitats. Inclusive Prosperity measures helped generate employment across the supply chain, produced programs for underserved banking communities, and reinvested in the Bank's corporate social responsibility program to implement initiatives for inclusive growth.

The Bank will continue its commitment of Going for Gold, Going Beyond with targets to build partnerships and projects to raise financial performance; improve customer satisfaction, climate risk management, resource efficiency, and sustainability reporting; enhance diversity, equity, and inclusion; and expand corporate social responsibility programs.

UnionBank's accolades demonstrate its commitment to stakeholders and sustainability

The Bank has received numerous awards showcasing its commitment to excellence in products and services, workplace environment and practices, and banking amenities for small-scale business and the underserved. In 2023, the Bank received a Bronze Stevie® for Employer of the Year in Banking, and the HR Thought Leader of the Year award for Chief Human Resource Officer Michelle E. Rubio. UnionBank also remains the only Philippine bank with a Great Place to Work® Certification.

The Bank's dedication to fostering a conducive and inclusive workplace was recognized with the esteemed Award on Productivity, Quality, and Innovation at the 2023 Kapatiran sa Industriya (KAPATID) Awards by the Employers Confederation of the Philippines (ECOP).

These recognitions highlight the Bank's exceptional practices in industrial relations, quality, productivity, and innovation, along with its commitment to ethical conduct, resilience, and fostering harmonious management-employee relationships. Some of the Bank's awards are as follows:

BIAN Transformation Awards 2022 Transformation Champion

The Digital Banker - Global SME Banking Awards 2023

- » **Best SME Beyond Banking Service Initiative**
UnionBank GlobalLinker
- » **Outstanding SME Supply Chain Finance Solution**
UnionBank Supply Chain Financing
- » **Best SME Business Current Account/Transaction Account**
UnionBank BizStarter Account

The Asian Banker Global Excellence in Retail Finance Awards 2023

- » **Best Retail Bank in the Philippines**
- » **Most Recommended Retail Bank in the Philippines**
Bank Quality Consumer Survey on Retail Banks 2023

Asia Private Banking Awards 2023, Asiamoney Best for Philanthropic Services in the Philippines

IFC Social Bond, Bronze Stevie® Award, Asia-Pacific Stevie® Awards 2023 Innovative Achievement in Corporate Social Responsibility

Philippines for MSME Banking, Asian Banking & Finance Retail Banking Awards Digital Business Banking Initiative of the Year

Philippines for UPAY for MSMEs, Asian Banking & Finance Retail Banking Awards Mobile Banking & Payment Initiative of the Year

2023 Asiamoney Best Bank Awards Best Bank For SMEs in the Philippines

The Digital Banker: Global Retail Banking Innovation Awards 2023 Best Smart Payments Solution by an SME Bank

The Kapatiran sa Industriya (KAPATID) Awards 2023, Employers Confederation of the Philippines (ECOP) Award on Productivity, Quality, and Innovation

Asia Pacific Tambuli Awards Award for Corporate Culture and Leadership, *Silver*

HR Asia HR Asia Best Companies to Work For (Philippines)

Stevie® Awards for Great Employers

- » **Employer of the Year – Banking**
HR Asia Best Companies to
Work For (Philippines), *Bronze*
- » **Achievement in Extended**
Enterprise Learning
Programs, *Bronze*
- » **Achievement in New Employee**
Onboarding, *Silver*

IDC Future Enterprise Awards Philippines HR Asia Best in Future of Work

TECH UP PILIPINAS HIGHLIGHTS

Digital Transformation

→ page 40

154.23 M

Transactions

▲ from 69.96 M in 2021

» 127.23 M UB Online

» 27 M SME app

7.27 M

UB Online registrations

₱34.4 M

Investment in employee development and training

▲ from ₱20.66 M in 2021

142

Modules offered to the public

▲ from 123 in 2021

9.45 M

Paperless transactions

▲ from 8.17 M in 2021

» 70.89% of branch transactions

318

Communities served

✓ from 427 in 2021

677

Programs on digital learning

▲ from 177 in 2021

142,998

Beneficiaries

▲ from 6,404 in 2021

13,852

Volunteer hours

▲ from 2,507 in 2021

Sustainable Finance

→ page 66

₱100.50 B

Loans disbursed through CitySavings

▲ from ₱53.1 B in 2020

» ₱87.69 B for teachers' loans

» ₱3.01 B for motorcycle loans

₱30 B

Loans processed through online lending platform SeekCap

Inclusive Prosperity

→ page 78

₱74.12 B

Economic value reinvested in society

▲ from ₱33.24 B in 2021

₱36.07 M

Investment in CSR

186,000

Users of the Loan Ranger mobile app

> 250,000

B2B customers in UBX's Open Finance Platform

Nearly ₱35 B

In transactions on BUX payment gateway

Combined total of 42,000

Clients in The Portal and the UB Negosyante App

▲ 27% increase from 2022

7,852

Employees (includes UBX, CSB, and UD for 2023)

2,056

Third-party Service Providers

▲ from 1,577 in 2021

25,909

Filipinos in the UBXPcellerator program

▲ from 9,558 in 2021

Targets

- Training in environmental accounting and sustainability reporting
- Capability building in Climate Risk Management
- **85% Net Promoter Score**
- Roll-out of DEI and sustainability programs
- **5% increase** in volunteer hours and beneficiaries for GoBeyondCommunities
- GBC training sessions and modules on financial literacy, information security and data privacy, and climate resiliency
- **5% reduction** in power, water, fuel consumption
- Sustainable partnerships and projects that add to the organization's aspiration of becoming a Great Retail Bank

Going Beyond

- Embed sustainability in operations and culture
- Offer products and solutions that contribute to sustainable development
- Create shared value for the organization through innovation and sustainability

PEOPLE

DIGITAL TRANSFORMATION

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.



BIAN Transformation Awards
2022 Transformation
Champion

IFC Social Bond, Asia-Pacific
Stevie® Awards 2023, Bronze
Innovative Achievement
in Corporate Social
Responsibility

The Kapatiran sa Industriya
(KAPATID) Award of the
Employers Confederation
of the Philippines (ECOP)
Award on Productivity,
Quality, and Innovation

Asia Pacific Tambuli Awards
Award for Corporate Culture
and Leadership, Silver

HR Asia
Best Companies to Work
for (Philippines) 2022

Stevie® Awards for
Great Employers

- » Employer of the Year
– Banking, Bronze
- » Achievement in Extended
Enterprise Learning
Programs, Bronze
- » Achievement in
New Employee
Onboarding, Silver

In this section

- People Tech: Internal Initiatives to Enable Growth
- The Workforce
- Diversity, Equal Opportunity, and Inclusion
- Employee Development Programs
- Labor-Management Relations
- Health, Safety, and Well-being
- Labor, Laws, and Human Rights
- Corporate Social Responsibility and Employee Volunteerism
- Customer Relations
- Customer Satisfaction
- Customer Health and Safety
- Marketing and Labeling
- Customer Privacy
- Data Security and Privacy



UnionBank’s comprehensive human capital development program identifies skill gaps, measures human capital management, and develops company-wide knowledge-sharing systems aligned with industry trends. Employees receive the right tools and training to excel in their positions and prepare for leadership roles. UnionBank’s programs democratize learning and promote multi-specialization and talent mobility. Its approach increases employee productivity, performance, and competitiveness, thereby upholding the Bank’s financial standing and allowing it to grow to achieve its sustainability goals.

People Tech: Internal Initiatives to Enable Growth

UnionBank provides opportunities for employees and other stakeholders to expand talent, develop potential, and build a new generation of skills in preparation for the many “futures of work.” Employees are encouraged to grow beyond their departments, cultivate a holistic skillset, and enhance competencies in emerging technologies. The Bank operationalizes its People Tech mission through the following programs:

Student Mentoring Program (SMP) is a pre-hire initiative to give top students from universities and other institutions training, mentoring, and an opportunity to experience UnionBank’s agile and collaborative culture.

Leadership Accelerated Development (LEAD) Management Trainee Program targets the top 5% of the graduating classes of partner universities. It places trainees (LEADS) in various units at UnionBank to create solutions, build new products, or improve organizational processes.

Technical Lead Program (Tech LEAD) is a 12-month, fast-tracked, technical development program designed to capitalize on emerging technologies and promote leadership. Participants gain business acumen and develop leadership skills through blended learning interventions.

13 Tech LEADS

Seeded in UnionBank in Data Science, Information Security, Customer Experience, Enterprise Architecture, Solutions Delivery, Infrastructure and Service Management, and Digital Delivery

UnionBank University offers employees self-paced or instructor-led courses to strengthen core capabilities, upskill for a potential career-shift and co-create innovations for local communities. Cross-functional teams create products, services, and solutions that are commercialized or institutionalized internally and externally. Through training programs and immersion labs, leaders experience growing startups and use design thinking and the business-model canvas to create human-centric solutions for complex problems.

Learning Pathways features a curated set of learning resources to complement the modules of One UnionBanker Hub (1UHub) and support the shift from competency-based to capability-based learning philosophy. 1UHub is the Bank’s comprehensive internal Human Resources Services platform.

Cloud Cadetship is a multi-cloud program developed by UnionBank, Amazon Web Services (AWS), and Microsoft that offers free AWS and Microsoft Azure training and certification vouchers and mentorship from UBP Cloud Experts.

Centers of Excellence and Communities of Practice serve as platforms for employees to upskill by leading projects to improve products, services, and processes. Employees experiment and learn through the Cloud Center of Excellence, Open Finance and Digital Services Center of Excellence, and Metaverse Center of Excellence.

Tech hUB podcast raises awareness of emerging technology trends and of the realities of working in the digital age to attract talent to careers in the tech/ fintech industry.

The Workforce

The Bank’s dynamic, healthy and supportive work environment reflects its understanding that its employees are the driving force behind its growth. The UnionBank signature workplace is agile, collaborative, empowering, and inclusive. Policies and programs attract and retain talent and enhance their overall well-being, productivity, recognition, and potential for innovation.

UnionBank sustains a strong employee culture and a highly engaged workforce. In 2023, the Bank had an attrition rate of 16.41%.



UnionBank is proud of its Great Place to Work® certifications in 2021, 2022, and 2023. The Bank was recognized for its workforce engagement, retention and capacity-building programs that enable employees to #OwnTheFuture.

4.34/5

Overall UnionBank employee engagement score

4.35/5

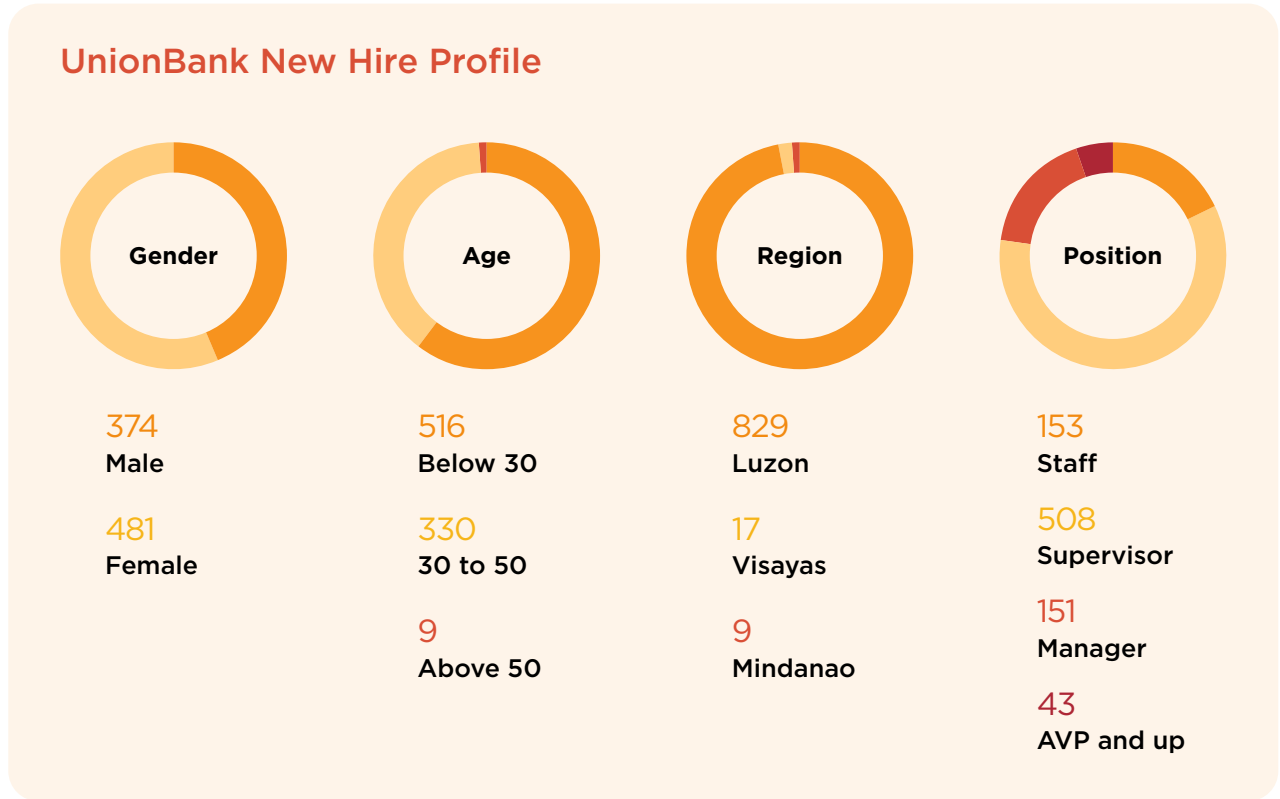
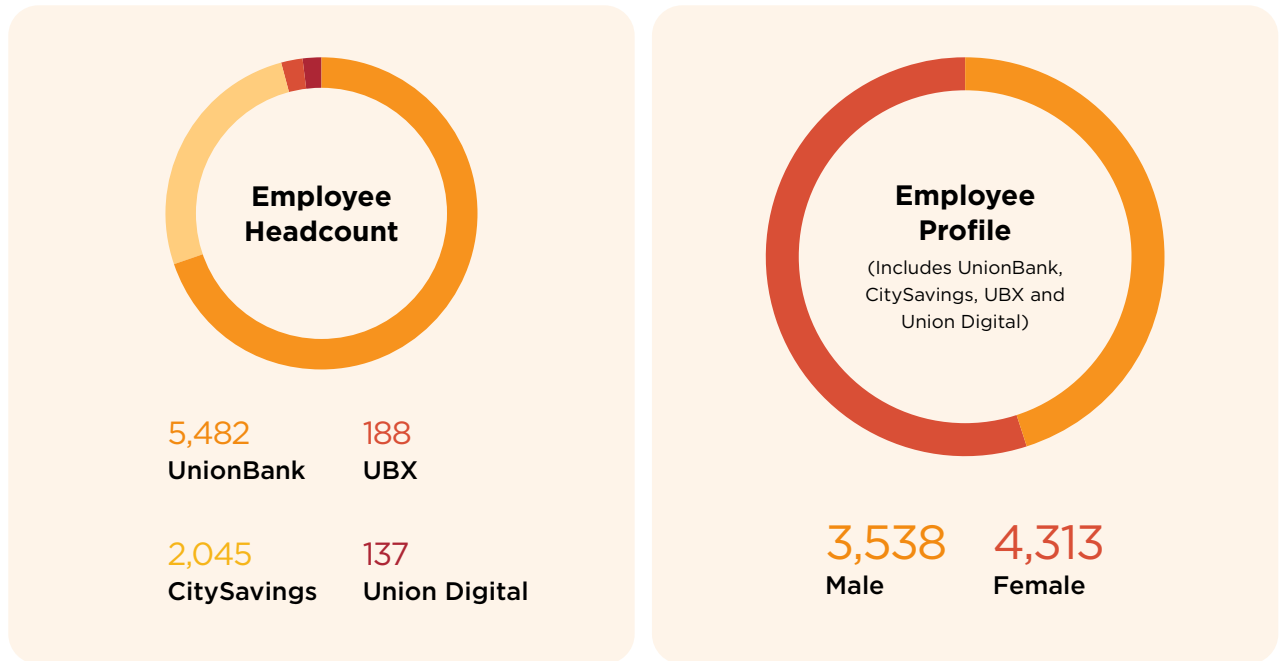
Overall UnionBank employee satisfaction score

4.47/5

Proud UnionBanker score

56.27

UnionBank employer Net Promoter Score



See complete breakdown of employee demographics on [page 88](#)

EMPLOYEE BENEFITS

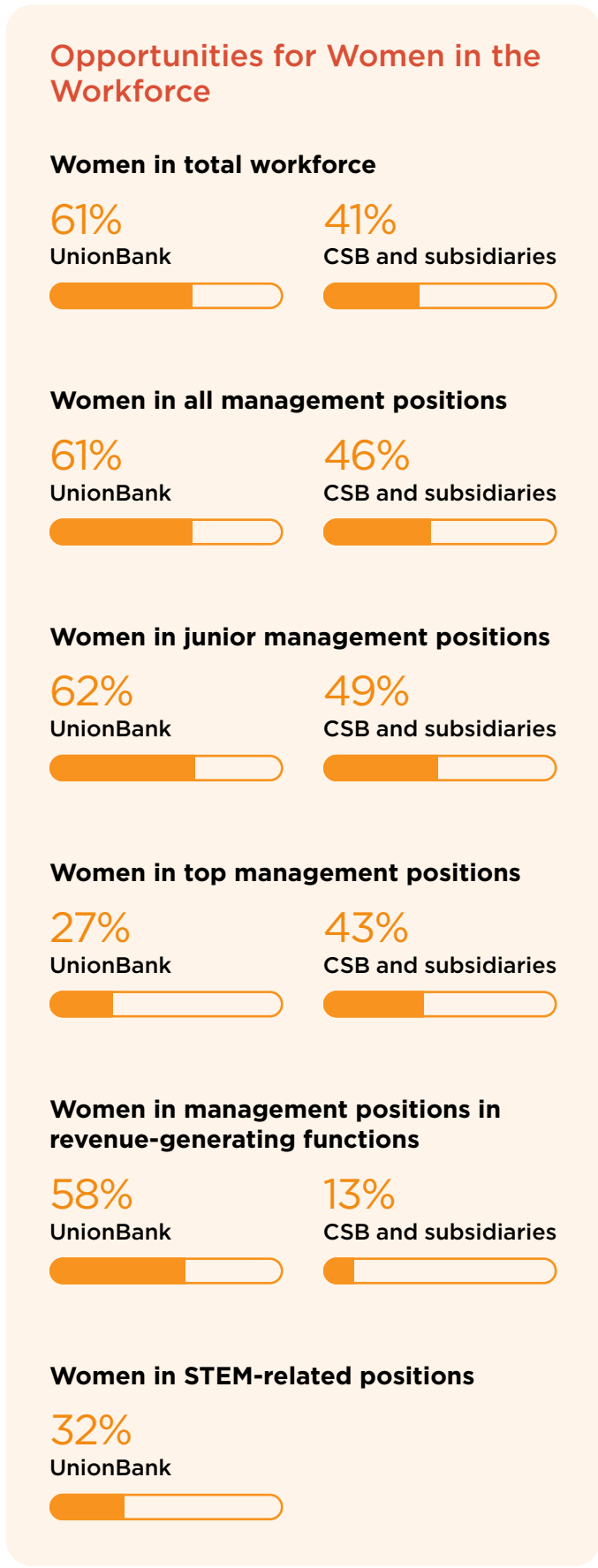
UnionBank provides benefits for its employees as required by law, and it offers additional benefits that give it a competitive edge in hiring and retaining talent. This includes additional leaves, bonuses, and flexible work arrangements.

Diversity, Equal Opportunity, and Inclusion

Diversity, Equity and Inclusion (DEI) is a force for progress and resilience. A diverse workforce possesses a range of backgrounds, experiences, and skill sets with the agility and adaptability to thrive and drive innovation in a dynamic banking landscape. The Bank recognizes the importance of a workplace that values and respects every individual. UnionBank provides a fair and non-discriminatory workplace for a future-ready interdisciplinary workforce. It is committed to enhancing DEI, and goes beyond compliance with national regulations to facilitate creative thinking and innovation, promote an inclusive environment, and gain a competitive advantage.

The Bank's programs foster a sense of belonging, create pathways for continuous learning, and promote holistic growth. Noteworthy initiatives, such as the Employee Assistance Program (known as CHAT - Connect, Heal, Assist, Talk), support mental health and provide access to professional counseling and therapy.

The Bank introduced dedicated groups, such as UMatter (supporting the LGBTQ+ community) and Future Forward Females (promoting women in tech and leadership), to augment its DEI efforts. Furthermore, the Bank extends health insurance benefits to domestic and same-sex partners, provides retirement planning, and conducts informative offboarding sessions to help retiring employees grow and safeguard their retirement funds post-employment. The Bank funds employee clubs and interest groups to cultivate a sense of community among UnionBankers.



Celebrating inclusivity through the first Diversity, Equity, and Inclusion Summit

Through U Matter, an umbrella program that encompasses DEI initiatives, the Bank creates an environment that empowers, encourages, and engages all employees. It aims to establish a safe space where employees—regardless of gender, race, or ethnicity—are heard, valued, and understood.

UnionBank conducted its First DEI Summit on June 26-27, 2023, which served as a powerful platform to promote genuine involvement, engagement, and acceptance. UnionBank leaders used their voices and influence to promote DEI. The Summit celebrated diversity through communication and community-building activities. The U Matter Bazaar provided a venue for small business and young artists, and it promoted pride and women’s empowerment. In an inquiry session, U Matter Champions discussed the current state and the future of DEI at UnionBank.

Extending healthcare to LGBTQ+ and common-law partners

UnionBank offers employees with a legal civil status of “single” the option to list their LGBTQ+ or common-law partners as dependents under the company’s health insurance policy.



DEI MISSION

To drive innovation through and with diversity

DEI VISION

To be the FIRST out and proud local bank

FUTURE FORWARD FEMALE NETWORK VISION STATEMENT

To be the Bank of choice for women

500

Sign-ups from employees for U Matter merchandise

₱87,000

In sales and in-kind contributions for the Golden Gays Foundation



Employee Development Programs

UnionBank upskills employees to adjust to rapid changes in technology, develop innovative products and services, and enhance productivity to rise above the competition.

Some of the employee development programs implemented in 2023 include the following:

UnionBank rolls out GT2025 Initiative: A+10 to contribute to the Aboitiz Group

The Bank rolled out the A+10 Behaviors Coaching for Leaders to contribute to the Aboitiz Group’s Great Transformation aspiration to become the country’s first techglomerate – transforming a massive, 100-year old conglomerate into one that moves with the intelligence, agility, foresight, and culture of a start-up. The program aims to help leaders adopt the 11 traits of a ‘Transformed’ team member, and eventually influence their people to embrace the same.

Magis 2.0 builds future leaders

In November 2023, UnionBank launched Magis 2.0 for Tier 2 leaders and successors to build entrepreneurial, human-centric, and transformational skills through 70-20-10 development principles. The program will help align employees’ career aspirations with the Bank’s present and future leadership needs.



Datus Data Literacy Program equips UnionBankers with data literacy skills

Banking is a data-driven industry. Datus was thus designed by the Bank’s AI and Data Governance Policy Unit and the Learning and Development Unit to build data literacy skills and establish a data-driven, decision-making culture. Employees attended a series of internal training programs designed to supplement data-related learning and skills development. Data-literate UnionBankers will help the Bank make better decisions in its operations, including customer service, risk management, compliance, product development, and marketing.

180

Employee leaders in Magis 2.0

5

Datus Data Literacy Program modules

338

Datus program graduates

Aboitiz Group Data Science Bootcamp hones employees' data literacy

A collaboration between Aboitiz Group and UnionBank, the Data Science Bootcamp was designed to equip staff with the tools and insights to extract, correlate, and derive value from amassed data. It aimed to cultivate a profound understanding of how data can reveal trends and facilitate informed decision-making across diverse business domains. The Bootcamp challenged participants to excel in a range of disciplines, such as programming, statistics, machine learning, and data visualization. They sharpened their problem-solving abilities and honed their capacity for effective teamwork collaboration using real-world case studies. Projects completed during the Bootcamp included:

- Optimizing power supply to achieve the lowest Generation Charge and surpass the efficiency of the current optimization system, which was developed by a third-party vendor. The objective aligns with Aboitiz Power Distribution Utility's mission to provide cost-effective solutions for customer satisfaction.

25

Data Science Bootcamp participants

- Accelerating the electrification and decarbonization of commercial and multi-family buildings.
- Using machine learning to address power quality issues, particularly unbalanced current, and enhance phase balancing of feeder lines to predict future unbalanced loading and associated power loss.
- Providing three-month sales forecasts across 10 stores for 50 items in a supermarket chain to enhance decision-making, resource allocation, and overall sales performance.
- Creating a model to aid decision-making during the pre-qualification stage up to bidding and tender submission to develop a dynamic, data-driven decision support system for bid selection and project profitability assessment.

Kwentong CitySavings highlight best practices in Employee Engagement

Kwentong CitySavings highlighted success stories in employee engagement to recognize groups with high EE scores and inspire fellow CitySavings Bankers. Employee engagement contributes to employee satisfaction and productivity, which helps drive financial performance and sustainability.

15

Kwentong CitySavings employee engagement stories in the CSB Bulletin and at Facebook group



UnionDigital develops programs to harness employees' fullest potential

Under UnionDigital's Strategic Human Resource Management Framework, the "Develop Right" initiative designs and facilitates development programs that build capabilities and empower employees to generate excellent performance. UnionDigital steadily established the foundations of "UDiversity," which organized and conducted programs under Compliance and Governance, Functional and Technical, and Leadership, Cultural, and Behavioral.

UnionDigital Development Programs

Compliance and Governance

- Financial Consumer Protection
- Anti-Money Laundering, Countering the Financing of Terrorism, and Countering Proliferation Finance e-Learning Course
- Corporate Governance Webinar (through UnionBank University)

Functional and Technical

- Agile Coaching
- Generative AI
- Lending Credit Strategy on Digital Community Loans

Leadership, Cultural and Behavioral

- Safe Spaces
- Codes of Conduct
- Leadership and Coaching
- Positive Mindset
- Patience and Passion
- Mental Health Strengthening
- Professional Friendships

Union Digital Training Hours

27

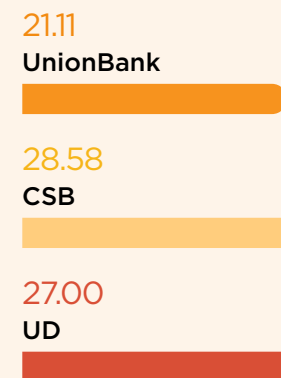
Average training hours per employee

- 6 hours Compliance and Governance
- 6 hours Functional and Technical
- 15 hours Leadership, Cultural, and Behavioral

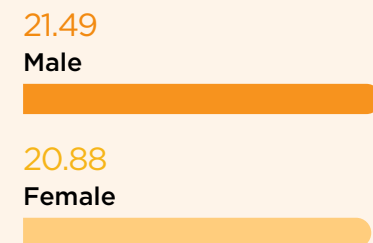


Average Training Hours

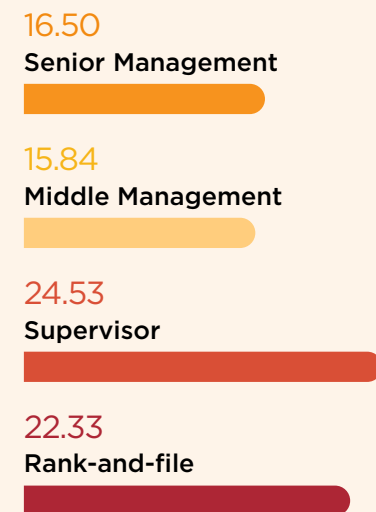
Overall average by company



Gender (UnionBank only)

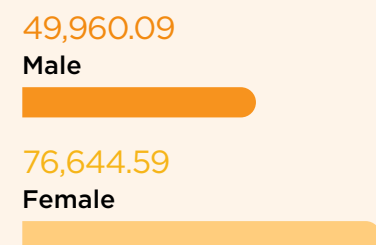


Position (UnionBank only)

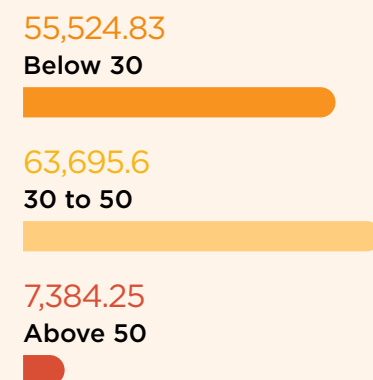


UnionBank Total Training Hours

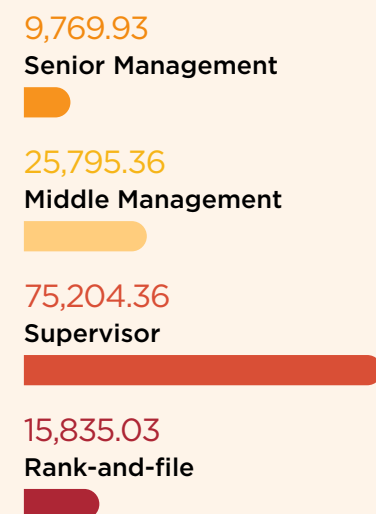
Gender



Age



Position



See complete breakdown on [page 40](#)

Labor-Management Relations

The Bank maintains a positive relationship with its employees and continues to build trust and strengthen relations with the union. In the middle of the global crisis brought by the pandemic in 2020, UnionBank sealed a new five-year agreement with UnionBank Employee Association (UBEA), assuring them that “no one gets left behind.” Discussions regarding the political and economic terms of the collective bargaining agreement with employees for the period from 2021 to 2025 ensued, and the negotiation process for its terms was successfully completed in July 2023.

663

Employees covered by the collective bargaining agreement (UnionBank)

The Employers Confederation of the Philippines (ECOP) gave UnionBank the **2023 Award on Productivity, Quality, and Innovation** at The Kapatiran sa Industriya (KAPATID) Awards. The recognition celebrates the Bank’s outstanding business practices and commitment to productivity, quality, innovation, and people-centric processes.



Health, Safety, and Well-being

A dedicated Occupational Health and Safety Office (OHS) ensures regulatory compliance with environmental standards, Bangko Sentral ng Pilipinas requirements, and local government unit laws and ordinances. The OHS coordinates their status with various branches and monitors their concerns through the bank-wide committee on safety and occupational health with members that include the employee union. Branches can check pending OHS concerns through a web-based tracking and monitoring system.

Workplace wellness holds prominence among UnionBank's priorities, as demonstrated in its welfare policies and programs. Employees across all levels participate in the Bank's responsive and purposeful well-being initiatives.

Maintaining a perfect safety record

In 2023, the Safety Organization of the Philippines, Inc. awarded the Occupational Safety and Health Department the Certificate of Perfect Safety Record for over 24 million safe man-hours without lost time since 2020.

28.1M

Safe man-hours

0

Cases work-related injuries, fatalities, or ill health instances

4

Safety drills

Prioritizing employee health and safety

In 2023, the Bank implemented the following initiatives to maintain the health and well-being of its workforce:

The **Smoke/Vape Free Workplace Policy** complies with Executive Order Nos. 26 and 106 to create a smoke- and vape-free environment, and designates smoking areas near the workplace to improve health and safety.

UnionBank's **emergency and disaster response program** conducts monthly EOSH Committee Meetings, Emergency Evacuation Drills, Basic Life Support and First Aid Trainings, and provides medical assistance. An Online Hazardous Waste Management Training was conducted on January 23 and 24, 2023 and a bank-wide Chemical Release & Spill Drill was held January 30–February 2, 2023. **Evacuation plans and safety signage** were created to aid employees in the event of an emergency.



To prioritize the mental health of its workforce, UnionBank established a **Mindfulness Program** to support employee reliability and prevent burnout. The program's myriad workshops addressed topics ranging from mental health, exercise, and mindful eating and nutrition, to emotional health and stress reduction. Its holistic approach was designed to help employees overcome challenges, improve fitness, and effectively manage emotions. To further spotlight the need for emotional wellness, UnionBank also joined the **World Mental Health Celebration** in October 2023. The event featured a discussion led by Dr. Joan Rifareal on developing resilience and improving overall mental well-being.

The Bank's **Safety Week Celebration**, held May 15–19, 2023, featured an online safety webinar, blood drive, health and wellness caravan, photo contest, and online games meant to heighten employee engagement and augment their wellness awareness.



Labor, Laws, and Human Rights

UnionBank does not tolerate harassment, unlawful discrimination, or decision-making on job assignments, hiring, employment opportunities, and promotions on the basis of race, color, religion, age, ideology, disability or sex, including gender identity, sexual orientation, and pregnancy.

In 2023, the Bank updated its Code of Conduct to add human rights and non-discrimination provisions to emphasize the need to respect employees' humanity. It guarantees adherence to internationally recognized human rights and reflects the Bank's commitment to maintaining a diverse and inclusive workplace free from discrimination and harassment. The Code of Conduct was also updated to cover gender-based sexual harassment in the workplace as defined under Article IV of Republic Act No. 11313, also known as the Safe Spaces Act, which states that violations will be subject to investigation and due process.



Corporate Social Responsibility and Employee Volunteerism

Corporate Social Responsibility Programs (CSR) align with the Bank’s sustainability framework by centering on People Tech, Planet Stewardship, and Inspiring Purpose.

PeopleTech

The Bank fosters growth and advancement for all and supports learning initiatives, particularly in the areas of innovation, emerging technologies, and financial and digital literacy. These programs promote greater economic opportunities and inclusive prosperity.

Planet Stewardship

UnionBank facilitates activities that promote environmental responsibility, contribute to a more sustainable environment, and minimize environmental impact. These include tree planting and nurturing activities, awareness raising, and investing in and supporting other environmental initiatives.

Inspiring Purpose

The Bank heeds its higher purpose beyond profit and supports programs that encourage creativity, collaboration, and innovation for social good. These include platforms that enable co-creating innovations for a better world.

Long-term CSR programs include the UnionBank Xcellerator Program (UBPXcellerator), AIDT, and GoBeyond Communities.

UnionBank Xcellerator Program: An incubator for tomorrow’s technology experts

There is growing demand for talent who possess the hard skills of the future—Data Science, Artificial Intelligence, Cloud Computing, API Technology, Coding, UI/UX Design, and Blockchain—as more businesses shift to digital and contactless business models. As such, UBPXcellerator was created in 2018 to future-proof UnionBank talent and create a pool of technology experts. The program offers on-demand learning content and pathways for learners, educators, and career-shifters to gain basic, intermediate, and advanced knowledge in Blockchain, Data Science, Artificial Intelligences, Robotics, and other emerging technologies.

UBPXcellerator provides employees and other interested learners with the opportunity to work on cases related to their fields of interest. Around 30% of the best performers in the group are hired by the Bank, while the rest are deployed to partners and subsidiaries. Free programs on Business Communication, Presentation Skills, and Python 101 were offered in 2023, increasing enrollment by 39% and the number of unique learners by 37% compared to 2022. UBPXcellerator completed six programs and eight Gamechanger episodes in partnership with universities and government agencies.



UnionBankers support hackathons to create innovative solutions

UnionBankers use their innovative, forward-thinking training to promote the belief that anyone—from students to concerned citizens—can create solutions for a better world. The Bank supports participation in hackathons such as the Pasig City Climathon, which aims to provide waste energy management and renewable energy solutions.

Asian Institute of Digital Transformation (AIDT) provides skill-building opportunities to respond to rapid growth of exponential and transformative technologies

AIDT is a UnionBank CSR education initiative established in 2020 in collaboration with the Global Learning Solutions of Singapore to facilitate cutting-edge digital transformation education and practice in the Philippines. Companies and government organizations that fail to leverage technologies such as artificial intelligence, machine learning, robotic process automation, Internet of Things, blockchain and Web 3.0, may struggle to remain competitive in the evolving marketplace. AIDT works with companies and government organizations to reskill and upskill employees and transition into new roles that align with the fast-changing digital landscape. AIDT facilitates an Executive MasterClass in Digital Transformation, which includes coursework and application practice. Graduates form teams to develop a Capstone Digital Innovation Project, which is defended for review. Successful teams are awarded a Certificate of Distinction and conferred the title of “AIDT Digirati.”

UnionBank goes above and beyond with GoBeyond Communities

GoBeyond Communities (GBC), the Bank’s main CSR intervention, is an engagement program that allows employees to promote personal advocacies by conceptualizing, developing, and implementing community-enriching programs with UnionBank funding.

In 2023, GBC focused on the sustainability mission of Tech Up Pilipinas as it leveraged the success of UnionBank’s innovation and digital transformation to help build strong and resilient communities.

249

AIDT graduates from 38 companies and government agencies

12

Digirati awards

13,852

GBC volunteer hours served

318

Communities served by GBC

142,998

GBC beneficiaries

GBC's 2023 activities included the following:

UnionBank volunteers hold "Todo Toda ang Pasko": A gesture of support for tricycle drivers and operators

On December 2, 2023, UnionBank volunteers from the Cavite branches conducted "Todo Toda ang Pasko Kasama ang UnionBank," an initiative to support the members of the Binakayan Congbalay Legaspi Pulborista Tricycle Operators and Driver's Association (BCLPTODA). BCLPTODA requires members to wear shoes or sandals on duty, but does not supply these materials to drivers. UnionBank volunteers donated some essential items such as shirts with their name and the BCLPTODA logo and socks to support them in their work.



Essential supplies donated to Tagumpay Elementary School students

On November 4, 2023, a UnionBank GBC initiative named "Simulan ang Tagumpay sa Tagumpay Elementary School," visited Palawan's rural landscapes with a mission to educate and nurture creativity among students of Tagumpay Elementary School. The activity provided school supplies, promoted healthy eating habits, and exposed children to musical arts in collaboration with the Palawan Sound Organization. With the support of UnionBankers from the Branch Channel Management South Luzon Puerto Princesa Branch, students received grade-level specific educational materials, ate chicken and vegetable soup, and enjoyed collaborative musical performances. The initiative highlights UnionBank's unwavering commitment to empowering communities and fostering inclusive growth.



Volunteers donate sports equipment to promote a healthy lifestyle

On November 11, 2023, UnionBank Iligan Branch volunteers donated soccer sports equipment for the children of Kolambugan Central School. The initiative aimed to engage children in sports and steer them away from negative influences. The activity is part of UnionBank's mission to create positive changes in local communities.



Lending a hand for healthier children

On October 14, 2023, a GBC initiative with volunteers from BCM Sto. Domingo Branch and West Avenue Baler Branch responded to educational, nutritional, medical, and healthcare needs of the children of Caingin Bayanihan Elementary School. Volunteers distributed gardening tools and seedlings to teach students about sustainable food sources. Essential food items and cooking utensils were supplied for the feeding program. Families received medicines for common illnesses such as flu and cough, and students learned about disease prevention when they were given hygiene kits including reusable water bottles. This event reaffirms UnionBank's responsibility to address fundamental needs and foster a spirit of community, and make a meaningful difference in the lives of those it serves.



Empowering agriculture with seeds of hope

UnionBank provided seeds and fertilizers to 12 farmers and their families in Brgy. Coliat, Ibaan, Batangas. With farms covering 28 hectares of land, the families' chief crop was corn. In recent years, the farmers saw a noticeable decline in their corn output and sought support from the barangay for seeds and fertilizer, which they could not afford. However, the barangay did not provide assistance due to budget constraints. UnionBank addressed this immediate need, reflecting a dedication to creating meaningful change in local communities.



Volunteers bridge the gap to support underserved families

On July 22, 2023, UnionBank volunteers journeyed to Datu Salumay, a remote and foggy part of Marilog, Davao, located on the outskirts of Davao City and bordering Bukidnon Province. The outreach brought school bags and school supplies for the benefit of 150 students and parents. The initiative emphasized UnionBank's commitment to education, particularly for children in underserved communities.



UnionBankers bring love to animal rescues

On June 3, 2023, UnionBank volunteers from Makati Central Business District Region participated in the GoBeyond Communities "No Paws Left Behind" event that benefited the Philippine Animal Welfare Society (PAWS). The participants toured the facilities, learned about the rescue missions, spay and neuter programs, and individualized care for the animals, and learned the significance of spreading animal rights awareness. Donations from UnionBank volunteers benefited nearly 300 rescued cats and dogs. This event served as a reminder of the transformative impact that compassionate actions can have on both animals and humans.



CitySavings Project Pink raises breast cancer awareness and provides healthcare services for communities in need

In 2023, Project Pink partnered with the Ramon Aboitiz Foundation Inc.-Eduardo J. Aboitiz Cancer Center (RAFI-EJACC), a non-profit organization committed to providing healthcare services to underserved communities, to conduct two medical missions in the cities of Danao and Carcar in Cebu.

The medical mission for the Department of Education (DepEd) Division of Danao City included lectures, testimonies from breast cancer survivors, free breast check-ups, and pap smear screenings. The medical mission for DepEd Carcar City benefited more than 600 teaching and non-teaching personnel, and featured talks on cancer risk factors, primary and secondary prevention approaches, and advances in detection and treatment. By providing access to healthcare services and conducting awareness campaigns, CitySavings demonstrates its commitment to caring for the communities it serves in partnership with like-minded organizations such as RAFI-EJACC.

UnionDigital's CSR activities foster camaraderie and community outreach

UnionDigital used special events to celebrate employees, women's empowerment, the labor force, and diversity to foster fellowship among employees. UDCares, UnionDigital's community outreach program, conducted a number of activities, including feeding programs and school supply distribution for children in Brgy. Kaylaway, Nasugbu, Batangas and Itogon, Benguet, and financial literacy and online entrepreneurship talk for women in Brgy. San Antonio, San Pedro, Laguna.

24

Project Pink sessions

3,000

Project Pink participants



Customer Relations

With Magis at the core of its values, UnionBank ensures that customers are at the center of everything it does. The Board and Senior Management are responsible for developing the Bank’s consumer protection strategy and establishing an effective oversight over consumer protection programs. The Board approves and oversees the implementation of the Bank’s Consumer Protection Risk Management System (CPRMS), while Senior Management verifies that the Bank’s practices are aligned with CPRMS and evident across all business units that deal directly with consumers.

UnionBank’s consumer assistance management system features policies and procedures in addition to a corporate structure for handling complaints.

The Consumer Affairs Group (CAG) monitors and oversees the Bank’s Customer Experience in compliance with BSP Circulars 857 and 1048 on Financial Consumer Protection. They ensure that the consumer assistance management process is updated, conforms to the internal control framework of the Bank, and is applied by all affected units.

The Public Relations unit monitors feedback from traditional and social media to identify customer concerns, conduct customer research, align with Consumer Protection, and assess reputational risk.

The Bank’s structures facilitate the delivery of quality goods and services to its clients. Programs and initiatives like these infuse a customer-centric approach in the Bank’s operations and culture.

Teams hone customer-centric approach through Customer Experience Center of Excellence (CX COE)

The Bank launched CX COE to facilitate workshops and training programs for teams to sharpen customer relations, enhance service delivery, and elevate client satisfaction. CX COE monitors the closures made by each team and features Client Obsession Closure stories to inspire all employees to "do more, do better, and do greater."

Client Obsession Week celebrates the customer

UnionBank dedicates a special week to highlight outstanding customer service and inspire employees to apply a customer-centric approach to their work. The Bank’s philosophy dictates that clients deserve nothing less than the best service, and Client Obsession Week provides momentum to sustain this principle.



Customer Satisfaction

The Bank continuously improves its products and services and satisfies customers by reviewing complaints, suggestions, and feedback from clients. Digital platforms are enhanced and updated to fit the current and immediate needs of UnionBank customers.

The risk assessment strategies of the Consumer Assistance Policy and Procedure (CAPP) provide a system of analysis of complaints and requests to determine their causes, effects on other products and services, and the costs and resources to implement necessary corrective actions.

The Bank uses the data to determine if there is a systemic issue that may affect the operations, performance, and sustainability.

The CAG identifies, analyzes, and monitors trends in customer feedback and the nature of the complaints. When needed, the CAG recommends and monitors solutions to avoid recurrence of issues or to improve processes to deliver standout Customer Experience. When persistent complaints against the Bank or its staff are received, these issues, along with analyses and recommended action plans, are reported to Senior Management or the Operational Risk Management Committee.

11,704,111

UnionBank customers with active or open deposit and/or loan accounts

Stakeholders

Customers Investors Regulators

General Public Media

Risks

Reputation Risk: Unsatisfied customers with unresolved issues can provide negative feedback and generate negative public opinion. These can be shared over social media and circulated by the general public.

Opportunities

Higher customer satisfaction translates to trust and customer loyalty, attracts potential new customers, and increases sales and revenue for the Bank.

91.4%

UnionBank Net Promoter Score (exceeded 85% target)

61,119

UnionBank survey respondents

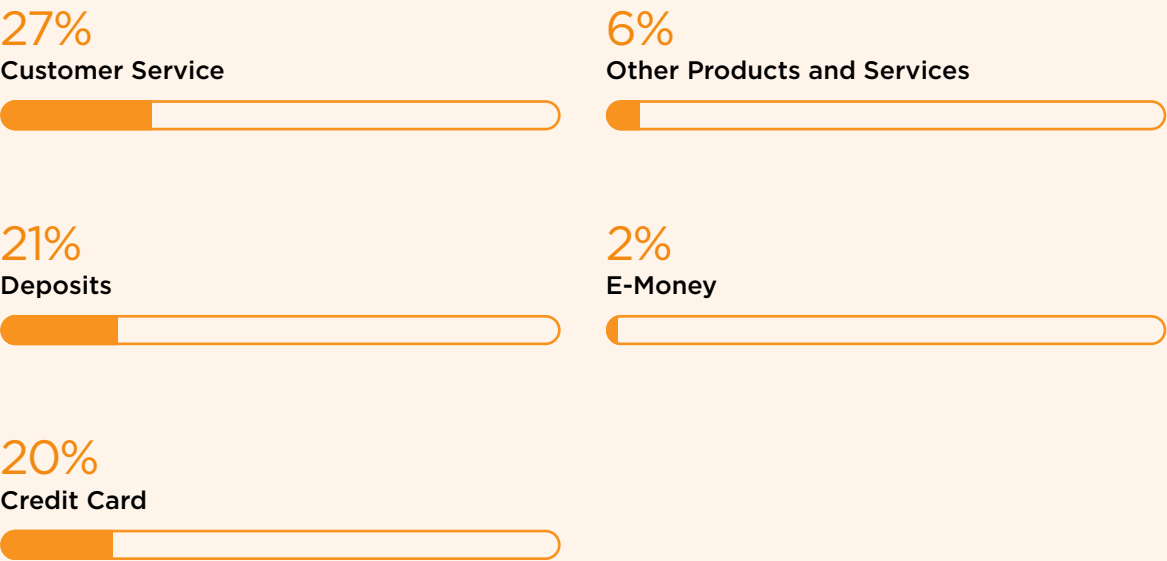
96.54%

Customer satisfaction with CitySavings products and services

202,292

CitySavings survey respondents

Summary of Customer Concerns



Customer Health and Safety

As part of its ESG strategy, the Bank’s Environmental and Social Risk Management System requires a review of all environmental and social risks inherent in or through its relationships, products, and services.

When customer concerns arise, they are coursed through the Bank’s formal communication channels. A Consumer Assistance Officer (CAO) receives and acknowledges a customer’s complaint, request, or inquiry in person or through a web-portal, letter, e-mail, or telephone. The CAO performs the initial investigation to identify relevant units charged with resolving the matter, which is logged into the Bank’s central repository system. The client receives email notifications explaining the the resolution of the case.

The Quality Assurance Officer (QAO) monitors the progress of the investigation to ensure a thorough resolution. The Resolving Consumer Assistance Officer assesses and investigates the concern, completes the investigation in a timely manner, and communicates the resolution to the customer.

Stakeholders

- Customers
- Investors
- Regulators

Risks

No risks likely. UnionBank’s financial products and services do not directly cause risks to the health and safety of its customers.

Opportunities

Innovative updates and approaches to marketing and labeling can result in better customer satisfaction ratings.

Stakeholders

- Customers
- Investors
- Regulators

Risks

Non-compliance with national regulations on labeling and information can lead to regulatory penalties.

Opportunities

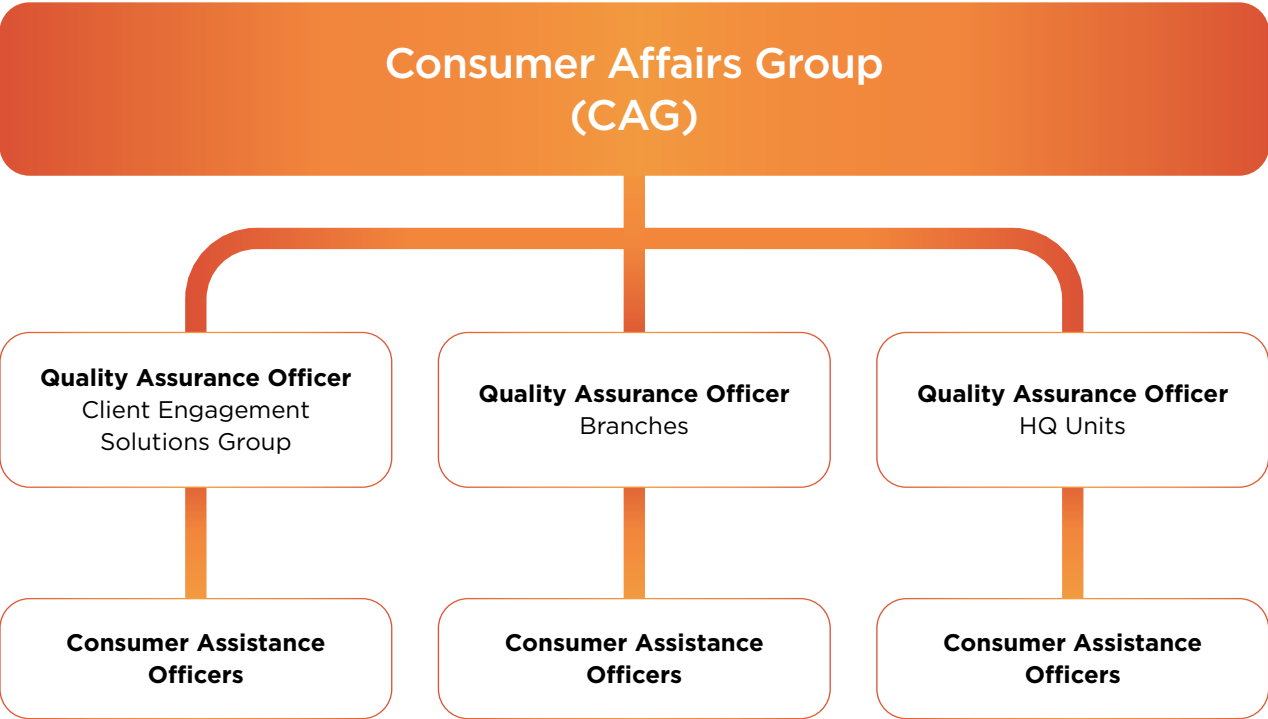
Innovative updates and approaches to marketing and labeling can result in better customer satisfaction ratings.

Marketing and Labeling

The Bank assesses all marketing campaigns, materials, and digital platforms (including the mobile app and website) to guarantee customers transparency, accuracy and access to information. The Bank provides information on the effects of subscribing to its products and services, including any economic, environmental, or social impact.

79

Marketing and labeling complaints raised and addressed



Customer Privacy

The Bank’s Privacy Policy protects personal information with organizational, physical, and technical measures for data protection, including policies to evaluate, monitor, and review operations and security risks. The Bank complies with the Data Privacy Act (DPA) of 2012, issuances made by the National Privacy Commission, and global data protection standards and regulations.

UnionBank informs all data processors of its Privacy Policy and notifies customers on how their personal data is processed. Clients are informed of updates in corporate policies regarding the collection, use, storage, disclosure, and disposal of personal information received and collected from those who use the Bank’s services.

The Bank conducts training and awareness campaigns for employees, management, and subcontractors to update them on customer privacy regulations, market changes, and risks. Protecting customer privacy mitigates risks, generates trust with stakeholders, attracts new clients, and therefore drives revenues.

1

Customer privacy complaint raised and addressed

100%

Customers, users, and account holders whose information is used for secondary purposes

Stakeholders

- Customers
- Investors
- Regulators

Risk

Breaches in customer privacy and loss of customer data can lead to regulatory penalties and reputational risks.

Opportunities

Improvement of the Bank’s customer privacy processes and measures can promote customer satisfaction.

Data Security and Privacy

UnionBank places a high value on the security of clients’ data, information, and assets and ensures its integrity, reliability, and security across the organization. The Bank maintains continuous protection of data and personal information. Customers are informed of changes in corporate policies on the collection, use, storage, disclosure, and disposal of personal information. They are also accorded the rights indicated in the Data Privacy Act of 2012.

Data security measures implemented in the Bank include:

- Information security policy
- Education and awareness campaigns to strengthen employee awareness on information security
- Identity and access management process, including review and clean-up access to systems
- Layered security controls from the network, application, and endpoint such as firewall, encryption mechanism, and database monitoring solution
- Vulnerability assessments, compliance reviews, and red teaming exercises to uncover vulnerabilities, issues, or lapses
- 24/7 incident response capabilities to monitor, detect and respond to cybersecurity attacks

0

Breaches, leaks, thefts, or losses

Stakeholders

- Customers
- Investors
- Regulators

Risks

Cybersecurity breaches, including customer data leakage or theft, may compromise data, erode customer and public trust, and affect the Bank’s financial performance and sustainability.

Opportunities

Constant improvement of information and cybersecurity measures demonstrate the Bank’s commitment in providing a secured and future forward banking experience that can lead to better customer satisfaction and ultimately, better revenues for the Bank.

PLANET

SUSTAINABLE FINANCE

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.



Award for Innovative
Achievement in Corporate
Social Responsibility

IFC Social Bond, Asia Pacific Stevie® Awards
2023, Bronze

In this section

- Approach to Environmental Management
- Resource Efficiency in Operations
- Environmental Initiatives



All businesses share a responsibility to reduce their impact on the environment by minimizing waste, pollution, and emissions. Measures such as streamlining operations; minimizing waste, pollution, and emissions along the value chain; and improving resource efficiency contribute to sustainability. Corporate initiatives have the power to increase environmental awareness and conserve biodiversity. UnionBank knows the financial sector plays a key role in enhancing sustainability by making investment and operational decisions that take the environment into account. As a result, the Bank’s environmental programs take sure and steady steps toward a more sustainable future.

Approach to Environmental Management

As a mover of capital, UnionBank directly affects economic development and is in a position to inspire clients to adopt sustainable business practices and protect ecosystems. The Bank demonstrates its commitment to the environment by monitoring resource consumption, enhancing resource efficiency in operations, and supporting and conducting environmental initiatives.

UnionBank studies its potential environmental impacts on ecosystems, biodiversity, air pollutants, and effluents to assess risks to the organization and prospective clients. This report outlines the Bank’s efforts to develop the environment and social risk monitoring system.

The Occupational Safety and Health Division monitors compliance with regulations and policies issued by the Department of Environment and Natural Resources and other relevant government agencies. The Bank conducts monthly meetings with the Environmental, Occupational Safety and Health Committee and monitors greenhouse gas (GHG) emissions and waste management as part of environmental risk management.

UnionBank continually refines its energy efficiency to mitigate the environmental impact of its operations. Company-wide process and service updates improve resource management and reduce its carbon footprint. The Bank aims to adopt Leadership in Energy and Environmental Design principles in all its branches to reduce carbon emissions and the consumption of water, electricity, and paper.

Aboitiz Equity Ventures, UnionBank’s parent company, establishes shared guidelines that inform the Bank’s GHG tracking program. Waste management data, such as the volume of waste generated, are reflected in the quarterly self-monitoring report submitted to the Environmental Management Bureau. UnionBank delineates guidelines, procedures, and training on proper waste management with relevant units so that waste management measures are applied consistently across operations.

Resource Efficiency in Operations

Sustainability depends on the careful management of finite resources and the reduction of waste. Resource efficiency is a practical, inexpensive, and fast way to optimize the use of water, electricity, and paper resources. This sense of responsibility is crucial to all businesses, including those in the banking industry, and it benefits the environment and profitability in the short, medium, and long terms.

UnionBank minimizes its carbon footprint by greening workspaces and its network of branches. In 2017, the headquarters at UnionBank Plaza was the first high-rise financial center in the Philippines to operate using a fully renewable energy source. In 2023, the Bank sourced 827.5 MW of renewable power.

Energy Management

Twenty-seven branches have been LEED-certified to effectively manage energy consumption. Training and awareness campaigns promote a culture of sustainability among employees, including the adoption of energy-saving practices. Regular monitoring and analysis of energy usage data allow management to track progress in energy consumption and serve as the basis for responsive, effective interventions.

Stakeholders

- Shareholders
- Investors
- Employees
- Clients
- Regulatory Authorities

Risks

- **Financial risks:** increased operating costs, reduced profitability, exposure to volatile energy prices
- **Operational risks:** disruptions in energy supply and banking operations
- **Reputational risks:** negative publicity, loss of customers, regulatory scrutiny

Opportunities

- Efficient lighting
- Energy-efficient appliances
- Renewable energy sources to offset energy consumption and reduce carbon footprint
- Smart building technology to optimize energy usage
- Employee awareness and engagement to encourage conservation

Waste Management

UnionBank implements an effective waste management program as resource use in operations influences the Bank’s environmental footprint, operational costs, and reputation. Implementing sustainable waste practices minimizes waste generation and reduces disposal expenses and regulatory compliance costs. Inadequate waste management can lead to increased expenses, legal liabilities, and reputational damage due to pollution or non-compliance fines. UnionBank aims to prioritize waste reduction, recycling, and responsible disposal practices to mitigate operational risks and enact environmental stewardship.

In 2023, the Bank implemented health and safety programs such as an online Hazardous Waste Management Training and a Bank-wide Chemical Release & Spill Drill to address the dangers of hazardous waste. For more information on these programs, see [page 52](#).

On December 11, 2023, UnionBank launched its E-waste Zero Project in collaboration with Globe Telecom to properly dispose of e-waste, including broken smartphones, laptops, chargers, and unused cables. UnionBankers are encouraged to participate in this initiative to mitigate the improper disposal of e-waste.



Water Resource Management

The Bank aims to manage water consumption using a multifaceted approach. It plans to conduct a thorough audit to identify areas of high water usage and implement efficient fixtures and technologies where feasible. Employees will learn about the importance of water conservation and be encouraged to adopt simple practices to save water. Regular monitoring and benchmarking of water usage will track progress and identify areas for improvement. The goal is to minimize water waste while maintaining effective and productive operations.

Stakeholders

- Individuals or businesses who use the Bank’s services and facilities
- Regulatory agencies
- Investors and shareholders who may consider water usage and sustainability in investment

Risks

- Operational disruptions
- Damage to infrastructure
- Costly repairs
- Potential financial losses

Opportunities

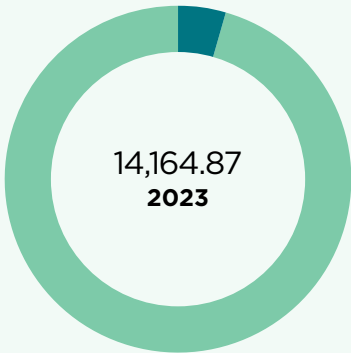
- Financial products or services for water-efficient appliances and technologies, such as low-flow toilets, efficient irrigation systems, and water-saving fixtures
- Water conservation bonds or green loans for projects to improve water efficiency and conservation

GHG Emissions

GHG emissions contribute to climate change, leading to more frequent and severe natural disasters that disrupt operations, increase insurance costs, and affect the value of assets held by the Bank. There is a growing awareness among investors and consumers about the environmental impact of businesses, and banks with high GHG emissions may face reputational damage and lose customers or investors who prioritize sustainability. Increasingly, investors and consumers consider the environmental impact of the businesses they support.

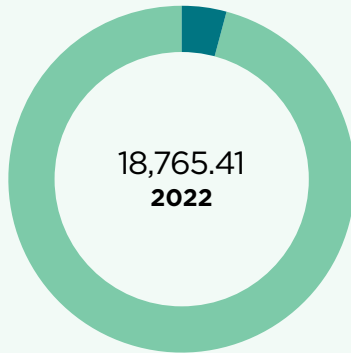
UnionBank plans to manage GHG emissions by setting reduction targets aligned with climate goals and integrating environmental criteria into lending and investment decisions. Additionally, UnionBank promotes awareness of energy and water consumption through employee engagement programs on sustainability.

GHG Emissions in tCO₂e



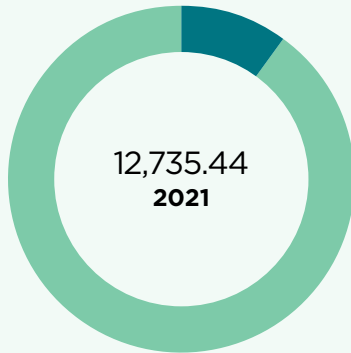
657.27
Scope 1

13,507.60
Scope 2



795.77
Scope 1

17,969.64
Scope 2



1,285.86
Scope 1

11,449.58
Scope 2

Stakeholders

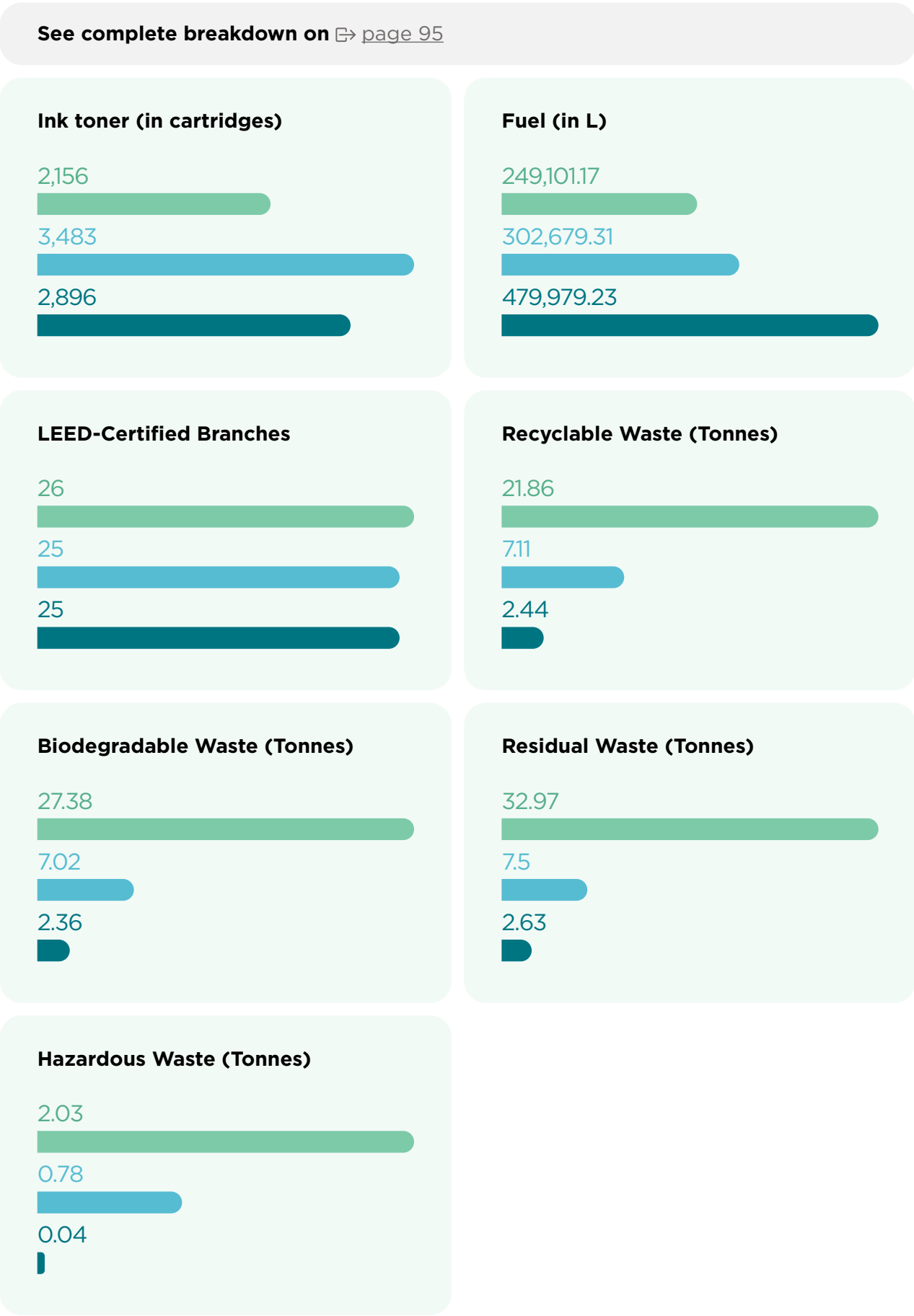
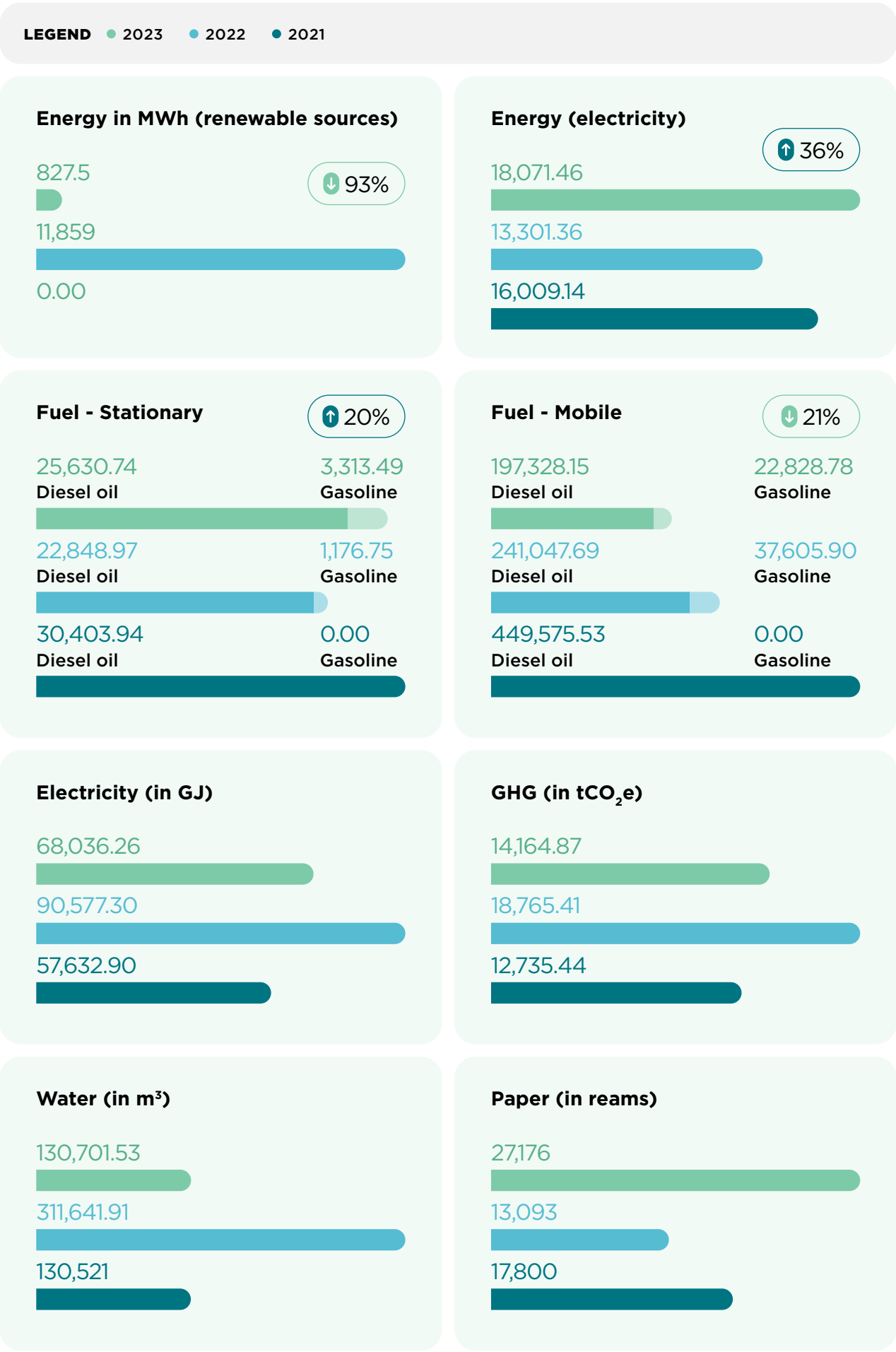
- Shareholders
- Customers
- Regulators

Risks

- **Physical risks:** damage to assets due to extreme weather events
- **Regulatory risks:** pressure on financial institutions to disclose and mitigate carbon footprint, compliance costs and penalties
- **Reputational risks:** loss of customers and investors

Opportunities

- Financial products and services that incentivize investments in low-carbon technologies and sustainable projects
- Lending practices that integrate environmental risk assessments



Environmental Initiatives

Some of the activities implemented in 2023 include the following:

E-waste Zero Project promotes proper electronic waste disposal

On December 11, 2023, UnionBank launched its E-waste Zero Project in collaboration with Globe Telecom to properly dispose of e-waste, including broken smartphones, laptops, chargers, and unused cables.

UnionBankers plant and nurture trees at the Masungi Georeserve

On September 16, 2023, UnionBank participated in a special reforestation and tree nurturing activity as part of their Legacy Trail experience at the Masungi Georeserve. They planted seedlings of the endemic yakal tree (*Shorea astylosa*), which were positioned into a “UB” shape, and cared for native narra (*Pterocarpus indicus*) and calumpit (*Terminalia microcarpa*) by watering the soil and clearing debris. UnionBank made the experience more special by donating children’s toys to Masungi Georeserve’s partner communities.

UnionBank helps strengthen the La Mesa Nature Reserve

On September 20, 2023, the Green Army Brigade of UnionBank supported the Million Trees Foundation, Inc. by contributing and planting narra and bitaog saplings in the La Mesa watershed. As the only major watershed in Metro Manila, La Mesa contains the last remaining rainforest of its size in the region, and it is the primary source of potable drinking water for metropolitan residents.

60

Tree planting and nurturing participants

21

Yakal seedlings planted

73

Narra and calumpit seedlings nurtured



60

Narra and bitaog saplings planted



Partnership lights up Zambales community

UnionBank partnered with One Million Lights Philippines to provide solar lamps to families in Brgy. Gordon Heights, Zambales, which has no electricity. The project aims to improve the quality of life of these families by reducing their reliance on kerosene lamps, which are harmful to both the environment and human health.

UnionBank also conducted a financial literacy workshop for the residents to teach them how to manage money and save for the future. This will help residents make the most of the savings they will realize from using solar lamps.

110

Solar lamps donated



CitySavings No Impact Challenge empowers employees to adopt sustainable practices

The program engages employees in daily activities that reduce carbon emissions. The challenges promote health and well-being and align with conservation, resource management, and sustainability goals. Challenges focused on wellness (eating healthy and less processed food and avoiding food waste); energy (conserving fuel and energy); water (conserving and reusing water); and waste (reducing use of paper, single-use plastics, and excess food packaging). The program encourages participants to become sustainability advocates in their professional and personal lives and promote environmental awareness within their social circles to create a broader cultural shift toward sustainability.

32,000 kg of CO₂

Emissions avoided by 19 teams and 230 CitySavings Bankers—roughly equivalent to planting 1,478 trees



CitySavings goes beyond banking to promote coastal conservation and green growth

CitySavings, the thrift arm of UnionBank, integrates a sustainability-driven approach in its CSR initiatives by spearheading Coastal Clean-up, Mangrove, and Tree Planting programs focused on the conservation of coastal and marine life and fight against climate change.

CitySavings reinforced its commitment to environmental protection by participating in simultaneous International Coastal Clean-Up events on September 16, 2023 in Lemery, Batangas and Dumanquillas Bay Protected Landscape and Seascape in Pagadian City, Zamboanga del Sur. The initiative fostered collaboration among employees, volunteers, and local communities to eliminate waste and debris from coastal areas.

CitySavings also rolled out two Project SustainabiliTree Programs in Pasuquin, Ilocos Norte and Medellin, Cebu. CitySavings planted narra and agoo trees in Ilocos Norte, and collaborated with the Ramon Aboitiz Foundation, Inc. (RAFI) and the Fourth Marine Brigade to plant mangrove trees in Cebu. Project SustainabiliTree aims to battle deforestation, amplify carbon sequestration, and nurtures green spaces within communities.



50 kg

Trash collected from coastal areas by CitySavings' clean-up initiative



500

Narra and agoo trees planted through CitySavings Project SustainabiliTree

1,000

Mangrove trees planted in Medellin, Cebu



Good housekeeping projects Joint 8S and X-Trash Challenge Project engage employees in solid waste management

2023, Bangko Kabayan, Inc., a subsidiary of UnionBank, launched the Joint 8S and X-trash Challenge Project to implement the 8S of Good Housekeeping and participate in the third X-Trash Challenge of the Philippine Business for Social Progress (PBSP). The 8S of Good Housekeeping (Sort, Set in Order, Shine, Standardize, Sustain, Safety, Security, and Satisfaction) aims to optimize the physical workspace, maintain orderliness and cleanliness, and ensure the safety of employees. Bangko Kabayan in all editions of PBSP's X-Trash Challenge to promote responsible solid waste management at work, at home, and in the greater community.

386.92 kg

Trash donated by Bangko Kabayan, Inc. in X-Trash Challenge

Most Number of Employees Engaged Award

X-Trash Challenge



Eco-bricks Garden project promotes recycling, nutrition, and nature appreciation in school

Bangko Kabayan promoted sustainable living at Gloria Umali Integrated National High School, Tiaong, Quezon. The project used eco-bricks for garden fences, provided garden sets, nurtured plants and vegetables. It cultivated a space for students to relax, connect with others, enjoy nature, plant vegetables, and consider healthier food choices.

PURPOSE

INCLUSIVE PROSPERITY

We co-create innovations. UnionBank has been the country's pioneer in transforming the banking industry. No one gets left behind as we encourage co-creating innovations for a better world.



Best SME Beyond Banking Service Initiative

The Digital Banker - Global SME Banking Awards 2023 (UnionBank GlobalLinker)

Outstanding SME Supply Chain Finance Solution

The Digital Banker - Global SME Banking Awards 2023 (UnionBank Supply Chain Financing)

Most Recommended Retail Bank in the Philippines

Bank Quality Consumer Survey on Retail Banks 2023, The Asian Banker Global Excellence in Retail Finance Awards 2023

Best for Philanthropic Services in the Philippines

Asia Private Banking Awards 2023, Asiamoney

In this section:

- Approach to Financial Inclusion
- Investing in Communities to Grow Together
- Innovation and Financial Inclusion in a Digitally Connected World



As an industry disruptor, UnionBank leverages sustainability principles and digital transformation to revolutionize banking and financial services and make them accessible to people from across the social spectrum. UnionBank’s unique blend of financial expertise, innovation, and technology and digital transformation steers it on its path to becoming a bank of enduring greatness that benefits people, communities, and businesses.

Approach to Financial Inclusion

UnionBank targets economic growth that empowers people and businesses, creates new opportunities, reduces social inequalities, and leads to a more sustainable future. Processes that integrate ESG into the Bank’s operations and culture help achieve meaningful growth for those who share its mission to Tech Up customers and stakeholders.

Innovative and responsive services and banking solutions provide clients and communities with the tools to strengthen their financial foundations. In so doing, UnionBank moves the Philippines toward a future of inclusive financial prosperity.

The Bank aims to:

Provide greater access to financial products

Investments in technological infrastructure put products and services within reach of all possible end-users at reasonable costs. Ensuring access to financial products and services in modern rural hubs and remote rural locations increases the possibilities for meaningful financial outcomes for all clients.

Bring financial services to rural areas

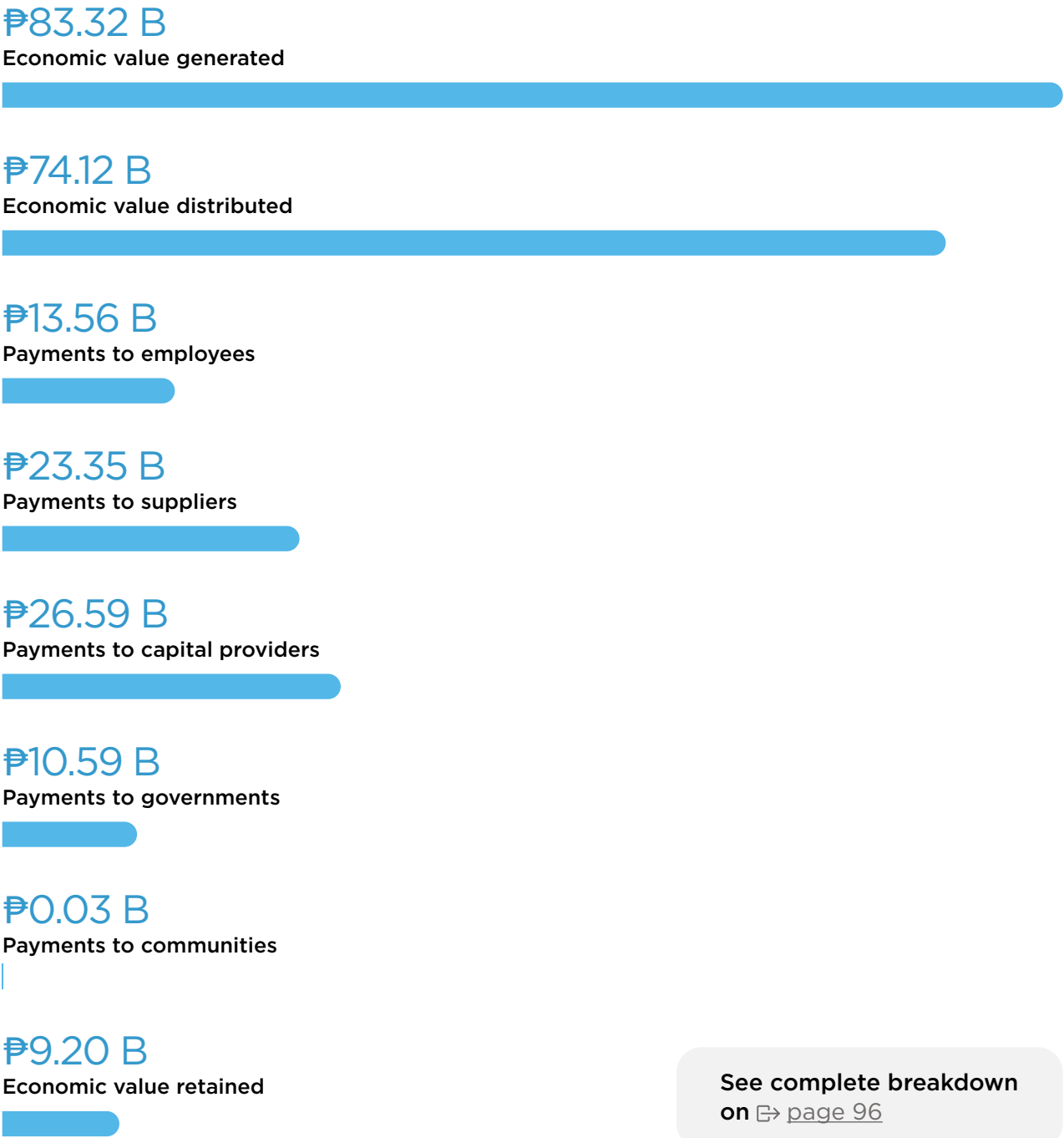
Most Filipinos remain unbanked, which is an obstacle to overcoming poverty. Financial inclusion means improving accessibility to banking and financial services particularly for those who live in remote areas.

Reach out to the unbanked and underbanked

The Bank makes it easier for the unbanked and underbanked to use its products and services, including financial inclusion assistance from subsidiaries such as UnionDigital, UBX, and CitySavings.

Investing in Communities to Grow Together

To realize the goal of inclusive prosperity, businesses must focus on financial inclusion and wealth distribution, in addition to wealth generation. Income generated by the Bank returns to society through incomes and benefits for employees, payments to government, initiatives for and donations to communities, and expansion of operations, products, and services that further generate resources for all stakeholders.



See complete breakdown on [page 96](#)

Innovation and Financial Inclusion in a Digitally Connected World

UnionBank’s innovations generate game-changing financial products and services that benefit entrepreneurs and clients from all walks of life. In 2023, the Bank’s robust digital strategy, level of preparation, and goal of creating a shared sustainable future drove solid financial outcomes for all stakeholders.

UnionBank champions financial literacy with AB Capital partnership

Through UnionBank GlobalLinker, the Bank teamed with AB Capital & Investment Corporation to promote financial literacy for MSMEs. This partnership gives Filipino MSMEs access to various resources to equip them with knowledge on initial public offerings (IPOs) and other topics related to becoming a publicly listed company. Activities that highlighted the advantages of public listing helped demystify misconceptions about IPOs. This guidance has the potential to help MSMEs transition from medium- to large-scale companies, and it aligns with UnionBank’s goal to promote inclusive prosperity.

CitySavings brings banking services closer through Bank-on-Wheels

CitySavings collaborated with UnionBank on the groundbreaking Bank-on-Wheels (BOW) mobile kiosk in 2023. The BOW brings banking to underserved regions in Visayas, Mindanao, and designated areas in Metro Manila. The BOW mobile kiosks use batteries to power automatic teller machines, thereby enhancing their accessibility. The initiative thus augments financial inclusion and sustainability among underserved communities.

Bangko Kabayan named Best MSME’s Development Bank in PH at 2023 International Finance Awards

Bangko Kabayan, a UnionBank subsidiary, was named the Best MSMEs Development Bank at the 2023 International Finance Awards for its commitment to supporting the growth and development of MSMEs. Bangko Kabayan recognizes the significant role MSMEs play in the economy, and has prioritized their financial growth and stability by tailoring a range of products and services featuring financing, technical assistance and training to their unique needs.

First-of-its-kind AI solution detects mule accounts

In July 2023, UnionBank launched the Money Mules Detection AI Solution, the first of its kind in the Philippines. Mule accounts knowingly or unknowingly transfer illegally acquired funds and are paid with a small amount of the money transferred. The AI solution detects possible mule accounts based on patterns observed from confirmed mule accounts. Flagged accounts are then proactively investigated and mitigated. The AI solution detected mule accounts ten times more efficiently than the previous process. It protects the Bank from fraud, money laundering, reputational risk, and financial loss due to regulatory penalties. AI Solution supports the government’s fight against money laundering and fraud and sets a new standard of vigilance among financial institutions in the Philippines. The program reinforces UnionBank’s brand as a trailblazer in the application of AI while enhancing public trust as a security-focused institution.

New tools power the future of business

In 2023, UnionBank launched the UB Negosyante SME Business Banking app to empower SMEs and support their potential for growth. SMEs can use the app to pay for taxes, internet, and electricity, to accept payments for products and services, and to pay suppliers. UnionBank developed the app to expand opportunities for SMEs and support their pursuit of success.

112,000

Users of UB Negosyante SME Business Banking app

200%

UB Negosyante SME Business Banking app usage (from 2022)

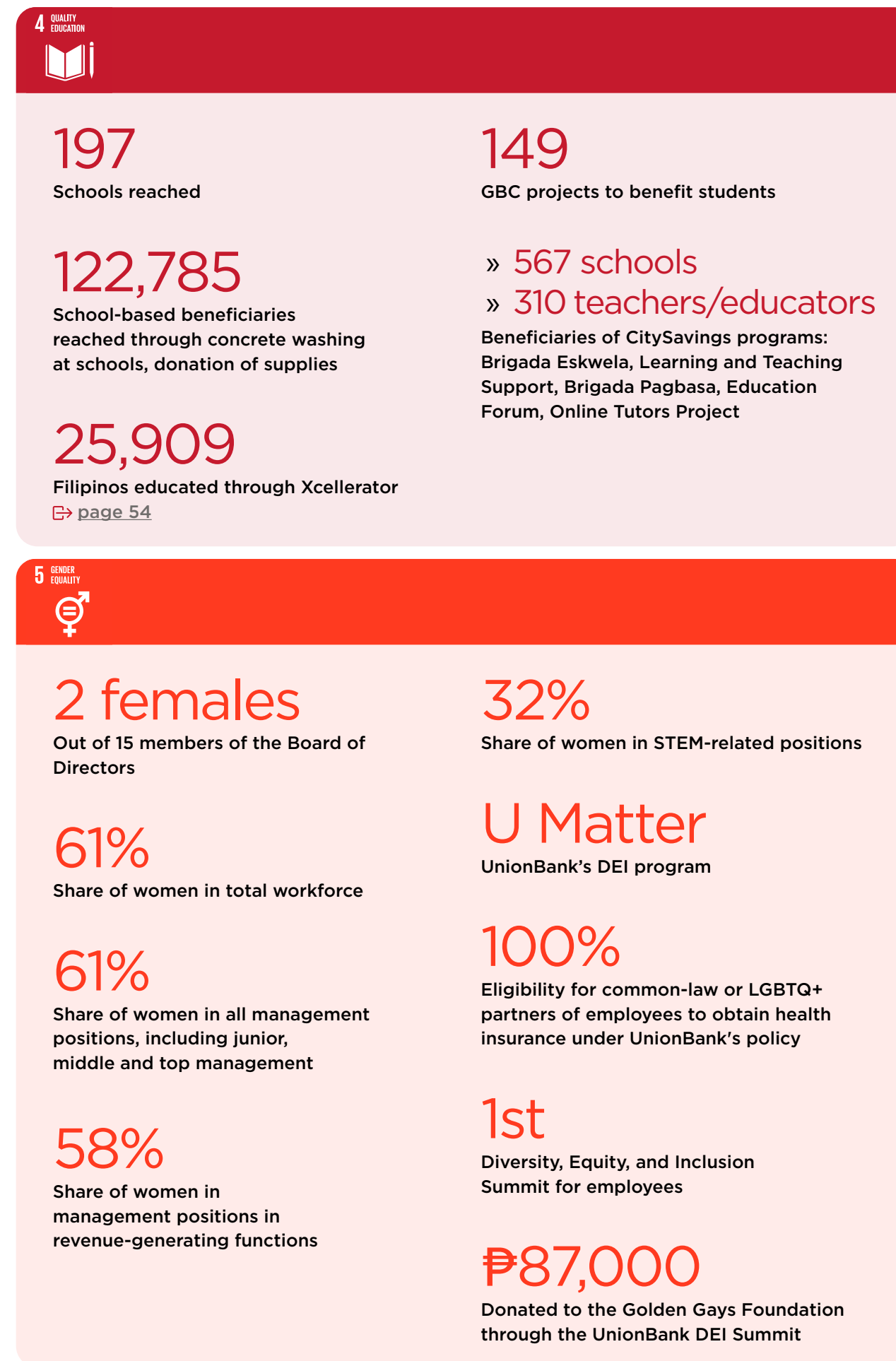
Selyado on Wheels empowers Filipinos to safeguard data privacy

UnionBank held the fifth iteration of its Selyado on Wheels series, which focuses on teaching data privacy and security strategies. It conducted “Selyado on Wheels: School Edition,” a symposium designed for Grade 10 students held in partnership with Pasig City Science High School. During the symposium, Privacy Compliance Officers demonstrated practical techniques for safeguarding personal information, and DevSecOps engineers taught youth about cybersecurity fundamentals, including identifying phishing and scams and securing accounts and sensitive data. The program aligns with the Bank’s commitment to create societal impact through financial literacy and inclusion.



CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

Current initiatives at UnionBank and its subsidiaries support the national sustainability agenda and contribute to the achievement of the United Nations Sustainable Development Goals (UN SDGs). The Bank promotes long-term economic growth by increasing the demand for its products and services, improving work conditions, and empowering small-scale businesses and entrepreneurs. Measures that promote resource efficiency, improve waste management, and enhance biodiversity conservation help protect the planet. Bringing banking and financial services closer to underserved sectors of society facilitates inclusive growth. Taken together, measures like these pave the way to a sustainable future for all.



6
CLEAN WATER AND SANITATION



₱567.06 M

Outstanding loans to support water collection and supply, and waste treatment

7
AFFORDABLE AND CLEAN ENERGY



₱11.12 B

Outstanding loans to support power generation

827.5 MW

Renewable power sourced by UnionBank

27

LEED-certified branches

→ [page 6](#)

8
DECENT WORK AND ECONOMIC GROWTH



₱83.32 B

Direct economic value generated

₱13.56 B

Employee wages and benefits

Great Place to Work®

Certifications in 2021, 2022, and 2023

9
INDUSTRY, INNOVATION AND INFRASTRUCTURE



₱40.18 B

Outstanding loans to support toll roads, telecommunications, construction, and logistics

3,440

Loans for MSMEs amounting to ₱7.56B from IFC Social Bond

→ [page 35](#)

Financial literacy program

For MSMEs

→ [page 82](#)

Best MSME's Development Bank in the Philippines

Given to Bangko Kabayan at the 2023 International Finance Awards

Bank-on-Wheels

By CitySavings

→ [page 82](#)

UB Negosyante SME Business Banking app

→ [page 83](#)

11
SUSTAINABLE CITIES AND COMMUNITIES



- » 73 organizations
- » 2,200 individuals

Beneficiaries from CitySavings' and their partners' asset donations

- » Dinapigue, Isabela
- » Caramoran, Catanduanes

CitySavings Disaster Relief and Resiliency 2.0 beneficiaries

16 school divisions

Benefited from CitySavings Disaster Relief and Resiliency 101

6 schools

Benefited from CitySavings Calamity-related Relief Operations

667

CitySavings Project SustainabiliTree volunteers

12
RESPONSIBLE CONSUMPTION AND PRODUCTION



361

Accredited vendors/suppliers and third-party service providers

25 KG

Collected through E-waste Zero Project

→ [page 74](#)

386.92 KG

Trash collected by Bangko Kabayan in PBSP X-Trash Challenge

→ [page 77](#)

13
CLIMATE ACTION



CitySavings Programs

- » Calamity-Related Relief Operations
- » Disaster Relief and Resiliency 101
- » Project SustainabiliTree
- » Coastal Clean-up

1,000

Mangrove trees planted through Project SustainabiliTree

→ [page 76](#)

16

Environmental GoBeyond Communities projects

110

Donated solar lamps

→ [page 75](#)

73

Trees nurtured

→ [page 74](#)

81

Trees planted

→ [page 74](#)

14
LIFE BELOW WATER



50 kg

Trash collected through International Coastal Clean-up

→ [page 76](#)

COMPANY LEADERSHIP SUSTAINABILITY PEOPLE PLANET PURPOSE ANNEXES UnionBank 2023 Sustainability Report

87

SUSTAINABILITY SCORECARD

People | Digital Transformation

Employee Demographics

Employee Headcount

	2021	2022	2023
UnionBank	3,879	5,468	5,482
Head office	2,261	3,904	3,975
Branch network	1,618	1,564	1,507
CitySavings	1,874	1,936	2,045
Head office	418	440	504
Branch network	1,456	1,496	1,541
UBX	-	-	188
Union Digital	-	-	137
TOTAL			7,852

Employee Profile

2023	Male	Female
UnionBank	2,137	3,345
CitySavings	1,201	844
UBX	122	66
UnionDigital	78	59
TOTAL	3,538	4,314

Attrition Rate

	Voluntary attrition		Involuntary attrition	
	No. of separated TM's	Attrition rate	No. of separated TM's	Attrition rate
UnionBank	832	16.41%	65	1%
FUFAI	2	33%	0	0%
FUP	0	0%	0	0%
UPI	0	0%	0	0%
UFSI	3	6%	0	0%
UBX	109	57.98%	1	0.53%
UnionDigital	55	27%	0	0%
CitySavings	249	12.18%	10	0.49%

New Hire Profile

	2022		2023	
UnionBank				
Male	1,006	41%	374	44%
Female	1,444	59%	481	56%
Below 30	1,009	41%	516	60%
30 to 50	1,377	56%	330	39%
Above 50	64	3%	9	1%
Luzon	2,396	98%	829	97%
Visayas	18	1%	17	2%
Mindanao	36	1%	9	1%
Staff	176	7%	153	18%
Supervisor	1,332	54%	508	59%
Manager	676	28%	151	18%
AVP* and up	266	11%	43	5%
CitySavings Bank				
Male	180	57%	158	43%
Female	137	43%	210	57%
Below 30	187	59%	209	57%
30 to 50	128	40%	155	42%
Above 50	2	1%	4	1%
Luzon	235	74%	286	78%
Visayas	38	12%	35	10%
Mindanao	44	14%	47	13%
Staff	211	67%	230	63%
Supervisor	49	15%	51	14%
Manager	46	15%	72	20%
AVP* and up	11	3%	15	4%

*Assistant Vice-President

Total Workforce by Gender and Job Level

	Female	Male	TOTAL
Staff	423	240	663
Supervisors	1,722	1,048	2,770
Managers	879	614	1,493
AVP and Up	321	235	556
TOTAL	3,345	2,137	5,482

Headcount by Region

	Female	Male
Luzon	3,089	1,994
Visayas	80	61
Mindanao	176	81
Singapore		1
TOTAL	3,345	2,137

Headcount by Job Level and Age Group

	<30		30-50		>50		TOTAL
	Female	Male	Female	Male	Female	Male	
Staff	264	79	126	124	33	37	663
Supervisors	699	410	963	589	60	49	2,770
Managers	84	70	657	478	138	66	1,493
AVP and Up	4	1	227	172	90	62	556
TOTAL	1,051	560	1,973	1363	321	214	5,482

Headcount by Tenure Group

UnionBank								
	<1 year	1-5 years	6-10 years	11-15 years	16-20 years	21-25 years	>25 years	TOTAL
Female	481	1,610	480	219	287	76	192	5,482
Male	376	1,026	279	141	153	56	106	

Headcount by Job Level and Nationality/Race

	Female	Male
Asian	3,345	2,132
Black or African American	0	5
Hispanic or Latino	0	0
White	0	0
Indigenous	0	0
TOTAL	3,345	2,137

Training and Development

Average Training Hours

	2021		2022		2023		
	UBP	CSB	UBP	CSB	UBP	CSB	UD
Overall average	27.57	61.54	16.69	26.76	21.11	28.58	27.00
By gender							
Male	24.18	26.90	14.52	21.94	21.49	27.21	-
Female	20.61	83.37	18.04	31.14	20.88	30.48	-
By position							
Senior management	24.85	41.04	14.29	43.46	16.50	56.23	-
Middle management	26.34	108.83	15.56	32.75	15.84	32.43	-
Supervisor	29.57	36.26	17.91	33.34	24.53	31.33	-
Rank-and-file	24.38	78.81	16.11	19.66	22.33	24.72	-

UnionDigital Training Hours

A total of 27 hours on average were spent for training per employee under the following training program pillars:

- Compliance and Governance: 6 hours
- Functional and Technical: 6 hours
- Leadership, Cultural, and Behavioral: 15 hours

Total Training Hours by Gender and Age

	<30		30-50		>50		TOTAL
	Female	Male	Female	Male	Female	Male	
UnionBank	32,977.91	22,546.92	39,141.45	24,554.15	4,525.23	2,859.02	126,604.68
CitySavings	8,844.85	8,062.37	16,246.33	22,910.85	601.28	1,739.05	58,404.73
UBX	-	-	-	-	-	-	-
UnionDigital	-	-	-	-	-	-	3,942
TOTAL							188,951.41

Total Training Hours by Gender and Employment

	Rank & File		Supervisor		Middle Management		Senior Management		TOTAL
	Female	Male	Female	Male	Female	Male	Female	Male	
UnionBank	11,612.80	4,222.23	42,131.18	33,073.18	16,964.77	8,830.59	5,935.84	3,834.09	126,604.68
CitySavings	8,855.22	18,363.57	9,716.52	8,514.75	3,626.87	6,460.20	893.85	1,973.75	58,404.73
UBX	-	-	-	-	-	-	-	-	-
UnionDigital	-	-	-	-	-	-	-	-	3,942.00
TOTAL	-	-	-	-	-	-	-	-	188,951.41

Training and Development Inputs

	2021		2022		2023	
	UB	CSB	UB	CSB	UB	CSB
Average hours per FTE of training and development	27.57	61.54	16.69	26.76	21.11	28.58
Average amount spent per FTE on training and development (in PHP)	4,102.11	2,981.51	4,222.69	5,065.51	5,736.51	4,386.88

Health, Safety, and Well-being

Workplace conditions, labor standards, and human rights

Disclosure	2021	2022	2023
Safe man-hours	9,072,255	17,564,023	28,155,463
Number of work-related injuries	0	0	0
Number of work-related fatalities	0	0	0
Number of work-related ill health	40	0	0
Number of safety drills	4	4	4

Work Safety

Injury Pyramid	2021	2022	2023
Restricted Work Case (RWC)	0	0	544
Medical Treatment Case (MTC)	87	0	1,166
First Aid Case	2	8	718
Total number of employees	3,695	5,570	5,482
Number of employees who are members of the Health & Safety Committee	15	17	22
Percentage of employees under Health & Safety Committee	0.40%	0.31%	0.36%
Total number of complaints (related to health and safety)	-	-	-
Total work hours	7,027,088	8,491,768	10,577,608
Total lost days	0	0	0

Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

Injuries	2021		2022		2023	
	No. of reported cases	No. of lost days	No. of reported cases	No. of lost days	No. of reported cases	No. of lost days
Minor wounds			4	0	224	0
(+) confluent abrasion right arm and forearm sec. to VA; fracture intertrochanter - subtroconter left hip femur; fracture distal radius right wrist due to vehicular accident	0	0	0	0	0	0
Occupational diseases						
Hypersensitivity reaction	4	0	3	0	72	0
Musculoskeletal strain	8	0	8	0	54	0
Tension headaches	21	0	1	0	765	0
COVID-19 confirmed cases	745	5,740	297	2,079	282	1,410
Hypertension	14	0	10	0	111	0
Fatalities						
Work-related fatalities	0	0	0	0	0	0

Lost Time Injury Frequency Rate (LTIFR)

Employees	2021	2022	2023
No. of LTI	0	0	0
Total hours worked	7,027,088	8,491,768	10,577,608
Number of employees (in this report)	3,695	5,570	5,482
Number of employees (expected)	3,695	5,570	5,482
Data coverage (as % employees)	100%	100%	100%
Contractors			
No. of LTI	0	0	0
Total hours worked	4,764,000	4,414,820	3,827,506
Number of contractors (in this report)	1,588	1,881	2,056
Number of contractors (expected)	1,588	1,881	2,056
Data coverage (as % contractors)	100%	100%	100%

Occupational Illness Frequency Rate (OIFR)

Employees	2021	2022	2023
Number of occupational illnesses	-	841	1,774
Total hours worked	7,027,088	8,491,768	10,577,608
Number of employees (in this report)	3,695	5,570	5,804
Number of employees (expected)	3,695	5,570	5,804
Data coverage (as % employees)	100%	100%	100%

Rates

	2021	2022	2023
Injury rate	0	0	0
Occupational disease rate	0.63	-	-
Lost day rate	0	0	0

Note: Rates were computed by multiplying applicable data (i.e., number of reported cases of injuries, lost days, and occupational diseases) and comparing them to the International Labor Organization’s base figure (200,000) relative to the total hours worked. The “Formulae on the Computation of the Equivalent Monthly Minimum Wage Rates” of the National Wages and Productivity Commission of the Department of Labor and Employment was used to estimate total man-hours.

Women in the Workforce

	UBP only, subs excluded	CSB including subs
Share of women in total workforce (as % of total workforce*)	61%	41%
Share of women in all management positions, including junior, middle, and top management (as % of total management positions)	61%	46%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	62%	49%
Share of women in top management positions, i.e. maximum two levels away from the Chief Executive Officer or comparable positions (as % of total top management positions) Note: Rank from the Executive Vice President	27%	43%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers	58%	13%
Share of women in STEM-related positions (as % of total STEM positions)	32%	No data

Planet | Sustainable Finance

Resource Consumption

	2021	2022	2023
Electricity (in GJ)	57,632.90*	90,577.30 (restated)	68,036.26
GHG (in tCO ₂ e)	12,735.44 (restated)	18,765.41 (restated)	14,164.87
Water (in m ³)	130,521*	311,641.91**	130,701.53
Paper (in reams)	17,800	13,093	27,176
Ink toner (in cartridges)	2,896	3,483	2,156
Fuel (in L)	479,979.23*	302,679.31	249,101.17
LEED-Certified branches	25	25	27
Recyclable waste (tonnes)	2.44	7.11 (restated)**	21.86
Biodegradable waste (tonnes)	2.36	7.02 (restated)**	27.38
Residual waste (tonnes)	2.63	7.5 (restated)**	32.97
Hazardous waste (tonnes)	0.04	0.78**	2.03

Note: The Bank mostly sources its water from a local water utility. The Bank does not recycle or reuse wastewater.

*In 2021, data collection was improved to cover more branches nationwide. Increased electricity and water consumption for 2021 was due to branches’ return normal operations after the pandemic. Electricity consumption for 2021 was restated with a 21% increase due to clearer reassessment.

**The increase in 2022 consumption was due to the change from remote working to hybrid operations for units in the head office.

***Greater diesel oil consumption in 2021 was due to increased usage by motorcycle and other sales teams of CitySavings tasked with client visits to process loans during the pandemic. For 2022, diesel accounted for 263,644.50 L and gasoline for 40,261.08 L

Carbon Footprint

Total GHG (in tCO ₂ e)	2021	2022 (adjusted)	2023
Scope 1	1,285.86	795.77	657.27
Scope 2	11,449.58	17,969.64	13,507.60
TOTAL	12,735.44	18,765.41	14,164.87

Energy Consumption

	2021	2022	2023
Energy in MWh (renewable sources)	0.00	11,859	827.5
Energy (electricity)	16,009.14	13,301.36	18,071.46
Fuel - stationary			
Diesel oil	30,403.94	22,848.97	25,630.74
Gasoline	0.00	1,176.75	3,313.49
Fuel - mobile			
Diesel oil	449,575.53	241,047.69	197,328.15
Gasoline	0.00	37,605.90	22,828.78

Resource Reduction (vs. previous year)	2021	2022	2023
Energy in MWh (renewable sources)	NA	NA	-93.02%
Energy (electricity)	44.16%	-16.91%	35.86%
Fuel - stationary			
Diesel oil	116.55%	-24.85%	12.17%
Gasoline	NA	NA	181.58%
Fuel - mobile			
Diesel oil	207.21%	-46.38%	-18.14%
Gasoline	NA	NA	-39.29%

Note: In 2023, UnionBank and subsidiaries mandated the workforce to return to office.

Purpose | Inclusive Prosperity

Summary Based on Group Figures (PHP B)	2021	2022	2023
Economic value generated	45.82	59.75	83.32
Economic value distributed	33.24	47.01	74.12
Payments to employees	8.65	10.03	13.56
Salaries and employee benefits	8.65	10.03	13.56
Payments to suppliers	11.25	15.37	23.35
Occupancy	0.89	1.03	1.16
Depreciation and amortization	1.62	1.86	2.67
Miscellaneous (others)	8.73	12.48	19.52
Payments to capital providers	6.51	11.62	26.59
Deposit liabilities	2.97	6.02	15.79
Bills payable and other liabilities	3.54	5.60	10.80
Payments to governments	6.81	9.97	10.59
Taxes and licenses	2.88	4.11	5.94
PDIC + supervision fees	1.52	1.82	2.01
Tax expense	2.41	4.04	2.64
Payments to communities	0.02	0.04	0.03
Donations	0.02	0.04	0.03
Economic value retained	12.58	12.74	9.20

Supply Chain Disclosures

Proportion of spending on local suppliers	77.56%
New suppliers that were screened using an ESG criteria	15
Negative ESG impacts in the supply chain and actions	0

GRI INDEX

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
General disclosures				
GRI 2: General Disclosures 2021	2-1 Organizational details	- About This Report p. 1 - Business Profile pp. 4-5 - Geographic Presence p. 6-7 - Ownership and Legal Form p. 115		
	2-2 Entities included in the organization's sustainability reporting	About this Report p. 1		
	2-3 Reporting period, frequency and contact point	- About this Report p. 1 - The Team Behind this Report p. 121		
	2-4 Restatements of information	Power consumption, GHG emissions under Planet and Carbon footprint p. 95		
	2-5 External assurance	The sustainability office, under the Chief Human Resources Officer, presided over its creation. External assurance will be considered for the 2024 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. 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). Customers and number of customers (including CitySavings)- p. 8 Total number of UnionBank customers with active or open deposit and/or loan accounts as of Dec 31, 2023) - p. 61		
	2-7 Employees	Sustainability Scorecard - People Tables p. 88		
	2-8 Workers who are not employees	Lost Time Injury Frequency Rate (LTIFR) p. 93	a. Report the total number of workers who are not employees and whose work is controlled by the organization and describe: i. The most common types of worker and their contractual relationship with the organization ii. The type of work they perform.	Information unavailable / Incomplete Data for the type of work that contractors do is not readily available, but will be included in future reports.

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
	2-9 Governance structure and composition	Governance Structure - https://www.unionbankph.com/about-us/who-we-are/structure Key executive officers - https://www.unionbankph.com/about-us/who-we-are/key-executive-officers 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	Chairman, Erwin Isidro M. Aboitiz is not a senior executive in UnionBank. 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/good-governance-standard		
	2-13 Delegation of responsibility for managing impacts	Governance Structure p. 26-27		
	2-14 Role of the highest governance body in sustainability reporting	Governance Structure p. 26-27		
	2-15 Conflicts of interest	Policy on Conflict of Interest under Government Policies: https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=4&acc=4350 Also listed in UnionBank's RPT Policy: https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=5		
	2-16 Communication of critical concerns	Stakeholder Relations - https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=1&acc=4218		
	2-17 Collective knowledge of the highest governance body	Sustainability Learning and Appreciation Courses - p. 34 ESG Training of the Board - p. 33		
	2-18 Evaluation of the performance of the highest governance body	Governance Evaluation Mechanisms - p. 117 Because these issues are integrated into UnionBank's business model, there is no separate formal process for evaluating the performance of the Board of Directors in these respects.		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
	2-19 Remuneration policies	Remuneration Policy under Government Policies: https://www.unionbankph.com/about-us/corporate-governance/good-governance-standard?report=4&acc=4357		
	2-20 Process to determine remuneration	Process to determine remuneration is included in the annual report: https://www.unionbankph.com/company-disclosure/annual-reports		
	2-21 Annual total compensation ratio		2-21 Annual total compensation ratio	Confidentiality constraints Local laws do not require disclosures on annual total compensation ratio.
	2-22 Statement on sustainable development strategy	Joint Message of the Chairman and President & CEO p. 10-15		
	2-23 Policy commitments	Sustainability Policy (Sustainability at UnionBank: Policy, p. 16-19)		
	2-24 Embedding policy commitments	• Sustainability Policy (Sustainability at UnionBank: Policy, p. 16) • ESG Risk Monitoring System until Overview of Environmental and Social Risk Management System (ESRMS) (Sustainability at UnionBank, p. 22-23) • Sustainability Learning and Appreciation Courses (Sustainability at UnionBank, p. 34)		
	2-25 Processes to remediate negative impacts	Stakeholder Consultation (Sustainability at UnionBank, p. 24-25)		
	2-26 Mechanisms for seeking advice and raising concerns	• Stakeholder Consultation (Sustainability at UnionBank, p. 24-25) • The Team Behind this Report (p. 121)		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
	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/about-us/corporate-governance/good-governance-standard?report=0		
	2-28 Membership associations		2-28 Membership associations	Information unavailable / Incomplete This data is currently unavailable, but UnionBank will include this in the report for 2023.
	2-29 Approach to stakeholder engagement	Scope and Materiality (Sustainability at UnionBank, p. 20-21)		
	2-30 Collective bargaining agreements	Under Labor-Management Relations - Collective bargaining agreements (p. 51)		
	Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Scope and Materiality (Sustainability at UnionBank, p. 20-21)		
	3-2 List of material topics	Under Scope and Materiality (Material Topics) p. 21		
Usability and Accessibility				
GRI 3 Material Topics 2021	3-3 Management of material topics	• People - Corporate Social Responsibility and Employee Volunteerism p. 54-59 • Purpose and Contribution to UN Sustainable Development Goals p. 84-87		
UnionBank's Approach to Financial Inclusion	Bring financial services to the rural areas	Purpose and Contribution to UN Sustainable Development Goals p. 84-87		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
	Make financial products accessible to more people	Purpose and Contribution to UN Sustainable Development Goals p. 84-87		
	Reach out to the unbanked and underbanked	Purpose and Contribution to UN Sustainable Development Goals p. 84-87		
Customer Experience				
GRI 3 Material Topics 2021	3-3 Management of material topics	• Stakeholder Engagement - Customers, p. 24-25 • Purpose - Approach to financial inclusion until Innovation and financial inclusion in a digitally connected world p. 78-83		
UnionBank's Approach to Financial Inclusion	Bring financial services to the rural areas	Purpose and Contribution to UN Sustainable Development Goals p. 84-87		
	Make financial products accessible to more people	Purpose and Contribution to UN Sustainable Development Goals p. 84-87		
	Reach out to the unbanked and underbanked	Purpose and Contribution to UN Sustainable Development Goals p. 84-87		
Data Privacy and Integrity				
GRI 3 Material Topics 2021	3-3 Management of material topics	• People - Customer Privacy p. 64 • People - Data Security p. 65		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	People - Data Security p. 65		
SASB Customer Privacy for Consumer Finance	Number of account holders whose information is used for secondary purposes	People - Customer Privacy p. 64		
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	There are no cases on this. UnionBank has not had any data breaches that would lead to any legal proceedings.		
Information Security, Cybersecurity and Resilience				
GRI 3 Material Topics 2021	3-3 Management of material topics	People - Data Security p. 65		
SASB Data Security for Commercial Banks	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	People - Data Security p. 65		
	Description of approach to identifying and addressing data security risks	People - Data Security p. 65		
Innovation				
GRI 3 Material Topics 2021	3-3 Management of material topics	People - p. 42-43		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	People - People Tech: Internal Initiatives to Enable Growth p. 42-43		
UnionBank's Approach to Financial Inclusion	Bring financial services to the rural areas	Purpose - p. 81-83		
	Make financial products accessible to more people	Purpose - p. 81-83		
	Reach out to the unbanked and underbanked	Purpose - p. 81-83		
Digital Inclusion				
GRI 3 Material Topics 2021	3-3 Management of material topics	- People - p. 42-43 - Purpose - p. 80-81		
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	People - People Tech: Internal Initiatives to Enable Growth p. 42-43		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	People - Corporate Social Responsibility and Employee Volunteerism p. 54-59		
SASB Financial Inclusion & Capacity Building for Commercial Banks	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Tech Up Metrics - CSB Bonds p. 38-39		
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Tech Up Metrics - CSB Bonds p. 38-39		
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Tech Up Metrics - Inclusive Prosperity p. 39		
UnionBank's Approach to Financial Inclusion	Bring financial services to the rural areas	Purpose - p. 80-81		
	Make financial products accessible to more people	Purpose - p. 80-81		
	Reach out to the unbanked and underbanked	Purpose - p. 80-81		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
Digital Capability				
GRI 3 Material Topics 2021	3-3 Management of material topics	People - p. 42-43 Purpose - p. 80-81		
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	People - People Tech: Internal Initiatives to Enable Growth p. 42-43		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	People - Corporate Social Responsibility and Employee Volunteerism p. 54-59		
Risk Management				
GRI 3 Material Topics 2021	3-3 Management of material topics	Risk Management, p. 22-23		
SASB Incorporation of Environmental, Social, and Governance Factors in Credit Analysis for Commercial Banks	Commercial and industrial credit exposure, by industry	Breakdown of E&S Risk Exposure of the Bank per Industry p. 23		
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	ESG Risk Monitoring System p. 22		
Climate Change Issues				
GRI 3 Material Topics 2021	3-3 Management of material topics	Planet - Introduction and approach to environmental management p. 68-73		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainability Scorecard - Resource Consumption p. 95		
	301-2 Recycled input materials used		a. Percentage of recycled input materials used to manufacture the organization's primary products and services.	Information unavailable / Incomplete UnionBank's products are currently not using recyclable materials. Recyclable materials will be considered for future product improvements.
	301-3 Reclaimed products and their packaging materials		a. Percentage of reclaimed products and their packaging materials for each product category. b. How the data for this disclosure have been collected.	Not applicable UnionBank's products and services are not products that can be reclaimed.
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Sustainability Scorecard - Energy Consumption p. 95		
	302-2 Energy consumption outside the organization		302-2 Energy consumption outside the organization	Information unavailable / Incomplete

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water withdrawn, consumed, and discharged is indicated in p. 95 of resource consumption in operations. Water withdrawn and discharged is handled by third-party water providers for respective building or branch locations. No water-related impacts were identified in 2023.		
	303-2 Management of water discharge-related impacts		a. A description of any minimum standards set for the quality of effluent discharge, and how these minimum standards were determined, including: i. How standards for facilities operating in locations with no local discharge requirements were determined ii. Any internally developed water quality standards or guidelines iii. Any sector-specific standards considered iv. Whether the profile of the receiving waterbody was considered.	Not applicable This was not identified as a material topic for the Bank.
	303-3 Water withdrawal	Water withdrawn is freshwater. Amount is indicated in p. 95 of resource consumption in operations.	a. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable: i. Surface water ii. Groundwater iii. Seawater iv. Produced water v. Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv.v.	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	Water discharged is indicated in [p. 95 of resource consumption in operations].	a. A breakdown of total water discharge to all areas in megaliters by the following categories: i. Freshwater (≤1,000 mg/L Total Dissolved Solids) ii. Other water (>1,000 mg/L Total Dissolved Solids). b. Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories: i. Freshwater (≤1,000 mg/L Total Dissolved Solids) ii. Other water (>1,000 mg/L Total Dissolved Solids).	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.

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
			Priority substances of concern for which discharges are treated, including: i. How priority substances of concern were defined, and any international standard, authoritative list, or criteria used ii. The approach for setting discharge limits for priority substances of concern iii. Number of incidents of non-compliance with discharge limits.	Not applicable This is not considered material for the Bank.
	303-5 Water consumption	Water consumed was 130.701 ML. (p. 95 of resource consumption in our operations)	Total water consumption from all areas with water stress in megaliters.	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.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Carbon Footprint p. 95 GWP rate used for CO2 was 1 based on the values of the IPCC 6th report. Methods followed were based on the World Business Council for Sustainable Development GHG protocols.		
	305-2 Energy indirect (Scope 2) GHG emissions	Carbon Footprint p. 95 GWP rate used for CO2 was 1 based on the values of the IPCC 6th report. Methods followed were based on the World Business Council for Sustainable Development GHG protocols.		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Resource Consumption - p. 95		
	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	Total waste generated for 2023 was 84.24 tonnes. Breakdown by waste type can be found in Planet Scorecard, p. 95 .		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
	306-4 Waste diverted from disposal	Planet Scorecard until Closing the Loop (p. 68-73)	Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations: i. Preparation for reuse ii. Recycling iii. Other recovery operations.	Information unavailable / Incomplete Following the regulations by the Department of Environment and Natural Resources - Environmental Management Bureau for hazardous waste, UnionBank strictly abides by its waste hauling, treatment, storage and disposal requirements. Treatment, storage and disposal is done in an accredited facility and once the process is complete, a certificate of treatment is provided to the Bank.
	306-5 Waste directed to disposal		306-5 Waste directed to disposal	Information unavailable / Incomplete Waste is collected by a hauler. Disposal method is not made known. Waste destination will be discussed with hauler for identification.
Sustainable Finance				
GRI 3 Material Topics 2021	3-3 Management of material topics	UnionBank's Sustainable Finance Framework 2023: https://www.unionbankph.com/sustainability/sustainable-finance		
	301-2 Recycled input materials used			
	301-3 Reclaimed products and their packaging materials			
GRI 302: Energy 2016	302-1 Energy consumption within the organization			
	302-2 Energy consumption outside the organization			
	302-3 Energy intensity			
	302-4 Reduction of energy consumption			
	302-5 Reductions in energy requirements of products and services			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource			
	303-2 Management of water discharge-related impacts			
	303-3 Water withdrawal			
	303-4 Water discharge			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
	303-5 Water consumption	UnionBank's Sustainable Finance Framework 2023: https://www.unionbankph.com/sustainability/sustainable-finance		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions			
	305-2 Energy indirect (Scope 2) GHG emissions			
	305-3 Other indirect (Scope 3) GHG emissions			
	305-4 GHG emissions intensity			
	305-5 Reduction of GHG emissions			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts			
	306-2 Management of significant waste-related impacts			
	306-3 Waste generated			
	306-4 Waste diverted from disposal			
	306-5 Waste directed to disposal			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs			
Risk Management for Sustainability Management				
GRI 3 Material Topics 2021	3-3 Management of material topics	ESRMS, p. 22		
SASB Incorporation of Environmental, Social, and Governance Factors in Credit Analysis for Commercial Banks	Commercial and industrial credit exposure, by industry	Breakdown of E&S Risk Exposure of the Bank per Industry p. 23		
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	ESRMS, p. 22		
Business Ethics				
GRI 3 Material Topics 2021	3-3 Management of material topics	The Compliance function is independent of the business activities of the Bank. The Compliance Office ensures that the Bank, its branches, and subsidiaries comply with all Philippine banking and corporate laws and regulations, internal policies, corporate governance, ethical standards, and other best practices in the implementation of its business operations.		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	UnionBank does not participate in any forms of child labor. UnionBank strictly abides by Republic Act No. 9231, Republic Act No. 10361, and International Labor Organization Convention No. 182 to avoid any form of child labor in the Bank.		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	UnionBank does not participate in any forms of forced or compulsory labor. UnionBank strictly abides by Republic Act No. 10364, International Labor Organization Convention No. 29 and Article 300 of the Philippine Labor Code to prevent any forms of forced or compulsory labor in the Bank.		
Financial Performance				
GRI 3 Material Topics 2021	3-3 Management of material topics	Joint Message of the Chairman and President & CEO p. 10-15		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Purpose Scorecard - p. 96		
	201-2 Financial implications and other risks and opportunities due to climate change		201-2 Financial implications and other risks and opportunities due to climate change	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			
	201-4 Financial assistance received from government	SEC 17-A Report found in https://www.unionbankph.com/company-disclosure/sec-reports		
Labor Standards and Human Rights				
GRI 3 Material Topics 2021	3-3 Management of material topics	• Sustainability Policy (Sustainability at UnionBank: Policy, p. 16) • People - Labor, Laws, and Human Rights p. 53		
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes		402-1 Minimum notice periods regarding operational changes	Confidentiality constraints UnionBank does not disclose any policies that discuss operational changes and how it executes this.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	UnionBank does not participate in any forms of child labor. UnionBank strictly abides by Republic Act No. 9231, Republic Act No. 10361, and International Labor Organization Convention No. 182 to avoid any form of child labor in the Bank.		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	People - Marketing and Labeling p. 63		
	417-2 Incidents of non-compliance concerning product and service information and labeling	People - Marketing and Labeling p. 63		
	417-3 Incidents of non-compliance concerning marketing communications	Annexes - Marketing and Labeling p. 63		
Environmental Compliance				
GRI 3 Material Topics 2021	3-3 Management of material topics	Planet - Approach to environmental management p. 69		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Resource Consumption - p. 95		
	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	Total waste generated for 2023 was 84.24 tonnes. Breakdown by waste type can be found in Planet Scorecard, p. 95 .		
	306-4 Waste diverted from disposal	Resource Consumption - p. 95	Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations: i. Preparation for reuse ii. Recycling iii. Other recovery operations.	Information unavailable / incomplete Following the regulations by the Department of Environment and Natural Resources - Environmental Management Bureau for hazardous waste, UnionBank strictly abides by its waste hauling, treatment, storage and disposal requirements. Treatment, storage and disposal is done in an accredited facility and once the process is complete, a certificate of treatment is provided to the Bank.
	306-5 Waste directed to disposal		306-5 Waste directed to disposal	Information unavailable / Incomplete Waste is collected by a hauler. Disposal method is not made known. Waste destination will be discussed with hauler for identification.

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
Socioeconomic Compliance				
GRI 3 Material Topics 2021	3-3 Management of material topics	The Bank's risks are managed enterprise-wide by all units of the Bank as it adopted the Three Lines of Defense Model in Enterprise Risk Management (ERM). The processes, systems, compliance risks and controls are identified by the Business Units (1st line). The controls to mitigate the risk are assessed based on design and effectiveness by Enterprise Risk Management, Information Security and Compliance (2nd line). The assessments are validated by Internal Audit (3rd line). Tying all this up is an active oversight function by the Board of Directors. The Bank maintains transparent dealings with both external auditors and regulators in relation to the business, vision, plans and strategies.		
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	There were no incidents of non-compliance with laws and regulations in the social and economic area.		
Employee Experience				
GRI 3 Material Topics 2021	3-3 Management of material topics	People - p. 42-54		
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	People - Employee Benefits p. 44		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	People - Health, safety, and well-being p. 52		
	403-2 Hazard identification, risk assessment, and incident investigation	UnionBank established a primary prevention of occupational risks, protection, and promotion of health at work, work-related social determinants of health, and improving the performance of health and safety management system. UnionBank's Occupational Safety and Health Division is conducting the following initiatives to further enhance management of identified risks: 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.		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
	403-3 Occupational health services	All regular UnionBank employees are provided with a Health Maintenance Organization (HMO) through Insular Health Care, Inc. Employees may avail of the applicable services including annual check-ups and out-patient exams as necessary.		
	403-4 Worker participation, consultation, and communication on occupational health and safety		403-4 Worker participation, consultation, and communication on occupational health and safety	Confidentiality constraints UnionBank does not currently disclose the internal processes regarding the development of and execution of the occupational health and safety management system .
	403-5 Worker training on occupational health and safety	Relevant trainings as required by the Department of Labor and Employment are implemented for all relevant employees.		
	403-6 Promotion of worker health	All regular UnionBank employees are provided with a Health Maintenance Organization (HMO) through Insular Health Care, Inc. Employees may avail of the applicable services including annual check-ups and out-patient exams as necessary.		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	UnionBank has health and safety protocols that cover prevention and mitigation of health risks spreading within the Bank. These protocols were updated to cover the prevention of COVID-19 and are updated as necessary with new regulations.		
	403-8 Workers covered by an occupational health and safety management system	Health, Safety and Well-being Tables p. 92-94		
	403-9 Work-related injuries	Health, Safety and Well-being Tables p. 92-94		
	403-10 Work-related ill health	Health, Safety and Well-being Tables p. 92-94		
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Scorecard - Training and Development p. 92	
		404-2 Programs for upgrading employee skills and transition assistance programs	People - People Tech: Internal Initiatives to Enable Growth p. 42-43	
		404-3 Percentage of employees receiving regular performance and career development reviews	Codes of Conduct- p. 28	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	People - Labor-Management Relations, p. 51		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
Employment				
GRI 3 Material Topics 2021	3-3 Management of material topics	People p. 42		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Scorecard - New Hire Profile p. 89		
Total Well-being (Compensation and Benefits)				
GRI 3 Material Topics 2021	3-3 Management of material topics	People p. 42		
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Confidentiality constraints UnionBank's compensation and benefits package for all regular employees is confidential and not disclosed outside of the organization.
	401-3 Parental leave		401-3 Parental leave	Information unavailable / Incomplete UnionBank is currently not tracking this data, but will consider tracking this for future reports.
Employee Volunteerism				
GRI 3 Material Topics 2021	3-3 Management of material topics	People - Volunteerism and CSR initiatives p. 54-59		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	People - Volunteerism and CSR initiatives p. 54-59		
Community Engagement				
GRI 3 Material Topics 2021	3-3 Management of material topics	People - p. 42 People Volunteerism and CSR initiatives p. 54-59		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	People - Volunteerism and CSR initiatives p. 54-59		
	413-2 Operations with significant actual and potential negative impacts on local communities	UnionBank's Corporate Social Responsibility Program, the GoBeyond Communities (GBC) is a bottom-up approach that enables employees to create and implement projects that support the communities they are in. This approach minimizes negative impacts to communities.		
Indirect Economic Performance				
GRI 3 Material Topics 2021	3-3 Management of material topics	People - p. 42 Tech Up Highlights p. 38-39		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	People - p. 42		
	203-2 Significant indirect economic impacts	People - p. 42		
Local Enterprise and Workforce Development				
GRI 3 Material Topics 2021	3-3 Management of material topics	People - p. 42 Tech Up Highlights p. 38-39		
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	People - People Tech: Internal Initiatives to Enable Growth p. 42-43		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	People - Volunteerism and CSR initiatives p. 54-59		
Diversity and Inclusion				
GRI 3 Material Topics 2021	3-3 Management of material topics	People - Diversity, Equal Opportunities and Inclusion p. 45-46		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Annexes - p. 28		
	405-2 Ratio of basic salary and remuneration of women to men		405-2 Ratio of basic salary and remuneration of women to men	Confidentiality constraints Local laws do not require disclosures on salaries.
Anti-Corruption Practices				
GRI 3 Material Topics 2021	3-3 Management of material topics	Governance - Anti-Corruption p. 31		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Governance - Anti-Corruption p. 31		
	205-2 Communication and training about anti-corruption policies and procedures	Governance - Anti-Corruption p. 31		
	205-3 Confirmed incidents of corruption and actions taken	Governance - Anti-Corruption p. 31		
Procurement Practices				
GRI 3 Material Topics 2021	3-3 Management of material topics	The Bank has a centralized approach to procurement for the management of resources and related expenses. This is spearheaded by the General Services - Procurement Services Team, led by the Bank's Procurement Officer. UnionBank complies with regulatory requirements and adheres to internal policies, such as the Procurement Guidelines, Outsourced Services Manual, Guidelines on Accreditation of Supplier and Service Providers and all related procedures.		

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON AND EXPLANATION
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Sustainability Scorecard - Purpose p. 96 77.56% of UnionBank's procurement budget for all of its branches and facilities was spent on suppliers located in the Philippines.		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainability Scorecard - Purpose p. 96		
	308-2 Negative environmental impacts in the supply chain and actions	Sustainability Scorecard - Purpose p. 96		
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Sustainability Scorecard - Purpose p. 96		
	414-2 Negative social impacts in the supply chain and actions taken	Sustainability Scorecard - Purpose p. 96		

ANNEXES

Ownership and Legal Form

As of December 31, 2023, UnionBank's major shareholders are:

27.17%

Aboitiz Equity Ventures, Inc.

8.56%

The Insular Life Assurance Co., Ltd

9.90%

Social Security System (SSS)

48.21%

PCD Nominee Corporation

Products and Services

→ Cash Management Services

- The Portal by UnionBank (Business Banking) - The Portal by UnionBank is an online cash management platform for corporate and business users to facilitate all their banking activities: initiate fund transfers, pay bills, monitor balances, approve transactions with a single sign-on and many more. Accessible via web or the mobile app (iOS and Android).
- Disbursements
- Collections
- Payroll
- Government Payments

- Cards
- Financial Supply Chain
- Liquidity Management

→ UnionBank Online - Easily transfer funds and pay bills, including sending money to partner remittance centers: Palawan Express, Cebuana Lhuillier, LBC and PeraHub

→ Loan products

→ SME Banking Solutions

→ Trade Services and Products

→ Credit Cards

→ Debit Cards

→ Visa Prepaid Cards

→ Private Banking

→ Investment Banking Services

→ Deposit Products

- Savings Account, Checking Account, Investment Accounts

→ 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.
 - Trust Services
- **Fintech Business Group (UnionBank API Developer Portal)** - It is a channel that enables fintechs and corporate clients to tap into UnionBank's banking services and other functionalities. Available since 2017, the portal acts as the interface between the Bank's full suite of APIs and its developers community. It allows external entities to easily sign up on it, choose from a catalogue of services, and integrate them to their own platforms. It permits a system-to-system communication between the core client's platform and the Bank's core systems, enabling customers to reach a wider audience and growth.
- **Bux** - An end-to-end payment platform catering to businesses of all sizes, from individual and casual sellers to sole proprietors and large organizations. Bux accepts all forms of payment whether it be over the counter, credit and debit card payments ,e-wallet, online banking, and pay later options.
- **SeekCap** - SeekCap is the Philippines' first same-day approval lending marketplace for Filipino entrepreneurs. It allows businesses to get access to financing through an end-to-end digital experience. Online platforms can also

easily plug into the platform to offer loans to their customers and provide a seamless, embedded experience. . This was developed in partnership with OneConnect Financial Technology Co. Ltd., a leading technology-as-a-service platform for financial institutions.

- **I2i** - i2i connects financial institutions of all sizes and community-based non-banking financial service providers to each other and the national retail payment system. Digital services provisioned through the platform help digitally transform these financial service providers. A full suite of ready-to-use tools are available - from core banking, agency banking, mobile ATM, alternative credit scoring, money transfers, bills payments, and more.
- **Qlabs** - Qlabs provides capabilities to help customers of the UnionBank group digitally transform their businesses. Qlabs delivers secure and reliable systems powered by modern technologies through software development services and dedicated teams to support our clients' digital transformation
- **Sentro** - Sentro is a Retail Operating System complete with everything an SME needs to jumpstart, run and grow their business. Sentro includes an end-to-end ecommerce platform that comes built-in with an easy-to-use online store builder, inventory management system, and pre-integrated payments and logistics.
- **Electronic Banking Services**
- **Priority Banking**
- **Pre-Need First Union Plans**
- **Real Property Management (UnionBank Investments Corp)**

Corporate Governance

Good Governance Principles

The Bank has established strict laws and policies within the organization to ensure ethical business operations. All employees, management, suppliers, and representatives of the Bank are guided by our principles and norms of behavior. The Bank also undergoes regular self-assessment based on the ASEAN Corporate Governance Scorecard and submits an Integrated Annual Corporate Governance Report (I-ACGR).

UnionBank also aligns itself with the local and international standards for best practices. These include the guidelines provided by the Code of Corporate Governance issued by the Securities

and Exchange Commission, the Bangko Sentral ng Pilipinas Circular No. 969 or the Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions, and the internationally recognized Organization for Economic Cooperation and Development (OECD) principles.

UnionBank Manuals, Government Codes, Governance Evaluation Mechanisms

Revised Manual on Good Corporate Governance, Philippine Financial Reporting Standards 9 (FPRS 9) by the Bangko Sentral ng Pilipinas. Internal Audit investigates in aid of administrative or criminal proceedings, and External Audit checks on whether financial statements are fairly presented in accordance with financial reporting standards.

UnionBank Manuals	Government Codes	Governance Evaluation Mechanisms
Revised Manual on Good Corporate Governance	Philippine Financial Reporting Standards 9 (FPRS 9) by the Bangko Sentral ng Pilipinas	Internal Audit - investigates in aid of administrative or criminal proceedings External Audit - checks on whether financial statements are fairly presented in accordance with financial reporting standards
Code of Conduct	Sustainability Reporting Guidelines for Publicly Listed Companies by the Securities and Exchange Commission	Privacy Impact Assessment - manages confidentiality of client information
Ethical Standards and Governance Policies		Information Security, Risk, and Legal Assessments - safeguards and secures customer transactions

Independent Limited Assurance Report

The Stockholders and Board of Directors
Union Bank of the Philippines
Meralco Avenue corner Onyx Street
Ortigas Center, Pasig City

Scope

We have been engaged by the Union Bank of the Philippines (UBP) to perform a 'limited assurance engagement', as defined by the Philippines Standards on Assurance Engagements (PSAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, to report on UBP's Social Bond Use of Proceeds, as described in the Operational Procedures for International Finance Corporation (IFC) Social Bond Use of Proceeds and in its Sustainable Finance Framework (the "Subject Matter"), as of and for the year ended December 31, 2023.

Criteria applied by UBP

In issuing the Social Bond, UBP applied the International Capital Market Association's (ICMA) Social Bond Principles (SBP) requirements on Use of Proceeds. As a result, the subject matter information may not be suitable for another purpose.

UBP's responsibilities

UBP's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

SGV's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with PSAE 3000 (Revised), and the terms of reference for this engagement as agreed with UBP on March 04, 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Regulation Commission and have the required competencies and experience to conduct this assurance engagement.

SGV also applies Philippine Standard on Quality Management 1 (Previously Philippine Standard on Quality Control 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

1. Obtained policies and procedures established by UBP related to the issuance of the Social Bond and checked alignment to the requirements of SBP.
2. Checked eligibility of assets for inclusion in UBP's Social Bond against the criteria as described in the Operational Procedures for IFC Social Bond Use of Proceeds and in its SFF.
3. Obtained list of loans granted to Micro, Small and Medium Enterprises (MSMEs) in which proceeds of the Social Bond were allocated and screened against the IFC eligibility criteria.
4. Checked the breakdown of obtained MSMEs loans based on industry, and total amount per loan to ensure compliance with the IFC criteria.
5. Checked the mathematical accuracy of calculations performed within the schedule of MSME loans and obtained evidence as to the mathematical accuracy and completeness of the MSME loans schedule.
6. Performed inquiries and analytical procedures to test if the eligibility criteria were met.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of and for the year ended December 31, 2023, in order for it to be in accordance with the Criteria.

SYCIP GORRES VELAYO & CO.

Glenda C. Anisco-Niño
Glenda C Anisco-Niño
Partner

March 13, 2024

TEAM BEHIND
THE REPORT

Sustainability Office

Michelle E. Rubio
Chief Human Resources Officer

Angelica Marie J. Ozaeta
CSR and Sustainability Head

Japhet Luistro
CSR and Sustainability Officer

Sustainability Technical
Working Group and
Sustainability Data Stewards

- Data Privacy Office
- Branch Channel Management
- SME Group
- Compliance and Corporate Governance
- Office Corporate Planning
- Corporate Product Management
- Customer Experience Group
- Customer Segment Management
- Facilities Management
- Financial Reporting and Accounting
- Standards Human Resource Group
- Environmental and Occupational Safety and Health Information Security Office
- Legal Division
- Operations Group
- Private Banking
- Procurement
- Resiliency
- Risk
- Treasury

Editorial, Layout, and Creatives
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