digital bank

THE ARCHITECTURE OF TRUST & INCLUSION

2024 ANNUAL REPORT

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uno digital bank

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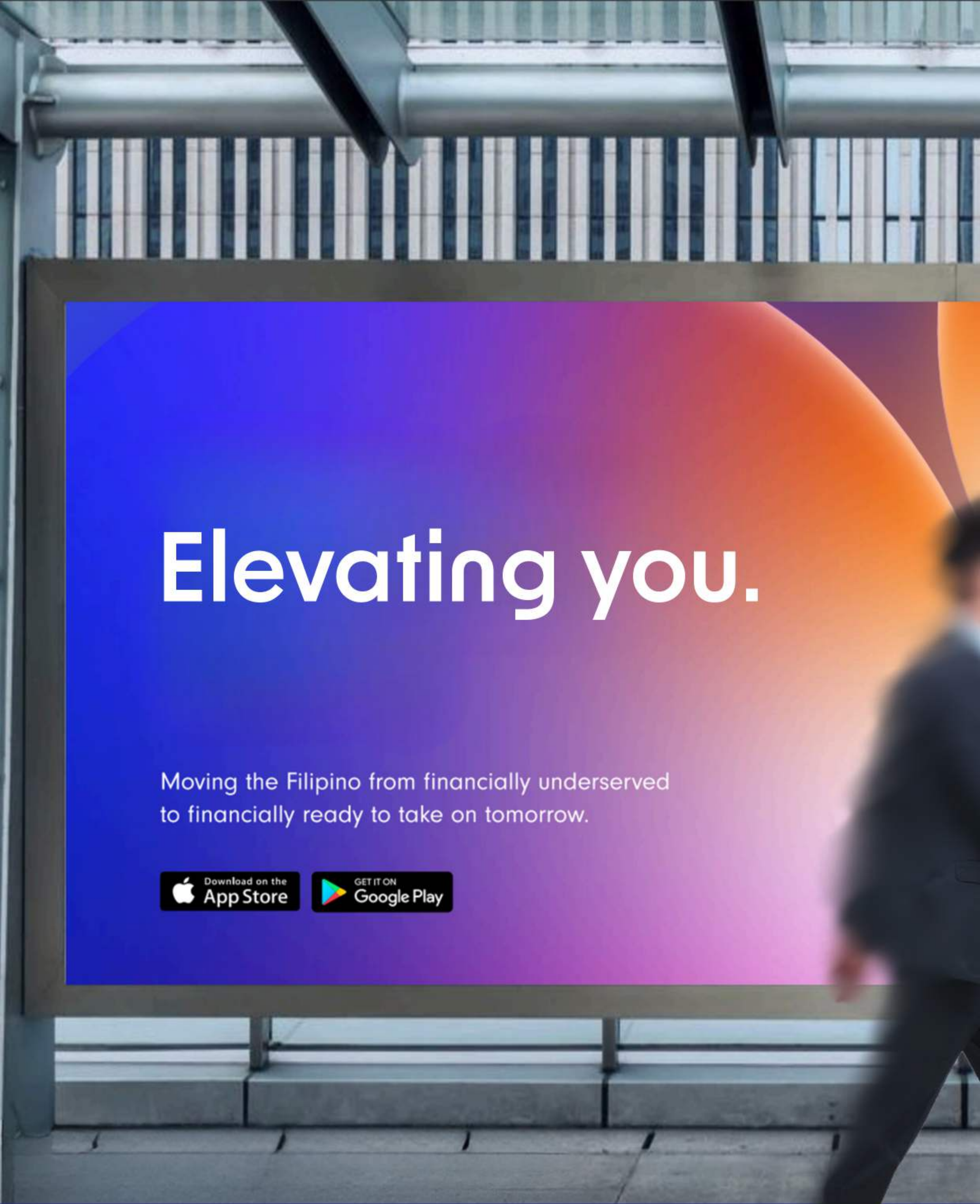


UNO & STRATEGY

What We do

Launched in 2022, UNO Digital is the first full-spectrum digital bank licensed by the Bangko Sentral ng Pilipinas in Southeast Asia. It aspires to make an elevated life achievable through a new approach to banking: simple, better, and accessible.

Simple banking is having a single trusted interface to meet life's full financial needs with speed and ease. UNO Digital provides a convenient way where customers can save, borrow, transact, invest, and protect — all in one platform via the UNO Mobile App.

By ensuring fast, reliable, and tailored financial services, UNO Digital meets the evolving needs of every Filipino — including the young, old, underbanked, and unbanked — and brings inclusive banking access to every generation in a constantly changing digital world.

Mission

One trusted platform to meet all your financial needs with speed and ease.

Vision

To be the most preferred financial services provider in the Philippines.

Who We are

At UNO Digital Bank, we are building the bank of the future—today. As one of the pioneering digital banks in the Philippines, we exist to challenge the traditional, remove the unnecessary, and redefine what financial empowerment looks like. We're not just a bank with a mobile app—we're a platform for possibilities, built for the modern Filipino navigating an increasingly complex financial world.

Core Values

Breaking Barriers

We exist to remove friction, not create it. Whether it's cutting red tape, simplifying banking, or challenging old mindsets, we're here to make finance easier, faster, and more accessible for everyone.

Change is Inevitable

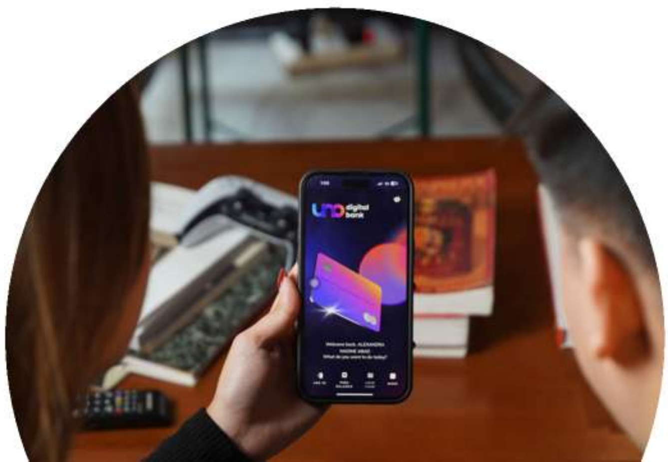
We believe people grow, evolve, and rise. We don't judge anyone by their past—we focus on their potential. That's why we design products and experiences that give people a second chance, a fresh start, or the support to level up.

Work Smart

We believe great outcomes come from focus, clarity, and purpose—not just effort. We value impact over activity, tools that scale, and teams that move fast with intention.

The Future is Shared

Success isn't just personal—it's collective. When individuals thrive, communities rise. We design solutions that don't just serve the self, but uplift families, teams, and entire ecosystems



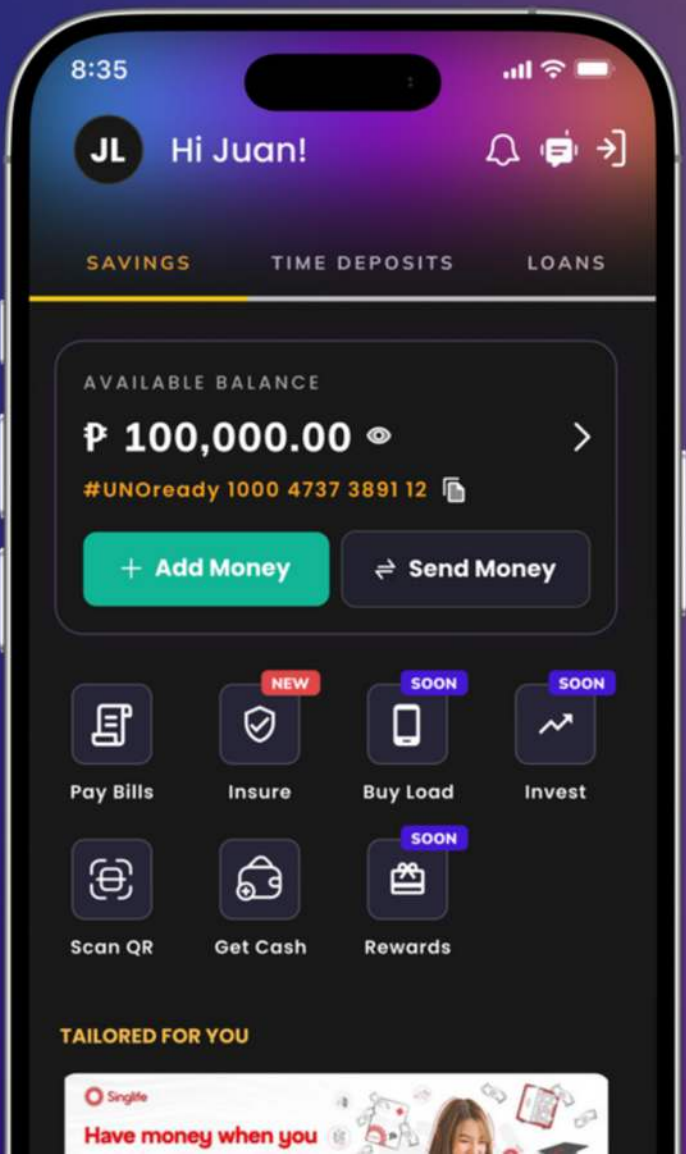
Savings Account

#UNOready

High interest savings credited daily

Features:

Pay Bills
Send Money
(via Instpay, Pesonet, etc.)
QR Scan
Virtual Debit Mastercard



Time Deposit

#UNOboost

Term deposits with flexible tenors to choose from between 3-12 months.

#UNOearn

Term deposits with multiple tenors to choose from: 1 year, 2 years. Interest credited monthly.

Insurance

via Singlife Partnership

Cash for Goals

Cash for Medical Costs

Cash for Income Loss

3 in 1 Protection Plan

Loans

#UNOnow

No collateral / guarantee needed with Up to PHP 250k with a seamless digital application process

#UNOeasy

Point-of-sale (POS) consumer durable loan designed to finance purchases

Corporate Employee Loan Program

Secured salary Loans for partner companies to provide financial wellness

2024 MILESTONES

Q1 — SUPER charged

Secured Series A Funding of USD 32M

Hit 1 Million Customer Milestone

Acquired PHP 62.4M in Time Deposits OVERNIGHT

Q2 — Sustain growth

Launched Insurance Partnership, a first for a Digital Bank in the PH

Awarded by Forbes' World's Best Banks 6th in the Philippines

Deposit Base doubled to PHP 7.5B

Q3 — Maxi mized

Won Digital Banking Award from Asian Banking & Finance

Launched #UNOeasy / Consumer Durable Loan present in 781 stores

Disbursed PHP 3.4B in Loans

Q4 — Award winning

Won Euromoney Excellence Awards Rising Star - PH

Awarded Best Digital Bank - PH by The Digital Bank

Onboarded 2.2 Million Customers covering ALL regions in the Philippines

Laying Down the Foundations for a Future-Ready Bank

Dear Fellow Shareholders,

As we look back on 2024, it is clear that this year was not about chasing headlines or hypergrowth. It was about doing the deep, patient work of laying down the foundations—for scale, for trust, and for the kind of banking experience that Filipinos deserve.

The digital banking space continues to evolve rapidly. New players are entering, customer expectations are rising, and technology is leveling the playing field faster than ever. Features can be copied. Products can be matched. But what cannot be easily replicated is how deeply a bank understands its customers—and how consistently it delivers on that understanding.

At UNO Digital Bank, we believe that the future of banking will not be won on features alone. It will be won on trust, service, and relevance. This is why we continue to invest in personalization at scale, in partnerships that extend our reach, and in a product suite that supports the full spectrum of a customer's financial journey.

2024 was a year of strategic focus. We sharpened our technology stack, improved operational resilience, and expanded access through embedded finance and ecosystem collaborations. These quiet but crucial moves have positioned us for more efficient growth and greater long-term impact.

"To build a bank that our customers don't have to find—a bank that finds them..."

We also welcomed the Bangko Sentral ng Pilipinas' decision to open the window for new digital bank licenses. We embrace competition, because it pushes the industry forward. But we are equally confident that our early mover advantage, brand equity, and customer-centered approach will continue to distinguish us.

As we move into 2025 and beyond, our goal remains clear: to build a bank that our customers don't have to find—a bank that finds them. Through every partnership, every product, and every touchpoint, we are building not just a platform—but a movement toward financial clarity, confidence, and control.

On behalf of the Board, thank you for your continued trust. The foundation is set. Now, we build up.

Warm regards,
Kalidas Ghose
Chairman

Turning Momentum into a Movement

Dear Shareholders,

In 2024, UNO Digital Bank experienced the kind of hypergrowth most startups only aspire to. But what made this year truly significant wasn't just how fast we grew; it was how intentionally we built the systems behind the scenes to sustain and scale that growth.

The momentum from 2023 gave us strong tailwinds: a growing user base that trusted our platform, a validated need for simpler financial tools, and in early 2024 capital that enabled us to move quickly and deliberately. We didn't just scale — we constructed the architecture of inclusion: the systems, partnerships, and policies that would support long-term impact.

"Beyond product delivery, we focused on testing and validating the assumptions that drive inclusion for all Filipinos: "

A Business Landscape in Motion

We operated in a dynamic environment shaped by macroeconomic shifts, regulatory evolution, and a competitive digital banking space.

The Philippine economy posted 5.8% GDP growth, supported by resilient domestic demand and overseas remittances. Inflation remained elevated at 5.7%, prompting the Bangko Sentral ng Pilipinas (BSP) to maintain its policy rate at 6.5% through most of the year. These conditions required careful balance between growth and financial discipline.

On the regulatory front, the BSP continued to advance digital financial inclusion with initiatives such as:

- Open Finance implementation for data portability and customer empowerment
- Stricter eKYC and credit risk standards to improve security and stability
- The lifting of the moratorium on digital banking licenses, allowing up to four new digital banks to apply starting 2025 — a move that underscores the maturing competitiveness of our sector

Growth With Purpose

In 2024, we completed our core suite of offerings — high-yield savings, personal and salary loans, payments, debit cards, and embedded insurance. But beyond product delivery, we focused on testing and validating the assumptions that drive inclusion for all Filipinos:

- What motivates the loyalty of Goal Getters?
- What pain points frustrate Everyday Hustlers?
- What tools truly empower Legacy Makers?

We designed our operations around these questions — and made investments that prioritized systemic, long-term value over short-term scale.

Indicator	2024	2023	YoY Change
Customer Loans	₱2.3B	₱920M	▲ 150%
Customer Deposits	₱7.45B	₱4.83B	▲ 54%
Interest Income	₱699.5M	₱207.4M	▲ 237%
Provision for Credit Losses	₱328.9M	₱31.1M	▲ 957%
Operating Expenses	₱1.31B	₱1.11B	▲ 18%
Net Loss	₱1.03B	₱973M	▼ 6%
Capital Adequacy Ratio (CAR)	29.44%	45.51%	✔ Well above BSP minimum
Liquidity Coverage Ratio (LCR)	1621%	1209%	✔ Significantly above required threshold
Net Stable Funding Ratio (NSFR)	229%	188%	✔ Strong long-term funding base

"Amid this context, UNO Digital Bank remained committed to responsible growth, early regulatory alignment, and operational readiness."

Our loan book more than doubled, while deposit growth outpaced the broader digital banking segment. Interest income nearly tripled, supported by a more robust, performing credit base. We also scaled our provisioning strategy in line with risk tiering and early repayment data — ensuring discipline matched ambition.

Operating expenses grew modestly (+18%), reflecting efficiencies gained through automation and focused hiring. Our net loss of ₱1.03 billion was well within strategic projections, with Series B funding providing the necessary runway to front-load investments.

A Foundation Worth Building

True inclusion cannot rest on access alone — it requires trust, and trust must be engineered.
In 2024:

- We invested ₱293 million in software development — focused on credit engines, risk systems, onboarding flows, and servicing infrastructure.
- ₱410 million in intangible assets reflect proprietary platforms built for scale and auditability.
- Our tech stack matured into a self-learning system, capable of adapting to customer behavior, regulatory needs, and financial inclusion goals.

We built not just features, but infrastructure — ready to serve millions while staying compliant, stable, and secure.

Intelligent Credit. Purposeful Operations.

We continued to evolve our credit platform into a learning engine — one that integrates repayment data, behavioral insights, and segment-level performance to adjust approvals, pricing, and risk exposure in real time. From ECL calibration to dynamic risk tiering, we invested in tools that allow us to lend not just more, but more precisely. Meanwhile, campaign automation, channel orchestration, and data visibility upgrades ensured that growth remained measurable, repeatable, and governed.

PHP 2.3 BILLION
in LOANS

PHP 7.45 BILLION
in DEPOSITS

237%
increase
in INTEREST INCOME

Inclusion in Action

Our impact in 2024 was defined not just by what we built, but who we built it for:

- Thousands of first-time borrowers accessed formal credit through our platform
- MSMEs across the country unlocked working capital via our SeekCap partnership with UBX
- New-to-savings users benefited from easy, mobile onboarding and market-beating deposit rates

We are not retrofitting a traditional bank into a digital model. We are building a digital bank designed for inclusion from the ground up.

2025 and Beyond: From Foundation to Acceleration

The groundwork is done. Our focus now shifts to scale — responsibly, efficiently, and inclusively.

In 2025, we will:

- Optimize unit economics across product lines
- Deploy behavioral-scored credit with embedded underwriting
- Expand through ecosystem partnerships that integrate banking into everyday lives — payroll, e-commerce, education, logistics, and more

As new entrants arrive and the market intensifies, our strength will lie in the stability and intentionality of our architecture.

In Closing

UNO Digital Bank was never built to be just another digital bank. It was built to challenge systemic exclusion — with platforms, partnerships, and purpose.

In 2024, we laid the foundation. In 2025, we scale the structure — one that doesn't just offer access, but builds real inclusion into the system itself.

Thank you to our customers, team, regulators, investors, and partners. Together, we are designing a banking future that includes everyone.

Onwards and upwards,
Manish Bhai
President & CEO

2024 AT A GLANCE

Growing with Purpose, Scaling with Discipline.

PHP 311.4M
NET INTEREST INCOME

2023: 42M
2024: ↑635%

5%
NET INTEREST MARGIN

123.6% NPL COVER
8.6% NPL RATIO

PHP 10.3B
TOTAL ASSETS

2023: 6.8B
2024: ↑51%

PHP 2.3B
NET LOANS & RECEIVABLES

2023: 919M
2024: ↑149%

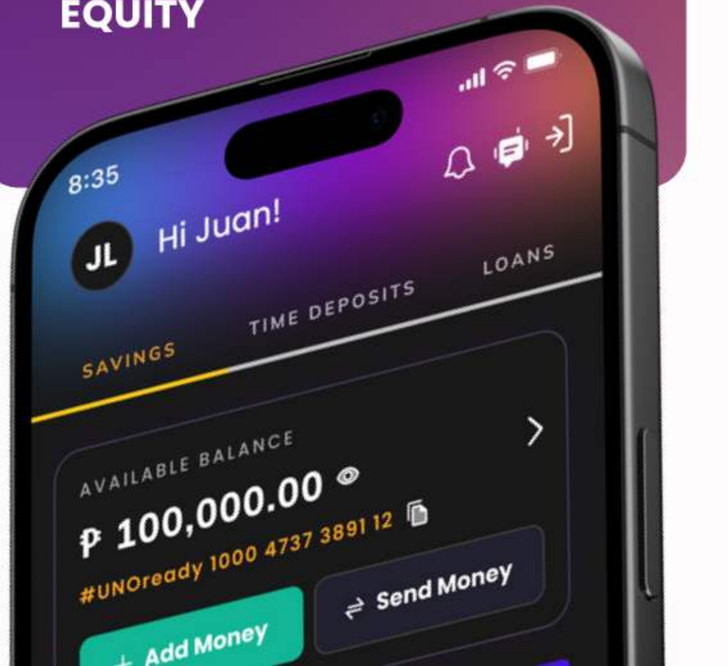
PHP 7.5B
TOTAL DEPOSITS

↑ 54%

2023: 3.3B TD, 1.5B CASA
2024: 3.7B TD, 3.8B CASA

PHP 2.2B
EQUITY

25.92% CETI RATIO
29.44% CAR



Sustained Momentum in Core Banking Performance

In 2024, UNO Digital Bank recorded solid performance across key financial metrics, signaling its continued growth trajectory as a digital-first bank focused on inclusion, resilience, and profitability. Total assets stood at ₱10.34 billion, reflecting a robust expansion of the Bank's balance sheet on the back of disciplined credit growth and stable deposit mobilization.

Lending Growth Anchored on Quality

Net Loans and Receivables reached ₱2.30 billion by year-end. The Bank continued to scale its lending business with prudence, embedding strong underwriting standards and data-driven credit decisioning. To mitigate emerging risks, the Bank proactively monitored borrower profiles and credit performance to maintain portfolio health. The NPL Ratio stood at 8.60%, a typical profile for a fast-growing consumer lender. Notably, the Bank maintained strong credit risk buffers with an NPL Coverage Ratio of 123.60%, ensuring that loss-absorbing capacity remains sufficient.

Deposit Franchise Expansion

Total Deposits rose to ₱7.45 billion, with CASA (Current Account and Savings Account) balances accounting for over half of the total at ₱3.77 billion. This translated to a CASA Ratio of 50.58%, underscoring customer trust in the Bank's digital savings proposition and signaling low-cost funding strength. The continued shift from term to transactional deposits bodes well for future margin stability and customer engagement.

Strong Net Interest Income and Margin Stability

Net Interest Income reached ₱700.7 million, reflecting healthy asset yields and an expanding loan book. With Net Interest Margin (NIM) holding steady at 5%, the Bank continues to maintain strong earnings capacity relative to interest-earning assets. Non-Interest Income contributed ₱19.5 million, driven by fees and commissions from digital services and new product verticals. Although modest in share, the Bank sees growing potential for diversification of revenue streams as its ecosystem matures.

Capitalization and Financial Resilience

UNO Digital Bank's financial soundness remained above regulatory and industry norms. The Capital Adequacy Ratio (CAR) stood at a strong 29.44%, with the Common Equity Tier 1 (CET1) Ratio at 25.92%. These levels not only provide a substantial buffer against economic shocks but also enable the Bank to pursue its strategic roadmap with confidence, including digital innovation and expansion into new markets.

Equity Strength

The Bank's equity base ended at ₱2.21 billion, supporting its ongoing investments in technology, talent, and customer acquisition. This solid capital footing provides both strategic flexibility and regulatory assurance.

Lending Operations

UNO Digital Bank achieved substantial growth in lending operations in 2024, with the loan portfolio expanding significantly by approximately 150% from ₱920 million in 2023 to ₱2.30 billion. This growth was primarily fueled by strategic initiatives including:

- Channel Rationalization: Streamlined distribution channels improved acquisition efficiency and customer onboarding processes, optimizing the overall cost-to-acquire and enhancing the quality of leads.
- Launch of #UNOeasy Sales Finance Product: Launched on August 7, 2024, #UNOeasy facilitated embedded credit at the point of sale, significantly expanding customer acquisition funnels. By the end of the year, #UNOeasy had processed 18,199 applications across 769 partner stores, with 4,588 disbursements totaling ₱101.86 million. Key partnerships with Rulls, MemoXpress, and Vivo were instrumental in driving this growth.
- Loan Origination System (LOS) Migration: Transitioning to a more robust LOS enhanced operational scalability and significantly reduced loan processing turnaround times, improving customer satisfaction and operational effectiveness.
- Geographic Expansion: Increased service coverage to previously underserved regions enabled broader market penetration and access to new customer segments.
- Strategic Partnerships: Leveraged partnerships with digital ecosystems and merchants effectively increased loan application volumes and improved overall market reach.

Deposit Mobilization

Total deposits surged by 54%, rising from ₱4.84 billion in 2023 to ₱7.45 billion in 2024, driven by strategic marketing and promotional campaigns targeting CASA (Current Account and Savings Account) growth, which rose substantially by 143% from ₱1.55 billion to ₱3.77 billion. Notable initiatives included:

- February's "Double Your Daily Interest Rate" Campaign: Enhanced daily interest incentivized both new and existing customers to increase deposits, significantly boosting average daily account balances.
- March Shopee Collaborations: Integrated promotions during Shopee's 3.3 Mega Sale and Pay Day events increased transactional activities and heightened CASA account utilization.
- April High-Yield Savings Promotion: The high-interest savings rate of up to 12.75% per annum attracted substantial new deposits and reactivated dormant accounts, significantly contributing to deposit inflows.
- June #UNOready Acquisition Promo: A straightforward incentive of PHP 100 for new account openings successfully streamlined onboarding, increasing the number of newly acquired accounts and expanding CASA volume.

CORPORATE GOVERNANCE

UNO Corporate Governance

Stewardship, Accountability, and Strategic Oversight

Overall corporate governance structure and practices

The Shareholders, Board of Directors, and Senior Management of UNO Digital Bank are united in the belief that sound corporate governance is a cornerstone of the Bank's foundation — essential not only for its long-term success but also for creating sustainable value for all stakeholders. This includes clients, employees, suppliers, counterparties, the Philippine Government, and the broader banking and financial system.

UNO Digital Bank adheres to the view of the Securities and Exchange Commission (SEC) that corporate governance is a system of stewardship and control, guiding the Bank in fulfilling its economic, legal, social, and ethical obligations. Through established regulations, performance standards, and ethical guidelines, the governance framework provides the Board and Management with the tools to act with integrity, remain accountable, and balance long-term customer satisfaction with shareholder value — to the benefit of society as a whole.

Selection process for the Board and Senior Management

The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

At least 1/3 but not less than two (2) members of the board of directors shall be independent directors and any fractional result from applying the required minimum proportion (i.e. 1/3) shall be rounded up to the nearest whole number. An independent director is one who is independent of management and free from business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director and must possess all the qualifications. and none of the disqualifications, as prescribed by the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, and other regulatory authorities, from time to time. The Board may, from time to time, appoint officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or President and Secretary at the same time

Role of the Board

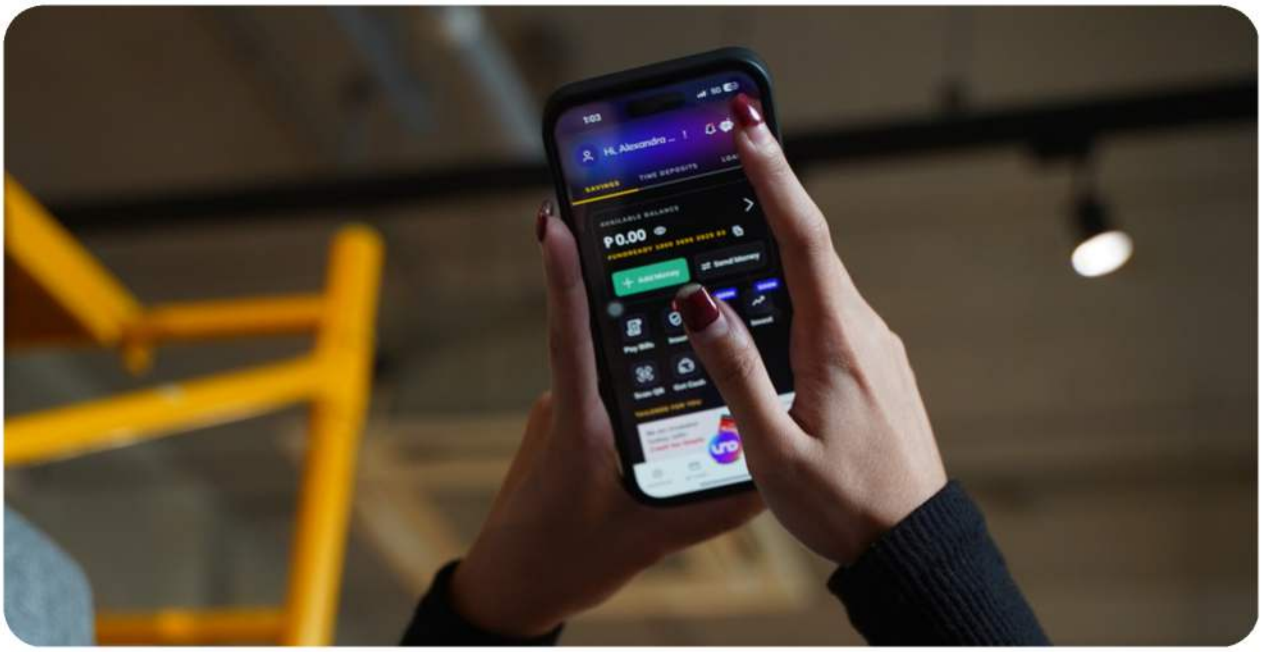
The Board should act on a fully informed basis, in good faith, with due diligence and care, and in the best interests of the company and all shareholders. The Board should oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength.

The Board should review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures. Sound strategic policies and objectives translate to the company's proper identification and prioritization of its goals and guidance on how best to achieve them. This creates optimal value to the corporation.

The Board is primarily responsible for defining the Bank's vision and mission. The Board has the fiduciary responsibility to the Bank and all its shareholders including minority shareholders. It shall approve and oversee the implementation of strategies to achieve corporate objectives.

It shall also approve and oversee the implementation of the risk governance framework and the systems of checks and balances. It shall establish a sound corporate governance framework.

The Board shall approve the selection of the Chief Executive Officer ("CEO") and key members of senior management and shall likewise oversee the performance of their functions.



Role and contribution of executive, non-executive and independent directors, and of the chairman of the Board

The Chairperson of the Board shall provide leadership in the Board. He shall ensure effective functioning of the Board, including maintaining a relationship of trust with members of the Board. He shall, in addition to his functions under Article III, Section 8 of the Bank's By-Laws:

1. Ensure that the meeting agenda focuses on strategic matters including discussion on risk appetites, and key governance concerns;
2. Ensure a sound decision-making process;
3. Encourage and promote critical discussion;
4. Ensure that dissenting views can be expressed and discussed within the decision-making process;
5. Ensure that members of the Board receive accurate, timely, and relevant information;
6. Ensure the conduct of proper orientation for first-time directors and provide training opportunities for all directors; and
7. Ensure the conduct of performance evaluation of the Board at least once a year.

An independent director is one who is independent of management and free from business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director and must possess all the qualifications and none of the disqualifications, as prescribed by the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, and other regulatory authorities, from time to time.

Board of Directors

Founders

KALIDAS GHOSE

Chairman and Co-founder

- Principal stockholder represented if nominee - UNO Asia Pte. Ltd.
- Years served as director – 3 years, 8 months
- Direct and indirect shares held – 1 Common A Indirect Share
- Percentage of shares held to total outstanding shares of the bank - 0.00%

MANISH BHAI

Executive Director/CEO and Co-founder

- Principal stockholder represented if nominee - UNO Asia Pte. Ltd.
- Years served as director – 3 years, 8 months
- Direct and indirect shares held – 1 Common A Indirect Share
- Percentage of shares held to total outstanding shares of the bank - 0.00%

Directors

BENJAMIN CROSS SEVILLA

- Principal stockholder represented if nominee - Digippines Holding Inc.
- Years served as director – 3 years, 8 months
- Direct and indirect shares held – 1 Common A Indirect Share
- Percentage of shares held to total outstanding shares of the bank - 0.00%

RONALDO MODESTO VENTURA

- Principal stockholder represented if nominee - UNO Digital Holdings Inc.
- Years served as director – 3 years, 8 months
- Direct and indirect shares held – 1 Common A Indirect Share
- Percentage of shares held to total outstanding shares of the bank - 0.00%

JUAN MIGUEL MAPA

- Principal stockholder represented if nominee - UNO Digital Holdings Inc.
- Years served as director – 3 years, 8 months
- Direct and indirect shares held – 1 Common A Indirect Share
- Percentage of shares held to total outstanding shares of the bank - 0.00%

Board of Directors

Independent Directors

MARIA NANCY VALIENTE

- Principal stockholder represented if nominee - N/A
- The number of years served as director - 3 years, 8 months
- Direct and indirect shares held –1 Common Share
- Percentage of shares held to total outstanding shares of the bank 0.00%

WILFRIDO ATIENZA

- Principal stockholder represented if nominee - N/A
- The number of years served as director - 3 years, 8 months
- Direct and indirect shares held –1 Common Share
- Percentage of shares held to total outstanding shares of the bank 0.00%

GRISELDA GLORIA SANTOS

- Principal stockholder represented if nominee - N/A
- The number of years served as director - 3 years, 8 months
- Direct and indirect shares held –1 Common Share
- Percentage of shares held to total outstanding shares of the bank 0.00%

DAVID JOHN BINDER

- Principal stockholder represented if nominee - N/A
- The number of years served as director - 3 years, 8 months
- Direct and indirect shares held –1 Common Share
- Percentage of shares held to total outstanding shares of the bank 0.00%

Board Qualification

The Bank is headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Bank's operations. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

UNO Board-level Committees

1. Executive Committee
Chairperson: Manish Bhai
Members: Kalidas Ghose, Benjamin Cross Sevilla

The Committee may act on such specific matters within the competence of the Board of Directors so far as may be permitted by applicable laws and by the Articles of Incorporation and By-Laws of the Corporation, principally in terms of day-to-day operations, including:
A. The appointment of a new vendor for an activity already authorized by the Board;
B. The appointment of authorized representatives and signatories to vendors and other business partners, or to government agencies or local government units;
C. Submission of regulatory reports or requirements.

2. Corporate Governance Committee
Chairperson: Griselda Gay Santos
Members: Wilfrido Atienza, Kalidas Ghose

The CG Committee shall assist the Board in fulfilling its corporate governance responsibilities. In this regard, the CG Committee shall:
A. Oversee the nomination process for members of the Board and for positions appointed by the Board.
B. Review and assess the structure, size and composition of the Board, including the examination and assessment of the effectiveness of the Board's selection standards, nomination and recruitment process of directors.
C. Annually review the independence of the members of the Board.
D. Oversee the continuing education program for the Board.
E. Oversee the design and operation of the remuneration and other incentives policy.

3. Risk Oversight Committee
Chairperson: Wilfrido Atienza
Members: David Binder, Manish Bhai, Kalidas Ghose, Nancy Valiente

The ROC shall advise the Board on the Bank's overall current and future risk appetite, oversee senior management's adherence to the risk appetite statement, and report on the state of risk culture of the Bank.

4. Information Technology Risk Committee
Chairperson: Kalidas Ghose
Members: Manish Bhai, Juan Miguel Mapa

The IT Risk Committee is a Board Committee that shall oversee and assess the Corporation's technology-related strategies, assess risks, and make recommendations. It shall also oversee the development and implementation of the Corporation's cybersecurity policy.

5. Audit Committee
Chairperson: David Binder
Members: Benjamin Cross Sevilla, Griselda Gay Santos

The committee shall oversee the financial reporting process, practices, and controls. It shall ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports. Monitor and evaluate the adequacy and effectiveness of the internal control system. The committee shall oversee the implementation of internal control policies and activities. It shall also ensure that periodic assessment of the internal control system is conducted to identify the weaknesses and evaluate its robustness considering the Bank's risk profile and strategic direction.

6. Human Resources Committee
Chairperson: Nancy Valiente
Member: Kalidas Ghose, Manish Bhai, Ronaldo Ventura

The HR Committee, a vital Board Committee, is entrusted with ensuring adherence to best practices concerning employees' compensation, diversity, and talent development within the organization. This committee plays a pivotal role in overseeing and implementing policies and strategies aimed at fostering fair and competitive compensation structures, promoting diversity and inclusion initiatives, and nurturing talent development programs. By upholding these standards, the HR Committee contributes significantly to creating a positive work environment, attracting top talent, and fostering the professional growth and well-being of employees within the Bank.

7. Related Party Transactions Committee
Chairperson: Nancy Valiente
Member: David Binder, Benjamin Cross Sevilla

The duties and responsibilities of the RPT Committee include: A. Review policy guidelines and implementing procedures for handling relevant RPTs by ensuring effective compliance with existing laws, rules and regulations, and global best practices and recommend such policies as may be appropriate for the approval of the Board; B. Evaluate existing relations between and among businesses, clients and counterparties to ensure that all Related Parties and RPTs are continuously identified and monitored, including subsequent changes in relationships with counterparties (from non-related to related and vice versa); C. Review of material RPTs to ensure that these are conducted in the regular course of business (fair process) and not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances (fair terms), and that no corporate or business resources of the Bank are misappropriated or misapplied

Directors' Attendance at Board and Committee Meetings

	Board Meeting	Executive Committee	Corp Gov Committee	Audit Committee	Risk Oversight Committee	IT Risk Committee	RPT Committee	HR Committee
Total Meetings	**5**	**3**	**5**	**5**	**11**	**7**	**4**	**4**
Kalidas Ghose	5	3	5		11	7		4
Manish Bhai	5	3			9	7		4
Ben Sevilla	5	3		5			3	4
Ronaldo Ventura	5							
Juan Miguel Mapa	5					7		
Freddie Atienza	5		5		11			
David Binder	5			5	11		4	
Nancy Valiente	5				11		4	4
Gay Santos	5		5	4				

MANISH BHAI
CEO/ PRESIDENT

VIKAS JHA
OIC, CUSTOMER FRANCHISE
HEAD OF DIGITAL PRODUCT
& INNOVATIONS

SAIKAT SARKAR
DEPUTY CEO
CREDIT CYCLE MANAGEMENT

LUIS LORENZO AFRICA
CHIEF TECHNOLOGY OFFICER

VIVIAN PEREZ
CHIEF RISK OFFICER

RANDEL CHAVEZ
FINANCIAL CONTROLLER
OIC FINANCE

UTKARSH SAXENA
HEAD OF ASSETS

JEFF SANTOS
HEAD OF BANKING & LENDING
BANKING/OIC - OPERATIONS

ROMEL MENIADO
CHIEF COMPLIANCE OFFICER

RONALDO MENDOZA
HEAD OF TREASURY

ANNA MARGARITA AMAT
HEAD OF MARKETING

2024 Senior Management Team

KAREN ABELLA
HEAD OF LEGAL

EMS REQUINA
DEPUTY HEAD OF HR
OIC HR

AMELIA TEJERO
HEAD OF AUDIT

DEXTER ERRO
CHIEF INFORMATION SECURITY OFFICER

REPORTS TO ALCO
REPORTS TO BOARD COMMITEE
FUNCTIONAL SUPPORT

Management Committee

The Management Committee (ManCom) of UNO Digital Bank is composed of the Bank's senior executives, each leading a key function aligned with the Bank's strategic priorities. The Committee serves as the primary forum for strategic execution, cross-functional coordination, and operational governance.

ManCom ensures that business decisions are made with the appropriate balance of risk, innovation, customer value, and regulatory compliance. It provides direction on matters related to product rollouts, financial planning, compliance, risk management, operations, and people strategy.

UNO Digital Bank's organizational structure promotes clear accountability and open access to leadership, reinforcing a culture of transparency, inclusion, and executional agility. This structure supports talent development while ensuring that decisions are made close to the customer and in service of the Bank's mission of financial inclusion.

PEOPLE & CULTURE

Talent & Succession as the Cornerstone of Our Future

Ensuring Performance Excellence

At UNO Digital Bank, performance management is designed to promote clarity, accountability, and continuous improvement. The Bank's Performance Excellence Program follows the CE-CE framework — Communicate, Engage, Coach, Excel — to align individual goals with business priorities, strengthen manager-employee partnerships, and recognize outstanding contributions.

Performance is assessed using a mix of key performance indicators (KPIs) and behavior-based assessments aligned to the Bank's core values under the beTRUE@UNO framework. Formal evaluations occur twice a year and include:

- Goal Setting at the start of the year or upon hiring
- Mid-Year Reviews and performance check-ins
- Year-End Reviews focused on reflection, recognition, and development planning

Managers and employees are encouraged to engage in ongoing dialogue, with feedback loops supporting growth, course correction, and long-term career progression.

Encouraging Talent Growth

UNO Digital Bank is committed to nurturing talent through structured, inclusive learning opportunities. Training programs are designed around three key categories: compliance, technical skills, and role-specific development. A variety of learning methods — including on-the-job training, digital learning, and instructor-led sessions — are used to match employee needs and learning preferences.

The Bank upholds equal access to development opportunities, regardless of gender, age, ethnicity, religion, disability, sexual orientation, or employment status. Probationary and regular employees alike are encouraged to actively participate in programs that build their capabilities and enhance their contributions.

Empowering a Future-Ready Leadership Pipeline

UNO Digital Bank's commitment to long-term organizational excellence is anchored in a strategic, forward-looking approach to talent development and succession management. Our goal is to ensure that, at any point in time, the Bank has a strong bench of capable leaders ready to step into critical roles — sustaining growth, culture, and innovation at scale.

At the core of this is our Succession Management and Talent Development Framework, designed to systematically identify, assess, and nurture individuals with high potential and leadership readiness. Oversight is provided by the HR Board Committee, composed of senior officers who guide key decisions around nominations, development pathways, and readiness tracking.

The process begins with the identification of key roles, followed by the nomination of internal talent based on performance, potential, and alignment with UNO's leadership values. Qualified candidates undergo a series of assessments and panel interviews, with successful nominees added to the Bank's Executive Talent Pool, subject to CEO approval. Development plans include on-the-job training, mentorship, leadership programs, and regular engagement touchpoints to monitor progress and maintain alignment with business needs.

To complement internal development, the Bank actively strengthens its leadership capacity by hiring seasoned professionals from top-tier banks, multinational institutions, and established fintechs. This deliberate sourcing strategy brings deep functional expertise and operational maturity to key business areas — accelerating scale while reinforcing a culture of performance and accountability.

At the same time, UNO Digital Bank remains committed to growing leaders from the ground up. The Management Trainee Program (MTP) is a flagship initiative that develops high-potential early-career professionals through cross-functional rotations, structured mentorship, and accelerated learning. Designed to mirror the Bank's digital-first operating model, the MTP builds readiness for critical roles and reinforces the Bank's long-term succession bench.

By combining internal succession, external leadership hiring, and early talent acceleration, UNO Digital Bank ensures a robust, inclusive, and future-proof leadership pipeline — empowering the organization to grow with resilience and intention.

Rewarding Excellence to Sustain High Performance

UNO Digital Bank is committed to cultivating a high-performance culture that rewards results, promotes fairness, and supports long-term value creation. Our Remuneration Policy is built on the principle that recognizing and rewarding exceptional talent is essential to attracting, motivating, and retaining the people who power our mission.

The policy covers directors, officers, and employees, and is designed to align with:

- Industry benchmarks
- Regulatory requirements
- Internal performance standards
- UNO Digital Bank's values and strategic priorities

It establishes a sustainable and competitive total rewards framework that includes fixed compensation, performance-based incentives, and non-monetary recognition. The approach reinforces accountability and encourages goal alignment across all levels of the organization.

To ensure transparency and strategic alignment, the Remuneration Policy is regularly reviewed by the Board of Directors and implemented through bank-wide programs that reflect both business outcomes and people priorities.

Key Pillars of the Remuneration Framework:

- Regulatory Compliance & Ethical Alignment
- All compensation practices adhere to BSP guidelines and the Bank's Code of Conduct.
- Performance-Linked and Sustainable
- Incentives are tied to both short-term achievements and long-term value creation.
- Role Clarity & Governance
- Transparent structures ensure reward decisions are aligned with roles, responsibilities, and strategic impact.
- Motivation & Retention
- The rewards system is designed to drive engagement and retain top performers.
- Market Responsiveness
- Compensation structures are benchmarked regularly against industry trends to remain competitive and relevant.

RISK MANAGEMENT

UNO Risk Management Framework

Embedding Risk Awareness, Responsibility, and Resilience Across the Organization

Tone from the Top

The foundation of UNO Digital Bank's risk culture is set by the Board of Directors and Senior Management, who integrate risk considerations into strategic decision-making, capital deployment, and performance reviews. Risk is not viewed as an afterthought but as a core design input — a prerequisite for growth, compliance, and trust.

Leadership reinforces this tone through transparent communication, role-modeling ethical conduct, and ensuring that business decisions align with the Bank's defined risk appetite and inclusion mandate.

Risk Ownership at All Levels

UNO Digital Bank promotes a culture where every employee is a risk manager. Whether approving a credit, deploying a campaign, or writing code, staff are trained and empowered to identify, escalate, and address risks in their domain.

Accountability is structured through:

- Clear risk role delineation across Three Lines of Defense
- Embedded escalation protocols through daily huddles, risk forums, and automated workflows
- Continuous education via onboarding, e-learning, and situational drills

Constructive Challenge and Critical Thinking

We foster an environment where constructive challenge is expected. This means encouraging dissent, second-order thinking, and open dialogue — especially in areas involving credit, compliance, data governance, and technology risk.

Material decisions go through:

- Cross-functional risk reviews
- Scenario testing and red-teaming where appropriate
- Documented risk sign-offs before execution

Critical thinking is embedded into our culture not just to prevent failure, but to improve resilience and foresight.

Digital-First Risk Monitoring

As a digital-native bank, UNO Digital Bank leverages real-time systems to detect, monitor, and respond to emerging risks. Our tech stack integrates:

- Early warning signals (e.g., delinquency flags, login anomalies, drop-off patterns)
- Behavioral analytics to assess creditworthiness and user intent
- Automated policy enforcement, reducing manual error and enhancing response time

These tools ensure that risk awareness is systemic, not anecdotal.

Escalation and Transparency

Open communication is central to our risk culture. Employees are encouraged to speak up and escalate issues without fear of reprisal, supported by:

- Anonymous escalation channels
- Quarterly risk town halls
- Issue-resolution tracking and feedback loops

This transparency ensures risks are addressed early before they escalate into incidents.

Reinforcing Risk Culture

Our risk culture is not static; it is reinforced, assessed, and adapted regularly through:

- Periodic risk culture surveys and behavioral audits
- Alignment of performance incentives with prudent risk-taking
- Internal communications that showcase risk-positive behaviors and decisions

We measure success not just by the absence of incidents, but by the quality of decisions made in uncertain contexts.

A Culture Engineered for Trust

At UNO Digital Bank, risk culture is engineered as intentionally as our products — through aligned incentives, embedded systems, and empowered people. It enables us to act responsibly in the face of ambiguity, maintain regulatory confidence, and deliver financial services that are not only innovative, but resilient and trustworthy.

Risk Limits and Allocation

Risk limits serve to translate the aggregate risk appetite into actionable boundaries for individual business units, portfolios, and products. These limits are:

- Defined in the Bank's risk management policies
- Operationalized through the annual Business Plan
- Monitored against exposures across all material risk types

The Bank's limit system ensures that credit, market, interest rate, liquidity, operational, reputational, IT, and information security risks all stay within acceptable thresholds.

Risk Profile Assessment and ICAAP Alignment

The Bank performs a point-in-time Risk Profile Assessment to determine the actual risk exposures relative to its defined limits and overall appetite. This includes:

- Evaluation of all material risk exposures
- Stress-adjusted capital and liquidity adequacy analysis
- Integration with the Internal Capital Adequacy Assessment Process (ICAAP)

The ICAAP outputs (i.e., capital and liquidity requirements) are directly compared with the Bank's risk appetite and risk-bearing capacity. This creates a feedback loop in which:

- The Risk Appetite Statement (RAS) informs risk-taking decisions
- The risk profile and ICAAP outcomes may prompt adjustments in the Bank's risk appetite

This closed-loop interaction ensures coherence between strategic planning, capital planning, and risk governance.

From Statement to Execution

The Risk Appetite Statement (RAS) is a living document that guides risk-taking across the enterprise. It is reviewed at least annually and serves as a:

- Decision-making tool for business heads and risk committees
- Monitoring mechanism for the Board and Senior Management
- Boundary setter for capital allocation, product development, and customer segmentation

By translating intent into limits, and limits into everyday choices, the RAS ensures that risk-taking is intentional, responsible, and well-aligned with UNO Digital Bank's inclusive growth mandate.

UNO Risk Appetite and Strategy

Balancing Growth, Prudence, and Financial Inclusion

Core Risk-Taking Activities

UNO Digital Bank's primary risk-taking activity is consumer lending to mass market, upper mass, and mass affluent individuals in the Philippines. Loan tenors currently range from 1 to 36 months, and products are designed with segment-specific pricing and risk filters.

To support this, the Bank's funding model draws on:

- Retail deposit acquisition
- Equity infusions from institutional investors
- Borrowing from local capital markets and structured lenders

The ability to access stable, cost-effective funding is central to sustaining a competitive and inclusive lending program.

Liquidity and Balance Sheet Resilience

Aligned with its risk appetite, the Bank maintains a portfolio of liquid assets to ensure operational continuity, even under stressed market conditions. The size, composition, and maturity structure of the portfolio are managed based on:

- Regulatory ratios mandated by the BSP
- Internal stress testing assumptions
- Expected cash flow gaps and maturity mismatches

This provides flexibility and resilience in managing core liquidity and funding risks.

Risk Appetite Framework

The Risk Appetite Framework (RAF) establishes boundaries for the Bank's risk-taking activities and ensures alignment with its risk-bearing capacity and strategic objectives.

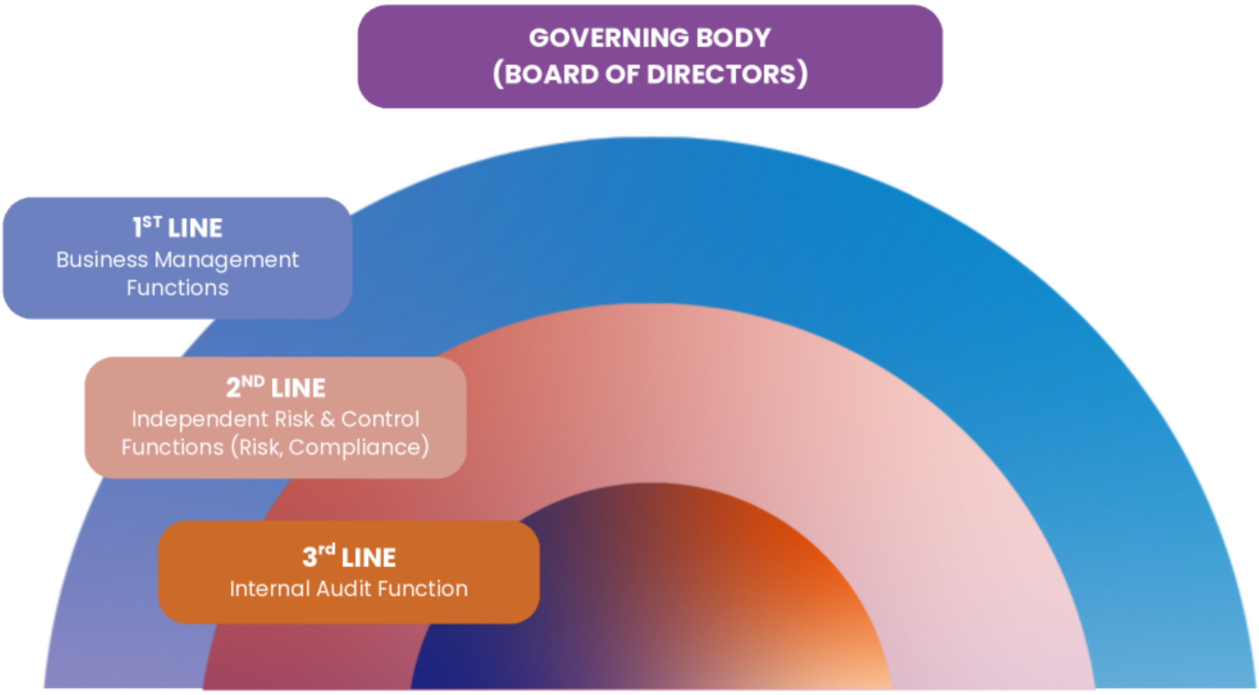
UNO Digital Bank defines specific appetites for key risk types:

- Credit risk (e.g., default rates, loss vintages, ECL thresholds)
- Liquidity and funding risk (e.g., LCR, NSFR, cash buffers)
- Market and interest rate risk
- Operational and reputational risk
- Technology, IT, and information security risk

These appetites are cascaded into the organization through a formal system of risk limits.

UNO Risk Governance Structure

UNO Digital Bank's risk governance follows a three lines of defense model, providing clear principles and a unified framework for managing risk across the organization.



First Line of Defense: Ownership and Execution

Business units and support functions are the primary owners of risk. They are responsible for identifying, managing, and mitigating risks in line with the Bank's approved risk appetite. The core principle is simple: those who take risks must also manage them.

Second Line of Defense: Oversight and Frameworks

The Risk Management and Compliance functions provide independent oversight, ensuring that risk-taking activities remain within set appetite and policies. They are responsible for:

- Leading the risk culture and guiding implementation of the Risk Management Framework
- Monitoring the Bank's aggregate risk profile
- Developing and managing risk tools and reporting systems
- Coordinating Executive-level risk committees and periodic reviews

Third Line of Defense: Independent Assurance

Internal Audit provides independent and objective assurance to the Board and senior leadership. It assesses the effectiveness of risk management, control systems, and governance processes — and escalates findings to the:

- Board of Directors
- Audit Committee
- Executive Management

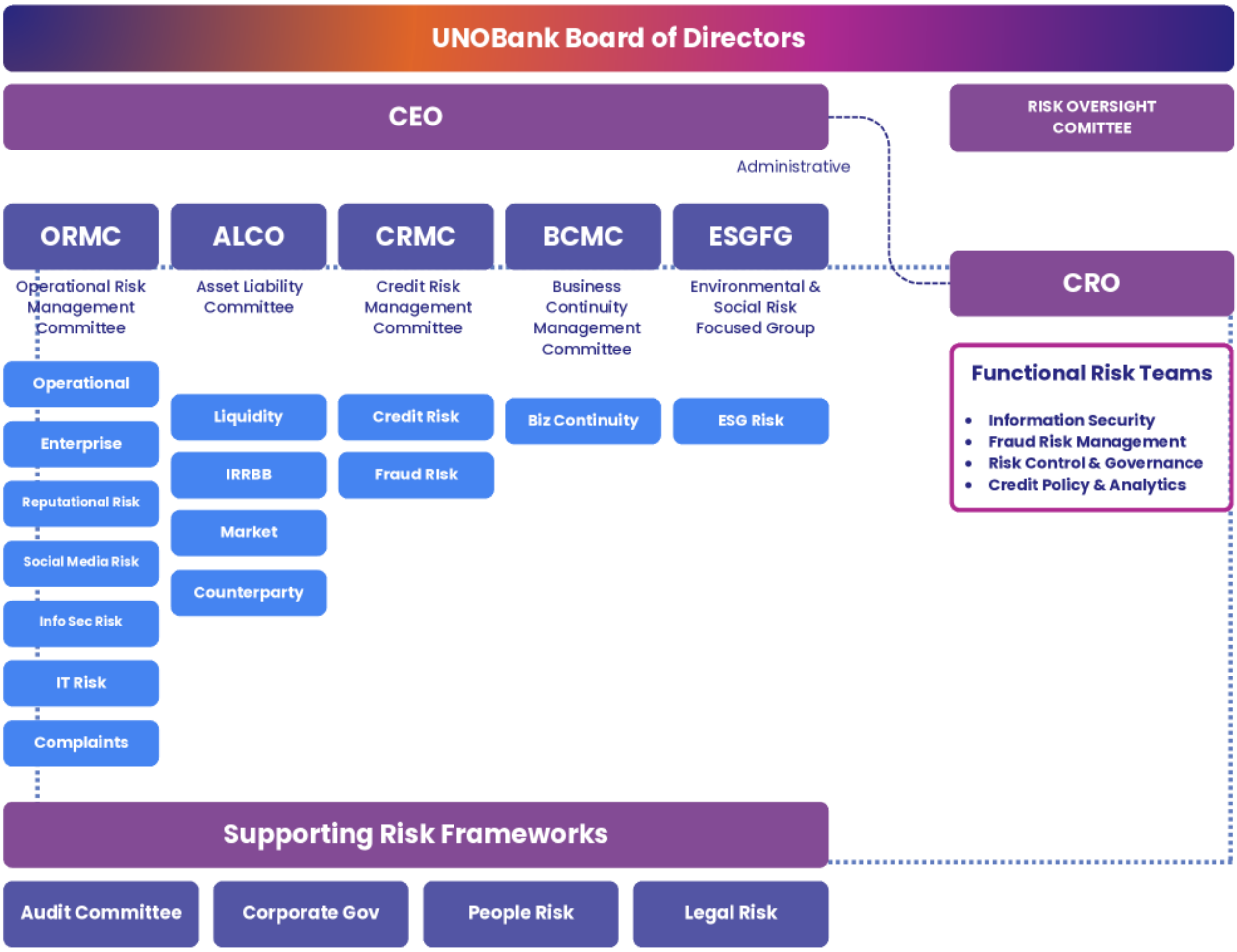
Governance Roles and Accountability

The Board of Directors holds ultimate accountability for risk governance. It exercises oversight through dedicated committees:

- Risk Oversight Committee
- Audit Committee
- Corporate Governance Committee

At the executive level, the Chief Risk Officer (CRO) is responsible for the implementation and effectiveness of the Risk Management Framework. Together with the Chief Executive Officer (CEO) and the Risk Oversight Committee, the CRO ensures that:

- Risk governance is embedded across the Bank
- Executive risk committees are active and aligned
- Reporting and monitoring are timely and actionable



Assisting the Risk Oversight Committee is the CRO and management level risk committees responsible for establishing, maintaining and reviewing procedures at management and operational level to identify, monitor and mitigate risk areas in accordance with the company's risk management framework.

UNO Risk Exposure & Assessments

UNO Digital Bank remains fully compliant with all regulatory risk reporting requirements and is actively enhancing its internal risk reporting capabilities as part of the Bank's growth and digital scaling roadmap.

As the loan portfolio expands, the Bank is implementing a phased approach to credit risk monitoring, anchored on:

- Leading indicators: borrower risk profiles and onboarding data
- Coincident indicators: credit performance and repayment behavior
- Lagging indicators: loss data and recovery metrics

These indicators are foundational to the development of custom credit scorecards and performance benchmarks tailored to the Bank's unique customer segments. Data from current portfolio performance is being collated to support the design of these models, ensuring lending growth remains prudent, risk-informed, and inclusive.

	IN MILLIONS	
	2024	2023
PFRS Capital	2,211	1,470
Differences due to Accounting Principles	-3	-29
FRP Capital	2,208	1,441
General Loan Loss Provision	-50	-20
Capital Adjustments	1,021	698
Qualified Capital for Minium Adequacy Compliance under Basel II	1,237	763
Per CAR Submitted to BSP	1,237	763

	2024		2023	
	Risk Weighted Assets	Capital Requirement	Risk Weighted Assets	Capital Requirement
Credit Risk Weighted Assets	3.917 Billion	392 Million	1.769 Billion	177 Million
Market Risk Weighted Assets	134 Million	13 Million	125 Million	13 Million
Operational Risk Weighted Assets	151 Million	15 Million	213 Million	21 Million

In parallel, the Bank monitors Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) to support the calculation of Lifetime Expected Credit Loss (LECL) under PFRS 9. This ensures that loss provisioning is robust and aligned with portfolio risk.

Additionally, the Bank maintains clear reconciliation between:

- Capital reported under Philippine Financial Reporting Standards (PFRS), and
- Qualified Capital for minimum capital adequacy under BSP and Basel II principles

This ensures accurate capital adequacy monitoring and regulatory alignment as the Bank grows its balance sheet and risk exposure.
Reconciliation between the Philippine Financial Reporting Standards (PFRS) Capital and capital under Philippine Regulatory Principles including Qualified Capital for Minimum Adequacy under Basel II are as presented.

UNO Credit and Concentration Risk

The lending activities undertaken by the Bank expose it to credit risk, concentration risk, and the broader cyclical nature of the Philippine economy. In response, the Bank implements segment-specific underwriting parameters that assess key factors such as borrower capacity, sectoral exposure, repayment behavior, and macroeconomic sensitivity.

The overarching goal of credit risk management at UNO Digital Bank is to maintain a high-quality loan portfolio that is not only profitable but also resilient—aligned with internal risk appetite thresholds and external regulatory expectations for sustainable lending.

To support this, credit risk is managed through:
- Robust borrower profiling and scoring
- Continuous credit performance monitoring
- Stress testing of high-risk segments
- Defined exposure limits per product, borrower type, and sector

As the Bank scales, credit risk metrics such as PD (Probability of Default), EAD (Exposure at Default), and LGD (Loss Given Default) are used to calibrate provisions and safeguard capital adequacy.

	Total Credit Risk Exposure (Outstanding Balance)		Risk Assessment	
	2024	2023	2024	2023
Personal Loan	₱947,220,257	₱644,695,148	Moderate	New
Salary Loan	₱12,490,470	₱20,858,729	Low Risk	Low Risk
MSME	-	₱64,676		New
Portfolio Acquisition	₱617,193,381		Low Risk	
UnoEasy-Sales Finance	₱94,881,412		New	

UNO Market Risk

As UNO Digital Bank has not yet commenced trading activities, its market risk exposure is currently limited and arises primarily from foreign exchange (FX) transactions. To manage this exposure, the Bank adheres to Section 99 of the Manual of Regulations on Foreign Exchange Transactions (MORFXT), which requires that a bank's consolidated net open FX position remain below 25% of qualifying capital or USD 150 million, whichever is lower.

To ensure compliance and maintain risk within conservative thresholds, the Bank conducts daily monitoring of its FX position relative to this regulatory limit. Exposure is further mitigated by maintaining a low-risk FX profile and implementing real-time monitoring systems that allow timely intervention should thresholds approach internal triggers or external limits.

UNO Operational Risk

As a digital-first bank, UNO Digital Bank recognizes that operational risk is embedded in the day-to-day activities that enable the Bank to deliver on its mission. These risks, which stem from process failures, human error, system breakdowns, or third-party dependencies, are classified as non-financial risks and are proactively managed across all functions.

The Bank acknowledges that while errors and disruptions are inevitable in any organization, well-defined processes, strong internal controls, and a disciplined risk culture can minimize their impact and prevent recurrence.

To that end, UNO Digital Bank has adopted a structured approach to operational risk management, anchored on the following principles:

- Automated process controls to reduce manual error and improve auditability
- Robust cyber and IT governance to ensure system integrity and information security
- Third-party risk assessments to evaluate and monitor outsourcing risks
- Incident tracking and root cause analysis to address issues swiftly and prevent recurrence

Operational risk is monitored through a defined set of Key Risk Indicators (KRIs) aligned with the Bank's risk appetite. These include:

- System Downtime
- Outsourcing Risk
- Operational Losses
- Business Continuity
- Risk Control Self-Assessments (RCSA)
- Model Risk Management
- Human Capital Risk

The Bank's Enterprise Risk Management (ERM) framework ensures that any operational disruption or control failure is promptly escalated, remediated, and tracked for resolution across teams. This framework integrates with business continuity and information security policies, recognizing that confidentiality, data availability, and operational uptime are critical to customer trust and institutional stability.

UNO Digital Bank also continues to invest in its model governance capabilities, recognizing that model-driven decisions require tight oversight. The Bank evaluates model assumptions, performance, and applicability as part of its Operational Risk Management Framework.

By embedding operational risk discipline across the organization powered by automation, analytics, and culture. UNO Digital Bank ensures that resilience is built into the architecture of scale.

UNO Interest Rate in the Banking Book

For interest rate risk on banking book (IRRBB), the Bank measures the impact of interest rate increases on Net Interest Income (NII) over a 12-month period and at Economic Value of Equity (EVE). The Earnings-at-Risk methodology is to monitor monthly the impact on earnings resulting from fluctuations in interest rates while EVE measures the loss in the economic value of equity under adverse interest rate scenarios. This allows the Bank to assess the potential exposure of its earnings and equity to changes in interest rate levels, enabling proactive management of interest rate risk. By employing these methodologies, the Bank can better anticipate and mitigate the effects of interest rate movements on its profitability and equity, thereby enhancing its overall financial resilience and stability.

Compliance and Regulatory Risk

UNO Digital Bank recognizes compliance and regulatory risk as a core non-financial risk category. It arises from the possibility of regulatory breaches, supervisory penalties, or lapses in legal obligations that could affect the Bank's license to operate or its standing with stakeholders. The Compliance Department leads the development and implementation of internal policies aligned with applicable laws, including BSP regulations, AML/CTF standards, data privacy laws, and securities rules. Regulatory risks are managed through compliance testing, training, and monitoring programs, with results escalated to the Board via the Corporate Governance Committee.

Reputational Risk

Reputational risk is an enterprise-wide concern at UNO Digital Bank, recognizing that trust is the foundation of digital banking. This risk may arise from operational failures, customer dissatisfaction, external events, or regulatory findings. The Bank manages reputational risk by embedding proactive controls into customer service, product transparency, and ethical marketing. Crisis communication protocols and cross-functional issue escalation frameworks are in place to respond swiftly to any adverse event that could harm stakeholder confidence.

REGULATORY & STATUTORY DISCLOSURES

Compliance

Grounded in Regulation, Built for Public Trust

UNO Digital Bank's Compliance Department serves as a critical safeguard in building a responsible, transparent, and resilient financial institution. Operating independently from all business units, the department ensures that regulatory expectations, ethical standards, and internal policies are not only met — but internalized across all levels of the organization.

Led by the Chief Compliance Officer (CCO), the department designs and implements the Bank's Compliance Program, which covers key risk areas including:

- Anti-money laundering and counter-terrorism financing
- Regulatory compliance and policy implementation
- Compliance testing and monitoring
- Data privacy and protection

The CCO oversees a dedicated team of compliance officers and works closely with department heads and senior management to foster a culture of ethical conduct and regulatory vigilance. By partnering with business units, the Compliance team ensures that integrity is not an afterthought, but a built-in feature of how the Bank operates.

The department reports directly to the Board of Directors through the Corporate Governance Committee, and has unfettered authority to escalate concerns — including any breaches of laws, regulations, codes of conduct, or governance standards — without fear of retaliation.

UNO Digital Bank's compliance function is more than a line of defense. It is a core component of the Bank's architecture, reinforcing every transaction, product, and decision with the strength of accountability.

UNO Anti-Money Laundering / Terrorist Financing Governance

Protecting the Integrity of the Financial System through Risk-Based Controls

UNO Digital Bank upholds the highest standards of integrity in protecting the financial system against money laundering, terrorist financing, and proliferation financing. The Bank implements a multi-layered, risk-based Anti-Money Laundering and Counter-Terrorism and Proliferation Financing (AML/CTPF) Framework aligned with the requirements of the Anti-Money Laundering Act (AMLA), as amended, the BSP Manual of Regulations for Banks, and international standards including those set by the Financial Action Task Force (FATF).

Key Components of the AML/CTPF Framework:

- Customer Due Diligence (CDD) and risk-based client profiling, including enhanced due diligence for higher-risk relationships
- Ongoing monitoring of transactions, supported by technology-driven detection systems and behavioral analytics
- Sanctions screening and watchlist checks integrated into onboarding and transactional workflows
- Timely reporting of Covered and Suspicious Transactions (CTRs and STRs) to the Anti-Money Laundering Council (AMLC)
- Training and awareness programs covering all employees, directors, and applicable third-party partners, regularly updated based on emerging typologies and regulatory guidance

These controls are designed to proactively identify and mitigate financial crime risks, protect customer trust, and reinforce the Bank's commitment to a safe and inclusive financial ecosystem.

Oversight and Governance

The Board of Directors, through the Corporate Governance Committee, provides strategic direction and oversight of the Bank's AML/CTPF program. It ensures that policies and practices are:

- Adequately resourced and continuously improved
- Reviewed in accordance with regulatory updates and risk assessments
- Supported by a culture of compliance and accountability

Operational execution is led by the Compliance Officer and designated AML Officer, with active involvement from senior management. The program is subject to internal audit review and, where required, regulatory validation, ensuring its continued effectiveness and alignment with supervisory expectations.

Consumer Protection Practices

Grounded in Regulation, Built for Public Trust

At UNO Digital Bank, consumer protection is not simply a matter of regulatory compliance—it is a foundational commitment to fairness, transparency, and dignity for every customer we serve. Grounded in the Bangko Sentral ng Pilipinas' Financial Consumer Protection Framework (Circular 1048, as amended by Circular 1160), our Consumer Protection Program safeguards customer rights and institutionalizes the Bank's responsibilities to the public.

A Structured Approach to Protection and Responsiveness

Consumer protection at UNO Digital Bank is not confined to a single department—it is a shared organizational responsibility. Business and support leaders across Product, Marketing, Operations, Digital, Technology, Legal, Risk, Compliance, and Finance work together to shape customer journeys that are not only inclusive and convenient, but safe and transparent.

The Executive Management Committee (ExeCom) provides strategic oversight, monitoring how the Bank delivers on its consumer protection commitments. Day-to-day implementation is managed by the Philippine Management Team, while a dedicated Quality and Customer Experience Lead (QCE Lead) serves as the Consumer Assistance Officer.

Managing Concerns with Empathy and Accountability

The QCE Lead oversees the full Customer Assistance and Complaint Handling Process, ensuring:

- All complaints are tracked, analyzed, and resolved promptly
- Root causes are identified and addressed
- Critical issues are escalated to Management and the Board
- Service levels and satisfaction metrics are continuously monitored

At the frontline, Customer Happiness Specialists (CHS) are empowered to resolve issues efficiently and empathetically—closing the loop between concern and resolution with care and professionalism.

Technology-Driven Risk Control

To support this framework, UNO Digital Bank deployed the Customer Assistance Management System (CAMS). CAMS enables the Bank to monitor, measure, and manage consumer protection risks across operations, while also ensuring adherence to relevant laws, standards of conduct, and BSP regulations. It acts as a central nervous system—detecting early signals of risk and helping prevent harm to both customers and the Bank.

Always-On Support, Built for Accessibility

UNO Digital Bank's customer support is designed for a digital-native experience and is available 24/7 across multiple channels:

- In-App Messaging: For secure, authenticated communication
- In-App Chat: 24/7 live support post-public launch
- Phone Banking: Voice support via UNOBank helpline
- Viber and WhatsApp: Additional contact options upon rollout

Through a thoughtful combination of governance, digital tools, and human empathy, UNO Digital Bank is committed to building trust in every transaction—and protecting the financial well-being of every customer we serve.

Related Party Transactions Framework

Framing Integrity into Every Relationship

Overarching policies and procedures for managing related party transactions

The Board of Directors, Management, and Staff of UNO Digital Bank and its affiliates commit to adopt and strictly adhere to the Bank's Policy Guidelines on Related Party Transactions (RPT). This shared commitment ensures that all dealings—whether within the Bank or across its affiliated entities—are governed by the principles of transparency, fairness, and integrity.

UNO Digital Bank recognizes that related party transactions, while sometimes necessary and beneficial, must be conducted in a way that prevents conflicts of interest and upholds the trust of stakeholders. The Bank's RPT Framework ensures that such transactions:

- Are entered into at arm's length
- Are conducted in the ordinary course of business
- Offer no special advantage compared to similar transactions with unrelated third parties

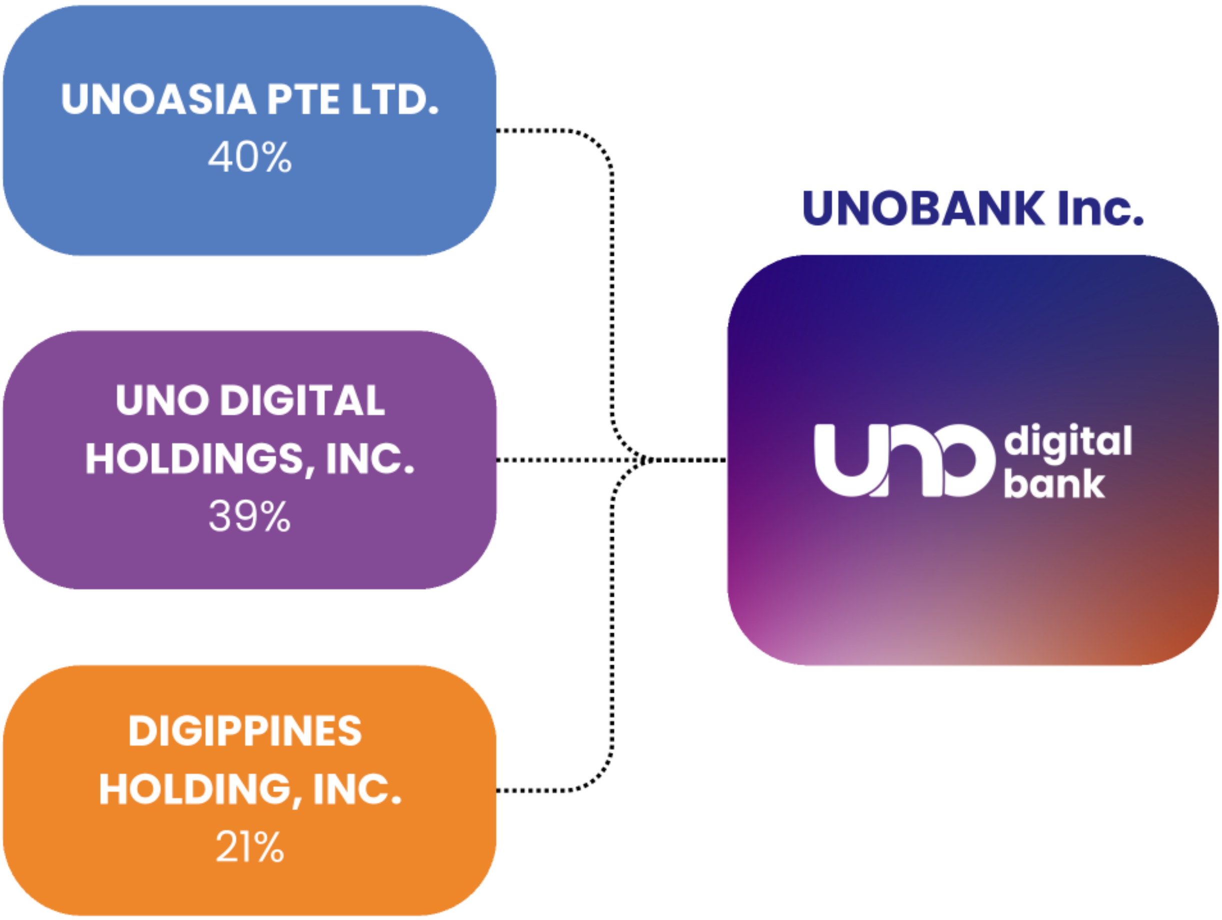
The policy draws on key regulatory frameworks, including:

- The Revised Corporation Code
- The Securities Regulation Code (SRC) and its implementing rules
- The Revised Code of Corporate Governance
- Bangko Sentral ng Pilipinas (BSP) regulations, including RPT and DOSRI guidelines
- The Basel Core Principles for effective banking supervision

Oversight of all RPTs is led by the Related Party Transactions Committee, which acts under the authority of the Board of Directors. The Committee ensures that material RPTs—those that individually or in aggregate exceed 10% of the Bank's total assets within a 12-month period—undergo heightened review and are fully disclosed in line with regulatory standards.

This framework is reviewed regularly to reflect updates from the BSP, SEC, and other applicable authorities. Through these policies, UNO Digital Bank ensures that its architecture is not only sound but transparent and free from hidden structural risks.

Conglomerate Structure



Internal Audit

Reinforcing Structural Integrity through Independent Assurance

UNO Digital Bank's Internal Audit function plays a vital role in maintaining the soundness and resilience of the Bank's operations. As the Bank scales its digital financial services, the Internal Audit function ensures that growth is underpinned by robust governance, effective risk management, and strong internal controls.

Operating with full independence, Internal Audit reports functionally to the Board of Directors through the Audit Committee, and administratively to the President and CEO. This dual reporting structure preserves objectivity and enables Internal Audit to provide independent and risk-based assurance services across all functions of the Bank.

In line with global best practices, UNO Digital Bank's internal audit activities are guided by a Board-approved framework aligned with:

- The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (ISPPIA)
- The IIA Code of Ethics
- Applicable guidelines from international regulatory bodies and government agencies

In 2024, Internal Audit executed a risk-based annual audit plan, developed through an organization-wide risk assessment incorporating inputs from the Board and Senior Management. This ensured audit resources were directed toward areas of highest risk and strategic relevance.
To fulfill its mandate, the Internal Audit function is authorized to:

- Access all records, systems, and personnel relevant to any audit engagement
- Allocate resources and determine scopes of work independently
- Seek assistance and expert support from internal teams or external specialists, as needed

Through this structure, UNO Digital Bank ensures that its internal control system remains not only compliant, but adaptive, forward-looking, and deeply embedded in the Bank's architectural foundation.

Sustainability

Embedding Responsibility into Digital Inclusion

Sustainability Strategic Objectives and Risk Appetite

UNO Digital Bank's sustainability strategy is grounded in doing business responsibly—where performance and purpose advance together. The Bank's key sustainability objectives include:

- Balancing profitability and responsibility by integrating social, environmental, and governance principles across operations
- Promoting inclusive finance by providing a simple, secure, and trusted digital platform where customers can save, borrow, transact, invest, and protect—all through one interface
- Digitally scaling impact to serve more people at lower cost, in alignment with the BSP and government's financial inclusion agenda
- Embedding sustainability into risk management, recognizing that environmental and social risks have operational, reputational, and financial implications
- Committing to continuous alignment with international environmental and social (E&S) standards within the Philippine context

Environmental & Social Risk Management

UNO Digital Bank's Environmental & Social (E&S) Risk Management framework is shaped by its Board-approved ESG Policy, adopted on April 29, 2023. While the Bank operates within the scope of a digital consumer finance model, its commitment to sustainable practice is clear, targeted, and actionable. Key components of the framework include:

- An Exclusion List of sectors and activities the Bank will not support—particularly for lending and investment—where there may be undue environmental or social harm
- Project Categorization standards that prevent financing of ventures with adverse or irreversible E&S risks
- A focus on financial inclusion and financial literacy, integrated through the Bank's savings, credit, and investment products—ensuring that inclusion is not only broad, but also empowering
- Provision of products with positive environmental impacts, such as payment cards made from recycled materials

- A commitment to maintaining a sustainable and equitable workplace that promotes:
  - Gender diversity and inclusion
  - Non-discrimination policies
  - Skills enhancement and employee development programs
- Mapping contributions to the United Nations Sustainable Development Goals (SDGs) to ensure global relevance and local impact

This framework allows UNO Digital Bank to identify, assess, and mitigate E&S risks while also embedding social responsibility and operational sustainability into the design of its products, services, and internal practices.

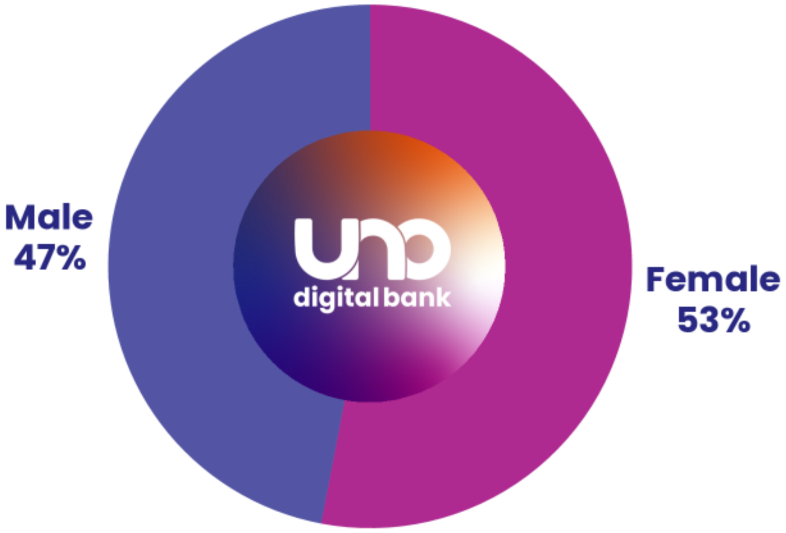
ESG Governance

To operationalize these principles, the Bank established a multi-functional ESG Focus Group (ESGFG), composed of senior leaders across Risk, Compliance, People, Finance, Data, Product, and Operations. The group is chaired by the Chief Risk Officer (CRO) and collaborates with frontline business teams to implement policies aligned with the Bank's ESG commitments.

The ESGFG reports to two Board-level committees:

- The Corporate Governance Committee, for policy oversight and sustainability alignment
- The Risk Oversight Committee, for assessing and managing ESG-related risks

Notably, the Bank also affirms its commitment to gender equality in the workplace—with 53% of employees identifying as women, and inclusive talent practices embedded across the organization.



Breakdown of E&S Risk Exposures of the Bank Per Industry or Sector

Sixty-four percent (64%) of the customers that have availed of loans are employed in the private sector, 29% of which are from the IT/BPO/Business Services and 10% from Retail/Wholesale. Being a credit-led financial institution, it is the Bank's thrust to provide credit products suited for the mass and mass affluent segment. 49% of existing customers have income greater than or equal to PHP300,000.00. Loans to customers with small businesses (sari-sari stores) has also been initiated to provide financial assistance for business expansion.

Information on Existing and Emerging E&S Risks and Their Impact on the Bank

Currently the Bank is mainly focused on providing financial service solutions to individual retail customers. Accordingly, the E&S risks are insignificant. The Bank provides access to financial products and hence facilitates financial inclusion through its various products, for the mass and mass affluent segment of customers. While UNO Digital Bank currently does not engage in non-individual lending, it has already adopted the ESG Policy that already provides for assessment of partners / clients in the event that such a corporate deal is to be implemented. In the absence of such engagements, we assess the current E&S Risk of the bank to be negligible

The table below shows UNO Digital Bank's compliance to United Nation's Sustainable Development Goals

	UNO Sustainability Initiatives	SDG 1	SDG 2	SDG 3	SDG 4	SDG 5	SDG 6	SDG 7	SDG 8	SDG 9	SDG 10	SDG 11	SDG 12	SDG 13	SDG 14	SDG 15	SDG 16	SDG 17
1	Hybrid Working – WFS 2 / WFH 3,																	
2	Head office in LEED certified building																	
3	All digital operations – no paper																	
4	71% of new accounts outside Metro Manila																	
5	Diversity – 53% female employees in Manila																	
6	MSME segment Focus – Education/Fin Tools																	
7	Financial Education – Bayani Foundation																	
8	Financial Education – APC Interns																	
9	Ergonomics – standing desks																	
10	Women's health – maternity/private rest area,																	
11	Strong corporate Governance standards																	
12	Cards from recycled materials																	

Notes:

1. Currently UNO Digital Bank is following a hybrid work strategy, where employees are required to work from site for two days a week.
2. UNO Digital Bank's head office is in a LEED Certified building, which helps UNO contribute towards environmental sustainability. Also, in line with regulation for digital banks, UNO Digital Bank does not have branches in the Philippines.
3. All digital product offering, and digital operations. Minimal to no paper in day-to-day functioning other than those required from a legal perspective. This supports climate action. Also facilitates financial inclusion since anyone with a mobile phone, internet connection, and valid ID can access the financial system using UNO Digital Bank's products
4. Approx 71% of UNO Digital Bank's liabilities accounts are from outside Metro Manila. Approx 53% of UNO Digital Bank's customers are women, facilitating financial inclusion and gender equality
5. Workforce gender distribution includes 53% women. UNO Digital Bank has been active in promoting gender equality
6. MSME sector focus. With support from Digital Pilipinas and Proxterra, UNO Digital Bank has initiated financial education and literacy for MSME entities, with certificates from Monetary Authority of Singapore at the end of the session.
7. UNO Digital Bank has participated in the head office Building admin's CSR activity for Bayani Foundation scholars for about 15 students. The session included education on financial literacy including phases of financial growth and its cycle - earning, savings, investments and donations
8. UNO Digital Bank's interns from APC have been onboarded with UNO Savings Accounts. These interns are being oriented in managing financial apps and management of finances
9. UNO Digital Bank has a distribution of ergonomic tables, which can help employees raise tables at the press of a button. With sitting being considered as the new smoking, facilitation of a healthy work environment is a key UNO goal.
10. While women are majority in UNO's workforce, UNO has also made provisions to ensure good healthy work environment for its women employees, with private rest areas, refrigerators for milk storage, and has already implemented a maternity policy
11. Strong corporate governance standards to ensure a well-managed financial institution that can support the Philippines economy and population on a sustained basis. An ESG policy has also been published. The ESG Focused Group has also been initiated, which meets quarterly to develop, assess, and implement products and processes to support sustainability.
12. New Product initiatives are in the pipeline - e.g. physical cards (debit or credit) to be made of recycled materials. We are evaluating other retail banking solutions like tool to measure carbon footprint of retail transactions, etc. As the bank stabilizes and operations become more robust, we expect to introduce such innovations in the future

CORPORATE SOCIAL RESPONSIBILITY

UNO Corporate Social Responsibility Initiatives

Reinforcing Structural Integrity through Independent Assurance

At UNO Digital Bank, Corporate Social Responsibility is not an afterthought — it is an extension of our purpose: to make banking accessible, human, and relevant to every Filipino. In 2024, we continued to embed this commitment across initiatives that promote financial wellness, gender equality, sustainability, and economic participation.

Empowering Through Financial Literacy

This year, we expanded our financial education efforts beyond campuses and classrooms. Workshops were delivered not only to students, but also to working-class communities — empowering individuals to navigate the full financial cycle, from budgeting and saving to credit and insurance. These initiatives reflect our belief that financial access must be paired with financial capability.

Supporting Social Inclusion and Gender Equity

In line with our inclusion agenda, we began offering gender-sensitive financial solutions and supporting programs that promote social mobility and equality. We recognize that building a truly inclusive bank means designing products and services that consider the lived experiences of underserved segments — including women, informal workers, and the unbanked.

Advancing Sustainability Awareness

We deepened our commitment to environmental responsibility by raising awareness about sustainability goals through internal communications and public-facing platforms. These early efforts set the foundation for a more integrated environmental strategy in the years ahead — one that aligns our operations with broader goals of climate resilience and responsible growth.

A Commitment to the Long Game

Internally, we advanced strategic succession planning to ensure continuity and resilience within our organization. Externally, we maintained support for nation-building initiatives that contribute to economic vitality, environmental protection, and social development.

For UNO Digital Bank, CSR is not about compliance — it's about designing inclusion at scale, and laying the groundwork for a future where no one is left out of the financial system.

AUDITED FINANCIAL STATEMENTS (AFS) WITH AUDITOR'S OPINION

Independent Auditor's Report

To the Board of Directors and Shareholders of
UNObank Inc.
2001 The Finance Center
26th Street corner 9th Avenue,
Bonifacio Global City, Taguig City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UNObank Inc. (the "Bank") as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The financial statements of the Bank comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of comprehensive income for the years ended December 31, 2024 and 2023;
- the statements of changes in equity for the years ended December 31, 2024 and 2023;
- the statements of cash flows for the years ended December 31, 2024 and 2023; and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics.

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Independent Auditor's Report
To the Board and Directors and Shareholders of
UNObank Inc.
Page 2

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 PSA 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Bank's internal control.

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

Independent Auditor's Report
To the Board and Directors and Shareholders of
UNObank Inc.
Page 3

- 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 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 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 Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bangko Sentral ng Pilipinas under Circular No. 1074 and by the Bureau of Internal Revenue under Revenue Regulations No. 15-2010 as disclosed in Notes 17 and 18, respectively, to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied the audit of the basic financial statements and, in our opinion, is fairly stated, all material respects, in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 3, 2025, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

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UNObank Inc.

Statements of Financial Position
As at December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Assets			
Assets			
Due from other banks	2	1,176,417,004	906,061,852
Due from Bangko Sentral ng Pilipinas	2	4,033,856,217	3,129,522,106
Loans and receivables, net	3	2,296,282,998	919,988,352
Property and equipment, net	4	65,461,176	42,244,227
Intangible assets, net	5	410,608,153	429,392,256
Deferred tax assets, net	13	613,673,380	311,134,421
Investment securities at amortized cost, net	6	1,370,904,442	798,256,043
Other assets	7	373,180,208	305,496,955
Total assets		10,340,383,578	6,842,096,212
Liabilities and capital funds			
Liabilities			
Deposit liabilities	8	7,451,756,640	4,838,636,446
Accounts payable and other liabilities	9	553,120,650	381,401,701
Lease liability	10	34,564,345	21,753,712
Accrued interest expense		42,214,960	39,435,439
Due to related parties	14	47,876,413	91,022,465
Total liabilities		8,129,533,008	5,372,249,763
Equity			
Share capital	11	2,583,685,260	1,385,446,840
Deposits for share subscription	11	1,492,720,823	912,680,651
Deficit		(1,865,555,513)	(828,281,042)
Capital funds		2,210,850,570	1,469,846,449
Total liabilities and capital funds		10,340,383,578	6,842,096,212

The notes on pages 1 to 23 are an integral part of these financial statements.

UNObank Inc.

Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Interest income	2,3,6	700,724,894	207,559,879
Interest expense	8,10	389,349,228	165,245,576
Net interest income		311,375,666	42,314,303
Provision for credit and impairment losses	3	329,193,470	31,295,622
Net interest income after Provision for credit and impairment losses		(17,817,804)	11,018,681
Foreign exchange (loss) gain, net	2,14	(3,140,375)	85,397
Other income		19,475,848	2,244,789
(Loss) income from operations		(1,482,331)	13,348,867
Operating expenses	12	(1,272,026,324)	(886,522,542)
Loss before income tax		(1,273,508,655)	(873,173,675)
Income tax benefit	13	236,234,184	219,677,316
Net loss for the year		(1,037,274,471)	(653,496,359)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,037,274,471)	(653,496,359)

The notes on pages 1 to 23 are an integral part of these financial statements.

UNObank Inc.

Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Share capital (Note 11)	Deposits for share subscription (Note 11)	Deficit	Total
Balances as at January 1, 2023	1,385,446,840	1,832,613	(174,784,683)	1,212,494,770
Transactions with shareholders				
Deposit for stock subscription (DFFS)	-	910,848,038	-	910,848,038
Comprehensive loss				
Net loss for the year	-	-	(653,496,359)	(653,496,359)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(653,496,359)	(653,496,359)
Balances as at December 31, 2023	1,385,446,840	912,680,651	(828,281,042)	1,469,846,449
Transactions with shareholders				
Issuance of shares	1,198,238,240	-	-	1,198,238,240
Deposit for stock subscription	-	580,040,172	-	580,040,172
Comprehensive loss				
Net loss for the year	-	-	(1,037,274,471)	(1,037,274,471)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,037,274,471)	(1,037,274,471)
Balances as at December 31, 2024	2,583,685,260	1,492,720,823	(1,865,555,513)	2,210,850,570

The notes on pages 1 to 23 are an integral part of these financial statements

UNObank Inc.

Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Cash flows from operating activities			
Loss before income tax		(1,273,508,655)	(873,173,675)
Adjustments for:			
Interest expense	8,10	389,349,228	165,245,576
Amortization of intangible asset	5	113,650,004	75,813,855
Provision for ECL	3	329,193,470	31,295,622
Depreciation	4	13,562,877	10,617,824
Bad debts written off		-	106,784
Interest income	2,3,6	(700,724,894)	(207,559,879)
Amortization of discount of investment at amortized cost		-	(4,169,316)
Unrealized foreign exchange gain		6,630,835	(2,581,469)
Operating loss before working capital changes		(1,121,847,135)	(804,404,678)
Changes in operating assets and liabilities			
Increase in:			
Loans and receivables		(1,591,719,712)	(940,431,808)
Other assets		(63,207,162)	(6,537,384)
Increase in:			
Accounts payable and other liabilities		152,047,892	224,829,656
Deposit liabilities		2,613,120,194	4,586,319,742
Net cash from (used in) operations		(11,605,923)	3,059,775,528
Interest paid		(383,977,660)	(126,040,935)
Interest received		586,956,490	199,977,095
Taxes paid		(66,304,775)	(38,903,912)
Net cash from operating activities		125,068,132	3,094,807,776
Cash flows from investing activity			
Acquisitions of property and equipment	4	(3,627,096)	(3,828,176)
Additions to software costs under development		(4,476,091)	(40,825,305)
Acquisition of intangible assets	5	(94,865,901)	(348,988,101)
Increase in investment securities at amortized cost	6	(572,648,399)	(794,086,727)
Net cash used in investing activities		(675,617,487)	(1,187,728,309)
Cash flows from financing activities			
Advances from related parties		534,931,298	339,351,934
Payments of related party transactions		(578,077,350)	(388,647,304)
Proceeds from deposits for share subscription	11	580,040,172	910,848,038
Payments of lease liability	10	(8,737,479)	(5,274,834)
Proceeds from share issuance	11	1,198,238,420	-
Net cash from financing activities		1,726,395,061	856,277,834
Net increase in cash and cash equivalents		1,175,845,706	2,763,357,301
Cash and cash equivalents			
Beginning of the year		4,035,583,958	1,269,645,188
Effects of foreign exchange in cash		(1,156,443)	2,581,469
End of the year	2	5,210,273,221	4,035,583,958

The notes on pages 1 to 23 are an integral part of these financial statements.

UNObank Inc.

Notes to the Financial Statements
As at and for the years ended December 31, 2024 and 2023
(All amounts are shown in Philippine Peso, unless otherwise stated)

1 General information

UNObank Inc. (the "Bank") was incorporated on October 27, 2021, primarily to engage in the business of digital banking. The Bank started its operations on July 5, 2022, upon obtaining its digital banking license with the Bangko Sentral ng Pilipinas (BSP).

The Bank's primary shareholders are as follows:

Shareholders	Country of incorporation	Percentage of ownership
UNOAsia Pte. Ltd.	Singapore	40%
Uno Digital Holdings, Inc.	Philippines	39%
Digippines Holding Inc.	Philippines	21%
		100%

On April 5, 2022, the Bank's office address, which also serves as its principal place of business, was transferred to Unit 2001, The Finance Center, 26th Street corner 9th Avenue, Bonifacio Global City, Taguig City. Prior to the transfer, the Bank's registered office address and principal place of business were both located at the 2nd Floor of BAIC Building, 2232 Don Chino Roces Avenue, Makati City.

The Bank has 181 employees as at December 31, 2024 (2023 - 116 employees).

These financial statements have been approved and authorized for issuance by the Board of Directors (BOD) of the Bank on March 20, 2025.

2 Cash and cash equivalents

This account as at December 31 consists of:

	2024	2023
Due from BSP	4,033,856,217	3,129,522,106
Due from other banks	1,176,417,004	906,061,852
	5,210,273,221	4,035,583,958

Interest income earned and received from cash and cash equivalents in 2024 amounts to P304.61 million (2023 - P176.62 million). To maximize its earnings, the Bank has been placing its excess funds with the BSP on both overnight and term deposit facilities with terms of one (1) to two (2) weeks and interest rates ranging from 5% to 6% (2023 - 5.0% to 6.6%) Due from BSP is partly maintained for liquidity reserve purposes.

As at December 31, 2024, the BSP reserve requirement is set at 4% (2023 - 6%) and the mandatory reserves amount to P294.26 million (2023 - P289.54 million). The Bank is in compliance with the said minimum reserve requirements.

Due from other banks pertain to current, savings accounts and time deposits with various counterparties. Further, some of the due from other banks are denominated in United States Dollar (USD) amounts to USD3.35 million in 2024 (2023 - USD3.48 million).

Foreign exchange losses relating to due from other banks in 2024 amounts to P6.01 million (2023 - P0.02 million losses).

3 Loans and receivables, net

This account as at December 31 consists of:

	Note	2024	2023
Loans receivables		1,818,711,587	670,876,227
Receivables from electronic fund transfer provider		505,479,407	272,062,882
Accrued interest receivables		94,640,626	8,212,250
Accounts receivables		150,956,929	150,527
		2,569,788,549	951,301,886
Less: Allowance for credit losses		(273,505,551)	(31,313,534)
		2,296,282,998	919,988,352

On December 29, 2023, the Bank acquired loans receivables from Fuse Lending, Inc., a third party. The fair value of the acquired loans approximates their aggregate book value as at acquisition date, which amounts to P529.11 million.

On December 1, 2022, the Bank acquired loans receivables from Esquire Financing, Inc., a third party. As at acquisition date, the fair value of the acquired loans approximates their aggregate book value, which amounts to P0.66 million.

For the year ended December 31, 2024, interest income earned on loans receivables amounts to P334.86 million (2023 - P11.23 million).

Loans and receivables are unsecured and are expected to be realized as follows:

	2024	2023
Current (within 12 months)	1,940,314,698	889,085,558
Non-current (over 12 months)	629,473,851	62,216,328
	2,569,788,549	951,301,886

In 2024, the Bank has provided allowance for impairment on its loans and receivables amounting to P273.51 million (2023 - P31.31 million). The movements of allowance for credit losses as at December 31 are determined as follows:

	2024	2023
At January 1	31,313,534	17,912
ECL provision, net of write-off	242,192,017	31,295,622
At December 31	273,505,551	31,313,534

Critical accounting estimate and judgment - Measurement of expected credit loss (ECL) for loans and receivables

The Bank applies the ECL model in accordance with Philippine Financial Reporting Standards (PFRS) 9 to determine allowance on loans and receivables. Components used in the ECL model were based on management credit judgement in consideration of loan product, target market and market conditions. The Bank incorporated macroeconomic variables, identified through expert judgement and linear relationship to market conditions, as the forward-looking information applied as overlay to the probability of default. In the absence of significant increase in credit risk benchmarks, the Bank takes the reasonable approach of applying lifetime estimated credit loss across all loans and receivables. The carrying value of receivables at the end of each reporting period and the amount and timing of recorded provision could differ based on actual experience and changes in judgments made.

4 Property and equipment, net

Movements in the account are summarized as follows:

	Note	Equipment	Leasehold improvements	Office space	Total
Cost					
January 1, 2023		4,750,445	18,252,319	29,162,573	52,165,337
Acquisitions for the year		3,828,176	-	1,362,737	5,190,913
December 31, 2023		8,578,621	18,252,319	30,525,310	57,356,250
Acquisitions for the year		3,627,096	13,481,673	19,671,057	36,779,826
December 31, 2024		12,205,717	31,733,992	50,196,367	94,136,076
Accumulated depreciation					
January 1, 2023		539,952	-	3,954,247	4,494,199
Depreciation for the year	12	1,182,455	3,042,053	6,393,316	10,617,824
December 31, 2023		1,722,407	3,042,053	10,347,563	15,112,023
Depreciation for the year	12	2,412,025	4,295,682	6,855,170	13,562,877
December 31, 2024		4,134,432	7,337,735	17,202,733	28,674,900
Net book value at December 31, 2023		6,856,214	15,210,266	20,177,747	42,244,227
Net book value at December 31, 2024		8,071,285	24,396,257	32,993,634	65,461,176

Property and equipment account, net account is classified as non-current. As at December 31, 2024 and 2023, there were no equipment pledged or mortgaged as collateral for liabilities.

The Bank recognized a right-of-use asset included in Office space for the lease of its office premises (Note 10).

Critical accounting estimate - Useful lives of property and equipment

The Bank determines and reviews the estimated useful lives of its property and equipment based on the period over which the assets are expected to be available for use. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The Bank deemed it impractible to perform a sensitivity analysis on the useful lives of property and equipment as to its effects in result of operations as the amounts involved are insignificant.

Critical accounting judgment - Impairment of property and equipment

The Bank's property and equipment are carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in this assessment and judgment could have a significant effect on the carrying value of property and equipment and the amount and timing of recorded provision for any period.

Based on management's assessment and judgment, there are no indicators of impairment or changes in circumstances indicating that the carrying value of its property and equipment may not be recoverable as at December 31, 2024 and 2023.

5 Intangible asset

Movements in the account are summarized as follows:

	Note	2024	2023
Cost			
Balance at beginning of the year		522,563,668	173,575,567
Additions		94,865,901	348,988,101
Balance at end of year		617,429,569	522,563,668
Accumulated depreciation			
Balance at beginning of the year		93,171,412	17,357,557
Amortization		113,650,004	75,813,855
Balance at end of year		206,821,416	93,171,412
Net book values		410,608,153	429,392,256

This account is classified as non-current asset which consists of internally developed software recognized in accordance with of Philippine Accounting Standard (PAS) 38, Intangible Assets. The Bank recognized an intangible asset relating to its mobile application, which it uses to conduct and operate its business. The intangible asset is amortized over a useful life of five years on a straight-line basis. Amortization expense is presented as part of operating expenses in the statements of comprehensive income.

Critical accounting estimate - Useful lives of intangible asset

The Bank estimates the useful life of its intangible asset to be 5 years based on the expected technical obsolescence of similar assets. However, the actual useful life may be shorter or longer than five years, depending on technical innovations and competitor actions.

Critical accounting judgment - Impairment of intangible asset

The Bank's intangible assets are carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in this assessment and judgment could have a significant effect on the carrying value of intangible assets and the amount and timing of recorded provision for any period.

Based on management's assessment and judgment, there are no indicators of impairment or changes in circumstances indicating that the carrying value of its intangible assets may not be recoverable as at December 31, 2024 and 2023.

6 Investment securities at amortized cost

As at December 31, 2024, investment securities amounting to P1,370.90 million (2023 - P798.26 million) consist of investment in Government Securities with Bangko Sentral ng Pilipinas which bear annual interest rates of 5.95% to 6.83% (2023 - 6.77% to 6.81%).

Interest income from these investment securities for the year ended December 31, 2024 amounts to P61.25 million (2023 - P19.70 million).

Investments securities at amortized cost are expected to be realized within twelve (12) months from the reporting date.

As at December 31, 2024, there were no investment securities at amortized cost pledged as collateral for liabilities.

7 Other Assets

Details of this account are as follows:

	2024	2023
Software costs under development	293,148,258	288,672,167
Refundable deposit	4,901,260	2,683,380
Prepaid rent	3,516,752	1,759,296
Other prepaid expenses	71,613,938	12,382,112
	373,180,208	305,496,955

Software costs under development pertain to costs incurred for the Bank's mobile app and will be used in the Bank's operations as intangible assets once completed.

Refundable deposits include security deposit on the Bank's lease, as well as construction bond and advances on utilities.

8 Deposit liabilities

The account as at December 31 consists of:

	2024	2023
Time	3,682,631,590	3,287,295,153
Savings	3,769,125,050	1,551,341,293
	7,451,756,640	4,838,636,446

The Bank's deposits bear annual interest at rates ranging from 4% to 6% in 2024 (2023 - 3.5% to 6.50%).

The details of interest expense on deposit liabilities for the year ended December 31 is:

	2024	2023
Time	231,329,012	123,683,465
Savings	109,620,456	31,791,533
	340,949,468	155,474,998

9 Accounts payable and other liabilities

This account as at December 31 consists of:

	2024	2023
Accounts payable	346,332,308	80,414,324
Accrued expenses	108,581,702	231,388,514
Withholding taxes payable	11,185,011	25,495,321
Statutory obligations		
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	47,199,238	8,274,122
Others	39,822,391	35,829,420
	553,120,650	381,401,701

Accounts payable primarily pertain to unpaid invoices from vendors and other third parties for purchased goods and services, while expenses pertain to accrual of unbilled purchases from vendors and other third parties.

All accounts payable and other liabilities are classified as current.

10 Lease liability

The Bank has a lease arrangement for its bank premises for a term of 5 years from May 3, 2022 to May 2, 2027. The lease is renewable upon mutual agreement of both parties and is subject to 5% escalation on the rental fees starting on its fourth year.

Refundable deposits paid for the existing lease agreement as at December 31, 2024 amounts to P4.90 million (2023 - P2.68 million) included as part of Other assets in the statement of financial position.

The Bank recognized a right-of-use asset for the lease of its office space. As at December 31 2024, right-of-use asset amounts to P32.99 million (2023 - P20.18 million) (Note 4).

The Bank's current and non-current lease liabilities are as follows:

	2024	2023
Current	12,131,101	6,184,794
Non-current	22,433,244	15,568,918
	34,564,345	21,753,712

Lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 5% as at February 11, 2022, commencement date of the lease agreement.

Rent expense charged against current operations (included in "Operating expenses") amounted to P4.35 million in 2024 (2023 - P2.46 million). Rent expenses in 2024 pertain to expenses from short-term leases and leases of low-value assets.

The movement in the lease liability is summarized as follows:

	2024	2023
Beginning	21,753,712	25,970,596
New lease	18,956,064	-
Cash outflows for principal and interest payments	(8,737,479)	(5,274,834)
Interest expense	2,592,048	1,057,950
Ending	34,564,345	21,753,712

Maturity analysis of contractual undiscounted cash flows of lease liability at December 31, 2024 follow:

	2024	2023
Less than one year	13,698,397	6,723,024
One to five years	23,502,076	15,649,239
Total undiscounted lease liability	37,200,473	22,372,263
Imputed interest discount on lease	(2,636,129)	(618,551)
Lease liability included in the statement of financial position	34,564,345	21,753,712

The statement of total comprehensive income shows the following amounts relating to the lease for the year ended December 31, 2024:

	2024	2023
Depreciation expense on right-of-use asset	6,855,170	6,393,316
Interest expense	2,592,048	1,057,950

The related right-of-use asset is presented as Office space under Property and equipment, net in the statement of financial position.

11 Equity

Share capital

Details of authorized share capital of the Bank as at December 31, 2024 follow:

	Number of shares	Amount
Authorized:		
Class A Common - P100 par value	27,851,820	2,785,182,000
Class B Common - P2 par value	24,593,880	49,187,760
Preferred - P100 par value	10,000,000	1,000,000,000
	62,445,700	3,834,369,760

Details of the Bank's paid and issued shares are as follows:

	2024		2023	
	Number of shares	Amount	Number of shares	Amount
Class A Common - P100 par value				
At January 1	9,647,336	964,733,600	9,647,336	964,733,600
Issuance during the year	14,697,639	1,469,763,900	-	-
At December 31	24,344,975	2,434,497,500	9,647,336	964,733,600
Class B Common - P2 par value				
At January 1	2,564,420	5,128,840	2,564,420	5,128,840
Issuance during the year	22,029,460	44,058,920	-	-
At December 31	24,593,880	49,187,760	2,564,420	5,128,840
Preferred - P100 par value				
At January 1	4,155,844	415,584,400	4,155,844	415,584,400
Issuance during the year	1,000,000	100,000,000	-	-
Conversion to common shares	(4,155,844)	(415,584,400)	-	-
At December 31	1,000,000	100,000,000	4,155,844	415,584,400
Total share capital		2,583,685,260		1,385,446,840

Class A Common shares may be transferred to anyone in accordance with relevant BSP rules and regulations, as may be amended from time to time. The holders of Class A Common shares shall be entitled to vote. The holders of Class A Common shares shall have a right to be elected as directors of the Bank. The holders of Class A Common shares shall be entitled to receive dividends based on the paid-up capital of their subscribed shares but only after dividends have been declared to the holders of Preferred shares. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Bank, the holders of Class A common shares that are outstanding at that time shall be entitled to payment or distribution in proportion to the paid-up capital of their subscribed shares upon distribution or liquidation, but only after payment or distribution has been made to the holders of Preferred shares.

Class B Common shares may be owned or subscribed by or transferred to any Philippine citizen, partnership, association, or corporation which is at least 60% owned by Philippine citizens or by partnerships, association, or corporations in which at least 60% of the voting share or the voting power is owned and controlled by citizens of the Philippines, or by persons or entities that are considered a "Philippine National" as defined under the Foreign Investments Act of 1991 (Republic Act No. 7042) and in accordance with relevant BSP rules and regulations, as may be amended from time to time. The holders of Class B Common shares shall be entitled to vote. The holders of Class B Common shares shall have a right to be elected as directors of the Bank. The holders of Class B Common shares shall be entitled to receive dividends based on the paid-up capital of their subscribed shares but only after dividends have been declared to the holders of Preferred shares. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Bank, the holders of Class B common shares that are outstanding at that time shall be entitled to payment or distribution in proportion to the paid-up capital of their subscribed shares upon distribution or liquidation, but only after payment or distribution has been made to the holders of Preferred shares.

In 2024, 4,155,844 preferred shares were converted into 4,155,844 Class A at par value.

Critical accounting judgment - Equity classification of preferred shares

The holders of Preferred shares shall not be entitled to vote except in those cases expressly provided by law. The Preferred shares shall be convertible into fully paid common shares of the Bank in accordance with relevant BSP rules and regulations and as may be amended from time to time and on the terms and conditions as may be determined by the BOD. The holders of Preferred shares shall enjoy a preference in receiving dividends. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Bank, the holders of Preferred shares that are outstanding at that time shall enjoy preference in payment or distribution. Authority is expressly granted to the BOD to fix all other rights, preferences, and limitations of the Preferred shares, which shall be compliant with relevant BSP rules and regulations, as may be amended from time to time. No transfer of share or interest which reduces the ownership of Filipino citizens to less than the required percentage of share capital shall be allowed or permitted to be recorded in the books of the Bank. Any violation of the foregoing restriction shall be treated as null and void.

Preferred shares are classified as equity since the Bank has no obligation to deliver cash or another financial asset to the holder.

Capital management strategy

The primary objective of the Bank's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Bank manages its capital structure and makes adjustments to it, in light of changes in economic conditions. For this purpose, capital is defined as total equity as disclosed in the statement of financial position.

Deposits for future share subscription

On January 23, 2025, the BOD approved the increase in the Bank's authorized share capital as follows:

	Number of shares	Amount
Class A Common - P100 par value	52,803,835	5,280,383,500
Class B Common - P2 par value	84,466,020	168,932,040
	137,269,855	5,449,315,540

On March 19, 2025, an application for an increase in authorized share capital was filed with Securities and Exchange Commission (SEC). The application for the increase in authorized share capital is still awaiting approval of the SEC as at December 31, 2024. Accordingly, the said deposits are presented as equity in the statement of financial position in accordance with the SEC Financial Reporting Bulletin No. 006 (As Revised) issued in January 2013.

The Bank received deposits for share subscription amounting to P580,040,172 million during the year. As at December 31, 2024, the deposits for share subscription is amounting to P1,492.72 million (2023 - P912.68 million).

12 Operating expenses

The following are the items covered under operating expenses:

	Notes	2024	2023
Compensation and fringe benefits		353,013,822	257,186,237
Intercompany expenses		333,419,389	220,903,544
IT software amortization	5	113,650,004	75,813,855
Advertising and publicity expenses		99,742,932	58,287,431
Information Technology Expenses		63,263,564	93,868,536
Partner payments		59,749,892	4,219,512
Documentary stamp taxes		52,778,279	22,941,510
Local and business taxes		46,393,284	14,477,537
Management and other professional fees		28,520,049	34,979,130
Contact center expense		21,429,102	12,607,163
Depreciation expenses	4	13,562,877	10,617,824
Fees and Commission Expense		14,484,697	11,269,037
Supervision fees		12,378,424	6,402,037
Service charges		9,863,493	10,631,446
Insurance expenses		6,092,869	9,616,640
Rent		4,349,190	2,456,403
Postages, telephone, cables and telegrams		4,294,244	7,261,420
Representation and entertainment		3,293,554	5,743,231
Security, janitorial, clerical service fees		2,187,022	1,936,383
Travelling expenses		1,838,881	29,464
Bank service fee		777,664	3,795,678
Power, light and water expense		369,112	538,581
Bad Debts Written Off		123,410	106,784
Transactional expenses		112,000	12,637,336
Membership fees and dues		-	1,665,603
Other expenses		26,338,570	6,530,220
		1,272,026,324	886,522,542

Service charges are association fees levied by Mastercard primarily for connection services on the Bank's debit card.

Other expenses are primarily composed of de minimis expenses, repairs and maintenance and other fees.

13 Income taxes

The following are the components of income tax benefit for the years ended December 31:

	2024	2023
Deferred	302,538,960	258,581,228
Current	(66,304,776)	(38,903,912)
	236,234,184	219,677,316

The reconciliation between the statutory income tax benefit and effective income tax benefit for the years ended December 31 are as follows:

	2024	2023
Income tax benefit at statutory tax rate	318,377,164	218,293,419
Non-deductible expenses	(318,255,376)	(28,251,847)
Adjustment for realized foreign exchange losses / (gains)	11,974,210	6,054,818
Adjustment for interest income subject to lower tax rate	168,015,098	5,255,552
Impact of PFRS 16	(11,650,788)	(788,042)
Unrealized foreign exchange gains	5,343,375	11,765,794
Adjustment on Origination Fees	62,430,501	7,347,622
Income tax benefit	236,234,184	219,677,316

The Bank's deferred tax assets and liabilities are as follows:

	2024	2023
Deferred tax assets		
Net operating loss carryover (NOLCO)	781,474,251	311,779,788
Deferred tax liability		
Unrealized foreign exchange gain	(167,800,871)	(645,367)
Deferred tax assets, net	613,673,380	311,134,421

Critical accounting judgment - Realization of deferred income tax assets

Management reviews at each reporting date the carrying amounts of deferred tax assets. The carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax assets will be applied. Management believes that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized.

The Bank's NOLCO, with their respective years of expiration, are as follows:

Incurred for the year ended December 31	Year of expiry	2024	2023
2021	2026	31,136,460	31,136,460
2022	2025	239,672,002	239,672,002
2023	2026	1,010,105,641	1,010,105,641
2024	2027	1,210,155,838	
		2,491,069,941	1,280,914,103

14 Related party transactions

Details on related party transactions of the Bank are as follows:

2024	Transactions	Due to related parties	Terms and conditions
Shareholder			
Software development	(43,146,052)	47,876,413	Non-interest bearing, unsecured, payable on demand
		47,876,413	

2023	Transactions	Due to related parties	Terms and conditions
Shareholder			
Software development	(49,295,370)	91,022,465	Non-interest bearing, unsecured, payable on demand
		91,022,465	

During the year, the transactions made were related to the management service, mark-up and accounting software. These are intercompany technology charges from the Group.

Key management personnel

There are no salaries and benefits paid to key management personnel for the period.

Foreign exchange gains relating to due to related party transactions in 2024 amounts to P1.34 million (2023 - P0.78 million)

15 Financial risk management

The Bank's activities expose it to a variety of financial risks: mainly credit risk, liquidity risk and foreign exchange risk that could affect its financial position and performance. Other market risks such as price risk and interest rate risk are assessed by management as insignificant to the financial statements.

The BOD has overall responsibility for the establishment and oversight of the Bank's risk management framework. As of reporting date, the Bank has developed the appropriate policies which aim to identify and manage its exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies.

The BOD reviews the policies for managing each of these risks which are summarized below:

15.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Significant changes in the economy, or financial condition of its counterparty, could result in losses that are different from those provided for at the reporting date. Management therefore carefully manages its exposure to credit risk.

The maximum exposure to credit risk relates to the following financial assets as at December 31:

	2024	2023
Due from other banks	1,176,417,004	906,061,852
Due from BSP	4,033,856,217	3,129,522,106
Loans and receivables	2,296,282,998	919,988,352
Investment securities at amortized cost, net	1,370,904,442	798,256,043
Refundable deposits	4,901,260	2,683,380
	8,882,361,921	5,756,511,733

The Bank has cash and various placements deposited with the BSP and other banks which are considered fully performing as at reporting date. Cash with the BSP is covered by a sovereign guarantee. To reduce the Bank's credit risk, the Bank only maintains banking relationships with top, reputable universal banks in the country. Universal and commercial banks represent the largest single group, resource-wise, of financial institutions in the Philippines.

While cash and cash equivalents are also subject to the impairment requirements of PFRS 9, the impairment loss has been assessed to be immaterial.

Loans and receivables are classified as performing and non-performing (Note 17). There are no collaterals held for these receivables. These receivables are expected to be settled by the counterparty within one year. Further, the Bank has assessed its loans and receivables for impairment and has provided the sufficient level of allowance for expected credit losses (Note 3).

December 31, 2024

Loan Classification	Stage 1	Stage 2	Stage 3	Total
Personal	587,792,456	139,343,129	181,451,990	908,587,575
Salary	3,997,730	-	-	3,997,730
CELP	6,228,282	2,061,073	203,384	8,492,739
Loans acquired	762,288,263	1,428,904	39,034,964	802,752,131
Sales Finance	78,707,265	15,582,752	591,395	94,881,412
Total gross loans	1,439,013,996	158,415,858	221,281,733	1,818,711,587
Total allowance	(47,572,421)	(39,557,049)	(186,376,081)	(273,505,551)
Total loans, net	1,391,441,575	118,858,809	34,905,652	1,545,206,036

December 31, 2023

Loan Classification	Stage 1	Stage 2	Stage 3	Total
Personal	109,218,514	7,512,253	4,000,692	120,731,459
Salary	4,175,933	-	-	4,175,933
MSME	64,676	-	-	64,676
CELP	5,237,986	201,925	18,590	5,458,501
Loans acquired	540,205,561	240,097	-	540,445,658
Total gross loans	658,902,670	7,954,275	4,019,282	670,876,227
Total allowance	(20,187,303)	(2,004,859)	(3,252,814)	(25,444,976)
Total loans, net	638,715,367	5,949,416	766,468	645,431,251

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- For transfers between Stage 1 and Stages 2 or 3 due to financial instruments becoming credit-impaired in the period, the bank provides lifetime ECL for all stages since no data are available yet to determine significant increase in credit risk for transferring accounts from stage 1 to stage 2;
- Additional allowances for new financial instruments recognized during the year and releases for financial instruments derecognized during the year;
- Write-offs of allowances related to assets that were written off during the year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs during the year;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange translations for assets denominated in foreign currencies and other movements.

The Bank has assessed that the expected credit losses for refundable deposits have been deemed insignificant for financial reporting purposes (Note 6).

15.2 Liquidity risk

The Bank manages its liquidity to be able to finance its capital expenditures and operations. The Bank maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Bank regularly evaluates its projected and actual cash flows.

	2024			
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
Financial assets				
Cash and cash equivalents	5,210,273,221	-	-	5,210,273,221
Loans and receivables	1,940,311,553	581,430,130	48,046,866	2,569,788,549
Investment securities at amortized cost, net	1,370,904,442	-	-	1,370,904,442
Refundable deposit	4,901,260	-	-	4,901,260
Total financial assets	8,526,390,476	581,430,130	48,046,866	9,155,867,472
Financial liabilities				
Deposit liabilities				
Savings deposit	3,769,125,050	-	-	3,769,125,050
Time deposit	3,340,713,805	341,917,785		3,682,631,590
Accounts payable and other liabilities*	494,736,241	-	-	494,736,241
Accrued interest expense	42,214,960	-	-	42,214,960
Due to related parties	47,876,413	-	-	47,876,413
Total financial liabilities	7,694,666,469	341,917,785	-	8,036,584,255
Total liquidity gap	831,724,007	239,512,345	48,046,866	1,119,283,218

**Excluding government payables*

	2023			
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
Financial assets				
Cash and cash equivalents	4,035,583,958	-	-	4,035,583,958
Loans and receivables	889,085,558	62,216,328	-	951,301,886
Investment securities at amortized cost, net	798,256,043	-	-	798,256,043
Refundable deposit	2,683,380	-	-	2,683,380
Total financial assets	5,725,608,939	62,216,328	-	5,787,825,267
Financial liabilities				
Deposit liabilities				
Savings deposit	1,551,341,293	-	-	1,551,341,293
Time deposit	3,100,193,244	187,101,909	-	3,287,295,153
Accounts payable and other liabilities*	347,632,258	-	-	347,632,258
Accrued interest expense	39,435,439	-	-	39,435,439
Due to related parties	91,022,465	-	-	91,022,465
Total financial liabilities	5,316,726,608	-	-	5,316,726,608
Total liquidity gap	408,882,331	62,216,328	-	471,098,659

**Excluding government payables*

Liquidity Coverage Ratio (LCR)

Pursuant to BSP Circular No. 905 issued in 2016 and as amended to include digital banks by BSP Circular No. 1154 issued in 2022, the Bank is required to hold and maintain an adequate level of unencumbered High Quality Liquid Assets (HQLA) that are sufficient to meet its estimated total net cash outflows over a 30 calendar-day period of liquidity stress. The LCR is the ratio of HQLAs to total net cash outflows which should be no lower than 100% on a daily basis. It is designed to promote short-term resilience of the Bank's liquidity risk profile to withstand significant liquidity shocks that may last over 30 calendar days. HQLA represents the Bank's stock of liquid assets that qualify for inclusion in the LCR which consists mainly of cash, regulatory reserves and unencumbered high-quality liquid assets. HQLAs therefore, serve as defense against potential stress events.

The main drivers of the Bank's LCR comprise the changes in the total stock of HQLA as well as changes in net cash outflows related to deposits and unsecured borrowings, among others. The Bank's LCR is well-above the regulatory minimum of 100%.

Net Stable Funding Ratio (NSFR)

The Bank adopted BSP Circular No. 1007 (as amended by BSP Circular No. 1154) regarding the NSFR requirement. The NSFR is aimed at strengthening the Bank's long-term resilience by maintaining a stable funding in relation to its assets and off-balance sheet items as well as to limit the maturity transformation risk of the Bank. The NSFR is expressed as the ratio of available stable funding and the required stable funding and complements the LCR as it takes a longer view of the Bank's liquidity risk profile. The Bank's capital and retail deposits are considered as stable funding sources whereas the Bank's assets including, but not limited to, HQLA, deposits at other banks, as well as other assets form part of the required stable funding. The Bank's NSFR is well-above the regulatory minimum of 100%.

The Bank maintains a well-diversified funding base and has a substantial amount of core deposits, thereby mitigating the risk of undue concentrations by counterparty, maturity, and currency. The Bank manages its liquidity position through asset-liability management activities supported by a well-developed funds management practice as well as a sound risk management system. As part of risk oversight, the Bank monitors its liquidity risk on a daily basis, in terms of single currency and significant currencies, to ensure it is operating within the risk appetite and to assess ongoing compliance with the minimum requirement of the liquidity ratios. Furthermore, the Bank has a set of policies and escalation procedures in place that govern its day-to-day risk monitoring and reporting processes.

The table below shows the actual liquidity metrics of the Bank:

	2024	2023
Liquidity coverage ratio	1621%	919%
Net stable funding ratio	229%	279%
Leverage ratio	12.70%	12.08%
Total exposure measure	9,366,494,208	6,150,278,752

15.3 Foreign exchange risk

The Bank's policy and objective is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The Bank's exposure to foreign exchange risk is as follows:

	2024	2023
Due from local banks (in USD)	3,347,732	3,478,175
Due to related parties (in USD)	(827,667)	(1,643,895)
Accounts payable - nonresidents (USD)	(211,143)	(474,347)
Accrued expenses - nonresidents (USD)	-	(570,000)
Net foreign currency denominated asset in USD	2,308,922	789,933
Foreign exchange rate as at December 31	57.85	55.37
Net foreign currency denominated asset in PHP	133,559,593	43,738,590

A reasonably possible change of 3% in the USD exchange rates, with all other variables held constant, would increase/decrease the Bank's income before income tax by P4.01 million (2023 - increase/decrease by P1.31 million).

15.4 Capital Management

Capital management is understood to be a facet of risk management. The primary objective of the Bank is the generation of recurring acceptable returns to shareholder's capital. To this end, the Bank's policies, business strategies and activities are directed towards the generation of cash flows that are in excess of its fiduciary and contractual obligations to its depositors, and to its various funders and stakeholders.

BSP requires each bank to adopt the capital requirements in accordance with the provisions of BASEL III. The guidelines are meant to strengthen the composition of the Bank's capital by increasing the level of core capital and regulatory capital. BSP sets out minimum Common Equity (CET1) ratio and Tier 1 Capital ratios of 6.0% and 7.5%, respectively. A capital conservation buffer of 2.5%, comprised of CET1 capital, was likewise imposed. The minimum required capital adequacy ratio remains at 10% which includes the capital conservation buffer.

As at December 31, the CAR of the Bank is shown in the table below:

	2024	2023
Common Equity Tier (CET1) capital	1,089,424,522	327,140,585
Additional Tier 1 Capital	100,000,000	415,584,400
Total Tier 1 Capital	1,189,424,522	742,724,985
Tier 2 Capital	47,572,422	20,187,304
Total Qualifying Capital	1,236,996,944	762,912,289
Total risk-weighted assets	4,202,318,907	2,107,879,998
Credit risk-weighted assets	3,917,314,248	1,769,492,263
Market risk-weighted assets	133,559,593	125,604,618
Operational risk-weighted assets	151,445,066	212,783,117
CET1 capital ratio	25.92%	15.52%
Tier 1 capital ratio	28.30%	35.24%
Total Capital Adequacy Ratio	29.44%	36.16%
Capital Conservation Buffer	19.92%	9.52%

The Bank has fully complied with the CAR requirement of the BSP as at December 31, 2024 and 2023.

Leverage ratio

On June 9, 2015, the BSP issued Circular No. 881 covering the implementing guidelines on the Leverage Ratio framework designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.00%. The monitoring period has been set every quarter starting December 31, 2014 and extended until June 30, 2018 based on BSP Circular No. 990 issued on January 22, 2018. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

The Basel III leverage ratio is designed to act as a supplementary measure to the risk-based capital requirements. This is intended to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes which can damage the broader financial system and the economy. It reinforces the risk-based requirements with a simple, non-risk based backstop measure.

As at December 31, 2024 and 2023, the Basel III leverage ratio of the Branch is shown in the table below:

	2024	2023
Total Tier 1 capital	1,186,499,928	742,724,985
Total exposures	9,366,494,208	6,150,278,752
Basel III leverage ratio	12.70%	12.08%

As at December 31, 2024 and 2023, the Bank is compliant with the minimum required leverage ratio.

16 Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both periods presented, unless otherwise stated.

16.1 Basis of preparation

The financial statements are prepared in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards include PFRSs, Philippine Accounting Standards ("PAS") and interpretations of the Philippine Interpretations Committee ("PIC"), Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC") which have been approved by the Financial and Sustainability Reporting Standards Council and adopted by the SEC.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are shown below:

Critical accounting estimates

- Measurement of ECL for loans and receivables (Note 3)
- Useful lives of property and equipment (Note 4)
- Useful lives of intangible asset (Note 5)

Critical accounting judgements

- Impairment of property and equipment (Note 4)
- Equity classification of preferred shares (Note 11)
- Realization of deferred income tax assets (Note 13)

16.2 Changes in accounting policies and disclosures

(a) New standards and amendments to existing standards adopted by the Company

There are no new standards or amendments to existing standards effective January 1, 2024 that have a material impact to the Bank.

(b) New standards and amendments to existing standards not yet effective and not early adopted by the Company

- *PFRS 18, 'Presentation and Disclosure in Financial Statements'*

  This is the new standard on presentation and disclosure in financial statements, which replaces PAS 1, with a focus on updates to the statement of profit or loss.

  The key new concepts introduced in PFRS 18 relate to:

  - The structure of the statement of profit or loss with defined subtotals;
  - Requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
  - Required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
  - Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

- *PFRS 19, 'Subsidiaries without Public Accountability: Disclosures*

  This new standard works alongside other PFRS Accounting Standards. An eligible subsidiary applies the requirements in other PFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in PFRS 19. PFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. PFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

  - It does not have public accountability; and
  - It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with PFRS Accounting Standards

- *Amendments to the Classification and Measurement of Financial Instruments – Amendments to PFRS 9 and PFRS 7*

  On 30 May 2024, the IASB issued targeted amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

  (a) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  (b) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  (c) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  (d) Update the disclosures for equity instruments design

There are no new standards, amendments to existing standards, or interpretations that are effective for annual periods beginning on or after January 1, 2024 that are considered relevant or expected to have a material effect on the financial statements of the Bank.

16.3 Financial instruments

Amortized cost and effective interest rate

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. Interest income (included within "Other income, net") is calculated by applying the effective interest rate to the gross carrying amount of financial assets.

16.3.1 Financial assets

The Bank's financial assets comprise mainly of due from other banks, due from BSP, loans and receivables, investment in securities and refundable deposits that are measured at amortized cost.

Classification and measurement financial assets

At initial recognition, the Bank measures the above-mentioned financial assets at fair value plus transaction costs, if any. Subsequently, these financial assets are held at amortized cost based on the Bank's business model (e.g., hold-to collect) and cash flow characteristics of these assets (solely payment of principal and interest).

Impairment of financial assets

The Bank 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 the initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, and Stage 3, as described below:

- Stage 1 - When loans are first recognized, the Bank recognizes an allowance for lifetime ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2 - When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3 - Loans considered credit-impaired. The Bank records an allowance for lifetime ECL.

The Bank calculates ECLs based on certain scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of default - The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Where there is no PD model developed for a portfolio (either due to data quality issue or insufficient number of defaults), the application of PD shall be based on judgmental approach, e.g., proxy of model or loss rate approach. The Bank used a proxy for its PD based on the look-alike portfolios offering similar products under the same market conditions, which was assessed to share the similar credit risk expectation with the Bank's portfolio.

- Exposure at default - The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- Loss Given Default - The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan. It is usually expressed as a percentage of the EAD. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

The LGDs are determined based on the factors which impact the recoveries made post-default. Where information is insufficient to determine the segment or components, portfolio average rate may be considered.

Where there is no LGD model developed for a portfolio (either due to data quality issue or insufficient recovery data), the application of LGD shall be based on judgmental approach. For the application of proxy model, assessment shall be performed to determine if the portfolio shares the similar credit risk expectation with the proxy model. The Bank used a proxy for its LGD based on the LGD of look-alike portfolios offering similar products under the same market conditions, which was assessed to share the similar credit risk expectation with the Bank's portfolio.

Forward-looking information incorporated in the ECL models

The Bank incorporates historical and current information, and forecasts forward-looking events and key economic variables that are assessed to impact credit risk and ECL for its portfolio. Macroeconomic variables that affect the portfolio's non-performing loan rate(s) are determined through statistical modelling and the application of expert judgement.

The estimation and application of forward-looking information requires significant judgment. As with any economic forecasts, the projections and likelihood of occurrences are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The scenarios and their attributes are reassessed at each reporting date.

Where there is no, or insufficient, sources of entity-specific data, it is permitted to use peer experience for comparable financial instruments.

Definition of default and credit-impaired assets

The Bank considers a financial instrument in default or credit-impaired, when it meets one or more of the following criteria:

(i) Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

(ii) Qualitative criteria

The counterparty is experiencing significant financial difficulty which may lead to non-payment of loan as may be indicated by any or combination of the following events:

- The counterparty is in long-term forbearance;
- The counterparty is insolvent;
- Granting of concession that would not be otherwise considered due to economic or contractual reasons relating to the counterparty's financial difficulty; and
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Bank's ECL calculations.

The Bank's definition of default is substantially consistent with non-performing loan definition of the BSP.

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to pay in accordance with the credit terms and a failure to make contractual payments for a prolonged period despite the Bank exerting aggressive collection efforts. Subsequent recoveries of amounts previously written-off are credited against the same line item.

16.3.2 Financial liabilities

The Bank's financial liabilities comprise mainly of deposit liabilities, accounts payable and other liabilities, accrued interest expense and due to related parties. Financial liabilities do not include provisions, tax liabilities and other statutory and legal obligations.

Recognition and measurement of financial liabilities

The Bank's financial liabilities as mentioned above are recognized when it becomes a party to the contractual provision of the instrument and initially measured at fair value plus transaction costs. Subsequently, these financial liabilities are measured at amortized cost using the effective interest rate method.

As at December 31, 2024 and 2023, the Bank has no financial liabilities measured at fair value through profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation is settled, discharged, cancelled, or has expired.

16.4 Financial instruments

Bank equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of bank equipment includes its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the bank equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of bank premises and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of bank equipment.

Depreciation is computed on a straight-line basis over the estimated useful lives of the asset of three (3) years.

The useful lives, depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of bank equipment.

When assets are retired or otherwise disposed of, both the cost and the related accumulated depreciation and amortization and any allowance for impairment loss are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

16.5 Leases

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and any impairment losses, adjusted for certain remeasurements of the lease liability. The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the Bank's incremental borrowing rate. The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

The lease liability is measured at amortized cost using the effective interest rate method. It is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index rate, change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase, extension or termination option is reasonably certain not to be exercised or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets shall be recognized on a straight-line basis as an expense in the statement of total comprehensive income. Short-term leases shall be leases with a lease term of twelve (12) months or less. Low-value assets shall comprise IT-equipment and small items of office furniture.

16.6 Software costs under development

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

The Bank amortizes its intangible asset with a limited useful life, using the straight-line method over five (5) years.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortization and any accumulated impairment losses.

16.7 Income taxes

The provision for income tax for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity. In which case, the tax is also recognized directly in equity.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the reporting date.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax over the regular corporate income tax and unused NOLCO,to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and interests in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

16.8 Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the functional currency). The financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Bank.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains or losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

17 Supplementary information required by the Bangko Sentral ng Pilipinas

Presented below is the additional information as required by BSP Circular No. 1074 issued on January 08, 2020. This information is presented for BSP reporting and is not required in the basic financial statements.

(i) Basic quantitative indicators of financial performance

The key financial performance indicators follow (in %):

	2024	2023
Return on average equity[1]	-56%	(48.73%)
Return on average assets[2]	-12%	(15.15%)
Net interest margin[3]	5%	1.51%

1. Net income divided by average total equity for the period indicated.Average total equity is based on the year-on-year balance of equity for the years ended December 31, 2024 and 2023.
2. Net income divided by average total assets as at period indicated.Average total assets are based on the year-on-year balance of total assets as at December 31, 2024 and 2023.
3. Net interest income divided by average interest-earning assets. Average interest earning assets is based on the year-on-year balance of interest earning assets as at December 31, 2024 and 2023

The Bank's performance was impacted by increased operating expenses and provisions on impairment losses on loans and receivables, thereby resulting in negative returns. However, the Bank remains committed to reducing these losses by optimizing its product mix, focusing on higher-margin investments, and implementing cost-saving measures. Management is confident that these strategies will improve the Bank's financial performance going forward.

(ii) Description of capital instruments issued

The Bank considers its common and preferred shares as capital instruments for purposes of calculating its capital adequacy ratio as at December 31, 2024 and 2023.

(iii) Significant credit exposures

The BSP considers that concentratiom of credit risk exists when the total loans exposure to a particular industry or economic sector exceeds 30% of total loan portfolio or 10% of tier capital. As to concentration to industry/economic sector. The entire loan portfolio of the Bank is classified under the activities of consumer sector.

(iv) Breakdown of total loans

The Bank's loans receivables are unsecured. None of these loans are pledged as collateral for liabilities.

Breakdown of performing and non-performing loans, net of allowance for impairment, are as follows:

	2024	2023
Performing loans	1,597,432,950	666,856,946
Non-performing loans (NPL)	221,281,733	4,019,281
	1,818,714,683	670,876,227
Allowance attributable to performing loans	90,054,065	22,192,162
Allowance attributable to NPL	186,376,181	3,105,945
	276,430,246	25,298,107
Net carrying amount	1,542,284,437	645,578,120

BSP Circular 941, *Amendments to Regulations on Past Due and Non-Performing Loans*, states that loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under the existing accounting standards, classified as doubtful or loss, in litigation, and if there is an evidence that full repayment of principal and interest is unlikely without foreclosure of collateral. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement. Microfinance and other small loans with similar credit characteristics shall be considered nonperforming after contractual due date or after they have 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.

(v) Information on related party loans

The Bank does not have outstanding directors, offices, stockholders and related interests (DOSRI) and other related party loans as at December 31, 2024 and 2023.

(vi) Secured liabilities and assets pledged as security

There are no secured liabilities and assets pledged as security as at December 31, 2024 and 2023.

(vii) Contingent and commitments arising from off-balance sheet items

There are no contingencies and commitments arising from off-balance sheet items as at December 31, 2024 and 2023.

18 Supplementary information required by the Bureau of Internal Revenue (BIR)

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

(i) Documentary stamp tax

Documentary stamp taxes on original issuance of shares of stocks paid and accrued for the year ended December 31, 2024 amount to P4,626,920

(ii) Withholding taxes

Withholding taxes on compensation accrued for the year ended December 31, 2024 amount to P73,798,522.

(iii) All other local and national taxes

All other local and national taxes paid and accrued for the year ended December 31, 2024 consist of license fee amounting to P2,713,527.

(iv) Tax assessments

The Bank has no pending tax assessment from the BIR as at December 31, 2024.

(v) Tax cases

The Bank has no outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2024.

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