

15 January 2024

**THE PHILIPPINE STOCK EXCHANGE, INC.**

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

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

**Union Bank of the Philippines – Stock Rights Offering  
Quarterly Progress Report on the Application of Proceeds  
For the period 1 October 2023 to 31 December 2023**

Ladies and Gentlemen:

We refer to Union Bank of the Philippines' ("UnionBank" or "Bank") Stock Rights Offering ("SRO") of 210,970,464 common shares listed at the Philippine Stock Exchange (the "Exchange") on 6 February 2023 (the "Listing Date"). In compliance with the Exchange's requirement, below is our report of the disbursements and application of SRO proceeds:

**1. Breakdown of Proceeds**

Gross Proceeds	PHP 11,999,999,992.32
Total Offer Expenses	137,833,311.20
Net Proceeds	PHP 11,862,166,681.12

**2. Application of Proceeds from the Listing Date to 31 December 2023**

The net proceeds of the SRO are intended for capital infusion to UnionDigital Bank, Inc. ("UnionDigital"), loan availments and/or other business growth opportunities. The breakdown of the final application of P11.86 billion proceeds as of December 31, 2023 is as follows:

	Proceeds applied as of September 30, 2023	Proceeds applied for the quarter ended December 31, 2023	Total
Deployment to loans	PHP 10,962,166,681.12	PHP –	PHP 10,962,166,681.12
Capital Infusion to UnionDigital	300,000,000.00	600,000,000.00	900,000,000.00
Net Proceeds	PHP 11,262,166,681.12	PHP 600,000,000.00	PHP 11,862,166,681.12

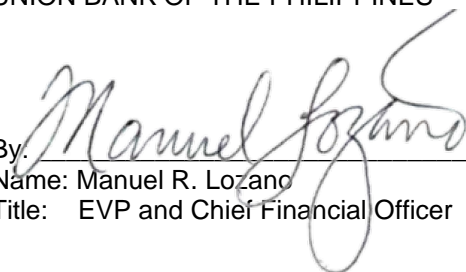


Attached is the report of Sycip, Gorres, Velayo and Company on the procedures performed on the information provided above.

We trust that you will find everything in order.

Sincerely,

UNION BANK OF THE PHILIPPINES

By:   
Name: Manuel R. Lozano  
Title: EVP and Chief Financial Officer

## REPORT ON FACTUAL FINDINGS

### The Board of Directors

#### Union Bank of the Philippines

UnionBank Plaza, Meralco Avenue  
Corner Onyx Street and Sapphire Road  
Ortigas Center, Pasig City 1605  
Philippines

Gentlemen:

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report on the Application of Proceeds as of December 31, 2023 (the “Schedule”) on the use of proceeds from the Stock Rights Offering of Union Bank of the Philippines (the “Bank”) on February 6, 2023. The procedures were performed solely to enable the Bank to comply with the Philippine Stock Exchange, Inc.’s (PSE) requirement to submit an external auditor’s certification on the information being presented by the Bank relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standards on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

1. We obtained the Quarterly Progress Report on the Application of Proceeds as of December 31, 2023 and checked the mathematical accuracy of the Schedule.

No exceptions were noted.

2. We obtained an understanding of the nature of the disbursements made through inquiries with management. We checked if the disbursements were classified consistently according to their nature based on the schedule of planned use of proceeds from stock rights offering.

We noted that the disbursements of the net proceeds amounting to ₱11.86 billion from the offering were used to fund the loan availments and the capital infusion to Union Digital Bank, Inc. (UnionDigital). As of September 30, 2023, ₱10.96 billion of the proceeds had been deployed to loans and ₱300 million had been infused as capital in UnionDigital.

On November 13, 2023, the Bank transferred to UnionDigital the remaining ₱600.00 million of the planned ₱900.00 million capital infusion.

No exceptions were noted.

3. We obtained the loan schedule of the Bank and agreed the gross loan balances with the accounting records. We have noted that the increase in the gross loan balance in the accounting records exceeded the proceeds deployed to loans, as indicated in the use of proceeds schedule. On a sample basis, we traced the loan disbursements in the accounting records to the supporting transaction documents, including loan agreements and loan instruction sheets authorizing the crediting of loan amounts to the borrowers' accounts.

No exceptions were noted.

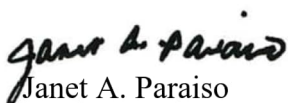
4. We traced the capital infusion to Union Digital of ₱300.0 million on September 29, 2023 and the additional amount of ₱600.0 million on November 13, 2023 to the accounting records and to the supporting documents (i.e., BSP Demand Deposit Account Report and System Entry).

No exceptions were noted.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the accounts of the Bank or its financial statements, taken as a whole.

Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Bank's use of proceeds from the offering and items specified above and do not extend to any financial statements of the Bank taken as a whole.



Janet A. Paraiso

Partner

CPA Certificate No. 92305

Tax Identification No. 193-975-241

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

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

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

January 15, 2024