



Union Bank

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Union Bank of the Philippines to Issue First Social Bond with Investment from IFC

Manila, July 23, 2021—Tens of thousands of jobs are expected to be created over the next seven years through a new social bond to be issued by one of the Philippines' leading banks to help smaller businesses recover from the impacts of COVID-19.

IFC is investing US\$150 million in a seven-year social bond to be issued by Union Bank of the Philippines (UnionBank, PSE: UBP), the country's seventh-largest private-sector bank. The bond, which will be issued under UnionBank's new sustainable finance framework, will be the first social bond by the bank and its longest-term USD-denominated bond to date. It also marks only the second social bond of its kind in the Philippines.

Proceeds from the bond are expected to finance over 2,000 loans to micro, small and medium-sized enterprises (MSMEs), which have been disproportionately impacted by COVID-19. IFC's investment will also help UnionBank boost financing for MSMEs through its supply chain financing platform, enabled using digital technologies.

"Our goal in issuing this bond is to support the recovery of MSMEs from the COVID-19 pandemic" said Jose Emmanuel Hilado, Chief Financial Officer of UnionBank. "We are confident that we can achieve this through the use of IFC's long-term funding and by leveraging our supply chain financial platform. It could not have come at a better time, as this market segment has been hit particularly hard by the current crisis."

In the Philippines, MSMEs accounted for over 90 percent of businesses and over 60 percent of jobs pre-COVID-19, but MSME loans only accounted for 6 percent of total bank loans in the country¹. This makes increasing access to MSME financing critical to fostering a resilient and inclusive recovery.

"In the wake of the COVID-19 crisis, the use of social bonds to generate financing to meet the needs of vulnerable underserved people, including small businesses, will be critical to helping spur the recovery," said Alfonso Garcia Mora, Vice President, Asia and Pacific at IFC, who took part in the signing ceremony for the investment. "This landmark deal marks IFC's first COVID-19 response social bond investment in Asia and will help create jobs, strengthen and deepen the country's capital markets, and contribute to the development of a more resilient, efficient and inclusive financial sector."

With social bonds targeting projects that aim to achieve positive social outcomes, the issuance can also pave the way to open the social bond market in the Philippines, replicating IFC's success opening the market for green bonds in the country and deepening capital markets for thematic bonds.

¹ <https://data.adb.org/media/7276/download>

The bond is aligned with International Capital Markets Association (ICMA) social bond principles and the ASEAN Social Bond Standards, as confirmed by a second-party opinion provided by ESG research and ratings company Sustainalytics.

As of the end of FY 2020, IFC had issued 53 social bonds in public and private markets in 11 different currencies. Since 2017, IFC social bonds have supported 153 eligible projects totaling \$4.3 billion, reaching 2.6 million farmers, feeding three million people, and treating 1.6 million malnourished children. IFC more than doubled its issuances of social bonds in FY20 amid COVID-19.

About IFC

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2020, we invested \$22 billion in private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org.

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About UnionBank

Union Bank of the Philippines (UnionBank) has always been among the first to embrace technological innovations to empower its customers. It embraces the future of banking and is committed to be the Philippines' leading digital bank to best serve the growing needs of Filipinos everywhere.

It has consistently been recognized as one of Asia's leading companies, ranking among the country's top universal banks in terms of profitability and efficiency.

Over the years, UnionBank has garnered a record-breaking number of awards and recognition including "Top 1 Most Recommended Retail Bank in Asia Pacific" by BankQuality.com; "Best Bank Transformation in South East Asia 2021" from Global Banking and Finance; "Best Bank for Customer Experience in South East Asia 2021" from Global Brands Magazine; 4-Time "Digital Bank of the Year (2018-2021)" from The Asset Triple A; "Fastest Growing Fintech Company, South East Asia 2021" for UBX from Global Banking and Finance; "Asia's Best Bank Transformation" from Euromoney; "Asia-Pacific Retail Bank of the Year" from Retail Banker International; "Top 2 Most Helpful Banks in Asia Pacific during COVID-19" by BankQuality.com; "Asia Pacific Digital Trailblazer" for UnionBank and "DX CEO Asia Pacific" for President and CEO Edwin R. Bautista from IDC Asia Pacific DX Awards; "Best Digital Community Impact Initiative, South East Asia 2020" for UBX from CFI.co; "Fastest Growing Fintech Company, South East Asia 2020" for UBX from Global Brands Magazine; "2020 Digital Banker of the Year in Asia-Pacific" for President and CEO from The Asset; three-time "Best Digital Bank Philippines" from Asiamoney and International Finance Magazine; back-to-back Digital Transformer of the Year Philippines" from IDC DX Awards Philippines; "Best Retail Bank Philippines 2020" from Global Banking and Finance, The Asian Banker and The Digital Banker; "Domestic Retail Bank of the Year Philippines" from Asian Banking & Finance; back-to-back "Best Digital Bank Philippines" & "Most Innovative Cash Management Services Bank Philippines" from Global Banking and Finance; "#1 Best Service Domestic Bank in the Philippines" at the 2020 Asiamoney Cash Management Survey; "Best Bank for SMEs" from Asiamoney; "SME Bank of the Year - Philippines" from Asian Banking and Finance; "Model Bank Award for Financial Inclusion 2020" from Celent Model Bank

Awards; and "Employer of the Year" awards from Stevie Awards for Great Employers, Asian Banking and Finance, and HR Asia.

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

For more information, visit <https://www.unionbankph.com/>.

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