



DEVELOPMENT BANK OF THE PHILIPPINES

(A government financial institution organized and existing under Philippine law)

PRICING SUPPLEMENT DATED 12 FEBRUARY 2024

OFFER OF PHP8.75 BILLION FIXED-RATE SERIES 5 BONDS

under its expanded PHP150,000,000,000 Bond Programme

consisting of

PHP8.75 Billion 6.102% Fixed-Rate Series 5 Bonds due 2025

(the “Series 5 Bonds”)

at an Offer Price of 100% of Face Value

to be enrolled and traded through the Philippine Dealing & Exchange Corp.

Issue Manager, Sole Arranger, and Sole Bookrunner



China Bank Capital Corporation

Selling Agents



China Bank Capital Corporation



Development Bank of the Philippines

THE SERIES 5 BONDS, WHICH ARE TO BE DIRECTLY ISSUED BY THE DEVELOPMENT BANK OF THE PHILIPPINES, ARE CONSIDERED AS EXEMPT SECURITIES WITHIN THE PURVIEW OF SECTION 9.1.(E) OF THE REPUBLIC ACT NO. 8799 OR THE SECURITIES REGULATION CODE. UNDER SECTION 9.1.(E) OF THE SECURITIES REGULATION CODE, THE REQUIREMENT OF REGISTRATION DOES NOT APPLY TO ANY SECURITY ISSUED BY A BANK EXCEPT ITS OWN SHARES OF STOCK. THE SERIES 5 BONDS ARE BEING OFFERED ONLY TO JURIDICAL PERSONS THAT ARE CONSIDERED AS QUALIFIED BUYERS (“QIBs”) AS DEFINED UNDER SEC. 10.1(L) OF THE SECURITIES REGULATION CODE (“SRC”) AND RULE 10.1.3 OF THE 2015 IMPLEMENTING RULES AND REGULATIONS OF THE SECURITIES REGULATION CODE, AS AMENDED (“SRC RULES”).

Upon issuance, the Series 5 Bonds shall be enrolled with the Philippine Dealing & Exchange Corp. (“PDEX”) as securities that may be traded only between and among QIBs in accordance with the procedures and requirements set forth in this Series 5 Pricing Supplement and the Supplemental Information Memorandum (each as defined below), and the relevant PDEX Rules, operating framework, and trading conventions. Any future offer or sale of the securities within the PDEX Trading System must be to a QIB.

*This document constitutes the pricing supplement relating to the Series 5 Bonds (the “**Series 5 Pricing Supplement**”) being offered and described herein (the “**Offer**”) and includes an information memorandum (the “**Supplemental Information Memorandum**”) that supplements the Offering Circular dated 17 November 2020 (the “**Original Offering Circular**”). The Supplemental Information Memorandum, together with, and forming an integral part of, the Series 5 Pricing Supplement (together, the “**Pricing Supplement**”), reflects the terms of the Offer and the Series 5 Bonds. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**General Terms and Conditions**”) set forth in the Trust Agreement dated 21 October 2019 as amended on 17 November 2020 and the Original Offering Circular. The Original Offering Circular as supplemented by this Pricing Supplement is hereinafter referred to as the “**Offering Circular**”. This Pricing Supplement must be read in conjunction with the Original Offering Circular.*

*This Pricing Supplement may contain forward-looking statements and other information that involves risks, uncertainties, and assumptions. Forward-looking statements are statements that concern plans, objectives, goals, strategies, future events, or performance and underlying assumptions, and other statements that are other than statements of historical fact, including, but not limited to, those that are identified by the use of words such as “anticipates”, “believes”, “targets”, “estimates”, “expects”, “intends”, “plans”, “predicts”, “projects”, and similar expressions. Such forward-looking statements include, without limitation, statements relating to expansion plans, strategies, the competitive environment in which the Development Bank of the Philippines (the “**Bank**”) operates, general economic and business conditions, political, economic and social developments in the Philippines, changes in interest rates and other factors beyond the Bank’s control. All of the Bank’s forward-looking statements made in this Pricing Supplement and elsewhere are qualified in their entirety by the risk and investment consideration discussed in “Additional Investment Considerations Relating to the Series 5 Bonds”. These risk factors and statements describe circumstances that could cause actual results to differ materially from those contained in any forward-looking statement in this Pricing Supplement.*

The Bank, the Issue Manager, Sole Arranger, and Sole Bookrunner, and the Selling Agents and each of their respective directors, officers, employees, agents, representatives, advisers and affiliates and each person who controls any of them assume no obligation to update any of the forward-looking statements after the date of this Pricing Supplement to conform those statements to actual results, subject to compliance with all applicable laws. The Bank, the Issue Manager, Sole Arranger, and Sole Bookrunner, and the Selling Agents and each of their respective directors, officers, employees, agents, representatives, advisers and affiliates and each person who controls any of them assume no obligation to update any information contained in this Pricing Supplement or to publicly release any revisions to any forward-looking statements to reflect events or circumstances, or to reflect that the Bank became aware of any such events or circumstances, that occur after the date of this Pricing Supplement.

The Bank accepts full responsibility for the information contained in this Pricing Supplement. To the best of the knowledge and belief of the Bank (having taken all reasonable care to ensure that such is the case) the information contained in this Pricing Supplement is in accordance with the facts as of the date hereof and does not omit anything that would make the statements therein, in light of the circumstances under which they were made, misleading. The Bank, having made all reasonable inquiries, confirms that this Pricing Supplement contains or incorporates all information which is material in the context of the Series 5 Bonds, that the information contained or incorporated in this Pricing Supplement is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed and incorporated in this Pricing Supplement (if any) are honestly held and that there are no other facts the omission of which would make the Offering Circular, the Series 5 Pricing Supplement, or the Supplemental Information Memorandum, taken together, or any of such information or the expression of any such opinions or intentions misleading. The Bank accepts responsibility accordingly.

Neither the delivery of this Pricing Supplement nor any sale made pursuant to the Offer shall, under any circumstance, create any implication that the information contained or referred to in this Pricing Supplement is accurate as of any time subsequent to the date hereof. To the fullest extent permitted by law, none of the Issue Manager, Sole Arranger, and Sole Bookrunner and the Selling Agents (or any of their respective subsidiaries and holding company and the subsidiaries of that holding company, directors, officers, employees, representatives, agents and advisers, each, taken together is collectively referred to as “Issue Manager, Sole Arranger, and Sole Bookrunner” and “Selling Agents”, respectively), accept any responsibility for the contents of this Pricing Supplement or for any other statement, made

or purported to be made by the Issue Manager, Sole Arranger, and Sole Bookrunner or the Selling Agents or on their respective behalf in connection with the Bank, or the offering and issue of the Series 5 Bonds. The Issue Manager, Sole Arranger, and Sole Bookrunner and the Selling Agents expressly do not undertake to review the financial condition or affairs of the Bank during the life of the Series 5 Bonds or to advise any investor on any information coming to their attention regarding the Series 5 Bonds. The delivery of this Pricing Supplement or any offering, sale, or delivery made in connection with the Series 5 Bonds shall not, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Bank (positive or negative) since the date hereof or thereof or the date upon which this Pricing Supplement has been most recently amended or supplemented, or create any implication that the information contained herein is correct as at any date subsequent to the date hereof or the date upon which this Pricing Supplement has been most recently amended or supplemented. Investors should review publicly available information on the Bank and its subsidiaries and each member of the Group and their respective directors, officers, and employees, including publicly available information and most recently published documents incorporated by reference into this Pricing Supplement when determining whether or not to purchase, hold, or sell any Series 5 Bonds. The Issue Manager, Sole Arranger, and Sole Bookrunner and the Selling Agents disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Pricing Supplement or any such statement.

The financial statements of the Bank for the period ended 31 December 2022 are audited by the Bank's auditors and are publicly available. Such audited financial statements have been prepared in accordance with accounting principles generally accepted in the Philippines ("**Philippine GAAP**") and Philippine Financial Reporting Standards ("**PFRS**"). In the course of an audit or review of the financial information of the Bank, the results of such audit and review may result in the financial information being materially different (either positively or negatively) from the unaudited information.

The Bank's (Parent only) financial statements as of 30 September 2023 ("**3Q2023 Financials**") are published on the Bank's website and have not been audited or reviewed by the Bank's auditors and were prepared in accordance with Philippine GAAP and PFRS. As such, the 3Q2023 Financials should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. Potential investors should exercise caution when using such data to evaluate the Bank's financial condition and results of operation. The 3Q2023 Financials should not be taken as an indication of the expected financial condition or results of operations of the Bank for the relevant full financial year.

No person is or has been authorized by the Bank to give any information or to make any representation other than those contained in this Pricing Supplement or any other information supplied in connection with the Series 5 Bonds and, if given or made by any other person, such information or representations must not be relied upon as having been authorized by the Bank, the Issue Manager, Sole Arranger, and Sole Bookrunner, or the Selling Agents (and their respective subsidiaries and holding company and the subsidiaries of that holding company, directors, officers, employees, representatives, agents and advisers).

The Issue Manager, Sole Arranger, and Sole Bookrunner and the Selling Agents have separately verified the information contained herein. Accordingly, no representation, warranty, or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Issue Manager, Sole Arranger, and Sole Bookrunner or any of the Selling Agents as to the accuracy or completeness of the information contained or incorporated in this Pricing Supplement or any other information provided by the Bank in connection with the Series 5 Bonds.

The contents of this Pricing Supplement are not to be considered as legal, business, or tax advice. Neither this Pricing Supplement nor any other information supplied in connection with the Series 5 Bonds (i) is intended to provide the basis of any credit or other evaluation, or (ii) should be considered as a recommendation by the Bank, the Issue Manager, Sole Arranger, and Sole Bookrunner, and/or the Selling Agents that any recipient of this Pricing Supplement or any other information supplied in connection with the Series 5 Bonds should purchase, hold, or sell any of the Series 5 Bonds. Each investor contemplating purchasing Series 5 Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of, the Bank. Neither this Pricing Supplement, nor any other information supplied in connection with the Series 5 Bonds,

constitutes an offer or invitation by or on behalf of the Bank, the Issue Manager, Sole Arranger, and Sole Bookrunner, or any of the Selling Agents to any person to subscribe for or to purchase any Series 5 Bonds.

The Series 5 Bonds are a new issue of securities for which there currently is no market. The Issue Manager, Sole Arranger, and Sole Bookrunner is not obligated to make a market in the Series 5 Bonds. Accordingly, no assurance can be given as to the development of an active or liquid trading market for the Series 5 Bonds.

The Issue Manager, Sole Arranger, and Sole Bookrunner, the Selling Agents or their respective affiliates may purchase the Series 5 Bonds for their own account or enter into secondary market transactions or derivative transactions relating to the Series 5 Bonds, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps, at the same time as the offering of the Series 5 Bonds. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Series 5 Bonds to which this Pricing Supplement relates (notwithstanding that such selected counterparties may also be a purchaser of the Series 5 Bonds). As a result of such transactions, the Issue Manager, Sole Arranger, and Sole Bookrunner, the Selling Agents or their respective affiliates may hold long or short positions relating to the Series 5 Bonds. The Issue Manager, Sole Arranger, and Sole Bookrunner, the Selling Agents or their respective affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer or its affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, the Issue Manager, Sole Arranger, and Sole Bookrunner, the Selling Agents or their respective affiliates may, from time to time after completion of the offering of the Series 5 Bonds, engage in other transactions with, and perform services for, the Issuer or its affiliates in the ordinary course of their business. The Issue Manager, Sole Arranger, and Sole Bookrunner, the Selling Agents or their respective affiliates may also purchase Series 5 Bonds for asset management and/or proprietary purposes but not with a view to distribution or may hold Series 5 Bonds on behalf of clients or in the capacity of investment advisors. While the Issue Manager, Sole Arranger, and Sole Bookrunner, the Selling Agents and their respective affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause the Issue Manager, Sole Arranger, and Sole Bookrunner, the Selling Agents or their respective or their clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Series 5 Bonds. The Issue Manager, Sole Arranger, and Sole Bookrunner or the Selling Agents may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Series 5 Bonds.

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SUMMARY OF TERMS AND CONDITIONS OF THE SERIES 5 BONDS

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| Issuer | Development Bank of the Philippines (“ DBP ”, the “ Bank ”, or the “ Issuer ”). |
| Issue | Series 5 Bonds constituting the direct, unconditional, unsecured and unsubordinated Peso-denominated obligations of the Bank. |
| Specified Currency or Currencies | Philippine Pesos. |
| Offer Size | PHP8.75 billion. |
| Manner of Distribution | Limited offering to judicial persons considered as Qualified Buyers (“ QIBs ”) under Section 10.1(l) of the Securities Regulation Code (“ SRC ”) and Rule 10.1.3 of the 2015 Implementing Rules and Regulations of the SRC, as amended (“ SRC Rules ”). |
| Use of Proceeds | To finance general corporate requirements, including funding source diversification, balance sheet expansion, and support for lending activities which may include financing under relevant frameworks or policies of the Bank. |
| Issue Price | At par (or 100% of face value). |
| Form and Denomination of the Bonds | The Series 5 Bonds shall be issued in scripless form in minimum denominations of PHP10,000,000 each, and in multiples of PHP1,000,000 thereafter, and traded in denominations of PHP1,000,000 in the secondary market. |
| Offer Period | The offer of the Series 5 Bonds shall commence at 9:00 a.m. on 29 January 2024 and end at 5:30 p.m. on 2 February 2024. The Issuer may, in consultation with the Issue Manager, Sole Arranger, and Sole Bookrunner, adjust the timetable as necessary, including closing the Offer Period earlier, and subject to other factors, including, but not limited to, market conditions and the timely receipt of approvals from PDEX. |
| Issue Date | 12 February 2024. |
| Interest | |
| Interest Commencement Date | 12 May 2024. |
| Interest Payment Date (s) | 12 February, 12 May, 12 August, and 12 November of each year. |
| Interest Rate | 6.102% per annum fixed for as long as the Series 5 Bonds are outstanding. |
| Day Count Fraction | 30/360-day count basis. |
| Maturity Date | 1.5 years from Issue Date, which is on 12 August 2025. |

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| Bond Rating | Unrated. |
| Ranking | <p>The Series 5 Bonds shall constitute the direct, unconditional, unsecured and unsubordinated Peso-denominated obligations of the Bank and will at all times rank <i>pari passu</i> and ratably without any preference or priority among themselves and with all other unsecured and unsubordinated Peso-denominated obligations of the Bank, except for any obligation enjoying a statutory preference or priority established under Philippine laws other than the preference under Article 2244, paragraph 14(a), of the Civil Code of the Philippines.</p> |
| Prohibited Bondholders | <p>Insofar as the Series 5 Bonds are concerned means persons and entities that are prohibited from purchasing and/or holding the Series 5 Bonds of DBP pursuant to the applicable Governing Regulations including BSP Circular No. 1010, series of 2018, BSP Circular No. 1062, series of 2019 as clarified in BSP Memorandum No. M-2020-01 dated 30 January 2020, specifically:</p> <ol style="list-style-type: none"> 1. natural persons who hold the Series 5 Bonds directly in their own capacity and for their own benefit; or 2. (a) the Bank (except where the Bank purchases and cancels the Series 5 Bonds under the conditions listed in the General Terms and Conditions) and (b) the Bank's related parties as defined in the Manual of Regulations for Banks (except for the Bank's trust department or its related trust entities) such as: (i) subsidiaries and affiliates of the Bank, and any party (including their subsidiaries, affiliates, and special purpose entities) that the Bank exerts direct or indirect control over or that exerts direct or indirect control over the Bank; (ii) the Bank's directors and their close family members; (iii) persons and entities that have direct or indirect linkages to the Bank identified as (1) ownership, control, or power to vote of 10% to less than 20% of the outstanding voting stock of the Bank; (2) interlocking directorships or officerships, except in cases involving independent directors as defined under existing regulations or directors holding nominal shares in the Bank; (3) common stockholders owning at least 10% of the outstanding voting stock of the Bank and 10% to less than 20% of the common outstanding voting stock of the Bank; or (4) permanent proxy or voting trusts in favor of the Bank constituting 10% to less than 20% of the outstanding voting stock of the Bank, or vice versa; and (iv) the Bank's officers, stockholders, related interests, and their close family members, as well as corresponding persons in affiliated companies, that do not fall under (i), (ii), or (iii) above and are in possession or have access to material and non-public information affecting the pricing and marketability of the Series 5 Bonds or which substantially impacts an investor's decision |

to buy or sell the Series 5 Bonds once the same are disseminated to the public; or

3. persons who are otherwise not qualified under the Governing Regulations including any other person whose acquisition, holding or Transfer of the Series 5 Bonds would violate any applicable law or regulation, including but not limited to the rules of the PDEx, BSP, AMLC, or other government regulation in any relevant jurisdiction; or
4. juridical persons who are otherwise not considered or do not qualify as QIBs as such term is defined under Section 10.1(l) of the SRC, its implementing rules, circulars, memoranda, and regulations, as may be amended from time to time; or
5. persons classified as U.S. Persons under the Foreign Account Tax Compliance Act of the United States, as this may be amended from time to time ("**FATCA**"), which include: (a) a U.S. citizen (including a dual citizen who may have another citizenship besides having a U.S citizenship); (b) a U.S. resident alien for tax purposes, which includes a person who has substantial presence in the U.S. ("substantial presence" is defined as more than 31 days in the current calendar year or a total of 183 days over the previous three years from the current tax year); (c) a U.S. partnership, U.S. corporation, or U.S. entity; (d) a U.S. estate; (e) a U.S. trust if a court within the United States is able to exercise primary supervision over the administration of the trust, or one or more U.S. persons have the authority to control all substantial decisions of the trust; or (f) any other person that is not a non-US person under the FATCA; or
6. persons classified as a Restricted Party.

For purposes of the definition of Prohibited Bondholders, a "subsidiary" means, at any particular time, a company which is then directly controlled, or more than fifty percent (50%) of whose issued voting equity share capital (or equivalent) is then beneficially owned, by the Bank and/or one or more of its subsidiaries or affiliates. An "affiliate" means, at any particular time, a company at least twenty percent (20%) but not more than fifty percent (50%) of whose issued voting equity share capital is then owned by the Bank. For a company to be "controlled" by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company. A "close family member" means a person related to the Bank's directors, officers, or stockholders within the second degree of consanguinity or affinity, legitimate or common-law, and these shall include the spouse, parent, child, brother, sister, grandparent, grandchild, parent-in-law, child-in-law, brother-in-law, sister-in-law, grandparent-

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| | in-law, and grandchild-in-law of the Bank's directors, officers, or stockholders. |
| Payment Account Name | PDTC as Paying Agent of DBP Series 5 Bondholders due 2025. |
| Listing or Enrollment | The Series 5 Bonds shall be enrolled as securities that may be traded at the PDEX between and among QIBs. |
| Governing Law | Philippine Law. |
| PARTIES/DISTRIBUTION | |
| Trustee | Land Bank of the Philippines – Trust Banking Group |
| Issue Manager, Sole Arranger, and Sole Bookrunner | China Bank Capital Corporation |
| Registrar & Paying Agent | Philippine Depository & Trust Corp. |
| Selling Agents | China Bank Capital Corporation Development Bank of the Philippines |

SUPPLEMENTAL INFORMATION MEMORANDUM

I. AMENDMENT TO THE PROGRAMME

On 18 October 2019, the Bank established a Bond Programme (the “**Bond Programme**”) for the issuance of bonds up to an aggregate principal amount of up to Fifty Billion Pesos (PHP50,000,000,000) pursuant to BSP Circular No. 1010, series of 2018. On 11 November 2019, the first tranche was issued as a Bond with a principal amount of PHP18.125 billion.

Through an Amendment to Programme Agreement dated 17 November 2020, the Bond Programme was amended to allow flexibility for the issuance of plain-vanilla bonds out of the Bond Programme. On 11 December 2020, the second tranche was issued as a plain-vanilla bond with a principal amount of Twenty-one Billion Pesos (PHP21,000,000,000). This was followed by the offer of two plain-vanilla bond issuances on 4 May 2022 with principal amount of Twelve Billion Pesos (PHP12,000,000,000) and on 27 July 2023 with principal amount of Three Billion Eight Hundred Seventy-Five Million Pesos (PHP3,875,000,000).

Pursuant to the Programme Agreement dated 18 October 2019, the Issuer notified identified parties on 28 March 2022 of the increase in the aggregate nominal amount of the Bond Programme from Fifty Billion Pesos (PHP50,000,000,000) to Fifty-five Billion Pesos (PHP55,000,000,000) commencing on 7 April 2022 whereupon all references in the Contracts (as defined in the Programme Agreement dated 18 October 2019) were deemed amended accordingly. Furthermore, the taxation portion of the Original Offering Circular in reference to the Bonds (as defined in the Offering Circular) was amended to include a new discussion for bonds with a maturity of more than five years from their Issue Date.

On 28 March 2023, the BSP confirmed the request of the Bank to increase the aggregate principal amount of the Bond Programme from Fifty-five Billion Pesos (PHP55,000,000,000) to One Hundred Fifty Billion Pesos (PHP150,000,000,000). Consequently, the Bond Programme was further amended on 16 January 2024 to increase the aggregate principal amount accordingly.

II. ADDITIONAL INVESTMENT CONSIDERATIONS RELATING TO THE SERIES 5 BONDS

THE FOLLOWING SUPPLEMENTS THE SECTION ON “CONSIDERATIONS RELATING TO THE BONDS” OF THE ORIGINAL OFFERING CIRCULAR.

The Series 5 Bonds are being offered to a limited market and there can be no assurance of maintaining the active trading of the Series 5 Bonds.

The Series 5 Bonds are being offered and will be transferable only to and from non-Prohibited Bondholders who are juridical persons that are considered QIBs, and such limited trading may affect the market price and liquidity of the Series 5 Bonds.

The Series 5 Bonds are a new issue of securities for which there currently is no market. The Issuer intends to enroll the securities under existing applicable guidelines of PDEX. The Issue Manager, Sole Arranger, and Sole Bookrunner are not obligated to make a market in the Series 5 Bonds.

Accordingly, no assurance can be given as to the development of an active or liquid trading market for the Series 5 Bonds.

The Series 5 Bonds are being enrolled in PDEX and the Issuer has decided to utilize the Electronic Securities Issue Portal (“e-SIP”)

The Series 5 Bonds will be enrolled in PDEX and will be registered in the Philippine Depository & Trust Corp. (“**PDTC**”) system through the use of the e-SIP. The e-SIP is a permissioned web-based facility designed as a gateway to streamline processes in the primary issuance of fixed income instruments, as established and maintained by the Philippine Dealing System Holdings Corp. (“**PDS**”) The e-SIP will serve as an electronic channel for submission of documents for listing, enrollment, and registration of Bondholders.

The Issuer and the Registrar and Paying Agent executed a Supplement to the Registry and Paying Agency Agreement dated 5 July 2023 (the “**Supplement RPAA**”). The Issuer shall be bound by the Terms of Use of e-SIP (the “**Terms of Use**”) as appended to the Supplement RPAA, notwithstanding deviations from the e-SIP standard operating procedures as provided in the Supplement RPAA. As a consequence of the availment of the e-SIP, the Issuer shall register the issuance of the Series 5 Bonds, as well as the Issue Manager, Sole Arranger, and Sole Bookrunner, Selling Agents, and other stakeholders (the “**Users**”), to the e-SIP facility, in order to allow access and submission of documents and other requirements for the Offer through the e-SIP facility, in lieu of (in certain instances) the physical submission thereof to PDTC, PDEX, and other operating subsidiaries of PDS. The Users (which may include the Issue Manager, Sole Arranger, and Sole Bookrunner, Selling Agents, and their clients) agree to accede to the Terms of Use in a manner and form prescribed by PDTC.

Notwithstanding the use of e-SIP by the Issuer, the Application to Purchase (“**ATP**”) will be prepared and filed manually in accordance with the Supplement RPAA. Please be advised that in lieu of the e-SIP standard operating procedures on the ATP, no ATP shall be electronically generated by the e-SIP for the Offer and an ATP shall not be available for download through the Selling Agent’s e-SIP account. There is no assurance that this hybrid procedure will result in better efficiency or may cause delays. While PDTC has obligated itself to take commercially reasonable efforts to ensure that the e-SIP is operational and available for use during regular business hours, there is no assurance that the e-SIP will be fully operational and there is no assurance that the e-SIP will be available at all times.

Taxation of the Series 5 Bonds

The Philippine National Internal Revenue Code, as amended by Republic Act No. 10963 and Republic Act No. 11534 (the “**Tax Code**”, as amended) provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and alien resident individuals from the Series 5 Bonds is generally subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Series 5 Bonds (which are deemed short-term bonds) received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Series 5 Bonds is subject to a final withholding tax rate of 20%. Interest income received by non-resident foreign corporations from the Series 5 Bonds is subject to a 25% final withholding tax.

III. ADDITIONAL INVESTMENT CONSIDERATIONS RELATING TO THE BANK

THE FOLLOWING SUPPLEMENTS THE SECTION ON “CONSIDERATIONS RELATING TO THE BANK” OF THE ORIGINAL OFFERING CIRCULAR.

The Bank's contribution to the initial capitalization of the Maharlika Investment Fund (“MIF”) may have an impact on its financial performance.

The MIF bill was signed into law by President Ferdinand R. Marcos Jr. on 18 July 2023. The initial capital for the MIF was sourced from the National Government (PHP50 billion), LBP (PHP50 billion) and DBP (PHP25 billion). DBP's involvement in the MIF is not expected to have any material impact on the Bank's credit standing.

Based on calculations done for the 2023 Internal Capital Adequacy Assessment Process (“ICAAP”), DBP's equity investment of PHP25 billion in the MIF would cause breaches in regulatory thresholds for capital ratios. DBP requested regulatory relief from the BSP's capital requirements following the PHP25 billion contribution made to the MIF. Subject to conditions imposed, DBP's request for flexibility from certain required ratios has been favorably granted by the BSP.

To strengthen the capital position of DBP and maintain its compliance with BSP regulations and augment its role in the provision of crucial resources to priority sectors for the overall socio-economic development of the country, the President of the Philippines, through Executive Secretary Lucas P. Bersamin, signed Executive Order No. 48 on 28 November 2023, adjusting the percentage of net earnings to be declared and remitted by the Bank to the National Government for its 2022 annual net earnings pursuant to Section 5 of RA No. 7656 from fifty percent (50%) to zero percent (0%).

The proposed merger of Development Bank of the Philippines and Land Bank of the Philippines (“LBP”) may lead to a potential dilution of focus on the Bank's mandate.

LBP and DBP as separate banking entities are each constrained to their own Single Borrower's Limit (“SBL”), and are able to simultaneously serve enterprises belonging to common industries. On the other hand, a merged entity, while it may enjoy benefits of massive capital, would still be subject to a single SBL and industry concentration which may affect access to development financing. While both banks are wholly owned by the National Government, each of LBP and DBP was established to carry out different mandates and focus for development. There is a proposal to merge LBP and DBP, with LBP being the surviving entity, but it is still evaluated by various stakeholders. In a letter dated 27 April 2023 addressed to the DBP Chairman, the Governance Commission for GOCCs (“GCG”) informed the Bank that it has not made its final determination on the proposed merger. On 26 July 2023, the Office of the President thru the Executive Secretary issued a Memorandum addressed to GCG directing the latter to conduct further study and explanation on the proposed merger of the LBP and DBP and requiring comprehensive study on related matters.

As of the date of this Pricing Supplement, no official approval and no executive order has been issued by either the Monetary Board of the BSP or by the Office of the President in respect of the proposed merger. The BSP has also not received any application for the merger of LBP and DBP. Given the foregoing, there is no assurance that the merger will be implemented under the terms publicly disclosed or approved at all. While under Philippine law, all assets and liabilities pursuant to a statutory merger are absorbed by the surviving entity, there is no assurance or expectation of what the terms and conditions of the merger (either by executive order or an act of Congress) will provide. There is no assurance either of any timetable on the completion of such merger, if at all. Furthermore, there is no assurance that the plans and strategies of the Bank will continue to be implemented or affected by any such merger. Any merger or consolidation could therefore have a material effect on the Bank's business, financial condition, and results of operations.

IV. RECENT DEVELOPMENTS, SELECT FINANCIAL INFORMATION, AND OPERATING DATA

Philippine Economy

The Philippine economy grew by 5.6% in 2023 after expanding by 5.6% in Q4 2023, below the 6% to 7% target range set by the government for 2023. In Q4 2022, gross domestic product (“GDP”) growth reached 7.1%. Despite economic growth missing the government’s target, the Philippines remains one of the best performing countries in Asia, among those that have already released their fourth quarter figures as of 4 February 2024. Philippine GDP growth in Q4 2023 was mainly attributed to the wholesale and retail trade, repair of motor vehicles and motorcycles, financial and insurance activities, and construction sectors. Headline inflation on the other hand eased to 2.8% in January 2024 from 3.9% in December 2023 and from the peak of 8.7% recorded in January 2023. The latest figure settled within the government’s target range of 2.0% to 4.0%.

On 14 December 2023, the BSP kept the benchmark interest rate at 6.5% based on new information and its latest assessment of the impact of prior monetary policy adjustments. The BSP deemed it necessary to keep monetary policy setting sufficiently tight to allow inflation expectation to settle more firmly with the government’s target range. In this regard, the BSP continues to closely monitor the impact of previous monetary policy adjustments on inflation, inflation expectations, and overall economic activity.

Despite global and domestic headwinds, the Philippine economy is demonstrating resilience and is poised to continue its expansion in 2024. The country’s economic outlook remains positive, fueled by several key drivers such as strong domestic demand, a recovering tourism sector, government infrastructure spending, a young and growing population, and an increase in tourism, among others. The BSP is expecting inflation to decelerate in Q1 2024 before accelerating sharply in Q2 2024.

COVID-19/Quarantine Situation in NCR/Philippines

The COVID-19 situation in the Philippines has been improving and the rate of new infections has been declining due to more Filipinos being vaccinated. According to the Department of Health (“DOH”) as of 11 December 2023, 70.3% of the total population were vaccinated with the last dose of primary series.

Metro Manila and most other parts of the country are currently under Alert Level 1, the lowest alert level in the Philippines’ COVID-19 Alert Level System. This means that there are minimal restrictions on social and economic activity. No subsequent announcements have been made by the DOH as of the date of this Pricing Supplement.

DBP Rehabilitation Support Program on Severe Events (“DBP RESPONSE”)

To assist pandemic-stricken industries, on top of the loan moratorium provided under Republic Act No. 11469 or the Bayanihan to Heal as One Act (“**Bayanihan Act**”), the Bank granted a payment moratorium of up to six (6) months under the DBP RESPONSE program which provides rehabilitation financing support to public and private institutions that have been adversely affected by calamities and/or events arising from the occurrence of such calamities. DBP RESPONSE extends new/additional loan, and deferment of loan payment and loan restructuring for existing borrowers. In 2022, the Bank received the International Best Practice Gold Award from the Asia Pacific Quality Organization for the DBP RESPONSE.

For new/additional loans, public institutions and electric cooperatives are provided with a loan tenor of up to 15 years inclusive of a grace period of up to three (3) years. Private institutions can avail of a loan tenor of up to ten (10) years inclusive of a grace period of up to three (3) years. For permanent working capital, loan tenor is up to five years with a one-year grace period on principal.

Under the DBP RESPONSE program, deferment of loan payment is up to six (6) months while loan restructuring can be additional of up to five (5) years extension inclusive of a three-year grace period. As of 31 December 2022, the program assisted a total of 751 borrowers (727 due to COVID-19 and 24 due to Typhoon Odette) on deferment of loan payment and 150 borrowers on loan restructuring

amounting to PHP21.21 billion and PHP14.45 billion, respectively. In addition, DBP extended new loans to 45 borrowers in the total amount of PHP7.05 billion.

In addition to the DBP RESPONSE, the Bank launched the MSME Recovery program (“**MSME RECOVERY**”), a sub-program of the DBP RESPONSE that was crafted by the Bank in compliance with the Bayanihan Act directing DBP to offer low interest and flexible terms to finance the operating expenses of micro, small, and medium enterprises (“**MSMEs**”) adversely affected by the pandemic.

The eligible borrowers under this program include duly registered MSMEs, including start-ups and cooperatives, that may be existing or new clients of DBP engaged in agri-fishery and non-essential businesses. The program also covers wholesale lending to institutions such as rural banks, thrift banks, microfinance-oriented banks, and non-bank financial institutions including cooperatives and microfinance institutions with the purpose of relending the same to eligible MSME borrowers.

As a government financial institution, the Bank understands that the MSME sector may likely take time to fully recover, thus, the program offers a maximum grace period of up to twelve (12) months on the principal. The program also allows loan tenor of up to ten (10) years depending on the purpose of the loan.

The eligibility period for the DBP RESPONSE to accelerate the MSME RECOVERY program ended last 31 December 2022. As such, no new loan applications have been processed since then. However, DBP continues to monitor the portfolio of the program. As of 30 September 2023, the total of loans approved under the program amounted to PHP10.53 billion from 123 accounts, with total releases amounting to PHP5.05 billion. The bulk of the approvals and releases were accounted to financial institutions, with the intention of relending the funds to eligible sub-borrowers. Below is the breakdown of loan releases according to borrower type.

| Loan Releases according to Borrower Type | | |
|---|--------------------|-------------------------|
| Type of Borrower | Number of Accounts | Total Amount (in PHP) |
| Micro, Small, Medium Enterprises (MSMEs) | | |
| Micro Enterprises | 5 | 16,792,550.00 |
| Small Enterprises | 24 | 72,254,444.44 |
| Medium Enterprises | 37 | 160,800,000.03 |
| MSMEs Total | 66 | 249,846,994.47 |
| Financial Institutions | | |
| Non-Bank Financial Institutions | 14 | 2,455,440,000.00 |
| Rural Banks | 6 | 325,571,577.03 |
| Cooperative Banks | 2 | 223,996,000.00 |
| Thrift Banks | 1 | 1,800,000,000.00 |
| Financial Institutions Total | 23 | 4,805,007,577.03 |
| Grand Total | 89 | 5,054,854,571.50 |

Updates on the Bank's Operations and Strategies

Loan Portfolio Quality

The quality of the Bank's loan portfolio may not be comparable with the industry as DBP is chartered as a development bank. As such, it is mandated to support developmental projects and MSMEs which are perceived as higher risks.

Coupled with the decrease in gross loan portfolio from PHP548.34 billion in September 2023 to PHP539.75 billion in October 2023, the gross non-performing loans (“**NPL**”) ratio significantly increased from 7.15% in September 2023 to 7.30% in October 2023. Likewise, net NPL ratio still rose from 3.56% to 3.67% as most of the increase in loan loss provision are in general reserves. Nonetheless, reduction

in NPL is still expected in 2023 as remedial actions are aimed at reverting non-performing loans to current status, or at the worst, maintain the 2022-end level. In 2023, the Bank continued the implementation of its NPL Management Strategy that aims to improve its NPL levels while also improving its operational and income-generating efficiency. However, given the volatile business condition of loan borrowers, the improvement of DBP's NPL levels is still dependent on the Philippine economy.

The Bank's gross NPL ratio increased from 5.28% in 3Q2022 to 7.15% in 3Q2023, as most of the increase in loan loss provision are in general reserves. This is higher by 405 basis points compared to the latest Universal and Commercial Banks average gross NPL ratio of 3.10% in September 2023.

The transportation and storage, wholesale and retail trade, construction, agriculture, forestry and fishing, and real estate sectors have the highest past due ratios vis-à-vis its entire loan portfolio as these industries are still reeling from the effects of the pandemic. For October 2023, in terms of market segment, the higher risk portfolio includes MSME and large enterprises with total past due ratio of 11.05%. An additional account (PHP14.18 million) is expected to turn past due by year-end. Nonetheless, implementation of remedial measures of big ticket past due accounts are being closely monitored to ensure substantial improvement in the Bank's loan portfolio.

Strategy and Areas of Focus for DBP

With the gradual reopening of the economy and the expected return of domestic activity to pre-pandemic levels, foremost in the Bank's strategy are activities that will ensure its institutional strength and resiliency so that it continues to intensify its role as the Government's partner for rebuilding and recovery under Bayanihan Act. Moreover, aligned with its sustainability advocacy, the Bank also undertakes the completion of its sustainability transition plan in line with BSP Circular No. 1085, series of 2020, or the Sustainability Finance Framework.

Operationally, it focuses on pursuing enhanced profitability and improved asset quality.

To improve the Bank's profitability, the Bank shall endeavor to improve its net interest margins, return on assets and return on equity. It aims to reduce its cost of funds and lengthen the duration of its funding sources by increasing its Current and Savings Accounts ("**CASA**") to Time Deposits ("**TD**") ratio and through access of the capital markets. Further, DBP also aims to increase fees generated and other income to offset low yields and expand its product offering to its clients.

The business model of the Bank continues to rely on deposit growth to support its loan pipeline. The Bank supplements this with long term Official Development Assistance ("**ODA**") funding, but funding growth in this area has been flat as negotiations for new ODA take several years. To address this gap, the Bank actively taps the interbank and repo markets for short term liquidity requirements. As an alternative, the Bank also taps the capital markets to generate medium term funding to support its lending operations. For the next few years, DBP will continue to tap the capital markets as part of its liability management plan which would help ensure the Bank's funding stability.

Moving forward, the Bank is refocusing efforts to growing its retail CASA base, which is considered to be a cheaper and more stable funding source, by increasing the proportion of the Bank's core deposit through various strategies. As of 30 September 2023, the CASA to TD ratio stands at 43:57 but the Bank endeavors to bring this to about 60:40 by 2028. The Bank intends to achieve this through expanding its disbursement/collection services catered to major government institutions such as Philippine Health Insurance Corporation ("**PhilHealth**") and Social Security System ("**SSS**") which will in turn increase deposit levels for the Bank. As of December 2023, DBP has expanded its multi-channel disbursement program to include payments for the Department of Agriculture's Rice Farmers' Financial Assistance and Fertilizer and Fuel Discount-Subsidy Vouchers, as well as payments for the Philippine Deposit Insurance Corporation ("**PDIC**").

CASA Average Daily Balance ("**ADB**") increased by 8% or by PHP24.62 billion from PHP307.71 billion as of 30 September 2022 to PHP332.33 billion as of 30 September 2023. This was brought about by the significant increase in local government units ("**LGU**") CASA by 14%. As of 30 September 2023, CASA to TD ratio is at 43:57, with CASA at PHP332.33 billion and TD at PHP442.62 billion.

In terms of asset quality, the Bank intends to develop an integrated NPL management framework focused on the early spotting of NPLs eligible for restructuring. It will also look to prioritize to add loans with low or 0% risk weight to its portfolio and improve loan collaterals.

As a state-owned bank, DBP is committed to strengthening its integral role towards nation-building and creating deeper development impact to the economy through its products and services. DBP targets to increase its CASA base by a compounded annual growth rate of at least 11% from 2023 to 2028 to reach PHP564.96 billion by 2028 from PHP332.33 billion in 2023. It also aims to prioritize projects for economic recovery and resiliency through its existing programs such as the DBP RESPONSE, MSME RECOVERY, and DBP's Assistance for Economic and Social Development for Local Government Units Financing Program, which received a Merit Award under the Financial Inclusion Category in the Association of Development Financing Institutions in Asia and the Pacific Development Awards in 2021. To supplement its existing programs, the Bank will develop new programs that will assist businesses to effectively adapt to the "new normal" environment and strengthen its responsiveness through these development programs. As a pillar of sustainable financing, the Bank shall look to increase its environmental loan portfolio to at least 10% of its total loan portfolio. It shall spearhead institutional sustainability initiatives focusing on efficient resource consumption, being champions for sustainability, project development impact monitoring, and green procurement.

DBP's Thrust Towards Digitalization

In line with the Bank's strategy to increase its CASA, DBP recognizes the need to strengthen its IT infrastructure to help expand its services through digital channels (i.e., mobile and online banking). In line with this, the Bank has heavily invested in assets that will support its core banking system that covers customer, deposits, loans, treasury, and general ledger as base foundation for interfacing with ATM, internet, and other financial technology or electronic channels. While the strategies of the Bank involve a higher budget proportion for operational expenditures, the Bank's capital expenditures have nevertheless consistently remained substantial to cater to the infrastructure and other IT development requirements of the Bank with a projected amount of over PHP1.00 billion each year for the next three (3) years.

Updates on the Implementation of PFRS 9, Financial Instruments

In 2018, the Bank implemented a new method of loan loss provisioning in compliance with Philippine Financial Reporting Standards ("**PFRS**"), particularly the PFRS 9 on Financial Instruments. Under the new method, loan accounts were provided reserves based on expected credit loss which considers not only the risks inherent to the account but also the possible effects of (external) economic factors which were identified to have impact on the credit portfolio where an account belongs. As of December 2023, the Bank is compliant with the requirements of PFRS 9 on expected credit losses ("**ECL**"). The implementation of PFRS 9 has significant impact on the Bank's performance as the ECL calculation model factored in some macroeconomic indicators.

On 3 August 2020, the BSP issued Memorandum No. M-2020-061 which provides for the supervisory expectations on the measurement of ECL and the treatment of regulatory relief measures granted amid the COVID-19 pandemic. The supervisory expectations provide, among others, that BSP Supervised Financial Institutions will avail of the regulatory relief measures to exclude eligible loans from past due and non-performing classifications and to stagger the booking of allowance for credit losses but shall continue to report actual past due and non-performing loans and allowance for credit losses in the Financial Reporting Package ("**FRP**") and the Capital Adequacy Ratio ("**CAR**") reports. This is to facilitate the generation of industry statistics and provide the BSP with information on the true health of the banking system.

The Bank's application for the relief measures was approved by BSP per its letter dated 11 June 2020. It includes among others, the temporary operational and relief measure on the staggered booking of allowance for credit losses ("**ACL**"), wherein BSP requires submission of documents to facilitate their evaluation.

On 5 July 2021, the Bank requested BSP's approval to avail of the ACL staggered booking amounting to PHP4.62 billion. On 4 October 2021, the BSP approved the request for ACL staggered booking of PHP3.28 billion covering 149 eligible accounts. Likewise, the SEC has issued Memorandum Circular

No. 32, series of 2020, approving the adoption of the staggered booking based on the approval of the BSP. Of the PHP3.28 billion approved by the BSP, PHP656 million shall be immediately recognized which is equivalent to the first year of the five-year period from 2021 to 2025. The Bank has booked the third tranche of the regulatory relief measure on staggered booking amounting to PHP656 million in 2023 or a total of PHP1.97 billion for years 2021 to 2023 with the remaining balance of PHP1.30 billion for the next (2) two years.

Updates on the Proposed Merger of DBP and LBP

The proposal to merge the two major government banks initially arose in 2016 when then President Benigno Aquino III issued Executive Order 198, series of 2016, which instructed the Department of Finance (“DOF”) to merge both banks. The move was approved by the House of Representatives but was rejected by the Senate.

An Economic Sectoral Meeting was conducted last 28 March 2023 at Malacañang with President Ferdinand R. Marcos, Jr. himself present. President Marcos’ instruction then was to submit the proposed merger for further study, especially as to its legalities. The DOF, through former Secretary Benjamin Diokno, has pushed for the merger and has issued pronouncements on its completion by November 2023.

The GCG opined that the proposed merger can proceed without legislation and can be done through an executive action without waiting for Congress to pass related bills. According to Republic Act No. 10149 or the GOCC Governance Act of 2011, among other legal bases, statutes, and applicable jurisprudence, the GCG is empowered to ascertain whether such GOCCs should be merged. The GCG is currently studying the positions of its stakeholders such as the Philippine Competition Commission, Commission on Audit, DOF, LBP, and DBP, and shall make a recommendation to Malacañang in due course. DBP filed an appeal with the Office of the President which seeks to annul or set aside the legal study on the proposed merger submitted by the GCG for having been issued in contravention with the GOCC Governance Act of 2011, relevant laws, and jurisprudence. DBP reiterated that GCG’s legal study only delved on the proper mode of merger. It did not discuss the propriety of such a merger. DBP maintains that the legal authority of the GCG is at best recommendatory and is not binding on any government agency. The DBP said that the planned merger “requires Congressional action”, which the GCG earlier said is not needed. However, on 31 May 2023, GCG released a statement that it will be pushing for amendments to its charter to “clarify and strengthen” the agency, given the questions raised regarding its scope and legality of its authority. It is the position of DBP that the charters of both banks, being legislative creations, can only be changed through legislation, i.e., an amendatory law. DBP has added that it will exhaust all available means to ensure that all issues and concerns are properly threshed out and effectively addressed in the proper and legal forum. DBP filed its Appeal Memorandum with the Office of the President on 18 May 2023, following the Notice of Appeal in April 2023. Under the relevant rules, the filing of the appeal stays the execution of the challenged decision or resolution.

In Memorandum dated 26 July 2023, the Office of the President directed the GCG to conduct further study of the proposed merger and deferred action on the request of GCG for the issuance of an executive order that approves the merger of DBP and LBP.

Relationship of DBP with LBP

DBP and LBP are both state-owned banks entrusted to service the deposit and loan requirements of LGUs and other government agencies. Both government banks cooperate in addressing the gaps to help promote socio-economic development by providing funding and technical assistance to key projects in the local communities and critical sectors of the economy.

DBP’s core development mandate is aligned with the national agenda such that the Bank remains committed to providing and enhancing access to development financing to identified priority areas of: (1) infrastructure, (2) environment, (3) social services, and (4) MSMEs. While LBP continues to prioritize financial assistance to small farmers and fisher who are mostly agrarian reform beneficiaries and agri-agra projects of the LGUs, it has expanded its loan portfolio to the same sectors catered by DBP as an offshoot of its authorized activities as a universal bank. However, both DBP and LBP’s banking functionalities should be interpreted within the context of their legislative intent.

In terms of setting-up branches, DBP focuses on establishing presence in areas not yet serviced by LBP or other commercial banks.

Implications of the merger

Should the merger of LBP and DBP advance, it is expected to create the largest banking institution in the Philippines, with LBP proposed as the surviving entity given its higher authorized capital stock of PHP800 billion and stronger capital position. The merged bank is expected to have total assets of more than PHP4.06 trillion and a deposit base of PHP3.50 trillion based on figures as of 30 September 2023. Notwithstanding the completion of the merger, both DBP's and LBP's most recent Common Equity Tier 1 ("**CET 1**") ratios remain healthy and compliant with regulatory requirements.

According to former DOF Secretary Diokno, projected operating cost savings could reach at least PHP5.3 billion per year by eliminating redundancies. It is claimed that the surviving bank could also better withstand global financial shocks as a stronger bank. While the imperatives for a merger may be important for private banks where size is critical for scale and market dominance, this may not be the case for government banks where the critical considerations are efficiency and effectiveness in delivering their public service mission in accordance with their respective mandates.

DBP Official Media release on the merger

There is no formal decision yet on the merger of the DBP and LBP. DBP believes that any merger would require an act of Congress as both institutions were created by enabling laws. The DBP echoes and shares the sentiments of President Ferdinand Marcos, Jr. on the need to conduct a thorough and meticulous legal study on the proposed merger of DBP and LBP which he firmly declared during a meeting with all stakeholders in Malacañang on 28 March 2023.

DBP is committed to fulfilling its mandate of being a catalyst for national development by serving the financing needs of strategic and critical economic sectors, particularly infrastructure and logistics, micro, small and medium enterprises, social services, and the environment. The Bank assures the general public that the entire Board of Directors, Management Team and the rest of the public servants of DBP remain steadfast in serving the banking needs of its clients, and it shall continue to do so with the same passion, dedication, and commitment as it has done for the past 76 years.

Maharlika Investment Fund (MIF) Act

The MIF Act was signed into law by President Ferdinand Marcos, Jr. on 18 July 2023, establishing the Philippines first sovereign wealth fund aimed at boosting the country's economic growth. The MIF is designed to promote economic development by making strategic and profitable investments in key sectors like foreign currencies, domestic and foreign corporate bonds, commercial real estate, and infrastructure projects. The MIF aims to support the administration's economic goals by widening the country's fiscal space, easing financing pressures for public infrastructure projects in the near and medium term.

Allowable investments under MIF include fixed income instruments, domestic and foreign corporate bonds, joint ventures, mutual and exchange-traded funds, National Economic and Development Authority ("**NEDA**") -approved infrastructure projects, and loans and guarantees to investors for public interest. All income earned from the MIF will go to poverty and subsistence subsidies and to social welfare programs and projects, excluding infrastructure projects.

The implementing rules and regulations of the MIF Act ("**MIF Act IRR**") was issued by the Bureau of the Treasury on 28 August 2023, following consultation with founding government financial institutions, LBP and DBP and the technical working group consisting of the DOF, Department of Budget and Management, SEC, NEDA, Office of the Government Corporate Counsel, and the GCG.

The Maharlika Investment Corporation (MIC) was established to serve as the sole vehicle responsible for mobilizing and utilizing the MIF for investments in transactions aimed at generating optimal returns on investments. On 10 November 2023, the revised MIF Act IRR was published, strengthening the

independence of the MIC's board of directors by providing it autonomy for more objective and effective decision-making, insulated from undue political influence.

The MIC is composed of nine (9) board of directors, led by the Secretary of Finance, Ralph G. Recto, as *ex-officio* chairperson, the MIC president, Rafael Consing Jr., as chief executive officer and vice-chairperson, the presidents and chief executive officers of the DBP and LBP, Michael de Jesus and Ma. Lynette Ortiz, respectively, and other members appointed on 20 December 2023, Vicky Castillo Tan, Andrew Jerome Gan, German Lichauco, and Roman Felipe Reyes. As of 8 January 2024, one seat remains vacant.

The MIC held its first board meeting on 3 January 2024 where the capitalization scheme of the MIC amounting to PHP125 billion was approved. As proposed, following the issuance of the MIF Act IRR, initial capital was sourced from LBP (PHP50 billion) and the DBP (PHP25 billion), with the remaining PHP50 billion to be sourced from the National Government.

Dividend Relief

On 8 May 2023, DBP requested for dividend relief covering 2022 Net Earnings from the National Government through the DOF. This is following management and board instruction as recommended in the ICAAP document and supported by internal capital ratio computations. Executive Order No. 48, series of 2022, was issued on 28 November 2023, adjusting the Bank's dividend rate from 50% to 0% for fiscal year 2022. The lowering of the dividend remittance requirement was ordered to augment the DBP's role in the provision of crucial resources to priority sectors in furtherance of national economy and general welfare.

Any request for dividend relief covering the fiscal year 2023 will be determined after the completion of the on-going ICAAP exercise for the year 2024.

Update on the Philippine Sovereign and the Bank's Credit Rating

On 10 November 2023, Fitch Ratings affirmed the Philippines' Long-Term Foreign-Currency Issuer Default Ratings ("IDR") at 'BBB' with a Stable Outlook. The rating reflects the Philippines' strong medium-term growth prospects and declining government debt to GDP ratio.

According to the Fitch Ratings Report dated 28 November 2023, the Long-Term IDR on Development Bank of the Philippines are equalized with those of the sovereign, reflecting the view of a high probability of state support to the Bank in times of need, which is also indicated in its Government Support Rating of 'BBB'. The ratings take into consideration the Bank's strategic role as the country's infrastructure bank, its 100% state ownership, and the state's moderate ability to support the bank, as indicated in the sovereign rating of 'BBB'/Stable. The ratings given are despite its view that the Bank's underlying loss-absorption buffers, as indicated by its common equity Tier-1 (CET1) ratio of 13.3% at end-September 2023, may weaken as a result of its contribution to the Maharlika Fund, regardless of any regulatory relief granted.

Updates on the Members of the Board of Directors (the "DBP Board") and Management Team

The members of the DBP Board are appointed by the President of the Philippines as provided in Section 8 of the Revised Charter of the Bank. The following table sets forth the members of the DBP Board as of the date of this Pricing Supplement:

| Name | Position |
|--------------------------|-----------------|
| Dante O. Tiña | Chairman |
| Michael O. de Jesus | Vice Chairman |
| Roberto V. Antonio | Director |
| Maria Lourdes A. Arcenas | Director |
| Emmeline C. David | Director |
| Wilma T. Eisma | Director |
| Philip G. Lo | Director |

| Name | Position |
|--------------|-----------------|
| Jaime Z. Paz | Director |

The Bank's Management Committee is under the office of the President and Chief Executive Officer. It acts as a collegial body and is the highest approving authority of the Bank at the management level. It decides on policy and operational matters that cut across departments and impact the Bank as a whole. The following table sets forth the members of the Bank's Management Committee:

| Name | Position |
|-------------------------|--|
| Michael O. de Jesus | President and Chief Executive Officer |
| George S. Inocencio | EVP, Head – Branch Banking Sector |
| Carolyn I. Ofindo | SVP, OIC – Development and Resiliency Sector |
| Catherine T. Magana | SVP, OIC – Operations Sector |
| Ana Marie E. Veloso | SVP, OIC – Development Lending Sector |
| Ronaldo U. Tepora | SVP, OIC – Corporate Services Sector |
| Mario Rey T. Morales | SVP, OIC – Treasury & Corporate Finance Sector |
| Soraya F. Adiong | SVP, Head – Strategic Planning Group |
| Romeo B. Carandang | FVP, OIC – Human Resource Management Group |
| Jose Maria L. Villareal | VP, OIC – Legal Services Group |
| Jose M. De Vera | VP, OIC – Information and Communications Technology Sector |
| Ma. Lourdes B. Gumba | SVP, OIC – Enterprise Risk Management Group |
| Jocelyn A. Carrillo | SAVP, OIC – Compliance Management Group |
| Micaela V. Masigan | VP, Office of the President and Chief Executive Officer |
| Teodorico P. Fernandez | SVP, Office of the Chairman |

Pursuant to GCG Memorandum Order No. 2022-12 dated 20 October 2023, the reporting lines of various organizational units of DBP were changed in view of its continuing efforts towards efficiency and responsiveness, and to provide a dynamic organization to address operational and customer requirements.

| Affected Organizational Unit | Existing Reporting Line | New Reporting Line |
|---|--|--|
| Human Resource Management Group | Corporate Services Sector (CSS) | Office of the President and Chief Executive Officer (OPCEO) |
| Corporate Affairs Department | CSS | OPCEO |
| Complaints and Feedback Management Team | Customer Care Unit/Customer Experience Management Department/CSS | Customer Concerns Analytics Unit/Customer Experience Management Department/CSS |
| Consumer Finance Department | Branch Banking Sector (BBS) - OH | Marketing Group/BBS |
| E-Channel Monitoring and Support Unit | E-Channel Operations Department (ECOD)/Branch Operations Support Group (BOSG)/BBS | Network Infrastructure Services Department (NISD)/IT Operations Group (ITOG)/ICT Sector (ICTS) |
| Tax Management Unit | Financial Planning and Tax Management Department (FPTMD) /Comptrollership Group (CG) /Operations Sector (OS) | Financial Accounting Department (FAD)/CG/OS |
| Financial Performance Unit | FAD/CG/OS | FPTMD/CG/OS |
| Accounting Policies and Procedures Team | Centralized HO Accounting Unit/ Administrative Accounting Department (AdAD)/OS | GL Operations Unit/FAD/CG/OS |
| Centralized Branch Accounting Units- Luzon and Visayas & Mindanao | FAD/CG/OS | AdAD/CG/OS |
| Special Assets Group | Development and Resiliency Sector | OPCEO |

Select Financial Information

The following table sets forth selected financial information of the Bank which has been derived from the audited consolidated financial statements of the Bank as of 31 December 2020, 2021, and 2022 and from the unaudited financial information (Parent only) of the Bank for the periods ended 30 September 2022 and 30 September 2023, which are all deemed incorporated by reference to this Pricing Supplement. Such audited financial statements have been prepared in accordance with accounting principles generally accepted in the Philippines ("**Philippine GAAP**") and Philippine Financial Reporting Standards ("**PFRS**").

None of the Issue Manager, Sole Arranger, and Sole Bookrunner or the Selling Agents or their respective affiliates have independently verified any or all such information. None of the Issue Manager, Sole Arranger, and Sole Bookrunner or the Selling Agents or their respective affiliates make or extend any representation or assurance that the information is truthful, accurate, or complete.

The following selected financial information of the Bank should be read together with other portions of this Pricing Supplement and the Offering Circular. See "INVESTMENT CONSIDERATIONS – CONSIDERATIONS RELATING TO THE BANK" of the Original Offering Circular.

| (P millions) | As of 31 December (Consolidated) | | | As of 30 September (Parent) | |
|---|-------------------------------------|------------------------------|---------------------|--------------------------------|-------------------|
| | 2020 AUDITED, RESTATED | 2021 AUDITED, RESTATED | 2022 AUDITED | 2022 UNAUDITED | 2023 UNAUDITED |
| BALANCE SHEET | | | | | |
| Assets | | | | | |
| Cash and other cash items | 5,159.89 | 6,495.30 | 6,412.24 | 5,821.95 | 5,977.80 |
| Due from Bangko Sentral ng Pilipinas | 295,805.47 | 304,830.16 | 125,147.39 | 103,391.52 | 74,268.62 |
| Due from other banks | 9,790.49 | 23,003.86 | 9,629.09 | 13,854.12 | 8,810.08 |
| Interbank loans receivable | 23,772.83 | 41,922.54 | 22,916.23 | 42,541.70 | 14,998.03 |
| Securities purchased under agreement to resell | 16,017.12 | 16,029.89 | 27,662.29 | 27,646.62 | 35,286.50 |
| Financial assets at fair value through profit or loss (FVPL) | 9,007.60 | 6,370.11 | 2,887.15 | 10,263.57 | 7,877.37 |
| Financial assets at fair value through other comprehensive income (FVOCI) | 44,485.26 | 31,291.11 | 39,759.87 | 42,582.35 | 40,849.28 |
| Financial assets to amortized cost (HTC) | 203,934.31 | 256,868.05 | 282,769.43 | 288,827.65 | 270,000.68 |
| Financial assets at amortized cost (Loans and Receivables, net) | 417,688.79 | 458,159.53 | 508,772.76 | 486,653.47 | 475,027.59 |
| Bank premises, furniture, fixtures and equipment – net | 2,535.30 | 2,644.21 | 2,528.04 | 2,580.89 | 2,360.90 |
| Right-of-Use Assets | 364.08 | 582.97 | 474.70 | 450.69 | 555.43 |
| Investment property – net | 942.87 | 1,177.58 | 1,550.55 | 1,272.76 | 1,614.28 |
| Equity investment in subsidiaries – net | 0.00 | 0.00 | 0.00 | 1,797.16 | 1,887.85 |
| Equity investment in associates and joint venture – net | 216.25 | 206.77 | 219.03 | 41.12 | 38.49 |
| Non-current assets held for sale – net | 201.57 | 199.35 | 218.26 | 212.95 | 207.82 |
| Deferred Tax Assets | 3,735.95 | 5,699.86 | 7,243.58 | 5,960.16 | 7,179.30 |
| Intangible Assets – net | 431.18 | 303.95 | 239.15 | 254.07 | 202.56 |
| Other assets – net | 9,247.60 | 7,786.49 | 9,688.79 | 3,383.10 | 34,743.26 |
| Total Assets | 1,043,336.56 | 1,163,571.73 | 1,048,118.55 | 1,037,535.82 | 981,885.83 |
| Liabilities | | | | | |
| Deposit liabilities | 817,576.61 | 939,666.01 | 825,627.45 | 778,359.64 | 771,858.55 |
| Bills payable | | | | | |
| ODA | 45,670.81 | 40,073.29 | 35,660.20 | 34,859.45 | 30,069.17 |
| Non-ODA | 33,183.82 | 27,560.20 | 35,585.13 | 45,579.46 | 17,026.39 |
| | 78,854.63 | 67,633.49 | 71,245.33 | 80,438.91 | 47,095.56 |
| Bonds payable | 53,526.89 | 36,241.78 | 28,668.27 | 50,525.98 | 32,794.54 |

| (P millions) | As of 31 December (Consolidated) | | 2022 AUDITED | As of 30 September (Parent) | |
|--|-------------------------------------|------------------------------|-------------------|--------------------------------|-------------------|
| | 2020 AUDITED, RESTATED | 2021 AUDITED, RESTATED | | 2022 UNAUDITED | 2023 UNAUDITED |
| Due to Bangko Sentral ng Pilipinas/other banks | 2.98 | 0.15 | 0.00 | 0.15 | 0.00 |
| Manager's checks and demand drafts outstanding | 319.00 | 432.03 | 221.13 | 131.72 | 221.74 |
| Accrued taxes, interests and expenses | 6,127.09 | 6,114.79 | 8,421.64 | 6,007.90 | 10,084.76 |
| Unsecured subordinated debt | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 |
| Deferred credits and other liabilities | 15,272.94 | 25,376.83 | 24,585.95 | 33,092.14 | 25,465.11 |
| Total Liabilities | 981,680.14 | 1,085,465.09 | 968,769.77 | 958,556.44 | 897,520.25 |

| | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|
| Capital Funds | | | | | |
| Capital stock | 19,500.00 | 32,000.00 | 32,000.00 | 32,000.00 | 32,000.00 |
| Retained earnings | 40,670.43 | 44,695.51 | 48,511.87 | 52,102.51 | 53,910.88 |
| Retained earnings reserves | 259.42 | 262.95 | 265.38 | 242.95 | 245.38 |
| Accumulated other comprehensive income/(loss) | 1,227.53 | 1,148.70 | (1,428.00) | (5,366.08) | (1,790.68) |
| | 61,657.38 | 78,107.16 | 79,349.25 | 78,979.38 | 84,365.58 |
| Non-controlling interest | (0.96) | (0.52) | (0.47) | 0.00 | 0.00 |
| Total Capital Funds | 61,656.42 | 78,106.64 | 79,348.78 | 78,979.38 | 84,365.58 |
| Total Liabilities and Capital Funds | 1,043,336.56 | 1,163,571.73 | 1,048,118.55 | 1,037,535.82 | 981,885.83 |

| (P millions) | For the Period Ended | | | | |
|--|------------------------------|---|--------------------|---|-------------------|
| | 2020 AUDITED, RESTATED | 31 December (Consolidated) 2021 AUDITED, RESTATED | 2022 AUDITED | 30 September (Parent) 2022 UNAUDITED | 2023 UNAUDITED |
| INCOME STATEMENT | | | | | |
| Interest income on: | | | | | |
| Loans and receivables | 17,655.46 | 18,300.35 | 22,510.01 | 16,216.19 | 22,087.10 |
| Financial assets – debt securities | 9,834.28 | 11,020.59 | 11,564.11 | 8,208.68 | 10,031.94 |
| Deposits with banks | 2,556.00 | 3,281.18 | 1,802.22 | 632.25 | 1,647.90 |
| Interbank loans receivables/Securities purchased under agreement to resell | 541.63 | 318.50 | 1,163.47 | 1,336.52 | 966.08 |
| | 30,587.37 | 32,920.62 | 37,039.81 | 26,393.63 | 34,733.03 |
| Interest expense on: | | | | | |
| Bills payable and other borrowings | (4,804.64) | (4,216.91) | (4,008.56) | (2,839.26) | (3,087.44) |
| Deposits | (7,884.61) | (8,614.94) | (8,713.17) | (5,364.10) | (14,304.91) |
| | (12,689.25) | (12,831.85) | (12,721.73) | 8,203.36 | 17,392.34 |
| Net interest income before provision for impairment | 17,898.12 | 20,088.77 | 24,318.08 | 18,190.27 | 17,340.68 |
| Provision for impairment | (4,047.76) | (4,624.31) | (7,815.93) | (4,252.98) | (5,168.30) |
| Net interest income after provision for impairment | 13,850.36 | 15,464.46 | 16,502.15 | 13,937.29 | 12,172.39 |
| Other income: | | | | | |
| Profits/(loss) from investment and securities trading | 436.92 | 563.46 | (112.84) | (41.96) | 330.31 |
| Foreign exchange profit/(loss) | 179.76 | 2,178.57 | 1,853.61 | 1,492.84 | 3,865.68 |
| Service charges, fees and commissions | 1,313.23 | 1,463.46 | 1,598.82 | 1,023.98 | 1,189.99 |
| Dividends – equity investments | 877.10 | 347.84 | 294.78 | 687.18 | 176.4 |
| Miscellaneous | 505.19 | 464.02 | 652.25 | 304.77 | 1,017.55 |
| | 3,312.20 | 5,017.35 | 4,286.62 | 3,466.82 | 6,579.93 |
| Other expenses: | | | | | |
| Compensation and fringe benefits | (4,689.32) | (5,362.17) | (6,591.53) | (4,290.17) | (5,380.29) |
| Taxes and licenses | (4,045.17) | (5,815.23) | (5,008.15) | (3,414.18) | (3,567.68) |
| Occupancy expenses | (94.49) | (105.51) | (141.19) | (38.32) | (261.99) |
| Other operating expenses | (3,780.63) | (4,881.03) | (4,703.69) | (3,295.77) | (3,075.82) |
| | (12,609.61) | (16,163.94) | (16,444.56) | 11,038.45 | 12,285.78 |
| Profit before tax | 4,552.95 | 4,317.87 | 4,344.21 | 6,365.66 | 6,466.54 |
| Provision for income tax | (1,058.70) | (274.66) | (521.27) | 1,019.16 | 1,326.58 |

| (₱ millions) | For the Period Ended | | | | |
|-------------------|------------------------------|---|-----------------|---|-------------------|
| | 2020 AUDITED, RESTATED | 31 December (Consolidated) 2021 AUDITED, RESTATED | 2022 AUDITED | 30 September (Parent) 2022 UNAUDITED | 2023 UNAUDITED |
| Net Income | 3,494.25 | 4,043.21 | 3,822.94 | 5,346.50 | 5,139.96 |

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Earnings per share for net income attributable to the equity holder of DBP during the year/period | 17.92 | 12.64 | 11.95 | 16.71 | 16.06 |
|---|-------|-------|-------|-------|-------|

| | As of 31 December (Consolidated) | | | As of 30 September (Parent) | |
|---|-------------------------------------|------------------------------|-----------------|--------------------------------|-------------------|
| | 2020 AUDITED, RESTATED | 2021 AUDITED, RESTATED | 2022 AUDITED | 2022 UNAUDITED | 2023 UNAUDITED |
| Return on average asset ratio ¹ | 0.39% | 0.37% | 0.35% | 0.66% | 0.68% |
| Return on average equity ² | 5.66% | 5.79% | 4.86% | 9.13% | 8.39% |
| Net interest margin ³ | 2.24% | 2.03% | 2.46% | 2.50% | 2.58% |
| Cost-to-income ratio ⁴ | 57.00% | 61.87% | 55.29% | 48.66% | 50.07% |
| Loans to deposits ⁵ | 57.06% | 56.37% | 70.22% | 73.74% | 71.04% |
| Tier 1 capital adequacy ratio ⁶ | 11.71% | 12.25% | 11.68% | 11.41% | 13.25% |
| Total capital adequacy ratio ⁷ | 13.29% | 13.53% | 12.61% | 12.67% | 14.16% |
| Total tangible equity to total tangible assets ⁸ | 5.76% | 6.25% | 6.93% | 7.08% | 7.92% |
| Average tangible equity to average total tangible assets ⁹ | 6.44% | 6.02% | 6.57% | 6.93% | 7.49% |
| Total non-performing loans (NPL) to total gross loans ¹⁰ | | | | | |
| Gross NPL Ratio | 2.61% | 5.20% | 5.08% | 5.28% | 7.15% |
| Net NPL Ratio | 1.08% | 3.45% | 2.85% | 3.31% | 3.56% |
| Non-accruing loans to total gross loans ¹¹ | 2.45% | 4.48% | 5.09% | 4.89% | 6.20% |
| Allowances for impairment on loans to total gross loans ¹² | 2.89% | 3.34% | 4.35% | 3.70% | 5.29% |
| Allowances for impairment on loans to total NPLs ¹³ | 110.64% | 64.18% | 85.74% | 70.08% | 74.03% |
| Specific provisions to NPLs ¹⁴ | 81.38% | 39.61% | 59.01% | 37.39% | 50.21% |
| Specific provisions to gross loans ¹⁵ | 2.12% | 2.06% | 2.99% | 1.98% | 3.59% |

| | | | |
|-----------------------------|--|--|--|
| Dividend per share (in PHP) | Approved dividend relief for CY 2018-2020 per Executive Order No. 160 dated 29 December 2021 | Approved dividend relief for CY 2021 per Executive Order No. 8 dated 9 December 2022 | Approved dividend relief for CY 2022 per Executive Order No. 48 dated 28 November 2023 |
|-----------------------------|--|--|--|

[1] Net income divided by average total assets for the periods indicated.

[2] Net income divided by average total equity for the periods indicated.

[3] Net interest income divided by average interest-earning assets (including interbank loans, trading and investment securities and loans).

[4] Other expenses (excluding interest expense, provision for impairment and credit losses) divided by net interest and other income for the periods indicated.

[5] Total gross loans divided by total deposits for the periods indicated.

[6] Based on Tier 1 capital divided by total risk-weighted assets as disclosed in the Bank's BSP report for the relevant year.

[7] Based on total capital divided by total risk-weighted assets as disclosed in the Bank's BSP report for the relevant year.

[8] Total tangible equity (equity minus goodwill and deferred tax assets) divided by total tangible assets (total assets minus goodwill and deferred tax assets).

[9] Average tangible equity divided by average total tangible assets. Averages are based on quarterly averages.

[10] Total NPLs (net of loans classified as loss for the applicable period) divided by total gross loans (exclusive of unquoted debt securities classified as loans, loan discount and capitalized interest, loans classified as loss for the applicable period and other charges).

[11] Non-accruing loans divided by total gross loans (exclusive of interbank loans, loans arising from repurchase agreements and unquoted debt securities classified as loans, loan discount and capitalized interest and other charges).

[12] Total allowance for impairment divided by total gross loans for the periods indicated (exclusive of unquoted debt securities classified as loans, loan discount and capitalized interest and other charges).

[13] Total allowance for impairment divided by total NPLs for the periods indicated.

[14] Specific provision divided by total NPLs. Specific provisions were PHP9,901 million, PHP10,907 million, PHP17,362 million, PHP11,341 million and PHP19,688 million for the years ended 31 December 2020, 2021 and 2022 and for the period ended 30 September 2022 and 2023, respectively.

[15] Specific provisions divided by total gross loans for the periods indicated (exclusive of unquoted debt securities classified as loans, loan discount and capitalized interest and other charges).

[16] Dividend per share divided by earnings per share.

DBP's Financial Performance – FY2022 Financials

December 2022 vs December 2021 (Consolidated)

The Bank's net profit for the year ended 2022 logged at PHP3.82 billion, lower by 5.45% or by PHP220.27 million from PHP4.04 billion in 2021. The decrease was triggered by the huge increase in provision for credit losses of PHP3.19 billion and income taxes of PHP246.61 million which weighed down the 21.05% or PHP4.23 billion expansions in net interest income.

Net interest income of PHP24.32 billion spiked by 21.05% from last year's PHP20.09 billion, owing to ramped-up gross interest income on regular loans by 23%. Cost of funds of PHP12.72 billion slightly slid from PHP12.83 billion in 2021, on account of matured term deposits and bonds payable despite the rise in interest rates of term deposits.

Provision for credit losses significantly increased by 69.02% year-on-year to PHP7.82 billion to cover the provisioning requirement of the increasing defaulted loans.

The Bank's total assets decreased by 9.92% year-on-year to PHP1,048.12 billion, on the back of the decrease on deposits. Past due level increased to PHP29.49 billion from PHP23.76 billion in December 2021 and registered an increased past due rate at 5.09% from 4.48%. However, past due coverage amplified to 85.55% from 74.39%, in view of the PHP7.82 billion additional provision for credit losses. Gross NPLs increased to PHP29.42 billion from PHP27.53 billion on the same period last year. Nevertheless, gross and net NPL rate improved at 5.08% and 2.85% from 5.20% and 3.45%. NPL coverage ratio expanded to 85.74% from 64.18%.

Total liabilities dropped by 10.75% to PHP968.77 billion from PHP1,085.47 billion from the same period last year, mainly due to the 12.14% decrease in deposit liabilities. Total equity stood at PHP79.35 billion in 2022, 8.54% higher than the PHP78.11 billion during the same period last year.

December 2021 vs December 2020 (Consolidated)

The Bank's net income of PHP4.04 billion for 2021 grew by 15.76% from PHP3.49 billion on the same period last year due to the Bank's growth in net interest income (PHP2.19 billion) and other income (PHP1.71 billion), coupled with lower provision for taxes (PHP784 million). However, this was offset by higher operating expenses (PHP3.55 billion).

Net interest income grew by 12.24% to PHP20.1 billion in 2021, of which 56% was generated by lending operations and 44% from treasury. The increase was mainly brought about by ramped up interest income from investments by 12.06% and deposit with banks by 28.37%.

The Bank's cost of funds inched-up by 1.12% to PHP12.83 billion, in view of the spike in interests on deposits by 9.26% brought about by sizeable term deposits but offset by lower borrowing costs by 12.23%. Other income of PHP5.02 billion rose by 51.48% against the same period last year attributed to higher foreign exchange revaluation gains, trading gains, additional interest, and penalty charges and bank fees.

Operating expenses rose by 28.19% to PHP16.16 billion year-on-year from PHP12.61 billion for the same period last year. The increment was triggered by volume-related administrative expenses such as documentary stamps, PDIC fees, gross receipts tax and payment of merit increase. Compensation and fringe benefits likewise increased by 14.35% to PHP5.36 billion.

Total assets expanded by 11.52% to PHP1.16 trillion from PHP1.04 trillion in December 2020 brought about by the build-up on loan portfolio and investments, funded largely by the 14.93% increase in deposit liabilities. As of 31 December 2021, past due ratio went up to 4.44% from 2.45% on the same period last year, mainly due to the increased accounts that turned sour in 2021. Consequently, gross and net NPL climbed to 5.20% and 3.45% from last year's 2.61% and 1.08%, respectively.

Total liabilities reported a 10.57% growth from PHP981.68 billion to PHP1.09 trillion as of 31 December 2021 mainly on account of the increased deposit liabilities which grew by 14.93% during the period. While the Bank's main financing remains to be deposits (ratio for deposits to other fund sources is at 83:17 on average for the past three years), DBP, as one of the government depository banks, carries heavy funding support from government deposits even amidst the pandemic. As a matter of fact, the Bank's deposit base grew by 14.93% or PHP122.09 billion to PHP939.67 billion as of 31 December 2021 from PHP817.58 billion the same period last year. Although these deposits primarily come from government sources (59.18% vs 40.82% private on average), DBP's deposit mix of CASA to TD has a ratio of 32:68 in 2021. Given this CASA to TD ratio, the Bank intends to skew its funding to the mid to longer tenors by increasing its CASA to TD ratio to 61:39 by 2027 and through access of the capital markets. In March 2021, the Bank went out to the international capital market for its refinancing of its USD300.00 million Senior Notes to improve further the Bank's liquidity gap.

Total equity increased to PHP78.11 billion from PHP61.66 billion on 31 December 2020, primarily due to the PHP12.50 billion capital infusion from the National Government under the Bayanihan Act.

December 2020 vs December 2019 (Consolidated)

In 2020, the Bank ended the year with a net income of PHP3.49 billion, posting a 37.31% (PHP2.08 billion) drop year-on-year from PHP5.57 billion in 2019. The decline in net income was mainly driven by the huge provisioning for credit losses of PHP4.05 billion which is 106.43% increase from last year's PHP1.96 billion to cushion the loan portfolio from market stresses during pandemic. Despite the increased gross interest income by PHP839.14 million, net income further trimmed down by the increased operating expenses by PHP1.31 billion.

Total assets reached PHP1.04 trillion, logging a 36.58% (PHP279.44 billion) growth from PHP763.90 billion last year. This was in view of intensified deposit liabilities (PHP263.05 billion increase) that funded the loan portfolio build-up (PHP47 billion), investments (PHP53.70 billion) and deposits to BSP (PHP177.68 billion). The Bank's past due ratio in December 2020 increased to 2.45% from 2.42% in 2019, caused by much higher loans that turned past due this year (PHP1.31 billion) resulting from the COVID-19 pandemic. Gross and net NPL Ratio rose to 2.61% and 1.08% from last year's 2.39% and 1.18%, respectively. This was due to the significant increase of non-performing loans.

Total liabilities of PHP981.68 billion rose by 39.36% (PHP277.25 billion increase) from the same period last year's PHP704.43 billion on the back of the 47.44% increase on deposit level against previous year's PHP554.53 billion. DBP's branches delivered a 39.40% growth in the average daily balance of total deposits and a 22.57% growth in volume of CASA in 2020 which was chiefly responsible for lowering the Bank's cost of funds and increasing net interest margins. In November 2020, the Bank came out to the market to issue a PHP21.00 billion three (3)-year bond to help fund its loan books for its growing peso loan pipeline.

Total equity of PHP61.66 billion boosted by 7.80% from last year's PHP59.47 billion on account of the net income generated for the year (PHP3.49 billion) and net unrealized gains on financial assets measured at fair value thru other comprehensive income of PHP1.22 billion.

While the BSP and other central banks have been consistent in their pronouncements of keeping interest rates low to support the economy, DBP is still cautious on venturing into long-term investments as the Bank is not discounting inflation risk which could drive rates higher. With this, DBP is still keeping the majority of its investments towards short-term instruments. As a government financial institution, DBP is mandated to support the economy through its loan products, hence the Bank remains active in granting loans to help jumpstart and sustain businesses. The Bank also actively reduced deposit pricing to decrease cost of funds while loans were prudently priced to manage the impact to net interest margins.

3Q2023 Financials

Period Ended 30 September 2023 vs 30 September 2022 (Parent)

Net income for the period ended 30 September 2023 reached PHP5.14 billion, on account of the PHP3.37 billion foreign exchange revaluation gains from ODA borrowings and ramped-up gross interest income. However, net income slid by 4% year-on-year ("YoY") due to lower gross margin, hike in operating expenses, and higher provision for credit losses and taxes.

Gross interest income increased by 32% YoY to PHP34.73 billion, fueled primarily by higher lending interest rates and treasury's investment rates. Cost of funds registered at PHP17.39 billion from PHP8.20 billion in 2022, caused by considerable increase in effective cost rate YoY. Hence, net interest income fell by 5% YoY to PHP17.34 billion, brought about by the PHP8.94 billion rise in the cost of deposits which outweighed the PHP8.34 billion growth in gross interest income.

Other income decreased by 8% YoY to PHP3.21 billion, on account of lower foreign exchange profits, dividend income that outpaced higher earnings from the sale of Real and Other Properties Acquired ("ROPA"), trading gains, and bank fees.

Operating expenses rose by 11% YoY to PHP12.29 billion, primarily due to the impact of the Compensation and Position Classification System (CPCS) on salaries and personnel expenses and merit increase. Provision for credit losses of PHP5.17 billion was higher by 22% YoY to cover the increasing NPLs.

Total assets decreased by 5% YoY to PHP981.89 billion, on account of repayments of matured bonds, borrowings and reduced deposits. Likewise, total gross loans PHP548.33 billion slid by 4% YoY in view of lower interbank loans, moderated by higher repurchased under agreements to resell.

Total liabilities of PHP897.52 billion slid by 6% or PHP61.04 billion from PHP958.56 billion in 2022 because of the aforementioned decline in funding sources. Total deposits of PHP771.86 billion decreased slightly from PHP778.36 billion in 2022. CASA to TD mix of 47:53 improved from 42:58 in September 2022.

Past due ("PD") loans as of 30 September 2023 rose by PHP5.95 billion to PHP34.02 billion from PHP28.07 billion in 2022 due to non-payment of several accounts. Hence, the PD rate increased to 6.20% from 4.89% YoY. PD coverage expanded to 85.34% from 75.72% same period last year.

NPLs of PHP39.21 billion as of 30 September 2023 went up by PHP8.88 billion from PHP30.33 billion in 2022. Likewise, gross and net NPL rates increased at 7.15% and 3.51% from last year's 5.28% and 3.41%, respectively. NPL coverage expanded to 74.03% from 70.08% YoY.

Total equity of PHP84.37 billion expanded by 7% or PHP5.39 billion YoY, driven by the PHP3.89 billion net income generated in 2022 and lower net unrealized losses, moderated by adjustments to retained earnings. There was a non-recurring gain on sale of ROPA amounting to PHP693 million.

Updates on Laws and Regulations that may materially affect the Bank's Operations and Financial Performance

Given the enactment of Bayanihan Act and its implementing regulations, there was an additional paid-up capital made by the National Government in DBP in the amount of PHP12.50 billion to support wholesale banking and low interest and/or “flexible term” loan program for operating expenses of businesses affected by the COVID-19 pandemic, with priority to non-essential businesses that are MSMEs, including start-ups and cooperatives and priority lending to hospitals/healthcare institutions with cash flow or liquidity issues during the state of national emergency as declared by the President.

The President authorized DBP to act as the loan administrator of the funds granted for the credit programs of the agencies of National Government (true lender) like the Department of Transportation, Department of Trade and Industry, Department of Education, Commissioner on Higher Education, and Technical Educational and Skills Development Authority in favor of borrowers facing temporary cash flow or liquidity pressures.

As a bank, DBP is required to implement a one-time mandatory 60-day grace period in favor of its borrowers for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before 31 December 2020.

In addition, the Financial Institutions Strategic Transfer (“**FIST**”) Act (RA 11523) and its implementing rules and regulations allow banks like DBP to dispose or transfer their non-performing assets to FIST Corporations (“**FISTC**”) or to an individual/third party, including ration in payment by borrower to DBP, all with tax exemptions and fee privileges up to 10 February 2023, two (2) years from the time the FIST Act became effective on 18 February 2021. The FIST Act expired in February 2023 and DBP was not able to participate. While FIST was extended by Congress in February 2023, there was no Senate counterpart.

On 3 July 2018, the Supreme Court ruled in the case of *Mandanas vs. Ochoa* that customs duties and value-added tax collected by the National Government should also be included in the base for determining the internal revenue allotment (“**IRA**”) of LGUs. The ruling added that the IRA of LGUs must be automatically released without need of annual appropriation. In view of the *Mandanas* ruling, the LGUs will be expecting an increase in their IRA of about PHP185.24 billion from the IRA in 2021 or a growth rate of 23.9%. Considering that under Bureau of Local Government and Finance Circular No. 07-01-2017, the DBP is one of the authorized government depository banks of LGUs, the expected increase in the IRA of the LGUs may have a positive impact increasing the IRA deposits of the Bank.

Significant economic reforms are expected to attract foreign investments in the country which in turn help accelerate the recovery of the country’s economy amid the COVID-19 pandemic. These reforms include amendments to the Retail Trade Liberalization Act, Foreign Investment Act, and Public Service Act.

- On 26 March 2021, Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (“**CREATE**”) was enacted. Its passage was also timely as it provides various tax incentives that are relevant and responsive to the needs of businesses negatively affected by the COVID-19 pandemic and improved the ability of the Philippines to attract foreign investments. Among the tax incentives provided under the CREATE Act are the following:
 1. Income tax holiday for export enterprises and domestic market enterprises for a period of four to seven years, followed by the (a) Special Corporate Income Tax Rate of 5% on gross income earned, in lieu of all national and local taxes, or (b) enhanced deductions for five (5) or ten (10) years; and
 2. Tax-free exchanges for reorganizations, without the need to obtain a confirmatory ruling from the Bureau of Internal Revenue.

Further, the CREATE Act lowered the corporate income tax from 30% to 25%, and further reduces the rate to 20% if a corporation’s net income does not exceed PHP5 million and its total assets do not exceed PHP100 million, excluding the land where the business is located.

- On 20 December 2021, Republic Act No. 11595, which amends the Retail Trade Liberalization Act of 2000, reduced the minimum paid-up capital requirements for foreign retail enterprises from PHP125 million to PHP25 million, removed the requirement for certificate of pre-

qualification to the Philippine Board of Investment, and lowered the investment requirement for each store owned by a foreign enterprise from USD 830,000 (around PHP43 million) to PHP10 million, among others.

On 2 March 2022, Republic Act No. 11647, which amends the Foreign Investment Act of 1991 ("**FIA**"), provided less stringent requirements for non-Philippine nationals to do business in the country.

- The amended FIA also modified the requirements for the application of reduced capital requirement of USD 100,000 from USD 200,000 for domestic market enterprises:
 - i. Prior to the amendment, domestic market enterprises must have at least 50 direct employees. The amended FIA only requires that majority of the direct employees are Filipinos and that the domestic market enterprise must have at least 15 Filipino employees.
 - ii. The reduced capital is also applicable if the domestic market enterprise involves advanced technology as determined by the Department of Science and Technology or if the market enterprise is a startup or startup enablers as defined under Republic Act No. 11337 or the Innovative Startup Act.

Further, the amended FIA created the Inter-Agency Investment Promotion Coordination ("**IIPCC**"), a body that will integrate all promotion and facilitation efforts to encourage foreign investments in the country.

- On 21 March 2022, Republic Act No. 11659, which amends the Public Service Act ("**PSA**"), clarified what may be considered a "public utility" by providing an exclusive list of what public utilities are. Prior to Republic Act 11659, there was no statutory definition of a "public utility". Hence, the Supreme Court filled the gap by construing the term "public service" under the Public Service Act as equivalent to public utility under the Constitution. The amendments now classify the following services as a public utility, subject to the 40% foreign ownership cap under the Constitution: distribution of electricity, transmission of electricity, petroleum and petroleum products pipeline transmission systems, water pipeline distribution systems and wastewater pipeline systems, including sewerage pipeline systems, seaports, and the public utility vehicles.

It further provides that nationality requirements may not be imposed by the relevant administrative agencies on any public service that is not classified as public utility. With the amendments brought by Republic Act No. 11659, foreign nationals may now fully own industries that were previously considered as public utilities such as telecommunication, shipping, airline, railway, toll road and transport network vehicle companies, subject to the reciprocity clause under the PSA.

However, PSA provides that upon recommendation of the NEDA, the President may recommend to Congress the classification of a public service as a public utility based on the following criteria:

1. The person or juridical entity regularly supplies and transmits and distributes to the public through a network a commodity or service of public consequence;
2. The commodity or service is a natural monopoly that needs to be regulated when the common good so requires. For this purpose, natural monopoly exists when the market demand for a commodity or service can be supplied by a single entity at a lower cost than by two or more entities;
3. The commodity or service is necessary for the maintenance of life and occupation of the public; and
4. The commodity or service is obligated to provide adequate service to the public on demand.

On 4 April 2023, the implementing rules and regulations of Republic Act No. 11659 or the Amendments to the PSA ("**PSA IRR**") was deemed effective following the approval of 21 agencies which included NEDA. The amendments to the PSA enable the liberalization of key public services by allowing full foreign ownership of businesses in select industries such as

airports, railways, expressways, and telecommunications. Previously, these sectors were limited to 40% foreign ownership.

Meanwhile, public service utilities identified in the PSA IRR, which includes electricity transmission and distribution, water and wastewater pipeline distribution system including sewerage, petroleum and petroleum products pipeline transmission systems, seaports and public utility vehicles will remain subject to the 40% foreign equity limit.

The PSA IRR prohibits investments from an entity controlled by or acting on behalf of a foreign government or foreign state-owned enterprises. The PSA IRR also has provisions safeguarding the country against national security concerns that may arise from merger, acquisition, or any investments in a public service.

The amendment of the PSA is part of the ongoing reforms in the Philippines to improve business competitiveness. The government is particularly eager for MSMEs to benefit from these reforms by greater participation in the global value chains.

- On 15 December 2022, House Bill No. 1 or the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery ("**GUIDE**") bill was approved by the House of Representatives on its third reading. The proposed GUIDE Act, one of the President's priority measures, seeks to require government financial institutions, DBP and LBP, to lend to MSMEs and those classified as strategically important companies as a form of pandemic relief.

The bill authorizes the establishment of a joint venture special holding company to carry out the rehabilitation. It allows the President to increase the bank's capitalization upon recommended of its board and the concurrence of the secretary of finance. It also creates a joint congressional oversight committee composed of five (5) House members and five (5) senators to oversee its implementation.

Eligibility criteria for MSMEs are as follows: micro enterprises with assets not exceeding PHP3 million, small enterprises with assets not exceeding PHP15 million, and medium enterprises not exceeding PHP100 million. The rehabilitation fund will be seeded with PHP10 billion from the Treasury, with PHP7.5 billion to be allocated to LBP and PHP2.5 billion to the DBP.

The bill proposes to increase DBP's authorized capital stock from PHP35 billion to PHP100 billion divided into one billion shares of PHP100 each to be fully subscribed by the national government. This includes the budgetary allotment of PHP2.5 billion as additional paid-up capital for DBP.

Six Senate counterpart bills have been filed but no hearing has been conducted. The provision of HB No. 1 on the increase in DBP's ACS to PHP100 billion was adopted in the versions of Senators Revilla, Estrada, Villar, and Go, while the budgetary allotment of PHP2.5 billion as additional paid-up capital for DBP was adopted in the proposed versions of Senators Villar and Go.

- On 29 May 2023, Congress approved the consolidation of three (3) bills that were filed in the Committee on Banks and Financial Intermediaries (CBFI) of the House of Representatives with regard to a new Charter for DBP. This includes House Bill No. 2837 entitled "AN ACT INSTITUTING REFORMS TO FURTHER PROTECT AND DEVELOP MICRO, SMALL AND MEDIUM ENTERPRISES, AMENDING FOR THE PURPOSE EXECUTIVE ORDER NO. 81, OTHERWISE KNOWN AS "THE 1986 REVISED CHARTER OF THE DEVELOPMENT BANK OF THE PHILIPPINES," AS AMENDED", by Rep. RECTO, RALPH G.; House Bill No. 2838 entitled "AN ACT PROVIDING FOR A NEW CHARTER OF THE DEVELOPMENT BANK OF THE PHILIPPINES, REPEALING FOR THE PURPOSE EXECUTIVE ORDER NO. 81, AS AMENDED", by Rep. RECTO, RALPH G.; and House Bill No. 7257 entitled "AN ACT PROVIDING FOR A NEW CHARTER OF THE DEVELOPMENT BANK OF THE PHILIPPINES, REPEALING FOR THE PURPOSE EXECUTIVE ORDER NO. 81, AS AMENDED", by Rep. FARIÑAS, RUDYS CAESAR I G.

Salient points of the bills cover the increase in DBP's authorized capital stock as well as the primary purpose and powers of the DBP in performing universal banking functions. The House Bill is currently undergoing review before the House of Representative. However, there is no guarantee that it will be passed into law as written and may still be subject to further revisions.

Updates on Legal Proceedings and Disputes

The Bank is party to various legal proceedings which arise in the ordinary course of its operations. No such legal proceedings, either individually or in the aggregate, are expected to have a material adverse effect on the Bank or its consolidated financial condition. As of 31 December 2023, the amount of PHP350 million has been provided for lawsuits.

The following are the updates on the Bank's significant legal proceedings and/or disputes:

- a. DBP's petition questioning the Sandiganbayan's order dismissing the criminal charges filed against former DBP directors/officers involved in the Delta Ventures Resources Inc. is still pending decision/further order/s from the Supreme Court. DBP's petition questioning the Court of Appeals' decision reversing the Office of the Ombudsman's finding of administrative liability against the concerned former directors/officers is pending decision/further order/s from the Supreme Court.
- b. New Wishing Star Trading Corporation's ("**New Wishing Star**") complaint is for nullity of foreclosure sale, involving two (2) parcels of land previously covered by Transfer Certificate of Title Nos. TSC-22889 and TSC-22890 both registered in the name of New Wishing Star Trading Corporation, conducted by Sheriff Domingo Garcia, of the Office of the Ex-Officio Sheriff of the Regional Trial Court, Santiago City, Isabela, on 28 August 2012. The said parcels of land were sold to the lone bidder, DBP, for the amount of PHP28.09 million. Consequently, after New Wishing Star failed to exercise its right to redeem the said parcels of land within the period of redemption, the Registry of Deeds for Santiago City cancelled TCT Nos. TSC-22889 and TSC-22890 and issued in lieu thereof TCT Nos. 165-2013000591 and 165-2013000592, respectively, in favor of DBP. Contrary to its allegations and based on available Bank records, New Wishing Star defaulted on its obligation when it failed to pay its outstanding obligation in the amount PHP28.00 million on 25 May 2011. Meanwhile, on 28 May 2020, the RTC-Branch 35, Santiago City granted New Wishing Star's Verified Application for Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction enjoining DBP from possessing the foreclosed properties. DBP's Motion for Reconsideration was likewise denied. On 23 November 2020, DBP filed a Petition for Certiorari before the Court of Appeals assailing the Resolution and Orders of the trial court. On 14 June 2021, the Court of Appeals denied DBP's Petition. On 16 July 2021, DBP filed its Motion for Reconsideration. DBP is currently pending a Petition for Review on Certiorari filed before the SC last April 2022.

V. ADDITIONAL CONSIDERATIONS ON PROCEDURE

The following supplements the section on "Procedure – Applications to Purchase the Bonds during the Offer Period" and "Procedure – Transactions in the Secondary Market" of the Original Offering Circular.

Procedure for the Distribution, Sale, and Registration of the Series 5 Bonds

The e-SIP is a permissioned web-based facility designed as a gateway to streamline processes in the primary issuance of fixed income instruments, as established and maintained by PDS. The e-SIP will serve as an electronic channel for submission of documents for listing, enrollment, and registration of Bondholders.

The Issuer shall avail itself of the e-SIP and has entered into a Supplement to the Registry and Paying Agency Agreement dated 5 July 2023 (the "**Supplement RPAA**"). The Issuer shall be bound by the Terms of Use of e-SIP as appended to the Supplement RPAA, notwithstanding deviations from the e-SIP standard operating procedures as provided in the Supplement RPAA. As a consequence of the availment of the e-SIP, the Issuer shall register the issuance of the Series 5 Bonds, as well as the Arrangers, Selling Agents, and other stakeholders (the "**Users**") to the e-SIP facility, in order to allow

access and submission of documents and other requirements for the Offer through the e-SIP facility, in lieu of (in certain instances) the physical submission thereof to PDTC, PDEX, and other operating subsidiaries of the PDS. The Users (which may include the Issue Manager, Sole Arranger, and Sole Bookrunner, Selling Agents, and their clients) agree to accede to the Terms of Use in a manner and form prescribed by PDTC.

Applications to Purchase the Series 5 Bonds during the Offer Period

Applicants may purchase the Series 5 Bonds during the Offer Period by submitting fully and duly accomplished ATPs, together with all the required attachments and the corresponding payments to the Selling Agent from whom such application was obtained no later than 5:00 p.m. of the last day of the Offer Period. Please be advised that in lieu of the e-SIP standard operating procedures on the ATP, no ATP shall be electronically generated by the e-SIP for the Offer and an ATP shall not be available for download through the Selling Agent's e-SIP account.

For the Series 5 Bonds to be Offered through a Limited Offering to QIBs:

An Applicant must not be a Prohibited Bondholder and must be a juridical person that is considered as a QIB as such term is defined under the SRC and the SRC Rules.

For an Applicant in the particular class of QIB that falls under Rule 10.1.3(s) of the SRC Rules, it is necessary that an SEC-registered QIB registrar ascertains the QIB qualifications of the institutional QIB. Such Applicant must provide:

- A certified true copy by the QIB's authorized officer of a valid QIB certification from a QIB Registrar; and
- Such other documentary requirements as required by the Bank, Registrar, or Paying Agent.

Transactions in the Secondary Market

For the Series 5 Bonds to be Offered through a Limited Offering to QIBs:

All secondary trading of the Series 5 Bonds shall be coursed the trading facilities of PDEX, as applicable, subject to the payment by the Bondholder of fees in connection with trading on PDEX, and the Registrar. Transfers shall be subject to the procedures of the BSP, the Registrar, and PDEX, including but not limited to the guidelines on minimum trading lots, minimum holding denominations, and record dates.

The Bank shall list or enroll the Series 5 Bonds in PDEX for secondary market trading. Upon listing or enrollment of the Series 5 Bonds with PDEX, qualified investors must course their secondary market trades through the trading participants of PDEX for execution in the PDEX Trading Platform in accordance with the PDEX Trading Rules, Conventions and Guidelines, as these may be amended or supplemented from time to time and must settle such trades on a Delivery versus Payment basis in accordance with PDEX Settlement Rules and Guidelines. The secondary trading of the Series 5 Bonds in PDEX may be subject to such fees and charges of PDEX, the trading participants of PDEX, and other providers necessary for the completion of such trades. Transactions on the Series 5 Bonds on PDEX will be subject to the duly approved and relevant rules of the exchange, including guidelines on minimum trading lots and other guidelines for holding and trading of the Series 5 Bonds as may be prescribed by the BSP.

The Series 5 Bonds shall be enrolled as securities that may be traded at the PDEX between and among QIBs in accordance with the procedures and requirements set forth in this Pricing Supplement and the relevant PDEX Rules, Operating Framework, and Trading Conventions. Any future offer or sale of the Series 5 Bonds within the PDEX Trading System must be to a non-Prohibited Bondholder who is a QIB.

The restriction of transfers to and holdings of non-Prohibited Bondholders is to be maintained through the tenor of the Series 5 Bonds. A Bondholder must maintain its qualification as a non-Prohibited Bondholder, and should it be aware of any fact or circumstance that would threaten its status or render it a Prohibited Bondholder, then such Bondholder must perform such remedial actions to maintain its qualification; failing which, it must inform PDEX of such disqualification without delay. If an intervening event affects the QIB status of an existing Bondholder of the Series 5 Bonds after purchase, such

existing holder may keep its holdings. However, such existing holder is no longer eligible to purchase additional Series 5 Bonds.

If it is discovered after purchase that (i) a buyer is a Prohibited Bondholder at the point of sale, or (ii) a transfer or recording of ownership has been made to an entity who is a Prohibited Bondholder (each of (i) and (ii) is deemed as a **"Sell Out Trigger"**), a remediation procedure via the sell-out mechanism of such ineligible investor or Bondholder's enrolled securities will be done in accordance with the Enrollment, Trading & Settlement Guidelines of Securities Enrolled in PDEX.

The Series 5 Bonds will be in minimum denominations as may be provided in the Pricing Supplement and Bond Certificate for the Series 5 Bonds, or such other minimum denominations as may be prescribed or approved by the BSP. Consequently, no negotiation or secondary trading will be allowed if the result is that a remaining Bondholder of the Series 5 Bonds will hold less than the minimum denomination as prescribed or approved by the BSP.

No transfers will be effected for a period of two (2) Business Days preceding the due date for any payment of interest on the Series 5 Bonds, or during the period of two (2) Business Days preceding the due date for the payment of the principal amount of the Series 5 Bonds or during the period when the Series 5 Bonds have been previously called for redemption.

The Registrar shall register any transfer of the Series 5 Bonds upon presentation to it of the following documents in form and substance acceptable to it:

- The relevant Trade-Related Transfer Form or Non-Trade Transfer Form as the case may be, by the relevant PDEX Trading Participant, substantially in the form agreed upon between DBP and the Registrar;
- Investor Registration Form duly accomplished by the transferee Bondholder and endorsed by the relevant PDEX Trading Participant, in the form agreed upon between DBP and the Registrar;
- Tax exempt/Treaty Documents, if applicable, in accordance with the General Terms and Conditions;
- A certified true copy by the QIB's authorized officer of a valid QIB certification from a QIB Registrar, as applicable; and
- Such other documents that may be required by the Registrar to be submitted by the transferee Bondholder in support of the transfer or assignment of the Series 5 Bonds in its favor.

Transfers of the Series 5 Bonds made in violation of the restrictions on transfer under the General Terms and Conditions shall be null and void and shall not be registered by the Registrar.

VI. TAXATION

The following amends the section on "Taxation" in the Original Offering Circular.

The following discussion is a general description of certain Philippine tax aspects relating to the Bonds (as this term is defined in the Original Offering Circular). It is based on the laws, regulations, and rulings in force as at the date of this Pricing Supplement and is subject to any changes in law or interpretations thereof occurring after such date, which changes could be made on a retroactive basis. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own, or dispose of the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective Bondholders are advised to consult their own tax advisers concerning the overall tax consequences of their investment in the Bonds.

The tax treatment of a holder of the Bonds may vary depending upon the tenor of the Bond, such holder's particular situation, and certain holders may be subject to special rules not discussed below. Foreign tax consequences of the ownership and disposition of the Bonds are not discussed below. This summary does not purport to address all tax aspects that may be important to a holder of the Bonds.

INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF OWNERSHIP AND DISPOSITION OF THE PARTICULAR BONDS THEY WILL BE HOLDING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term “resident alien” refers to an individual whose residence is within the Philippines but who is not a citizen of the Philippines; a “non-resident alien” is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a “non-resident alien doing business in the Philippines”; otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a “non-resident alien not doing business in the Philippines.” A “resident foreign corporation” is a foreign corporation engaged in trade or business within the Philippines; and a “non-resident foreign corporation” is a foreign corporation not engaged in trade or business within the Philippines. The term “foreign” when applied to a corporation means a corporation which is not domestic while the term “domestic” when applied to a corporation means a corporation created or organized in the Philippines or under its laws.

TAXATION OF INTEREST

The Tax Code provides that interest income on interest-bearing obligations of Philippine residents, such as the Bonds, are Philippine-sourced income subject to Philippine income tax.

The Tax Code defines “deposit substitutes” as an alternative form of obtaining funds from the public, other deposits, through the issuance endorsement, or acceptance of debt instruments for the borrower’s own account, for the purpose of relending or purchasing of receivables and other obligations or financing their own needs or the needs of their agent or dealer. Obtaining funds from the “public” in this instance means borrowing from twenty (20) or more individual or corporate lenders at any one time.

Interest Income on Short-Term Bonds

Bonds may be considered as deposit substitutes issued by Philippine residents with a maturity period of less than five (5) years (“**short-term bonds**”). As such, interest income arising from short-term bonds are considered as Philippine sourced income subject to final withholding tax at the following rates:

- Philippine citizens and resident alien individuals – 20%
- Non-Resident aliens doing business in the Philippines – 20%
- Non-resident aliens not doing business in the Philippines – 25%
- Domestic corporations – 20%
- Resident foreign corporations – 20%
- Non-resident foreign corporation – 25%

The foregoing rates may be reduced under an applicable tax treaty.

Interest Income on Long-Term Bonds

A. Corporations

Interest income derived by domestic and resident foreign corporations from deposit substitutes, offered to the public, is subject to final withholding tax at the rate of twenty percent (20%) pursuant to Sections 27(D) (1) and 28 (6) (a) of the Tax Code, payable upon original issuance of the long-term bond. While interest income received by domestic and resident foreign corporation from the long-term bonds, which are not offered to the public, shall be subject to regular income tax at the rate of twenty-five percent (25%) pursuant to Sections 27 (A) and 28 (1) of the Tax Code.

For non-resident foreign corporations, interest income received from long-term bonds, shall be subject to a final withholding tax at the rate of twenty-five (25%) pursuant to Section 28 (B)(1) of the NIRC of 1997, as amended.

The term “public”, is defined as borrowing from twenty (20) or more individual or corporate lenders at any one time.

B. Individuals

Interest income on bonds with maturities of five (5) or more years (“**long-term bonds**”), may qualify as long-term deposit or investment, in which case, pursuant to RR No. 14-2012 and RMC No. 81-2012, as may be amended, interest income derived by qualified individuals may be exempt from the 20% final withholding tax provided that the following characteristics or conditions are present:

- a) The investor is an individual citizen (resident or non-resident) or resident alien or non-resident alien engaged in trade or business in the Philippines (“**Individual**”);
- b) The long-term bonds should be under the name of the Individual;
- c) The long-term bonds must be in the form of savings, common or individual trust funds, deposit substitutes, investment management accounts, and other investments evidenced by certificates in such form prescribed by the BSP;
- d) The long-term bonds must be issued by banks only and not by other entities or individuals;
- e) The long-term bonds must have a maturity period of not less than five (5) years;
- f) The long-term bonds must be in denominations of Ten Thousand Pesos (PHP10,000) and other denominations as may be prescribed by the BSP;
- g) The long-term bonds should not be terminated by the original investor before the fifth (5th) year, otherwise they shall be subjected to the graduated rates of 5%, 12%, or 20% on interest income earnings; and
- h) Except those specifically exempted by law or regulations, any other income such as gains from trading, foreign exchange gain shall not be covered by income tax exemption.

For interest income derived by individuals investing in common or individual trust funds or investment management accounts, the following additional characteristics/conditions must all be present:

- a) The investment must be actually held/managed by the bank for the named individual at least five (5) years without interruption;
- b) The underlying investments of the common or individual trust account or investment management accounts must comply with the requirements of Section 22 (FF) of the NIRC of 1997, as amended, as well as the requirements mentioned above; and
- c) The common or individual trust account or investment management account must hold on to such underlying investment in continuous and uninterrupted period for at least five (5) years.

The exemption of interest income from long-term bonds by the Individuals is dependent on full compliance with the above conditions and characteristics; otherwise, a final tax of 20% shall be imposed or, if the long-term bond is pre-terminated before maturity, a final tax shall be imposed on the entire income and shall be deducted and withheld by the depository bank from the proceeds of the long-term bonds based on the remaining maturity of the bonds:

| | |
|---|-----|
| Four (4) years to less than five (5) years | 5% |
| Three (3) years to less than four (4) years | 12% |
| Less than three (3) years | 20% |

Interest income received by non-resident aliens not engaged in trade or business in the Philippines shall generally be subject to a final withholding tax of 25%. However, the foregoing rate may be reduced under an applicable tax treaty.

CHANGE IN TAX RATES OR NEW TAX RATES

In the event there is a change in the tax treatment of the long-term bonds or on the tax rates applicable to a Bondholder of long-term bonds because of new, or changes or repeal in, tax laws, or interpretations thereof, as a result of which, a Bondholder previously exempt from tax shall be made subject to tax on income earned from the long-term bonds or there is an increase in the applicable withholding tax rate, or any payments of principal and/or interest under the long-term bonds shall be subject to deductions or withholdings for or on account of any taxes, duties, assessments, or governmental charges of whatever nature imposed, levied, collected, withheld, or assessed within the Philippines by any authority therein or thereof having power to tax, including but not limited to stamp, issue, registration, documentary, value-added or similar tax, or other taxes, duties, assessments, or government charges, including interest, surcharges, and penalties thereon (the “**New Taxes**”), then such New Taxes imposed shall be for the sole account of the Bondholders. Consequently, the Paying Agent, on behalf of the Issuer, as applicable, shall make the necessary withholding or deduction for the account of the Bondholders concerned. All sums payable by the Bank to tax-exempt persons (upon qualification as such and presentation of acceptable proof of tax exemption) shall be paid without deductions for taxes, duties, assessments, or government charges.

TAX EXEMPT STATUS

Bondholders who are exempt from, are not subject to final withholding tax, or are subject to a lower rate of final withholding tax on interest income may avail of such exemption or preferential withholding tax rate by submitting the necessary documents. The Bondholder concerned shall submit the following requirements, in form and substance prescribed by the Issuer, to the Registrar or Selling Agents (together with their completed Applications to Purchase) who shall then forward the same to the Registrar:

- (i) (a) For (1) tax-exempt corporations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code); (2) cooperatives duly registered with the Cooperative Development Authority; and (3) BIR-approved pension fund and retirement plan – certified true copy of valid, current, and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed “valid, current and subsisting” if it has not been more than 3 years since the date of issuance thereof;
- (b) For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator;
- (c) For all other tax-exempt entities (including, but not limited to, (1) non-stock, non-profit educational institutions; (2) government-owned or -controlled corporations; and (3) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax;
- (d) With respect to tax treaty relief, pursuant to RMO 14-2021 – prior to the payment of interest due: (a) three (3) originals of the appropriate form (currently, BIR Form 0901-I (Interest Income)) or Application Form for Treaty Purposes filed by the Bondholder or, if the Bondholder is a fiscally transparent entity, each of the Bondholder’s owners or beneficiaries, (b) one (1) original of the valid and existing tax residency certificate duly issued by the respective foreign tax authority of the country of residence of the Bondholder or, if the Bondholder is a fiscally transparent entity, the country of residence of each of the Bondholder’s owners or beneficiaries in the form acceptable for recognition under Philippine laws, (c) the relevant provision of the tax treaty providing for the claimed tax exemption or preferential tax rate, in a form acceptable to the Issuer, (d) three (3) originals of the duly notarized, consularized, or apostilled (as the case may

be) Special Power of Attorney executed by the Bondholder or the Bondholder's owners or beneficiaries, as may be applicable, in favor of its authorized representative (if the Application Form for Treaty Purposes and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder or the Bondholder's owners or beneficiaries, as may be applicable, is/are not doing business in the Philippines to support the applicability of a tax treaty relief; and (e) an original or certified true copy of the Certificate of Entitlement ("**COE**") issued by the BIR International Tax Affairs Division ("**ITAD**") certifying the Bondholder's entitlement to tax treaty relief in connection with the Series 5 Bonds. It shall be the Bondholder's sole responsibility and obligation to file the tax treaty relief application ("**TTRA**") with the BIR ITAD to prove its entitlement to tax treaty relief, and in relation thereto, the Issuer shall, upon request of the Bondholder, provide the relevant documents which are required to be submitted for purposes of filing a TTRA. For avoidance of doubt, in order for the preferential rate to apply, the Bondholder must submit the COE issued by the BIR and the Tax Residency Certificate ("**TRC**"), together with the ATP, to the Selling Agents. In order for the Issuer to apply the preferential rate for the succeeding taxable years, the Bondholder must submit an updated TRC before the last day of the first month of the taxable year or at least ten (10) business days before the first interest payment for the taxable year, whichever is earlier. The Issuer shall withhold regular tax rates in its interest payments for the ensuing taxable year if the Bondholder fails to provide the updated TRC within the prescribed deadline; and

- (e) Any other document that the Issuer or PDTC may require from time to time;
- (ii) a duly notarized declaration and undertaking, in prescribed form, executed by (ii.a) the Corporate Secretary or any authorized representative, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases the Series 5 Bonds for its account, or (ii.b) the Trust Officer, if the Applicant is a bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Series 5 Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting that the same Bondholder named in the tax exemption certificate described in (i) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities, or any tax or charge arising from the non-withholding of the required tax; and
- (iii) if applicable, such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities; provided further that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar and Paying Agent.

Transfers taking place in the Register of Bondholders after the Series 5 Bonds listed or enrolled in PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when allowed under, and are in accordance with the relevant rules, conventions, and guidelines of PDEX and PDTC. A selling or purchasing Bondholder claiming tax-exempt status is required to submit the following documents to the Registrar, together with the supporting documents specified under Registry and Paying Agency Agreement upon submission of Account Opening Documents to the Registrar: (i) a written notification of the sale or purchase, including the tax status of the transferor or transferee, as appropriate; and (ii) an indemnity agreement wherein the new Bondholder undertakes to indemnify the Issuer for any tax that may later on be assessed on the Issuer on account of such transfer.

TAXATION ON SALE OR OTHER DISPOSITION OF BONDS

If the Bonds are considered ordinary assets of individual Bondholders, gains from the sale or disposition of such Bonds are included in the computation of taxable income, which is subject to the following

graduated tax rates for Philippine citizens (whether residents or non-residents), or resident foreign individuals or non-resident aliens engaged in trade or business in the Philippines

| | |
|---|--|
| Not over PHP250,000 | 0% |
| Over PHP250,000 but not over PHP400,000 | 15% of the excess over PHP250,000 |
| Over PHP400,000 but not over PHP800,000 | PHP22,500 + 20% of the excess over PHP400,000 |
| Over PHP800,000 but not over PHP2,000,000 | PHP102,500 + 25% of the excess over PHP800,000 |
| Over PHP2,000,000 but not over PHP8,000,000 | PHP402,500 + 30% of the excess over PHP2,000,000 |
| Over PHP8,000,000 | PHP2,202,500 + 35% of the excess over PHP8,000,000 |

For non-resident aliens not engaged in trade or business, the gain shall be subject to the 25% final withholding tax.

If the Bonds are considered as capital assets of individual Bondholders, gains from the sale or disposition of the Bonds shall be subject to the same rates of income tax as if the Bonds were held as ordinary assets, except that if the gain is realized by an individual who held the Bonds for a period of more than twelve months prior to the sale, only 50% of the gain will be recognized and included in the computation of taxable income. If the Bonds were held by an individual for a period of 12 months or less, 100% of the gain will be included in the computation of the taxable income.

Gains derived by domestic or resident foreign corporations on the sale or other disposition of the Bonds are included in the computation of taxable income which is subject to a 25% income tax. Gains derived by non-resident foreign corporations on the sale or other disposition of the Bonds shall form part of their gross income which is subject to a 25% final withholding tax unless a preferential rate is allowed under a tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Any gains realized by non-residents on the sale of the Bonds may be exempt from Philippine income tax under an applicable tax treaty subject to such other documentary requirements as may be reasonably required under the rules and regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

(Signature page follows)

PRICING SUPPLEMENT DATED 12 FEBRUARY 2024
OFFER OF PHP8.75 BILLION 6.102% FIXED-RATE SERIES 5 BONDS DUE 2025

DEVELOPMENT BANK OF THE PHILIPPINES

By:


MARIA ELIZA C. GALVAN
Senior Assistant Vice President


MARIO REY T. MORALES
Senior Vice President