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BPI RISE Bonds Confirmed as ASEAN Social Bonds by SEC

MAKATI CITY, Philippines – The Bank of the Philippine Islands (“BPI” or the “Bank”) is at the final stages of its planned offering of 1.5-year Peso Fixed-Rate Bonds due 2024 called BPI Reinforcing Inclusive Support for MSMEs Bonds (“BPI RISE Bonds”). The Bank has received confirmation from the Philippine Securities and Exchange Commission (“SEC”) that the BPI RISE Bonds will qualify as ASEAN Social Bonds.

ASEAN Social Bonds are an emerging class of investments developed by the ASEAN Capital Markets Forum to support the region’s need for sustainable development instruments. Bonds carrying this classification have been independently verified to have systems in place to ensure that proceeds raised will be directed toward projects that benefit society. This gives bondholders confidence that their investments will be used to make a positive social impact. With the BPI RISE Bonds, the Bank intends to demonstrate its continuing commitment to achieve positive social outcomes and create value not only for its business, but also for other stakeholders towards nation building.

In particular, the upcoming issuance of BPI RISE Bonds presents investors with a unique opportunity to support Micro, Small, and Medium Enterprises (“MSMEs”). MSMEs underpin the Philippine economy, accounting for 99.6% of businesses and 64.7% of total employment¹. Recognizing this significant contribution to the economy, the Bank will offer and issue an aggregate principal amount of ₱5 Billion BPI RISE Bonds, with an option to upsize, and use the net proceeds to finance or refinance the business requirements of eligible MSMEs in accordance with BPI’s Sustainable Funding Framework². BPI considers support for such MSMEs as critical to the post-crisis recovery of an economy battered by high unemployment, rising inflation, and disrupted supply chains.

Under BPI’s Sustainable Funding Framework, eligible social projects include loans to MSMEs that meet the qualifications set in the Manual of Regulations for Banks of the *Bangko Sentral ng Pilipinas* and the Guidelines on the Issuance of Social Bonds under the ASEAN Social Bonds Standards in the Philippines issued by the SEC. These include loans that: i) benefit underdeveloped regions, ii) support and promote underserved and underbanked segments of the population, or iii) support MSMEs negatively impacted by natural calamities, with significant consequences on the people, public health, infrastructure, assets, or the economy are also entitled for sustainable financing.

As a member of the Ayala Group of companies, the Bank’s issuance of the BPI RISE Bonds contributes to the Group’s many initiatives to support MSMEs. These include the Ayala Enterprise Circle network, which provides

¹ Department of Trade and Industry, 2021 MSME Statistics

² A more detailed discussion of BPI’s Sustainable Funding Framework can be found using this link: <https://www.bpi.com.ph/sustainability/funding-framework>

ABOUT BPI

The 171-year-old Bank of the Philippine Islands is the first bank in the Philippines and Southeast Asia. We are licensed as a universal bank by the Bangko Sentral ng Pilipinas to provide a diverse range of financial services: deposit taking and cash management, payments, lending and leasing, asset management, bancassurance, investment banking, securities brokerage, foreign exchange and treasury. BPI has investment-grade ratings of BBB+ (S&P), Baa2 (Moody’s), BBB (Capital Intelligence), and BBB- (Fitch).

MSMEs access to exclusive Ayala Group solutions and offerings, expert mentorship, online dialogues and master classes, and business-matching and co-marketing opportunities.

In the Philippines, the SEC regulates the use of the ASEAN Social Bond label to ensure that only issuances which comply with the corresponding ASEAN Social Bond Standards use this classification. The terms of the BPI RISE Bonds are consistent with BPI's Sustainable Funding Framework, which has been identified in the second-party opinion issued by Sustainalytics, a leading global ESG research and ratings firm, to be aligned with the ASEAN Social Bonds Standards. In its opinion, Sustainalytics recognized that proceeds from BPI's RISE Bonds will be directed to projects with positive environmental and social impacts. BPI's dedicated Sustainable Development Finance team will play its role in project selection, systems monitoring and reporting social outcomes, among others.

The Bank will release further announcements on the BPI RISE Bonds, as the transaction progresses.

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Contact Us: Media: corporateaffairs@bpi.com.ph | Investor Relations: investorrelations@bpi.com.ph | Bank of the Philippine Islands, Ayala North Exchange Tower 1, Ayala Avenue corner Salcedo St., Legaspi Village, Makati City 1229 PH | +632 8246 6364