



Annual Report
2022



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I. Corporate Policy

a. Brief discussion of Bank's vision and mission statements

Who is UNO Digital Bank?

We are a digital bank pioneering an elevated approach to banking: one that makes meeting life's financial needs simple and accessible for the customer, while also fueling growth and innovation in the industry.

Brand Purpose

Elevating you by making banking simple, better, and accessible.

Mission

One trusted interface to meet your life's full financial needs with speed and ease.

b. Introduction of Bank's brand

Our vision is to provide our customers with simpler, better, and more accessible banking for an elevated life. We are on a mission to provide a single trusted interface to manage one's entire financial life cycle journey with speed and ease, a platform where you can save, borrow, transact, invest, and protect money in a simple and convenient manner. By providing these services digitally, we can make our products available to more people at lower cost without sacrificing quality and security.

c. Business model of the Bank

UNO Digital Bank is Southeast Asia's first full-spectrum digital bank licensed under the Bangko Sentral ng Pilipinas. We pioneer a new approach to banking: one that elevates you by making banking simple, better, and accessible.

We are your companion for solutions to financial needs in transactions, saving, borrowing, investment, and protection through products that are suitable for you exactly when you need them.

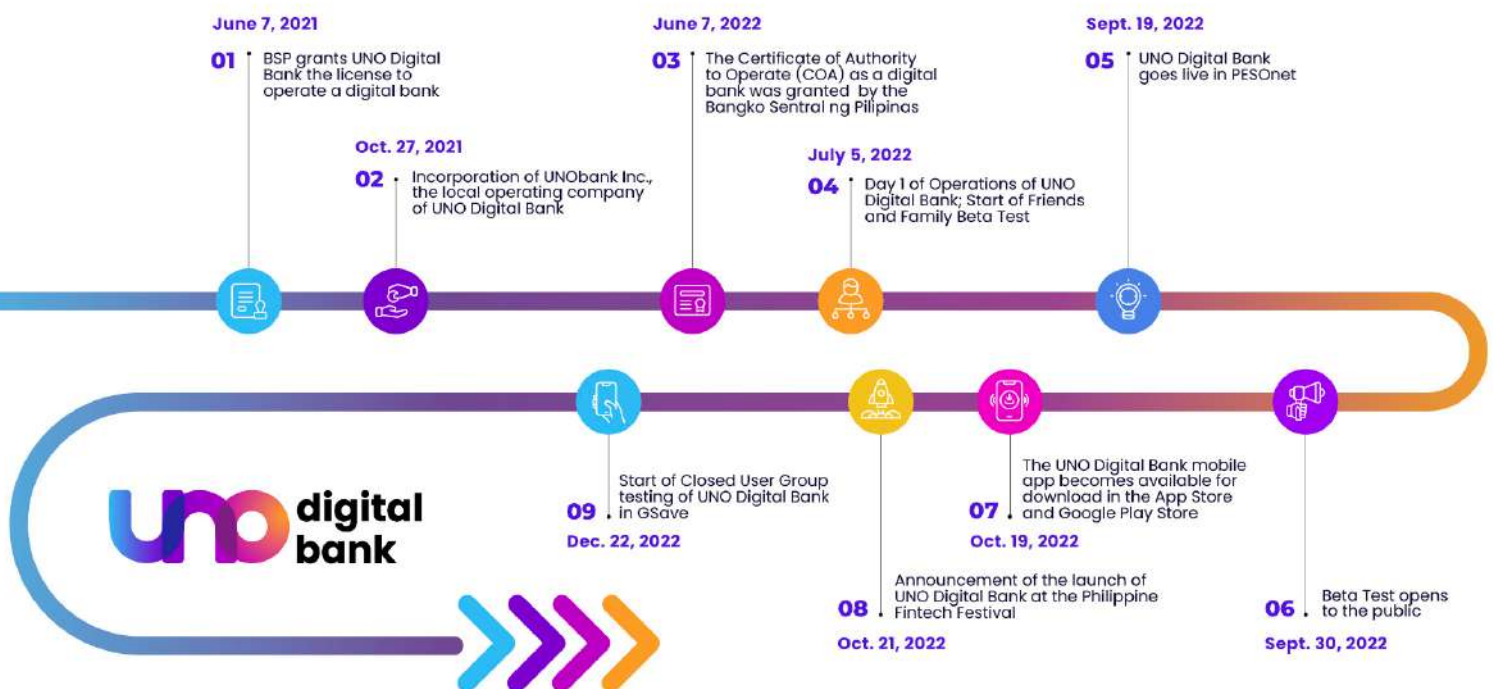
II. Financial Condition and Results of Operations

a. Review of the Bank’s operations and result of operations for the financial year including details and explanations for any significant change during the year

The Bank earned a gross operating income of PHP 112.7 million in 2022 compared with PHP 34.0 million in 2021, following full-year operations. A significant portion of the operating income was from foreign exchange gains as the Bank converted its USD cash holdings into Philippine pesos. Net interest margin for 2022 was positive at PHP 15.2 million as the Bank continued to place its available funds with the Bangko Sentral ng Pilipinas (BSP) on an overnight & term basis. Net loss for 2022 was almost PHP 177 million after operating expenses of PHP 339.5 million as the Bank increased its employee base and incurred more technology support costs.

Total assets at year-end 2022 were PHP 1.788 billion, an increase of PHP 650 million from the previous year following the additional issuance of shares by PHP 211 million and deposit liabilities of PHP 252 million. The funds were primarily invested in intangible assets & software development costs as the Bank continued to enhance its mobile app product.

b. Highlight of major activities during the year that impact operations, if any



c. Major strategic initiatives of the Bank and the banking group, as applicable

UNO's vision is to provide the underserved and unbanked with a single trusted interface to manage their complete financial life cycle with ease and speed. A convenient platform to save, borrow, transact, invest, and protect, and the area where UNO wants to make a significant impact is in credit inclusion.

In the Philippines, consumer credit to GDP penetration is the region's lowest at 9%. Only 34% of Filipinos have traditional bank accounts, and 54% still borrow from informal lenders. This is an indication that a large part of the population is still underserved by incumbent banks.

To extend credit to those excluded from conventional lending systems, we use a partnership ecosystem and an AI-first approach to streamline the customer onboarding process and provide an alternate data-based credit scoring to customers who may not have traditional credit histories. Giving them access to credit will enable them to start and grow businesses, invest in their education, and improve their standard of living.

A particular sector we want to focus on is the micro-SMEs (mSMEs) who comprise 99% of businesses in the Philippines. A primary need of this segment, aside from access to credit, is financial education. This includes training in basic bookkeeping, inventory management, credit management, and even marketing. UNO has partnered with Proxtera for their SME Financial Empowerment Program (SFE) to extend this service to mSMEs. Short, easily digestible videos are used to educate mSMEs on the benefits of digital banking.

d. Challenges, opportunities, and responses during the year, if any

For the Bank's initial year of operations, focus was placed on these critical items:

- Launching Products with relevant and differentiated benefits;
- Ensuring stable app performance;
- Simplifying the onboarding process;
- Establishing strategic partnerships with other industry players.

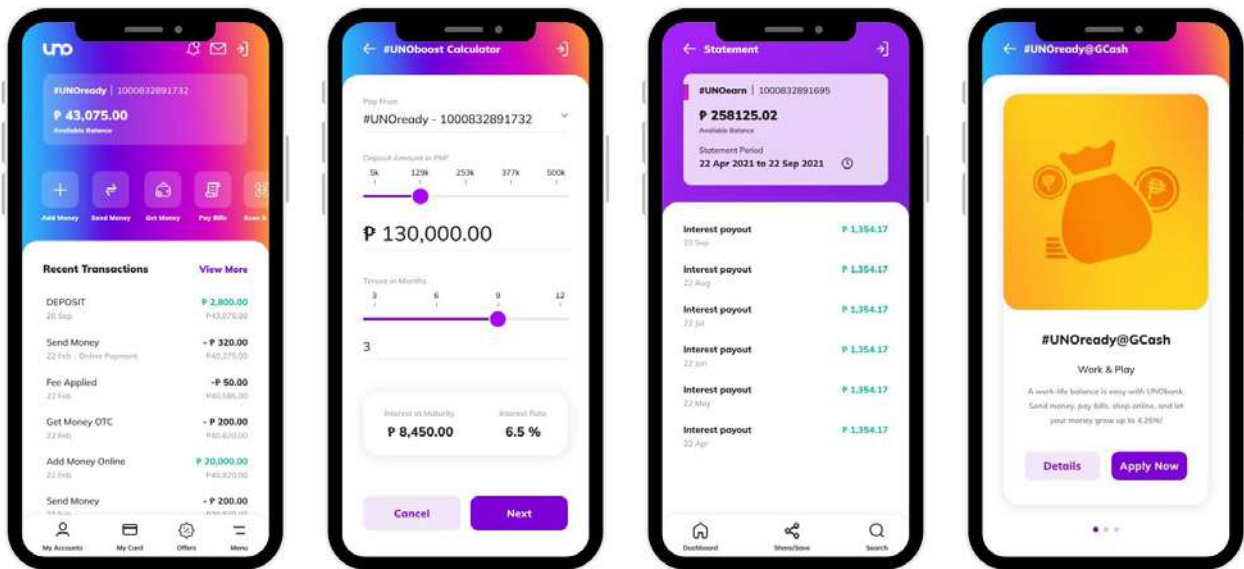
These are critical items in scaling the business and ensuring the sustainability of the brand in the market.

III. Financial Results of Business Segments

a. Summary of financial performance of the business Segment

The Bank ended 2022 with deposit liabilities of PHP 252.3 million and loans of less than PHP 1 million. With a number of partnerships established at year end, the Bank expects to ramp up its loan and deposit businesses in 2023 and onwards.

b. Significant developments during the year including major activities



To increase market share, we develop products and services based on consumer wants and needs with the end goal of making digital banking as frictionless as possible and eliminating all barriers to consumer adoption.

The #UNOready savings account offers no minimum initial deposit or maintaining balance to make it easy for customers to onboard and keep their accounts. Daily interest crediting is tiered to encourage customers to increase their savings balance to avail higher interest rates while seeing how much their money is growing daily. Free life insurance provides customers with the same life insurance premium regardless of their deposit so long as the minimum Average Daily Balance is met. A time deposit product, #UNOearn, gives monthly interest payouts so customers can have an added source of income.

Strategic partnerships will also be a major driver in developing the business and unique selling proposition of UNO.

We want to lead Integrated Banking-as-a-Service. We partnered with GCash, the Philippines’ leading e-wallet provider, to integrate UNO’s services in its savings marketplace, GSave. GCash customers can open an UNO Digital Bank saving account directly from the GCash app within seconds to access UNO’s products.

We also leverage Trusting Social's credit scoring (via telco data) to provide accurate credit risk profile assessment, overcoming a barrier that inhibits Filipinos who can't meet the minimum requirements for sufficient identification.

Opening credit inclusion to millions of Filipinos and integrating them into the formal financial system through credit gives them access to secure, accessible loans that will enable them to grow their business, invest in education and overall improve their quality of life.

c. Future plans/targets/objective



UNO is taking concrete steps to build a sustainable future for us and our partners. We use cloud-based infrastructure to significantly reduce energy consumption and carbon emissions. It minimizes paper-based processes and documents.

We prioritize sustainable practices and technologies to reduce our carbon footprint, adopting responsible sourcing practices. UNO continuously assesses and manages its environmental and social risks, implementing strategies to mitigate and manage them.

Financial education and responsible lending are also core to the DNA of UNO. We educate to sell. We want to provide our customers with the knowledge and information to make sound financial decisions that will extend beyond utilization of the products and services offered by the Bank. This will enable our customers to build a solid foundation to build their financial future on. And we aim to be a useful tool for them to meet their financial goals.

We aim to move faster than legacy players. Our stack includes ML & NLP to continuously build insights that help improve services with speed, respond to customer preferences, or comply with regulations. Advanced machine vision and learning models are incorporated to facilitate eKYC, customer onboarding, transaction authorizations, credit scoring, product and interface personalization, security, risk, and privacy management patterns.

IV. Risk Management Framework Adopted

1. Overall risk management culture and philosophy

The Risk Culture at UNObank consists of norms, attitudes and behavior related to risk awareness, risk-taking, risk management, and the controls that affect decisions on risk. The Board of Directors, senior management and all employees of the Bank contribute to the creation of a sound risk culture at UNObank. Clear governance structure, policies, and procedures, support the creation of a sound risk culture. Ultimately, the risk culture is created by day-to-day actions and the way key decisions are made and communicated. Cooperation and constructive dialogue are part of the sound risk culture, as they foster an environment of open communication to reach common goals. The Bank aims to achieve a high level of competence by supporting each other across business units by sharing information, skills, and experiences. A sound risk culture enables the organization to do the right thing, even in challenging circumstances, and it supports the organization to identify its risks and to adhere to its values and principles of high ethical standards. It is everyone's responsibility to contribute to a sound risk culture. UNObank's risk culture fosters high levels of risk awareness where existing practices are critically reviewed and challenged. The constructive challenge is encouraged and is a natural part of discussions and decisions on risk-taking, risk awareness, and risk culture. As part of an open culture, employees are encouraged to escalate and highlight issues, if any, through various management meetings/forums.

2. Risk appetite and strategy

The Bank's risk-taking is primarily in its core activity of lending to mass, upper mass, and mass affluent individual customers in the Philippines. The Bank funds its activities through deposit acquisition, equity infusion, direct funding by investment entities, and through borrowing in the local market. The Bank's operating model relies on its ability to obtain funding at a favorable cost, which enables its lending program to have a tenor ranging between 1 month to 36 months, at launch. To support its lending and funding operations, the Bank maintains a portfolio of liquid assets of optimal size. The primary objective of the liquid portfolio is to ensure that the Bank can operate and continue its core activities even in stressed market conditions. The composition and maturity of the liquid portfolio are aligned with this objective, in addition to the reserve ratios that are mandated by the BSP. The Risk Appetite sets the tolerance for risk-taking in the Bank's operations within its risk-bearing capacity. Risk limits and risk profile assessments are within the Bank's risk appetite framework.

Risk-bearing capacity is defined as the financial and non-financial resources that the Bank has at its disposal. The risk appetite is to set a level within the risk-bearing capacity to ensure that the Bank's risk exposure remains sustainable. Financial resources consist of the Bank's paid-in capital, deposits, and retained earnings. Non-financial resources are the skills and competencies of the staff, IT systems, internal procedures, and control systems. The Bank's risk-bearing capacity builds on a careful customer underwriting process.

Therefore, financial resources and robust governance contribute to maintaining the Bank’s competitive position and its strong capital and liquidity position.

The Risk Appetite Statement is a written articulation of the Bank’s risk-taking, risk mitigation and risk-avoidance policies, taking into consideration the Bank’s statutory requirements. It contains risk-type specific statements and forms a tool for the Board of Directors and senior management to guide and monitor the Bank’s risk-taking activities.

Risk Limits are used to allocate the aggregate risk-taking mandate to business lines and portfolios. The main risk limits are established in the Bank’s risk management policies and/or in its annual Business Plan. The limit system sets boundaries for the accepted levels of credit, market, interest, liquidity, operational, reputational, and IT and information security risks within the established risk appetite.

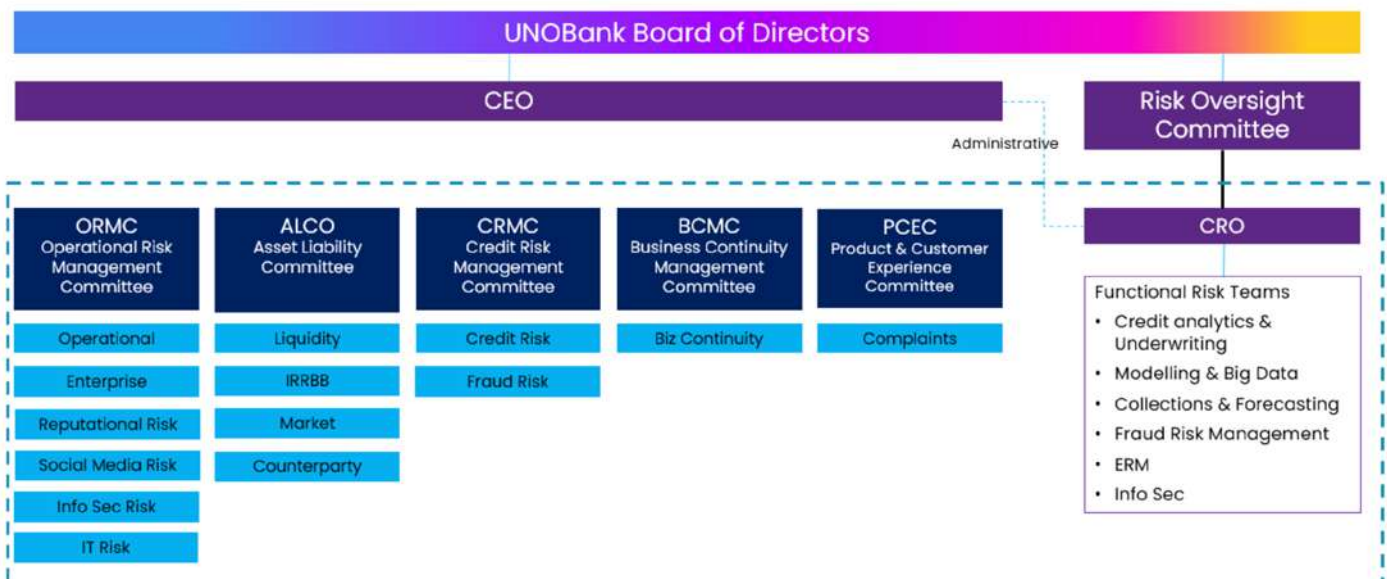
Risk Profile assessment aims to ascertain the Bank’s risk profile within its risk limits and consequently with the risk appetite and risk-bearing capacity. This is a point-in-time evaluation of the level and types of the Bank’s risk exposures and includes an evaluation of the Bank’s material risks. The risk profile assessment is based on the Bank’s Internal Capital Adequacy Assessment Process (ICAAP). The resulting capital and liquidity requirements are compared against the Bank’s risk appetite and risk-bearing capacity. This process creates a continuous interaction between Risk Appetite Statement (RAS) and ICAAP. RAS affects the Bank’s risk profile and risk-bearing capacity, these in turn may affect how the Bank sets its risk appetite.

3. Bank-wide risk governance structure and risk management process

The operating model of the Bank’s Risk governance structure is composed of three lines of defense. These three lines provide a clear set of principles by which to implement a cohesive operating model and provides a framework for managing risk across the organization:

Governing Body (Board of Directors)		
Accountability to Stakeholders for Organizational Oversight		
1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Business Management Functions (Business Units)	Independent Risk & Control Functions (Risk, Compliance)	Internal Audit Function
Providing of banking / financial products / services to clients; managing risk while doing this business function	Expertise, support, monitoring and challenging on risk-related matters of the banking / financial services	Independent and objective assurance & advice on all material related matters to achievement of objectives

The first line of defense includes management and supervision responsibility for owning, managing, and supervising, within a defined risk appetite, the risk in business areas and support functions. The guiding principle is that those responsible for risk-taking are also accountable for managing associated risks. The second line of defense provides oversight and control, including responsibility for leading risk culture and appetite and analyzing the aggregate risk profile to the desired level (risk appetite). The third line of defense includes the responsibility of internal audit for reporting any matters that warrant escalation to the Bank’s board, audit committee or executive committee. The Board is ultimately responsible for the system of risk management and internal control. The Board implements the controls through dedicated expert board level committees, e.g. Risk Management Committee, Audit Committee, and Corporate Governance Committee. At an executive level, the Chief Risk Officer (CRO) is responsible for adherence to the Risk Management Framework for the Bank and the effectiveness of the implementation of the system. The CRO, the Chief Executive Officer (CEO) and the Risk Management Committee in turn implement the governance through a series of executive level committees, which are directly responsible for designing, implementing, monitoring and reporting on the various types of risks taken by the Bank.



4. AML governance and culture, and description of the overall Money Laundering (ML)/Terrorist Financing (TF) risk management framework to prevent the use of the bank for ML/TF activities

To strengthen the integrity of the global financial system, UNO Digital Bank prioritizes the implementation of robust anti-money laundering and counter terrorism and proliferation financing across the Bank. The Money Laundering and Terrorist Financing Prevention Program, developed in accordance with the Anti-Money Laundering Act and its implementing rules and regulations, serves as a guide for the implementation of customer due diligence, client profiling and risk assessment, ongoing monitoring using technology/systems, and reporting of covered and suspicious transactions. The MTPP also includes the training and awareness of all employees, including directors and third-party service providers, on the updates of the regulations of money laundering and other financial crimes.

The Board, through the Corporate Governance Committee, as well as the Senior Management Team, support the bank-wide efforts to establish and maintain a sound approach to prevent the use of the Bank for money laundering and terrorist and proliferation financing activities.

V. Corporate Governance

a. Overall corporate governance structure and practices

The Shareholders, Board of Directors, and Senior Management of UNObank Inc. share the principle that a sound corporate governance should be one of the pillars of the Bank's foundation, not only for the success of the Bank, but to create sustainable value for the Bank's stakeholders, including its clients, suppliers, counterparties, the Philippine Government, and the Philippine banking and financial system. The Bank fully agrees with the Securities and Exchange Commission that corporate governance is the proper system of stewardship and control that shall guide the Bank in fulfilling its long-term economic, moral, legal, and social obligations toward its shareholders/members and other stakeholders. It shall provide a system of direction, feedback and control using regulations, performance standards, and ethical guidelines to hold the Board of Directors and Senior Management accountable for ensuring ethical behavior and reconciling long-term customer satisfaction with shareholder/member value to the benefit of all stakeholders and society.

b. Selection process for the Board and Senior Management

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

At least 1/3 but not less than two (2) members of the board of directors shall be independent directors, and any fractional result from applying the required minimum proportion (i.e., 1/3) shall be rounded up to the nearest whole number. An independent director is one who is independent of management and free from business or other

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

The Board may, from time to time, appoint officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or President and Secretary at the same time.

c. Board’s overall responsibility

The Board should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders. The Board should oversee the development of and approve the company’s business objectives and strategy, and monitor their implementation, to sustain the company’s long-term viability and strength. The Board should review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets, and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions, and divestitures. Sound strategic policies and objectives translate to the company’s proper identification and prioritization of its goals and guidance on how best to achieve them, creating optimal value for the corporation.

The Board is primarily responsible for defining the Bank’s vision and mission. The Board has the fiduciary responsibility to the Bank and all its shareholders, including minority shareholders. It shall approve and oversee the implementation of strategies to achieve corporate objectives. It shall also approve and oversee the implementation of the risk governance framework and the systems of checks and balances. It shall establish a sound corporate governance framework. The Board shall approve the selection of the Chief Executive Officer (“CEO”) and key members of senior management and shall likewise oversee the performance of their functions.

d. Description of the role and contribution of executive, non-executive and independent directors, and of the chairman of the Board

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

1. Ensure that the meeting agenda focuses on strategic matters, including discussion on risk appetites and key governance concerns;
2. Ensure a sound decision-making process;
3. Encourage and promote critical discussion;
4. Ensure that dissenting views can be expressed and discussed within the decision-making process;

5. Ensure that members of the Board receive accurate, timely, and relevant information;
6. Ensure the conduct of proper orientation for first-time directors and provide training opportunities for all directors; and
7. Ensure the conduct of performance evaluation of the Board at least once a year.

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

e. Board composition

Name	Type of Directorship	Principal Stockholder Represented	Number of Years served as Director	Number of Direct and Indirect shared held	Percentage of shared held to total outstanding shared of the bank
Manish Bhai	Regular Director	N/A	1 year, 8 months	No direct share 1 Common A indirect share	0.00%
Kalidas Ghose	Chairman; Regular Director	N/A	1 year, 8 months	No direct share 1 Common A indirect share	0.00%
Benjamin Cross Sevilla	Regular Director	N/A	1 year, 8 months	No direct share 1 Common A indirect share	0.00%
Ronaldo Modesto J. Ventura	Regular Director	N/A	1 year, 8 months	No direct share 1 Common A indirect share	0.00%

Name	Type of Directorship	Principal Stockholder Represented	Number of Years served as Director	Number of Direct and Indirect shared held	Percentage of shared held to total outstanding shared of the bank
Juan Miguel S. Mapa	Regular Director	N/A	1 year, 8 months	No direct share 1 Common A indirect share	0.00%
Wilfrido A. Atienza	Independent	N/A	1 year, 8 months	1 Common Share	0.00%
David John Binder	Independent	N/A	1 year, 8 months	1 Common Share	0.00%
Maria Nancy Valiente	Independent	N/A	1 year, 8 months	1 Common Share	0.00%
Griselda Gloria Santos	Independent	N/A	1 year, 8 months	1 Common Share	0.00%

f. Board qualification

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

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

g. List of board-level committees including membership and function

1. Executive Committee

Chairperson: Manish Bhai
Members: Kalidas Ghose, Benjamin Cross Sevilla

The Committee may act on such specific matters within the competence of the Board of Directors so far as may be permitted by applicable laws and by the Articles of Incorporation and By-Laws of the Corporation, principally in terms of day-to-day operations, including:

- a. the appointment of a new vendor for an activity already authorized by the Board;
- b. the appointment of authorized representatives and signatories to vendors and other business partners, or government agencies or local government units;
- c. submission of regulatory reports or requirements.

2. Corporate Governance Committee

Chairperson: Griselda Gay Santos
Members: Freddie Atienza, Kalidas Ghose

The CG Committee shall assist the Board in fulfilling its corporate governance responsibilities. In this regard, the CG Committee shall:

- a. Oversee the nomination process for members of the Board and positions appointed by the Board.
- b. Review and assess the structure, size, and composition of the Board, including the examination and assessment of the effectiveness of the Board's selection standards, nomination, and recruitment process of directors.
- c. Annually review the independence of the members of the Board.
- d. Oversee the continuing education program for the Board.
- e. Oversee the design and operation of the remuneration and other incentives policy.

3. Risk Oversight Committee

Chairperson: Freddie Atienza
Members: David Binder, Manish Bhai, Kalidas Ghose, Nancy Valiente

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

4. Information Technology Risk Committee

Chairperson: Kalidas Ghose
Members: Manish Bhai, Juan Miguel Mapa

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

5. Audit Committee - Oversee the financial reporting framework

Chairperson: David Binder
Members: Benjamin Cross Sevilla, Griselda Gay Santos

Oversee the financial reporting framework. The committee shall oversee the financial reporting process, practices, and controls. It shall ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports.

Monitor and evaluate the adequacy and effectiveness of the internal control system. The committee shall oversee the implementation of internal control policies and activities. It shall also ensure that periodic assessment of the internal control system is conducted to identify the weaknesses and evaluate its robustness considering the Bank's risk profile and strategic direction.

6. Related Party Transactions (RPT) Committee

Chairperson: Nancy Valiente
Member: David Binder, Benjamin Cross Sevilla

The duties and responsibilities of the RPT Committee include:

- a. Review policy guidelines and implementing procedures for handling relevant RPTs by ensuring effective compliance with existing laws, rules and regulations, and global best practices and recommend such policies as may be appropriate for the approval of the Board;
- b. Evaluate existing relations between and among businesses, clients, and counterparties to ensure that all Related Parties and RPTs are continuously identified and monitored, including subsequent changes in relationships with counterparties (from non-related to related and vice versa);

Review of material RPTs to ensure that these are conducted in the regular course of business (fair process) and not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances (fair terms), and that no corporate or business resources of the Bank are misappropriated or misapplied.

h. Directors' attendance at Board and committee meetings

Name	Board Meeting		Executive Committee		CorGov Committee		RPT Committee		Audit Committee		Risk Oversight Committee		IT Risk Committee	
	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended
Kalidas Ghose	7	7	5	5	3	3					4	4	1	1
Manish Bhai	7	7	5	5							4	4	1	1
Ben Sevilla	7	7	5	5			1	1	5	5				
Ronaldo Ventura	7	7												
Juan Miguel Mapa	7	7											1	1
Freddie Atienza	7	7			3	3					4	4		
David Binder	7	7					1	1	5	5	4	4		
Nancy Valiente	7	7					1	1			4	4		
Gay Santos	7	6			3	3			5	5				

i. Changes in the Board of Directors (for complex banks)

Mr. Puneet Gupta resigned as a director on 21 January 2022.

j. List of Executive Officers/Senior Management (1/3)



Manish Bhai
CEO and Founder



Luis Chito Africa
Chief Technology Officer



Saikat Sarkar
Chief Risk Officer

j. List of Executive Officers/Senior Management (2/3)



Claro Bonilla
Chief Finance Officer



Lester Cruz
Head of Liabilities and
Payments – Products
and Partnerships



Agustin Santiago
Chief Digital
Innovations Officer



Agnes Padilla
Head of Marketing



Lea Pagaduan
Chief Operations Officer



Tanya Cusi
Head of Human Resources

j. List of Executive Officers/Senior Management (3/3)



Karen Abella
Head of Legal



Catherine Urtola
Chief Compliance Officer



Amelia Tejero
Head of Audit



Michael Gatela
Credit Operations Head



Donna Beech-Ramos
Head of PMO

k. Performance Assessment Program

The Annual Assessment of the Board of Directors (BOD) is in the form of a Self-Assessment and undertaken not later than June of every year or before the conduct of the Annual Stockholders Meeting. The BOD members use a Self-Assessment Questionnaire composed of varying statements based on the roles, functions and responsibilities of the Board of Directors found under the Bank's Manual on Corporate Governance. The role, function, and responsibilities were grouped and weighted in the following criteria:

1. Competence
2. Independence
3. Practice as a Director
4. Performance on Board Level Committee
5. Corporate Development

l. Orientation and Education Program

The Bank is committed to providing staff training and development to ensure not only all the employees are continuously knowledgeable and skilled to carry out their roles, but also that training and development activity is delivering a benefit to both the employee and the business. Training programs shall be classified and developed based on compliance, skill, and company-specific training. The Bank shall use multiple methodologies and channels which will match the training needs and the content of the programs. The Bank is committed to ensuring equality of learning opportunity; hence, no employee will be excluded from learning on the grounds of gender (including gender reassignment), marital status, family status, religious belief, disability, age, racial grounds, sexual orientation, etc. Probationary and regular employees shall have equal access to learning and development opportunities appropriate to their role and/or learning needs.

m. Retirement and Succession Policy

The Bank shall have a retirement plan for the employees. The plan will provide the employee and their dependents substantial financial benefits upon retirement. The framework will cover normal, early, and late retirement for employees.

The Bank's integrated performance excellence program framework will be the anchor for succession planning that will allow talent development, identification of leadership talent, leadership development, and succession decision.

n. Remuneration Policy

The implementation of the remuneration policy provides a framework for the design of the rewards program across the Bank to ensure that business and people strategies are appropriately aligned with our compensation, benefits, and rewards approach as approved by the board.

To ensure high employee morale and its alignment to drive business objectives, the key pillars of the remuneration policy are:

- Compliance with regulatory requirements and principles of employee code of conduct
- Structure to drive sustainable performance by maintaining consistency between remuneration & performance and rewards & value creation
- Clear and transparent organizational governance structures and role goal clarity.
- Motivation and retention of employees
- Continuous monitoring of market trends and practices, aimed to ensure competitive program

o. Policies and procedures on related party transactions

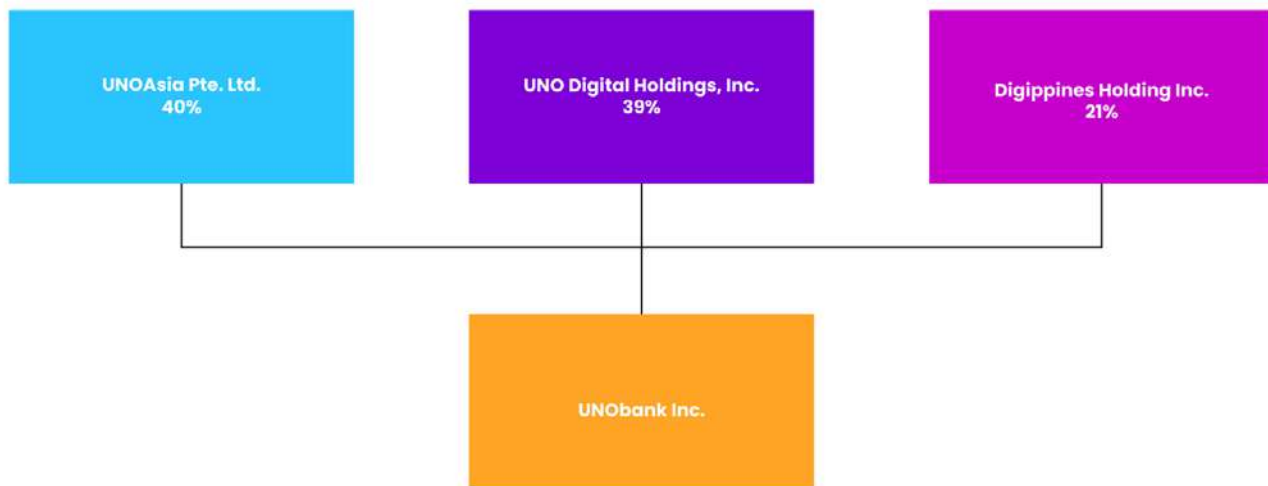
The Board of Directors, Management, and Staff of UNObank and its affiliates commit themselves to adopt and adhere with the Policy Guidelines on Related Party Transactions (RPT). These guidelines were formulated in accordance with the requirements of the Revised Corporation Code, the Securities Regulation Code and its implementing rules, the Revised Code of Corporate Governance and other circulars issued by the Securities and Exchange Commission (“SEC”), Bangko Sentral ng Pilipinas (“BSP”) Guidelines in Strengthening Corporate Governance on RPT of Banks, BSP Guidelines on RPT, Prudential Policy on Loans to directors, officers, stockholders, and their related interests (“DOSRI”)/Subsidiaries/Affiliates, Basel Core Principles (“BCP”) for Effective Banking Supervision, and other related laws and regulations. These guidelines shall be updated regularly to adopt new issuances by relevant regulatory agencies and/or new applicable rules and regulations.

The Bank recognizes that engaging in RPTs has economic benefits to the parties involved and to the entire UNObank Group. RPTs are generally allowed, provided that these are done on an arm’s length basis. RPTs are monitored and appropriate steps must be taken to control or mitigate the risks. As such, RPTs shall be conducted in the regular course of business (fair process) and not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances (fair terms).

The Board of Directors, through the RPT Committee, exercises appropriate oversight in the implementation of the control systems for managing RPT exposures and ensures that RPTs are handled in accordance with the policies set out in this Manual. The RC shall be apprised, on an ongoing basis, of any regulatory governance requirements or updates relating to related party transactions.

The materiality threshold of RPT/s, either individually or in aggregate over a twelve (12) month period with the same related party, amounting to ten percent (10%) or higher of the Bank’s total assets based on its latest audited financial statement, shall be considered material RPTs.

Conglomerate Structure



p. Self-Assessment Function

Internal Audit

The internal audit function of the Bank is responsible for providing independent, objective assurance and consulting services designed to add value and improve an organization’s operations. The internal audit activity helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The internal audit function maintains its organizational independence by reporting functionally to the Board of the Directors, through the Audit Committee, and administratively to the President/Chief Executive Officer.

In 2022, the internal audit function has established its policies and procedures, approved by the Board, to guide the internal audit activity, and to comply with sound internal audit standards, such as the Institute of Internal Auditors’ (IIA), International Standards for the Professional Practice of Internal Auditing (ISPPA), and other supplemental standards and best practices issued by international organizations/

regulatory authorities/government agencies, as well as the Code of Ethics for the profession. The internal audit function has also developed its risk-based internal audit work plan to determine the priorities of audit for 2023 based on the documented annual risk assessment, which takes into consideration the inputs of the Board and Senior Management.

To effectively carry out the approved IA work plan and to fulfill its mandate, the Board of Directors authorizes the internal audit function to:

- a. Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- b. Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- c. Obtain assistance from the necessary personnel of the Bank, as well as other specialized services from within or outside the Bank, in order to complete the engagement.

Compliance

The Compliance Department is headed by the Chief Compliance Officer (CCO), vested with the role of designing the Bank's Compliance Program and overseeing and coordinating its effective implementation toward the sound management of business and compliance risks. The CCO directly supervises the Compliance Officers in managing compliance risk areas of anti-money laundering, regulatory, and compliance testing, as well as data privacy. The Compliance Department also coordinates with the Senior Management Team/Heads of Departments to propagate the right compliance culture across the organization.

The Compliance Department is independent from the business activities of the Bank. It carries out its responsibilities on its own initiative in all units where business and compliance risks exist and shall be provided with sufficient resources to carry out its responsibilities effectively. The Compliance Department is free to report to Senior Management and the Board of Directors through the Corporate Governance Committee any irregularity or breach of laws, regulations, code of conduct, standards of good governance, etc., without fear of retaliation or disfavor from management and/or other affected parties.

q. Dividend policy

No dividends were declared for the year ending on 31 December 2022.

r. Corporate Social Responsibility Initiatives

Financial Literacy for Students



s. Consumer Protection Practices

The UNObank Inc. Consumer Protection Program is in line with the Bangko Sentral ng Pilipinas (“BSP”) Regulations on Financial Consumer Protection Circular 1048, “The Financial Consumer Protection Framework.” The Consumer Protection Program of UNObank is consistent with the BSP policy to provide for an enabling environment that protects the interest of financial consumers and institutionalizes the responsibilities of stakeholders of the Bank. This program ensures that UNObank is responsive to the needs of its customers and stakeholders while being held against a high standard of accountability.

The Executive Management is responsible for approving and overseeing the implementation of the UNObank Inc. Consumer Protection Program as well as the mechanism to ensure compliance with the said program. The ExeCom is also responsible for monitoring the performance of the Philippine Management Team in managing the day-to-day consumer protection activities of UNObank.

UNObank Management Team is responsible for the implementation of the UNObank Consumer Protection Program, its Consumer Assistance Process, and Complaint Handling Process for consumers. The Management Team is composed of business heads and support function heads such as Product, Digital, Operations, Technology, Risk, Legal, Compliance, and Finance Heads. A dedicated Quality and Customer Experience Lead or the Consumer Assistance Officer with support from the Human Channels Head is responsible for the adequate performance of the consumer assistance process and oversees and manages the customer satisfaction metrics and service level of the customer service operations. The Quality and Customer Experience Lead ensures that complaints are recorded, tracked, analyzed, and resolved. The QCE Lead also ensures that the root cause is identified and preventive measures are provided to avoid recurrence. The QCE Lead reports to the Management Team the findings of this analysis and recommendations and immediately escalates significant complaints affecting the Bank’s compliance with financial consumer protection. Customer Happiness Specialists (CSS) are responsible for handling direct contact with clients and ensuring the resolution of a client query, request, complaint, or feedback through appropriate channels in a timely manner.

UNObank’s Customer Assistance Management System (CAMS) allows the Bank to effectively monitor, measure and control consumer protection risks inherent in its operating model and its operations. The CAMS is implemented to ensure UNObank’s adherence to consumer protection standards of conduct and compliance with consumer protection laws, rules, and regulations, thus ensuring identified risks to UNObank and risks of financial harm to customers are addressed or prevented.

The Customer Assistance Management System allows financial consumers to provide any feedback, inquiry, concerns, and complaints for 24 hours through the following channels:

UNObank Phone Banking Support – Upon launch, UNObank customer support specialists are available to assist customers.

UNObank Mobile In-App Message – Upon launch, for longer and secure messages, customers may opt to send them via the authenticated in-app message.

UNObank Mobile In-App Chat – After the public launch, our customer support specialists are online 24/7 to assist customers.

UNObank Viber and Whatsapp Messaging – As additional channels post introduction to the public and upon readiness, customers may opt to send messages via Viber App and Whatsapp App for any inquiries or feedback.



VI. Corporate Information

a. Organizational structure, including the name and position of key officers

PH (UNObank) Org. Structure



*Not part of Management Committee

Functional Support

Reporting to Board Committee

*Reporting to ALCO

b. List of major stockholders of the Bank, including nationality, percentage of stockholdings, and voting status

Stockholder	Nationality	% of Shareholders	Voting Status
UNOASIA PTE. LTD.	Singaporean	40%	Yes
UNO DIGITAL HOLDINGS, INC.	Filipino	39%	Yes
DIGGIPINES HOLDING INC.	Filipino	21%	Yes

c. List and description of products and services offered



UNO Digital Bank is a fully-digital and app-only neo bank. The Bank aims to provide and intends to embed itself into the lifecycle and daily living of its customers, becoming a one-stop shop for solutions to their financial needs in the areas of transactions/ payments, savings, borrowing, investment, and protection. The UNO advantage:

- Comprehensive one-stop solution for employee financial needs
- Competitive price positioning
- Best-in-class, secure, and seamless user mobile app journey

The following products are currently available in the UNO Digital Bank mobile app:

- **#UNOready** [Savings Account]
 - Earn up to 4.25% interest p.a.
 - Interest credited daily
 - FREE life insurance worth PHP 50,000.00
 - No holding period
 - No maintaining balance
 - FREE virtual card is issued for a minimum cash-in of PHP 100.00 that customers can use to shop online
 - Coming soon: UNO Debit Mastercard (physical card)
- **#UNOboost** [Time Deposit]
 - Earn a guaranteed 6.50% interest p.a.
 - Flexible tenor from 3 to 6 months
- **#UNOearn** [Time Deposit]
 - Earn a guaranteed 6.50% interest p.a.
 - Monthly interest crediting
- **#UNOnow** [Quick Cash Loan]
 - No collateral, no guarantors needed
 - Get loanable amounts up to PHP 200,000.00
 - 1.79% monthly add-on rate
- **Coming soon:**
 - Insurance products
 - Investment products

d. Bank website

<https://uno.bank/>

VII. Information on Sustainable Finance

a. Sustainability strategic objectives and risk appetite;

The Bank's sustainability strategy has the following objectives:

- Doing business responsibly for UNObank is based on the belief that as the Bank grows in terms of profitability, it also needs to grow responsibly
- Conduct business responsibly so that it enhances operational performance, even while preserving the natural environment, conforming with best-in-class corporate governance, positively improving the lives of communities in which it operates, and caring for the development and well-being of its employees
- Optimize lifecycle engagement of the Bank's customers by providing them with simpler, better, accessible banking, through a single trusted interface to manage one's entire financial life cycle journey with speed and ease: a platform where customers can save, borrow, transact, invest and protect in a simple and transparent manner
- Provide services digitally, to make the products available to more people at a lower cost without sacrificing quality and security, and support the financial inclusion objective of BSP and the Government
- Integrate environmental and social risks into its internal risk management frameworks
- Continuous evaluation and application of international environmental and social standards within the Philippine business environment
- Assess implications of incidents that can lead to negative environmental and social outcomes, which can result in business continuity risk, reputation risk, and a direct financial impact

b. Overview of E&S risk management system;

The Bank's E&S risk management system is governed through the ESG Policy that was adopted by the Board on 29th April 2023. Within the limited scope of E&S contribution for a digital consumer bank, the policy provides for the following:

- Exclusion list comprising of sectors/professions in which the Bank will not engage in any financial activity, especially lending and investment.

- Enhanced due diligence for projects/transactions involving any sensitive sectors – defense/security sector and sector involved in nuclear power generation
- Project categorization for non-individual lending aiming to avoid financing and lending activities to projects where utilization of proceeds is expected to have significant adverse environmental and social risks and /or impacts that are diverse, irreversible, or unprecedented
- Ensuring financial inclusion and financial literacy through liabilities products, lending products, and investments (as applicable)
- Management of the Bank's own E&S footprint
- Provision for products that have a positive climate action impact (e.g., credit/debit cards out of recycled plastics)
- Ensuring an employment environment that promotes E&S, including diversity, skills enhancement, non-discrimination, etc.
- Mapping of UNObank's contributions against the 17 Sustainable Development Goals

The operationalization of the E&S Risk governance is achieved through the establishment of a multi-functional ESG Focused Group (ESGFG) comprising the Chief Risk Officer (CRO), Chief Human Resources Officer (CHRO), Chief Compliance Officer (CCO), Chief Finance Officer (CFO), Data Protection Officer (DPO), Chief Operations Officer (COO), Regulatory Compliance Head, and Enterprise Risk Management Head, Product Team nominee. This ESGFG will report to two Board level committees – the Corporate Governance Committee and The Risk Oversight Committee (ROC) – for the purpose of approval of the implementation of ESG standards in the Bank and for assessing and approving risks associated with the ESG standards, if any.

The ESGFG is currently headed by the CRO, who will be responsible for guiding the group to engage with the frontline Business Units to design policies and procedures aligned to the Bank's ESG goals.

Below table shows UNObank’s compliance to United Nation’s Sustainable Development Goals.

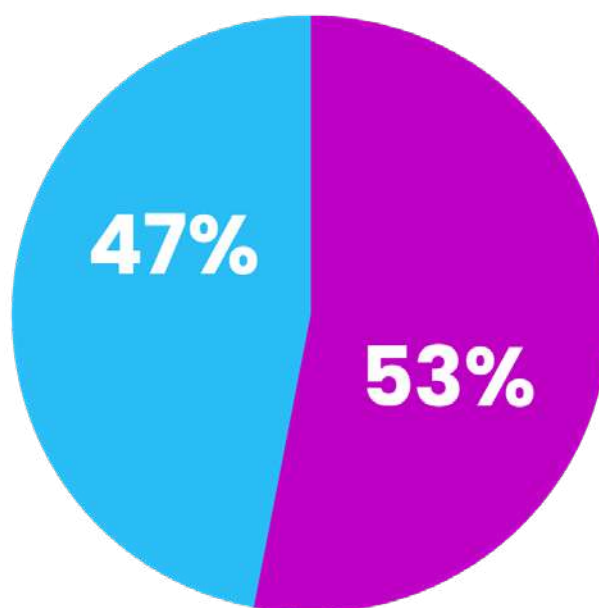
UNObank's Sustainability Initiatives	SDG 1	SDG 2	SDG 3	SDG 4	SDG 5	SDG 6	SDG 7	SDG 8	SDG 9	SDG 10	SDG 11	SDG 12	SDG 13	SDG 14	SDG 15	SDG 16	SDG 17
	No Poverty	Zero Hunger	Good Health and Well-being	Quality Education	Gender Equality	Clean Water and Sanitation	Affordable and Clean Energy	Decent work and Economic Growth	Industry Innovation & Infra	Reduced Inequalities	Sustainable cities & community	Responsible consumption and production	Climate Action	Life below water	Life on land	Peace, Justice & Strong Institutions	Partnership for the goals
1 Hybrid Working - WFS 2 / WFH 3																	
2 Head office in LEED certified building																	
3 All digital operations - no paper																	
4 71% of new accounts outside Metro Manila																	
5 Diversity - 53% female employees in Manila																	
6 MSME segment Focus - Education/Fin Tools																	
7 Financial Education - Bayani Foundation																	
8 Financial Education - APC Interns																	
9 Ergonomics - standing desks																	
10 Women's health - maternity/private rest area																	
11 Strong corporate Governance standards																	
12 Cards from recycled materials*																	

Notes

1. Currently, UNObank is following a hybrid work strategy – where employees are required to work from site for two days a week.
2. UNObank’s head office is in a LEED Certified building, which helps UNO contribute towards environmental sustainability. Also, in line with regulations for digital banks, UNObank does not have branches in the Philippines.
3. All digital product offerings, and digital operations. Minimal to no paper in day-to-day functioning other than those required from a legal perspective. This supports climate action. Also facilitates financial inclusion since anyone with a mobile phone, internet connection, and valid ID can access the financial system using UNObank’s products.
4. Approx 71% of UNObank’s liabilities accounts are from outside Metro Manila. Approx 53% of UNObank’s customers are women, facilitating financial inclusion and gender equality.
5. Workforce gender distribution includes 53% women. UNObank has been active in promoting gender equality.
6. MSME sector focus. With support from Digital Pilipinas and Proxterra, UNObank has initiated financial education and literacy for MSME entities, with certificates from the Monetary Authority of Singapore at the end of the session.
7. UNObank has participated in the head office Building admin’s CSR activity for Bayani Foundation scholars for about 15 students. The session included education on financial literacy, including phases of financial growth and its cycle – earning, savings, investments, and donations.

8. UNObank's interns from APC have been onboarded with UNO savings accounts. These interns are being oriented on managing financial apps and management of finances.
9. Ergonomics - UNObank has a distribution of ergonomic tables, which can help employees raise tables at the press of a button. With sitting being considered as the new smoking, facilitation of a healthy work environment is a key UNO goal.
10. While women are the majority in UNO's workforce, UNO has also made provisions to ensure a good healthy work environment for its women employees, with private rest areas, refrigerators for milk storage, and has already implemented a maternity policy.
11. Strong corporate governance standards to ensure a well-managed financial institution that can support the Philippines economy and population on a sustained basis. An ESG policy has also been published. The ESG Focused Group has also been initiated, which meets quarterly to develop, assess, and implement products and processes to support sustainability.
12. New Product initiatives are in the pipeline - e.g., physical cards (debit or credit) to be made of recycled materials. We are evaluating other retail banking solutions like tools to measure the carbon footprint of retail transactions, etc. As the Bank stabilizes and operations become more robust, we expect to introduce such innovations in the future.

Furthermore, UNObank is committed to gender equality in the workplace, with 53% of the employees being women.



■ Male ■ Female

c. Breakdown of E&S risk exposures of the Bank per industry or sector;

Employment Type	Annual Income	Outstanding Balance
Employed - Private	<= PHP 200,000.00	PHP 362,768.24
	> PHP 200,000.00 to PHP 500,000.00	PHP 298,919.20

*As of Dec 31, 2022

d. Information on existing and emerging E&S risks and their impact on the bank;

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

VIII.
Audited Financial Statements (AFS)
with Auditor's Opinion

UNObank Inc.

Financial Statements

**As at December 31, 2022 and 2021 and for the year ended
December 31, 2022 and for the period from October 27, 2021
(incorporation date) to December 31, 2021**

Independent Auditor's Report

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

Report on the Audits of the Financial Statements***Our Opinion***

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UNObank Inc. (the "Bank") as at December 31, 2022 and 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and for the period from October 27, 2021 (incorporation date) to December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Bank comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of comprehensive income for the year ended December 31, 2022 and for the period from October 27, 2021 to December 31, 2021;
- the statements of changes in equity for the year ended December 31, 2022 and for the period from October 27, 2021 to December 31, 2021;
- the statements of cash flows for the year ended December 31, 2022 and for the period from October 27, 2021 to December 31, 2021;
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph



Independent Auditor's Report
To the Board of Directors and Shareholders of
UNObank Inc.
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditor's Report
To the Board of Directors and Shareholders of
UNObank Inc.
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Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 16 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read 'Zaldy D. Aguirre', is written over a horizontal line.

Zaldy D. Aguirre
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 105660-SEC, Category A; valid to audit 2020 to 2024
financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024
financial statements

TIN 221-755-698

BIR A.N. 08-000745-077-2020, issued on December 14, 2020; effective until December 13, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 28, 2023

UNObank Inc.Statements of Financial Position
December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
<u>ASSETS</u>			
Due from other banks	2	204,628,476	1,210,764,152
Due from Bangko Sentral ng Pilipinas	2	1,065,016,712	-
Loans and receivables, net	3	3,376,166	-
Bank premises and equipment, net	4	47,671,138	529,861
Intangible assets, net	5	156,218,010	-
Deferred tax assets, net	12	52,553,193	-
Other assets, net	6	258,134,266	26,700,874
Total assets		1,787,597,961	1,237,994,887
<u>LIABILITIES AND CAPITAL FUNDS</u>			
Deposit liabilities	7	252,316,704	-
Accounts payable and other liabilities	8	155,209,308	11,318,664
Lease liability	9	25,970,596	-
Accrued interest expense	7	1,288,748	-
Deferred tax liabilities, net	12	-	664,622
Due to related parties	13	140,317,835	47,796,486
Total liabilities		575,103,191	59,779,772
Share capital	10	1,385,446,840	1,149,930,296
Deposits for share subscription	10	1,832,613	26,070,331
Retained earnings		(174,784,683)	2,214,488
Capital funds		1,212,494,770	1,178,215,115
Total liabilities and capital funds		1,787,597,961	1,237,994,887

(The notes on pages 1 to 19 are an integral part of these financial statements.)

UNObank Inc.

Statements of Comprehensive Income
For the year ended December 31, 2022 and
for the period from October 27, 2021 (incorporation date) to December 31, 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
Interest income	2,3	17,708,417	220,621
Interest expense	7,9	2,456,260	-
Net interest income		15,252,157	220,621
Provision for credit and impairment losses		17,912	-
Net interest income after Provision for credit and impairment losses		15,234,245	220,621
Foreign exchange gain, net	2,13	94,650,564	33,794,949
Other income		2,851,822	-
Operating income		112,736,632	34,015,570
Operating expenses	11	(339,479,946)	(31,136,460)
(Loss) income before income tax		(226,743,316)	2,879,110
Income tax benefit (expense)	12	49,744,145	(664,622)
Net (loss) income for the period		(176,999,171)	2,214,488
Other comprehensive income		-	-
Total comprehensive (loss) income for the period		(176,999,171)	2,214,488

(The notes on pages 1 to 19 are an integral part of these financial statements.)

UNObank Inc.

Statements of Changes in Equity
For the year ended December 31, 2022 and
for the period from October 27, 2021 (incorporation date) to December 31, 2021
(All amounts in Philippine Peso)

	Share capital (Note 10)	Deposits for share subscription (Note 10)	Retained earnings	Total
BALANCE AT OCTOBER 27, 2021	-	-	-	-
TRANSACTIONS WITH SHAREHOLDERS				
Issuance of shares	1,149,930,296	-	-	1,149,930,296
Deposits for share subscription	-	26,070,331	-	26,070,331
Total	1,149,930,296	26,070,331	-	1,176,000,627
COMPREHENSIVE INCOME				
Net income for the period	-	-	2,214,488	2,214,488
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	2,214,488	2,214,488
BALANCES AT DECEMBER 31, 2021	1,149,930,296	26,070,331	2,214,488	1,178,215,115
TRANSACTIONS WITH SHAREHOLDERS				
Issuance of shares	235,516,544	(24,237,718)	-	211,278,826
COMPREHENSIVE LOSS				
Net loss for the year	-	-	(176,999,171)	(176,999,171)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(176,999,171)	(176,999,171)
BALANCES AT DECEMBER 31, 2022	1,385,446,840	1,832,613	(174,784,683)	1,212,494,770

(The notes on pages 1 to 19 are an integral part of these financial statements.)

UNObank Inc.

Statements of Cash Flows
For the year ended December 31, 2022 and
for the period from October 27, 2021 (incorporation date) to December 31, 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) income before income tax		(226,743,316)	2,879,110
Adjustments for:			
Depreciation	4	4,479,060	15,139
Amortization	5	17,357,557	-
Unrealized foreign exchange		(26,800,739)	(33,794,949)
Interest expense	7,9	2,456,260	-
Interest income	2,3	(17,708,417)	(220,621)
Provision for ECL	3	17,912	
Operating loss before changes in operating assets and liabilities		(246,941,683)	(31,121,321)
Changes in operating assets and liabilities			
Increase in:			
Loans and receivables		(1,637,832)	-
Other assets		(233,511,141)	(26,700,874)
Accounts payable and other liabilities		253,997,460	11,318,664
Deposit liabilities		143,890,645	-
Net cash used in operations		(84,202,551)	(46,503,531)
Interest paid		(1,167,512)	-
Interest received		17,078,950	220,621
Taxes paid		(3,473,670)	-
Net cash used in operating activities		(71,764,783)	(46,282,910)
CASH FLOW FROM INVESTING ACTIVITY			
Acquisitions of bank premises and equipment	4	(22,457,764)	(545,000)
Acquisitions of intangible assets	5	(173,575,567)	-
Net cash used in investing activities		(196,033,331)	(545,000)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from related party borrowings	13	121,318,813	47,048,532
Payments to related party borrowings	13	(28,797,464)	-
Proceeds from deposits for share subscription	10	-	26,070,331
Payments to lease liability	9	(3,921,764)	-
Proceeds from share issuance	10	211,278,826	1,149,930,296
Net cash from financing activities		299,878,411	1,223,049,159
NET INCREASE IN CASH AND CASH EQUIVALENTS		32,080,297	1,176,221,249
CASH AND CASH EQUIVALENTS			
Beginning of the period		1,210,764,152	-
Effects of foreign exchange in cash		26,800,739	34,542,903
End of the period	2	1,269,645,188	1,210,764,152

(The notes on pages 1 to 19 are an integral part of these financial statements.)

UNObank Inc.

Notes to Financial Statements

As at December 31, 2022 and 2021 and for the year ended December 31, 2022 and for the period from October 27, 2021 (incorporation date) to December 31, 2021 (In the notes, all amounts are in Philippine Peso unless otherwise stated)

1 General information

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

The Bank’s primary shareholders are as follows:

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

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

The Bank has 69 employees as at December 31, 2022 (2021 - 10 employees).

These financial statements have been approved and authorized for issuance by the Board of Directors (BOD) of the Bank on April 28 2023.

2 Cash and cash equivalents

The account at December 31 consists of:

	2022	2021
Due from BSP	1,065,016,712	-
Due from local banks	204,628,476	1,210,764,152
	1,269,645,188	1,210,764,152

Interest income earned and received from cash and cash equivalents in 2022 amounts to P17,384,077 (2021 - P220,621). To maximize its earnings, the Bank has been placing its excess funds with the BSP on both overnight and term deposit facilities with terms of one (1) to (2) weeks and interest rates ranging from 4.5% to 6.4%. Due from BSP is partly maintained for liquidity reserve purposes.

As at December 31, 2022, the Bank is compliant with BSP Circular no. 1154 which requires an 8% statutory and legal reserve against deposit and deposit liabilities.

Due from local banks denominated in United States Dollar (USD) amounts to USD 2,264,880 in 2022 (2021 - USD23,846,145)

Foreign exchange gains relating to due from other banks in 2022 amounts to P93,399,776 (2021 - P34,542,903).

3 Loans and receivables, net

The account at December 31 consists of:

	2022	2021
Receivables from electronic fund transfer provider	1,242,524	-
Accounts receivables	861,034	-
Loans receivables	661,053	-
Accrued interest receivables	629,467	-
	3,394,078	-
Allowance for credit losses	(17,912)	-
	3,376,166	-

On December 1, 2022, the Bank acquired loans receivables from Esquire Financing Inc, a third party. As at acquisition date, the fair value of the acquired loan portfolio matches its book value, which amounts to P661,053. All of which remains outstanding as at December 31, 2022.

For the year ended December 31, 2022, interest income earned on loans receivables amounts to P324,340.

Loans and receivables are unsecured and are collectible within 12 months from reporting date.

In 2022, the Bank has provided allowance for impairment on its loans receivables amounting to P17,912.

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

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

4 Bank premises and equipment, net

Movements in the account are summarized as follows:

	Note	Equipment	Leasehold improvements	Office space	Total
Cost					
Acquisitions for the period		545,000	-	-	545,000
December 31, 2021		545,000	-	-	545,000
Acquisitions for the year		4,205,445	18,252,319	29,162,573	51,620,337
December 31, 2022		4,750,445	18,252,319	29,162,573	52,165,337
Accumulated depreciation					
Depreciation for the period	11	15,139	-	-	15,139
December 31, 2021		15,139	-	-	15,139
Depreciation for the year	11	524,813	-	3,954,247	4,479,060
December 31, 2022		539,952	-	3,954,247	4,494,199
Net book value at December 31, 2021		529,861	-	-	529,861
Net book value at December 31, 2022		4,210,493	18,252,319	25,208,326	47,671,138

As at December 31, 2022 and 2021, there were no equipment pledged or mortgaged as collateral for liabilities.

On February 11, 2022, the Bank has recognized a right-of-use asset included in Office space for the lease of its office premises (Note 9).

Critical accounting estimate - Useful lives of bank premises and equipment

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

The Bank considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the carrying values of bank premises and equipment.

Critical accounting judgment - Impairment of bank premises and equipment

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

Based on management's assessment and judgment, there are no indicators of impairment or changes in circumstances indicating that the carrying value of its bank premises and equipment may not be recoverable as at December 31, 2022 and 2021.

5 Intangible asset

Movements in the account are summarized as follows:

	Note	2022	2021
Cost			
At January 1		-	-
Additions		173,575,567	-
At December 31, 2022		173,575,567	-
Accumulated depreciation			
At January 1		-	-
Amortization	11	17,357,557	-
At December 31, 2022		17,357,557	-
Net book values		156,218,010	-

In 2022, the Bank capitalized internally-generated software following the requirements of Philippine Accounting Standard (PAS) 38, Intangible Assets. The Bank recognized an intangible asset relating to its mobile application, which it uses to conduct and operate its business. The intangible asset is amortized over a useful life of five years on a straight-line basis. Amortization expense is presented as part of operating expenses in the statements of comprehensive income.

Critical accounting estimate - Useful lives of intangible asset

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

Critical accounting judgment - Impairment of intangible asset

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

Based on management's assessment and judgment, there are no indicators of impairment or changes in circumstances indicating that the carrying value of its intangible assets may not be recoverable as at December 31, 2022.

6 Other assets

Details of this account are as follows:

	2022	2021
Software costs under development	247,846,862	26,177,274
Refundable deposit	2,013,380	523,600
Prepaid rent	1,759,296	-
Other prepaid expenses	6,514,728	-
	258,134,266	26,700,874

Software costs under development pertain to costs incurred for the front and back-end systems that the Bank. These systems will be used in the Bank's operations as intangible assets once completed.

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

7 Deposit liabilities

The account as at December 31 consists of:

	2022	2021
Time	223,268,134	-
Savings	29,048,570	-
	252,316,704	-

The Bank's deposits bear annual interest at rates ranging from 4.25% to 6.50% in 2022.

The details of interest expense on deposit liabilities for the year ended December 31, 2022 follow:

	2022
Time	1,572,769
Savings	153,704
	1,726,473

8 Accounts payable and other liabilities

This account as at December 31 consists of:

	2022	2021
Accounts payable	86,969,169	4,553,876
Accrued expenses	67,668,896	5,589,181
Withholding taxes payable	566,723	1,122,807
Statutory obligations		
SSS, Philhealth, Employer's compensation		
premiums and Pag-IBIG contributions payable	-	52,800
Others	4,520	-
	155,209,308	11,318,664

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

9 Lease liability

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

Refundable deposits paid for the newly entered lease agreement as at December 31, 2022 amounts to P2,013,380 included as part of Other assets in the statement of financial position.

The Bank recognized a right-of-use asset for the lease of its office space. The associated right-of-use asset was adjusted by the amount of any prepaid or accrued lease payments at initial recognition and by the depreciation recognized during the year. As at December 31 2022, right-of-use asset amounts to P25,208,325 (Note 4).

Lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 4.5% as at February 11, 2022, commencement date of the lease agreement.

The movement in the lease liability is summarized as follows:

	Amount
Beginning	-
New Lease	29,162,573
Cash outflows for principal and interest payments	(3,921,764)
Interest expense	729,787
Ending	25,970,596

Maturity analysis of contractual undiscounted cash flows of lease liability at December 31, 2022 follow:

	Amount
Less than one year	6,723,024
One to five years	21,812,011
Total undiscounted lease liability	28,535,035
Imputed interest discount on lease	(2,564,439)
Lease liability included in the statement of financial position	25,970,596

The statement of total comprehensive income shows the following amounts relating to the lease for the year ended December 31, 2022:

	Amount
Depreciation expense on right-of-use asset	3,954,247
Interest expense	729,787

The total cash outflow for leases for the year ended December 31, 2022 amounts to P3,921,764, of which P3,191,977 pertains to principal payment for lease liability.

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

10 Equity

Share capital

Details of authorized share capital of the Bank follow:

	Number of shares	Amount
Authorized:		
Class A Common - P100 par value	13,925,900	1,392,590,000
Class B Common - P2 par value	3,705,000	7,410,000
Preferred - P100 par value	6,000,000	600,000,000
	23,630,900	2,000,000,000

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

	2022	2021
Class A Common - P100 par value		
At January 1	8,007,438	8,007,438
Subscriptions	1,639,898	-
At December 31	9,647,336	8,007,438
Class B Common - P2 par value		
At January 1	2,128,498	2,128,498
Subscriptions	435,922	-
At December 31	2,564,420	2,128,498
Preferred - P100 par value		
At January 1	3,449,295	3,449,295
Subscriptions	706,549	-
At December 31	4,155,844	3,449,295

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

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

Critical accounting judgment – Equity classification of preferred shares

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

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

Capital management strategy

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

Deposits for share subscription

As at December 31, 2022 and 2021, the Bank has sufficient unissued and authorized share capital to cover capital infusions by its shareholders in 2021. Accordingly, the said deposits are presented as equity in the statement of financial position as at December 31, 2022 and 2021 in accordance with the Securities and Exchange Commission (SEC) Financial Reporting Bulletin No. 006 (As Revised) issued in January 2013.

11 Operating expenses

This account consists of:

	Notes	2022	2021
Compensation and fringe benefits		146,792,603	4,332,227
Intercompany expenses		70,178,006	-
Consultancy fees		49,498,967	1,662,144
IT software amortization	11	17,357,557	-
Advertising and publicity expense		11,066,711	-
Local and business taxes		8,890,129	-
Insurance expenses		4,937,340	-
Service charges		4,872,496	-
Depreciation expenses	4	4,479,060	15,139
Postage, telephone, cables and telegrams		3,629,250	-
Documentary stamp taxes		3,316,273	11,499,303
Membership fees and dues		1,376,432	-
Security, janitorial, clerical service fees		792,867	-
Travelling expenses		627,023	-
Supervision fees		423,767	-
Representation and entertainment		230,000	-
Power, light and water expense		229,350	-
Bank service fee		161,186	-
Stationery and supplies used expense		74,600	-
License fee		-	12,250,000
Other expenses		10,546,329	1,377,647
		339,479,946	31,136,460

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

Other expenses are primarily composed of de minimis expenses and other software expenses.

12 Income tax expense

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

	2022	2021
Deferred	53,217,815	(664,622)
Final	(3,473,670)	-
	49,744,145	(664,622)

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

	2022	2021
Income tax benefit (expense) at statutory tax rate	56,685,829	(719,777)
Non-deductible expenses	(155,970)	-
Adjustment for realized foreign exchange gains	(7,351,212)	-
Adjustment for interest income subject to lower tax rate	951,107	55,155
Impact of PFRS 16	(385,609)	-
Income tax benefit (expense)	49,744,145	(664,622)

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

	2022	2021
Deferred tax assets		
Net operating loss carryover (NOLCO)	59,253,378	7,784,115
Deferred tax liability		
Unrealized foreign exchange gain	(6,700,185)	(8,448,737)
Deferred tax assets (liability), net	52,553,193	(664,622)

The Bank's NOLCO incurred in 2022 amounting to P239,672,002 (2021 - P31,136,460) will expire in 2025 (2021 - 2026).

13 Related party transactions

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

2022	Transactions	Due to related party	Terms and conditions
Shareholder			
Reimbursable expenses	(28,797,464)	-	-
Software development	121,318,813	140,317,835	Non-interest bearing, unsecured, payable on demand
		140,317,835	
2021	Transactions	Due to related party	Terms and conditions
Shareholder			
Reimbursable expenses	28,113,403	28,797,464	Reimbursable on demand, non-interest bearing, unsecured
Software development	18,935,129	18,999,022	Payable within 60 calendar days from receipt of invoice, non-interest bearing, unsecured
		47,796,486	

Foreign exchange gains relating to due to related party transactions in 2022 amounts to P1,250,788 (2021 - P747,954 loss).

14 Financial risk management

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

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

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

14.1 Credit risk

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

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

	2022	2021
Due from other banks	204,628,476	1,210,764,152
Due from BSP	1,065,016,712	-
Loans and receivables	3,376,166	-
Refundable deposits	2,013,380	523,600
	1,275,034,734	1,211,287,752

To reduce the Bank's credit risk, the Bank only maintains banking relationships with top, reputable universal banks in the country. Universal and commercial banks represent the largest single group, resource-wise, of financial institutions in the Philippines.

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

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

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

14.2 Liquidity risk

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

	2022	2021
Financial assets		
Cash and cash equivalents	1,269,645,188	1,210,764,152
Loans and receivables	3,394,078	-
Security deposit	2,013,380	-
Total financial assets	1,275,052,646	1,210,764,152
Financial liabilities		
Deposit liabilities	252,316,704	-
Accounts payable and other liabilities*	154,638,065	10,143,057
Accrued interest expense	1,288,748	-
Due to related parties	140,317,835	47,796,486
Total financial liabilities	548,561,352	57,939,543
Total maturity gap	726,392,294	1,152,824,609

*Excluding government payables

14.3 Foreign exchange risk

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

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

	2022	2021
Due from local banks (in USD)	2,264,880	23,846,145
Due to related parties (in USD)	(2,516,686)	(941,358)
Accounts payable - nonresidents (USD)	(803,351)	-
Net foreign currency denominated asset in USD	(1,055,157)	22,904,787
Foreign exchange rate as at December 31	55.755	50.774
Net foreign currency denominated asset in PHP	(58,830,265)	1,162,967,666

A reasonably possible change of 3% in the USD exchange rates, with all other variables held constant, would increase/decrease the Bank's income before income tax by P1,764,908(2021 - increase/decrease by P34,889,030).

15 Summary of significant accounting policies

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

15.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee and International Financial Reporting Interpretations Committee which have been approved by the Financial and Sustainability Reporting Standards Council (formerly known as the Financial Reporting Standards Council) and adopted by the SEC.

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

Critical accounting estimates

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

Critical accounting judgements

- Impairment of bank premises and equipment (Note 4)
- Equity classification of preferred shares (Note 10)

15.2 Changes in accounting policies and disclosures

(a) New amendments to existing standards effective January 1, 2022

The Bank has applied the following amendments to existing standards and the revised Conceptual Framework effective January 1, 2022:

- Amendments to PAS 16, *'Property, Plant and Equipment'*

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

- Annual Improvements to PFRS Standards 2018-2020 The following improvements were finalized in May 2020:
 - i. PFRS 9, *'Financial Instruments'*, clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
 - ii. PFRS 16, *'Leases'*, amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

(b) New standards, amendments to existing standards or interpretation not yet adopted by the Bank

The following new accounting standards and amendments to existing standards are not mandatory for the December 31, 2022 reporting period and have not been early adopted by the Bank:

- Amendment to PAS 1 and PFRS Practice Statement 2, *'Disclosure of Accounting Policies'*

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendment defines what is a 'material accounting policy information' and explain how to identify when accounting policy information is material. It further clarifies that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendments to PAS 1, *'Presentation of Financial Statements'*

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability.

In addition, PAS 1 requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendment to PAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'*

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to PAS 12, *Income Taxes*

The amendments require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with (a) right-of-use assets and lease liability, and (b) decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Bank.

15.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Bank recognizes a financial instrument in the statements of financial position when, and only when, the Bank becomes a party to the contractual provisions of the instrument.

Amortized cost and effective interest rate

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

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

15.3.1 Financial assets

The Company’s financial assets comprise mainly of due from other banks, due from BSP, loans and receivables and refundable deposits.

Classification and measurement financial assets

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

As at December 31, 2022 and 2021, there are no financial assets measured at fair value (either through profit or loss or other comprehensive income).

Impairment of financial assets

The loss allowance for these financial assets is based on assumptions about risk of default and expected loss rates. The Bank applies judgment in making these assumptions and selecting the inputs to the impairment calculation based on the Bank's past history and existing market conditions as well as forward-looking estimates at the end of each reporting period.

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

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows have expired or the Bank has transferred substantially all the risks and rewards of ownership.

15.3.2 Financial liabilities

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

Recognition and measurement of financial liabilities

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

As at December 31, 2022 and 2021, the Company has no financial liabilities measured at fair value through profit or loss.

Derecognition of financial liabilities

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

15.4 Bank Premises and equipment

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

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

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

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

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

15.5 Leases

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and any impairment losses, adjusted for certain remeasurements of the lease liability. Cost comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove any improvements made. The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

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

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

15.6 Software costs under development

An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if, an entity can demonstrate all of the following:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- b) its intention to complete the intangible asset and use or sell it.
its ability to use or sell the intangible asset.
- c) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- d) the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.
- e) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

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

15.7 Impairment of non-financial assets

The carrying values of bank equipment and intangible asset are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their estimated recoverable amount. The estimated recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses, if any, are recognized in the statements of comprehensive income.

15.8 Income taxes

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

Current tax

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

Deferred tax

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

15.9 Share capital

The Company's share capital consists of common and preferred shares that meet the definition of "equity" under PAS 32. Share capital is presented in the statements of financial position at an amount equal to the total par value of all instruments issued.

15.10 Foreign currency transactions

(a) Functional and presentation currency

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

(b) Transactions and balances

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

15.11 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at present value of the expenditures expected to be required to settle the obligation. The discount rate used to determine the present value reflects current market assessment of the time value of money and the increase specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

15.12 Contingencies

Contingent liabilities are not recognized in the financial statements, but they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements unless the realization of income is virtually certain. It is disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

15.13 Events after reporting date

Post year-end events that provide additional information about the Bank's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

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

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

(i) Documentary stamp tax

Documentary stamp taxes on original issuance of shares of stocks paid and accrued for the year ended December 31, 2022 amount to P3,316,273.

(ii) Withholding taxes

Withholding taxes on compensation accrued for the year ended December 31, 2022 amount to P566,723.

(iii) All other local and national taxes

All other local and national taxes paid/accrued for the year ended December 31, 2022 consist of license fee amounting to P8,890,129.

(iv) Tax assessments

The Bank has no pending tax assessment from the BIR as at December 31, 2022.

(v) Tax cases

The Bank has no outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2022.

IX. Team Photos (1/3)



Management Team



Manish Bhai and Kalidas Ghose

IX. Team Photos (2/3)



Legal Team



Operations Team



Compliance Team



Sales Team

IX. Team Photos (3/3)



Credit Operations Team



I.T. Team



Human Resources Team