



*(incorporated with limited liability in the Republic of the Philippines)*

**₱ [5.0] Billion  
with option to upsize  
BPI Reinforcing Inclusive Support for MSMEs Bonds  
("BPI RISE Bonds")  
under its ₱100.0 Billion Bond Program**

Issue Price: 100% of Face Value

Interest Rate: [●] p.a.

*Joint Lead Arrangers*



*Sole Selling Agent*



**The date of this Preliminary Pricing Supplement is December 6, 2022.**

**THE BONDS REFERRED TO IN THIS PRICING SUPPLEMENT ARE SECURITIES EXEMPT FROM REGISTRATION UNDER SECTION 9.1(E) OF THE SECURITIES REGULATION CODE (THE SRC) AND WILL ACCORDINGLY NOT BE REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC).**

This constitutes the Pricing Supplement relating to the ₱[5.0] Billion Philippine Peso-denominated Bonds BPI Reinforcing Inclusive Support for MSMEs Bonds (“**BPI RISE Bonds**”), with the option to upsize, under the ₱100.0 Billion Bond Program of the Bank of the Philippine Islands (the **Bank or BPI**) and described herein (the **Offer**). Unless otherwise defined, the terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the **General Terms and Conditions**) set forth in the Trust Agreement dated on or about [•] (the **Trust Agreement**) and the Offering Circular dated [•] (the **Offering Circular**). This Pricing Supplement contains the terms of this Offer and the BPI RISE Bonds and must be read in conjunction with the Offering Circular. Full information on the Bank and the Offer is contained in the Offering Circular and in this Pricing Supplement, subject to such modification as may be communicated by the Issuer from time to time. All information contained in the Offering Circular are deemed incorporated by reference in this Pricing Supplement, insofar as such information does not conflict with this Pricing Supplement. In case of conflict between the provisions of this Pricing Supplement and the Trust Agreement, the provisions of the Trust Agreement shall prevail.

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

Neither the delivery of this Pricing Supplement nor any sale made pursuant to the Offer shall, under any circumstance, create any implication that the information contained or referred to in this Pricing Supplement is accurate as of any time subsequent to the date hereof. To the fullest extent permitted by law, none of the Joint Lead Arrangers and the Sole Selling Agent (or any of their respective subsidiaries and holding company and the subsidiaries of that holding company, directors, officers, employees, representatives, agents and advisers), accept any responsibility for the contents of this Pricing Supplement or for any other statement, made or purported to be made by the Joint Lead Arrangers or the Sole Selling Agent or any of their respective subsidiaries and holding company and the subsidiaries of that holding company, directors, officers, employees, representatives, agents and advisers or on their respective behalf in connection with the Bank, or the issue and offering of the BPI RISE Bonds. Each of the Joint Lead Arrangers and the Sole Selling Agent (and their respective subsidiaries and holding company and the subsidiaries of that holding company, directors, officers, employees, representatives, agents and advisers) accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Pricing Supplement or any such statement.

No person is or has been authorised by the Bank to give any information or to make any representation other than those contained in this Pricing Supplement or any other information supplied in connection with the BPI RISE Bonds and, if given or made by any other person, such information or representations must not be relied upon as having been authorised by the Bank, the Joint Lead Arrangers and/or the Sole Selling Agent (and their respective subsidiaries and holding company and the subsidiaries of that holding company, directors, officers, employees, representatives, agents and advisers).

None of the Joint Lead Arrangers and the Sole Selling Agent (or any of their respective subsidiaries and holding company and the subsidiaries of that holding company, directors, officers, employees, representatives, agents and advisers) has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Joint Lead Arrangers or any of the Sole Selling Agent as to the accuracy or completeness of the information contained or incorporated in this Pricing Supplement or any other information provided by the Bank in connection with the BPI RISE Bonds.

The contents of this Pricing Supplement are not to be considered as legal, business or tax advice. Neither this Pricing Supplement nor any other information supplied in connection with the BPI RISE Bonds (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Bank, the Joint Lead Arrangers, and/or the Sole Selling Agent (or any of their respective subsidiaries and holding company and the subsidiaries of that holding company, directors, officers, employees, representatives, agents and

advisers), that any recipient of this Pricing Supplement or any other information supplied in connection with the BPI RISE Bonds should purchase any of the BPI RISE Bonds. Each investor contemplating purchasing the BPI RISE Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Bank. Neither this Pricing Supplement, nor any other information supplied in connection with the BPI RISE Bonds, constitutes an offer or invitation by or on behalf of the Bank, any of the Joint Lead Arrangers or any of the Sole Selling Agent (or any of their respective subsidiaries and holding company and the subsidiaries of that holding company, directors, officers, employees, representatives, agents and advisers) to any person to subscribe for or to purchase any BPI RISE Bonds.

Neither the delivery of this Pricing Supplement nor the offering, sale or delivery of any BPI RISE Bonds shall in any circumstances imply that the information contained herein concerning the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the BPI RISE Bonds is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Arrangers and the Sole Selling Agent (and their respective subsidiaries and holding company and the subsidiaries of that holding company, directors, officers, employees, representatives, agents and advisers) expressly do not undertake to review the financial condition or affairs of the Bank during the life of the BPI RISE Bonds or to advise any investor in the BPI RISE Bonds of any information coming to their attention. Neither the delivery of this Pricing Supplement nor any offering, sale or delivery made in connection with the issue of the BPI RISE Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Bank since the date hereof or thereof or the date upon which this Pricing Supplement has been most recently amended or supplemented or create any implication that the information contained herein or therein is correct as at any date subsequent to the date hereof or thereof or the date upon which this Pricing Supplement has been most recently amended or supplemented. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Pricing Supplement when deciding whether or not to purchase any BPI RISE Bonds.

## SUMMARY OF THE OFFER

Issuer	: Bank of the Philippine Islands ( <b>BPI</b> ).
Issue	: Peso-denominated bonds under the ₱100 Billion Bond Program.
Joint Lead Arrangers	: BPI Capital Corporation ( <b>BPI Capital</b> ). ING Bank N.V. Manila Branch ( <b>ING</b> ).
Sole Selling Agent	: BPI Capital.
Trustee	: Development Bank of the Philippines – Trust Banking Group ( <b>DBP</b> ).
Registrar, Depository and Paying Agent	: Philippine Depository & Trust Corp. ( <b>PDTC</b> ).
Market Maker	: [●]
Instrument	: Fixed rate bonds, constituting the direct, unconditional, unsecured and unsubordinated obligations of BPI.
Issue Size	: ₱[5.0] Billion with option to upsize.
Use of Proceeds	: The net proceeds from the Bonds will be used for financing or refinancing the business requirements of eligible MSMEs, consistent with BPI's Sustainable Funding Framework.
Issue Price	: At par (or 100% of face value)
Manner of Distribution	: Public offering in the domestic market.
Procedure for Distribution, Sale and Registration of the BPI RISE Bonds	: The Issuer shall avail itself of the e-Securities Issue Portal ( <b>e-SIP</b> ) of the Philippine Dealing System Holdings Corp. and register the issuance of the BPI RISE Bonds, and the arrangers, underwriters, Sole Selling Agent, and other stakeholders ( <b>Users</b> ), to the e-SIP facility, in order to allow access and submission of documents and other requirements for the Offer through the e-SIP facility, in lieu of the physical submission thereof to PDTC, Philippine Dealing & Exchange Corp. ( <b>PDEx</b> ) and other operating subsidiaries of the Philippine Dealing System Holdings Corp. The Users (which may include the Joint Lead Arrangers, Sole Selling Agent, and their clients) agree to accede to the Terms of Use in a manner and form prescribed by PDTC.
Offer Period	: [January 9 to 20, 2023], or such other dates as may be agreed upon by the Issuer and the Joint Lead Arrangers.
Issue Date	: [January 30, 2023] or the immediately succeeding Business Day if such Issue Date is not a Business Day, or such other date as may be agreed upon by the Issuer and the Joint Lead Arrangers with advice to PDTC and PDEx.
Maturity Date	: [1.5] years from Issue Date
Interest Rate	: [●]
Interest Rate Setting Date	: [January 5, 2023], or such other date as may be agreed upon by the Issuer and the Joint Lead Arrangers.
Interest Period and Interest Payment Date	: Interest shall be payable every quarter in arrear on [●],[●],[●],[●] computed based on the outstanding balance of the BPI RISE Bonds.  Interest on the BPI RISE Bonds shall be calculated on a 30/360 basis. If any Interest Payment Date would otherwise fall on a day that is not a Business Day, payments will be made on the subsequent Business Day without adjustment of the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due, provided that if the Issue Date is set at a date other than [January 30, 2023], then the Interest Payment Dates will be automatically adjusted to the

numerically corresponding dates at every quarter following the actual Issue Date.

- Manner of Payment of Interest and Principal** : On each Interest Payment Date and Maturity Date (as applicable), the Issuer shall make available cleared funds to the Paying Agent for payment to the relevant Bondholder as shown in the Register of Bondholders to be maintained by the Registrar.
- Form and Denomination** : The BPI RISE Bonds shall be issued in scripless form. Legal title to the BPI RISE Bonds shall be shown in the Registry of Bondholders to be maintained by the designated registrar for the BPI RISE Bonds. A Master Certificate of Indebtedness representing the BPI RISE Bonds shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.
- The BPI RISE Bonds will be offered and sold in minimum principal amounts of ₱1,000,000.00 and in integral multiples of ₱100,000.00 in excess thereof.
- Prohibited Holder** : Means persons and entities which are prohibited from purchasing and/or holding the BPI RISE Bonds of BPI pursuant to regulations governing the Bank, specifically:
- (a) the Issuer, including its related parties such as its subsidiaries, affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the Issuer exerts direct/indirect control over; the Issuer's DOSRI (as defined under the MORB) and their close family members, and corresponding persons in affiliated companies; and such other person or entity whose interests may pose potential conflict with the Issuer's interest or who are identified as related parties pursuant to Section 131 of the MORB in relation with BSP Circular No. 1062, except (i) the Issuer's trust department or related trust entities, or (ii) an underwriter or arranger that is an Issuer's related party, provided that the holding of the BPI RISE Bonds is part of the underwriting agreement, and such underwriter or arranger has complied with the requirements of Governing Regulations; or
  - (b) such persons who are otherwise not qualified under the Governing Regulations including any other person whose acquisition, holding or transfer of the BPI RISE Bonds would violate any applicable law or regulation, including but not limited to the rules of the PDEX, BSP, AMLC, or other government regulation in any relevant jurisdiction; or
  - (c) persons classified as U.S. Persons under the Foreign Account Tax Compliance Act of the United States, as this may be amended from time to time, which include: (a) a U.S. citizen (including a dual citizen who may have another citizenship besides having a U.S. citizenship); (b) a U.S. resident alien for tax purposes, which includes a person who has substantial presence in the U.S. ("substantial presence" is defined as more than 31 days in the current calendar year or a total of 183 days over the previous three years from the current tax year); (c) a U.S. partnership, U.S. corporation, or U.S. entity; (d) a U.S. estate; (e) a U.S. trust if a court within the United States is able to exercise primary supervision over the administration of the trust, or one or more U.S. persons have the authority to control all substantial decisions of the trust; or (f) any other person that is not a non-US person; or

(d) Persons classified as a Restricted Parties.

For purposes of the definition of Prohibited Holders, a “**Subsidiary**” means, a corporation or firm more than fifty percent (50%) of the outstanding voting stock of which is directly or indirectly owned, controlled or held, with power to vote, by the Bank. An “**Affiliate**” means, at any particular time, an entity linked directly or indirectly to the Bank by means of: (1) ownership, control, or power to vote of at least twenty percent (20%) of the outstanding voting stock of the entity, or vice-versa; (2) interlocking directorship or officership, where the director or officer concerned owns, controls, or has the power to vote, at least twenty percent (20%) of the outstanding voting stock of the entity; (3) common ownership, whereby the common stockholders own at least ten percent (10%) of the outstanding voting stock of the Bank and at least twenty percent (20%) of the outstanding voting stock of the entity; (4) management contract or any arrangement granting power to the Bank to direct or cause the direction of management and policies of the entity; or (5) permanent proxy or voting trusts in favor of the Bank constituting at least twenty percent (20%) of the outstanding voting stock of the entity, or vice versa. For a company to be “controlled” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has power over more than one-half of the voting rights by virtue of an agreement with other stockholders, power to govern the financial and operating policies of the enterprise under a statute or an agreement, the power to appoint or remove the majority of the members of the board of directors or other equivalent governing body of that company, power to cast the majority votes at meetings of the board of directors or equivalent governing body, or otherwise controls or has the power to control the company through similar arrangements.

Specific Related Parties

: The term “Prohibited Holders” includes BPI’s related parties who are in possession or have access to material and non-public information which can affect the pricing and marketability of upcoming and outstanding BPI bond issuances, such as:

1. With respect to any issuance of BPI’s bonds:
  - i. BPI Subsidiaries;
  - ii. BPI Affiliates;
  - iii. Directors of BPI;
  - iv. BPI officers holding positions of senior vice president or higher;
  - v. Officers and staff of BPI in the following departments/divisions/ segments:
    - a. Global Markets;
    - b. Risk Management Office;
    - c. Compliance Office;
    - d. Office of the Corporate Secretary;
    - e. Unibank Centralized Accounting Division;
    - f. Corporate Planning;
    - g. Legal; and
    - h. All Assets and Liabilities Committee attendees;

Tax Exempt/Treaty Documents

- vi. Spouses, children, and parents of all individuals covered by items (iii) to (v) above.
- 2. With respect to any issuance of BPI's bonds, the following persons for the duration that they are engaged for a proposed issuance of any tranche/ series of BPI's bonds:
  - i. Select officers and staff of Arrangers and Sole Selling Agent;
  - ii. Select officers and staff of Bond Booking Vehicle;
  - iii. Select officers and staff of Legal Counsels;
  - iv. Select officers and staff of Auditors;
- : Bondholders who are exempt from or not subject to final withholding tax, or who are entitled to preferential tax rate may avail of such exemption or preferential tax rate by submitting the necessary documents. Said Bondholder shall submit the following requirements, in form and substance prescribed by the Bank, to the Registrar or to the relevant Selling Agent (together with their completed Application to Purchase) who shall then forward the same to the Registrar:

(a) Proof of Tax Exemption or Entitlement to Preferential Tax Rates

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

or beneficiaries in the form acceptable for recognition under Philippine laws,

(c) the relevant provision of the tax treaty providing for the claimed tax exemption or preferential tax rate, in a form acceptable to the Issuer,

(d) three (3) originals of the duly notarized, consularized or apostilled (as the case may be), if executed outside of the Philippines, Special Power of Attorney executed by the Bondholder or the Bondholder's owners or beneficiaries, as may be applicable, in favor of its authorized representative (if the Application Form for Treaty Purposes and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder or the Bondholder's owners or beneficiaries, as may be applicable, is/are not doing business in the Philippines to support the applicability of a tax treaty relief; and

e) an original or certified true copy of the Certificate of Entitlement (**COE**) issued by the BIR International Tax Affairs Division (**ITAD**) certifying the Bondholder's entitlement to tax treaty relief in connection with the BPI RISE Bonds.

The Bondholder shall be responsible for filing a tax treaty relief application (**TTRA**) with the BIR ITAD to prove its entitlement to tax treaty relief, and in relation thereto, the Issuer shall, upon request of the Bondholder, provide the relevant documents which are required to be submitted for purposes of filing a TTRA. For avoidance of doubt, in order for the preferential rate to apply, the Bondholder must submit the COE issued by the BIR and the Tax Residency Certificate (**TRC**), together with their Application to Purchase, to the Sole Selling Agent. In order for the Issuer to apply the preferential rate for the succeeding taxable years, the Bondholder must submit an updated TRC before the last day of the first month of the taxable year or at least ten (10) business days before the first interest payment for the taxable year, whichever is earlier. The Issuer shall withhold regular tax rates in its interest payments for the ensuing taxable year if the Bondholder fails to provide the updated TRC within the prescribed deadline.

- (v) Any other document that the Bank or PDTC may require from time to time.

Only the originals should be submitted to the Joint Lead Arrangers, the Sole Selling Agent, the Bank or the Registrar.

- (b) A duly notarized declaration (in the prescribed form) warranting that the Bondholder's tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or warranting the Bondholder's entitlement to preferential treaty rates, undertaking to immediately notify the Bank and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges, acknowledging the Bank's discretion to determine the sufficiency of the tax-exemption documents submitted and the applicable withholding tax, and agreeing to indemnify and hold the Bank and Registrar and Paying Agent free and harmless against any



claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; and

- (c) Such other documentary requirements as may be reasonably required by the Bank or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Following the submission by the Bondholder of the above-mentioned documents in support of the tax benefits or of tax-exempt status claimed by such Bondholder, the Issuer shall make its own determination in each case as to whether, in its sole, prudent and reasonable discretion, such documents sufficiently establish such tax benefit and/or exemption available for any specific payment on the BPI RISE Bonds. Unless the Issuer makes such a determination, the Registrar and Paying Agent will be instructed to proceed on the basis that the relevant tax is due on and withhold such tax on payments under the BPI RISE Bonds. Any question on such determination shall be referred to the Issuer.

Early Redemption Option	<p>: The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part) the outstanding BPI RISE Bonds starting on the first (1<sup>st</sup>) anniversary date of said BPI RISE Bonds, and every Interest Payment Date (such date, the Early Redemption Date) hereafter, at the amount equal to the Issue Price, plus accrued and unpaid interest thereon as of the Early Redemption Date (the Early Redemption Amount), provided, that if the relevant Early Redemption Date falls on a day that is not a Business Day, then the Early Redemption Amount shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the BPI RISE Bonds pursuant to this Early Redemption Option.</p> <p>In exercising the Early Redemption Option, the Issuer shall give not less than 30 but not more than 60 days' prior notice (the Early Redemption Notice) to the Bondholders, through the Trustee, PDEX and PDTC.</p> <p>After the issuance of the Early Redemption Notice, the Issuer shall be obliged to repay all of the BPI RISE Bonds to be redeemed at the Early Redemption Amount on the Early Redemption Date and, upon confirmation by the Paying Agent that the Early Redemption Amount has been paid, the outstanding BPI RISE Bonds shall then be deemed fully redeemed and cancelled.]</p>
Final Redemption	: All BPI RISE Bonds outstanding on Maturity Date will be redeemed at par or 100% of face value.
Redemption for Taxation Reasons or Increase in Regulatory Reserves	: If (a) payments under the BPI RISE Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date, or (b) the Issuer becomes subject to increased reserve requirements against Peso denominated obligations that include the BPI RISE Bonds, as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax or reserve requirement by Law or by regulation of the BSP cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the BPI RISE Bonds in whole, but not in part, (having given not more than sixty (60) nor less than fifteen (15) days' prior written notice to the Trustee) at par or 100% face value plus accrued interest.
Issuer Rating	: Baa2 (Moody's) / BBB+ (S&P) / BBB- (Fitch) / BBB (Capital Intelligence).
Ranking	: The BPI RISE Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank <i>pari passu</i> and rateably without any preference or priority among themselves

and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by the law.

- Listing : The Issuer intends to list the BPI RISE Bonds for electronic trading and settlement on PDEx. Trading, transfer, and/or settlement of the BPI RISE Bonds shall be performed in accordance with the procedures set by PDEx and PDTC.
- Governing Law : Philippine law.

## USE OF PROCEEDS

*The net proceeds from the BPI RISE Bonds will be used for financing or refinancing the business requirements of eligible MSMEs, consistent with BPI's Sustainable Funding Framework (for more detailed information, see **Sustainable Funding Framework** section).*

An amount equal to the aggregate net proceeds will be used to finance or refinance, in whole or in part, projects under any of the eligible social project categories below. Projects financed or refinanced may be under BPI or under any of the BPI Group entities. With respect to refinancing, only financing originally made within two and a half years of the issue date will qualify.

Under the Sustainable Funding Framework, eligible social project categories include loans to MSMEs that meet the following classifications:

- (i) Benefit underdeveloped region/s;
- (ii) Qualifications set in the Bangko Sentral ng Pilipinas' Manual of Regulations for Banks, and the Securities and Exchange Commission's Guidelines on the Issuance of Social Bonds under the ASEAN Social Bonds Standards in the Philippines;
- (iii) Can otherwise be expected to support and promote underserved and under banked segments of the population; or
- (iv) Benefit those negatively impacted by natural calamities, with significant consequences on the people, public health, infrastructure, assets, or the economy.

BPI intends to provide loans to MSMEs affected by natural and/or health disasters. This context highlights the importance of financial mechanisms that ensure MSMEs' ability to withstand disruptive natural events, minimize economic and social impact, and promote business activity in the areas they operate. The Bank's focus on supporting MSMEs is aligned with the Philippines' MSME Development Plan strategy to make MSMEs more capable of coping and overcoming the negative effects of natural hazards.

Sustainalytics provided a second-party opinion on the Sustainable Funding Framework's environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2018, the Green Loan Principles, the ASEAN Green Bond Standards, the ASEAN Social Bonds Standards, and the ASEAN Sustainability Bonds Standards.

Sustainalytics is of the opinion that BPI's MSME lending through the Sustainable Funding Framework can assist the Philippines in achieving MSME Development Plan 2017-2022 goals and improve resiliency and business continuity of MSMEs.

The net proceeds shall not be used towards financing and/or refinancing of activities related to alcohol, gambling, tobacco, and weaponry.

BPI's project evaluation and selection process is executed through the Business Banking Strategy and Portfolio Analytics Group responsible for the initial identification, evaluation and nomination of potential projects.

A register to track and monitor the allocation and use of proceeds was established for the social bond transactions. Pending full allocation, the unallocated proceeds will be managed in accordance with BPI's internal liquidity management policies.

## SUSTAINABLE FUNDING FRAMEWORK

The Bank recognizes the importance of creating value not only for its businesses, but also for its stakeholders, the environment, and the communities in which it operates. It strives to have sustainability at the core of its corporate strategies, ultimately balancing its growth aspirations with its environmental and social responsibility.

The Bank promotes investments in businesses, industries, and projects that contribute to the United Nations (UN) Sustainable Development Goals (SDGs). BPI's largest shareholder, Ayala Corporation, is a founding member of the UN Global Compact Network Philippines. The Bank established a Sustainable Funding Framework under which it may issue Green, Social, and/or Sustainability Bonds and/or Loans to fund selected Eligible Green and Social Projects.

An amount equal to the aggregate net proceeds from the issuance of every BPI Green, Social, and Sustainability Bond/Loan will be used to finance or refinance, in whole or in part, projects under any of the Eligible Project Categories below. Projects financed or refinanced may be under BPI or under any of the BPI Group entities. With respect to refinancing, only financing originally made within two and a half years of the issue date of each relevant Green, Social, or Sustainability Bond/Loan will qualify.

### 1. *Eligible Project Categories*

#### a. Eligible Green Project Categories

Category	Sub-category	Description
Renewable energy	Energy production	Solar energy
		Wind energy
		Geothermal energy (direct emissions < 100g CO2/kWh)
		Run-of-river hydro energy (without pondage)
	Transmission, distribution and smart grid	Building, operation and maintenance of, electric power distribution, transmission networks and smart metering systems, that contribute to: <ul style="list-style-type: none"> <li>A. connecting renewable energy production units to the general network; and</li> <li>B. improving networks in terms of demand-size management and energy efficiency</li> </ul>
Energy efficiency	Lighting	Refurbishment or renovation of properties in order to improve energy efficiency (at least 15% improvement or to comply with International Finance Corporation Excellence in Design for Greater Efficiencies (IFC EDGE standards))
	Heating, Ventilation and Airconditioning Systems (HVAC)	
	High Efficiency Motors (HEMS)	
Sustainable water & wastewater management	Wastewater treatment	Production and treatment of water
	Integrated water management	Water efficiency systems
	Sustainable urban drainage systems	Mains rehabilitation, leakage prevention

Pollution prevention & control	Not applicable	Waste management and recycling projects
Green buildings	Certified Leadership in Energy and Environmental Design (LEED); "Gold" Excellence in Design for Greater Efficiencies (EDGE) Certified or EDGE Compliant Buildings, as determined by a third party; Other national equivalent such as Building for Ecologically Responsive Design Excellence (BERDE)	Financing or refinancing of development, acquisition, renovation of otherwise completed residential, public and commercial properties that have or will receive (i) a design stage certification, (ii) a post-construction certification and/or (iii) an in-use certification in any of the following building certification schemes at the defined threshold level or better

The net proceeds of any BPI Green, Social, and Sustainability Bond and/or Loan shall not be used towards financing and/or refinancing of fossil fuel related assets and activities.

b. Eligible Social Project Categories

Category	Description
Financing MSMEs	Loans to MSMEs that meet any of the following classifications: <ul style="list-style-type: none"> <li>• Benefit underdeveloped region/s;</li> <li>• Qualifications set in the Bangko Sentral ng Pilipinas' Manual of Regulations for Banks, and the Securities and Exchange Commission's Guidelines on the Issuance of Social Bonds under the ASEAN Social Bonds Standards in the Philippines;</li> <li>• Can otherwise be expected to support and promote underserved and under banked segments of the population; or</li> <li>• Benefit those negatively impacted by natural calamities, with significant consequences on the people, public health, infrastructure, assets, or the economy.</li> </ul>

The net proceeds of any BPI Social and Sustainability Bond and/or Loan shall not be used towards financing and/or refinancing of activities related to alcohol, gambling, tobacco, and weaponry.

The Bank reserves the right to choose the most efficient way of transferring cash between entities to fund Eligible Green and Social Projects.

## 2. Process for Project Evaluation and Selection

On a semi-annual basis, the Bank's Sustainable Funding Committee (SFC) convenes to validate and approve historical enrolments or to move for the disenrollment or replacement of paid off or disqualified loans. SFC will likewise review the monitoring and reporting of issued Green, Social, and Sustainability Bonds/Loans and the deployment of net proceeds to reimbursed Eligible Green and Social Projects, until all proceeds are accounted for.

The Bank ensures that all loans included for allocation under the Green Finance Portfolio and the Social Finance Portfolio comply with national, local, and environmental laws, as applicable, at the time of issuance.

a. Green Projects

The Bank's Sustainable Development Finance Team (**SDF**) is responsible for identifying, evaluating and nominating potential Eligible Green Projects for inclusion in the Green Finance Portfolio to be financed. As part of the process, the Bank works with technical consultants to review and evaluate the project details and ensure that the project meets the eligibility requirements under the Sustainable Funding Framework.

The SDF Head validates and signs off on the list of Eligible Green Projects to be included in the Green Finance Portfolio.

b. Social Projects

The Bank's Business Banking Strategy and Portfolio Analytics Group is responsible for identifying, evaluating and nominating potential Eligible Social Projects for inclusion in the Social Finance Portfolio to be financed.

The Business Banking Segment Head or the Strategy and Portfolio Head validates and signs off on the list of Eligible Social Projects to be included in the Social Finance Portfolio.

### **3. Management of Proceeds**

An amount equal to the net proceeds will be allocated to finance and/or refinance designated Eligible Green/Social Projects, as relevant, across the BPI Group, selected in accordance with the Eligibility Criteria, and using the evaluation and selection process mentioned above.

Payment of principal and interest on the Green, Social, and Sustainability Bonds/Loans will be made from the Bank's general funds and will not be directly linked to the performance of any one specific Eligible Green/Social Project.

#### ***Tracking of Proceeds***

The Bank will monitor the allocation of an amount equal to the proceeds via internal information systems. A register has been created to facilitate the monitoring and reporting of the BPI RISE Bonds and the deployment of an amount equal to the net proceeds.

The register for any issued Green, Social, or Sustainability Bonds/Loans will include, among others:

- i. Green, Social, and Sustainability Bond/Loan details: including ISIN, issue date, maturity date, principal amount and coupon;
- ii. Eligible Green/Social Project list;
- iii. Eligible Green/Social Project Categories;
- iv. The regions in which the projects are located, as applicable;
- v. The amount of net proceeds allocated to the projects;
- vi. The date of allocation and foreign exchange rates; and
- vii. Environmental certification of the project (if applicable).

#### ***Use of Unallocated Proceeds***

Pending any allocation or reallocation, an amount equal to the net proceeds from the BPI RISE Bonds may be invested in cash or cash equivalents or used to repay existing borrowings under general credit facilities of the Bank.

These funds will be managed according to the Bank's internal liquidity management policies and may be transferred to other entities within the BPI Group.

#### ***Substitution of Assets***

The Bank will allocate an amount equal to the net proceeds to assets or projects that comply with the Eligibility Criteria as soon as reasonably practicable, reallocating to replacement assets or projects in the event that a previously allocated asset or project is sold or no longer available.

### **4. Reporting**

### ***Allocation Reporting***

At least annually, until an amount equal to the net proceeds has been allocated, and thereafter, in the event of material changes, the Bank will provide information on the allocation of an amount equal to the net proceeds of the BPI RISE Bonds on its website and/or in BPI's Annual Integrated Report. The information will contain at least the following details:

- i. a list of approved Eligible Green/Social Projects, including amounts allocated (or aggregated in the case of MSME Lending); and
- ii. remaining balance of unallocated proceeds.

Where possible, the Bank will also provide additional information, case studies or examples of select projects, subject to considerations such as competition and confidentiality agreements.

The annual reporting will be reviewed and approved by the Sustainable Funding Committee and the Bank's senior management.

For each Green, Social, and Sustainability Bond/Loan issuance, the Bank intends to engage an external auditor to provide independent verification on its reporting and management of proceeds in accordance with this Sustainable Funding Framework.

### ***Impact Reporting***

Where relevant and possible, the Bank will also report on selected impact metrics (per project or in aggregate for all projects financed by the proceeds of a Green, Social, and Sustainability Bond/Loan issuance), as outlined below:

<i>Renewable energy</i>	<i>Greenhouse Gas (GHG) emissions reduced/avoided (tCO<sub>2</sub>e)</i>
<i>Energy efficiency</i>	<ul style="list-style-type: none"><li>• <i>Annual energy savings (kWh/MWh/GWh)</i></li><li>• <i>Reduction in energy demand (%)</i></li></ul>
<i>Green buildings</i>	<ul style="list-style-type: none"><li>• <i>Annual energy avoided, compared to national building requirements (kWh/MWh)</i></li><li>• <i>Level of certification or compliance achieved by the Green Building</i></li><li>• <i>Annual GHG emissions reduced/ avoided (tCO<sub>2</sub>e reduced)</i></li></ul>
<i>Pollution Prevention and Control</i>	<i>Waste management</i> <ul style="list-style-type: none"><li>• <i>Number of tons processed in the facility (Metric ton)</i></li><li>• <i>Energy saving attributable to the investment (kWh/MWh/GWh)</i></li><li>• <i>Estimated reduction in CO<sub>2</sub>e emissions (tCO<sub>2</sub>e equivalents)</i></li></ul>
<i>Sustainable water management</i>	<i>Water &amp; wastewater management</i> <ul style="list-style-type: none"><li>• <i>Annual water savings (l/m<sup>3</sup>)</i></li><li>• <i>Annual volume of wastewater treated or avoided (l/m<sup>3</sup>)</i></li></ul>
<i>MSME lending</i>	<i>Lending to MSMEs</i> <ul style="list-style-type: none"><li>• <i>Number of loans to MSMEs</i></li><li>• <i>Total amount of loans made to MSMEs</i></li></ul>