



Press Release

UnionBank pioneers issuance of digital peso bonds in the Philippines

Union Bank of the Philippines (UnionBank) successfully issued the country's first-ever offering of digital peso bonds, raising PHP 11 billion worth of 1.5-year fixed rate bonds. The digital bonds were issued as a Proof-of-Concept (POC) through the digital registry and digital depository, a new blockchain-powered infrastructure by the Phil. Depository & Trust Corp. (PDTC) and Phil. Dealing & Exchange Corp. (PDEx) in partnership with the Singapore based FinTech company #STACS.

Despite the volatile rate environment, the digital bond offering garnered robust participation from retail and institutional investors resulting to an 11x oversubscription rate from the initial offer size of PHP 1 billion. Standard Chartered Bank (SCB) supported this ground-breaking initiative as one of the Joint Lead Arrangers, Bookrunners and Selling Agents for the offering.

The achievement of this POC issuance paves the way for the potential widespread adaptation of distributed ledger technology (DLT) in the local capital markets. "A first in the Philippines, this issuance further unlocks the potential of blockchain technology to be a gamechanger and great disruptor in finance," said Jose Emmanuel Hilado, UnionBank Treasurer and Head of Global Markets.

In 2020, UnionBank also partnered with Standard Chartered in the successful completion of a POC for the issuance of a retail bond on a digital platform leveraging blockchain technology for bond tokenization. Orders received were tokenized, and to stay within existing retail bond guidelines, tokens issued mirrored the traditional transaction but were not allocated directly to investors. SC Ventures, SCB's innovation and ventures arm, built and co-created the bond tokenisation platform with UnionBank.

The success of these POCs demonstrate how the power of blockchain technology is shaping the future of capital markets. Aaron Gwak, SCB Managing Director and Head of Capital Markets, ASEAN said, "We have seen the dynamic development of digital bonds in the ASEAN region with UnionBank's maiden offering of digital bonds in the Philippines being the latest addition. While this issuance utilizes DLT for the backend infrastructure for the registry and depository operations, this serves as a stepping stone to further enhance infrastructure for investor experience towards full democratization of bonds."

Lynette V. Ortiz, SCB Chief Executive Officer said, "Access to capital markets is an important enabler of progress and economic growth. This successful issuance opens a host of possibilities in the digital bond space, and another step towards financial inclusion. We are honoured to be part of another trailblazing initiative by UnionBank."

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