Earnings Results Briefing

11 May 2026

2:30 PM PHT

UnionBank | GT2025

Together we are building the Philippines' first **techglomerate**

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Agenda

Jhonson L. Sia
Treasurer and Global Markets Head

Dmi Lozano
Chief Financial Officer

1. Macroeconomic and Industry Outlook
2. Financial Performance

Macroeconomic and Industry Outlook

Israel-Iran war continues; Ceasefire hopes up

- **Oil remains near the 100/bbl on Strait of Hormuz closure**

- **Ceasefire headlines dominating market action**
  - US equities hit new all-time highs, still led by tech

- **US rate cut odds evaporate on expected impact to inflation**

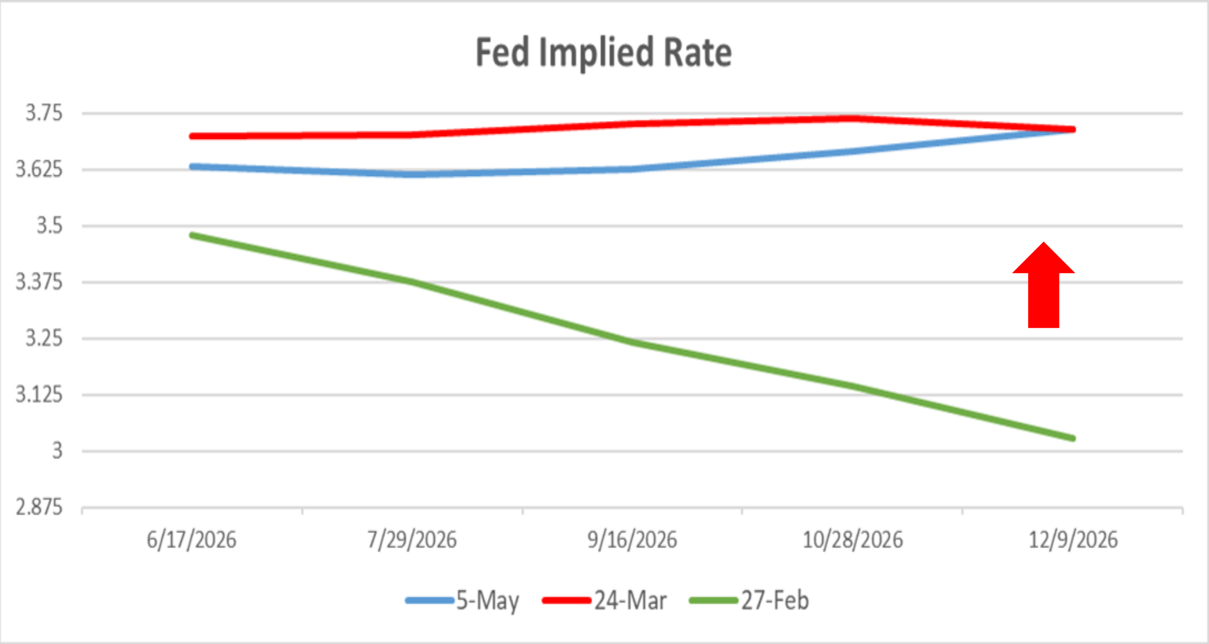
2026 expected policy path reverses on oil spike

February 24

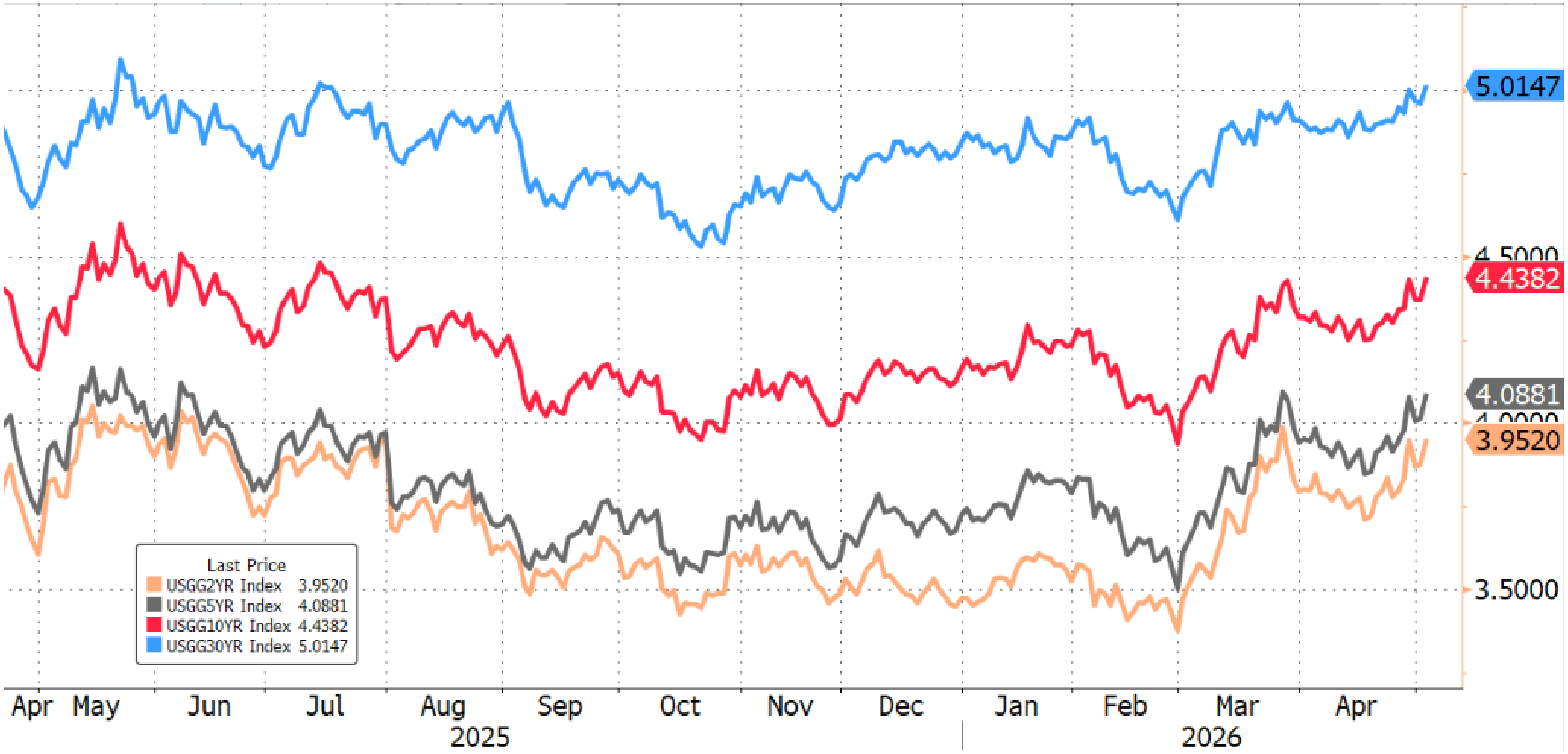
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
03/18/2026	-0.026	-2.6%	-0.007	3.632
04/29/2026	-0.165	-13.9%	-0.041	3.597
06/17/2026	-0.533	-36.8%	-0.133	3.505
07/29/2026	-0.985	-45.2%	-0.246	3.392
09/16/2026	-1.531	-54.6%	-0.383	3.256
10/28/2026	-1.885	-35.4%	-0.471	3.168
12/09/2026	-2.307	-42.2%	-0.577	3.062

Current

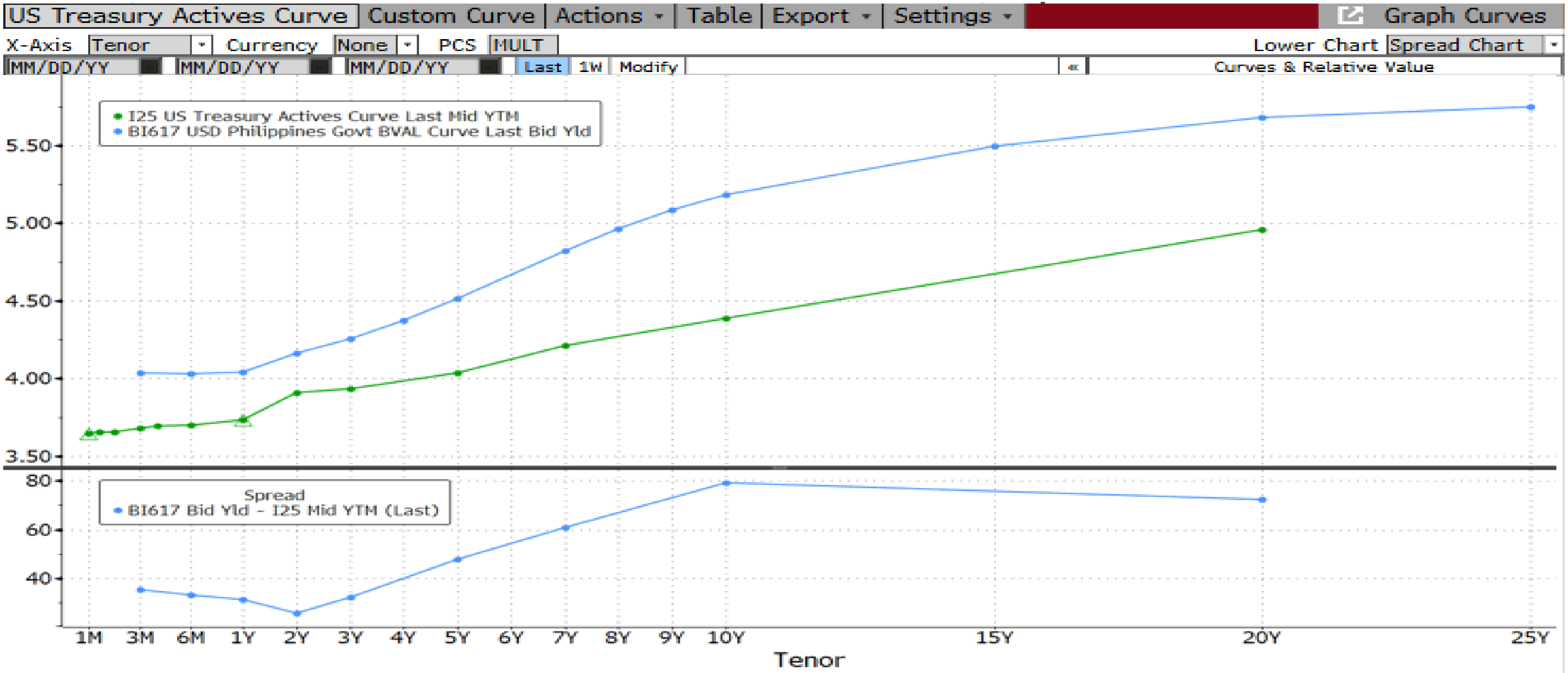
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
06/17/2026	-0.037	-3.7%	-0.009	3.630
07/29/2026	-0.105	-6.8%	-0.026	3.613
09/16/2026	-0.061	+4.4%	-0.015	3.623
10/28/2026	+0.095	+15.6%	+0.024	3.663
12/09/2026	+0.307	+21.2%	+0.077	3.716



Treasuries settling near top end of range



Philippine Credit shrugs off outlook downgrades; back to pre-war spreads



BSP hikes rates to 4.50%; Signals more to come

- **Gov. Remolona commits to inflation fight; More hawkish than market expectations**
  - “Once we start raising the policy rate, we’re likely to raise it again”
  - “We will do what’s necessary to contain inflation, and at the moment, that seems like a succession of modest rate hikes”

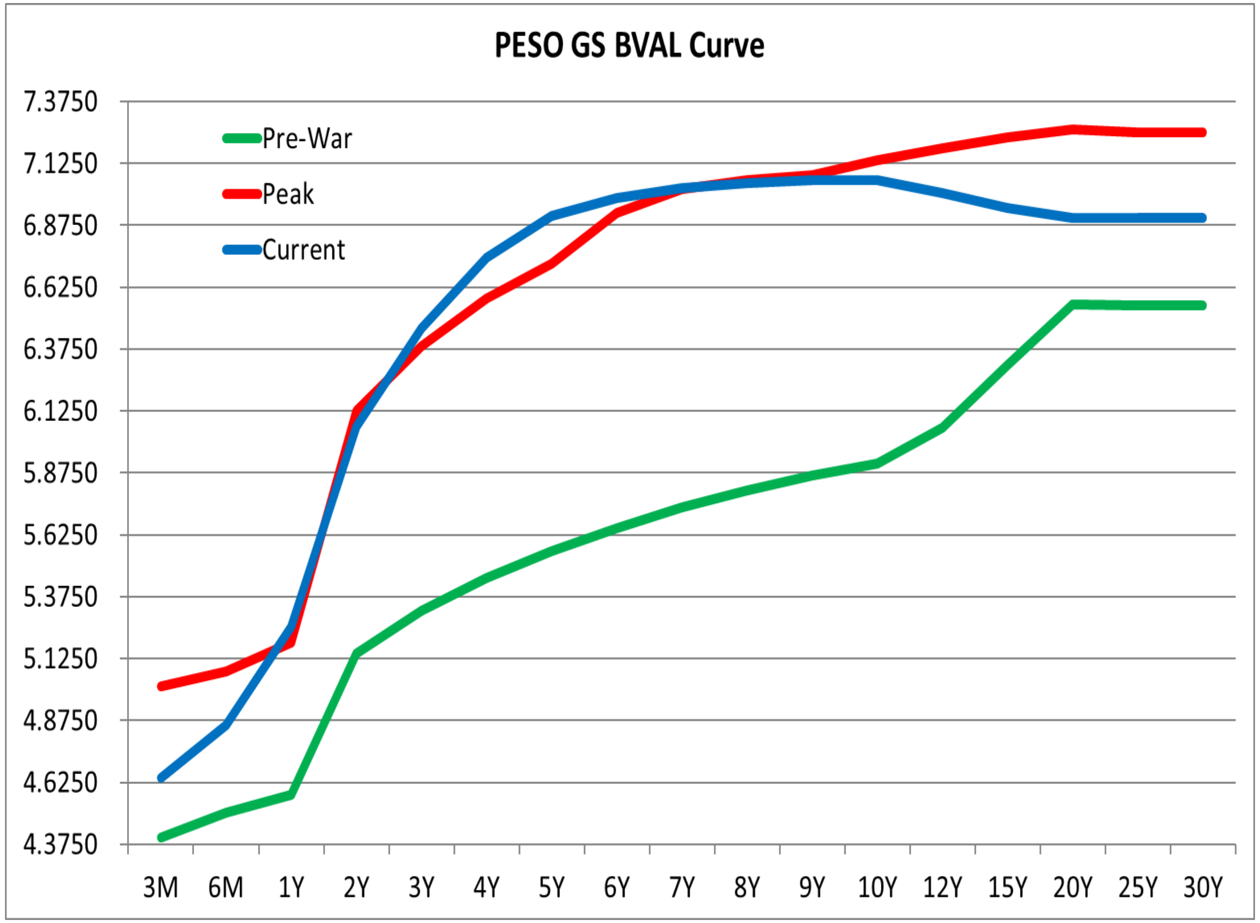
- **Dreaded stagflation scenario a possibility**
  - April CPI surged to 7.2% YoY, beats all estimates
    - Driven by transport, fuel and rice
    - Second round effects expected to persist
  - 1Q GDP at 2.8% YoY vs 3.3%E vs 3.0%P
    - QoQ growth of 0.9% vs 1.1%E vs 0.6%P

- **MBNow showing possible move to 6% by year end**

2026 BSP Key Dates	# Hike/ Cuts	% Hike / (Cuts)	Imp. Rate Change	Implied ORR Rate
Thursday, June 18, 2026	1.55	155%	0.39	4.89
Thursday, August 27, 2026	3.96	241%	0.60	5.50
Thursday, October 22, 2026	4.90	94%	0.24	5.73
Thursday, December 17, 2026	6.04	114%	0.28	6.02

BVAL curve (May 4) much higher due to hike expectations

PESO GS BVAL RATES					
Tenor	Pre-War	Peak	Current	Peak to Current	Pre-War to Current
3M	4.4036	5.0120	4.6423	-0.37	0.24
6M	4.5042	5.0712	4.8566	-0.21	0.35
1Y	4.5751	5.1902	5.2555	0.07	0.68
2Y	5.1460	6.1270	6.0600	-0.07	0.91
3Y	5.3180	6.3860	6.4579	0.07	1.14
4Y	5.4500	6.5780	6.7443	0.17	1.29
5Y	5.5610	6.7190	6.9122	0.19	1.35
6Y	5.6495	6.9235	6.9863	0.06	1.34
7Y	5.7360	7.0199	7.0248	0.00	1.29
8Y	5.8050	7.0573	7.0451	-0.01	1.24
9Y	5.8650	7.0760	7.0554	-0.02	1.19
10Y	5.9130	7.1390	7.0581	-0.08	1.15
12Y	6.0578	7.1854	7.0031	-0.18	0.95
15Y	6.3110	7.2304	6.9429	-0.29	0.63
20Y	6.5560	7.2640	6.9060	-0.36	0.35
25Y	6.5520	7.2516	6.9057	-0.35	0.35
30Y	6.5519	7.2510	6.9044	-0.35	0.35



USDPHP prints new historical high at Php61.750 on energy vulnerability

- Peso headwinds remain with combination of monetary policy tightening, rising inflation (7.2% April), and possible lackluster Q1 GDP
- Higher for longer narrative for the Fed kept the dollar supported on dips, markets have priced out a rate cut for 2026
- Prolonged Middle East conflict would likely push USDPHP higher by lifting oil prices—worsening the Philippines' trade deficit and increasing USD demand given its heavy energy import dependence.
- Partial recovery due to ceasefire hopes

Peso underperforms USD/Asia peers in April on oil import dependence

	Symbol	Price	Net Chg	Time	1D%	5D%	1M%	3M%	6M%	YTD%
10)	USDPHP BGN	61.595	+.120	5/4	+.195	+1.424	+2.616	+4.448	+5.238	+4.487
11)	USDINR BGN	95.0875	+.1700	5/4	+.179	+.949	+2.179	+5.161	+7.254	+5.798
12)	USDIDR BGN	17394	+57	5/4	+.329	+1.063	+2.107	+3.678	+4.106	+4.281
13)	USDTHB BGN	32.730	+.021	8:09	+.064	+.698	+.528	+2.912	+.779	+3.928
14)	USDHKD BGN	7.8333	+.0006	8:09	+.008	-.034	-.055	+.243	+.756	+.649
15)	USDSGD BGN	1.2768	-.0001	8:09	-.008	-.031	-.615	+.110	-2.311	-.669
16)	USDCNH BGN	6.8316	+.0008	8:09	+.010	-.126	-.627	-1.569	-4.203	-2.066
17)	USDCNY BGN	6.8289	-.0107	4/30	-.156	-.031	-.951	-1.676	-4.087	-2.291
18)	USDTWD BGN	31.632	-.031	5/4	-.098	+.553	-1.011	+.219	+2.439	+.688
19)	USDJPY BGN	157.21	-.03	8:09	-.019	-1.510	-1.547	+.108	+2.005	+.319
20)	USDMYR BGN	3.9592	+.0035	8:05	+.088	+.164	-1.713	+.263	-5.526	-2.483
21)	USDKRW BGN	1475.38	-3.48	8:05	-.235	+.192	-2.196	+.823	+2.379	+2.129

DXY retreats from 100 level but stays firm near 98 on hawkish Fed repricing

Financial Performance
3M26

Recall: UBP's 2026 Outlook

1 | Net Revenues will continue to expand

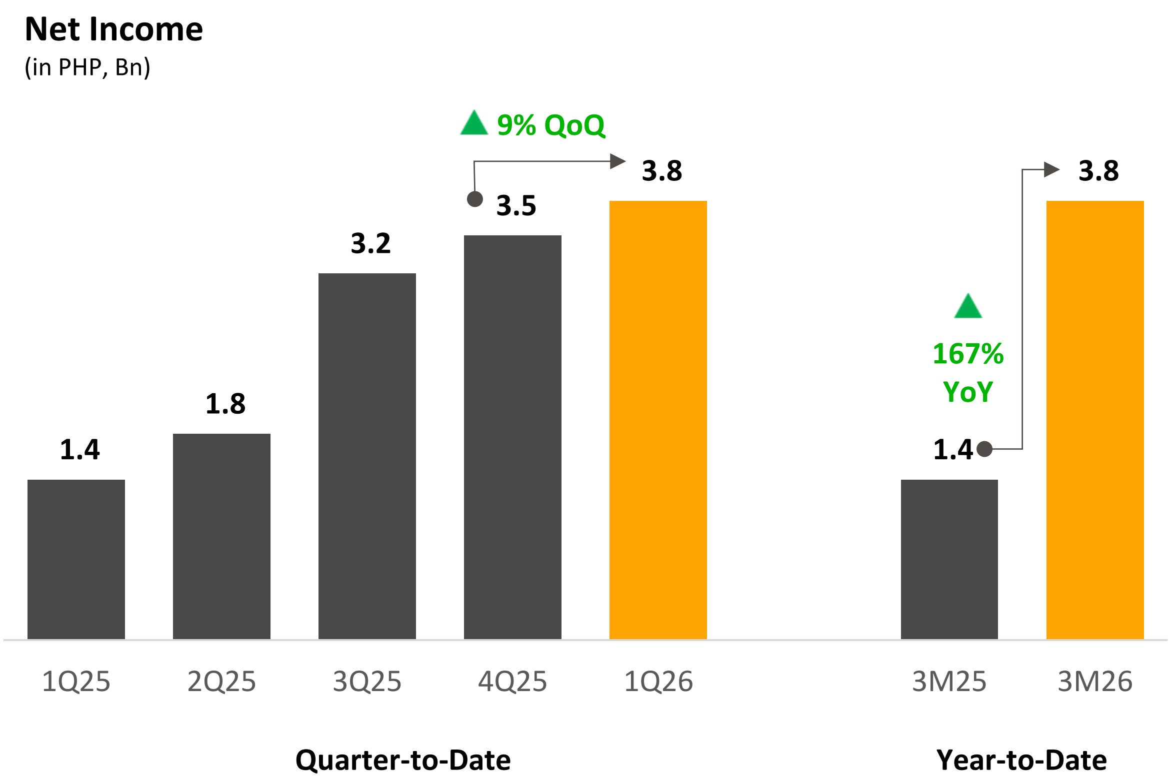
2 | Credit costs trending toward steady-state levels

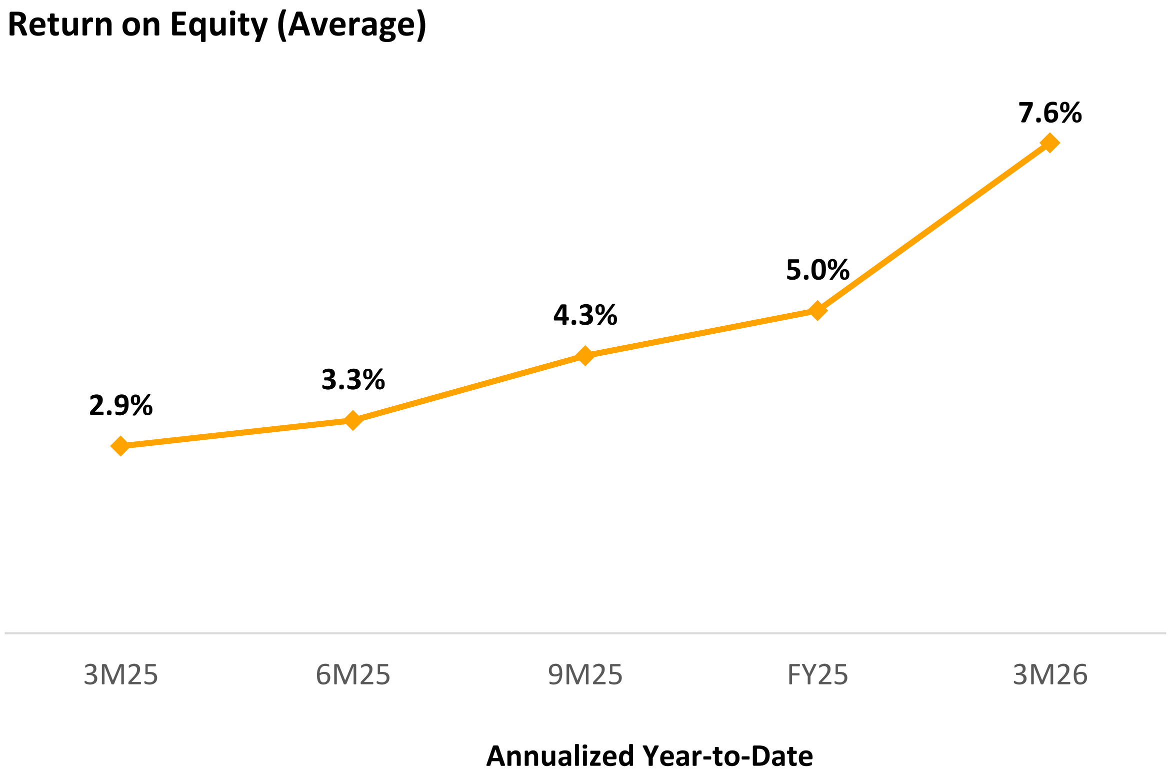
3 | Balance sheet well-positioned to support growth

4 | Transition from stabilization to earnings expansion

UnionBank 1Q26 net income at P3.8 Bn

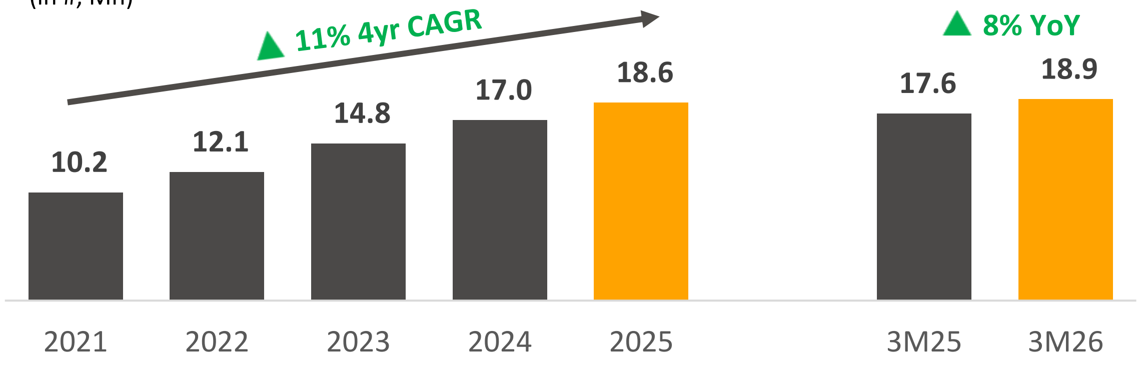
- 1Q26 net income ended at P3.8Bn, up 9% QoQ and 167% YoY
- Earnings momentum from 2H25 continued into 1Q26, growth was driven by core operations, despite trading losses from market volatility
- Current performance reflects the benefits of actions taken in 2025 to strengthen the balance sheet



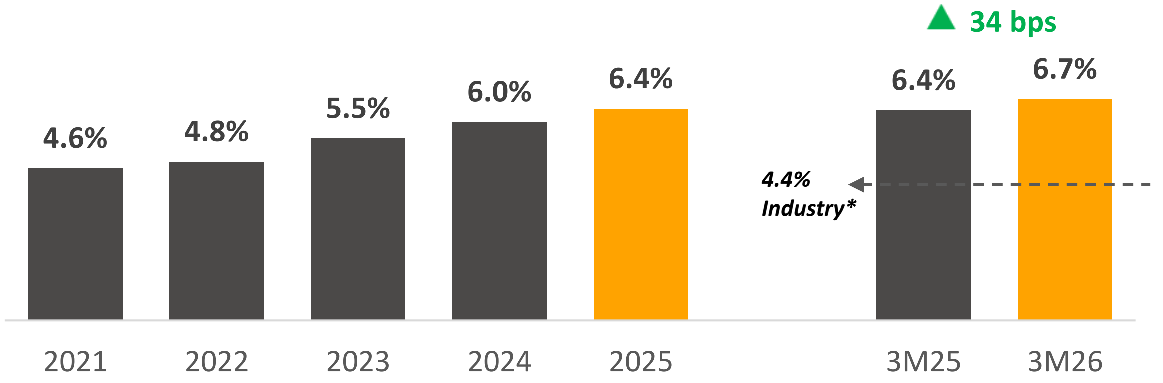


Sustained topline growth driven by customer expansion and margin improvement

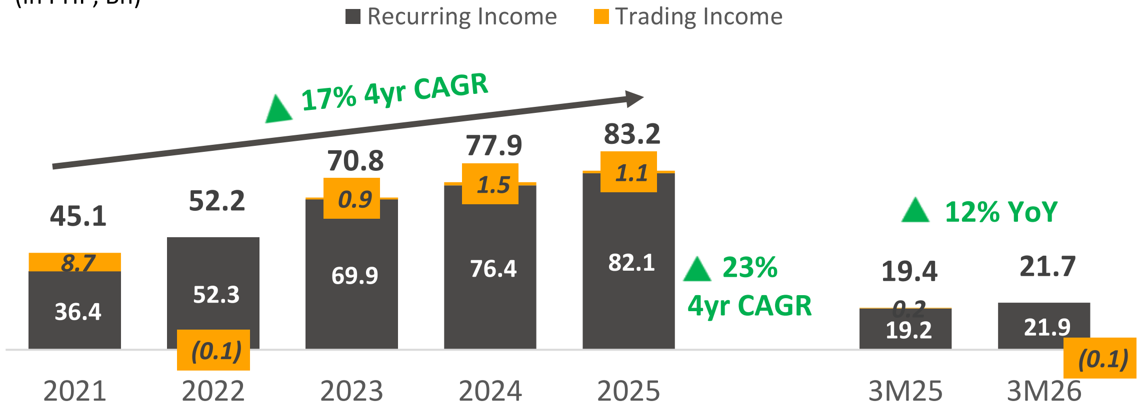
Customer Growth
(in #, Mn)



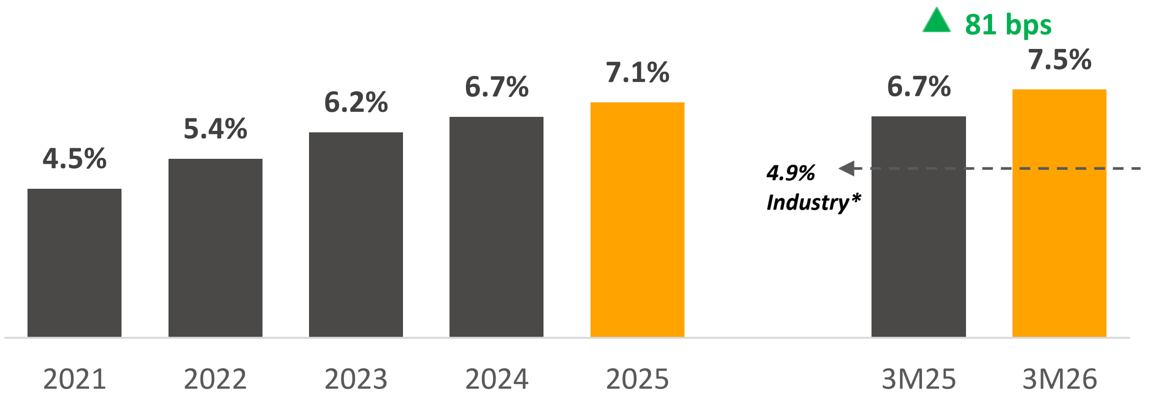
Net Interest Margin



Net Revenues
(in PHP, Bn)



Net Revenues (excluding trading) to Assets



Note: (*) Average Industry data is based on FY25 figures

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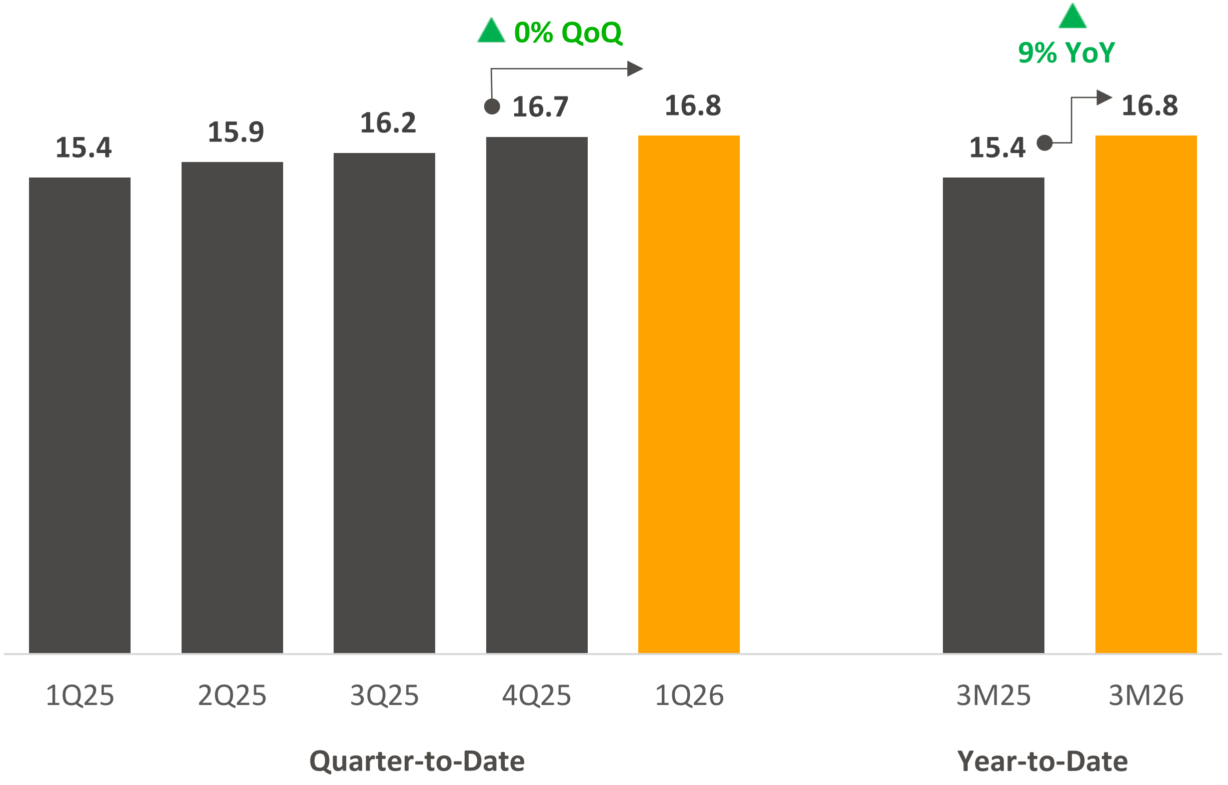
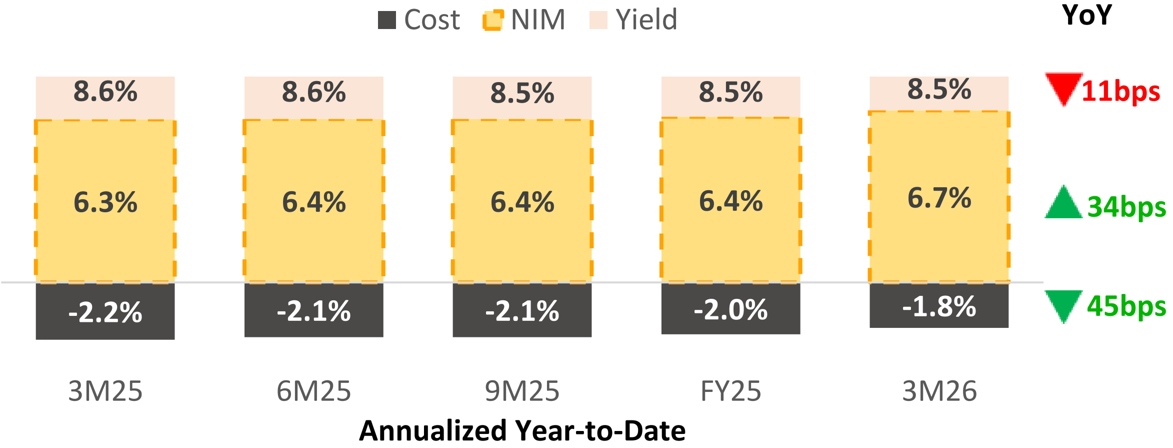
NIM expansion driven by lower funding costs

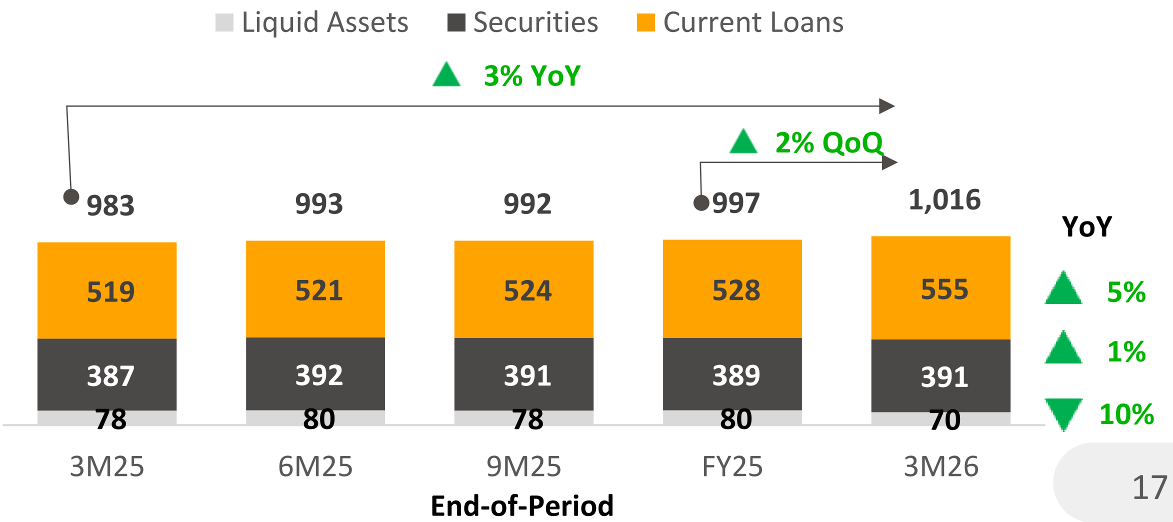
Net Interest Income
(in PHP, Bn)



Net Interest Margin



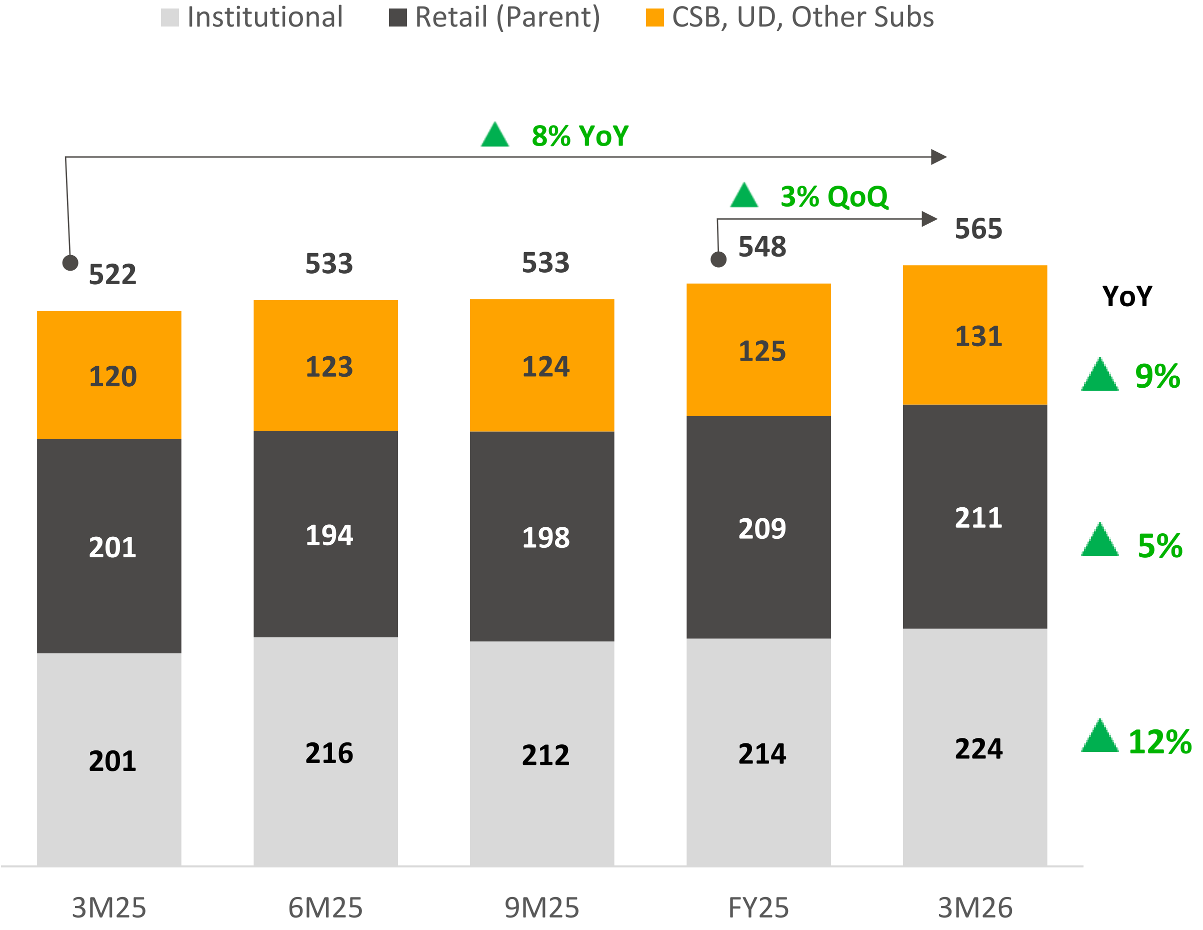
Earning Assets
(ADB in PHP, Bn)



Growth is driven by institutional, credit cards and salary loans

Gross Loans, OSB

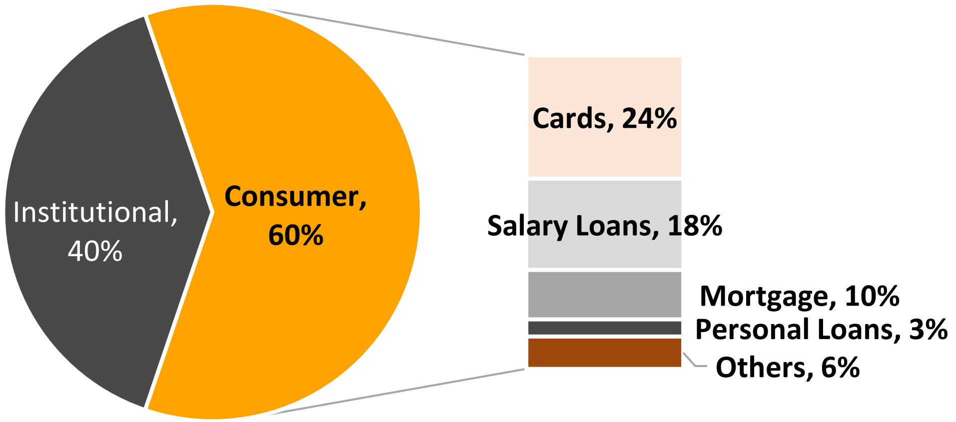
(in PHP, Bn)



End-of-Period

Loan Mix

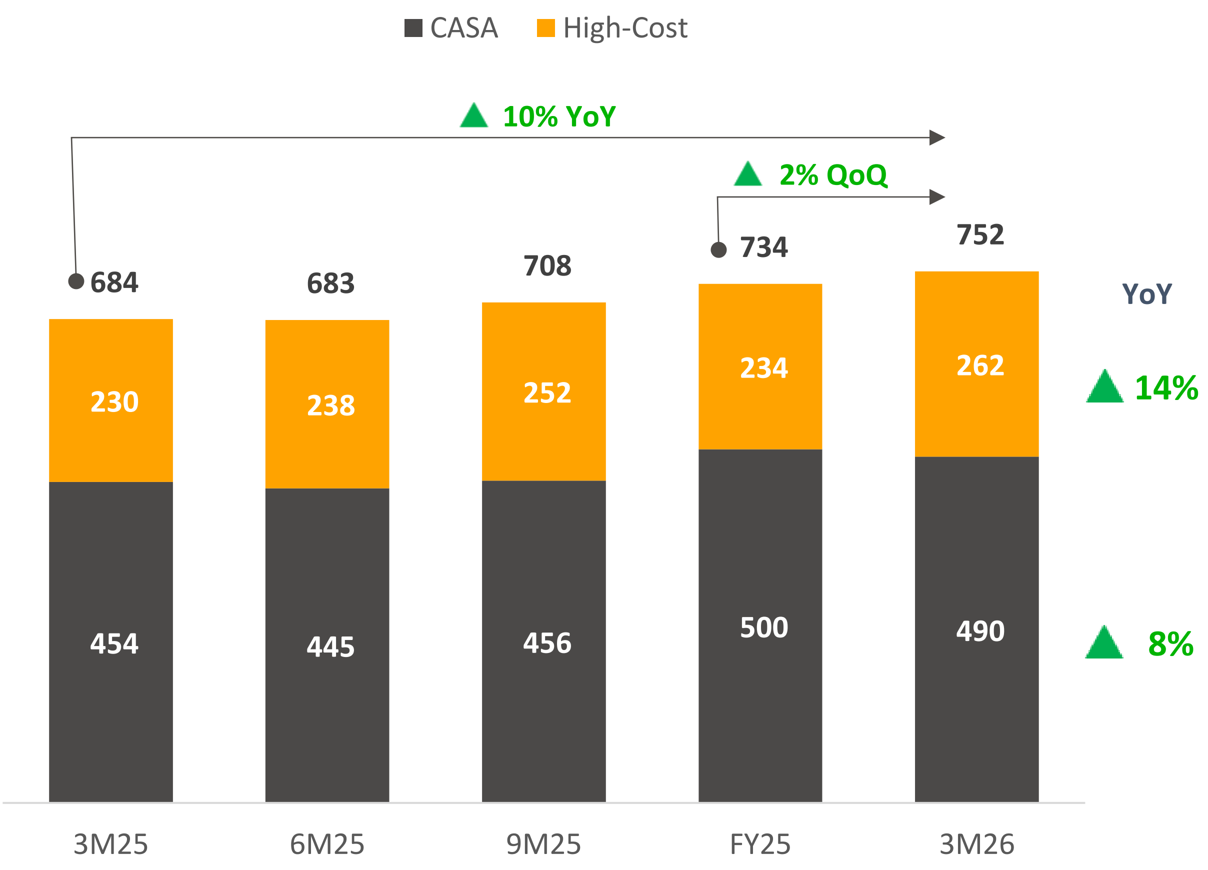
Industry's Consumer Loans ~ 23%
Based on 9M25 BSP Data



Gross Loans (OSB in PHP Bn)	3M25	3M26	Variance	%
Institutional	**201**	**224**	**23**	**12%**
Consumer	**201**	**211**	**9**	**5%**
Home Loans	68	54	(14)	-21%
Credit Card	110	134	25	23%
Personal Loans	19	19	-	-
Other Consumer Loans	5	4	(1)	-22%
Total Gross Loans of Parent	**402**	**435**	**33**	**8%**
CitySavings and Subsidiaries	116	127	11	10%
UnionDigital	4	3	(1)	-19%
Total Gross Loans of Subs	**120**	**131**	**11**	**9%**
Total Gross Loans	**522**	**565**	**43**	**8%**
% Consumer Loans	**62%**	**60%**		

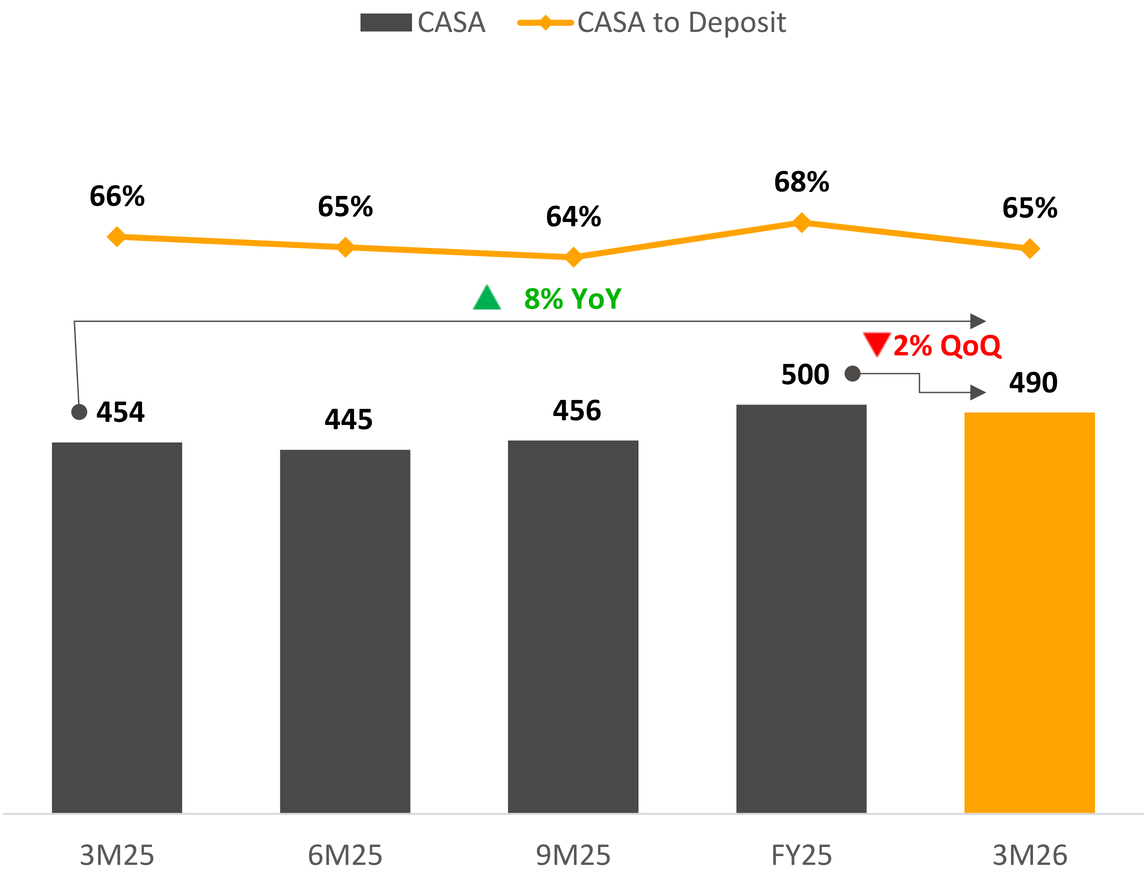
Deposit growth sustained

Total Deposits (Consolidated), OSB
(in PHP, Bn)



End-of-Period

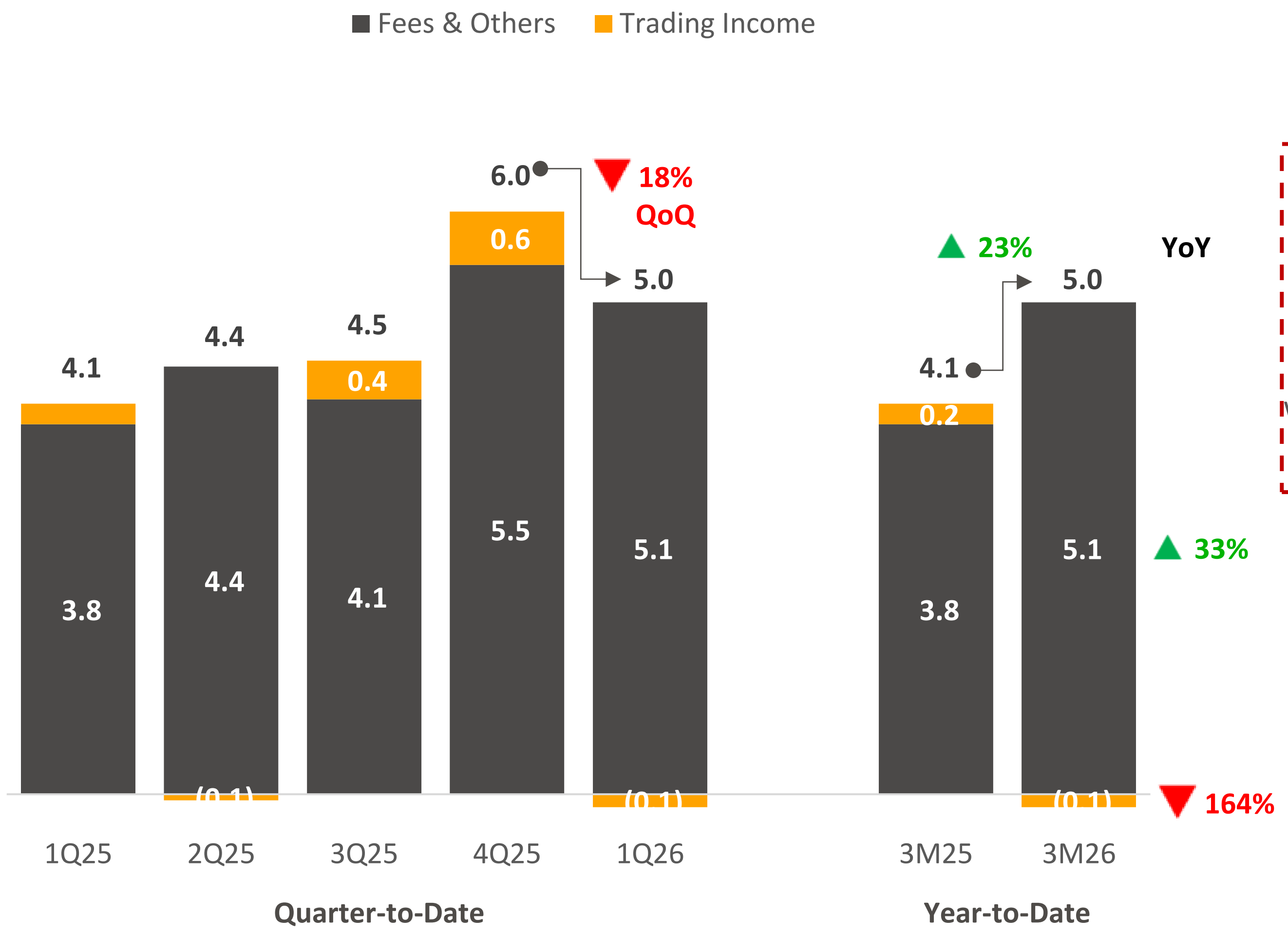
CASA Deposits (Consolidated), OSB
(in PHP, Bn)



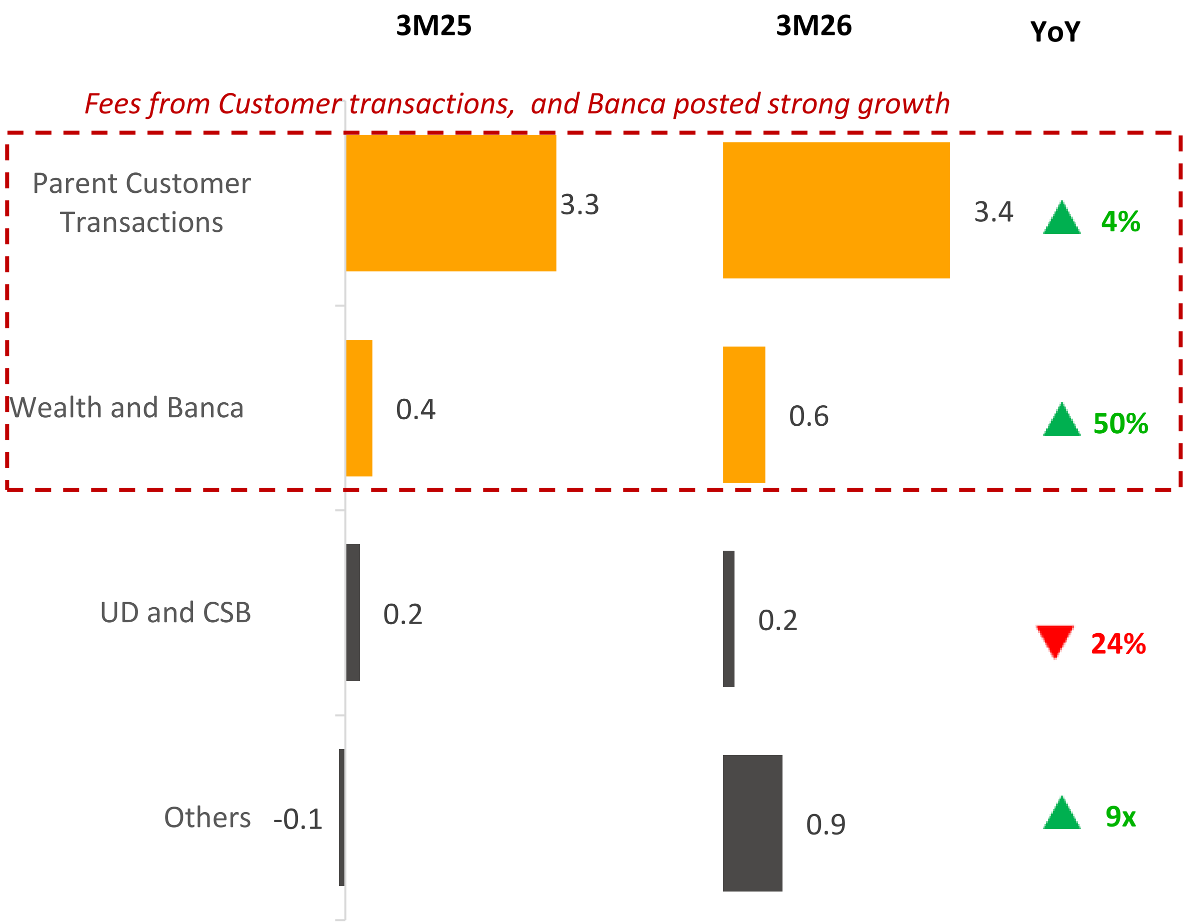
End-of-Period

Parent bank customer transactions driving recurring fee income

Non-Interest Income
(in PHP, Bn)

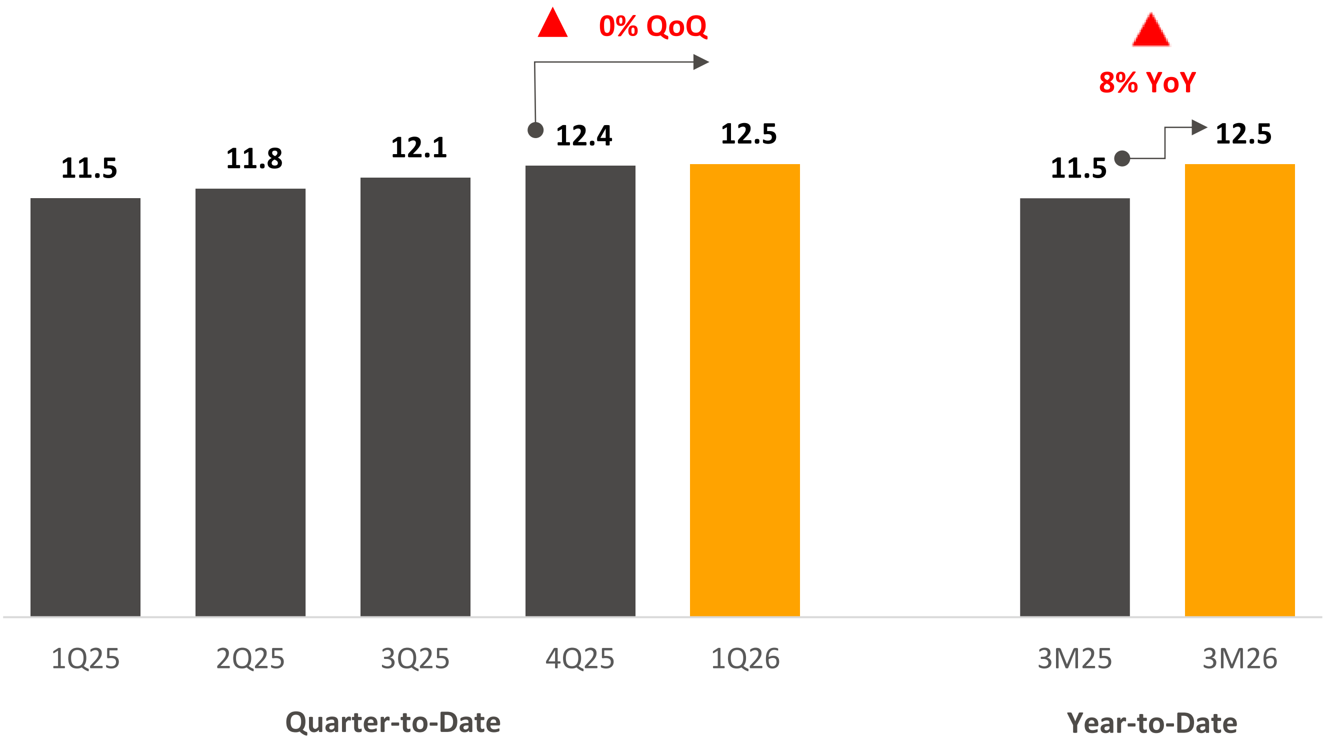


YTD Fees & Others
(in PHP, Bn)

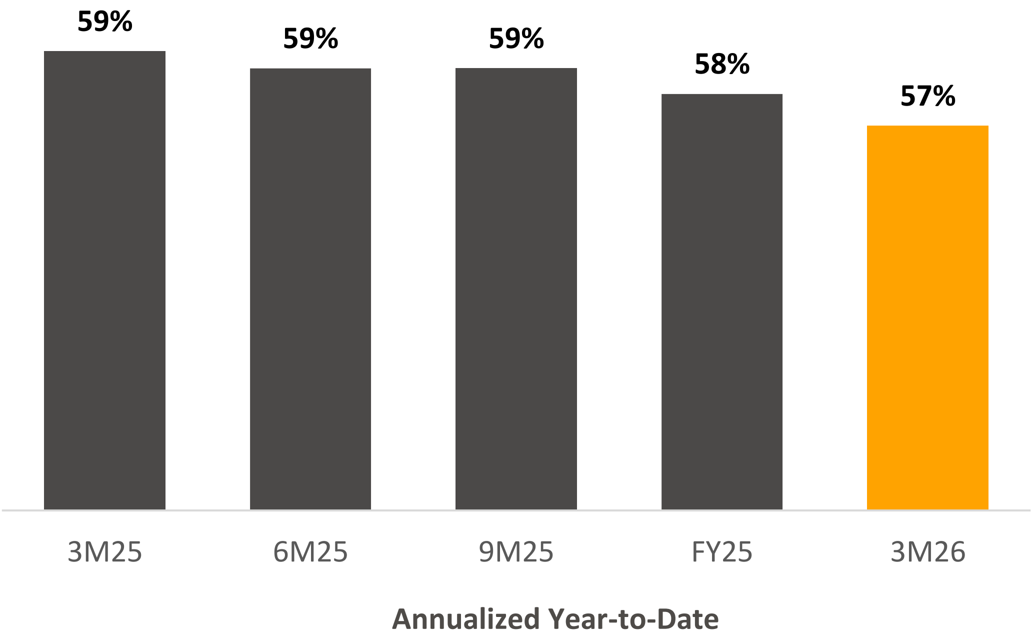


Cost to Income shows improving trend

Operating Expense
(in PHP, Bn)



Cost-to-income Ratio



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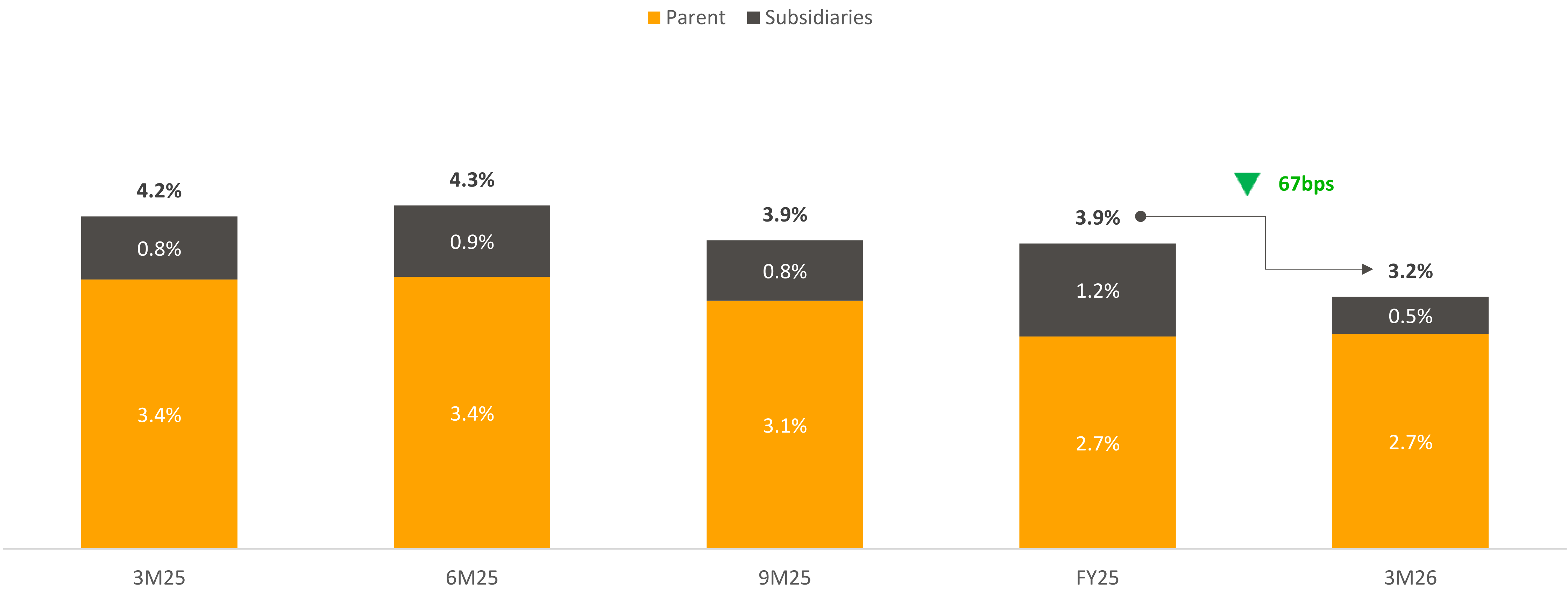
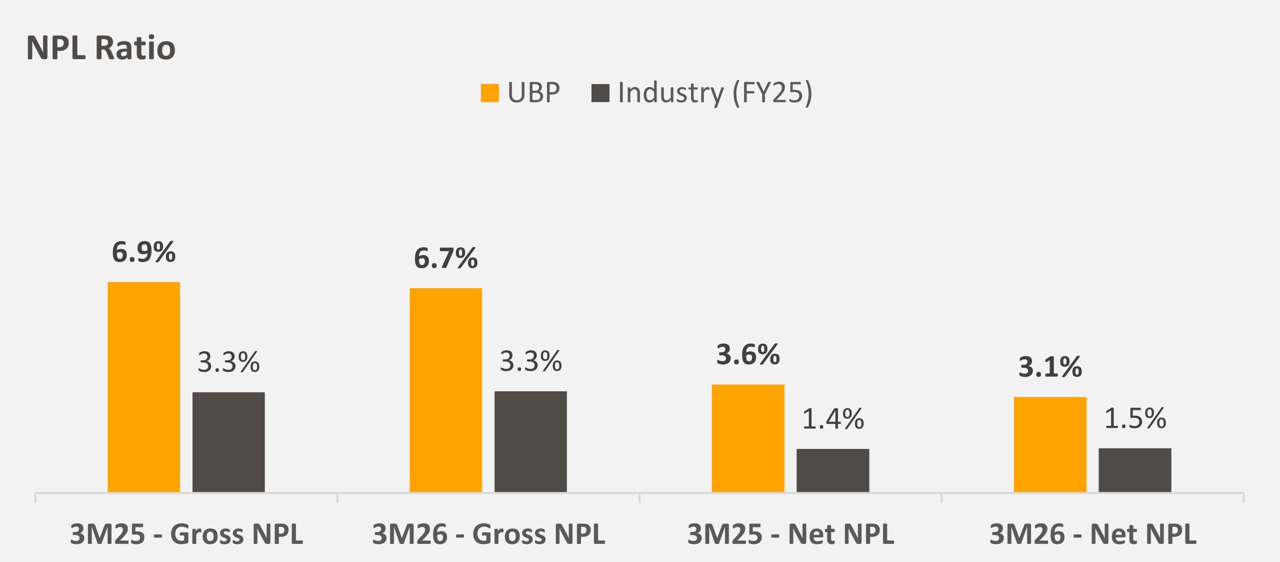
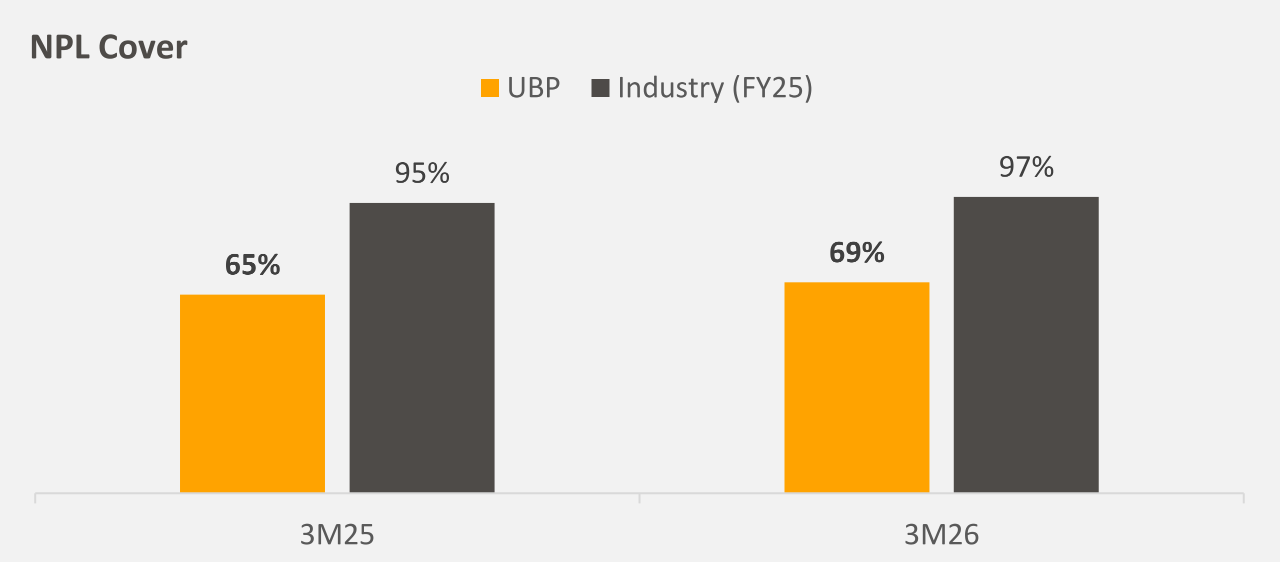
Credit cost has stabilized

Credit Cost – Annualized (Year-to-date)



Asset quality and coverage ratios continuous to improve





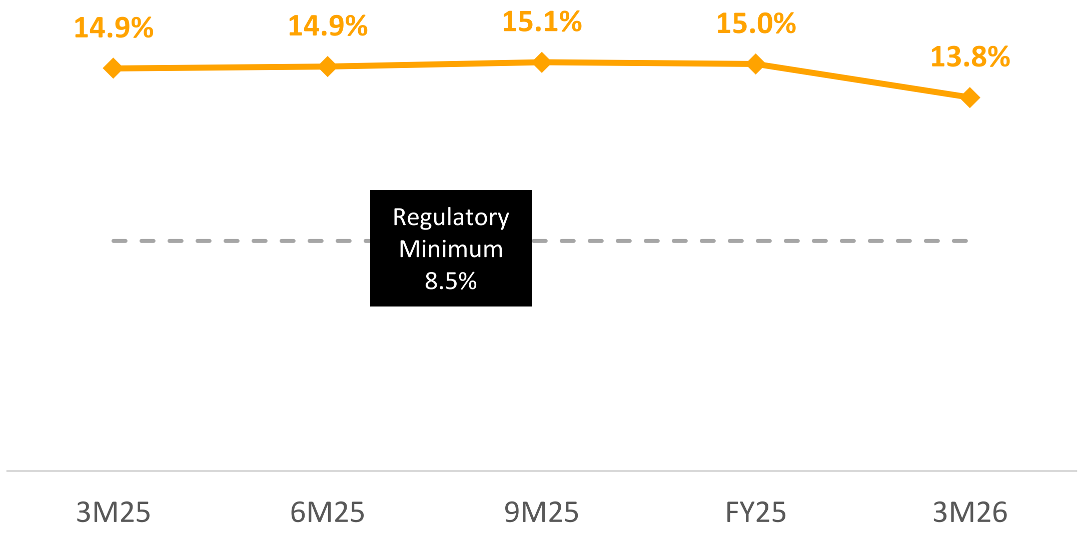
Net NPL	3M25	3M26
Parent	2.7%	**2.5%**
Parent Unsecured	1.6%	**1.3%**
CSB and Other Subs	6.4%	**5.5%**
UnionDigital Personal Loans	11.2%	**0.3%**

*** Net NPL is a measure that excludes fully provisioned accounts**

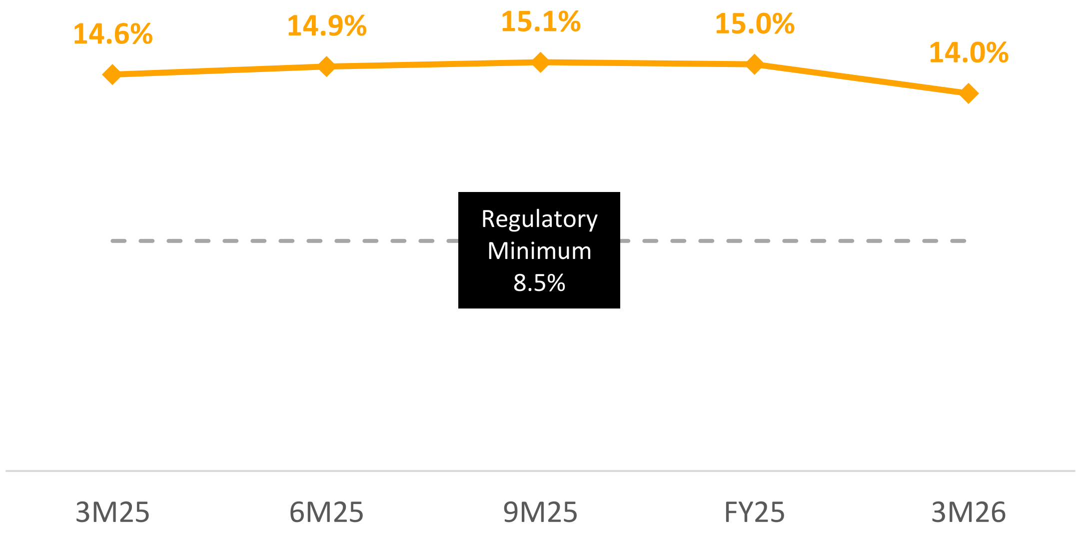
NPL Cover	3M25	3M26
Parent	76%	**78%**
Parent Unsecured	154%	**138%**
CSB and Other Subs	42%	**42%**
UnionDigital Personal Loans	76%	**117%**

Sufficient capital ratios to support growth and current landscape

Common Equity Tier 1 Capital Ratio Group (CET1)



Common Equity Tier 1 Capital Ratio Parent (CET1)



[1] 3M26 Capital ratios are preliminary estimates

Key takeaways and outlook

Key takeaways

1. Net income reached P3.8 billion, up 167% year-on-year. Earnings continued to grow sequentially, from P3.2 billion in 3Q25 to P3.5 billion in 4Q25 and P3.8 billion in 1Q26

2. Net revenues grew to P21.7 billion, up 11.8% year-on-year, supported by customer expansion, loan growth, and strong margins

3. Asset quality improved, with credit costs down 17.9% year-on-year and 19.1% quarter-on-quarter, reflecting portfolio performance as prior one-off items are now largely behind us.

Outlook

1. Topline momentum is expected to continue, supported by recurring income, alongside expansion of the customer base and loan growth

2. The Bank has strengthened its balance sheet, now reflected in improved NPL ratios and lower credit costs, as prior one-off items are now largely behind us.

3. The Bank has taken proactive measures to reinforce its portfolio, supported by strong capital and liquidity to withstand periods of market volatility.

4. Our base case assumes improved performance relative to FY2025, supported by sustained core earnings, and a more stable operating base. However, we remain mindful of potential tail-end impacts from the Iran conflict, which may affect interest rates and credit performance over time.

Thank you!

For comments and queries, contact us via:
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