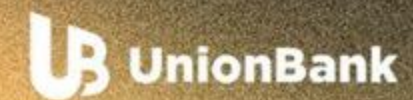


1H/2Q 2025

# Earnings Results Briefing



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A background network diagram consisting of numerous grey circular nodes of varying sizes connected by thin grey lines, creating a complex web of connections. A horizontal orange gradient bar is positioned across the middle of the image, serving as a backdrop for the title text.

# Market Updates and Outlook

# “Too-Late” Powell holds firm, leaves rates unchanged

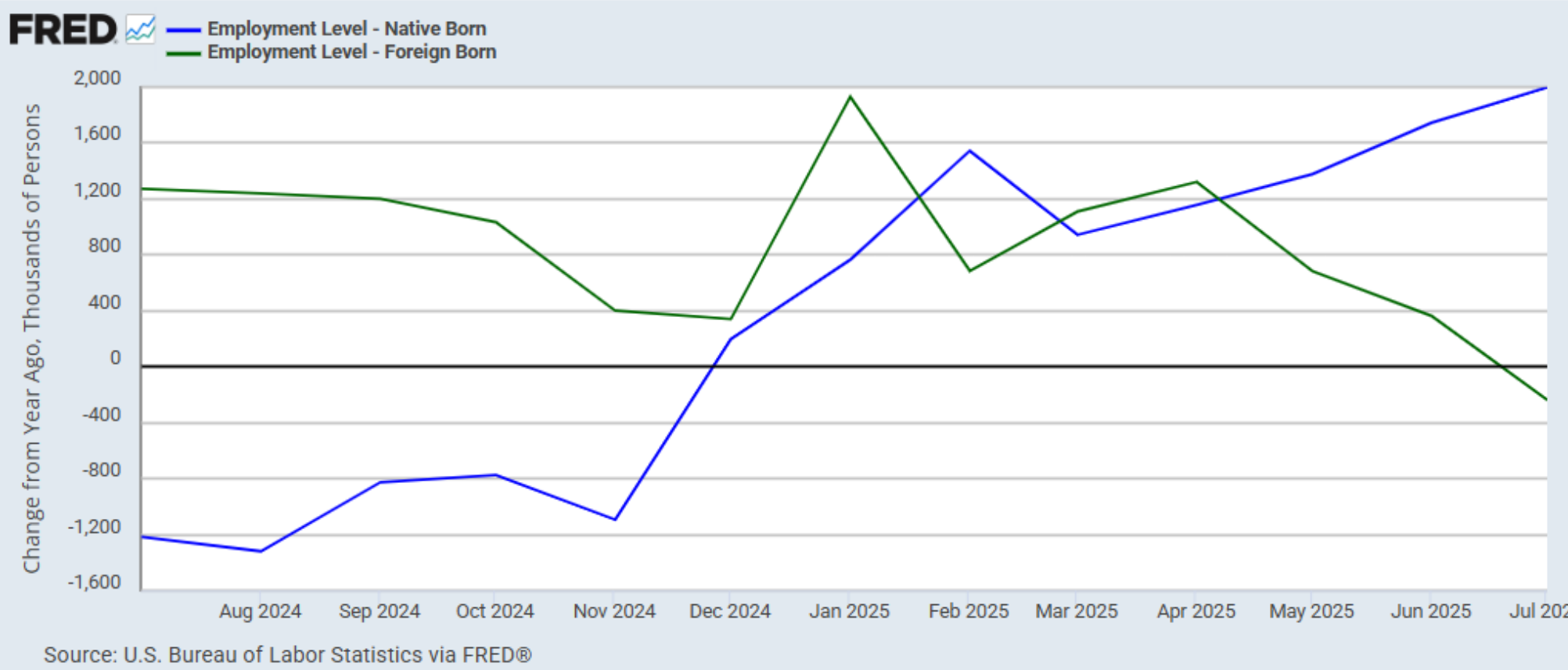
- **Dovish Statement, Hawkish Presser**
  - Market pricing after FOMC: September cut down to 45% and just 1.5 cuts for the year
  - Powell: “Economy not behaving as if rates are restrictive”
  - Powell: “Expect to see more tariff impacts in inflation data”
  - Powell: “Could say Fed looking through inflation by not hiking”
- **2 Dissents: Governor Waller and Governor Bowman (first 2 dissents since 1993)**
  - Kugler resigns from board, Trump set to announce replacement
  - Fed Daly: May see more than two cuts this year
- **“Two other people aside from the two Kevins are in mind (for Fed Chair position)” - Trump**
- **2Q GDP rebounds due to reversal in trade, imports fell – 30%**

		Actual	Estimate
PCE YoY	↑	2.80%	2.70%
Core CPI	↓	0.20%	0.30%
Retail Sales	↑	0.60%	0.10%
GDP	↑	3%	2.60%

# NFP "Rigged," revisions reveal weakening jobs market
















- **Headline NFP slightly weaker but market shocked by big revisions**
  - Two-month Payroll Revision down 258,000, Trump fires BLS Commissioner
  - Three-month average job growth down to 35k
  - Markets price 90% chance of 25 bps cut in September

		Actual	Estimate
July NFP	↓	73,000	105,000
AHE	↑	3.90%	3.80%
UER	↑	4.20%	4.20%



Trump immigration policies in play?

# Tariffs: Deals with major countries done, August 1 is hard deadline

COUNTRY	APRIL 2 RATE	NEW RATE		U.S. IMPORTS (2024)	▲ TRADE BALANCE (2024)
 European Union	<div style="width: 20%;"><div style="width: 20%;"></div></div> 20%	<div style="width: 15%;"><div style="width: 15%;"></div></div> 15%	Deal announced by Trump July 27 with few details.	\$605.8B	-\$235.6B
 Mexico	N/A	<div style="width: 30%;"><div style="width: 30%;"></div></div> 30%	Letter on July 12 <sup>2</sup>	\$505.9B	-\$171.8B
 Vietnam	<div style="width: 46%;"><div style="width: 46%;"></div></div> 46%	<div style="width: 20%;"><div style="width: 20%;"></div></div> 20%	Deal announced July 2 but not finalized. <sup>1</sup>	\$136.6B	-\$123.5B
 Japan	<div style="width: 24%;"><div style="width: 24%;"></div></div> 24%	<div style="width: 15%;"><div style="width: 15%;"></div></div> 15%	Deal announced on July 22.	\$148.2B	-\$68.5B
 South Korea	<div style="width: 25%;"><div style="width: 25%;"></div></div> 25%	<div style="width: 15%;"><div style="width: 15%;"></div></div> 15%	Deal announced by Trump on July 30 that includes a tariff rate that's lower than the 25% threatened in a July 7 letter.	\$131.5B	-\$66.0B
 Canada	N/A	<div style="width: 35%;"><div style="width: 35%;"></div></div> 35%	Letter on July 10 <sup>2</sup>	\$412.7B	-\$63.3B
 India	<div style="width: 26%;"><div style="width: 26%;"></div></div> 26%	<div style="width: 25%;"><div style="width: 25%;"></div></div> 25%	Threat on July 30 reaffirms a 25% tariff on Aug. 1	\$87.4B	-\$45.7B
 Thailand	<div style="width: 36%;"><div style="width: 36%;"></div></div> 36%	<div style="width: 36%;"><div style="width: 36%;"></div></div> 36%	Letter on July 7	\$63.3B	-\$45.6B
 Malaysia	<div style="width: 24%;"><div style="width: 24%;"></div></div> 24%	<div style="width: 25%;"><div style="width: 25%;"></div></div> 25%	Letter on July 7	\$52.5B	-\$24.8B
 Indonesia	<div style="width: 32%;"><div style="width: 32%;"></div></div> 32%	<div style="width: 19%;"><div style="width: 19%;"></div></div> 19%	Deal announced July 15 with new details July 22.	\$28.1B	-\$17.9B
 Cambodia	<div style="width: 49%;"><div style="width: 49%;"></div></div> 49%	<div style="width: 36%;"><div style="width: 36%;"></div></div> 36%	Letter on July 7	\$12.7B	-\$12.3B
 South Africa	<div style="width: 30%;"><div style="width: 30%;"></div></div> 30%	<div style="width: 30%;"><div style="width: 30%;"></div></div> 30%	Letter on July 7	\$14.7B	-\$8.8B
 Bangladesh	<div style="width: 37%;"><div style="width: 37%;"></div></div> 37%	<div style="width: 35%;"><div style="width: 35%;"></div></div> 35%	Letter on July 7	\$8.4B	-\$6.2B
 Iraq	<div style="width: 39%;"><div style="width: 39%;"></div></div> 39%	<div style="width: 30%;"><div style="width: 30%;"></div></div> 30%	Letter on July 9	\$7.4B	-\$5.8B
 Philippines	<div style="width: 17%;"><div style="width: 17%;"></div></div> 17%	<div style="width: 19%;"><div style="width: 19%;"></div></div> 19%	Deal announced July 22.	\$14.2B	-\$4.9B

# Tariffs: Deals with major countries done, August 1 is hard deadline

- **Effective tariff rate expected to land at 18–20%**
- **Japan: 15% tariffs in exchange for \$550 billion investment**
  - Japan will buy 100 Boeing planes and hike defense spending with US firms to \$17 billion annually (from \$14 billion)
  - Japan auto sector will benefit with levies cut to 15% from current 27.5%
- **EU: 15% tariffs on most good (exception of steel at 50%)**
  - EU commits to buying \$750 billion in energy over three years
  - EU will invest \$600 billion into the US, US exports to EU will be duty-free
- **China & Mexico: gets 90 day extension**
- **Canada: slapped with 35% tariffs, USMCA goods remain exempt**
- **India threatened with 25% tariffs over Russian oil purchases, South Korea agrees to 15%**
- **Other nations gets 10–30% effective August 7**

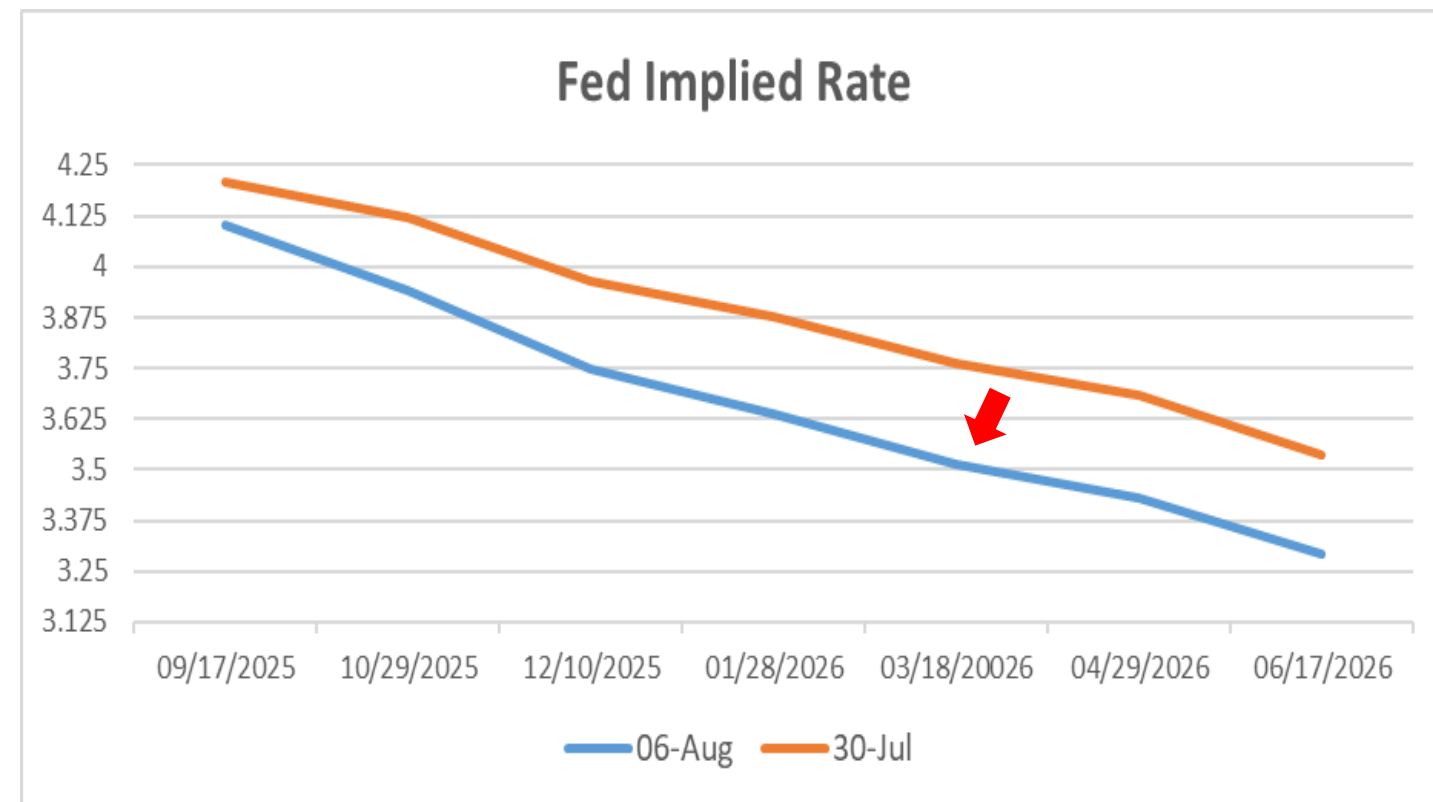
# NFP revisions shifts sentiment

## July 30 (Post FOMC)

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
09/17/2025	-0.474	-47.4%	-0.118	4.208
10/29/2025	-0.815	-34.1%	-0.204	4.123
12/10/2025	-1.445	-63.0%	-0.361	3.965
01/28/2026	-1.795	-35.0%	-0.449	3.878
03/18/2026	-2.267	-47.2%	-0.567	3.760
04/29/2026	-2.575	-30.8%	-0.644	3.683
06/17/2026	-3.157	-58.2%	-0.789	3.537

## August 6 (Current)

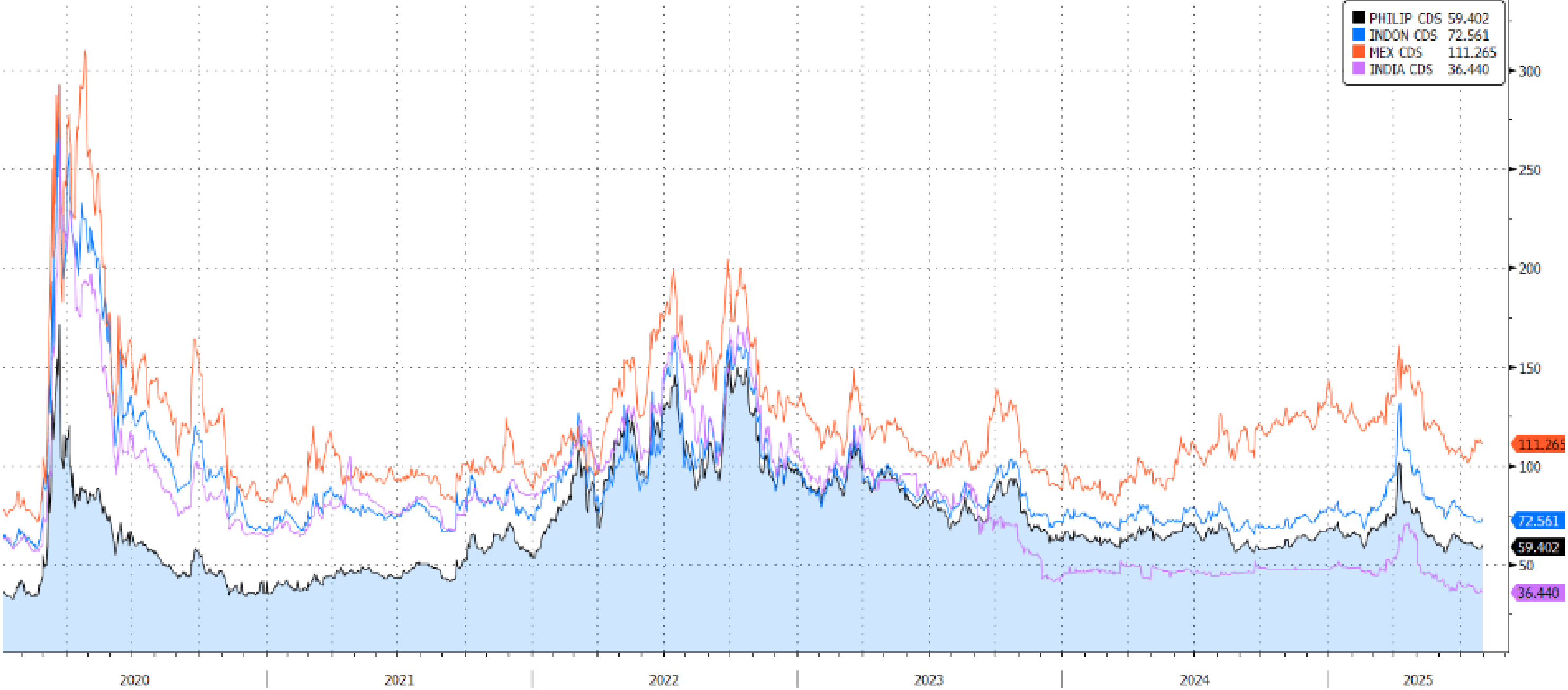
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
09/17/2025	-0.897	-89.7%	-0.224	4.102
10/29/2025	-1.535	-63.8%	-0.384	3.943
12/10/2025	-2.307	-77.2%	-0.577	3.749
01/28/2026	-2.755	-44.8%	-0.689	3.637
03/18/2026	-3.248	-49.3%	-0.812	3.514
04/29/2026	-3.575	-32.7%	-0.894	3.432
06/17/2026	-4.137	-56.2%	-1.034	3.292



# Yields rally, curve steeper on NFP revisions



# Asian EM CDS hover around year lows



# BSP: “Rate cut this month more likely after July inflation report”

- **More accommodative monetary policy stance remains warranted after July inflation (0.9%) eased to nearly six-year low**
  - BSP Governor Remolona:
    - “Rate cut this month more likely after July inflation report”
    - “Won’t have to follow Fed rate move in September”
    - “Can continue to cut rates beyond 2025”
- **July CPI cools to 0.9% y/y vs. 1.4% previous vs. 1.1% expected**
  - BSP: CPI is projected to average below the lower end of the target in 2025, primarily due to the continued easing of rice prices
  - BSP: 2026 and 2027 inflation is expected to trend higher but will remain firmly within the 2%-4% target range
  - PSA: Main driver was electricity while food and non-alcoholic beverages also eased
- **PH gets warm reception from 5Y Retail Treasury Bonds at 6.0%**
  - Funds raised as on day one is estimated at 256Bn; Expected offer size is 450bn – 500Bn
  - We are expecting 40% of the 566Bn eligible securities to be exchanged leaving the BTr enough elbow room in this offering
  - Treasurer Sharon Almanza commented that August and September maturities were already funded
  - Sale period is from August 5 – 15 or at earlier date set by the BTr
    - We expect the BTr to close the offer period at an earlier date due to overwhelming demand

# Macro downside risks of a US tariff at 19%

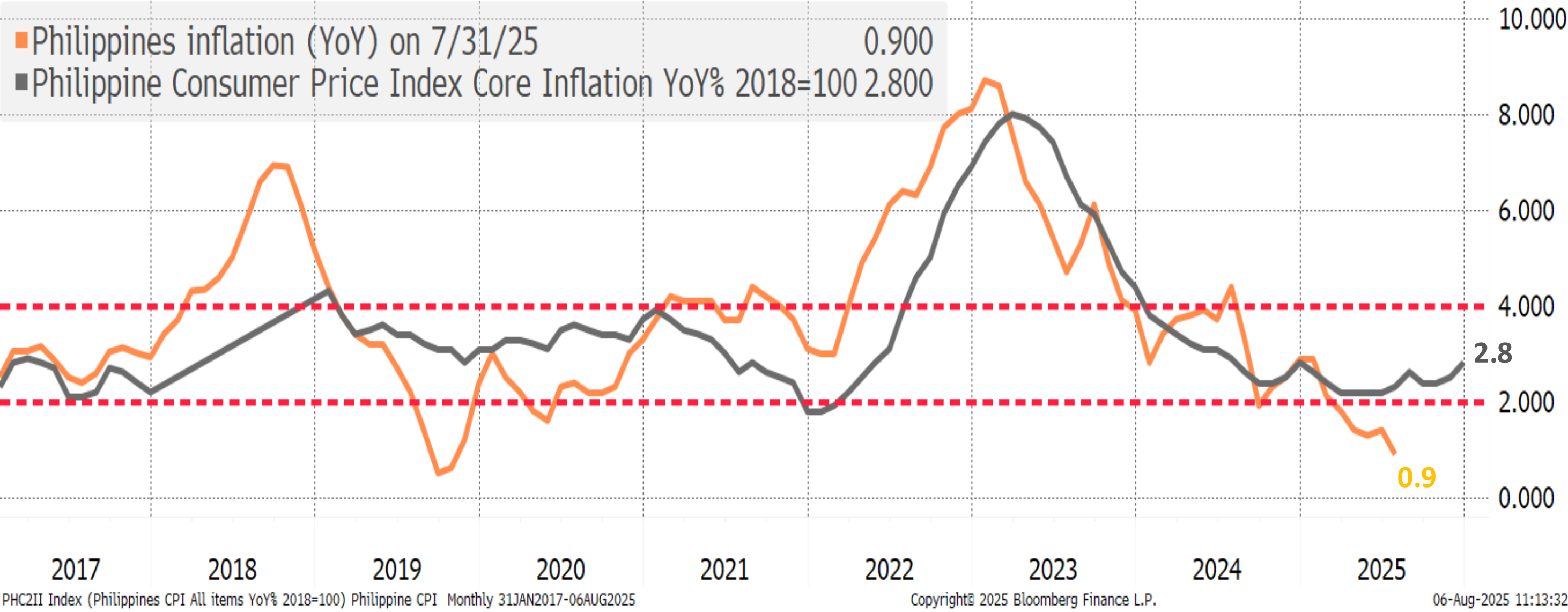
Customs trade data	May-25			Jan-May 2025		
	US\$ mn	%YoY	% share	US\$ mn	%YoY	% share
Total Exports	7,288.6	15.1	100.0	34,197.4	10.8	100.0
Shipments to the US	1,147.8	3.6	15.3	5,377.8	9.1	15.7
Shipments to the ROW	6,140.8	16.8	84.7	28,819.6	11.1	84.3

Source: Philippines Statistics Authority

Potential macro impacts of 19% US tariff
<b>1. Downside risk of -1.5% to -4.6% on PH exports to the US</b>
- Price elasticity of PH export demand of -0.5% to -1.5%
- Apply US tariff of 19% and US export market share of 16%
<b>2. Larger downside risk comes from PH exports to other countries hosting supply chains directly exporting to the US. These supply chains outside the US will bear the costs of high US tariffs. Since PH exports are an integral part of these supply chains, the tariff disruption will not spare local production for the export markets</b>
<b>3. Easing shipments of manufactures to the US and ROW likely mirrored by local manufacturing output and employment</b> (Direct channel to supply-side GDP)
<b>4. Tariff-induced export weakness supports a large trade deficit outlook, extending to current account weakness</b>
<b>5. Weaker PHP outlook</b> driven by potential trade deficit overhang, downside pressure on US\$ reserves, and lackluster GDP effects.
<b>6. BSP may go slow on potential rate cuts</b> due to heightened risk of local currency weakness and its inflationary impact

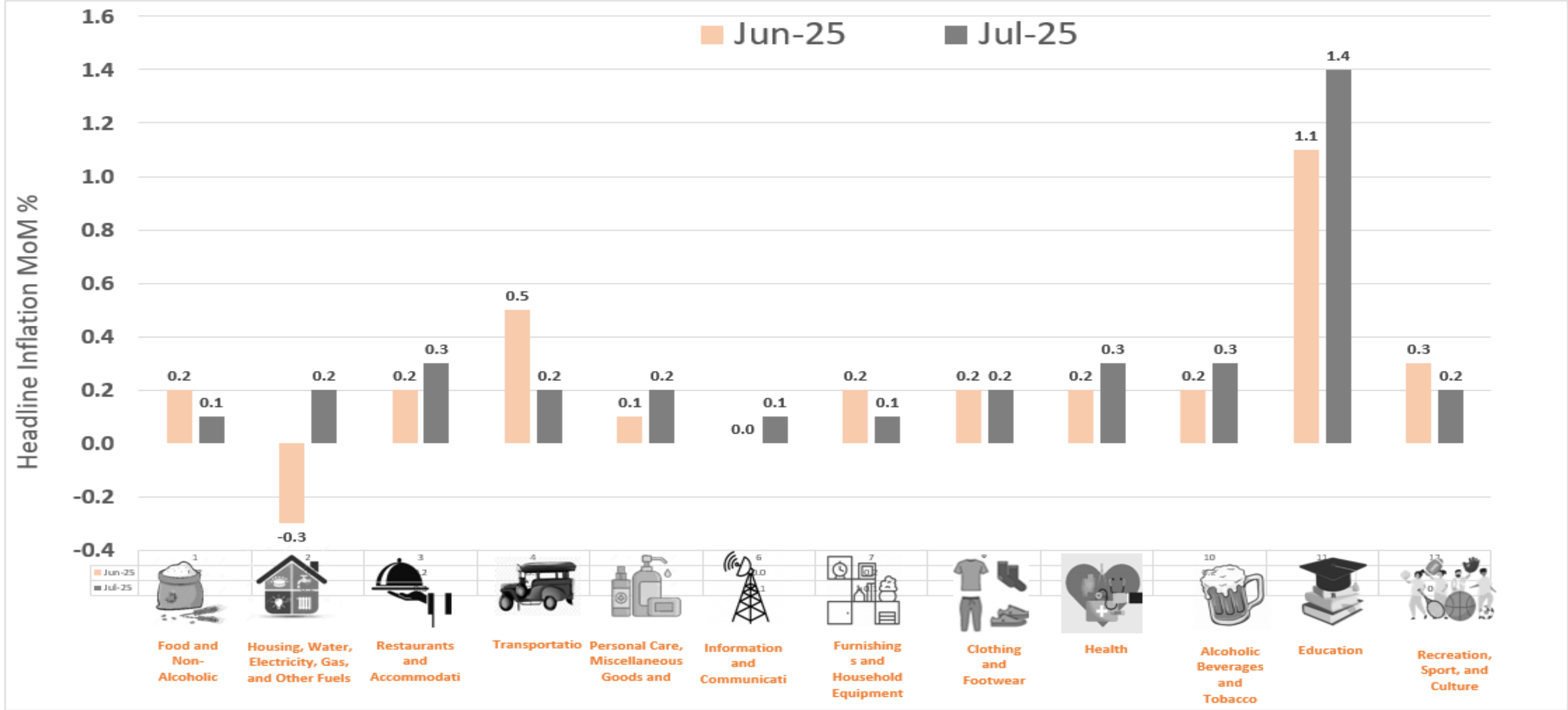
- **PH won't be hit much by 19% US Tariff according to Government Officials**
  - **BSP Governor Remolona** - "modest" impact from the new US tariff on the Philippines
  - **Economic Planning & Dev Secretary Balisacan** - PH is not as reliant on trade as other nations and 2Q economic output may have benefited from some frontloading
  - **Finance Undersecretary Velasquez** - impact on GDP very limited given smaller exports compared with the rest of the world

# July CPI cools to 0.9% y/y vs. 1.4% previous vs. 1.1% expected



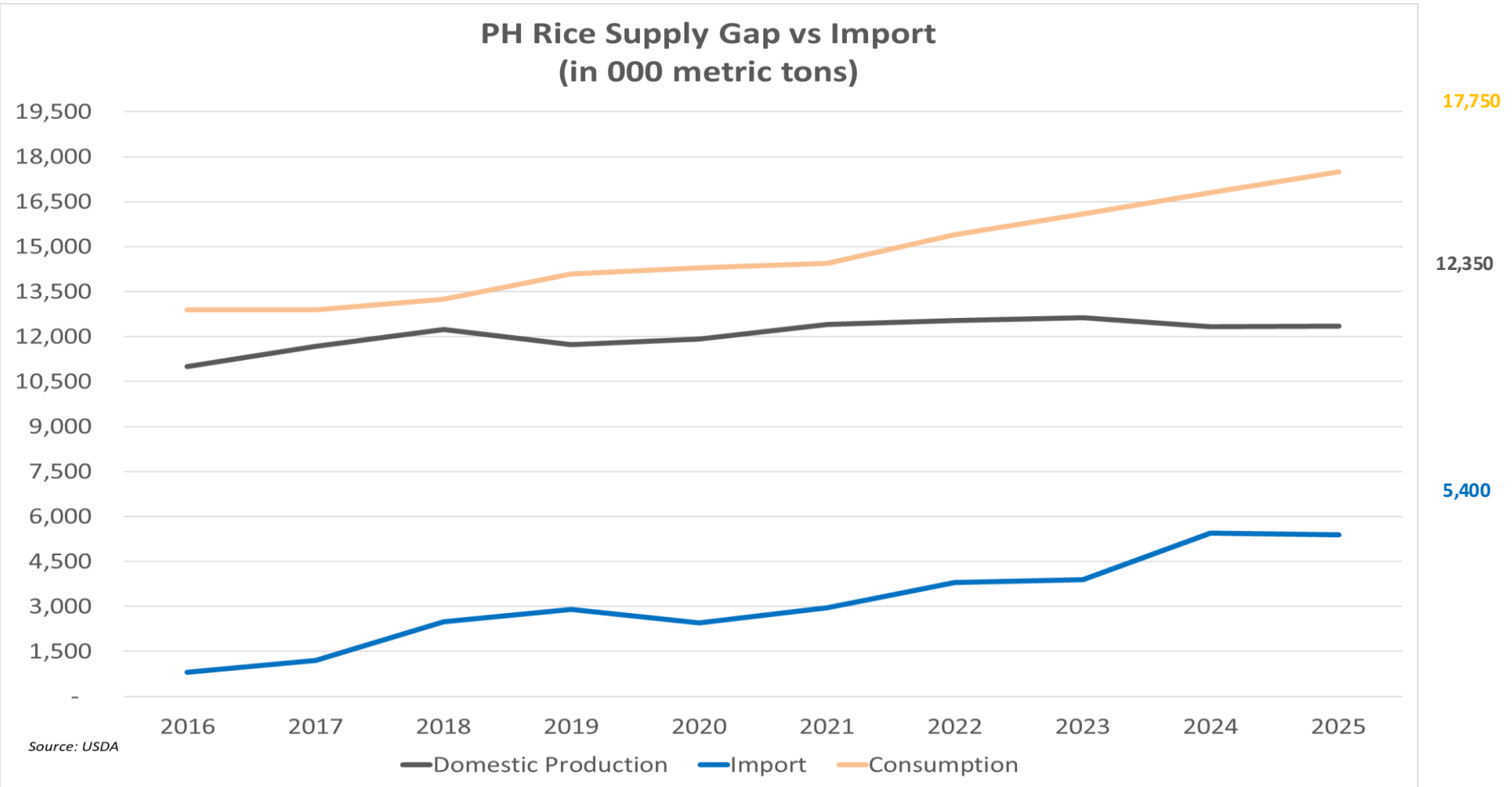
- BSP: CPI is projected to average below the lower end of the target in 2025, primarily due to the continued easing of rice prices
- BSP: 2026 and 2027 inflation is expected to trend higher but will remain firmly within the 2%-4% target range

# PSA: main driver was electricity while food and non-alcoholic beverages also eased

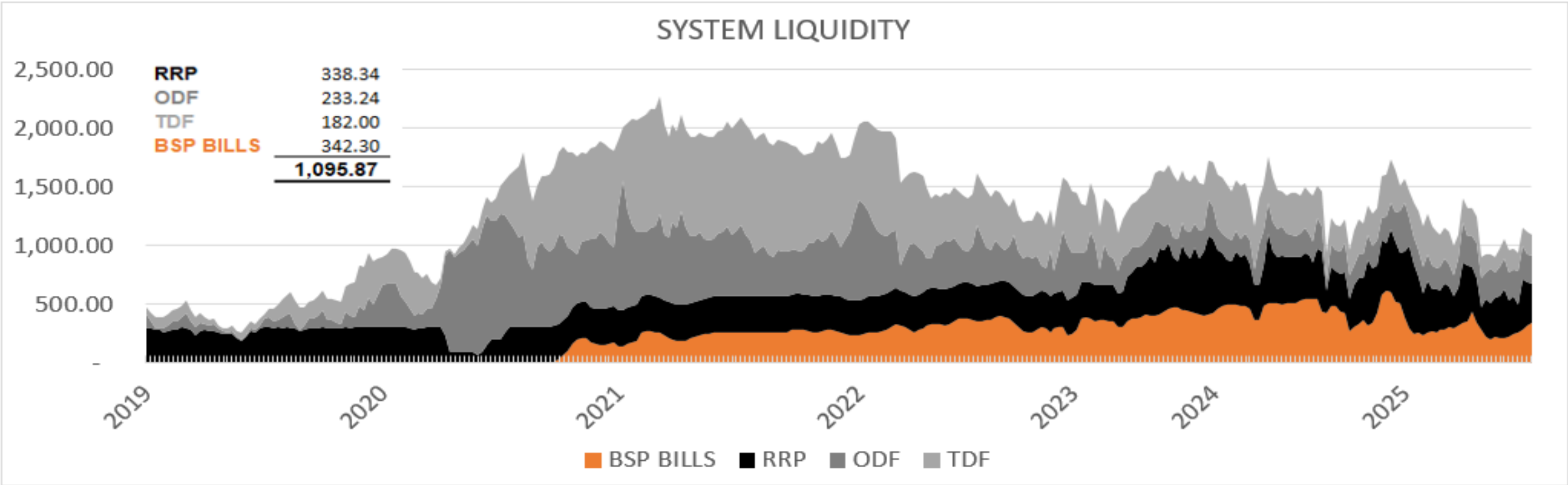


# PH to suspend rice imports for 60 days from September 1

- **President Marcos issued the order after consulting with Cabinet members and upon the recommendation of Agriculture Secretary Francisco Tiu Laurel Jr.**
  - DA Secretary Laurel Jr. has proposed capping the nation’s rice imports to roughly 750K tons – 1M tons annually
  - Proposal to cover only the supply gap, plus an additional 2-3 months of buffer stock
  - President Marcos said it’s not yet time to discuss tariff increases on imported rice; “We will still see if we need to resort to that”



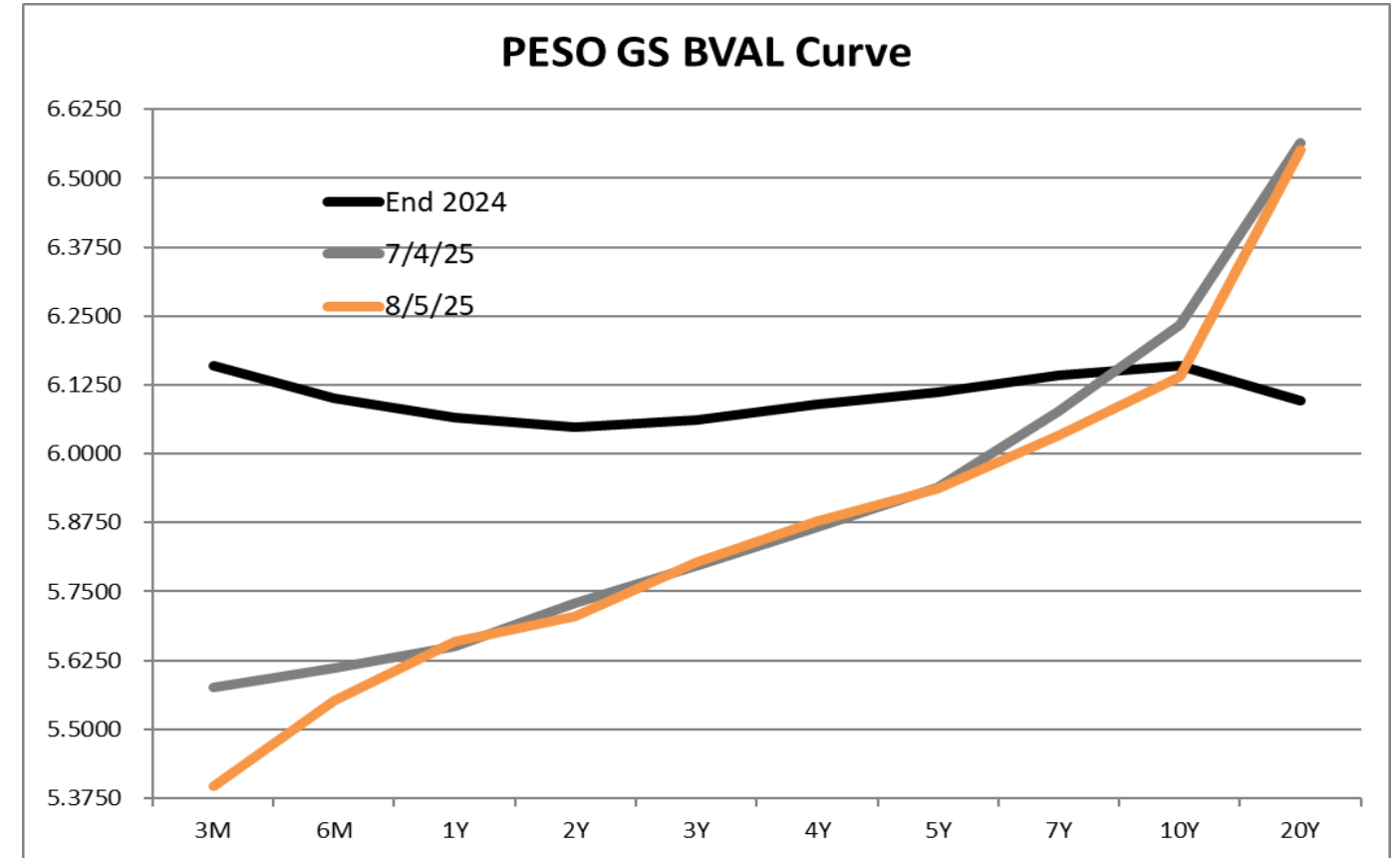
# System liquidity at 1.1Tn, BTr raising funds via RTB



- Jumbo GS maturities on Aug 12 and Sep 9 amount to 804Bn (516Bn + 288Bn)
- BTr likely to issue at least 500Bn in this RTB, currently at 256Bn as of 08/05
- Eligible bonds for exchange amount to 566Bn, last year's RTB sourced 42% from the exchange
- Year-to-date, leakages in liquidity identified were BSP spot intervention, lower BSP swap book, loan growth and Trust placements in BSP Bills

# 5Y – 10Y bonds have flattened, bullish momentum on rate cut expectations, overwhelming RTB demand

PESO GS BVAL RATES					
Tenor	End 2024	7/4/25	8/5/25	MoM Change	YTD Change
3M	6.1600	5.5760	5.3976	-0.18	-0.76
6M	6.1000	5.6110	5.5518	-0.06	-0.55
1Y	6.0650	5.6500	5.6583	0.01	-0.41
2Y	6.0480	5.7290	5.7041	-0.02	-0.34
3Y	6.0620	5.7970	5.8038	0.01	-0.26
4Y	6.0890	5.8660	5.8784	0.01	-0.21
5Y	6.1120	5.9380	5.9377	0.00	-0.17
7Y	6.1420	6.0760	6.0333	-0.04	-0.11
10Y	6.1600	6.2340	6.1394	-0.09	-0.02
20Y	6.0970	6.5640	6.5507	-0.01	0.45



- 5Y – 10Y yields have flattened; 7Y inverted against 5Y (5Y 6.0% vs. 7Y 5.98%)
- 5Y RTB at 6.0% seeing overwhelming demand, offer period (August 5 – 15) likely to be cut short
- 256Bn funds raised on day one, estimated offer size is 500Bn

# USDPHP Peaks at Php58.630 Before Sharp Pullback



- US Fed kept rates unchanged as widely expected and looks to future data for policy path.
- Odds of a September cut rose to 90% from 40% post-FOMC after weak jobs data
- USDPHP sharply lower below 58 bigfig in tandem with DXY falling below 100 to 98.700
- Locally, markets looking for clues if BSP will push through with another rate cut in their Aug policy meeting
- BSP agent banks have surprisingly not intervened both ways despite BSP Gov. Remolona comments "BSP to intervene forcefully in bouts of weak peso"

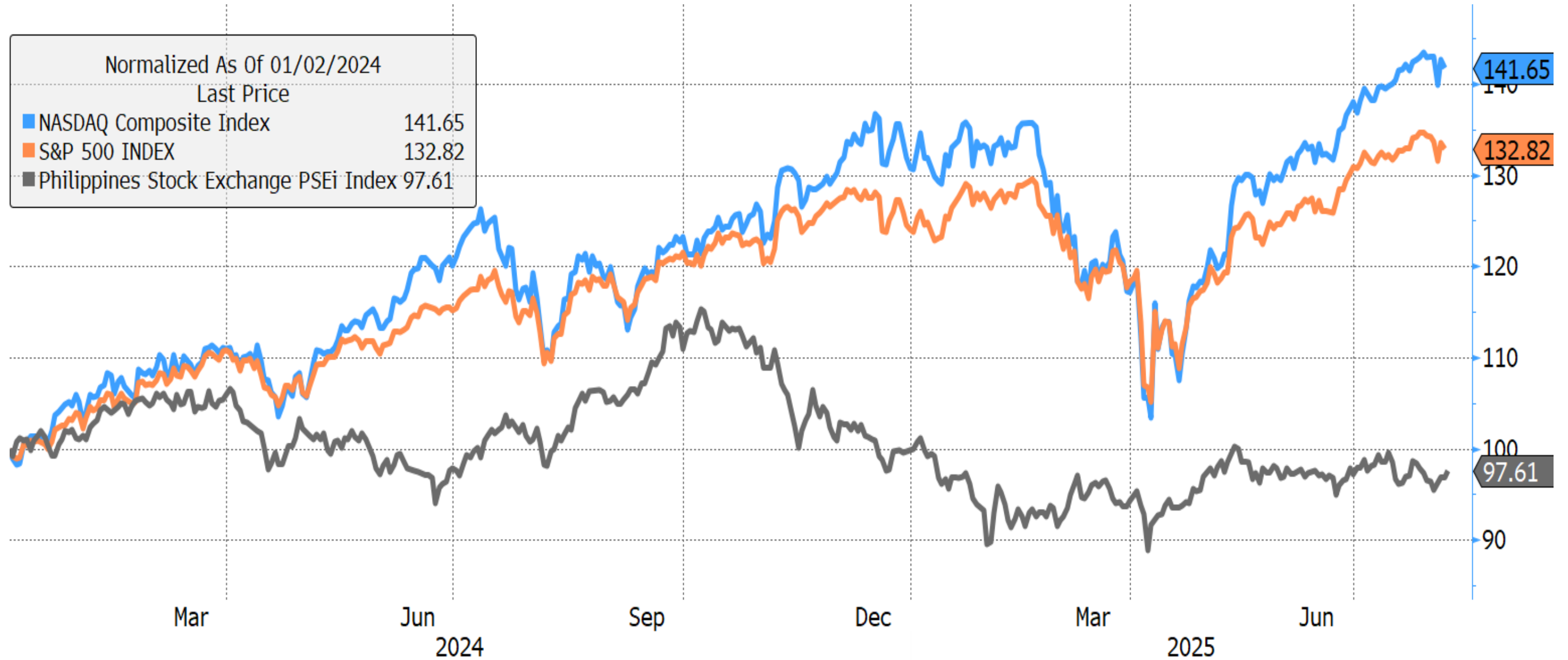
## Despite the pullback, USD/PHP still one of the weakest in the region for the month

Symbol	Price	Net Chg	Time	1D%	5D%	1M%	3M%	6M%	YTD%
10) USDTWD BGN	29.956	+0.032	12:31	+0.107	+0.811	+3.133	-0.670	-8.804	-8.648
11) USDINR BGN	87.7450	-0.0575	12:31	-0.065	+0.363	+2.192	+3.919	+0.186	+2.491
12) USDPHP BGN	57.475	-0.174	12:31	-0.302	-0.191	+1.379	+3.343	-1.178	-0.869
13) USDJPY BGN	147.36	-0.26	12:31	-0.176	-1.438	+0.897	+3.447	-2.675	-6.260
14) USDIDR BGN	16377	-13	12:31	-0.079	-0.171	+0.844	-0.438	+0.220	+1.519
15) USDKRW BGN	1389.41	+3.65	12:31	+0.263	-0.062	+0.802	+0.791	-4.011	-6.032
16) USDSGD BGN	1.2871	-0.0007	12:31	-0.054	-0.733	+0.578	-0.093	-4.702	-5.755
17) USDCNH BGN	7.1927	+0.0037	12:31	+0.051	-0.258	+0.184	-0.237	-1.313	-1.979
18) USDCNY BGN	7.1887	+0.0047	12:31	+0.065	-0.118	+0.174	-0.416	-1.325	-1.515
19) USDHKD BGN	7.8500	+0.0001	12:31	+0.003	+0.000	+0.009	+1.251	+0.814	+1.048
20) USDMYR BGN	4.2275	-0.0010	12:31	-0.024	-0.370	-0.189	-0.113	-4.685	-5.463
21) USDTHB BGN	32.373	+0.013	12:31	+0.040	-1.097	-0.806	-0.842	-4.228	-5.758

## DXY trades below critical 100 level after US jobs data disappoints



# US equities at all-time highs, PSEi stuck in consolidation



## PSEi 6398 (-2.0% YTD) still at the bottom of the region

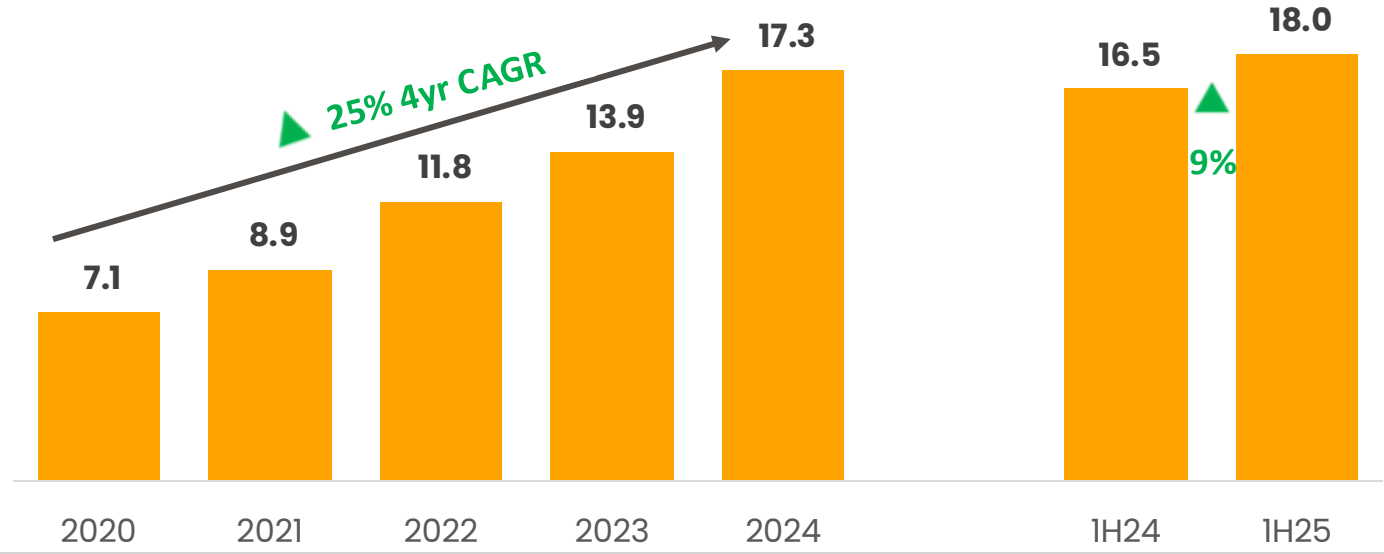
Index	2Day	Value	Net Chg	%Chg	Δ AVAT	Time	Adv/Dcl	%Ytd	%YtdCur
Asia/Pacific									
1) KOSPI		3188.48	-9.52	-0.30%	-23.37%	11:32	497 / 286	+32.88%	+40.63%
2) Laos Comp		1472.09 d	+16.01	+1.10%		11:12	3 / 1	+28.00%	+28.68%
3) KSE-100		143103.75 d	+1141.37	+0.80%	+7.58%	08/05 c		+24.49%	+21.77%
4) HANG SENG		24884.02 d	-18.51	-0.07%	-31.48%	11:17	34 / 48	+24.05%	+22.05%
5) Colombo All		19718.00 d	+0.00	+0.00%	-34.24%	10:46 c		+23.67%	+19.75%
6) Ho Chi Minh Stk		1556.65 d	+9.50	+0.61%		11:17	189 / 119	+22.88%	+18.60%
7) HS China Ent		8924.61 d	-26.46	-0.30%		11:17	17 / 32	+22.42%	+20.45%
8) KOSDAQ		800.21	+1.61	+0.20%		11:32	875 / 718	+17.99%	+24.87%
9) Shenzhen Comp		2218.24 d	+8.80	+0.40%	-0.39%	11:17	1586 / 1171	+13.32%	+14.42%
10) BBG APAC L/M		1416.31	+14.22	+1.01%	+1.84%	11:32	150 / 57	+12.54%	+11.89%
11) FTSE Straits Tim		4206.42 d	-2.16	-0.05%		11:17	7 / 16	+11.06%	+17.15%
12) Shanghai Comp		3623.88 d	+6.28	+0.17%	-20.26%	11:16	1042 / 1056	+8.12%	+9.16%
13) S&P/ASX 200		8821.20	+50.80	+0.58%	-7.99%	11:32	140 / 52	+8.11%	+12.72%
14) TOPIX		2969.55 d	+33.01	+1.12%	+16.20%	10:30	1353 / 284	+6.63%	+13.06%
15) Jakarta Comp		7546.07	+30.89	+0.41%	-11.04%	11:32	335 / 246	+6.58%	+4.35%
16) JPX Nikkei 400		26784.99 d	+298.85	+1.13%		10:30	320 / 73	+6.33%	+12.74%
17) CSI 300		4107.45 d	+4.00	+0.10%	-25.79%	11:17	139 / 141	+4.38%	+5.39%
18) Nifty 50		24649.55 d	-73.20	-0.30%	-16.93%	08/05 c	25 / 25	+4.25%	+1.16%
19) S&P BSE SENSEX 30		80710.25 d	-308.47	-0.38%	-27.49%	08/05 c		+3.29%	+0.23%
20) NIKKEI 225		40802.73 d	+253.19	+0.62%	+6.25%	10:35	184 / 39	+2.28%	+8.44%
21) Taiwan TAIEX		23469.04 d	-191.55	-0.81%	-1.87%	11:12	499 / 420	+1.88%	+10.91%
22) NZX 50		12914.36 d	+37.32	+0.29%	+0.48%	11:12	25 / 15	-1.50%	+3.68%
23) PSEi - Philippine		6398.24	+44.61	+0.70%		11:32	14 / 16	-2.00%	-2.00%
24) MSE Top 20		48991.90	-85.33	-0.17%	-57.80%	11:31	8 / 6	-4.49%	-9.39%
25) FTSE Malay KLCI		1538.44 d	-0.20	-0.01%	-8.93%	11:17	12 / 16	-6.33%	-1.49%

A background network diagram consisting of numerous grey circular nodes of varying sizes connected by thin grey lines, creating a complex web-like structure. A horizontal orange gradient bar is positioned across the middle of the image, containing the main title.

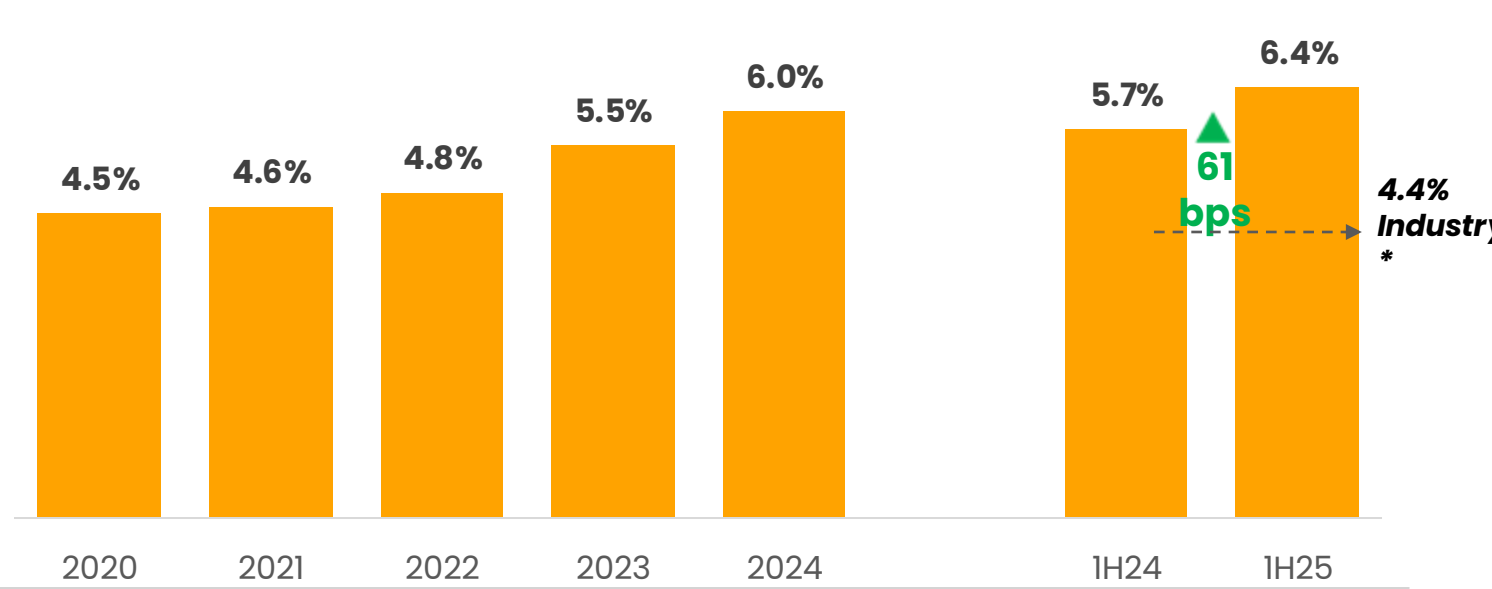
# 1H-25 Financial Performance

# Strong Revenue Underpinned by Customer Growth & NIM Expansion

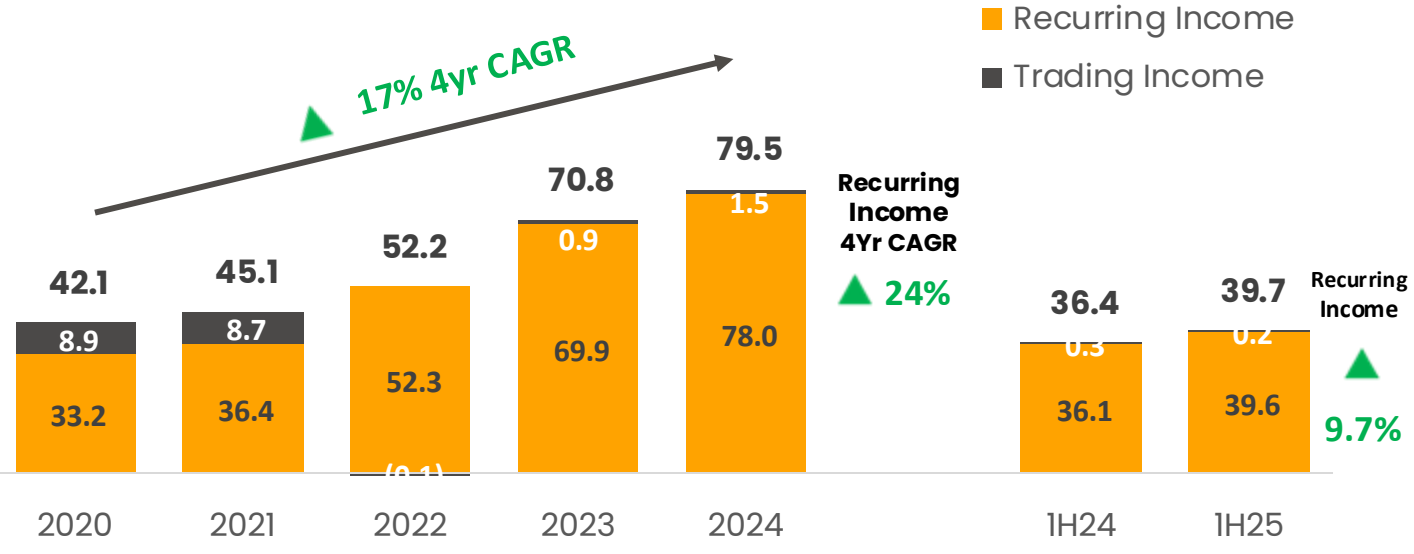
**Customer Growth**  
(in #, Mn)



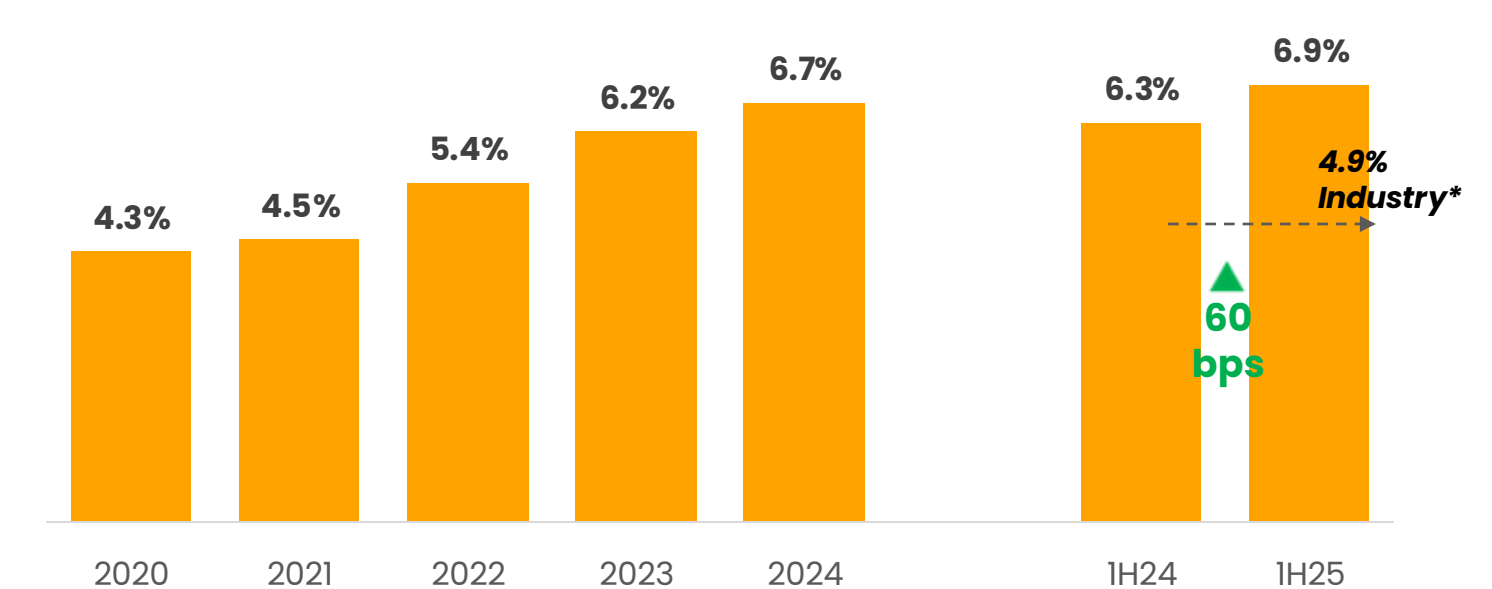
**Net Interest Margin**



**Net Revenues**  
(in PHP, Bn)



**Net Revenues (net of trading) to Assets**

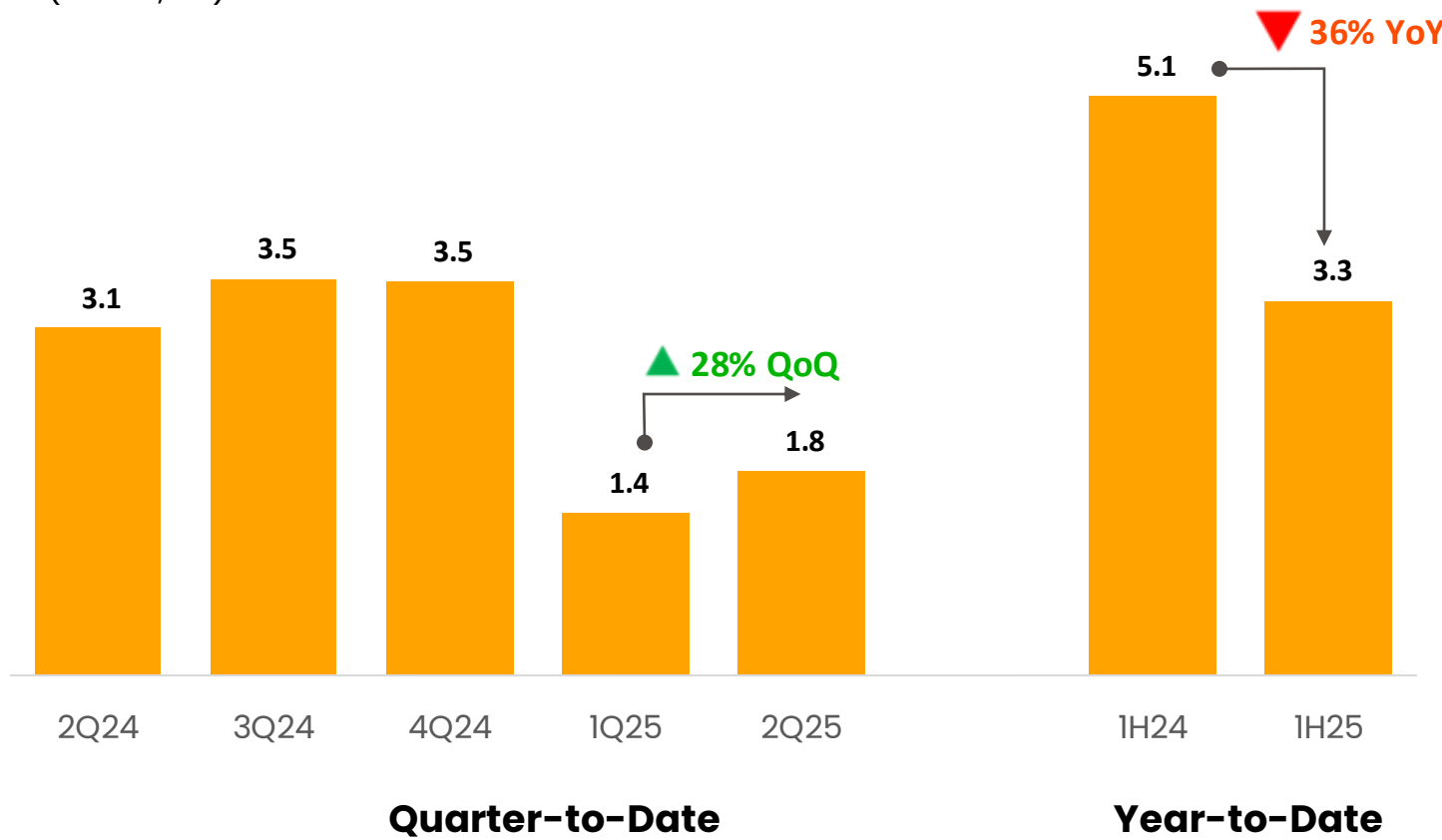


Note: (\*) Average Industry data is based on 1Q 2025 figures

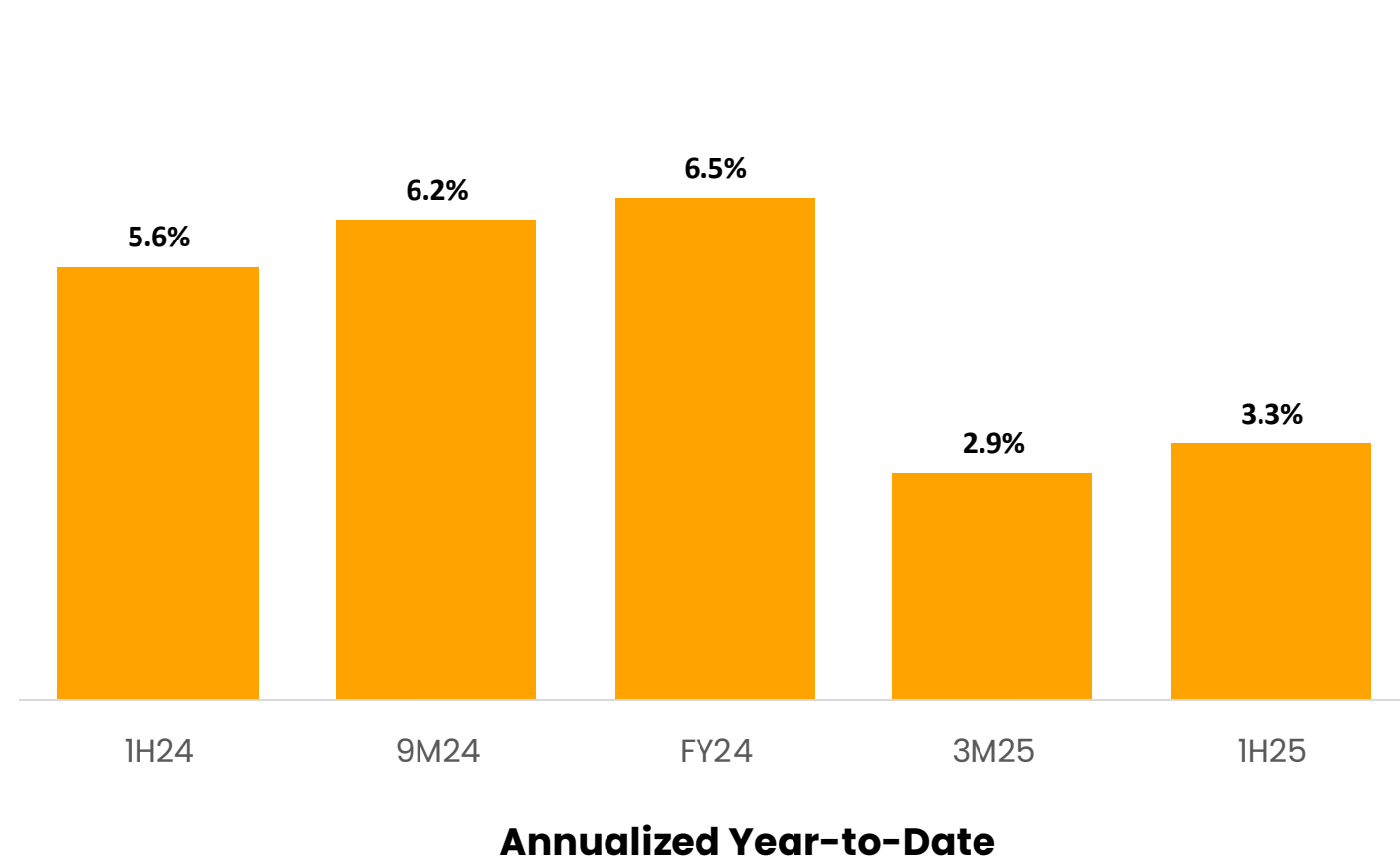
# UnionBank 1H25 Net Income at P3.3Bn

- ▶ UnionBank’s strong focus on the consumer segment continues to drive strong topline growth
- ▶ Net income is down 36% YoY, mainly due to a one-time, tax-related write-off and other front-loaded costs
- ▶ Excluding the impact of these, net income growth would be double-digit.

**Net Income**  
(in PHP, Bn)

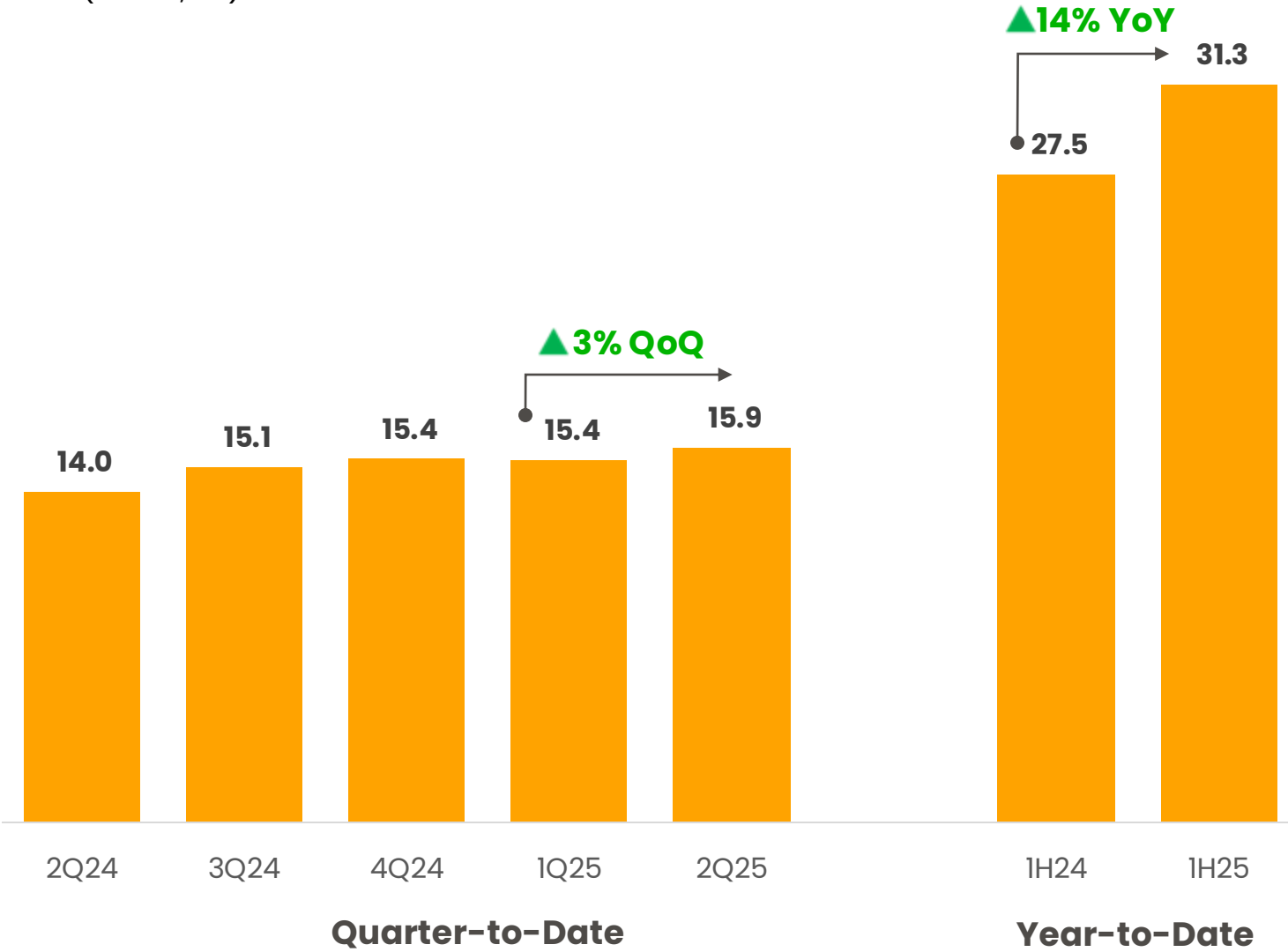


**Return on Equity (Average)**

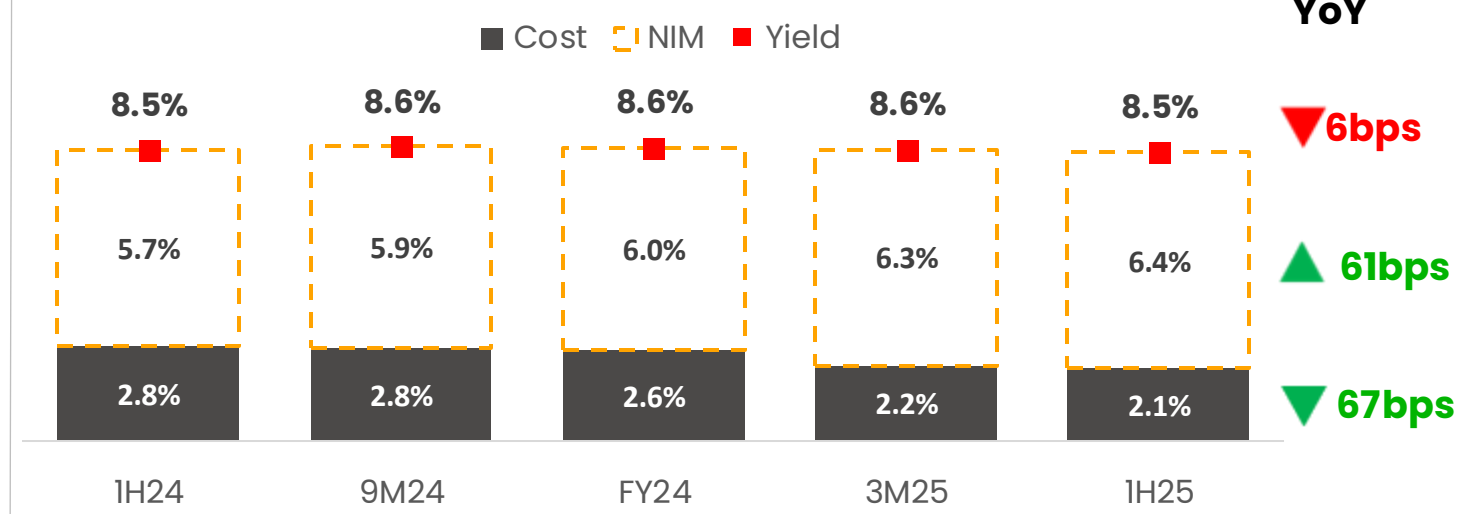


# Net Interest Income Up by 14%, Mainly Driven by Wider Margins

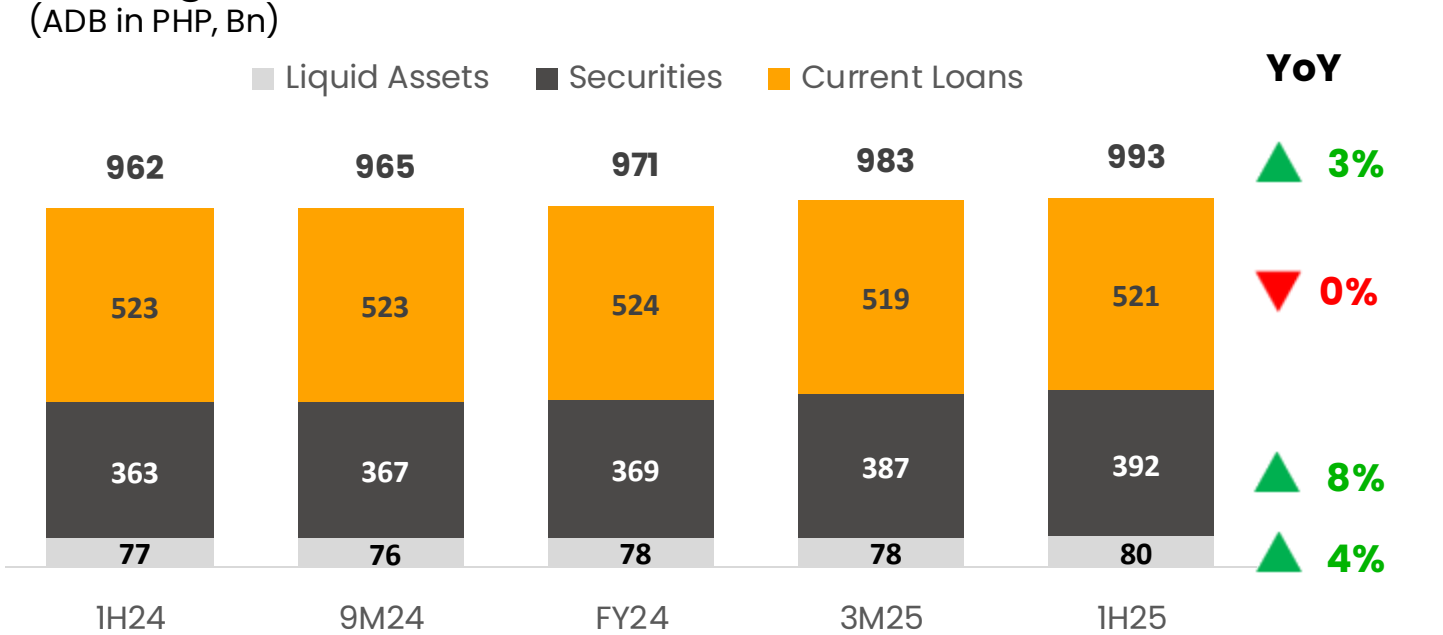
**Net Interest Income**  
(in PHP, Bn)



**Net Interest Margin**

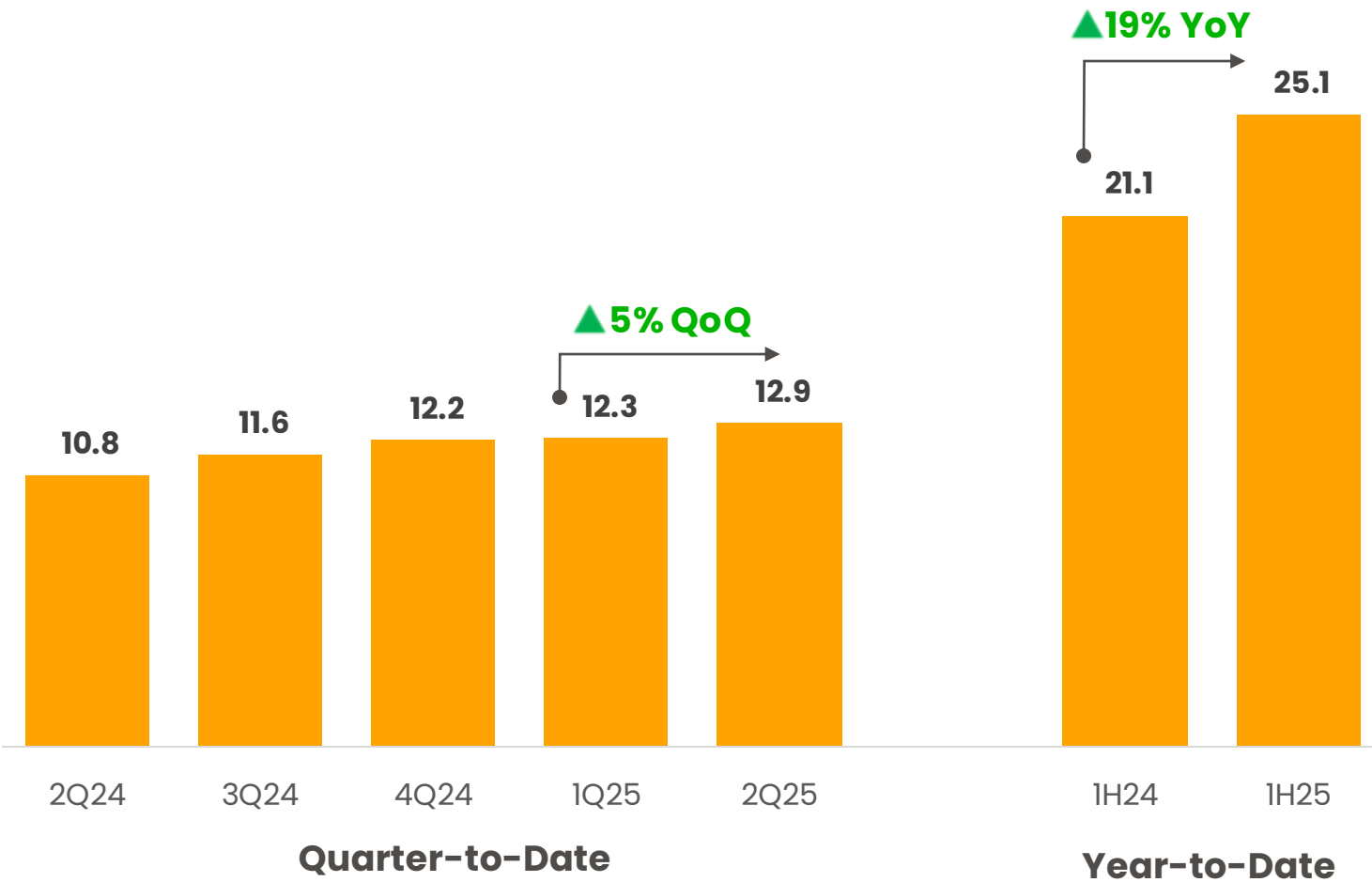


**Earning Assets**

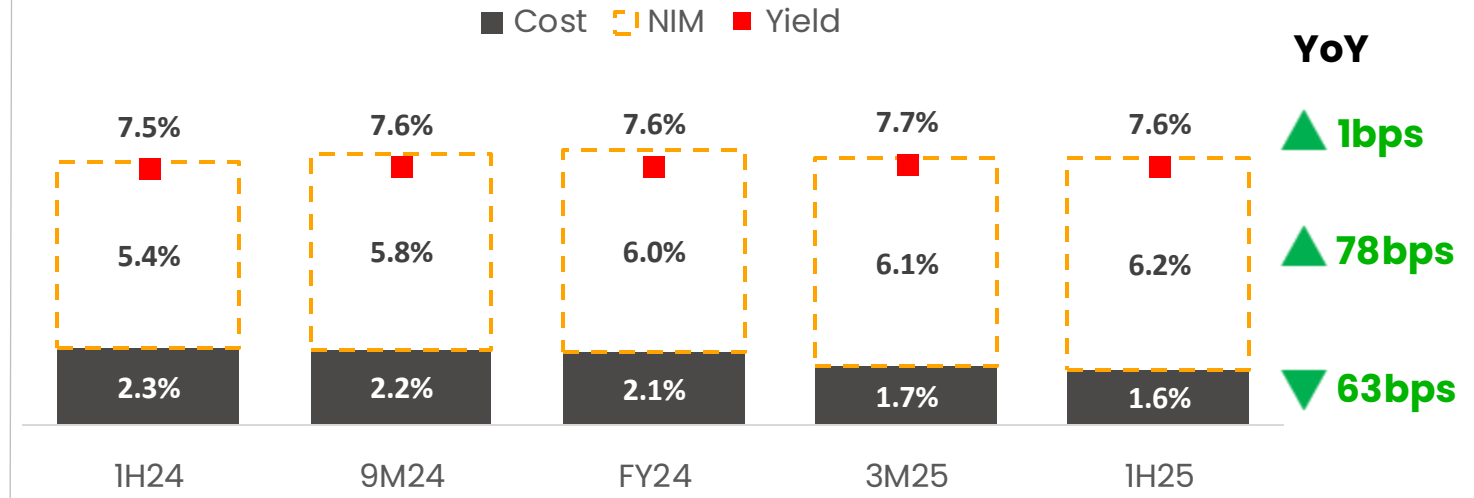


# Strong Parent Net Interest Income Growth

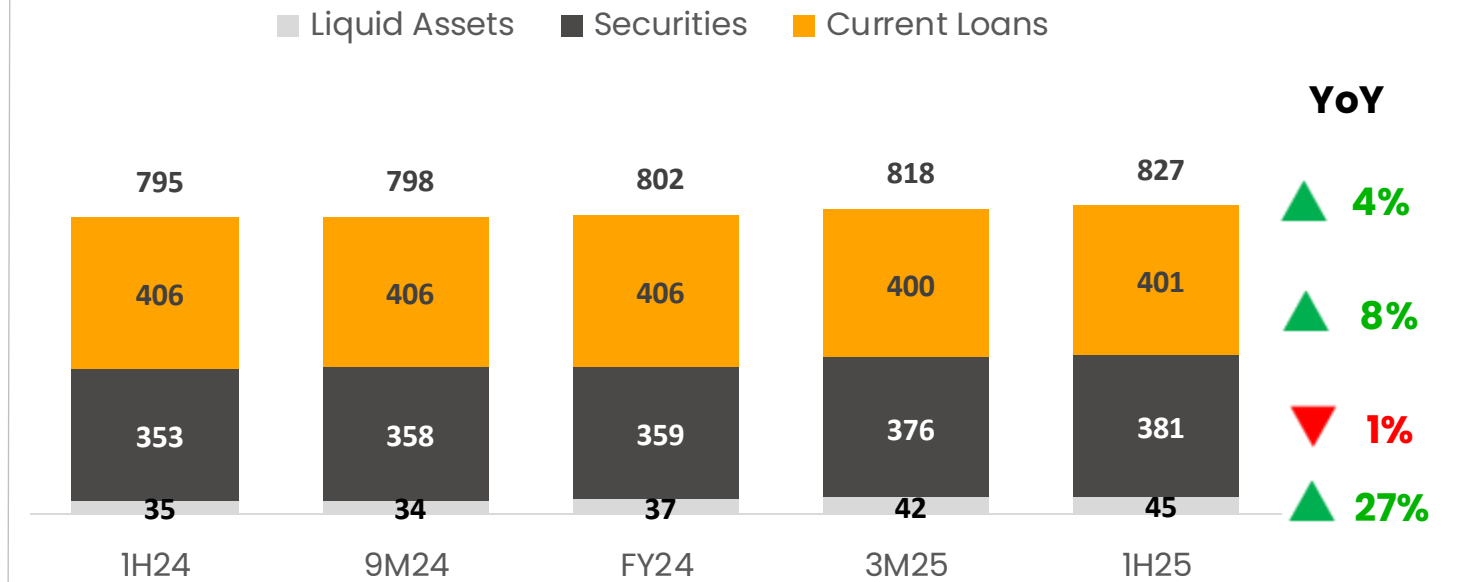
**Net Interest Income**  
(in PHP, Bn)



**Net Interest Margin**

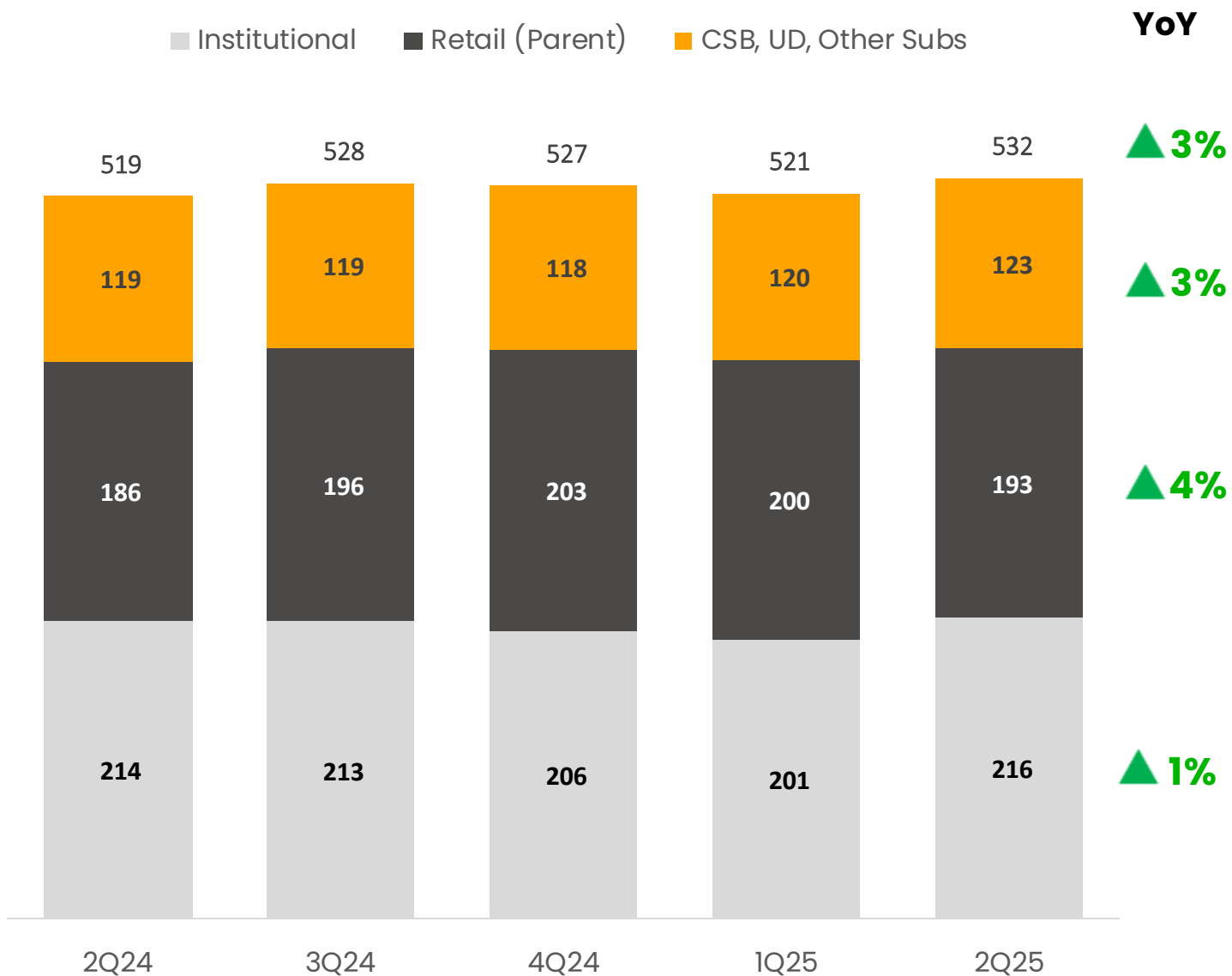


**Earning Assets**  
(ADB in PHP, Bn)



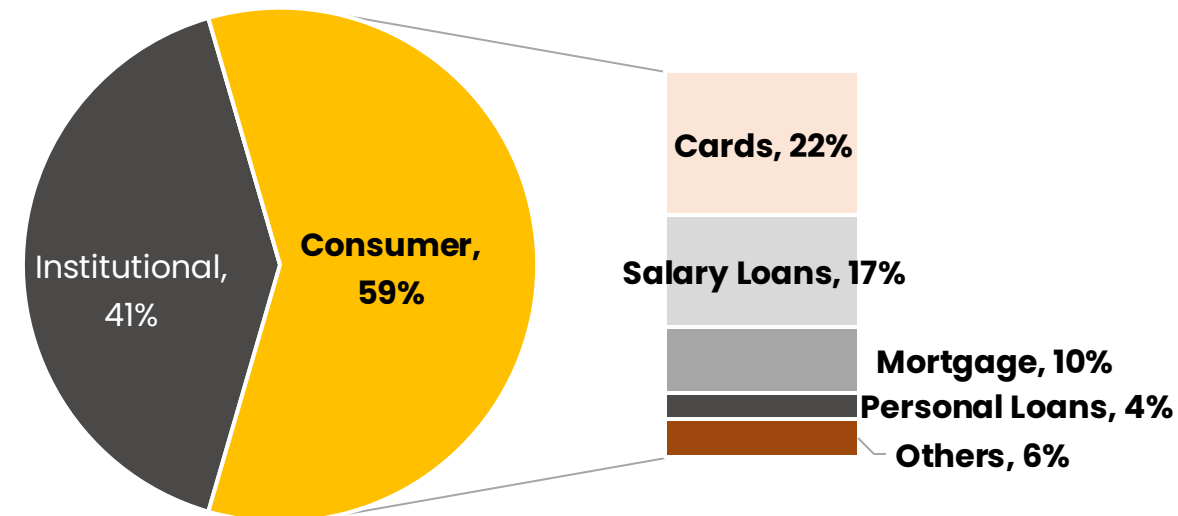
# Loan Growth Driven by Parent Bank's Credit Cards and Personal Loans

## Gross Loans, OSB (in PHP, Bn)



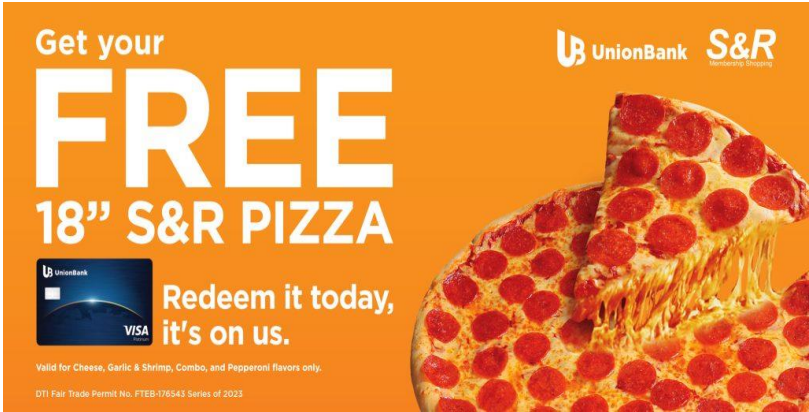
## Loan Mix

**Industry's Consumer Loans ~ 21%**  
Based on Q1-25 BSP Data



Gross Loans (OSB in PHP Bn)	Jun 2024	Jun 2025	Variance	%
<b>Institutional</b>	<b>214</b>	<b>216</b>	<b>2</b>	<b>1%</b>
<b>Consumer</b>	<b>186</b>	<b>193</b>	<b>7</b>	<b>4%</b>
Home Loans	69	55	(14)	-20%
Credit Card	98	115	17	18%
Personal Loans	15	19	4	29%
Other Consumer Loans	4	4	(0)	-20%
<b>Total Gross Loans of Parent</b>	<b>400</b>	<b>409</b>	<b>9</b>	<b>2%</b>
CitySavings and Subsidiaries	108	119	11	10%
UnionDigital	10	4	(7)	-65%
<b>Total Gross Loans of Subs</b>	<b>119</b>	<b>123</b>	<b>4</b>	<b>3%</b>
<b>Total Gross Loans</b>	<b>519</b>	<b>532</b>	<b>13</b>	<b>3%</b>
<b>% Consumer Loans</b>	<b>59%</b>	<b>59%</b>		

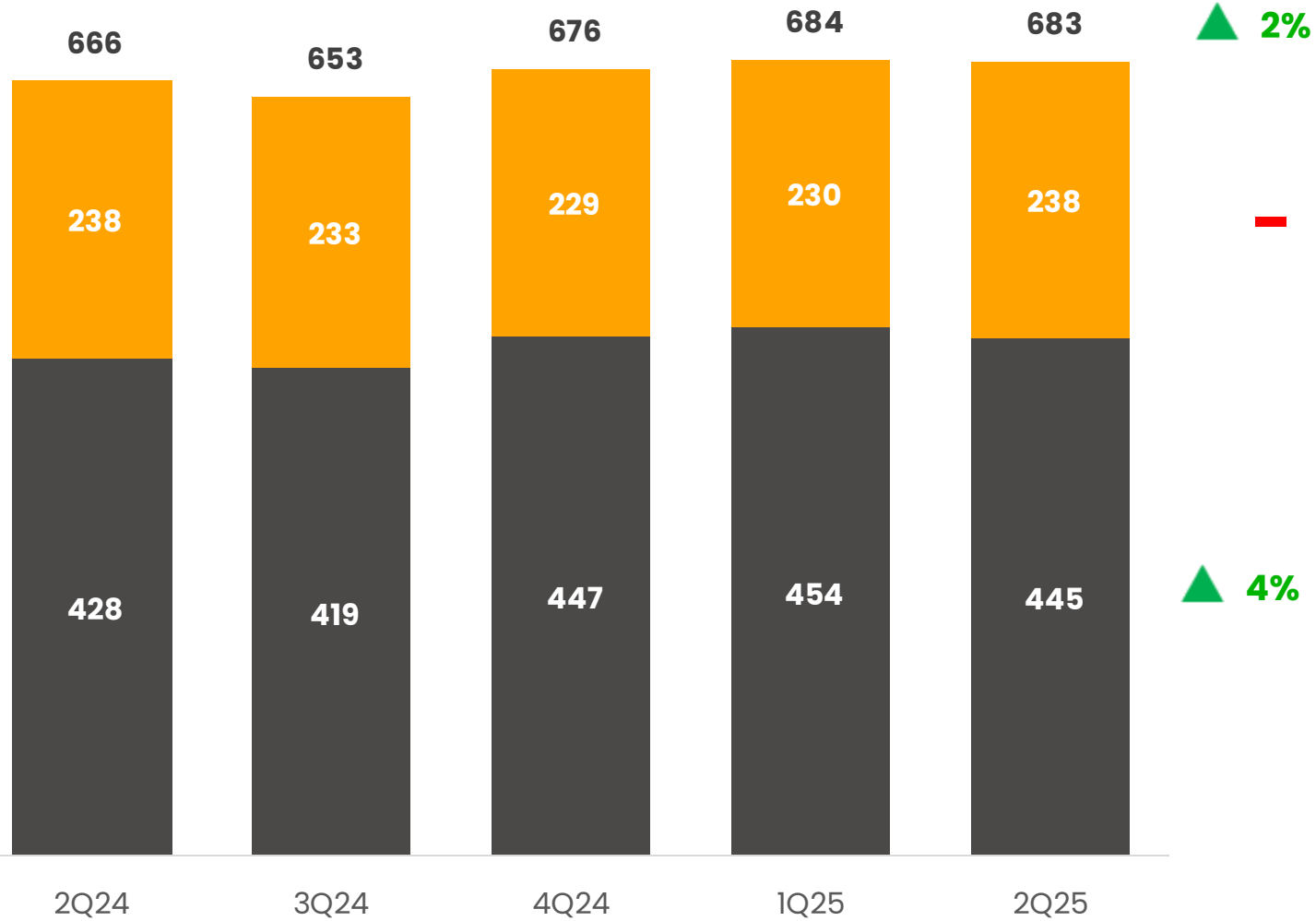
# Strategic Partnerships in Consumer Helping Drive Volumes



# Steady Growth in CASA

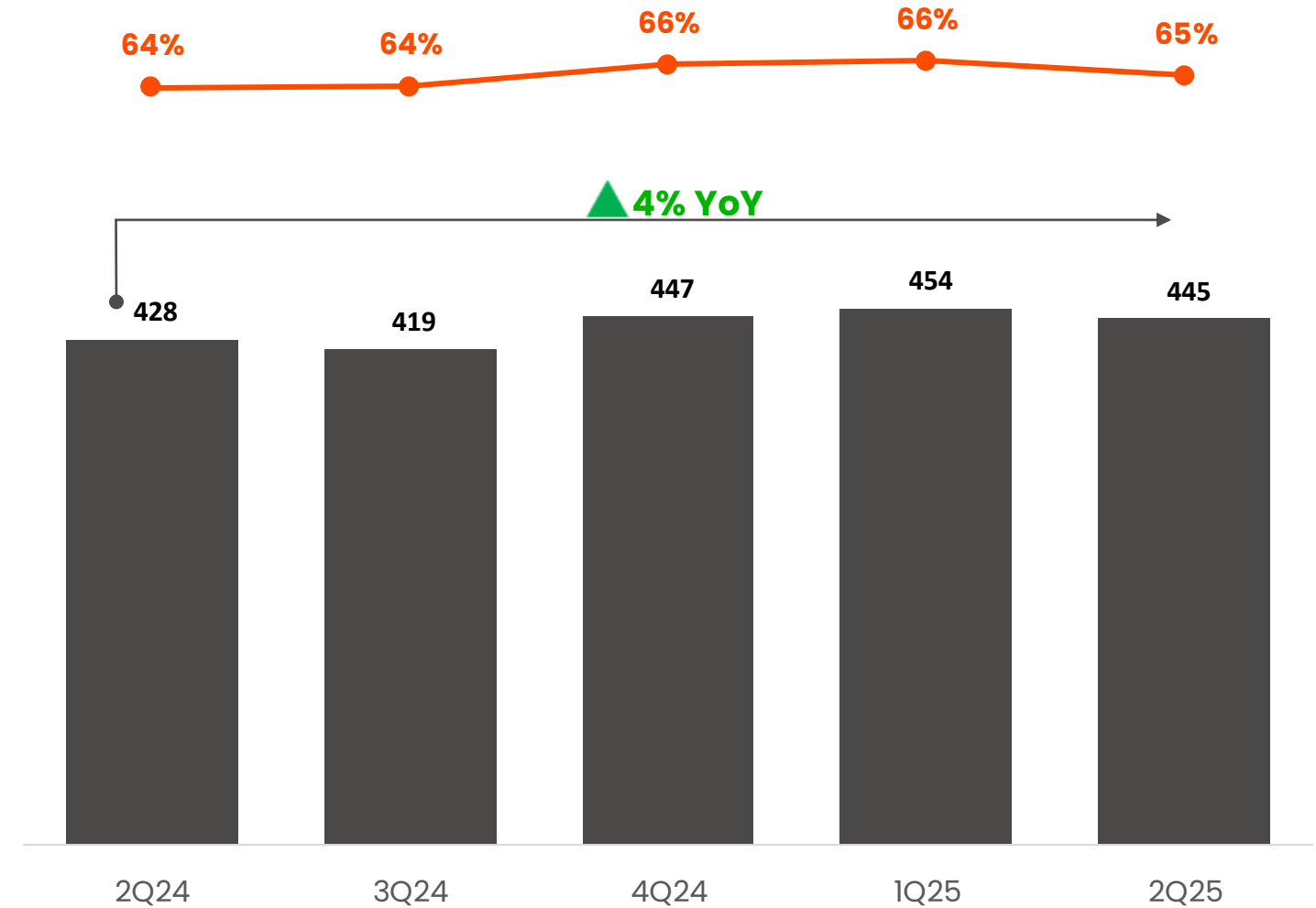
**Total Deposits (Consolidated), OSB**  
(in PHP, Bn)

■ CASA ■ High-Cost



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

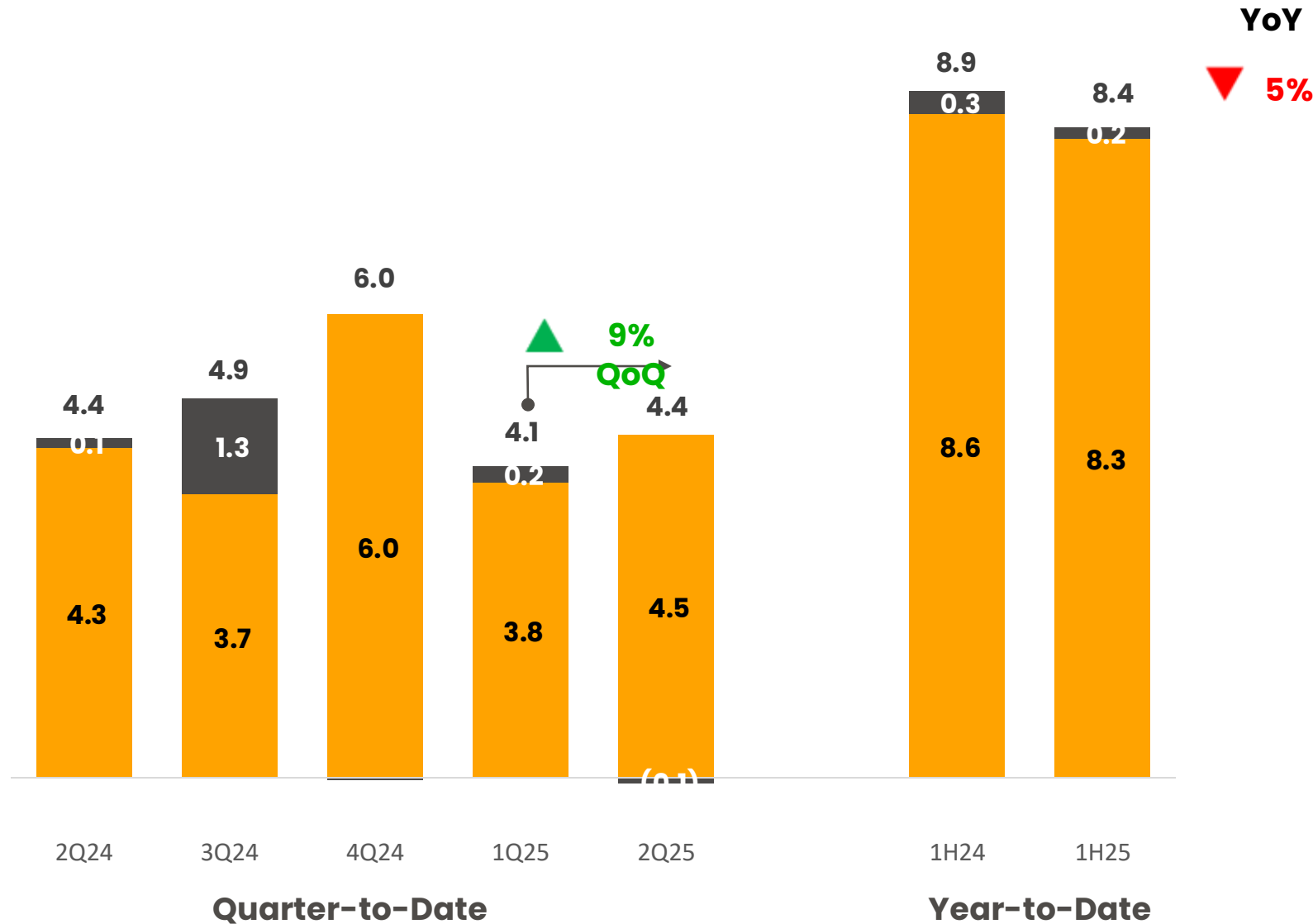
■ CASA ● CASA to Deposit



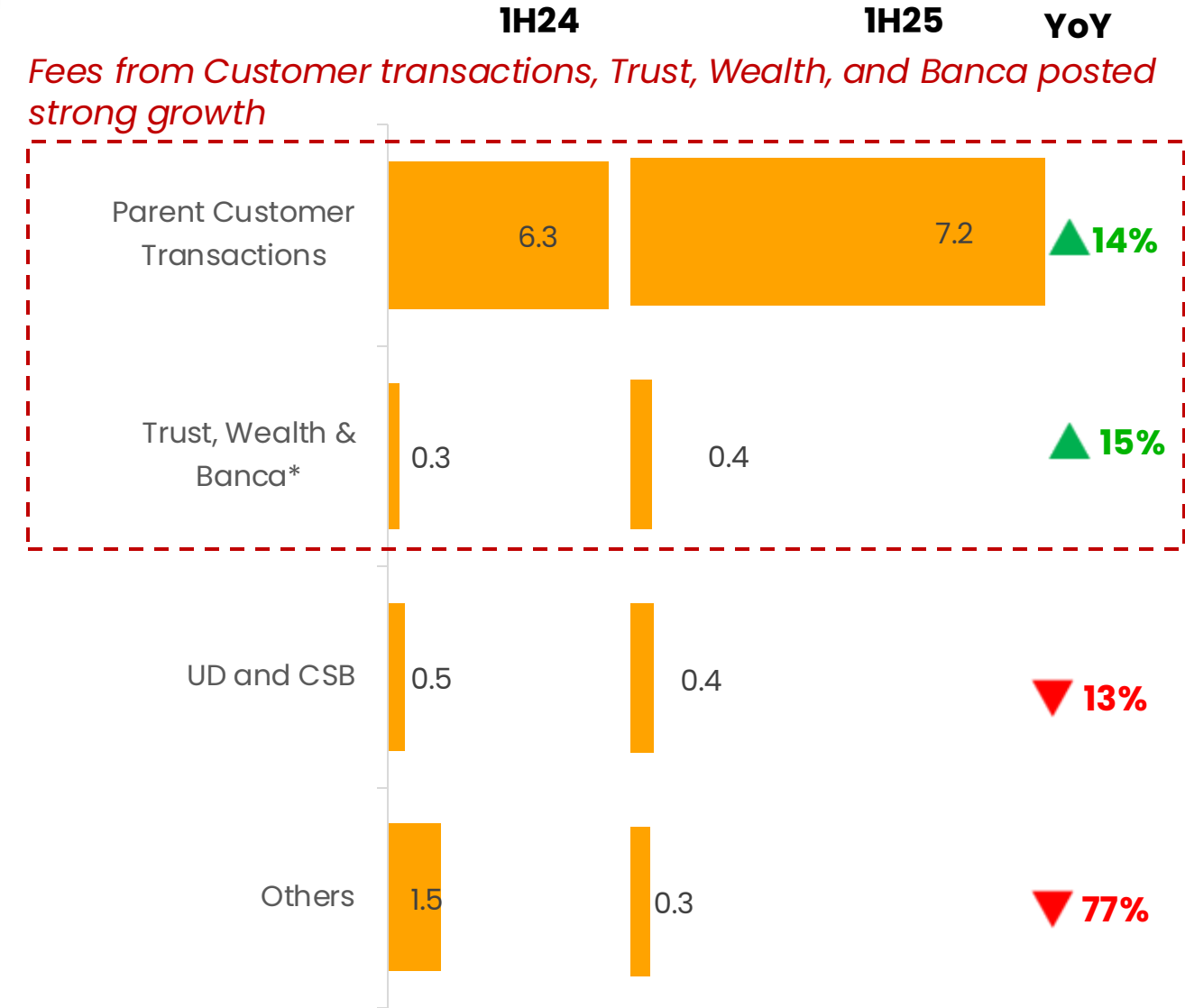
# Parent Bank Customer Transactions Driving Fee Income

## Non-Interest Income (in PHP, Bn)

■ Fees & Others ■ Trading Income



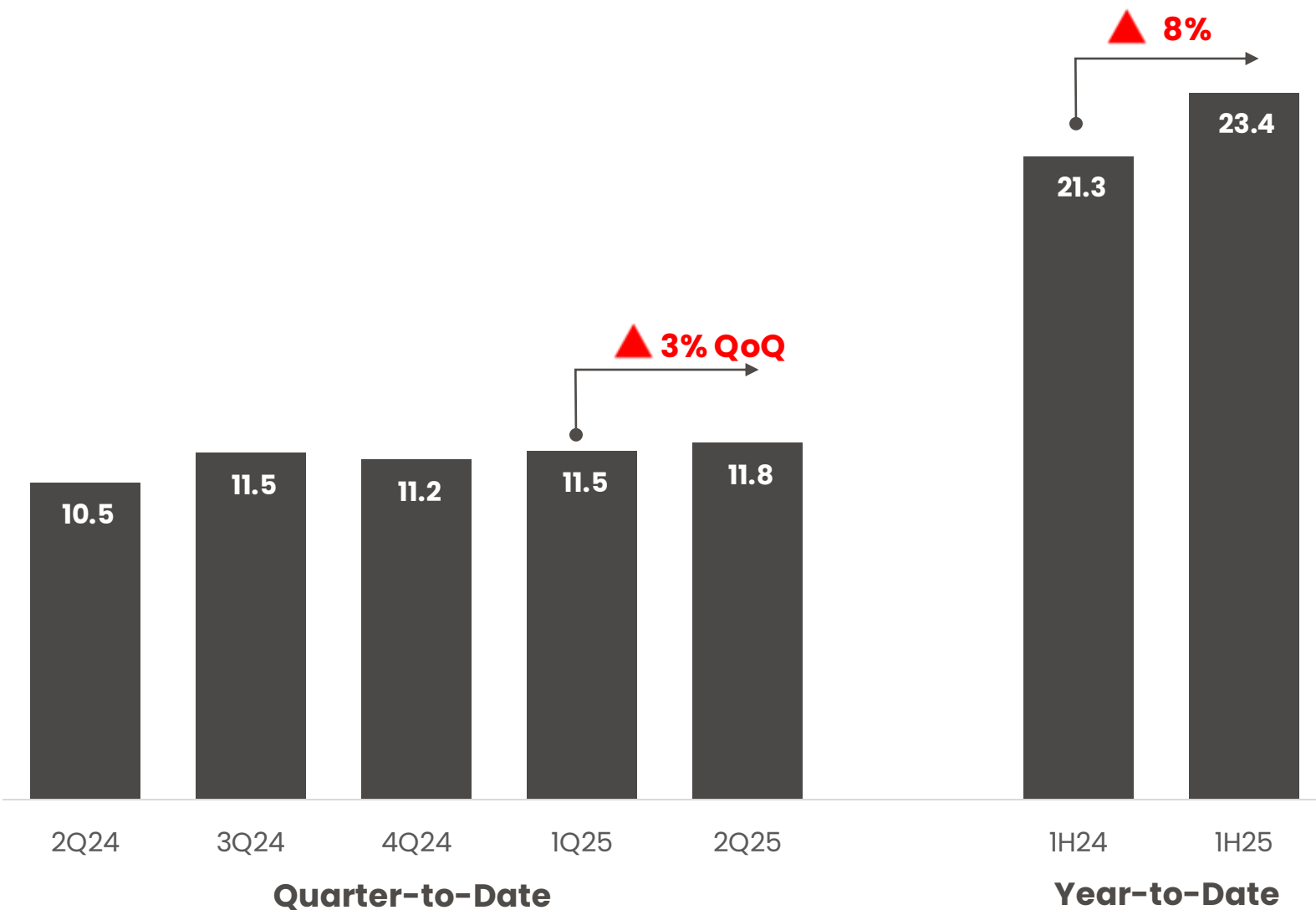
## YTD Fees & Others (in PHP, Bn)



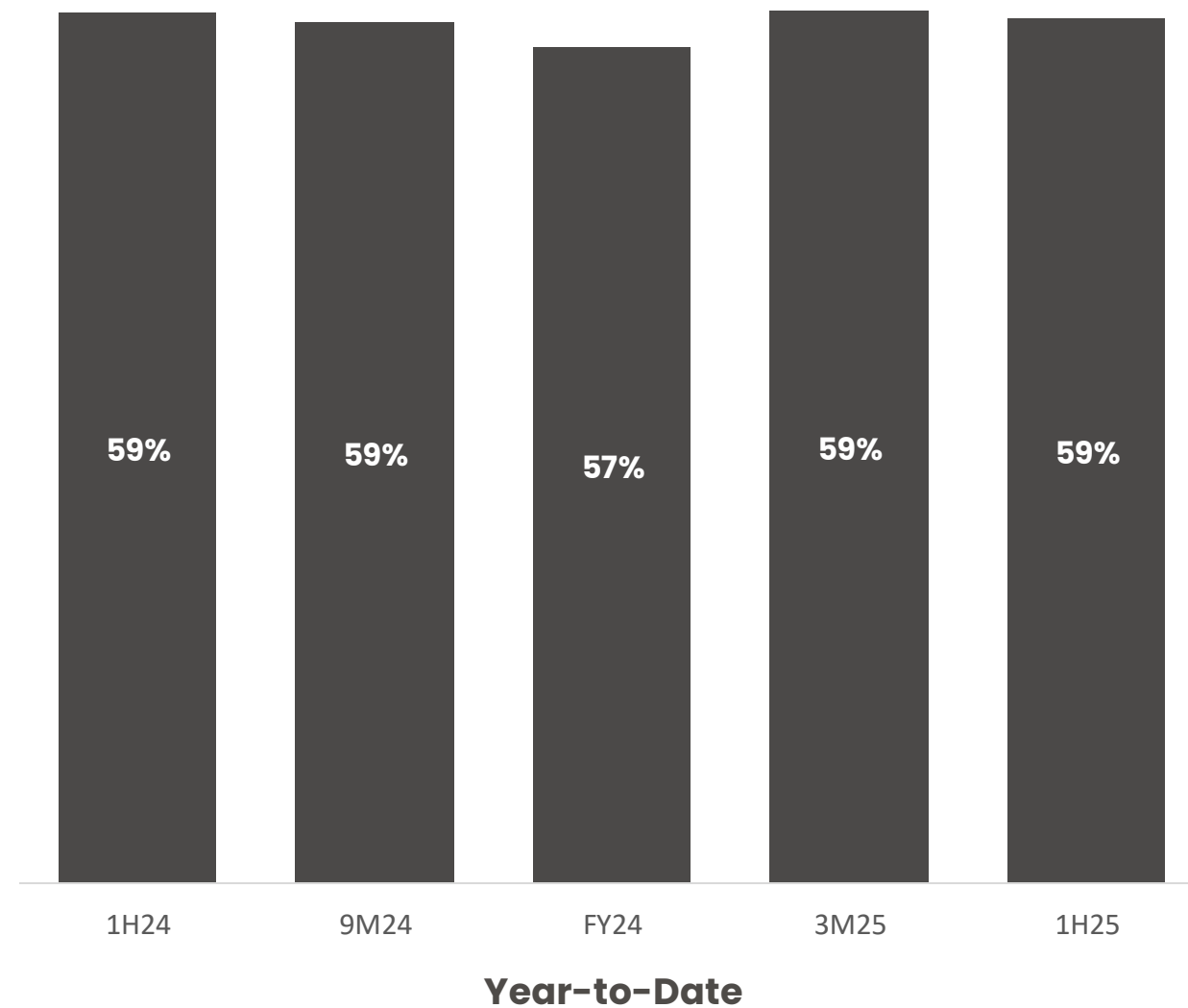
\*Note: Income from Trust business adjusted in 1H 2024 to reflect the recent merger with ATRAM and improved YoY comparability

# OPEX Growth Driven by Volume and Continued Infrastructure Investments

**Operating Expense**  
(in PHP, Bn)



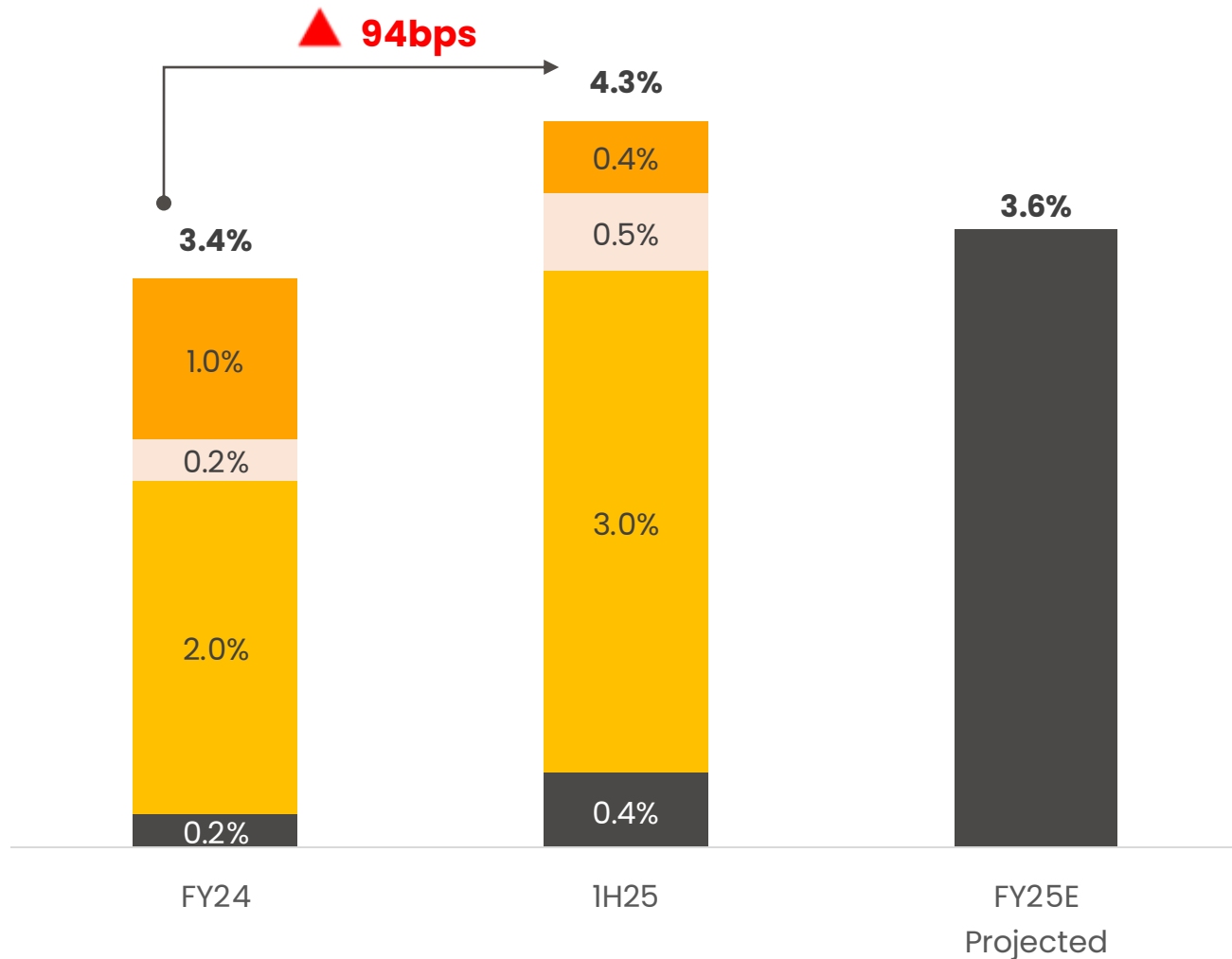
**Cost-to-income Ratio**



# Credit Cost Higher but Expected to Normalize

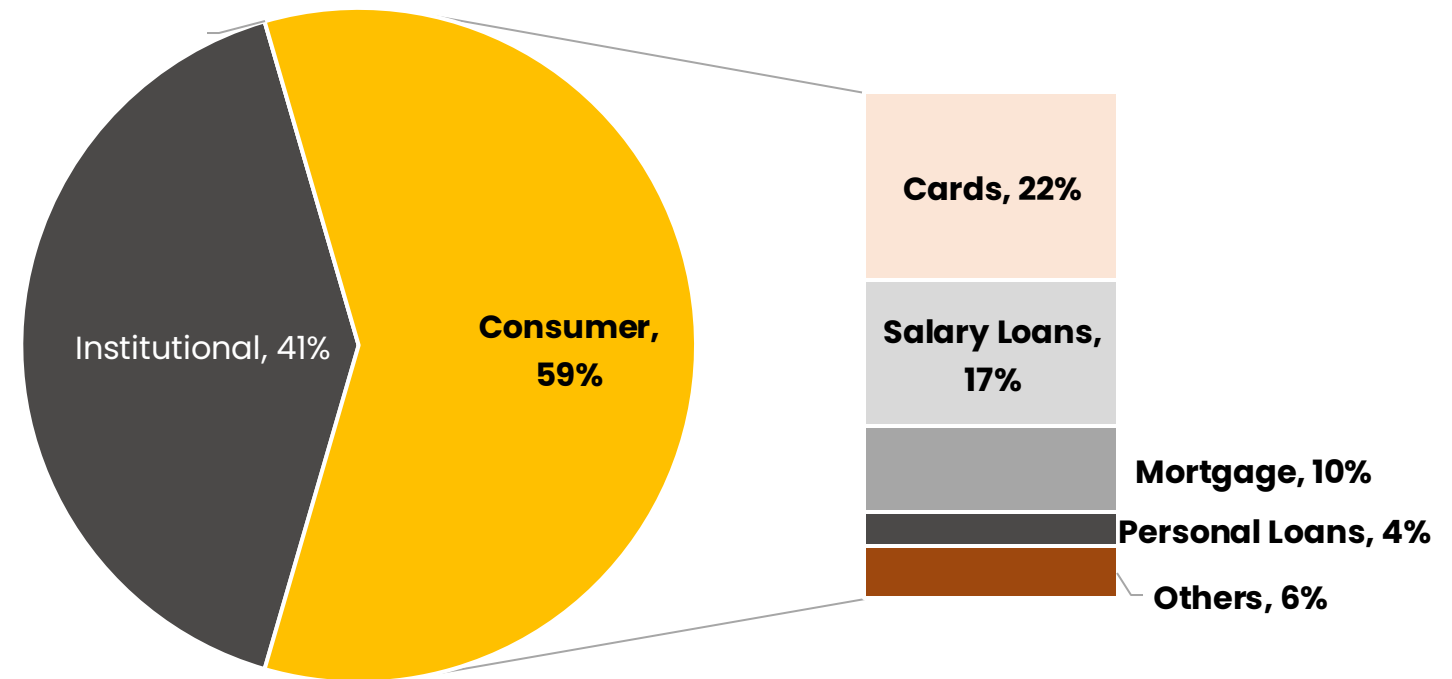
## Credit Cost

■ Parent Others ■ Parent Consumer ■ CSB & Other Subs ■ UnionDigital



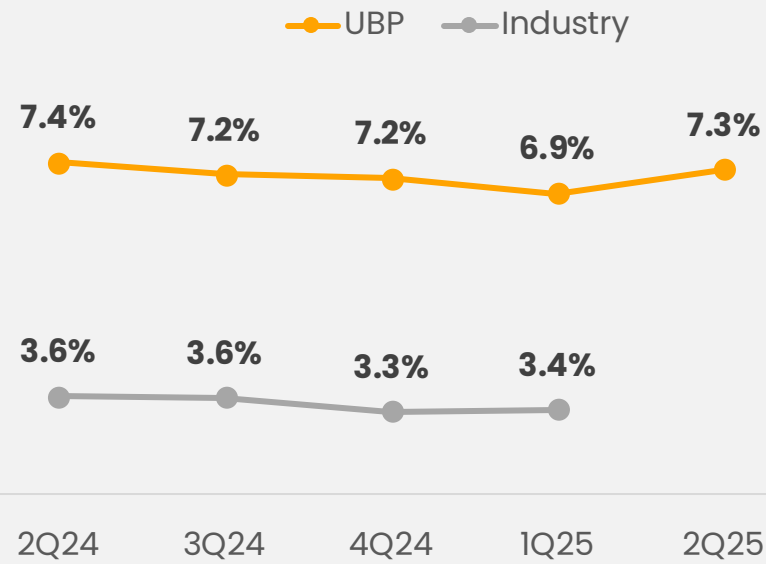
## Loan Mix

**Industry's Consumer Loans ~ 21%**  
Based on Q1-25 BSP Data

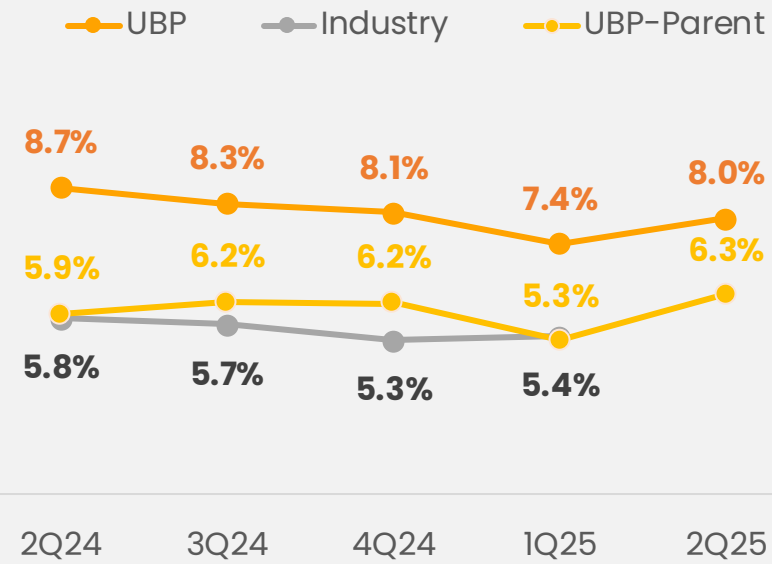


# Accelerated Credit Costs Resulted in Better Coverage Ratio

### NPL Ratio



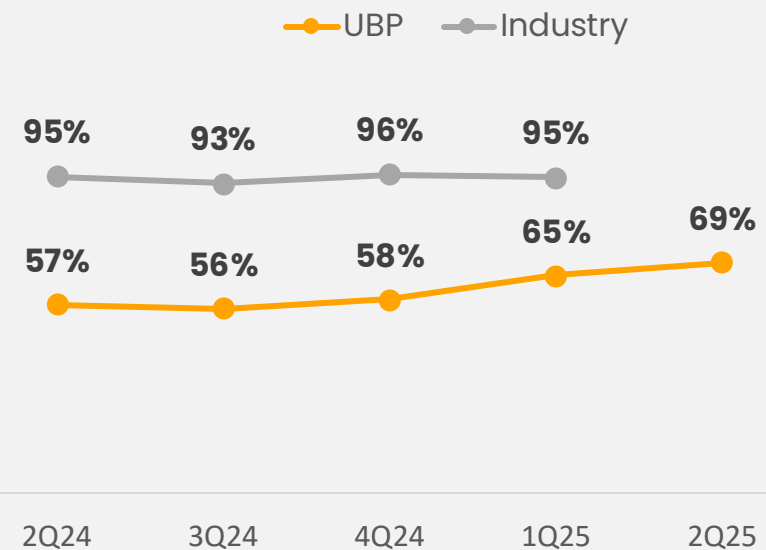
### NPL Ratio (Consumer)



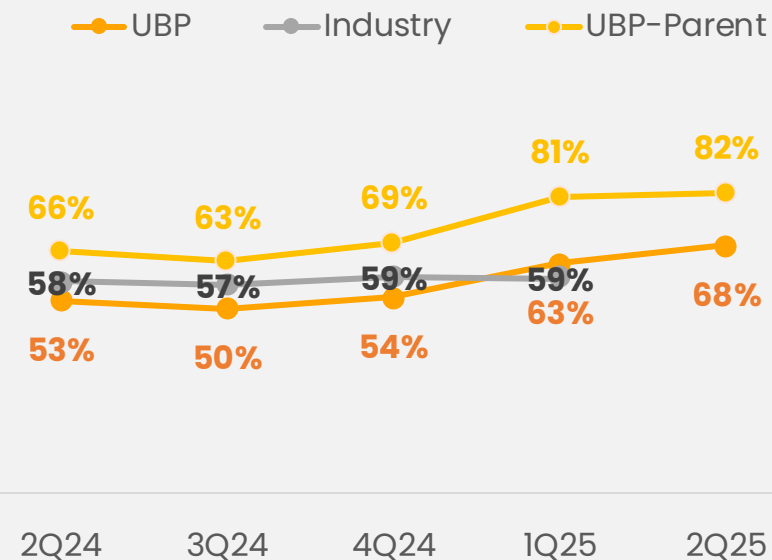
### NPL Ratio (Consumer Breakdown)

	2Q24	2Q25
Parent Consumer – Secured	10.3%	<b>11.3%</b>
Parent Consumer – Unsecured	3.4%	<b>4.3%</b>
Subsidiaries	12.6%	<b>10.5%</b>

### NPL Cover



### NPL Cover (Consumer)



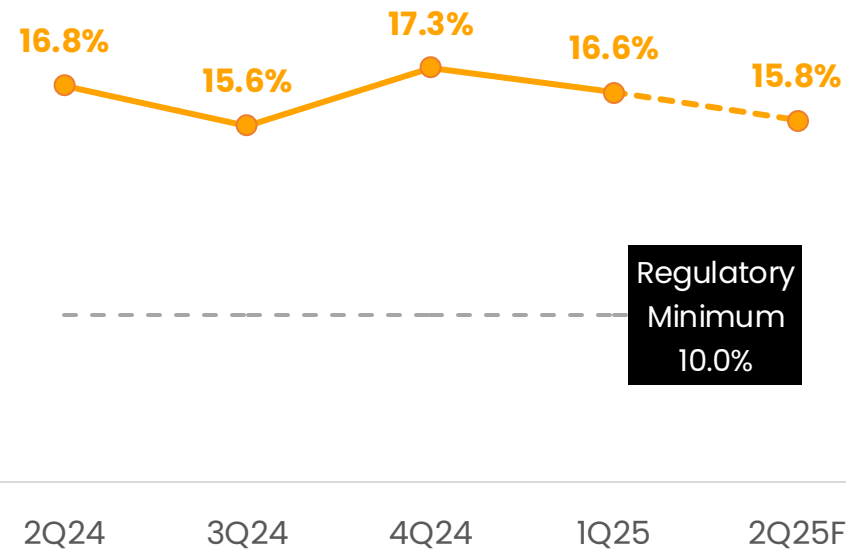
### NPL Cover (Consumer Breakdown)

	2Q24	2Q25
Parent Consumer – Secured	26%	<b>31%</b>
Parent Consumer – Unsecured	138%	<b>140%</b>
Subsidiaries*	44%	<b>55%</b>

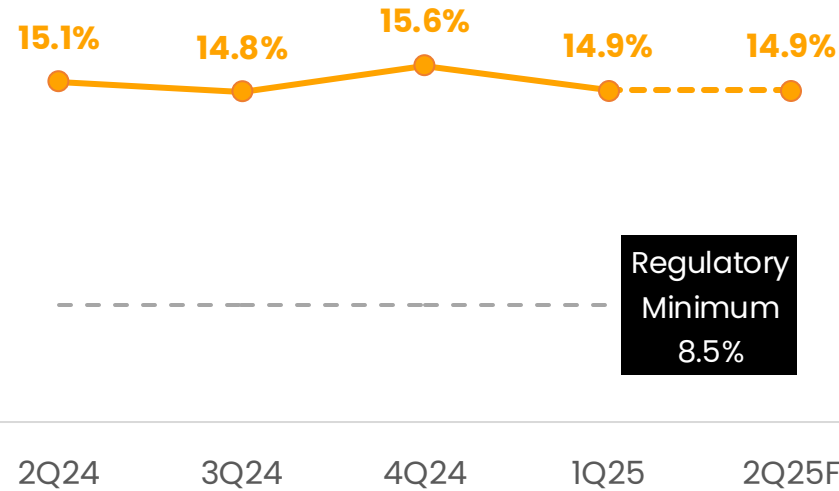
\* Note: NPL Coverage of UnionDigital is now more than 100%

# Sufficient Capital Ratios to Support Growth

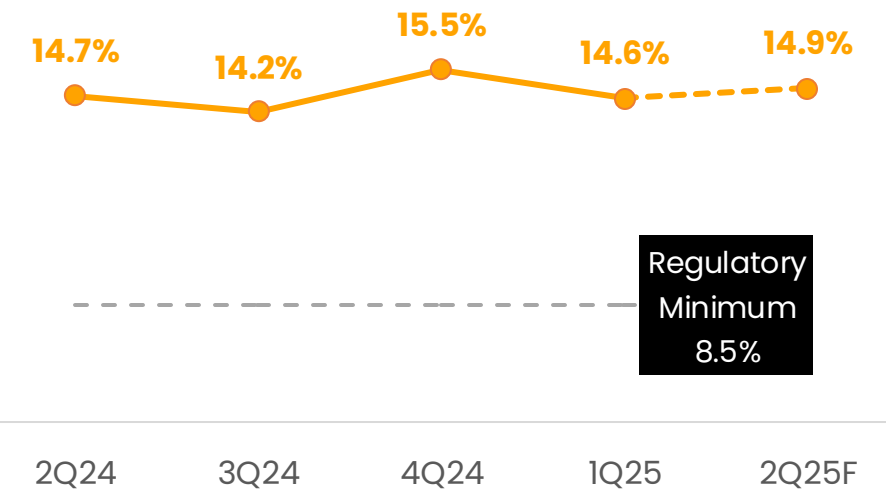
### Capital Adequacy Ratio Group (CAR)



### Common Equity Tier 1 Capital Ratio Group (CET1)



### Common Equity Tier 1 Capital Ratio Parent (CET1)



# Key takeaways and outlook

## Key takeaways

1

Topline **net revenues remained strong at Php 39.7Bn (+9.2% YoY)**, driven by sustained retail customer expansion and wider margins. Weakness in net income (-36% YoY) due to one-time costs and temporarily elevated credit costs.

2

The increase in credit cost is mainly a function of the continuous expansion of our consumer portfolio. The bank has taken a conservative stance to **ensure operational and financial resiliency**.

3

**NPL coverage ratios posted improvements** with the parent consumer coverage better than the industry average.

## Outlook

1

**Topline momentum is expected to persist**, driven by strong growth catalysts (expanding retail customer base, credit card acquisitions, and continued NIM expansion).

2

**Our balance sheet is positioned for a low-rate environment**, with strong consumer yields, declining funding costs, and improved CASA.

3

**Credit costs are expected to subside** as provisions from new-to-credit expansion in consumer stabilize. Moreover, NPL coverage should further improve as we focus on operational resiliency.

4

**2H 2025 performance will improve**, as we continuously reap the benefits of our expanding consumer portfolio and as credit costs stabilize.

# Thank You!

For comments and queries, contact us via:  
[investorrelations@unionbankph.com](mailto:investorrelations@unionbankph.com)

*Strictly Private & Confidential*