

1Q/3M 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 band is overlaid across the middle of the image.

# Market Updates and Outlook

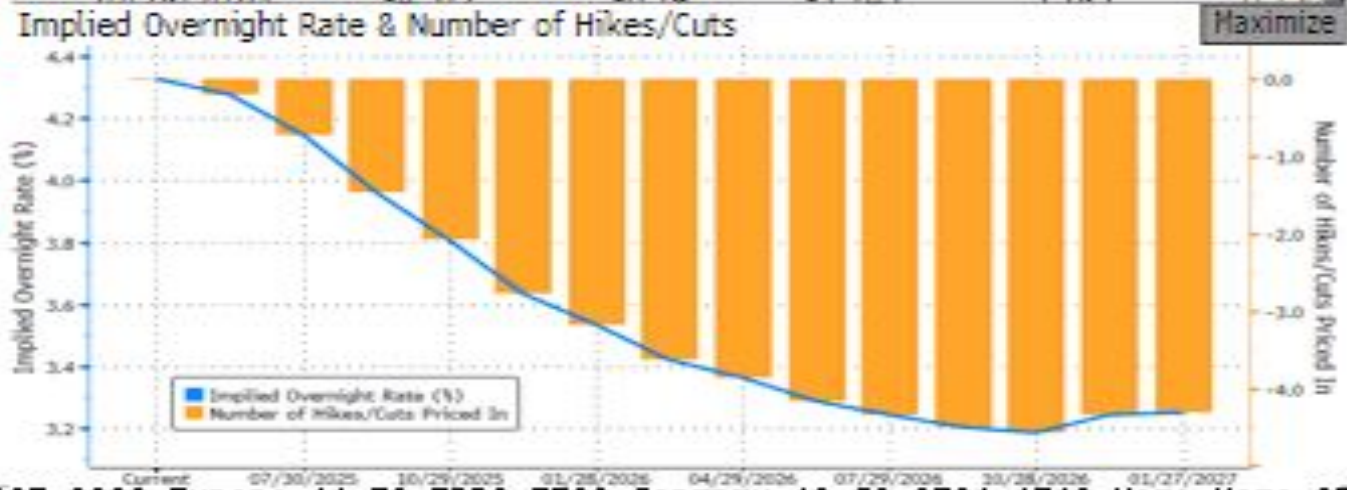
# Post-trade-war policy expectations consolidating at 2-3 cuts

- Volatile markets in the past month on Trump trade war price action
  - US treasuries initially benefiting from economic slowdown projections
  - Sell-off morphed into sell-US on increasing isolationist policies
  - Market recovering gradually after delay of most tariffs
  - US/UK trade deal at 10% tariffs improves market optimism that global trade war will be averted
- Rate cut expectations at high end of our expected range of 1-3 cuts for the year
  - Fed members preaching patience on murky outlook
- Impact to PH:
  - PH trade surplus with US at just around 1% of GDP
  - Short term could see some volatility in PH markets and economy
  - Longer term, effects should be muted

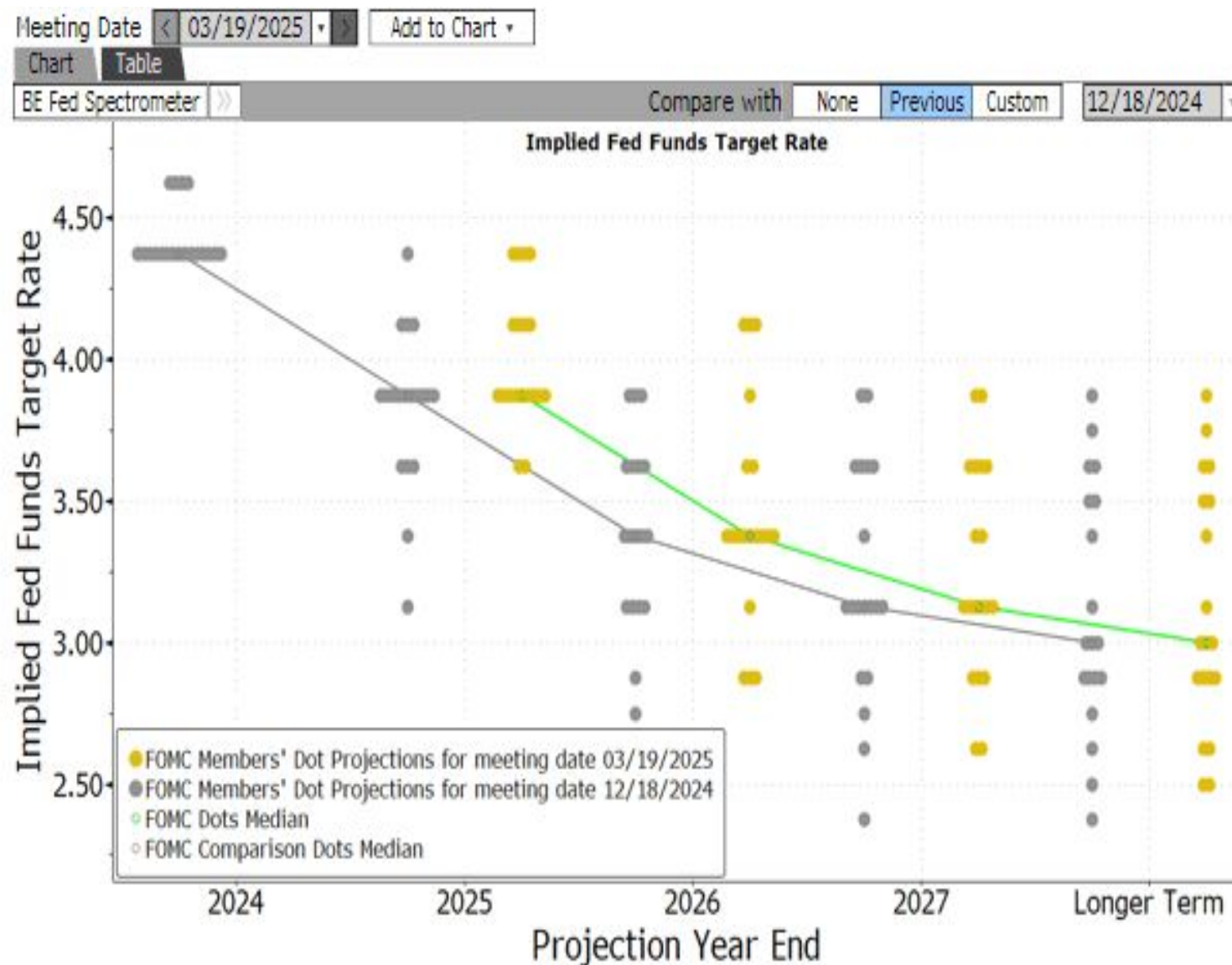
# Market Expecting 3 cuts vs. Fed Dots at 2 Futures implied

Region: United States » Instrument: Fed Funds Futures »  
 Target Rate 4.50 Pricing Date 05/09/2025  
 Effective Rate 4.33 Cur. Imp. O/N Rate 4.328

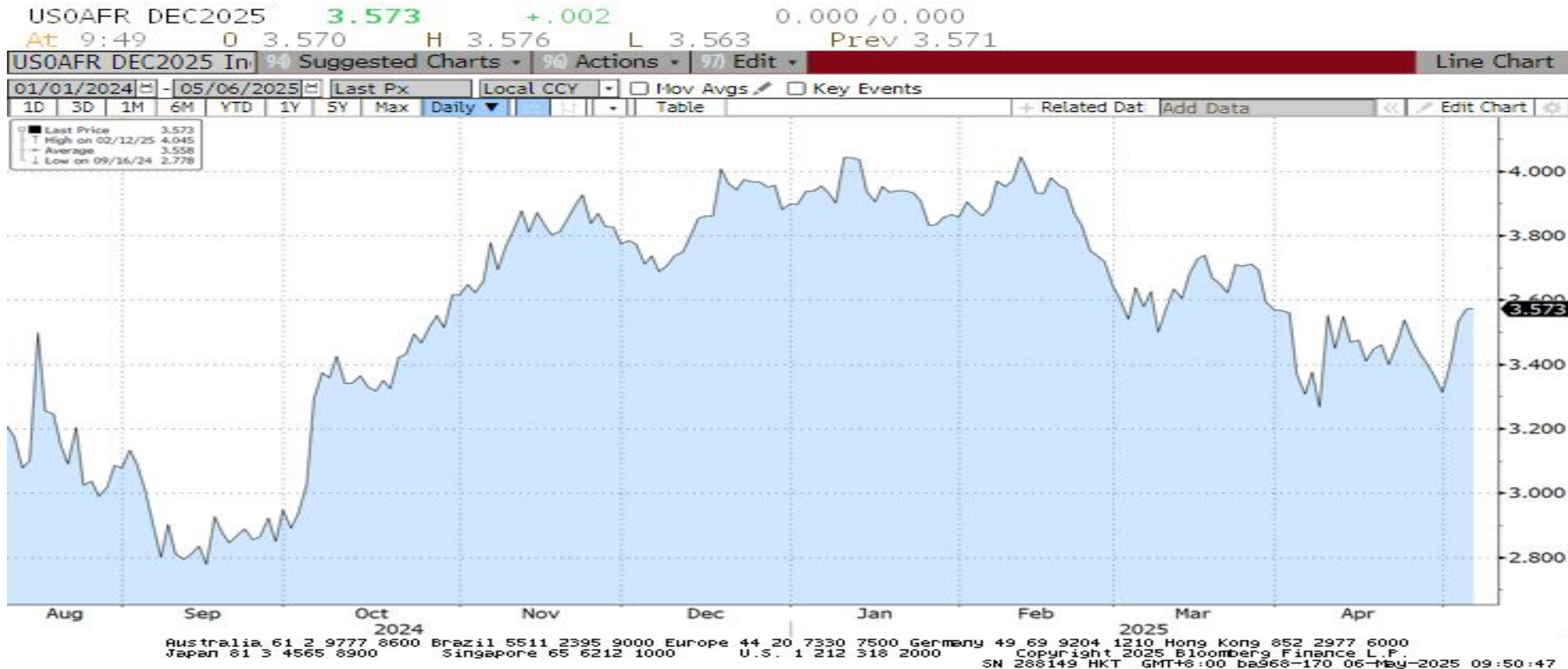
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.N.
06/18/2025	-0.206	-20.6%	-0.051	4.277	0.250
07/30/2025	-0.722	-51.7%	-0.181	4.148	0.250
09/17/2025	-1.472	-75.0%	-0.368	3.960	0.250
10/29/2025	-2.082	-61.0%	-0.521	3.807	0.250
12/10/2025	-2.772	-69.0%	-0.693	3.635	0.250
01/28/2026	-3.182	-41.0%	-0.796	3.533	0.250
03/18/2026	-3.623	-44.1%	-0.906	3.422	0.250
04/29/2026	-3.862	-23.9%	-0.966	3.363	0.250
06/17/2026	-4.167	-30.4%	-1.042	3.286	0.250
07/29/2026	-4.342	-17.6%	-1.086	3.243	0.250
09/16/2026	-4.505	-16.3%	-1.126	3.202	0.250
10/28/2026	-4.572	-6.7%	-1.143	3.185	0.250



## Dots



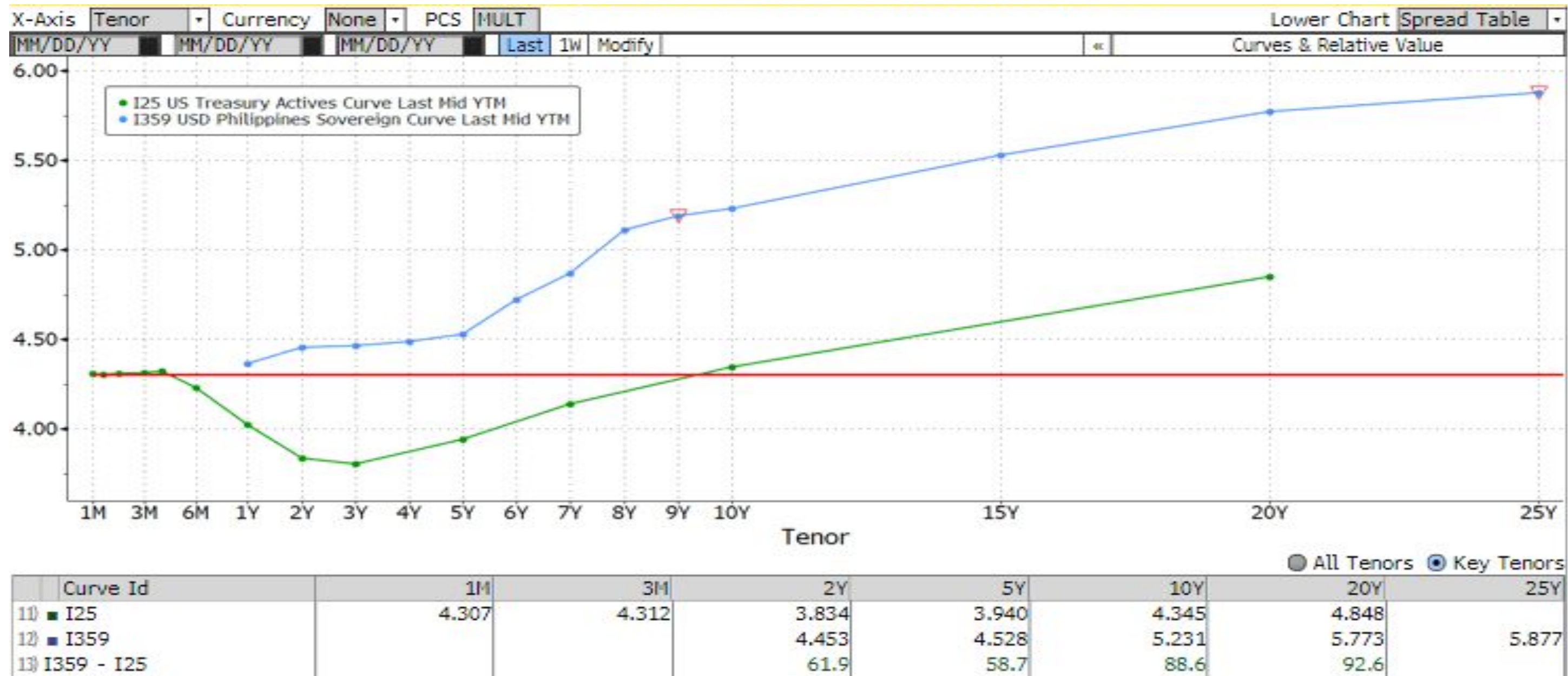
# As much as 4 cuts priced in at one point; Still expecting 1-3 cuts



# Curve steeper on sell-US trade



# USD RoPs offer decent pickup against O/N and UST curve



Curve Id	1M	3M	2Y	5Y	10Y	20Y	25Y
1) I25	4.307	4.312	3.834	3.940	4.345	4.848	
2) I359			4.453	4.528	5.231	5.773	5.877
3) I359 - I25			61.9	58.7	88.6	92.6	

# BSP cuts policy rate to 5.5%, signals more cuts throughout the year

• **The BSP will likely cut its key rates “a few more times” this year says BSP Governor Remolona, he was quoted:**

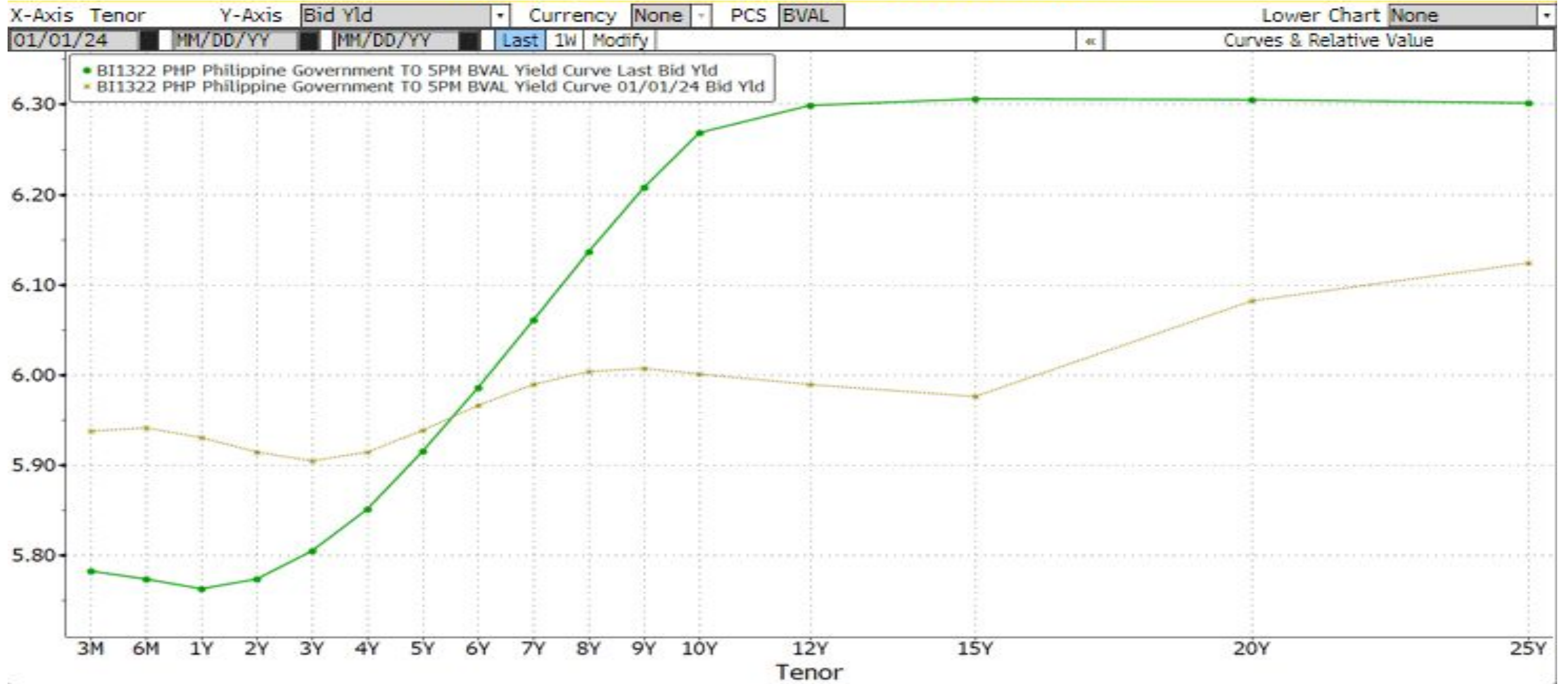
- “Our forward guidance says that we’ve become somewhat more dovish now than a week ago”
- “The key policy rate at the moment, is still somewhat above the Goldilocks rate or the ideal level”
- Governor Remolona sees the BSP’s monetary easing cycle completed in 2025

• **Latest PH CPI at 1.4% YoY and 1Q GDP at 5.4% YoY provides impetus for further cuts**

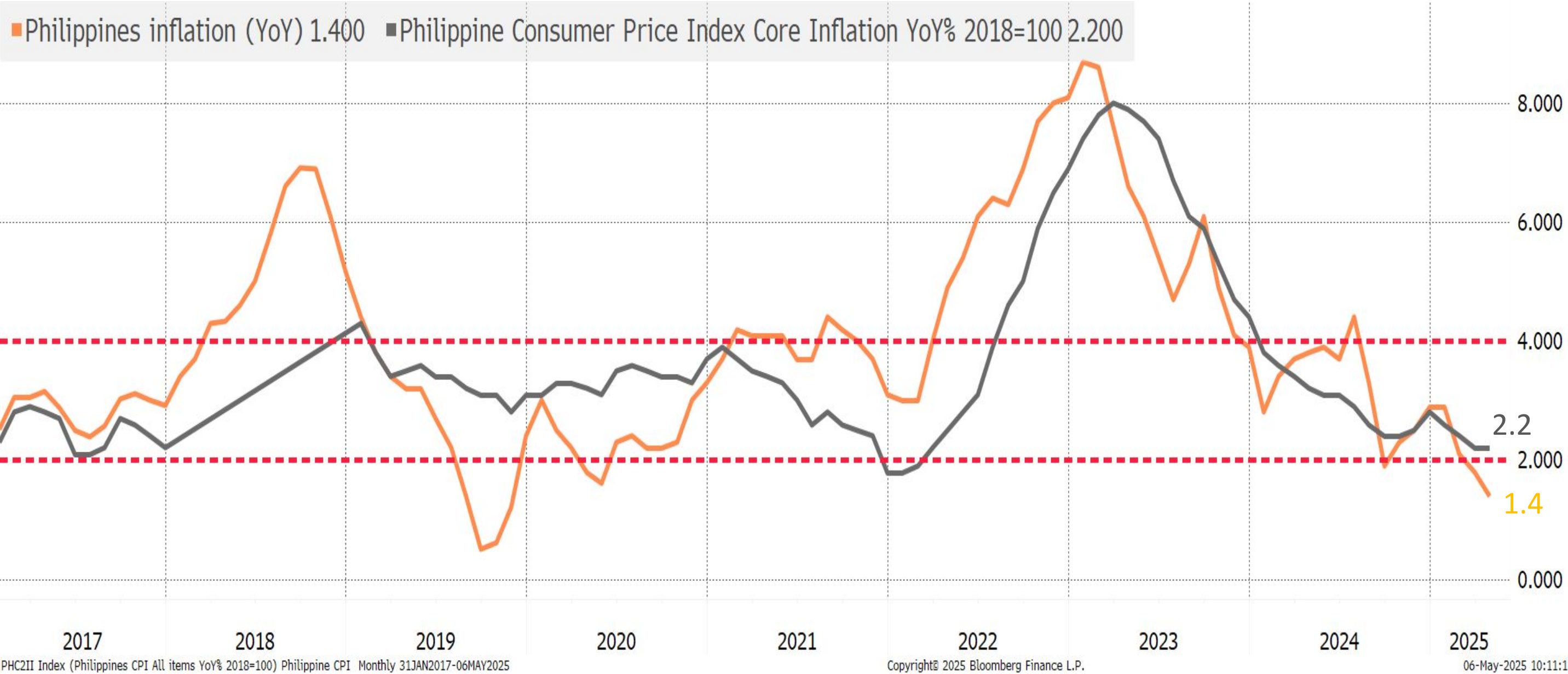
• **BTR completes 300B 10y jumbo bond**

- New liquid benchmark has potential to be GS market bellwether bond
- Pooled liquidity could attract new market participants
- Temporary duration premium in curve due to large supply, but to be absorbed gradually

# GS curve steeper for the year on jumbo issuance



# Headline CPI slid to 1.4% in April



# USD/PHP breaks lower on weaker Dollar

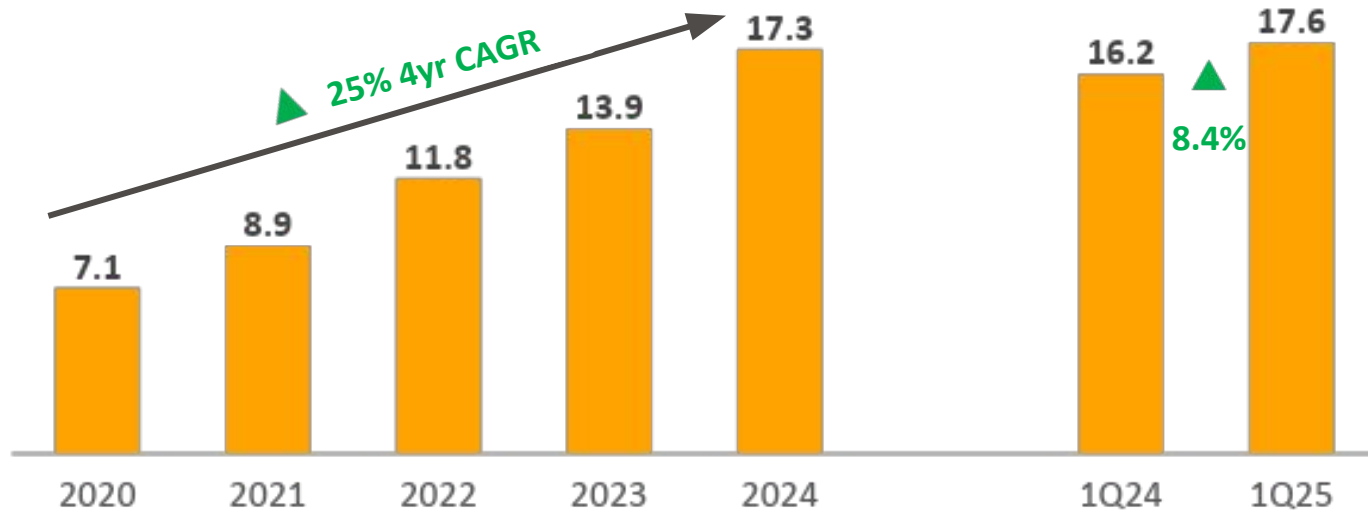


A background network diagram consisting of numerous grey circular nodes of varying sizes connected by thin grey lines, creating a complex web-like structure. A horizontal orange band is overlaid across the middle of the image.

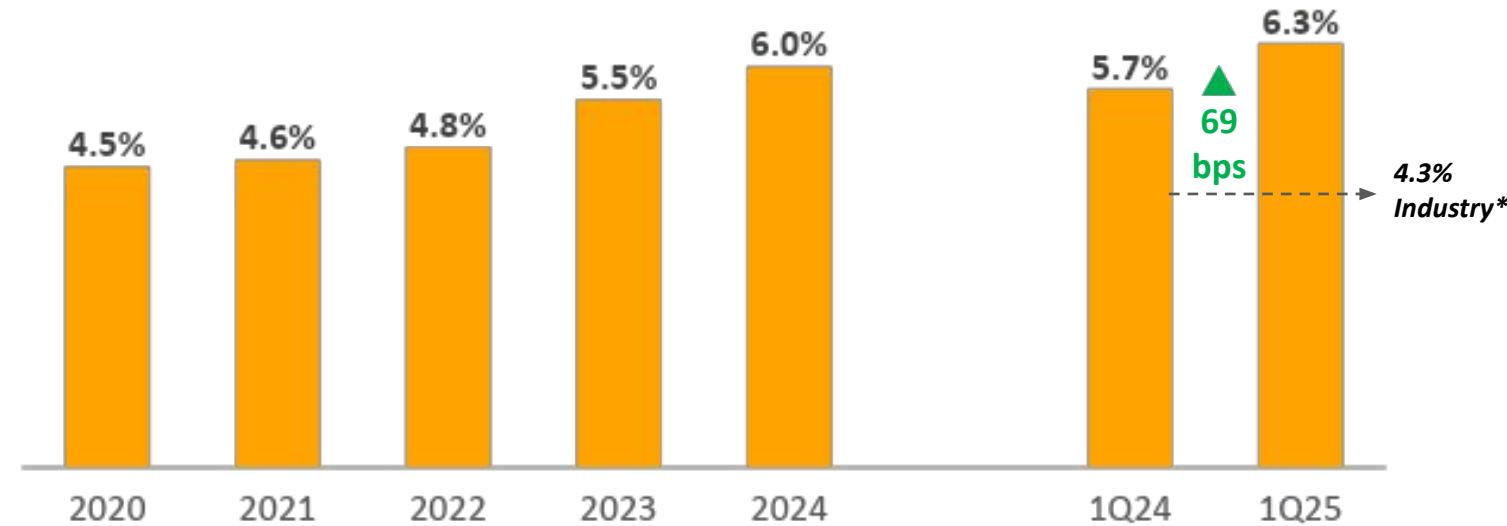
# 1Q-25 Financial Performance

# Strong topline performance and underlying drivers

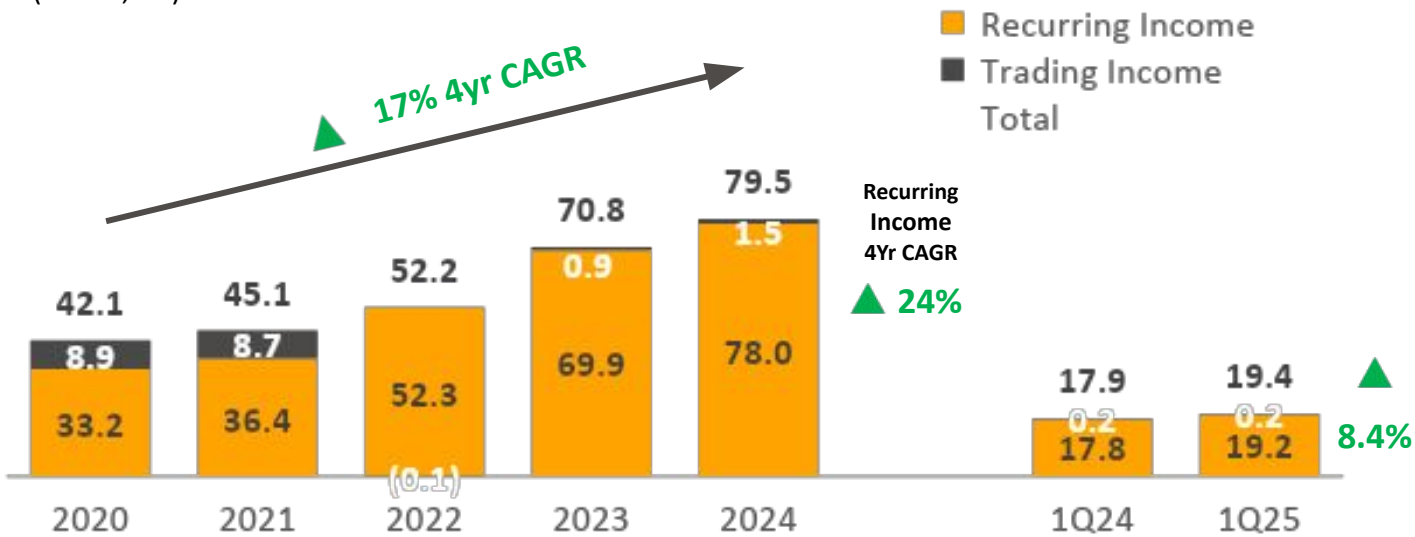
**Customer Growth**  
(in #, Mn)



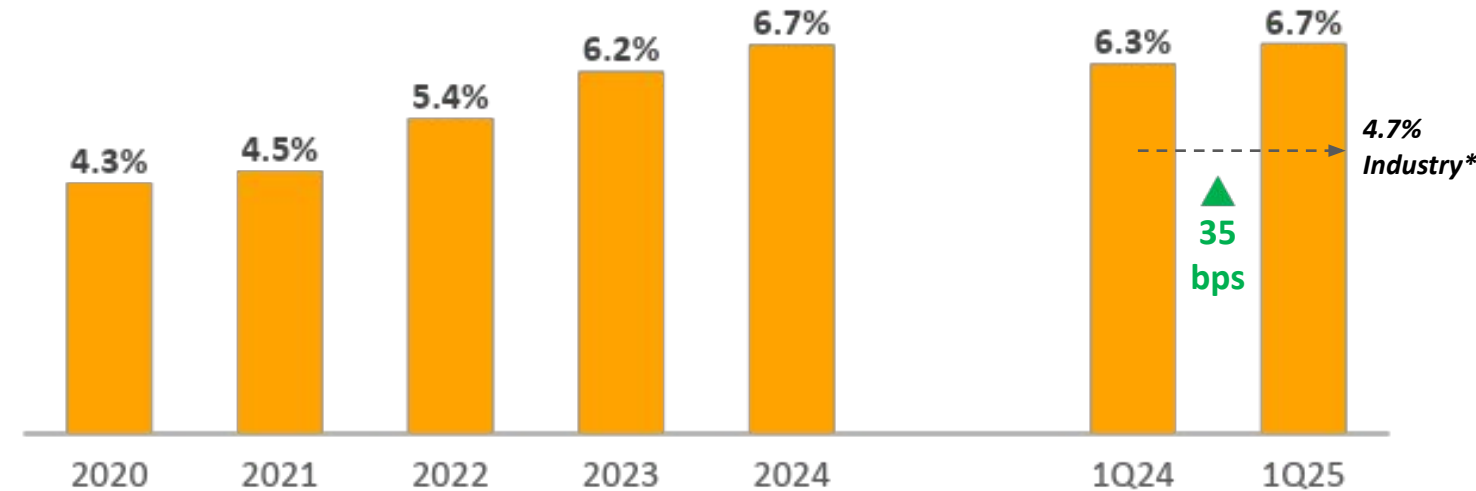
**Net Interest Margin**



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



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



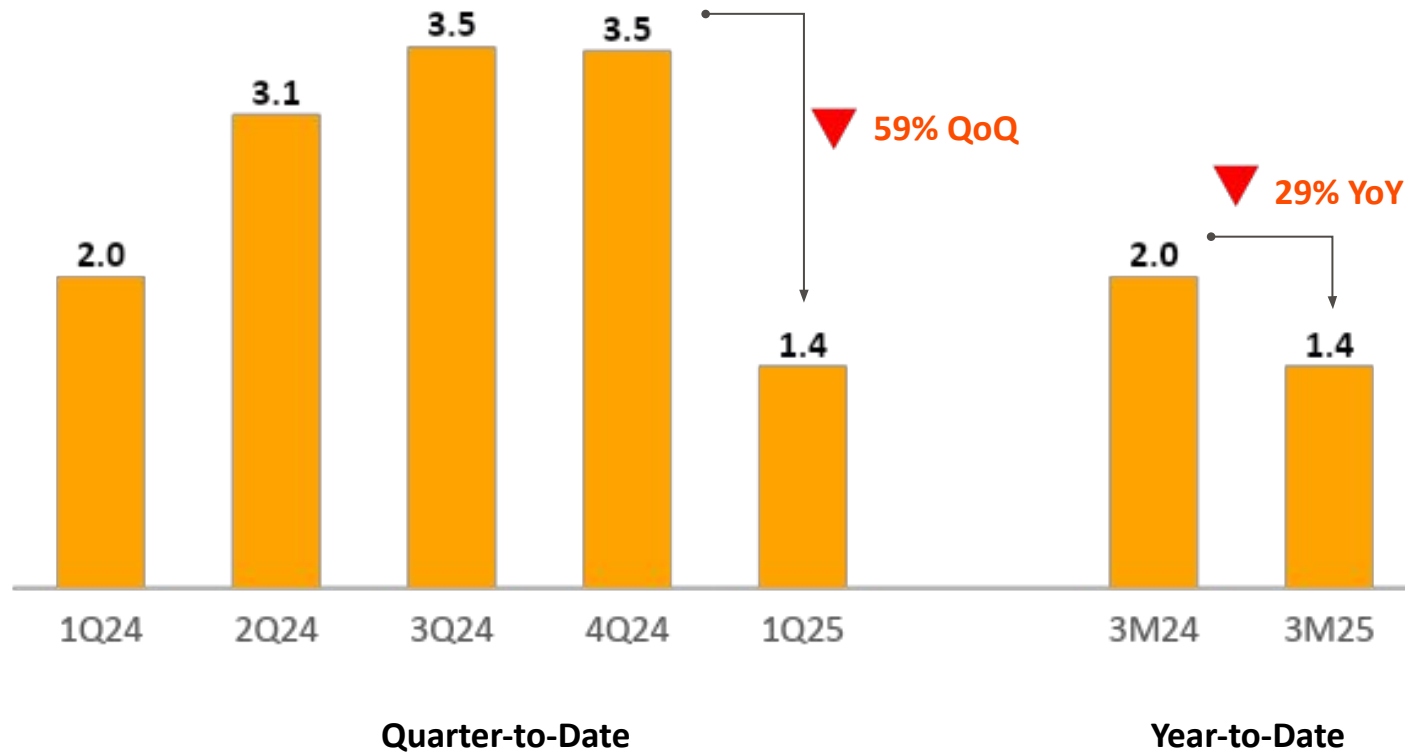
Note: (\*) Average Industry data is based on 2024 figures

# UnionBank 1Q25 net income at P1.4Bn

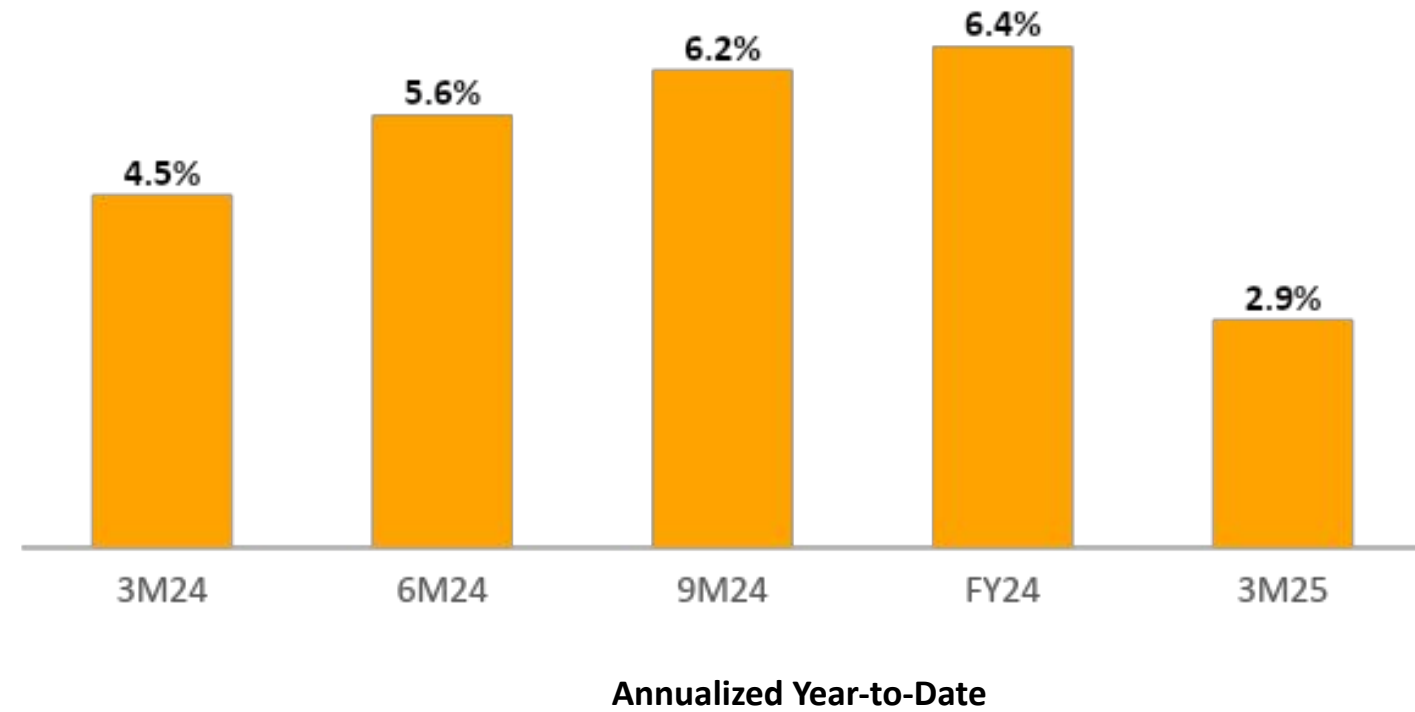
- UnionBank’s retail strategy continues to pay dividends, as seen in the momentum of the bank’s topline performance
- Net income is down 29% YoY, mainly due to a one-time, tax-related write-off in UnionDigital and front-loaded costs.
- Excluding the impact of these, net income would have grown double-digit YoY.

## Net Income

(in PHP, Bn)

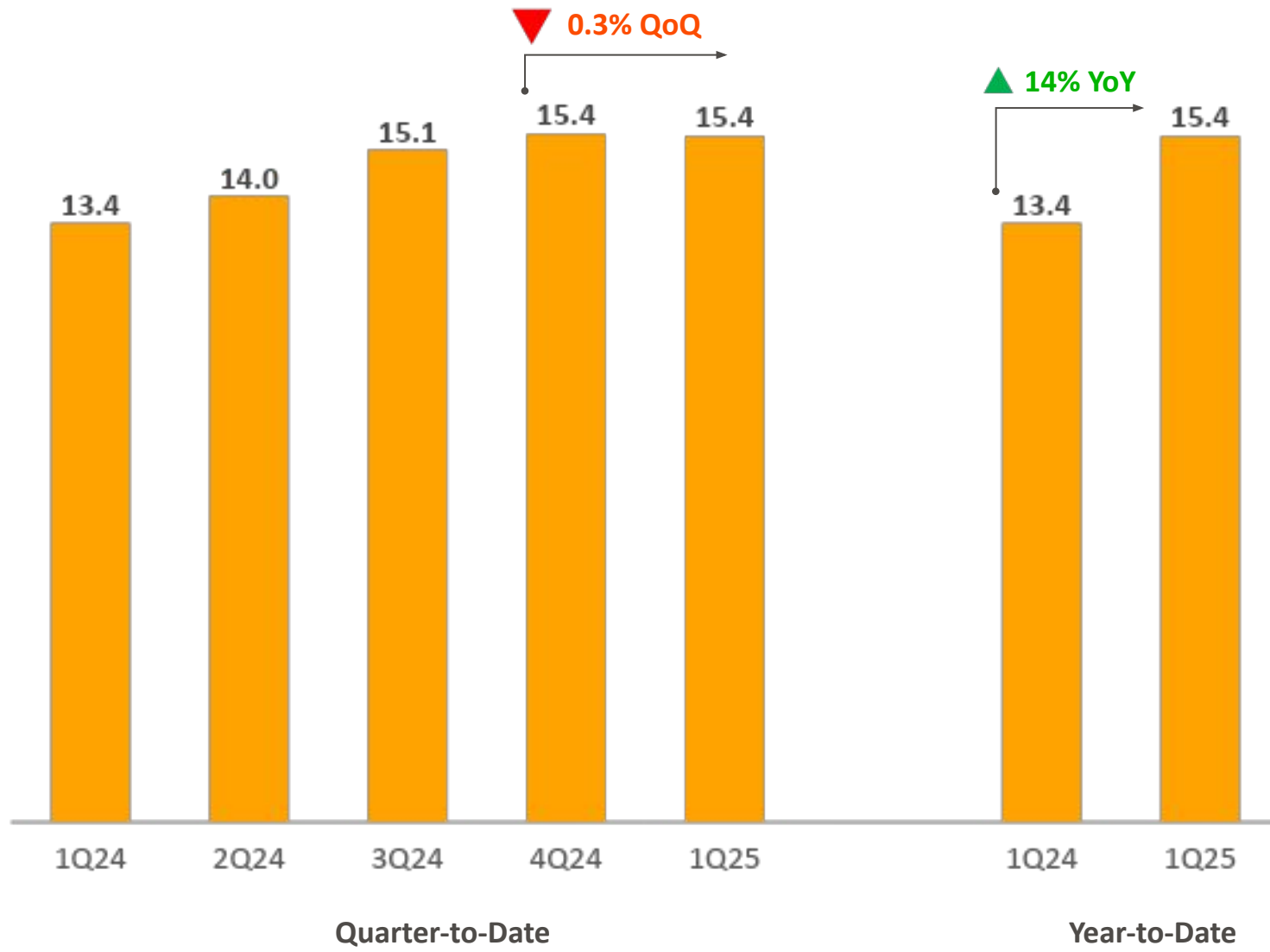


## Return on Equity (Average)

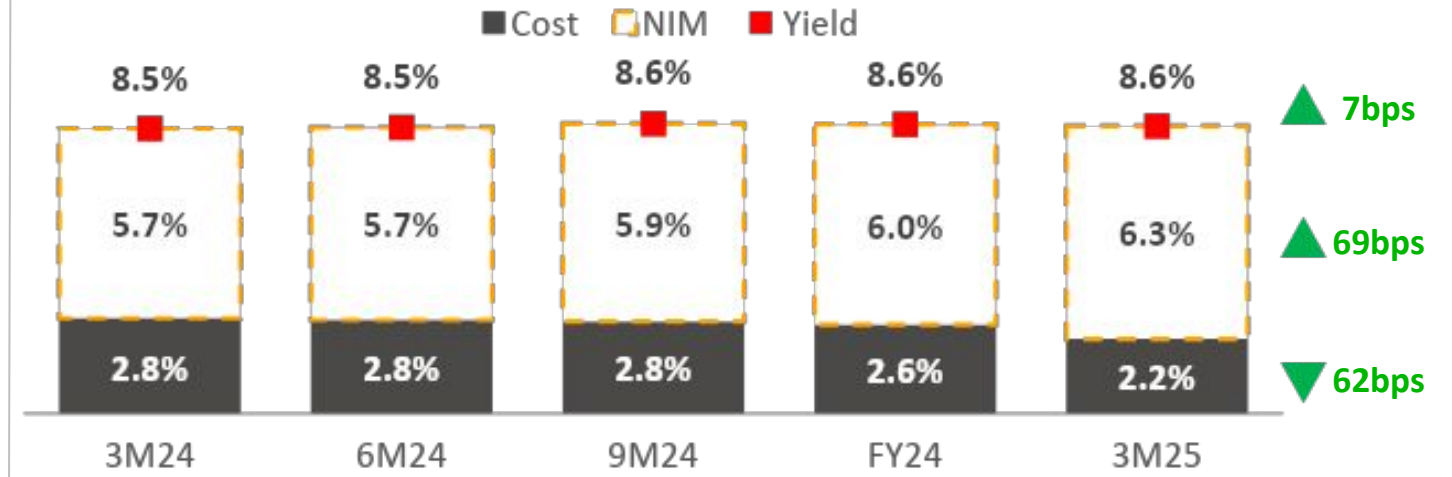


# Net interest income up 14% mainly driven by wider margins

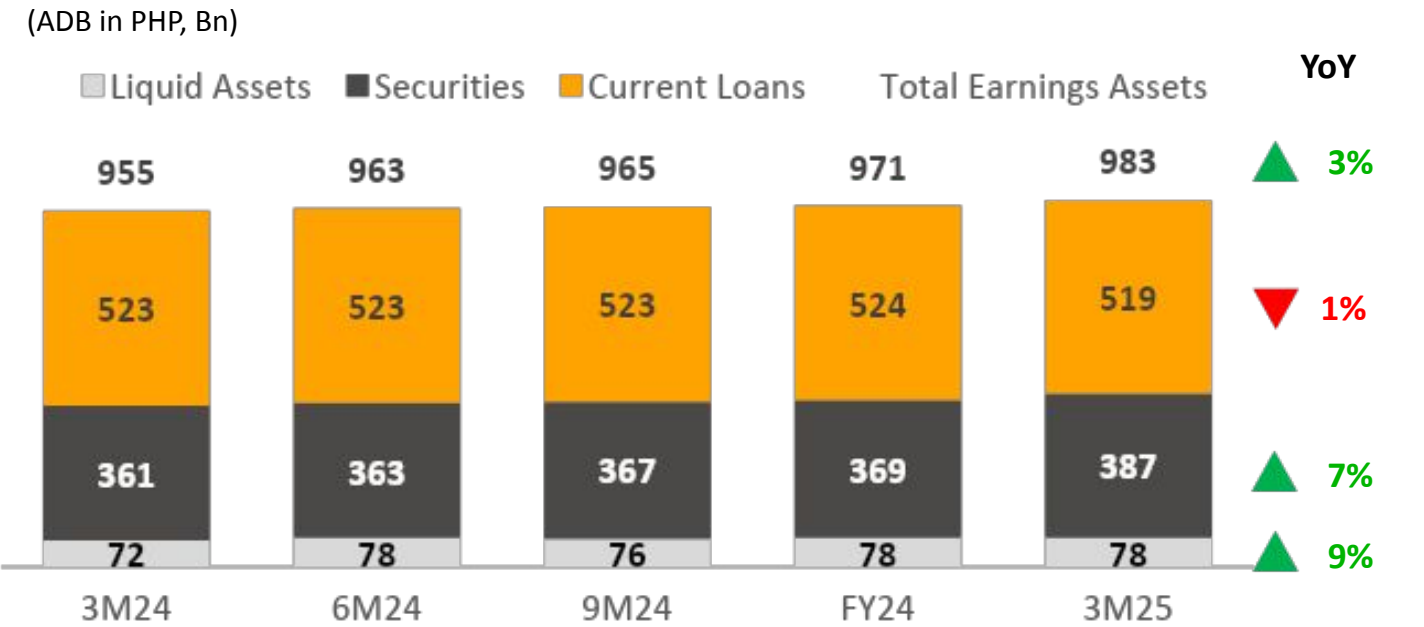
**Net Interest Income**  
(in PHP, Bn)



**Net Interest Margin**

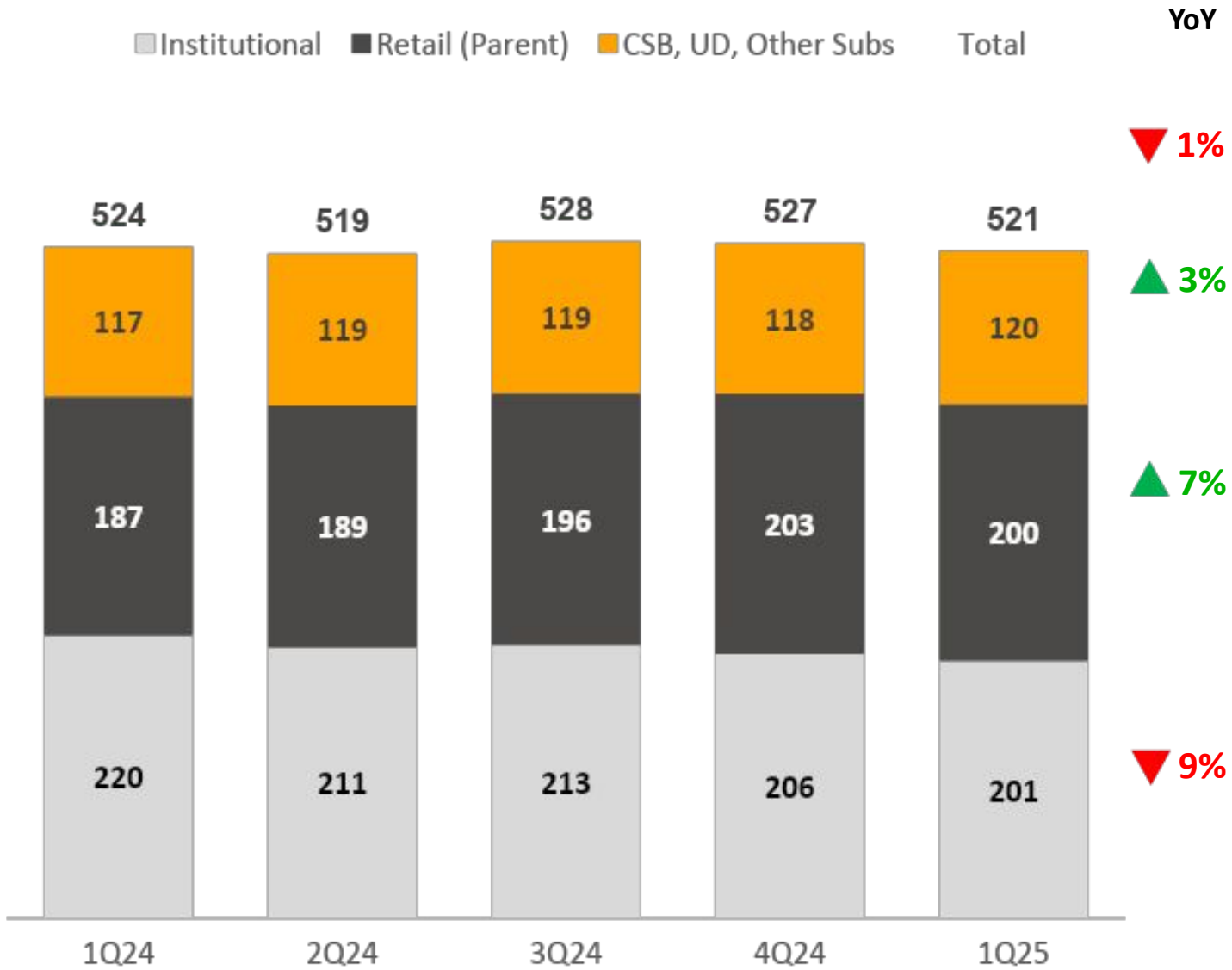


**Earning Assets**



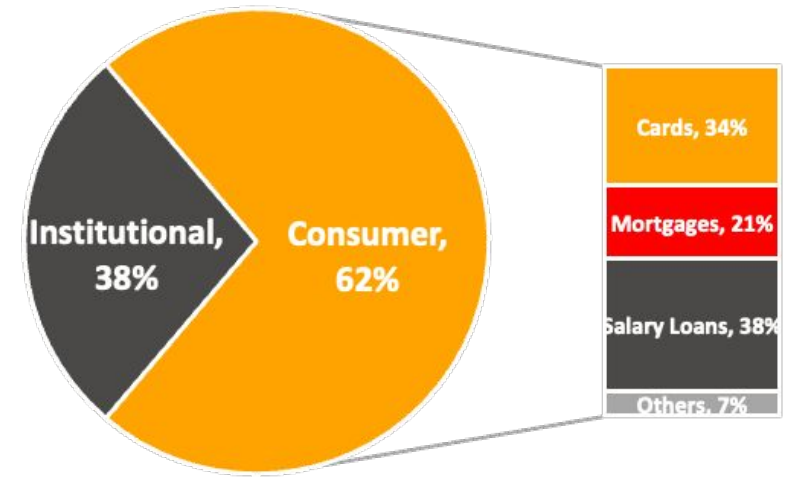
# Loan mix continues shift toward consumer

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



## Loan Mix

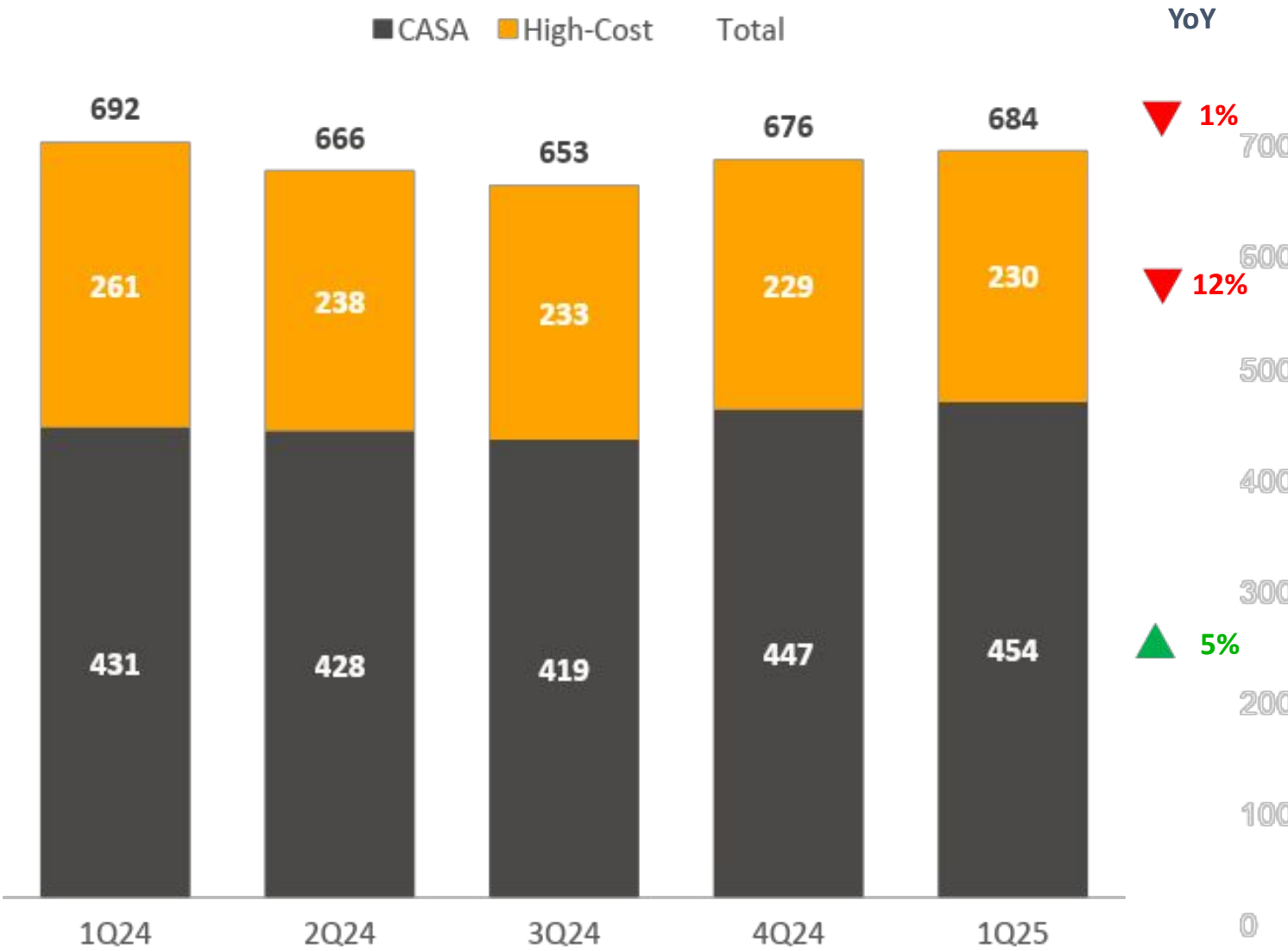
Industry's Consumer Loans ~ 21%  
Based on Q4-24 BSP Data



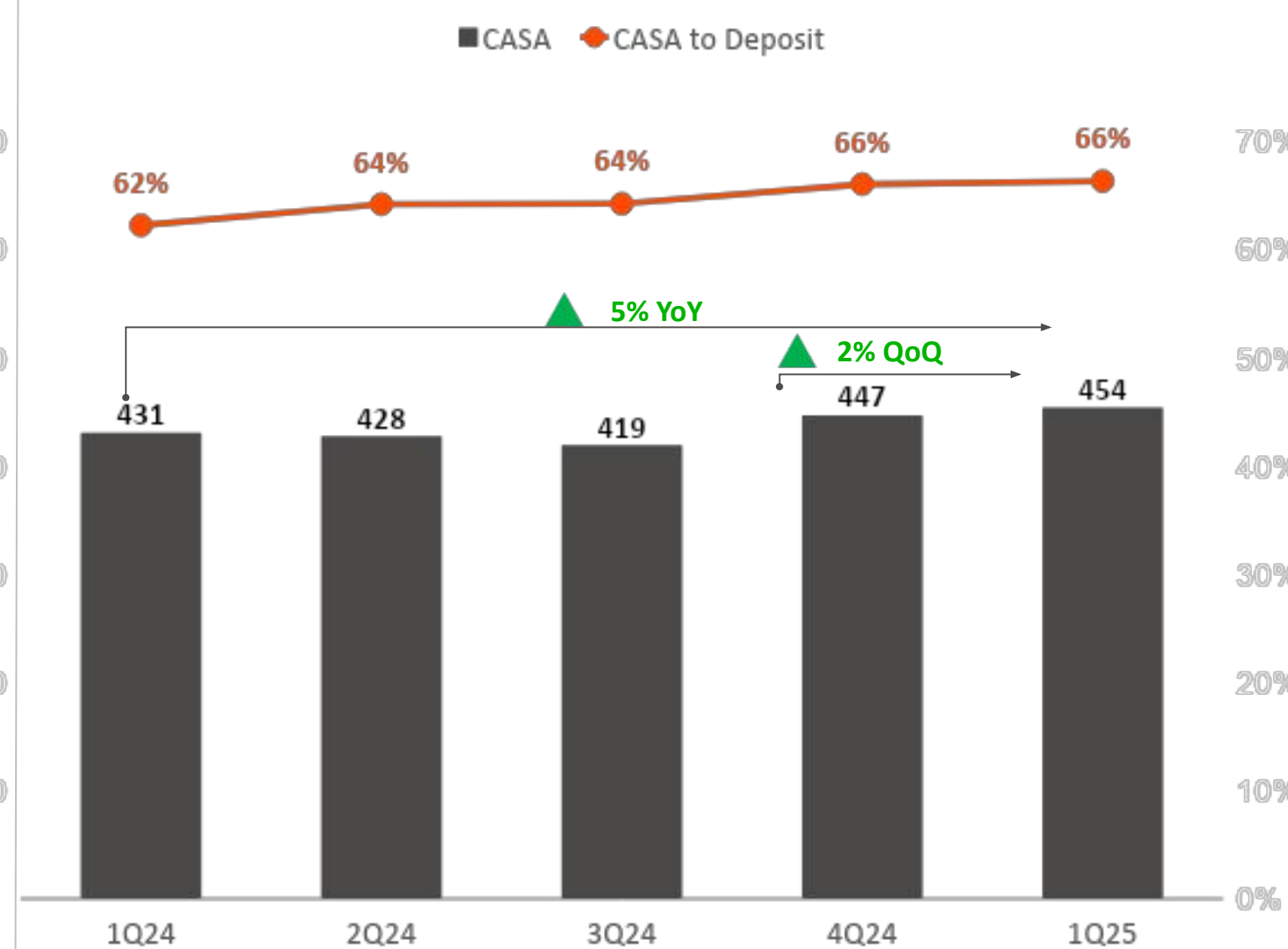
Gross Loans (OSB in PHP Bn)	Mar 2024	Mar 2025	Variance	%
<b>Corporate</b>	141	131	(9)	-7%
<b>Commercial</b>	80	69	(10)	-13%
<b>Consumer</b>	187	200	13	7%
Home Loans	70	68	(2)	-3%
Credit Card	98	110	12	12%
Other Consumer Loans	19	23	4	20%
<b>Total Gross Loans of Parent</b>	<b>407</b>	<b>401</b>	<b>(6)</b>	<b>-2%</b>
CitySavings and Subsidiaries	106	116	10	9%
UnionDigital	11	4	(7)	-62%
<b>Total Gross Loans of Subs</b>	<b>117</b>	<b>120</b>	<b>3</b>	<b>3%</b>
<b>Total Gross Loans</b>	<b>524</b>	<b>521</b>	<b>(3)</b>	<b>-1%</b>
<b>% Consumer Loans</b>	<b>59%</b>	<b>62%</b>		

# Steady growth in CASA

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



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

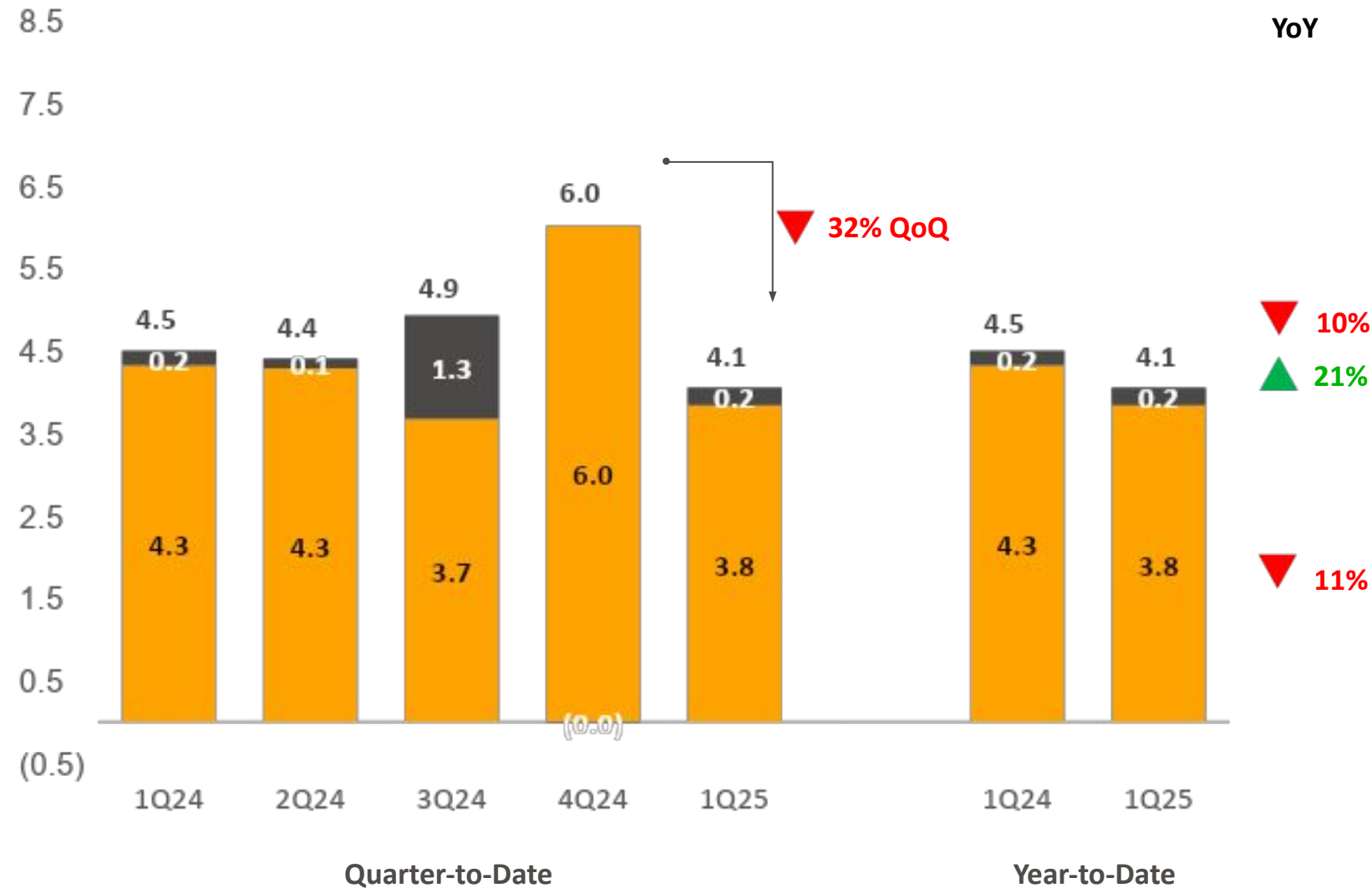


# Parent bank customer transactions driving fee income

## Non-Interest Income

(in PHP, Bn)

■ Fees & Others ■ Trading Income Total



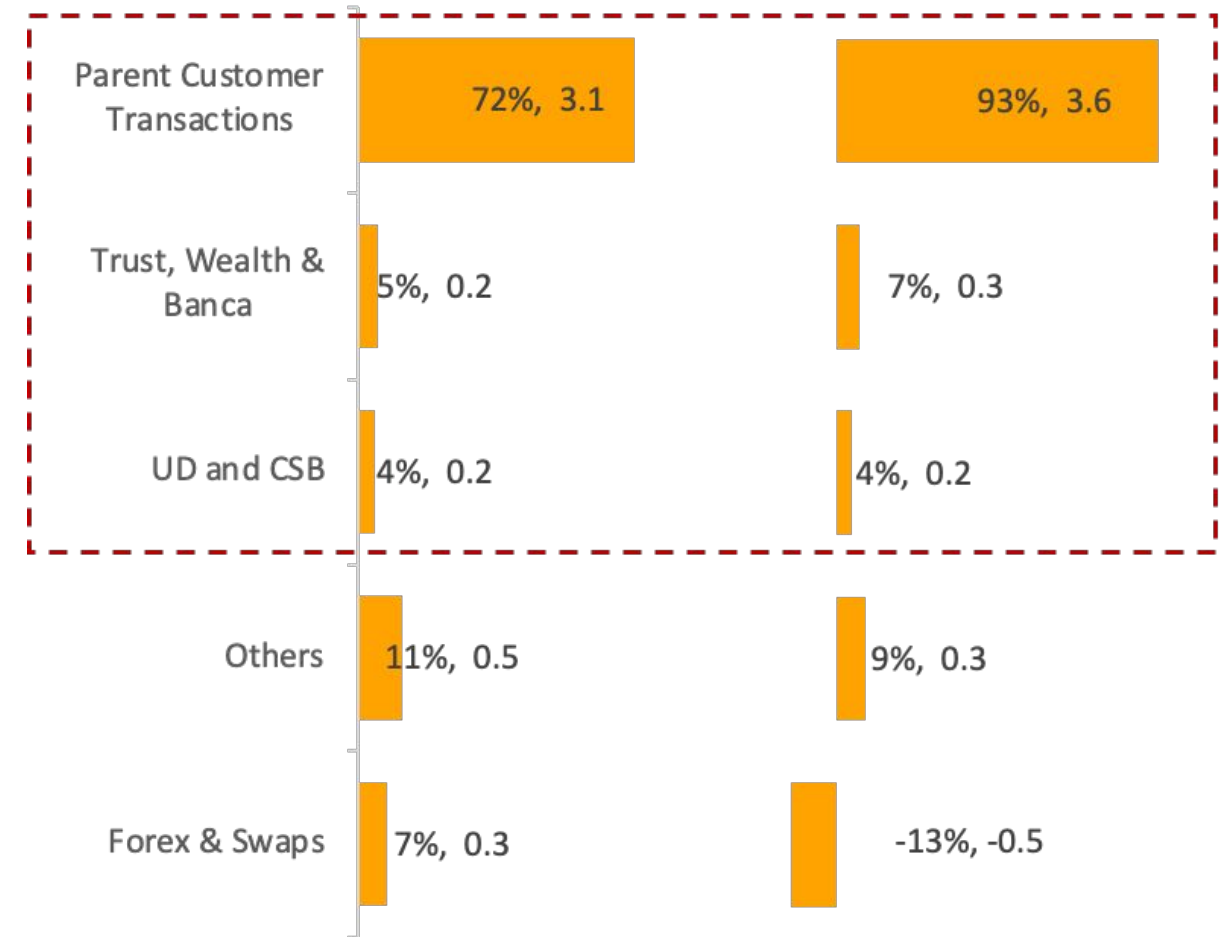
## YTD Fees & Others

(in PHP, Bn)

1Q24

1Q25

*Recurring fees posted strong growth YoY*

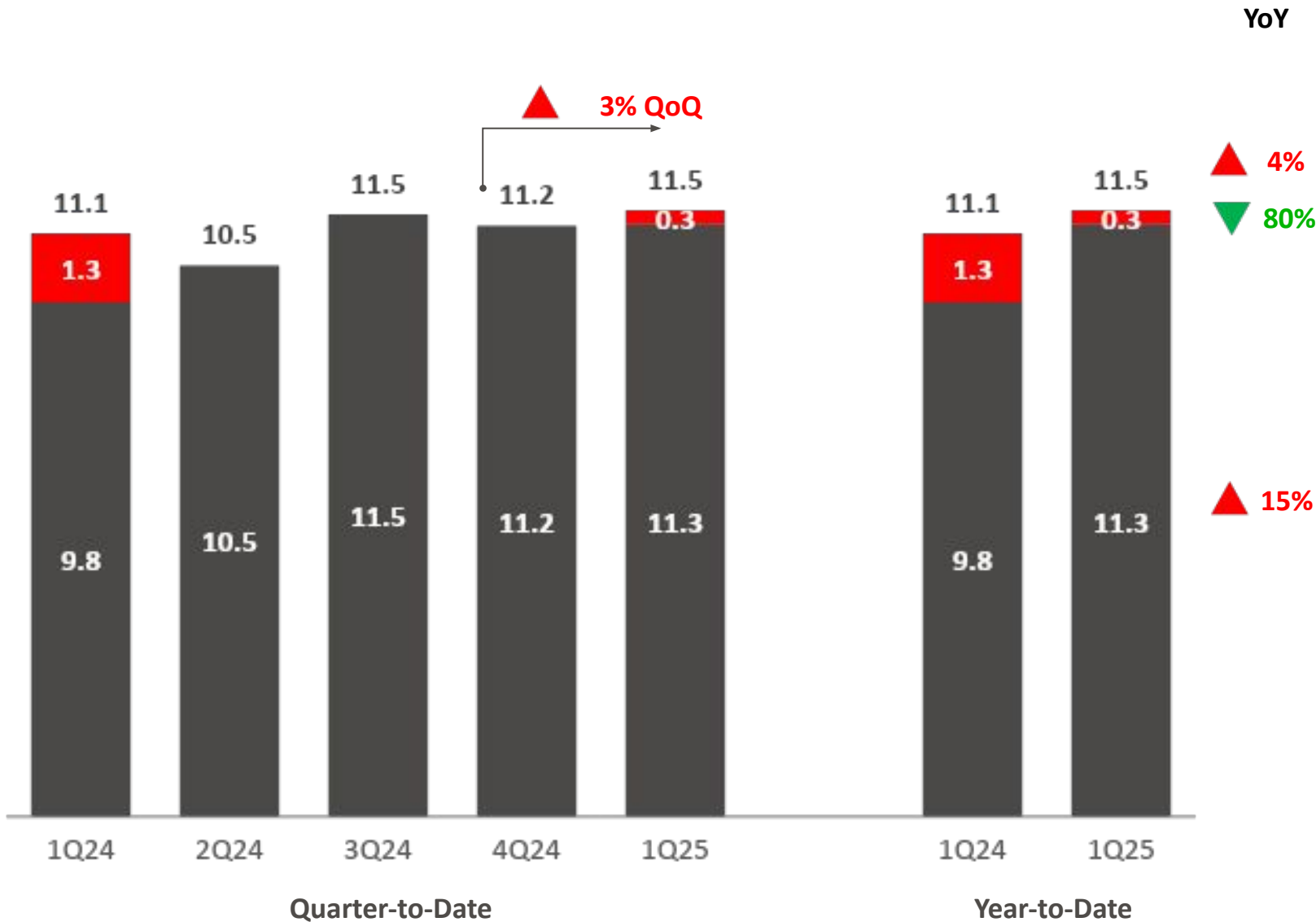


# OPEX growth driven by volume and continued infrastructure investments

## Operating Expense

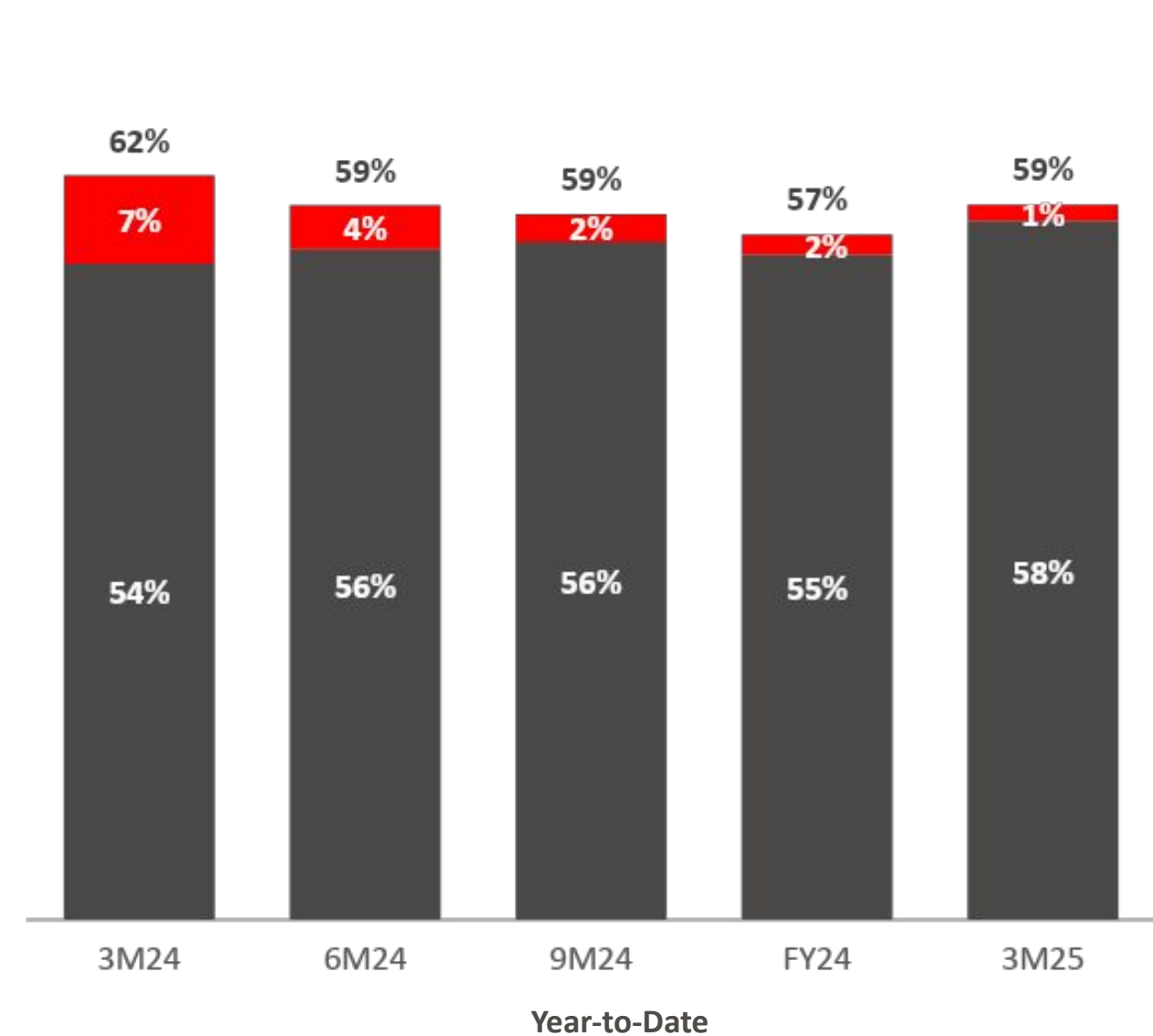
(in PHP, Bn)

■ Core OPEX ■ One-offs Total



## Cost-to-income Ratio

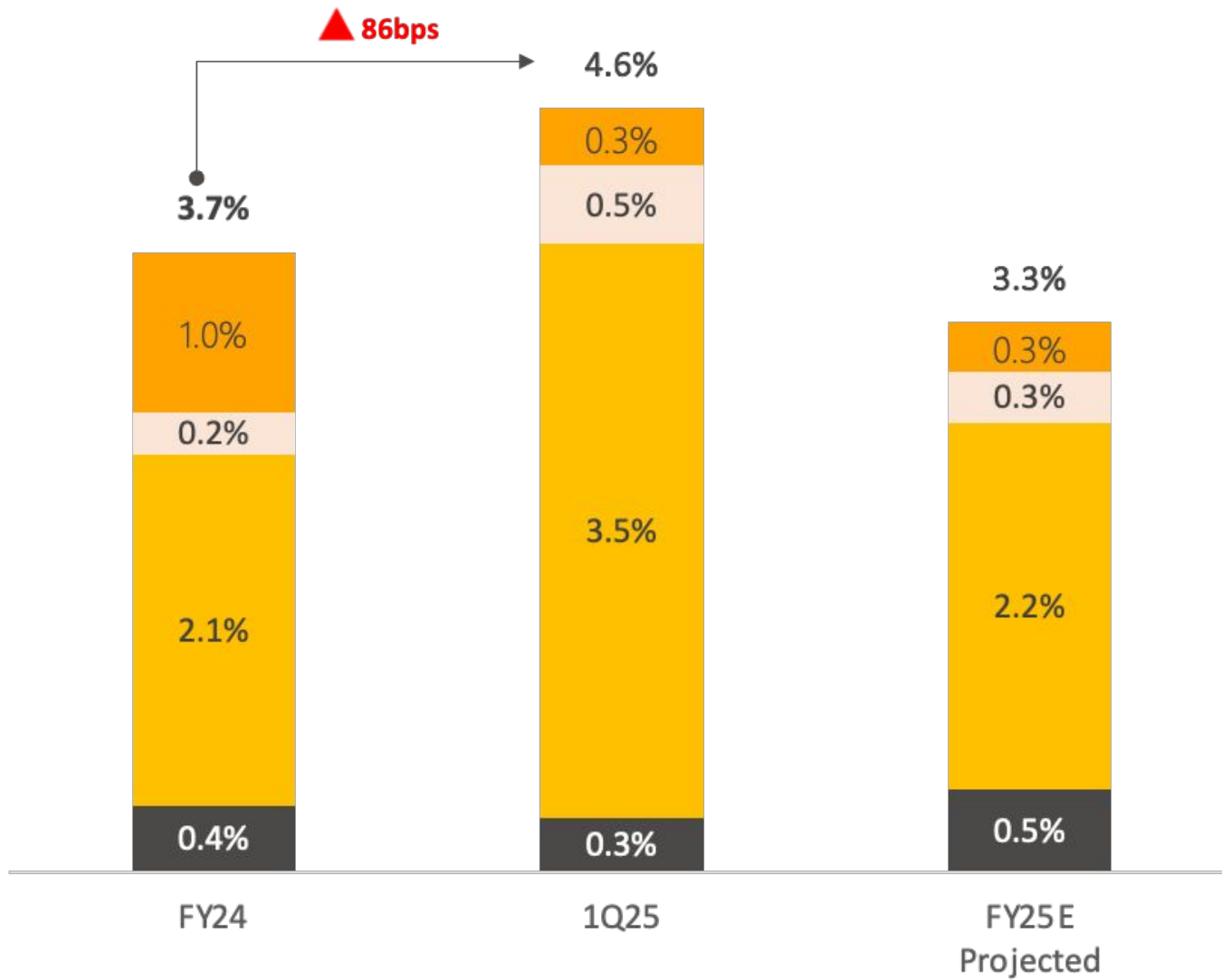
■ Core Cost-to-Income ■ One-offs Total



# Credit cost higher but expected to normalize

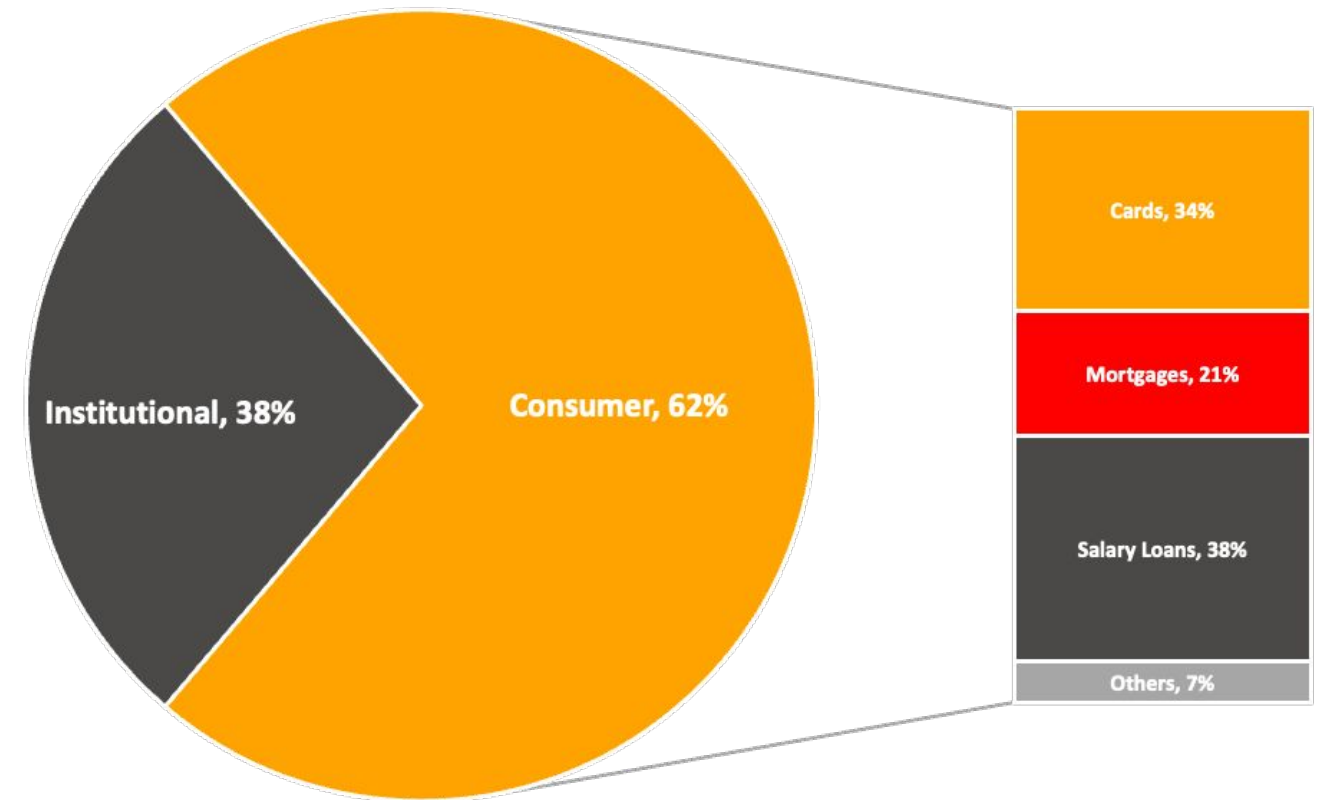
## Credit Cost

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



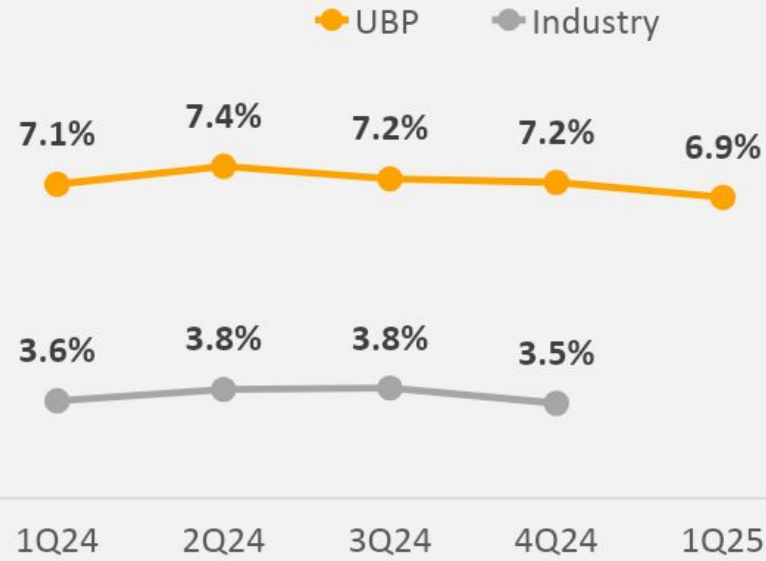
## Loan Mix

**Industry's Consumer Loans ~ 21%**  
Based on Q4-24 BSP Data

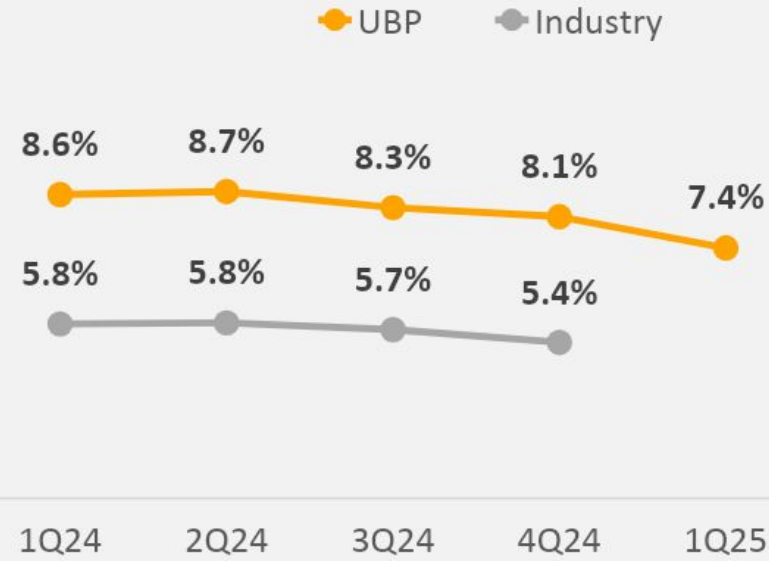


# NPL-related ratios improving

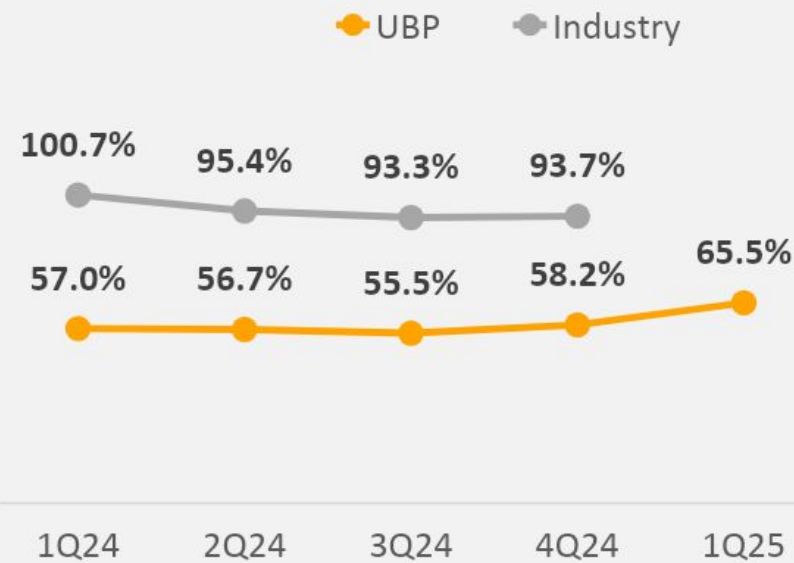
**NPL Ratio**



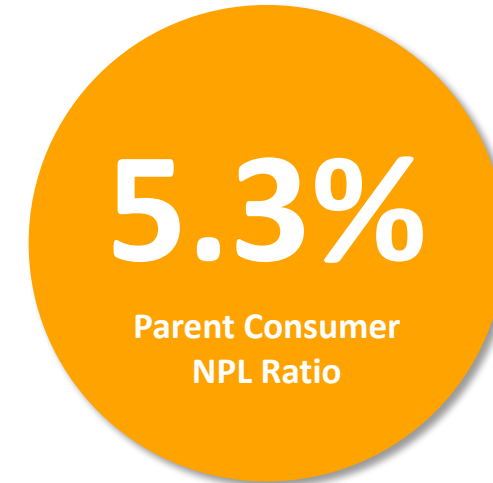
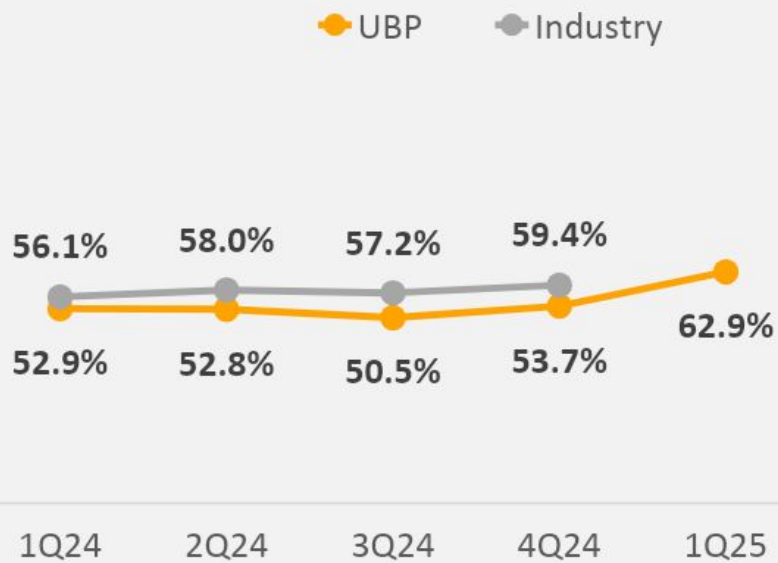
**NPL Ratio (Consumer)**



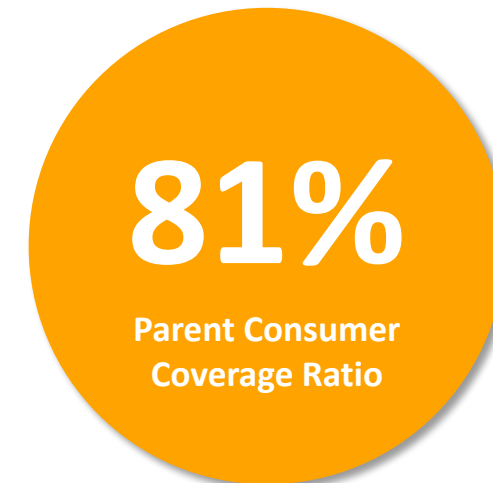
**NPL Cover**



**NPL Cover (Consumer)**



▼ 2bps vs Q4-24 Industry

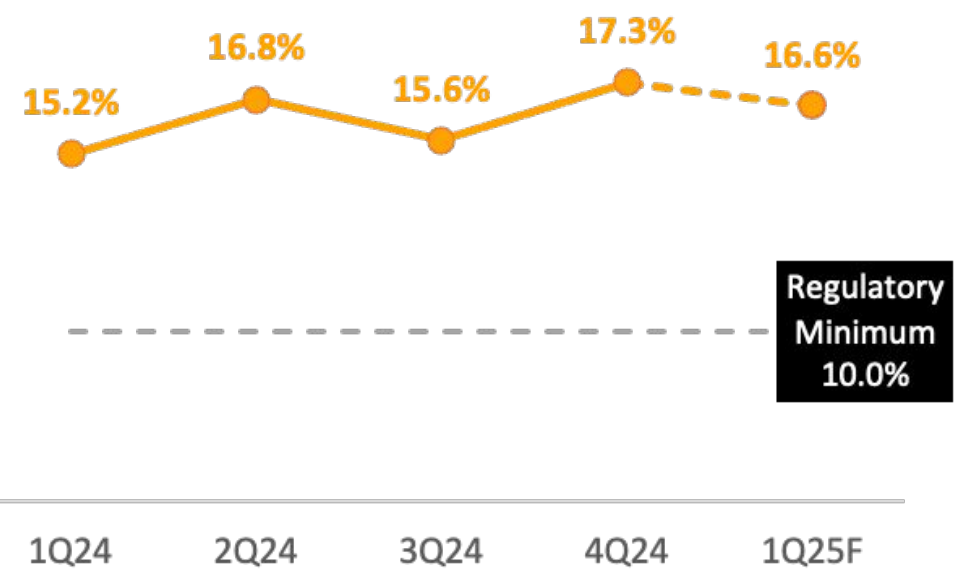


▲ 22% Vs Q4-24 Industry

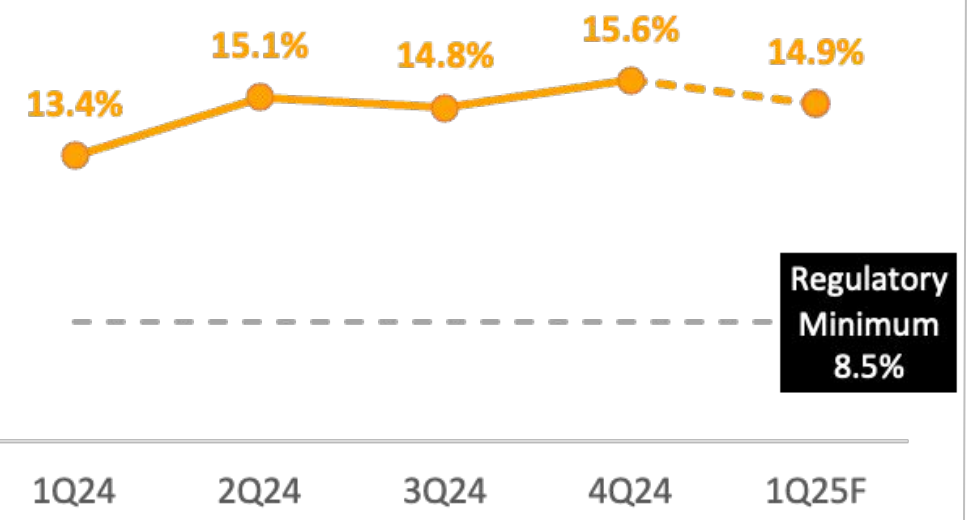
Note: Industry NPL Ratios are based on Q4-24 data and calculated based on Philippine Banking System's Total Loan Portfolio exclusive of IBL and RRP with BSP and Other Banks.

# Sufficient capital ratios to support growth

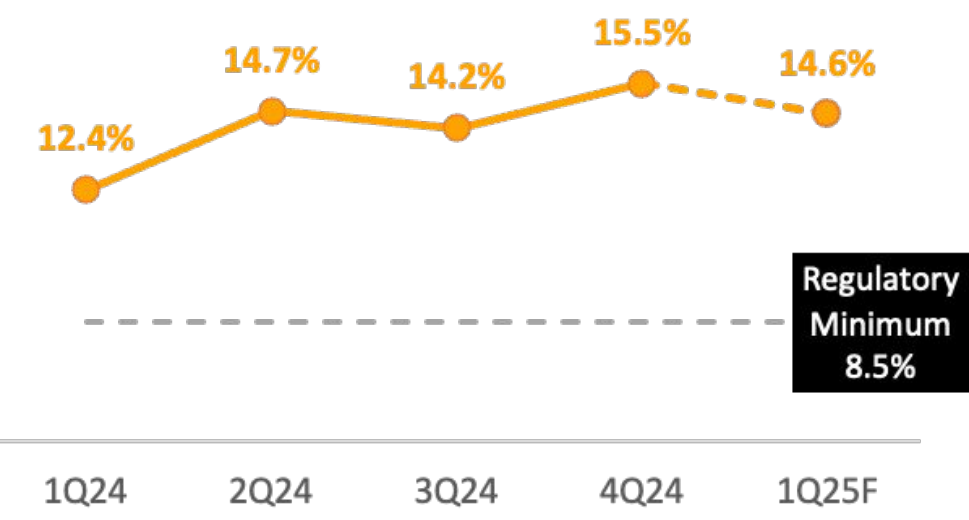
### Capital Adequacy Ratio Group (CAR)



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



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



# Key takeaways and outlook

## Key takeaways

1

In 1Q 2025, **net revenues were Php 19.4Bn (+8.4% YoY)** supported by solid performance drivers such as our growing client base and expanding margins.

2

**Net income was Php 1.4Bn (-29% YoY) due to one-off items and front-loaded costs.** Without these, income would have grown at a strong double-digit pace.

3

Credit costs are higher in 1Q25 as we front-load provisions. **NPL and NPL cover ratios posted improvements** with the parent consumer portfolio within industry averages.

## Outlook

1

**Topline momentum is expected to continue** on the back of positive trends in underlying performance drivers (e.g. retail customer base, new credit cards acquisition).

2

**Our balance sheet is well-positioned for a low-interest-rate environment.** Our consumer-focused business enables us to sustain high yields, while funding costs are expected to decline. This will support NIM expansion.

3

**Credit costs are expected to subside** as clean-up efforts in our subsidiaries progress and provisions from new-to-credit expansion in consumer stabilizes.

4

**We remain confident that we will exceed 2024 performance,** especially as the impact of one-off items do not recur.

# Thank You!

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