

Earnings Results Briefing

14 March 2025
2:30 PM PHT



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Market Updates and Outlook

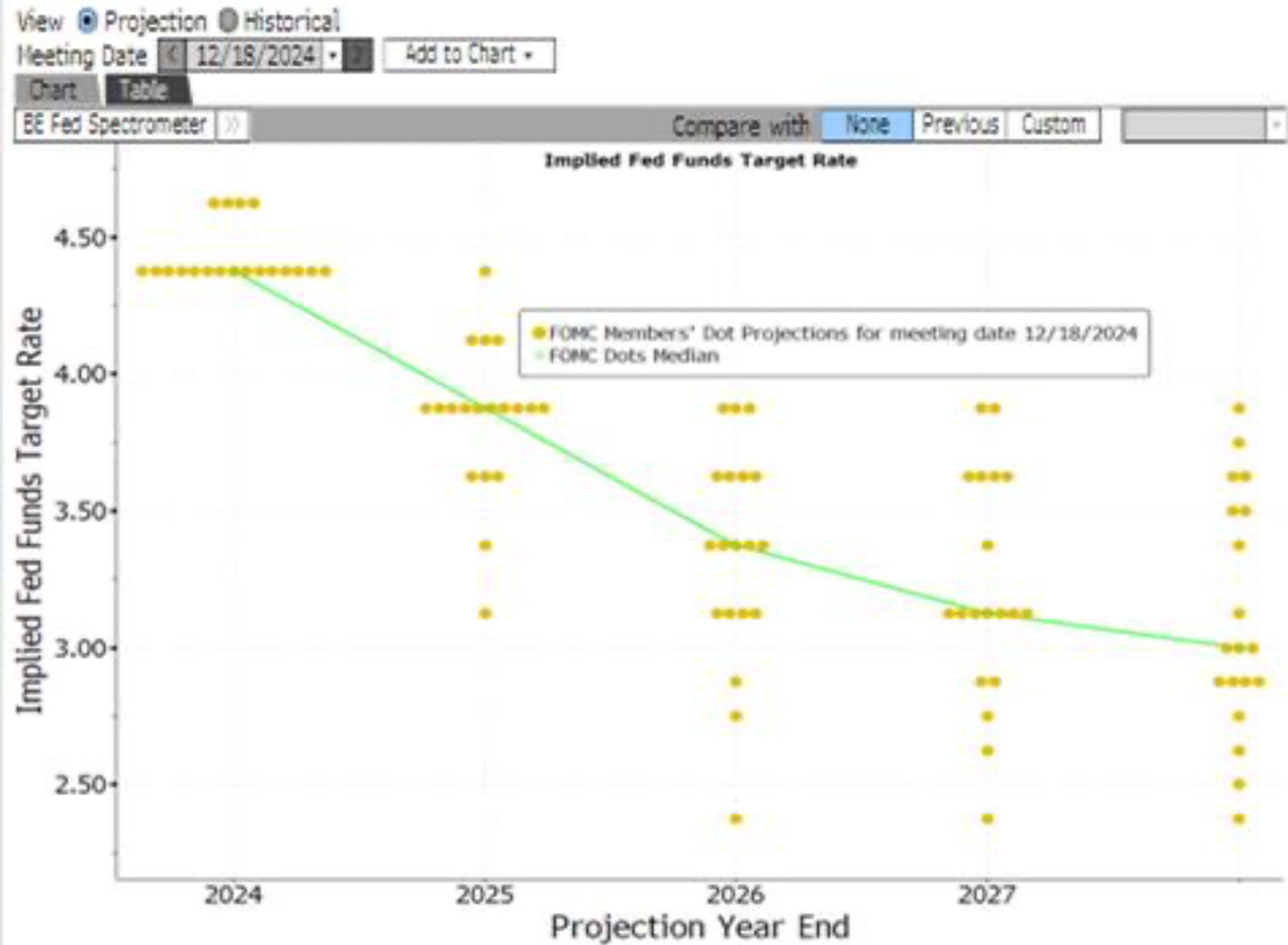
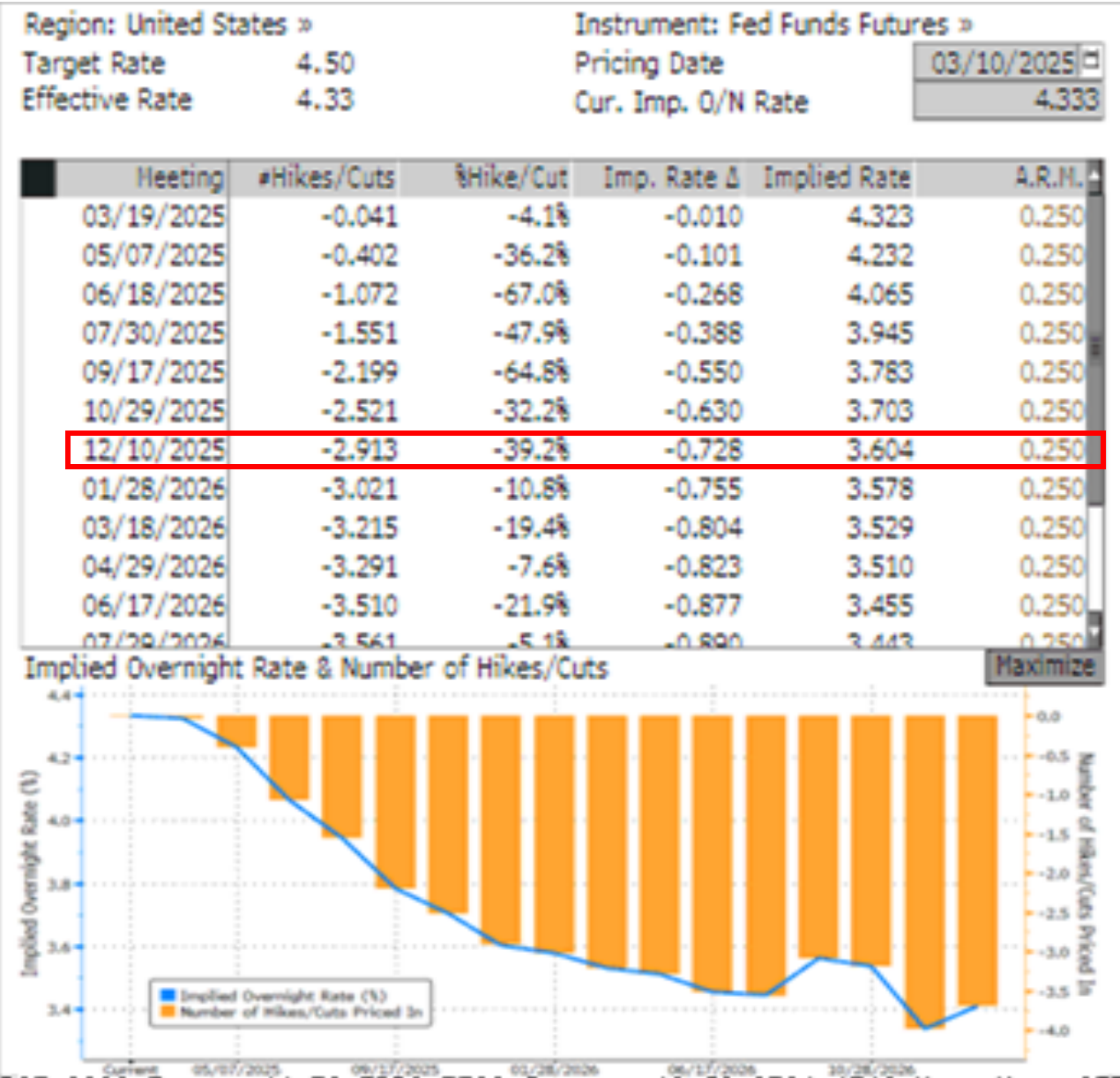
Policy expectations consolidating at 1-3 cuts; Volatility looms

- Post-election market action volatility saw US yields and policy expectations move higher
- Focus has since shifted to slowing down of economy
 - Trump: US economy faces “period of transition”
 - Bessent: US economy needs “detox” from public spending
- Risk of higher inflation due to tariffs remain; Currently viewed more as a one-off spike

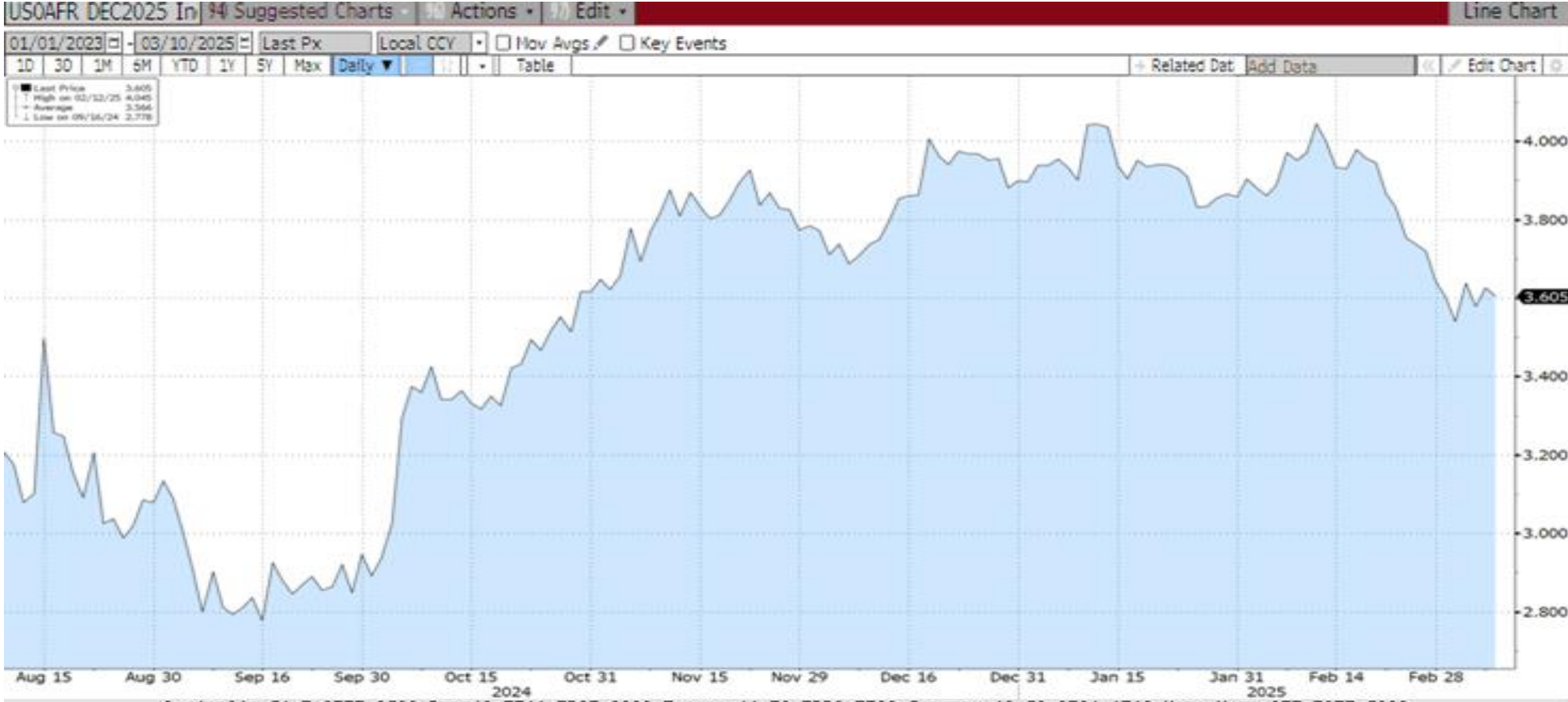
Market Expecting 3 cuts vs. Fed Dots at 2

Futures implied

Dots



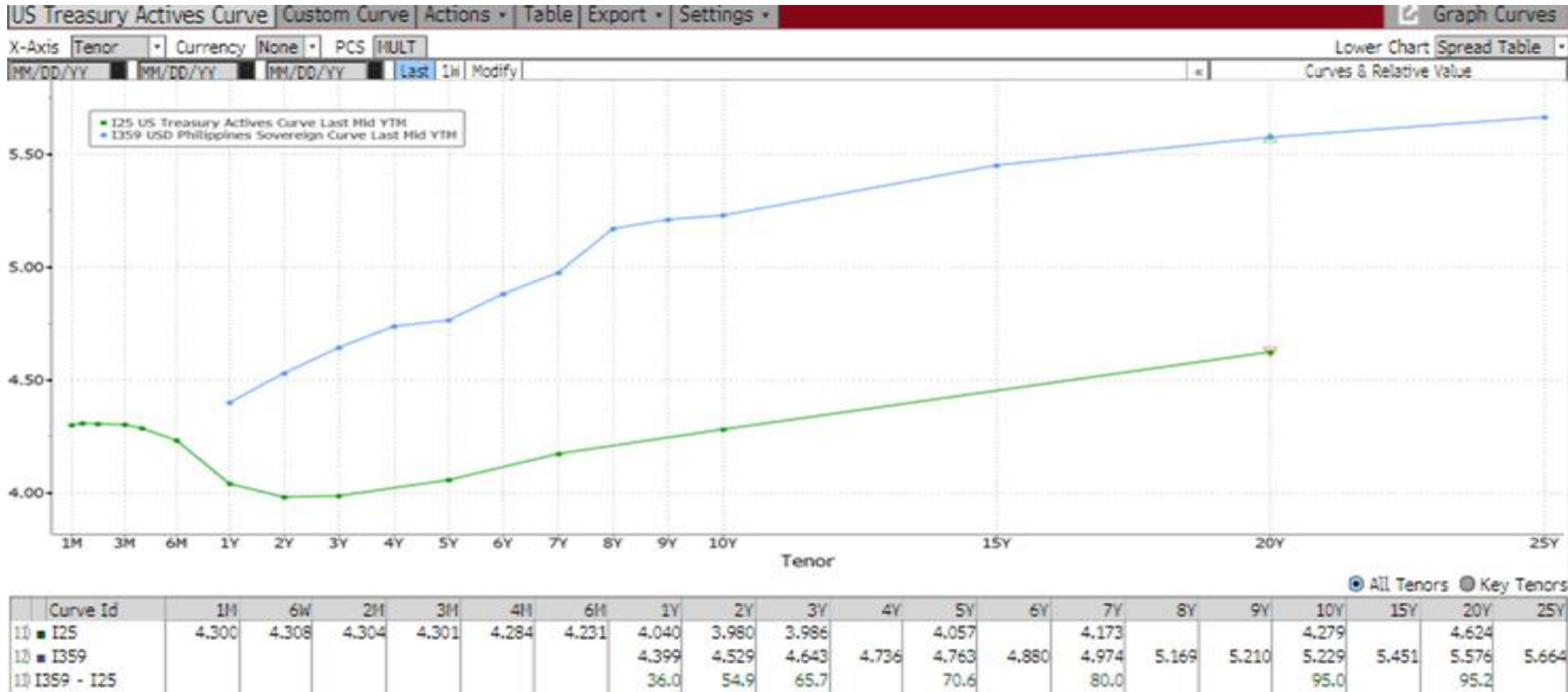
Recent Range has been for 1-3 Cuts for 2025



USTs around Post-Election Lows



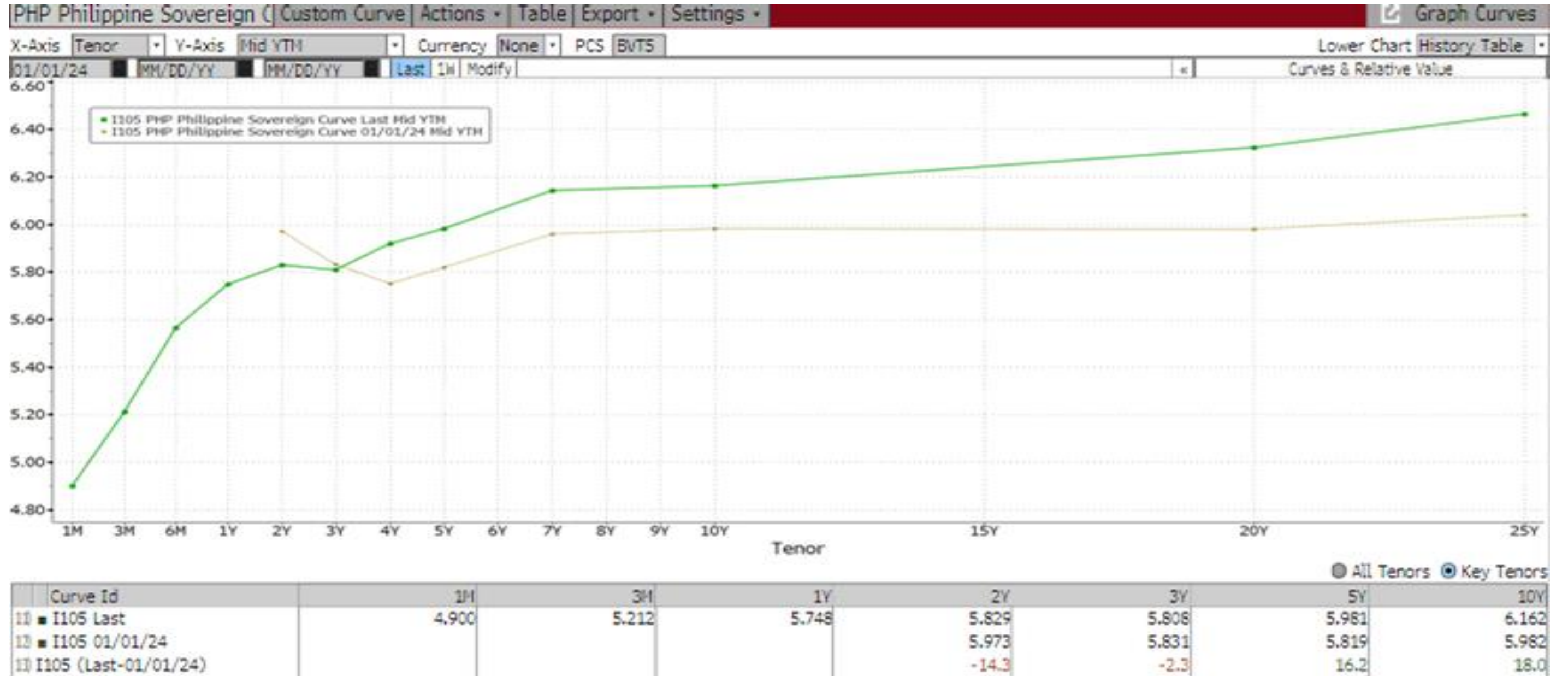
USD RoPs offer decent pickup against O/N and UST curve



BSP bucks expectations in Feb meeting, holds at 5.75%

- **BSP surprised markets by keeping rates steady at 5.75%**
 - BSP Governor Remolona said the BSP needs time to recalibrate its models amid uncertainty in the world economy, particularly in trade policies
 - The Monetary Board deemed it prudent to await further assessments of the impact of global policy uncertainty and the potential effects of the actual policies
 - “We’re hedging so that we don’t find ourselves in a situation where we have to reverse ourselves. We want to stay on an easing trajectory” – Governor Remolona
- **BSP cuts reserve ratio of UB/KB from 7% to 5% effective March 28, 2025**
 - Total system liquidity to increase by 326Bn
 - Potential uses are:
 - Mopped up via BSP Bills
 - BTr auctions
 - Maturity of BSP bond holdings

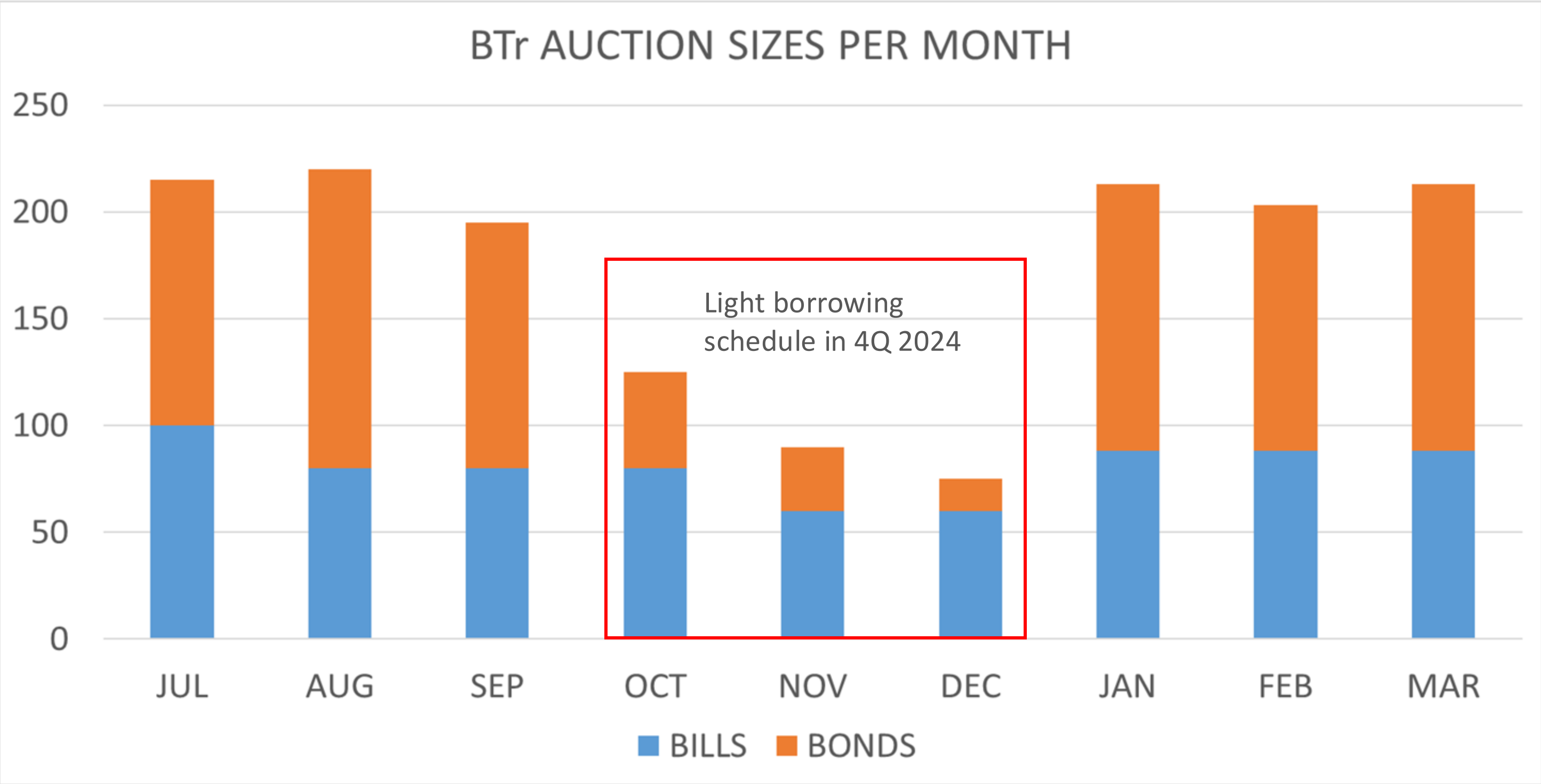
GS curve drifting higher to start the year



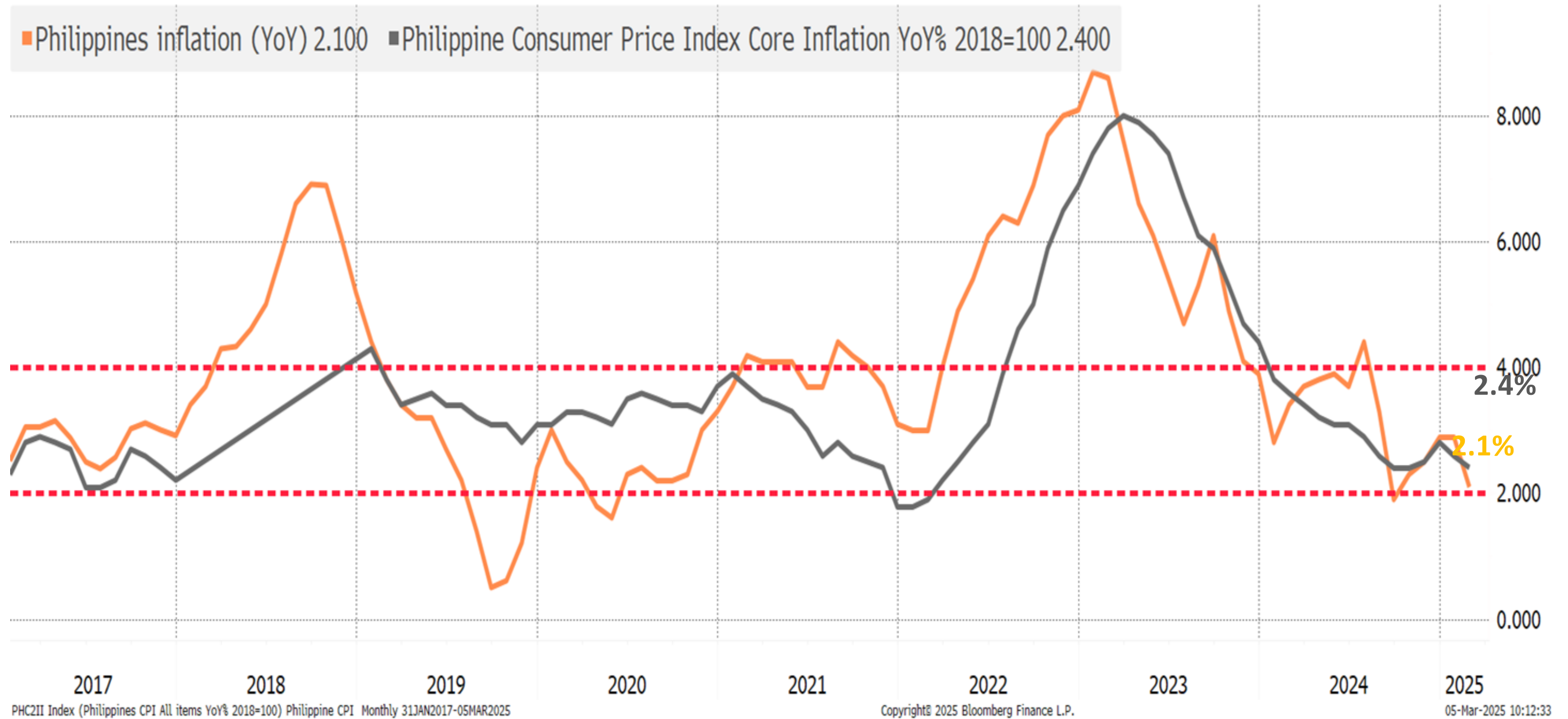
BVAL10 vs. USGG10



BTr Auctions



Headline CPI slid in February at 2.1%; Previous 2.9%, Expected 2.6%



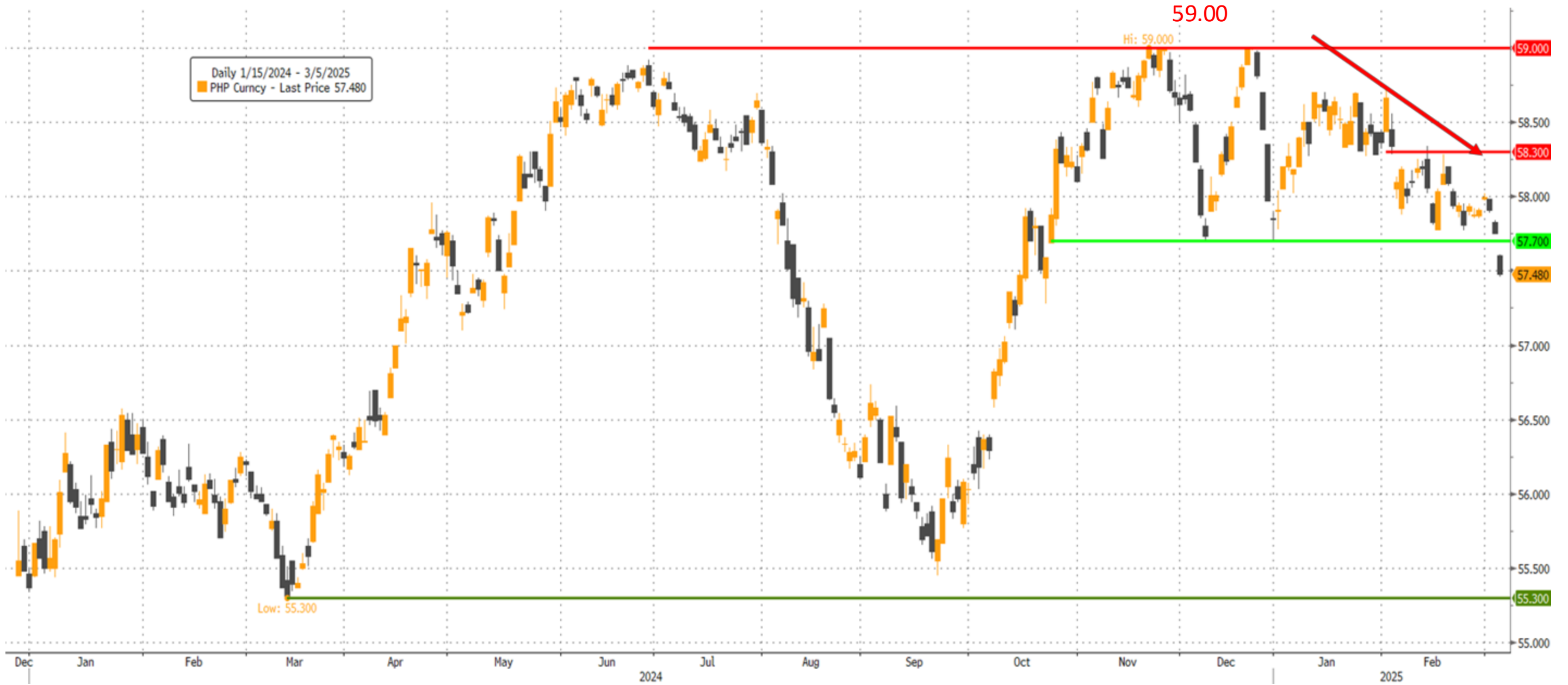
Relief in food inflation through rice in March; Base effects turn in 2Q 2025

Philippines Consumer Price Index Rice MoM 2018=100

Range		12/31/2013 - 02/28/2025		Period	Monthly	High	8.4 on	09/30/23
Fields		Last Price		Currency		Low	-4.0 on	10/31/23
View		Price Table				Average	0.2	0.2
						Net Chg	-2.7	-245.52%
Date	Last Price	Mid Price	Date	Last Price	Mid Price	Date	Last Price	Mid Price
12/31/25			12/31/24	-0.7	-0.7	12/31/23	3.5	3.5
11/30/25			11/30/24	-1.5	-1.5	11/30/23	2.7	2.7
10/31/25			10/31/24	-0.5	-0.5	10/31/23	L -4.0	-4.0
09/30/25			09/30/24	-0.1	-0.1	09/30/23	H 8.4	8.4
08/31/25			08/31/24	-0.5	-0.5	08/31/23	4.9	4.9
07/31/25			07/31/24	-0.3	-0.3	07/31/23	0.9	0.9
06/30/25			06/30/24	0.1	0.1	06/30/23	0.6	0.6
05/31/25			05/31/24	-0.2	-0.2	05/31/23	0.6	0.6
04/30/25			04/30/24	0.4	0.4	04/30/23	0.7	0.7
03/31/25			03/31/24	1.0	1.0	03/31/23	0.5	0.5
02/28/25	-1.6	-1.6	02/29/24	1.0	1.0	02/28/23	0.1	0.1
01/31/25	-0.9	-0.9	01/31/24	2.3	2.3	01/31/23	-0.2	-0.2

- Executive Order 62, which lowered the rice tariffs to 15% took effect in July 2024

USD/PHP breaks lower after US tariffs initially weakens DXY



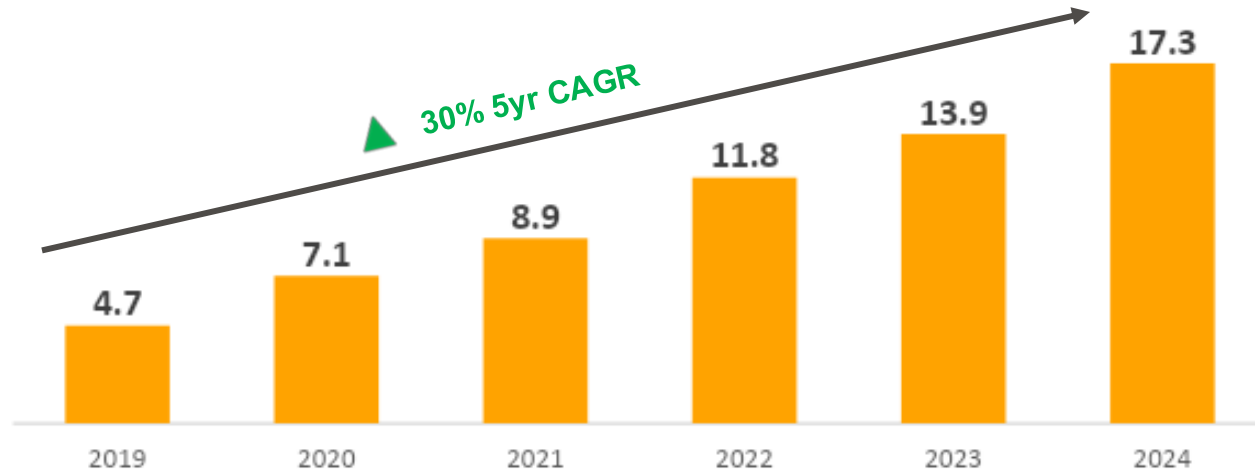


FY-24 Financial Performance

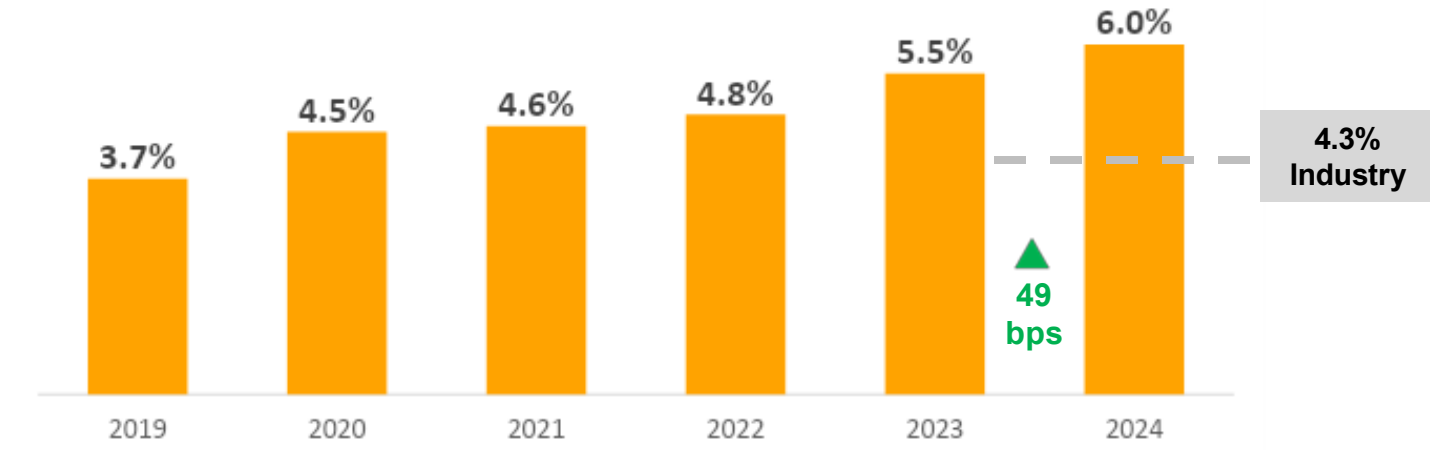
Strong growth in customers & revenues

Customer Growth

(in #, Mn)

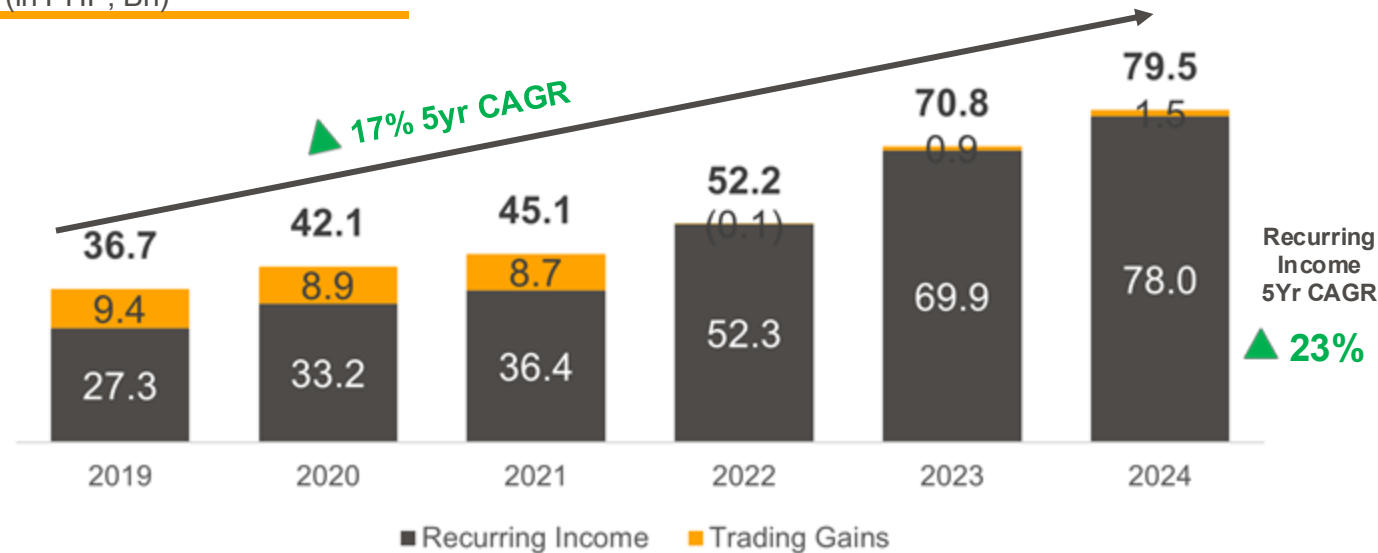


Net Interest Margin

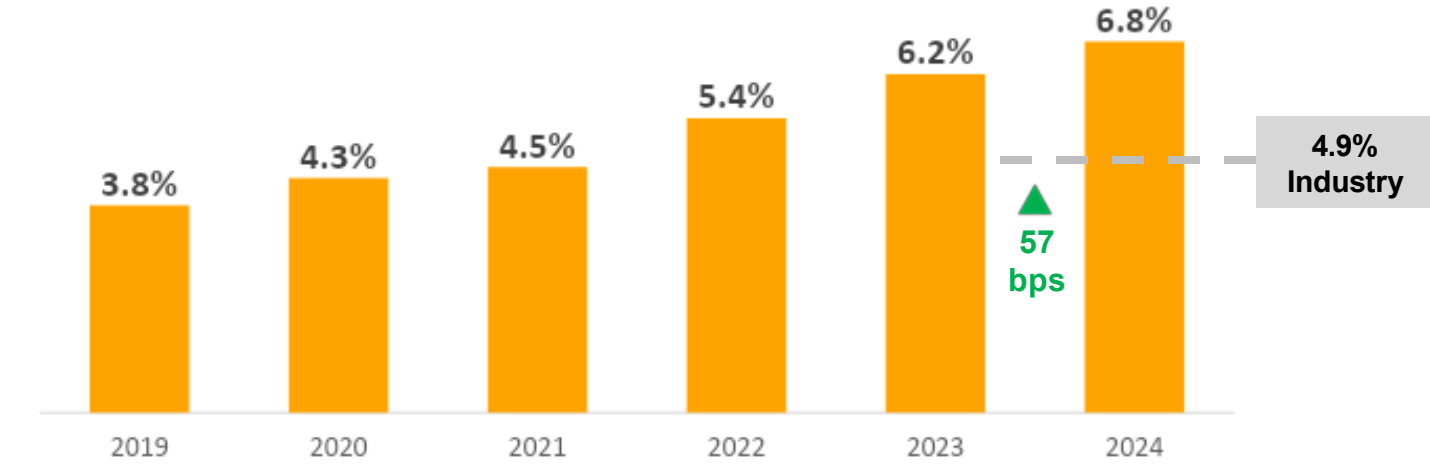


Net Revenues

(in PHP, Bn)



Net Revenues (net of trading) to Assets



Average Industry data is based on 3Q24 figures

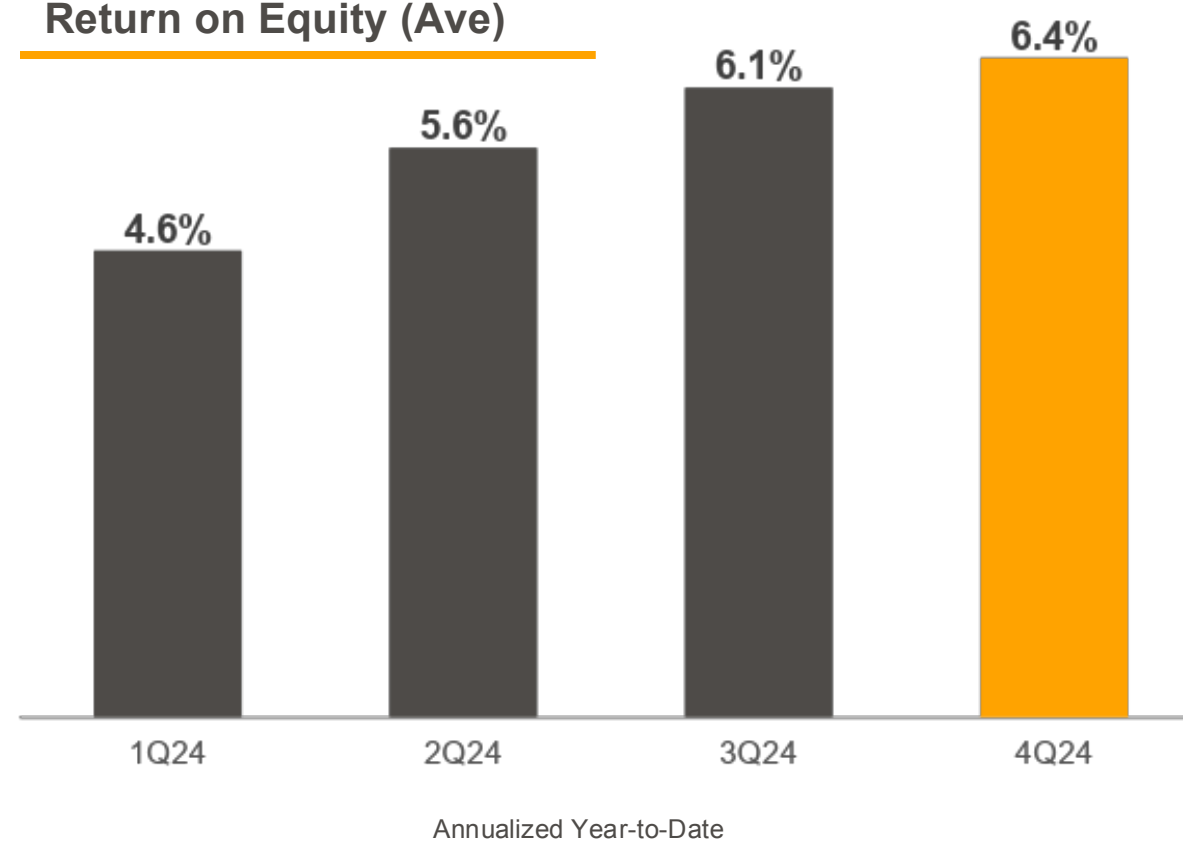
UnionBank FY2024 net income at P12.0Bn

- UnionBank’s retail business remains strong, driving the group’s topline revenues.
- The parent bank’s net income is higher year-on-year with better net interest margins (NIMs), higher proportion of consumer business, and increased customer transactions.

Net Income
(in PHP Bn)



Return on Equity (Ave)



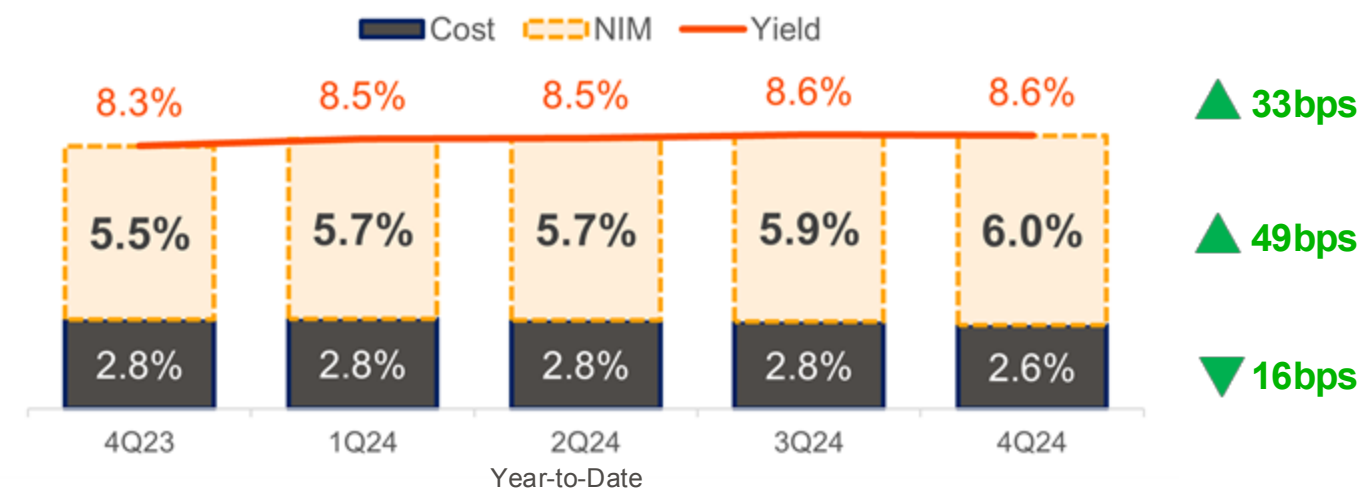
Net interest income up 12% mainly driven by wider margins

Net Interest Income

(in PHP Bn)

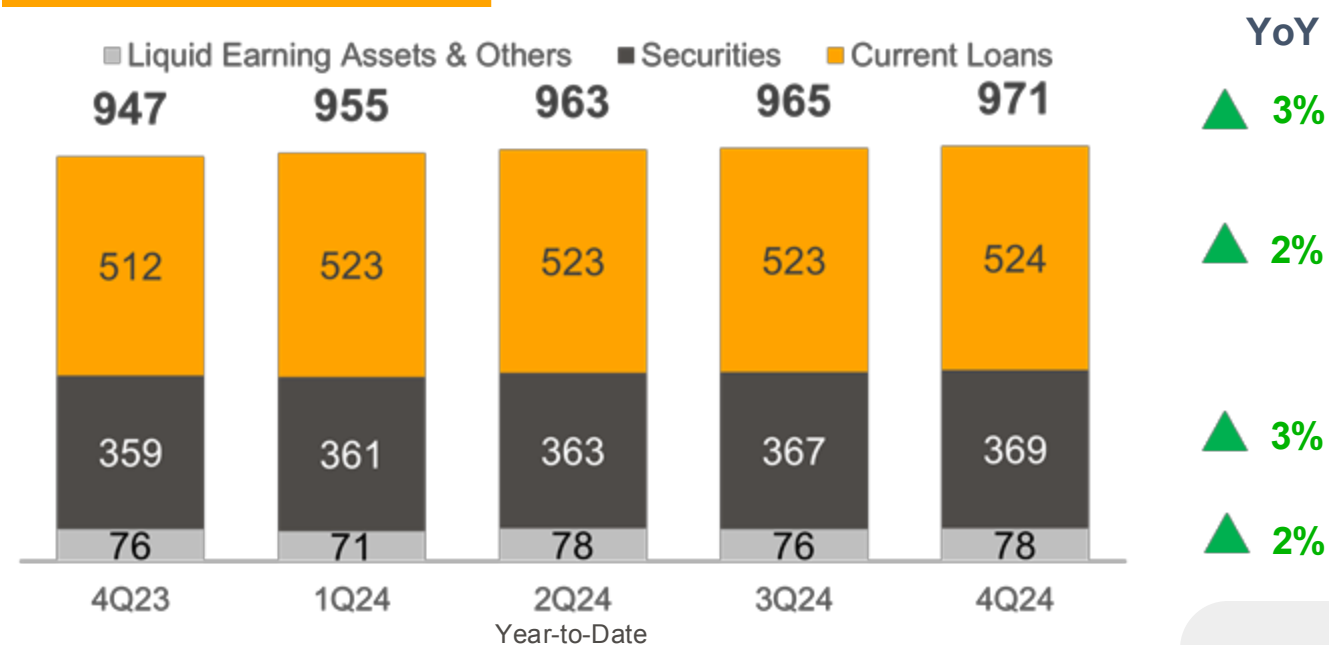


Net Interest Margin



Earning Assets

(ADB in PHP Bn)

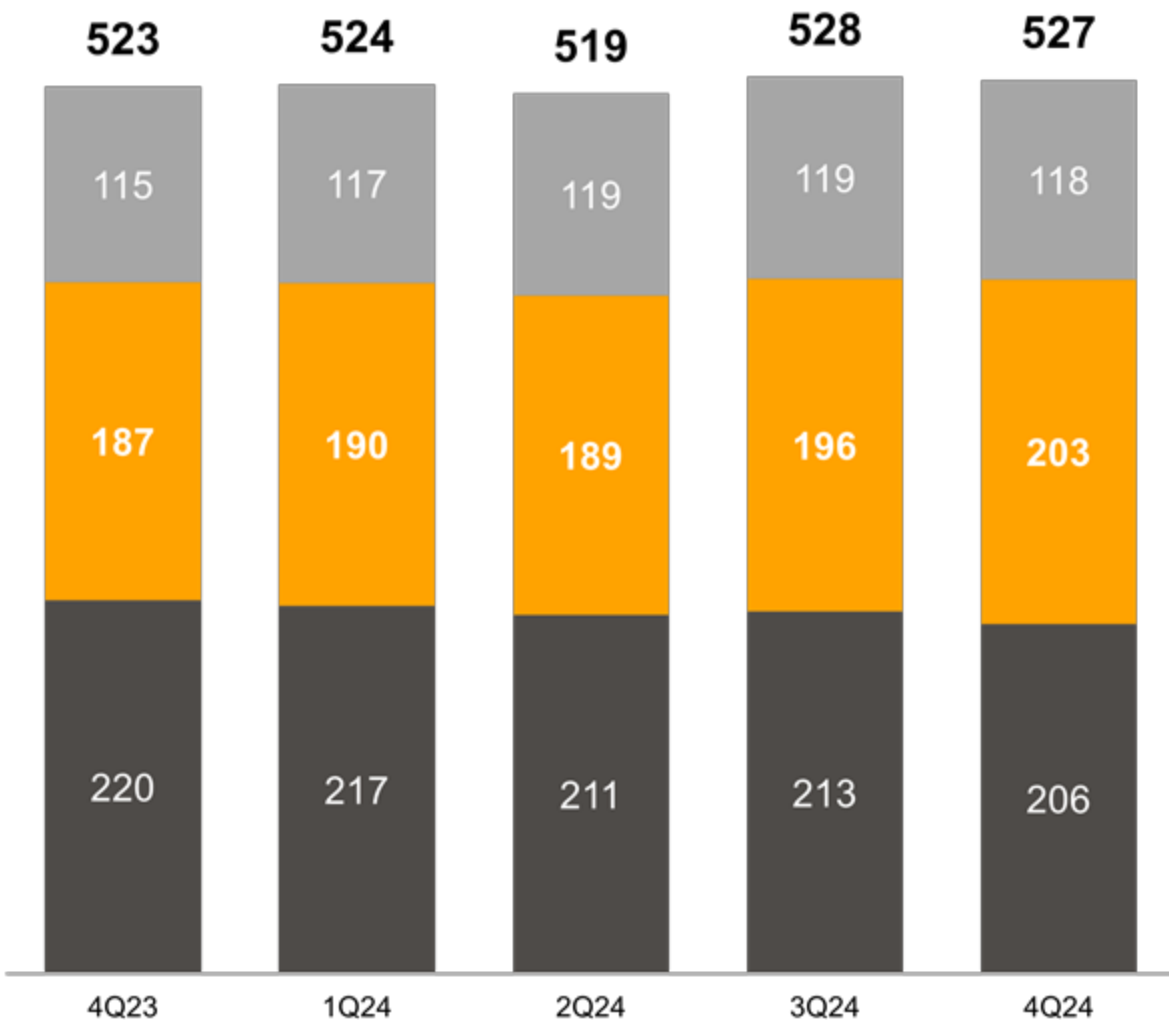


Loan growth driven by consumer loans

Gross Loans

(OSB, in PHP Bn)

■ Institutional ■ Retail (Parent) ■ CSB, UD & Other Subs



YoY

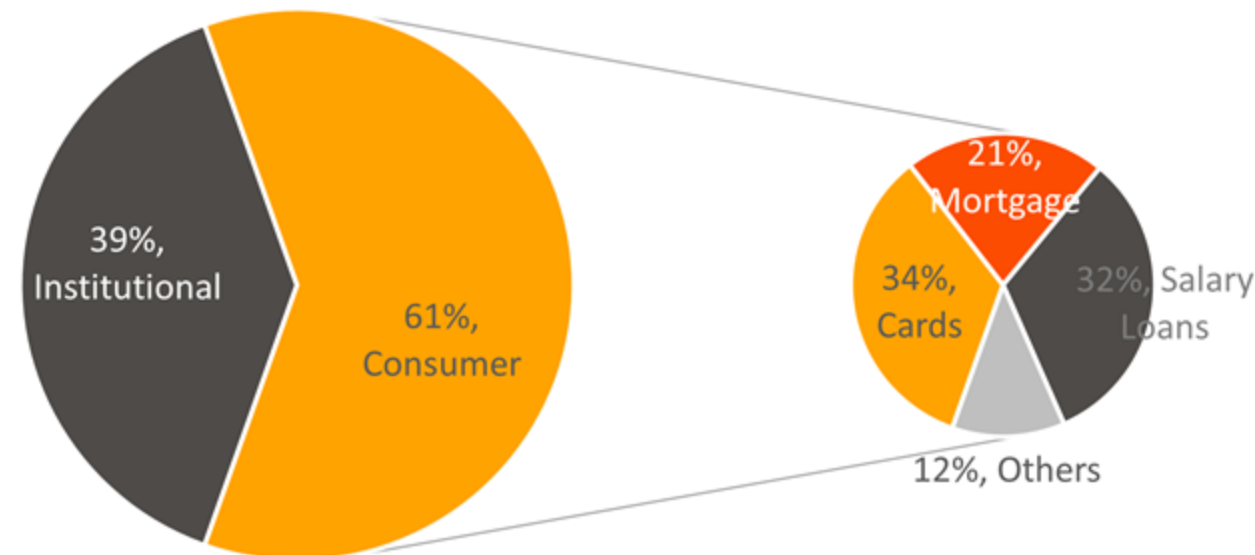
▲ 1%

▲ 2%

▲ 8%

▼ 6%

Loan Mix

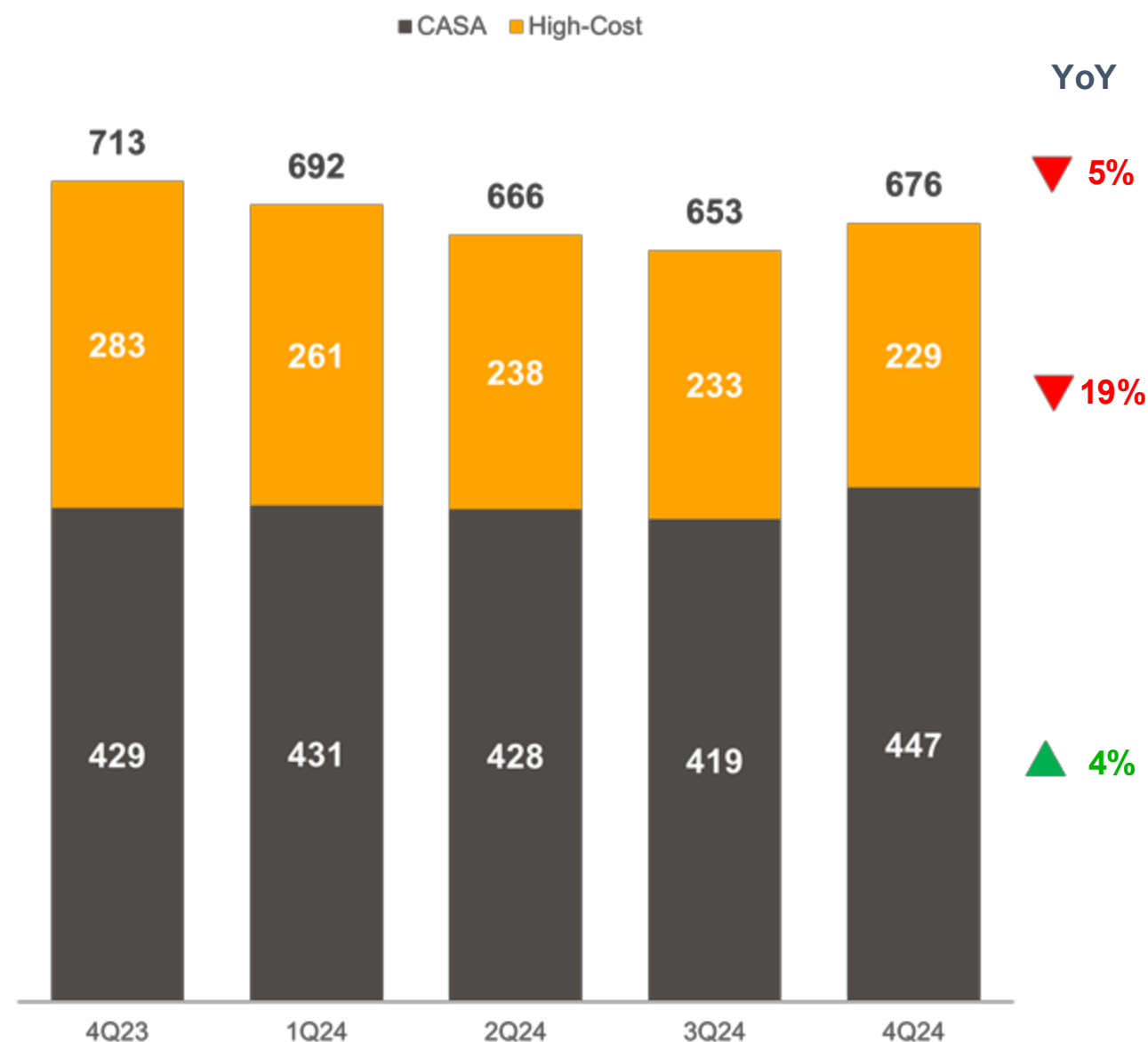


Gross Loans (OSB in PHP Bn)	Dec 2023	Dec 2024	Variance	%
Corporate	134	130	(3)	-2%
Commercial	86	76	(11)	-12%
Consumer	187	203	15	8%
Home Loans	71	69	(2)	-3%
Credit Card	97	109	13	13%
Other Consumer Loans	20	25	5	24%
Total Gross Loans of Parent	407	409	2	0%
CitySavings and Subsidiaries	104	113	9	9%
UnionDigital	12	5	(7)	-56%
Total Gross Loans of Subs	115	118	2	2%
Total Gross Loans	523	527	4	1%
% Consumer Loans	58%	61%		

Steady growth in CASA

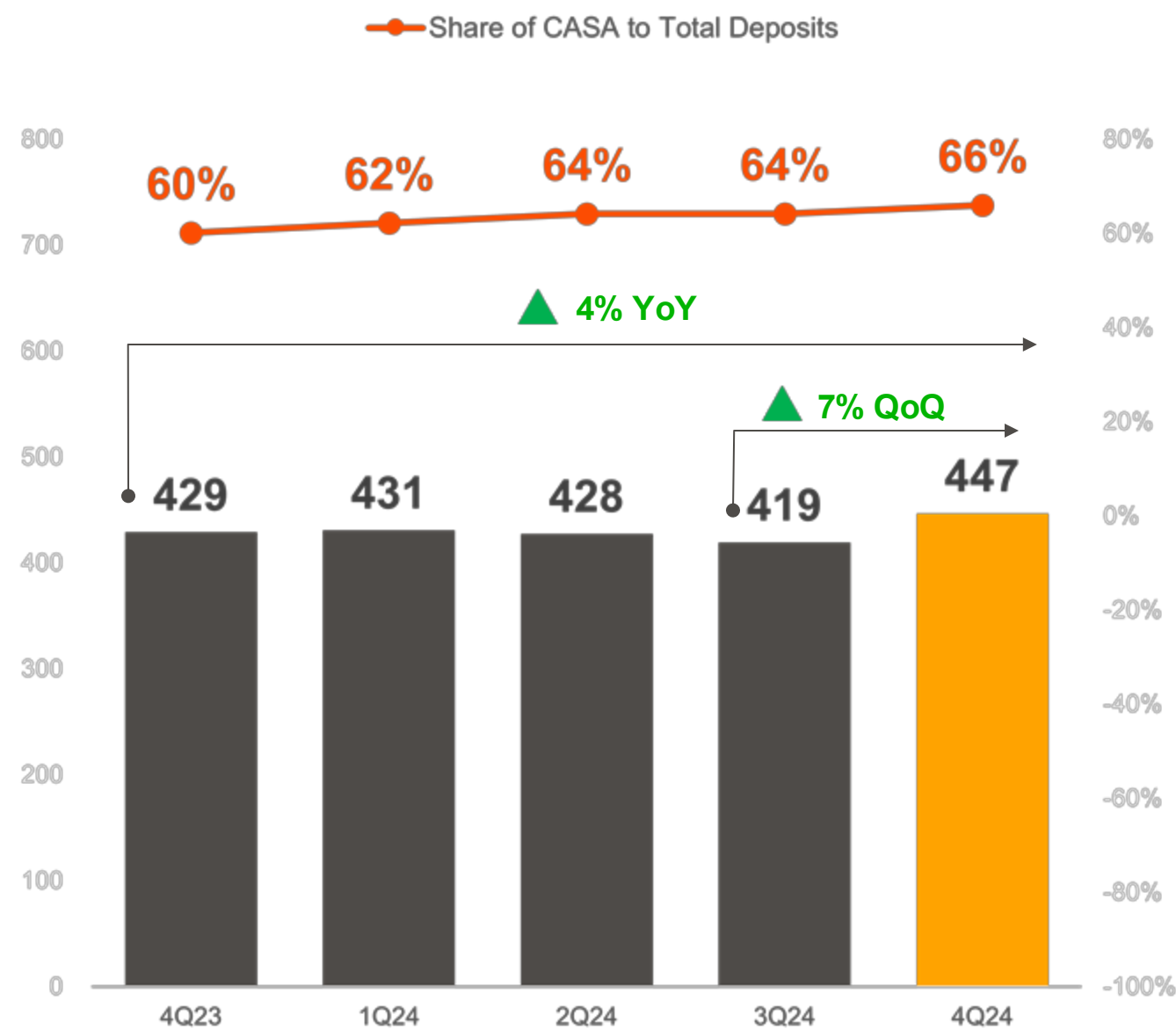
Total Deposits (Consolidated)

(OSB, in PHP Bn)



CASA Deposits (Consolidated)

(OSB, in PHP Bn)

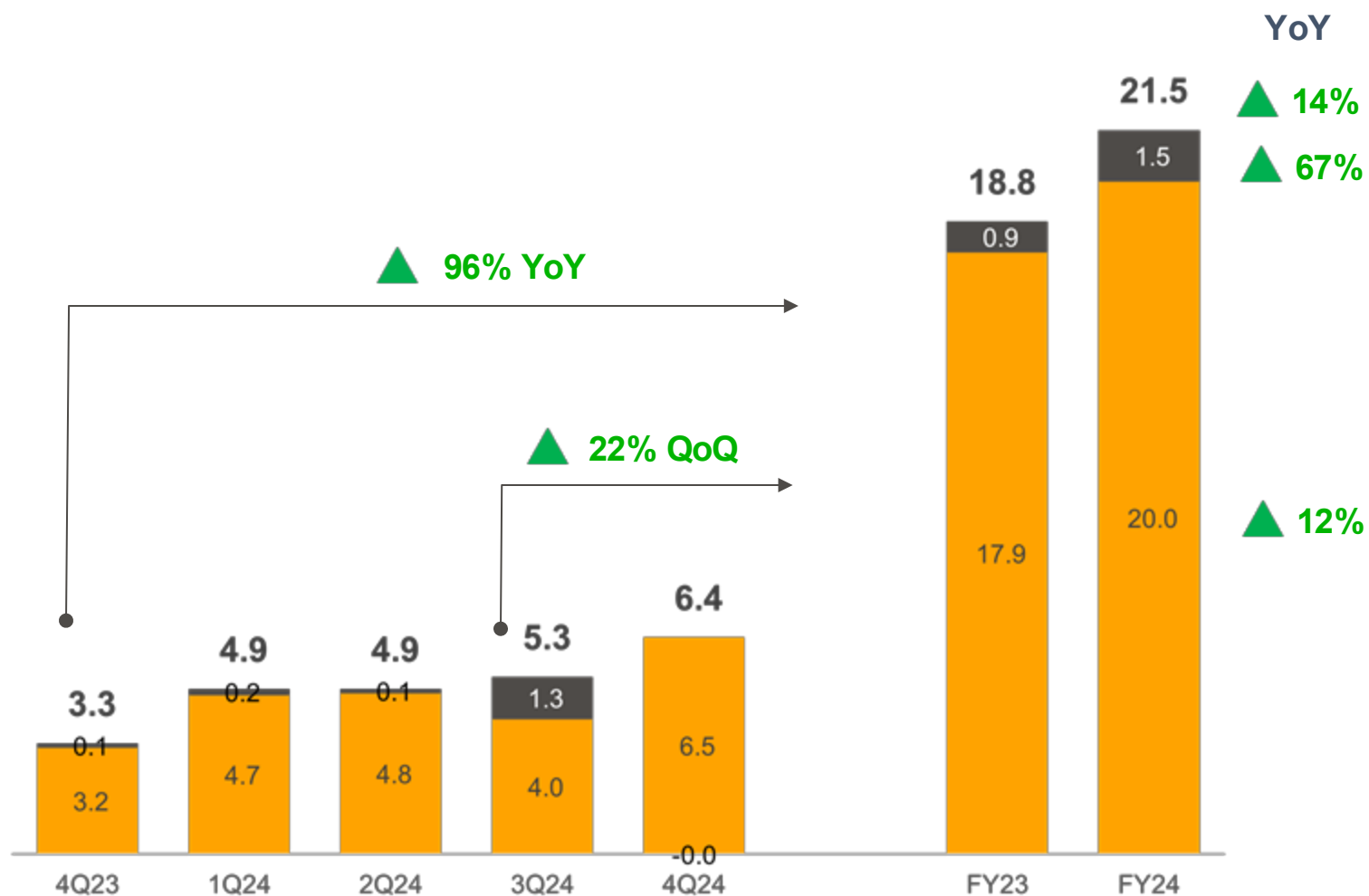


Parent bank customer transactions driving fee income

Non-Interest Income

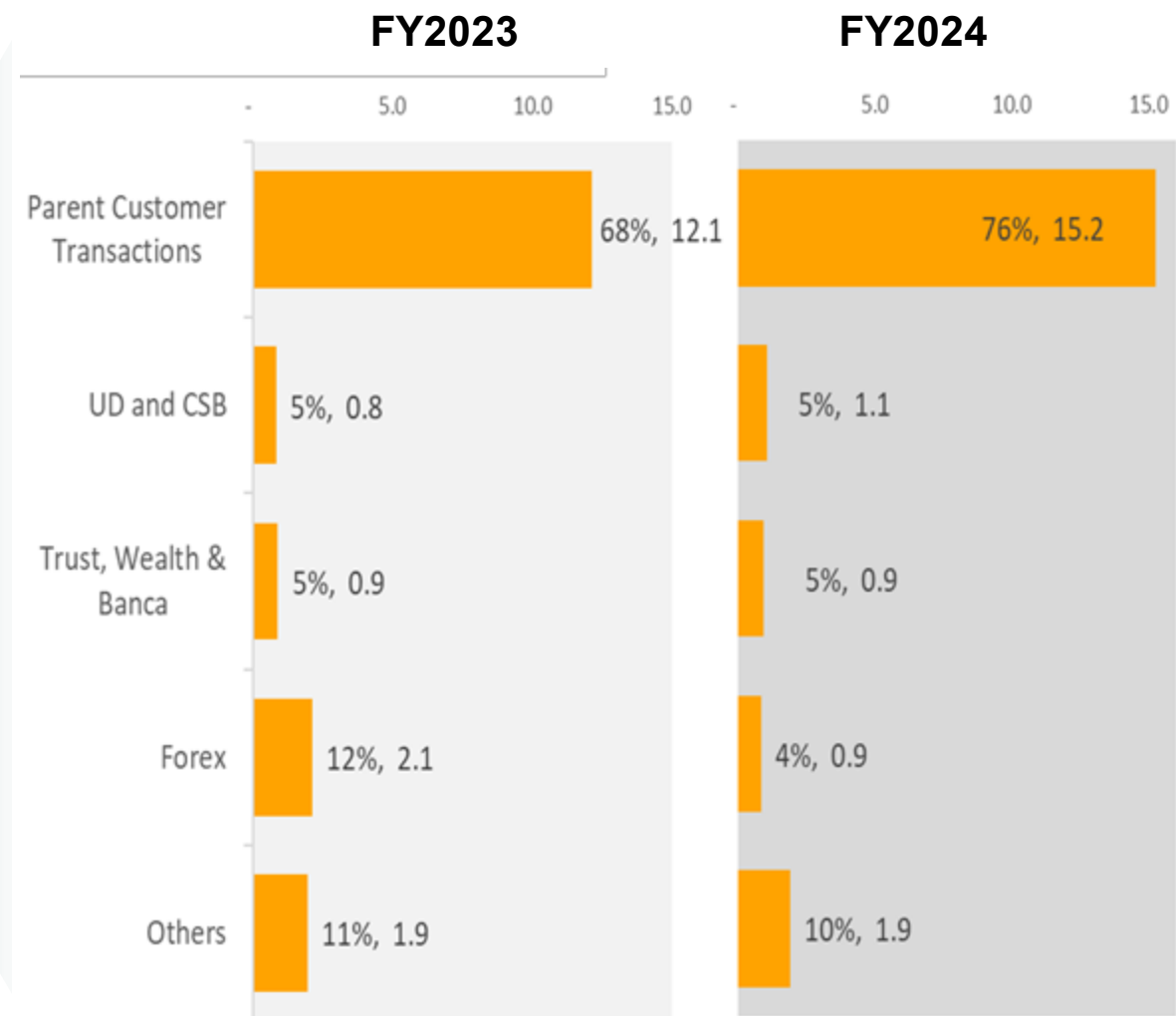
(in PHP Bn)

■ Fees ■ Trading Income



YTD Fees

(in PHP Bn)



Quarter-to-Date

Year-to-Date

OPEX mainly driven by volume growth

Operating Expenses

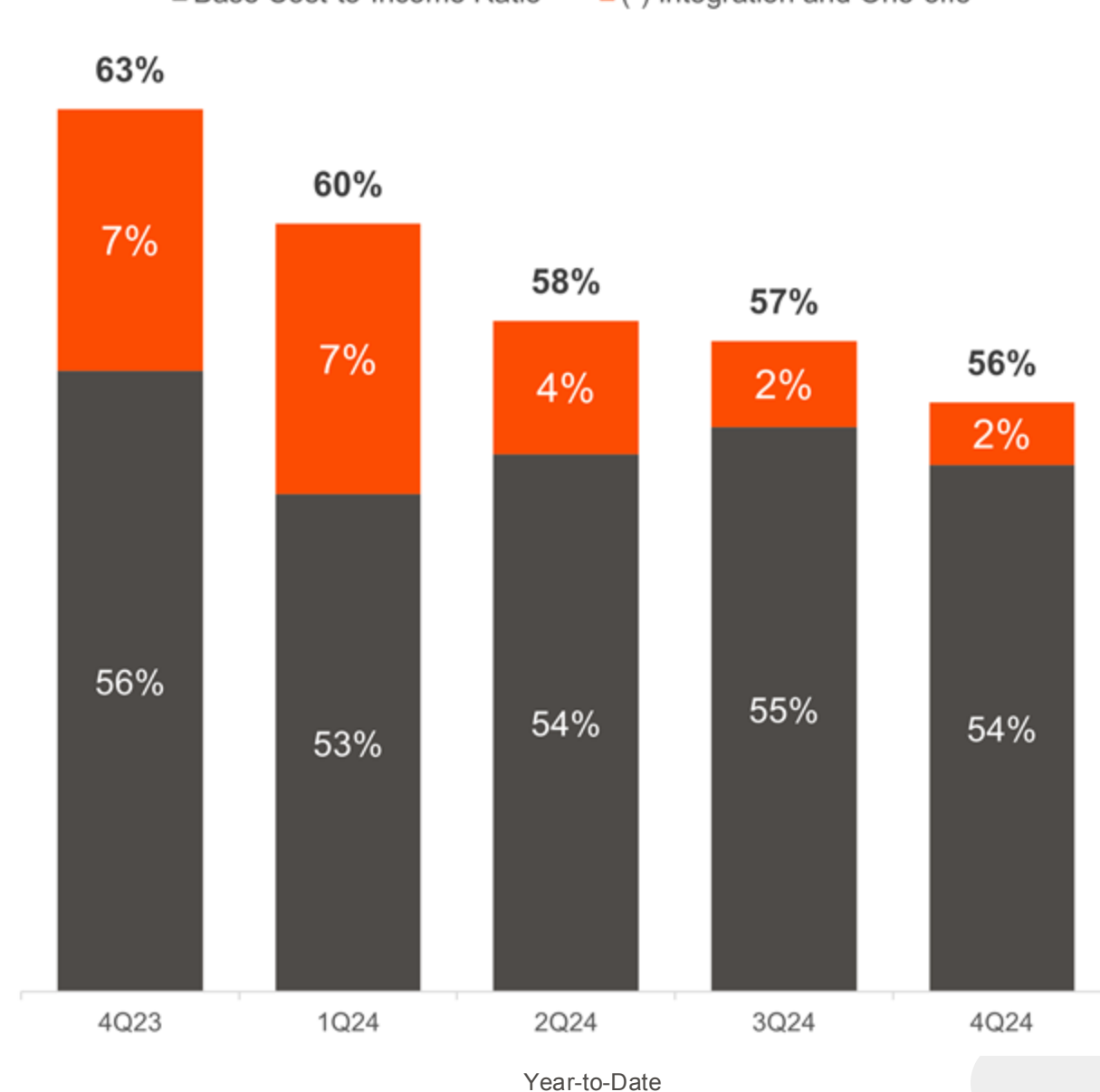
(in PHP Bn)

■ Core OPEX ■ Integration and One-offs



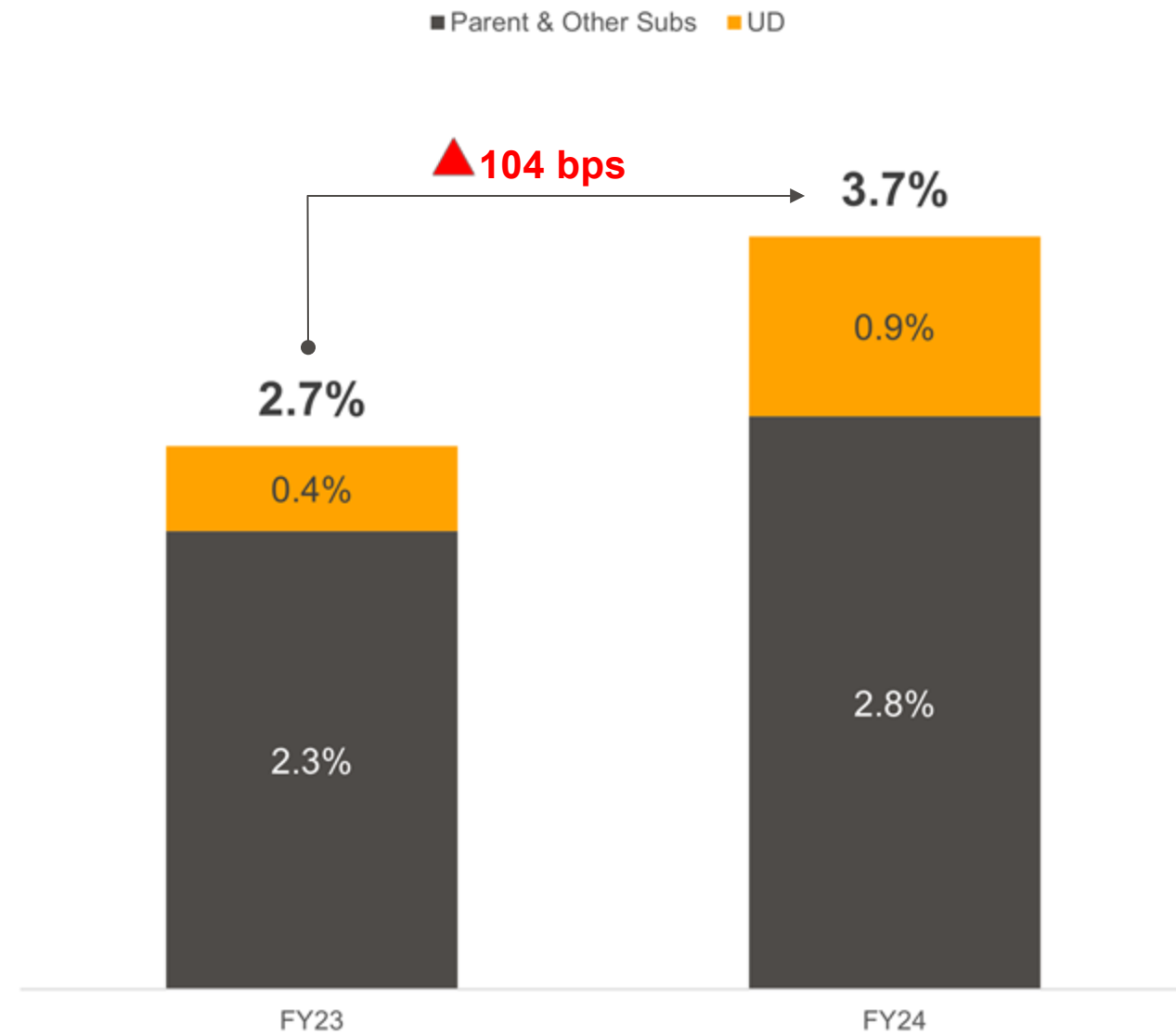
Cost-to-Income Ratio

■ Base Cost-to-Income Ratio ■ (-) Integration and One-offs

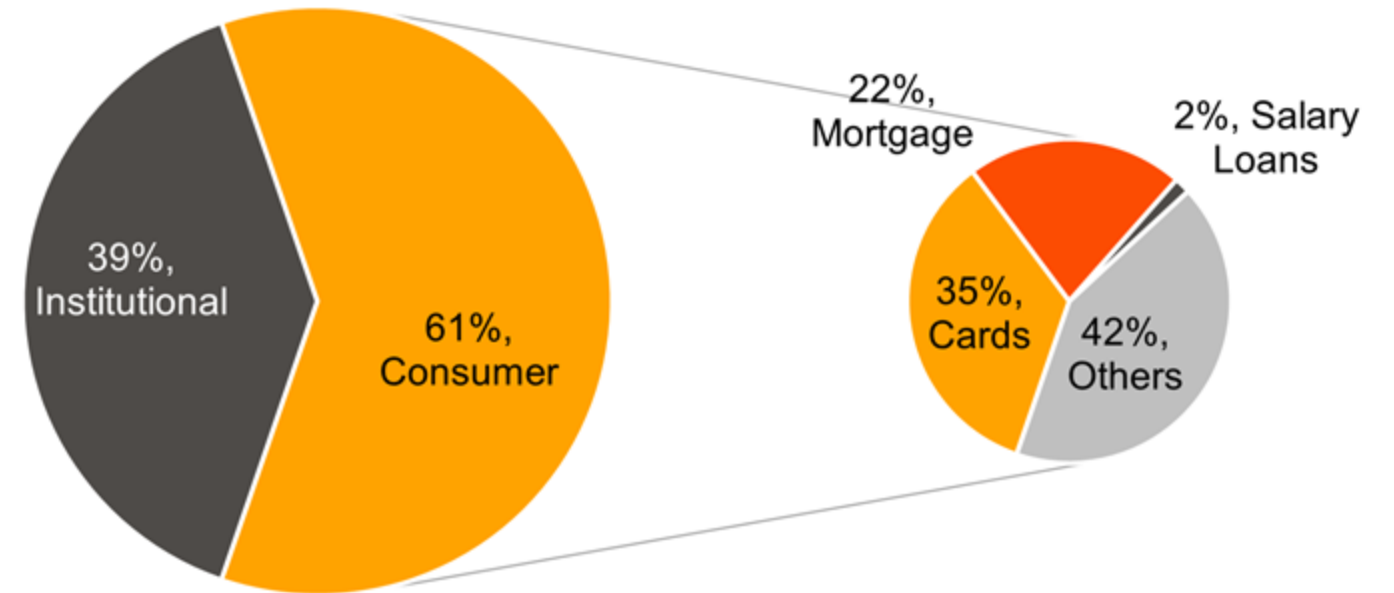


Credit cost temporarily affected by challenges in UD

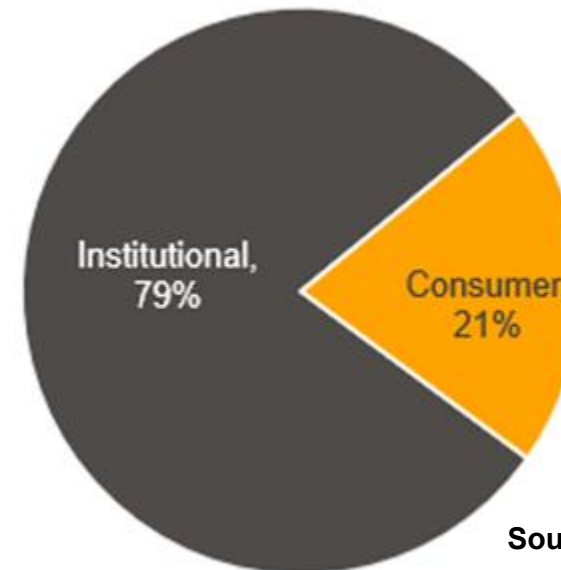
Credit Cost



Loan Mix

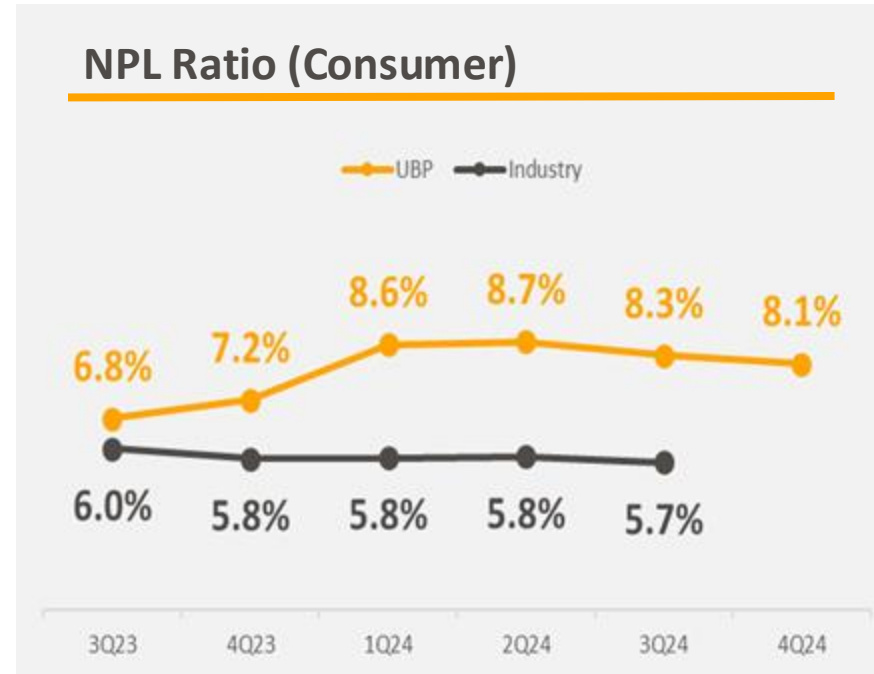
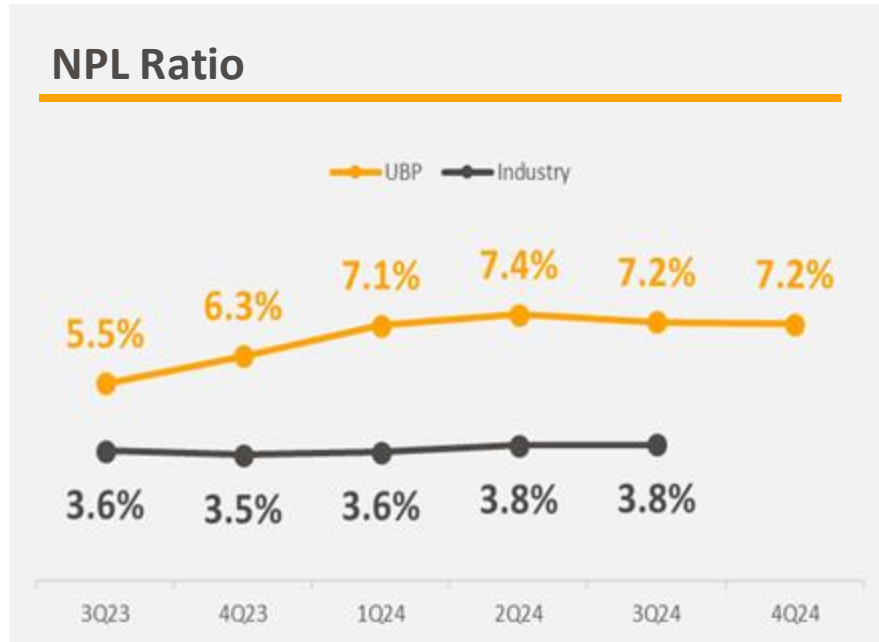


Industry



Source: Q3-2024 BSP Data

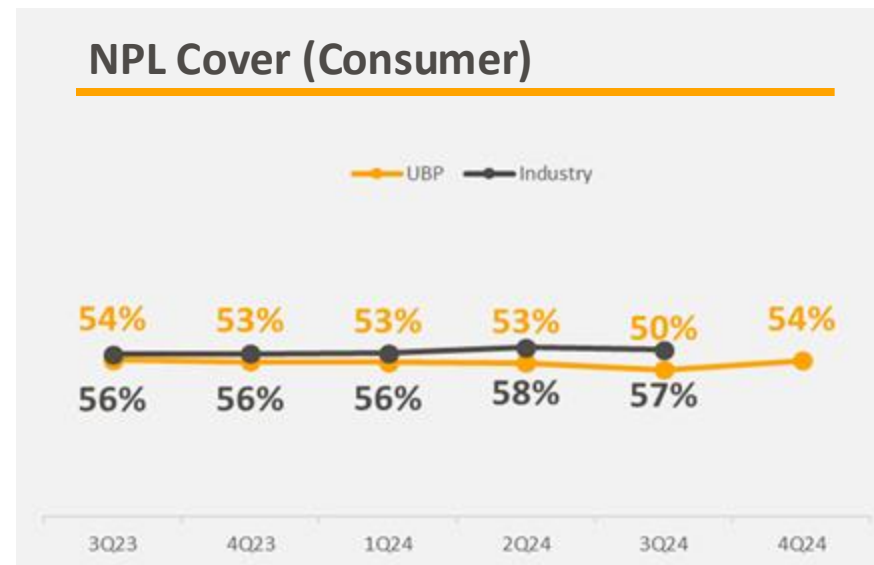
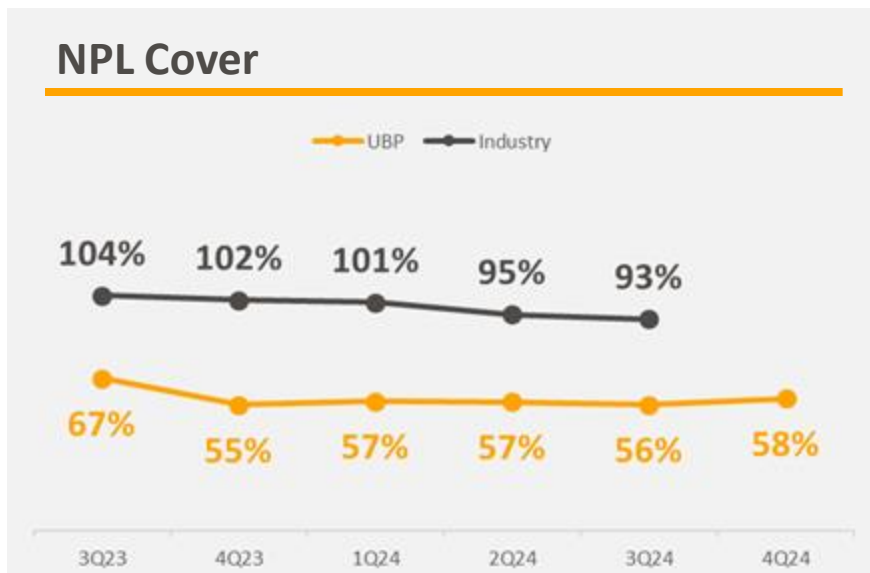
NPL ratio is reflective of our loan mix



6.2%

Parent Consumer NPL Ratio

▲ 50 bps Vs Q3-24 Industry



69%

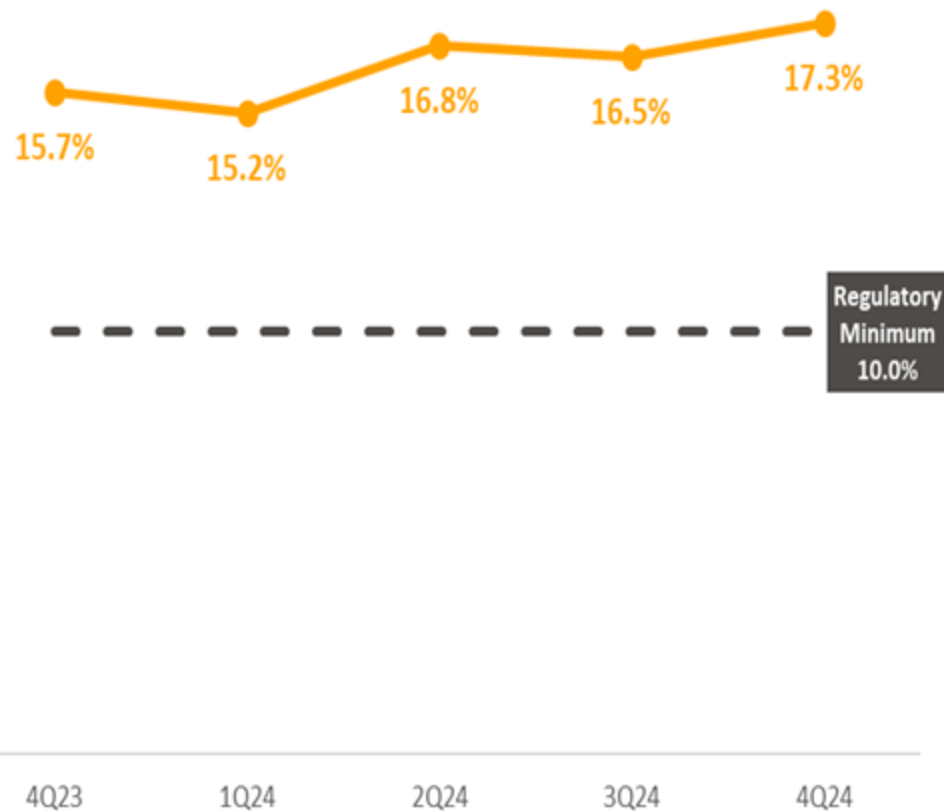
Parent Consumer Coverage Ratio

▲ 11% Vs Q3-24 Industry

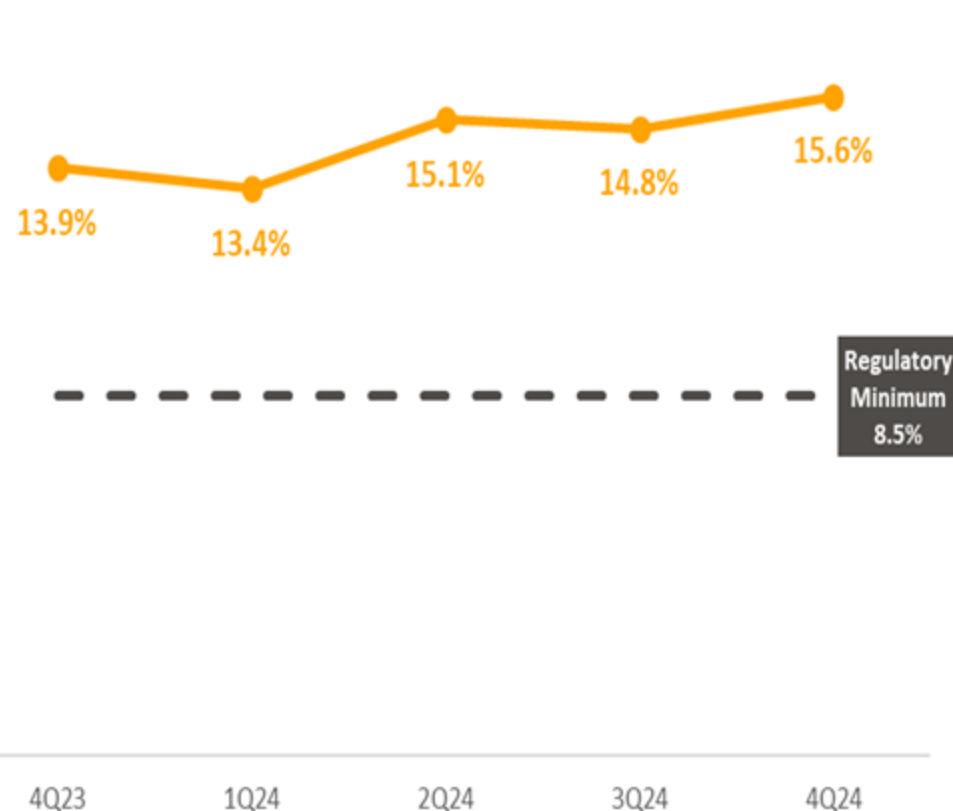
Note: Industry NPL Ratios are based on Q3-24 data and calculated based on Philippine Banking System's Total Loan Portfolio exclusive of IBL and RRP with BSP and Other Banks.

Sufficient capital ratios to support growth

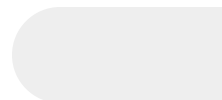
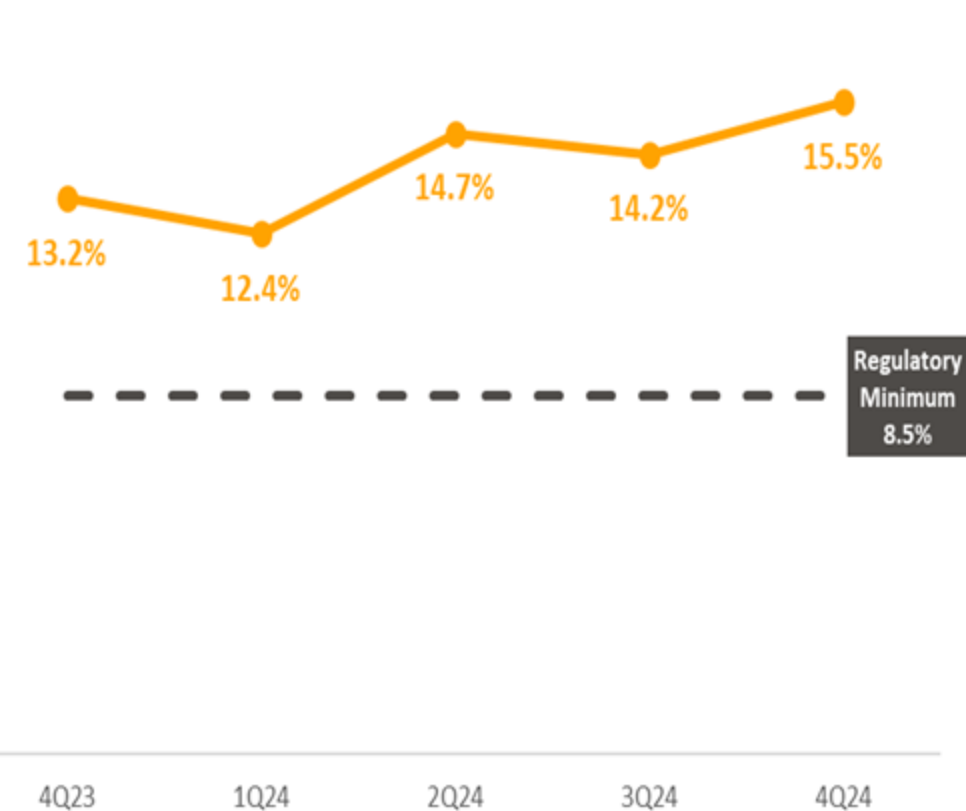
Capital Adequacy Ratio Group (CAR)



Common Equity Tier 1 Capital Ratio Group (CET1)



Common Equity Tier 1 Capital Ratio Parent (CET1)



Operational Milestones for 2024

Citi Consumer Business Integration

~10x More per month

New Card Acquisition

~13x Bigger

CC & PL Portfolio Size

~11x Higher

Wealth & PB AUM

* All Versus Pre-pandemic Data

Digital Enhancements



Maintained status as highly rated and most downloaded app
Combined rating of 4.7

Market leading Features & Functions for Deposits now amplified to include features for Credit Cards
Lending, Installments, PayDirect, etc



Driver of growth for NTB (DAO) now includes capability for xselling other products and services
Through targeted in-app marketing campaigns

UBO-sourced revenues grew 2X, with a more diversified revenue profile



Strategic Partnerships

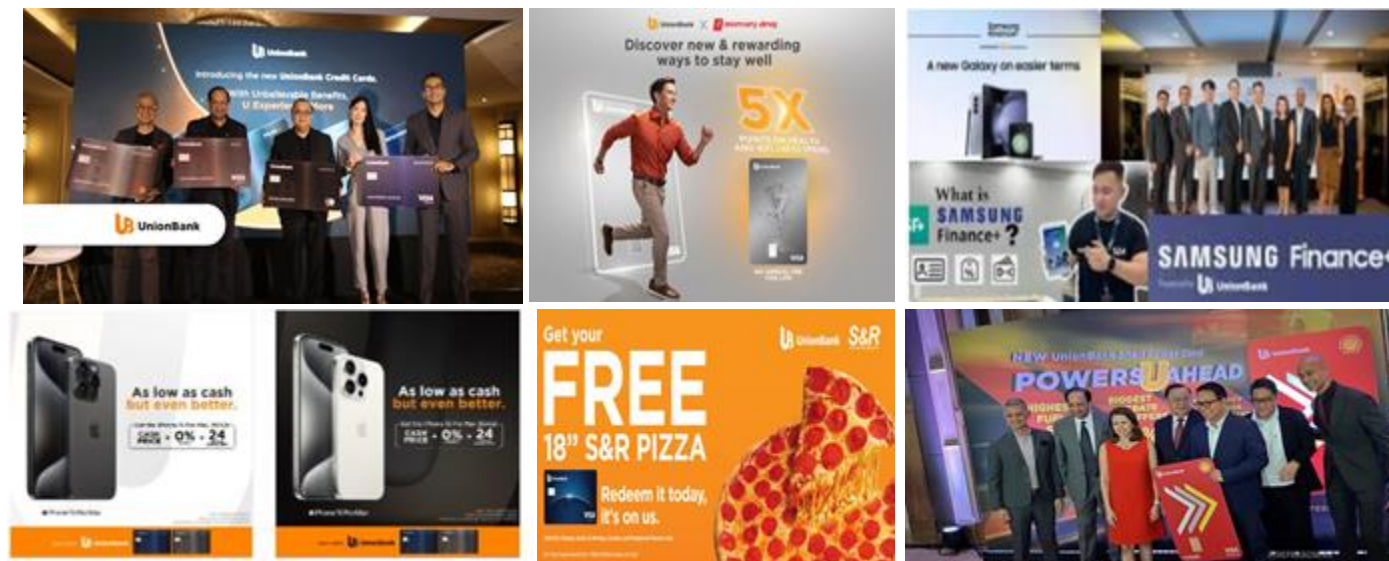
SBI X UBP



ATRAM X UBIMTC



UBP X Merchants



Summary

Key Takeaways

In FY 2024 alone, the bank generated a net income of PHP 12.Bn, up by 31% YoY. This is on the back of all-time high topline revenue of PHP 79.5Bn, higher by 12% YoY, and lower operating expenses.

OPEX growth is due to our investment in customer acquisition, service delivery, and client engagement that will ultimately drive the bank's revenues in the future.

Elevated credit cost was due to legacy loans business of the subsidiaries which we expect to be contained moving forward.

Outlook

Improvement in topline and net income growth should continue as we realize the synergies brought about by the integrated consumer operations.

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 further NIM expansion.

OPEX have stabilized post-consumer business integration.

Credit cost is expected to stabilize as we recalibrated our loan strategy in UD, focusing on lower risk segment. Moreover, after the successful conclusion of Citi integration, we are now focused on realizing cross-selling opportunities that should eventually result in cost-to-income ratio improvement.

UnionBank

Earnings Results Presentation

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