1H 2026

Earnings Results Briefing

UnionBank

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Agenda

Dominic Banal
Global Markets - Trading Head

1. Macroeconomic and Industry Outlook

Dmi Lozano
Chief Financial Officer

2. Financial Performance

Macroeconomic and Industry Outlook

Israel-Iran war reignites oil concerns; FOMC holds

- **Oil back below $80/bbl peace optimism**

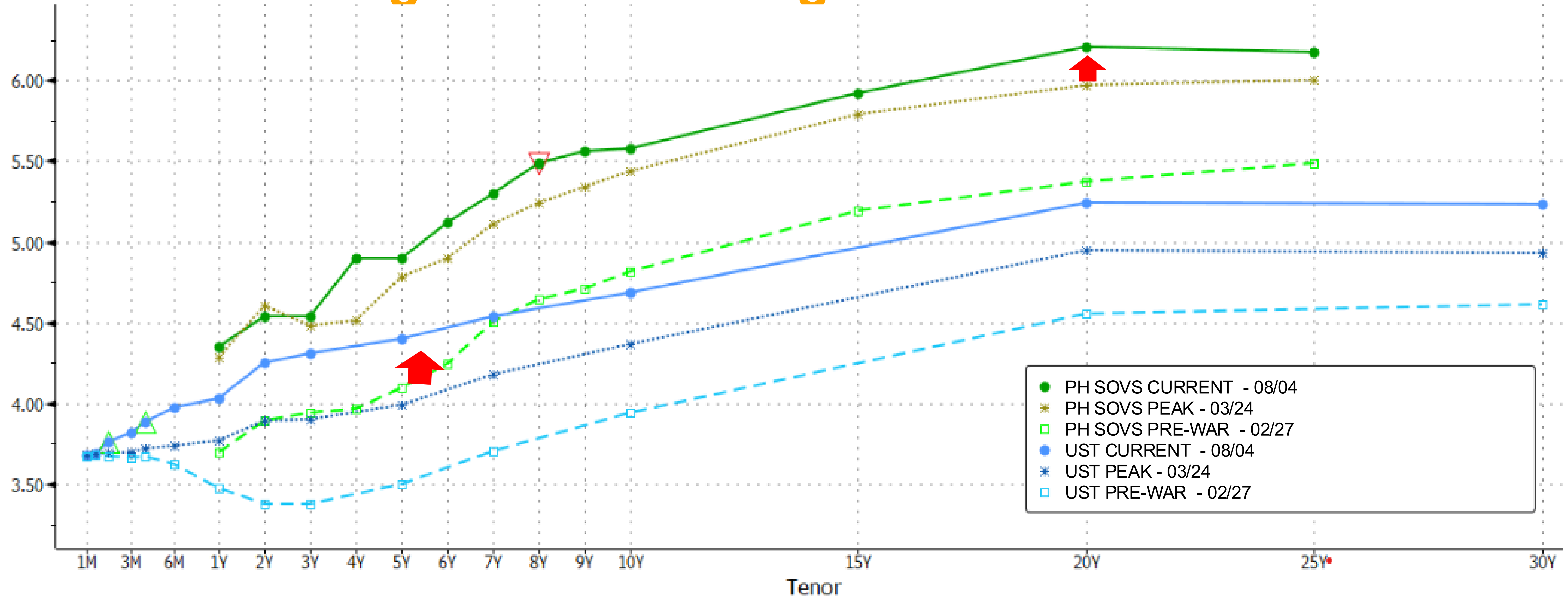
- **FOMC holds rates steady; 3 dissents in first action of Warsh era**
  - Hammack, Kashkari and Logan vote for 25 bps hike
  - Hike expectation lower immediately after; Just 1.34 hikes expected for the year

- **US yield curve steepens on policy uncertainty**

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
09/16/2026	+0.589	+58.9%	+0.147	3.781
10/28/2026	+0.855	+26.6%	+0.214	3.847
12/09/2026	+1.302	+44.7%	+0.325	3.959
01/27/2027	+1.435	+13.3%	+0.359	3.993
03/17/2027	+1.696	+26.1%	+0.424	4.058
04/28/2027	+1.755	+5.9%	+0.439	4.073

Curve sits higher as market questions FOMC move

PH USD sovereign curve shifts higher



All Tenors Key Tenor

	Curve Id		3M	2Y	5Y	10Y	20Y	25Y	30Y
16)	I25 02/27/26		3.661	3.378	3.503	3.941	4.552		4.613
17)	I359 (Last-03/24/26)	PH		-6.8	11.7	13.7	23.5	17.4	
18)	I359 (Last-02/27/26)	PH		64.3	80.2	76.3	83.7	69.2	
19)	I25 (Last-03/24/26)	UST	12.3	35.9	40.4	32.1	29.0		30.3
20)	I25 (Last-02/27/26)	UST	15.6	87.3	89.4	74.4	68.7		61.9

Headwinds in the inflation battle as oil, wage hike and El Nino present risks

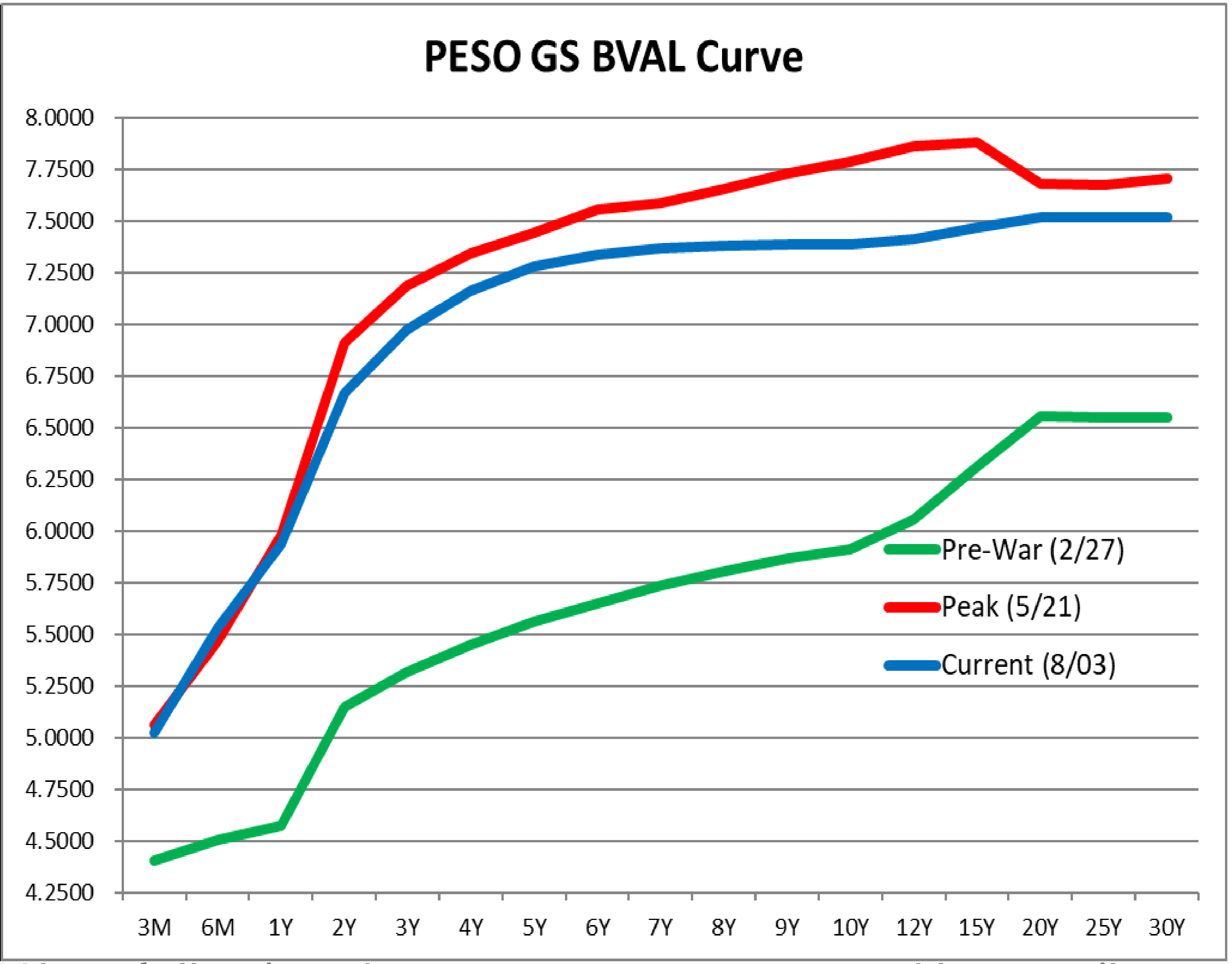
- **Despite 2 BSP hikes, PH core inflation still at 4.2% but headline eased in June to 6.2% vs. 6.4% prev**
  - Due to easing oil price pressures and government measures to strengthen food supply

- **BSP to recalculate inflation outlook following unexpected minimum wage hike in NCR**
  - “We thought it would be 6%, but it turned out to be 12%,” Governor Remolona said
  - “So we’re still crunching the numbers on the possible inflationary effects of that”

2026 BSP Key Dates	# Hike/ Cuts	% Hike / (Cuts)	Imp. Rate Change	Implied ORR Rate
Thursday, August 27, 2026	0.98	98%	0.25	5.00
Thursday, October 22, 2026	1.81	83%	0.21	5.21
Thursday, December 17, 2026	2.34	53%	0.13	5.34

Bargain hunting ensues as peace talks see progress

Tenor	PESO GS BVAL RATES Pre-War (2/27)	Peak (5/21)	Current (8/03)	Peak to Current	Pre-War to Current
3M	4.4036	5.0590	5.0220	-0.04	0.62
6M	4.5042	5.4698	5.5271	0.06	1.02
1Y	4.5751	5.9792	5.9381	-0.04	1.36
2Y	5.1460	6.9107	6.6651	-0.25	1.52
3Y	5.3180	7.1870	6.9718	-0.22	1.65
4Y	5.4500	7.3466	7.1637	-0.18	1.71
5Y	5.5610	7.4423	7.2786	-0.16	1.72
6Y	5.6495	7.5554	7.3402	-0.22	1.69
7Y	5.7360	7.5885	7.3712	-0.22	1.64
8Y	5.8050	7.6594	7.3834	-0.28	1.58
9Y	5.8650	7.7306	7.3851	-0.35	1.52
10Y	5.9130	7.7872	7.3859	-0.40	1.47
12Y	6.0578	7.8627	7.4131	-0.45	1.36
15Y	6.3110	7.8822	7.4708	-0.41	1.16
20Y	6.5560	7.6842	7.5216	-0.16	0.97
25Y	6.5520	7.6769	7.5203	-0.16	0.97
30Y	6.5519	7.7057	7.5193	-0.19	0.97



- From the peak, yields went down by around 30bps following the temporary peace and lower oil

USD/PHP trades sub 61 level on easing Middle East tensions; lower crude oil prices

•USD/PHP fell back to the 60-per-dollar level, posting its strongest close in more than a month as crude oil prices have retreated to below $80 per barrel, their lowest level in more than two weeks, easing concerns over inflation and the country's oil import bill.

•It marked a sharp reversal after USD/PHP previously hit a new all-time high of 61.850 on July 24 as easing geopolitical tensions in the Middle East dampened demand for the greenback. Since then, heavy market offers have adjusted to the 61.850 level.

•The local pair also benefited from a broader decline in the dollar after coordinated intervention by Japanese and US authorities supported the yen (sold $34billion), pulling the greenback lower against other major Asian currencies.

•Fed holds, but hawks dissent: The FOMC voted 9-3 on July 29 though the DXY recorded it largest decline in two years following the Fed hold decision as investors reduced expectations of a September hike.

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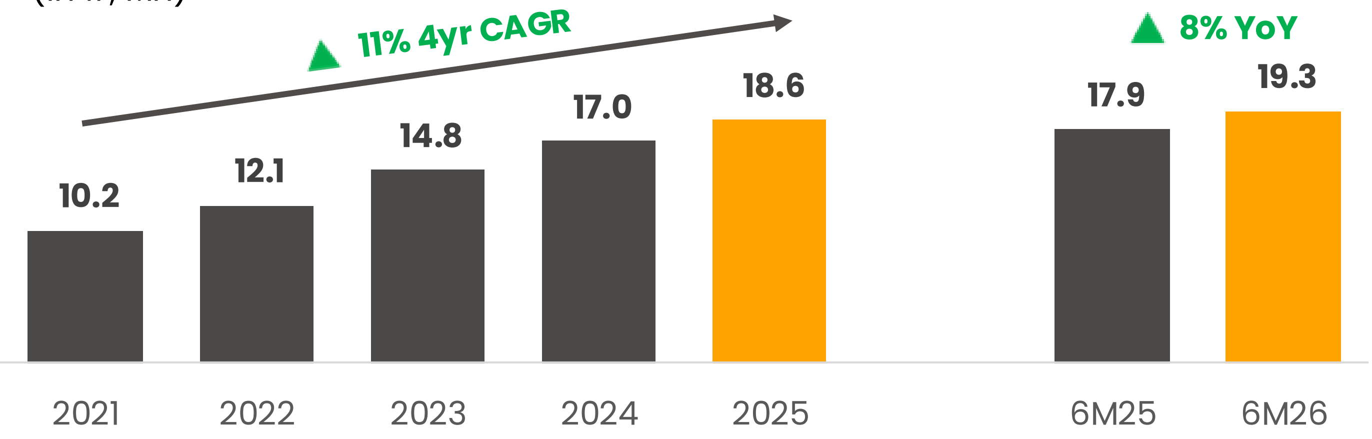
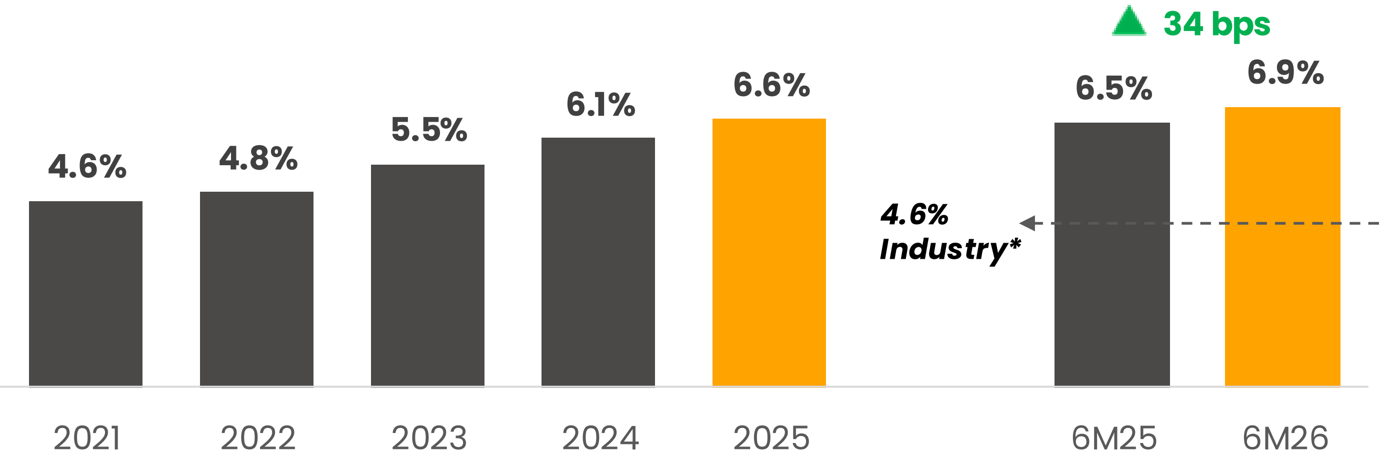
Financial Performance
1H26

Sustained revenues driven by customer expansion and healthy margins

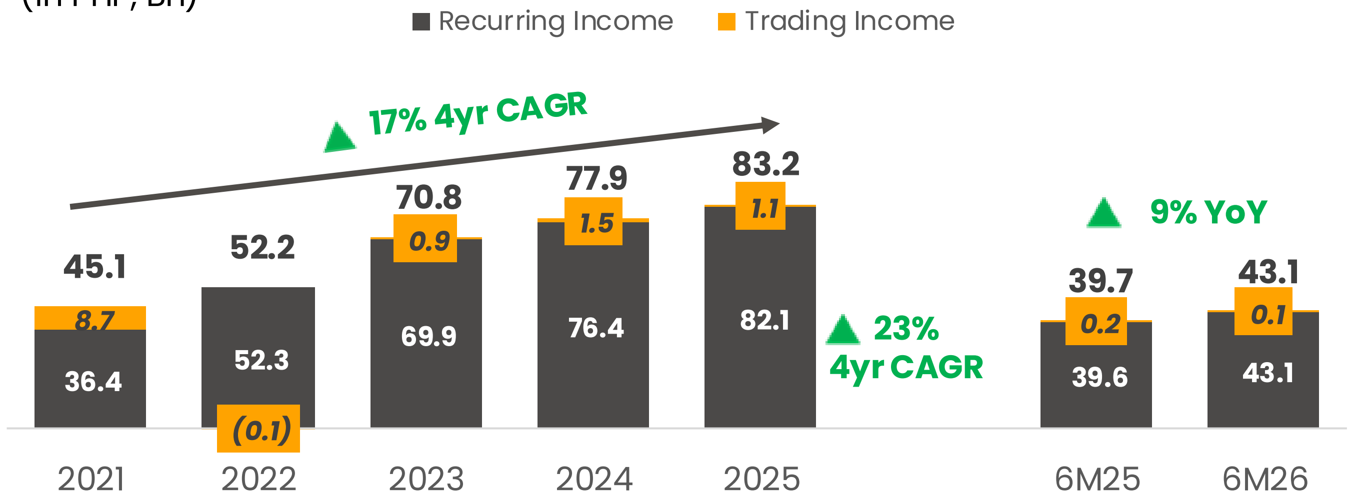
Customer Growth
(in #, Mn)



Net Interest Margin

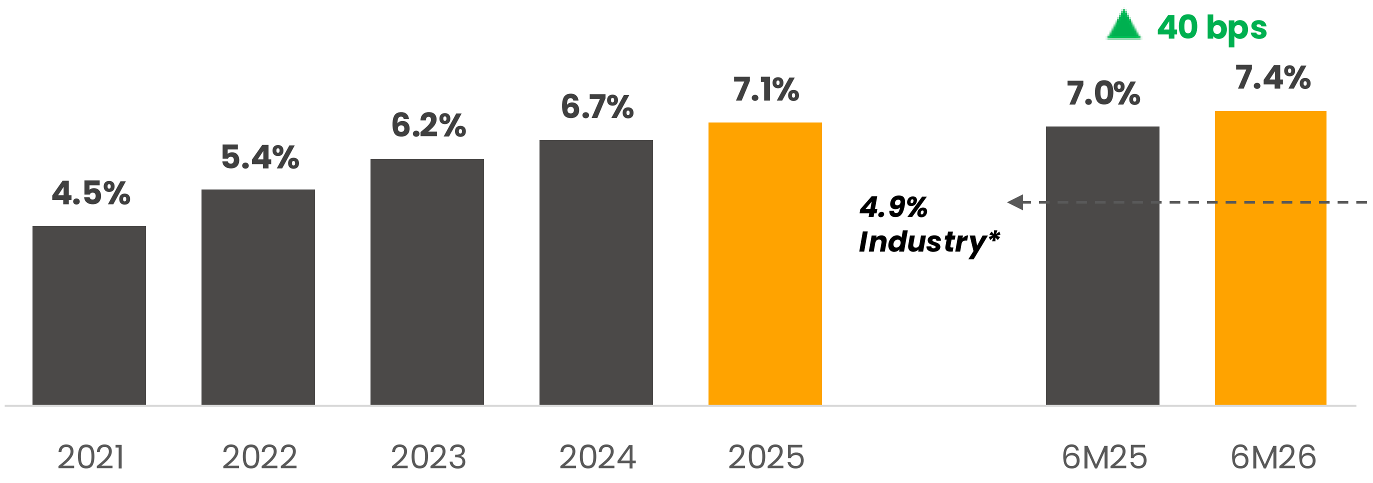


Net Revenues
(in PHP, Bn)



Note: (*) Average Industry data is based on 1Q26 figures

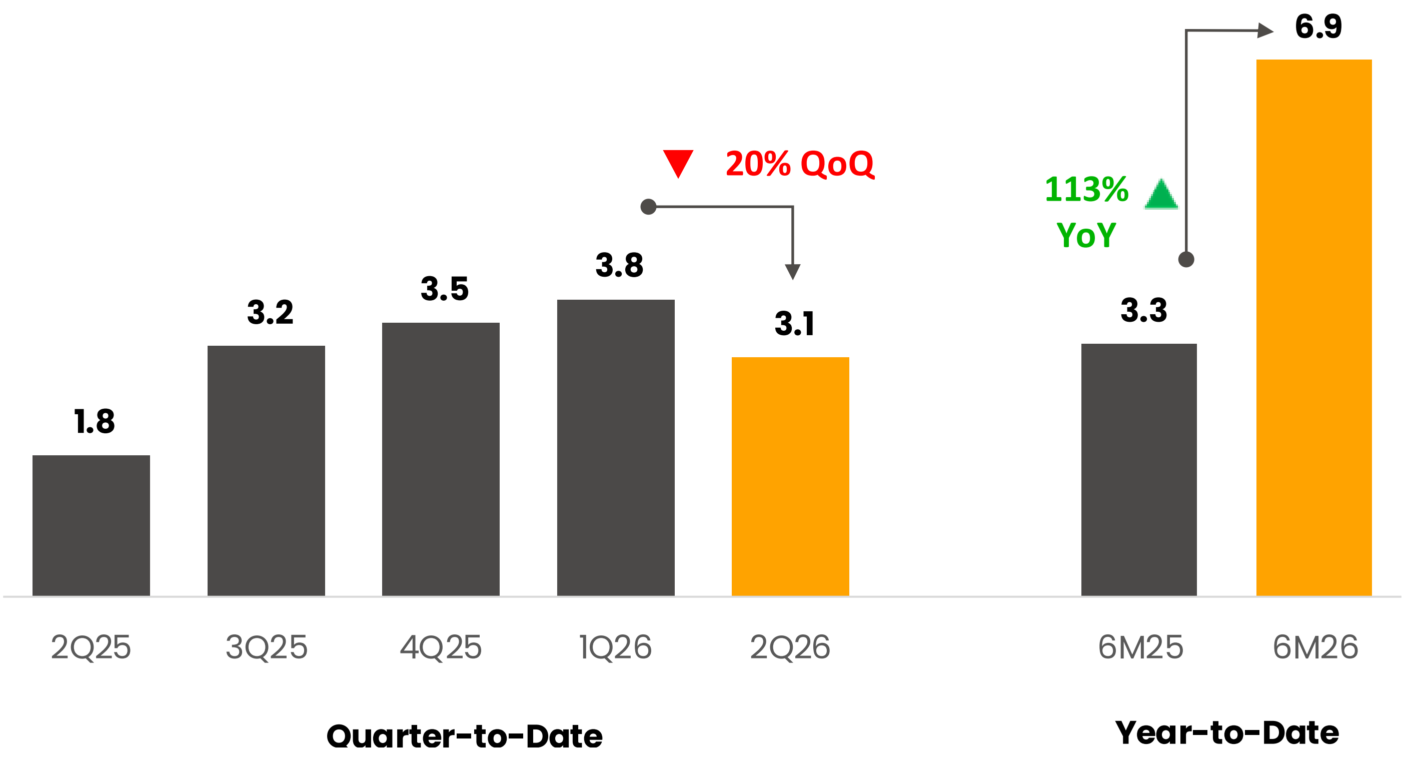
Net Revenues (excluding trading) to Assets



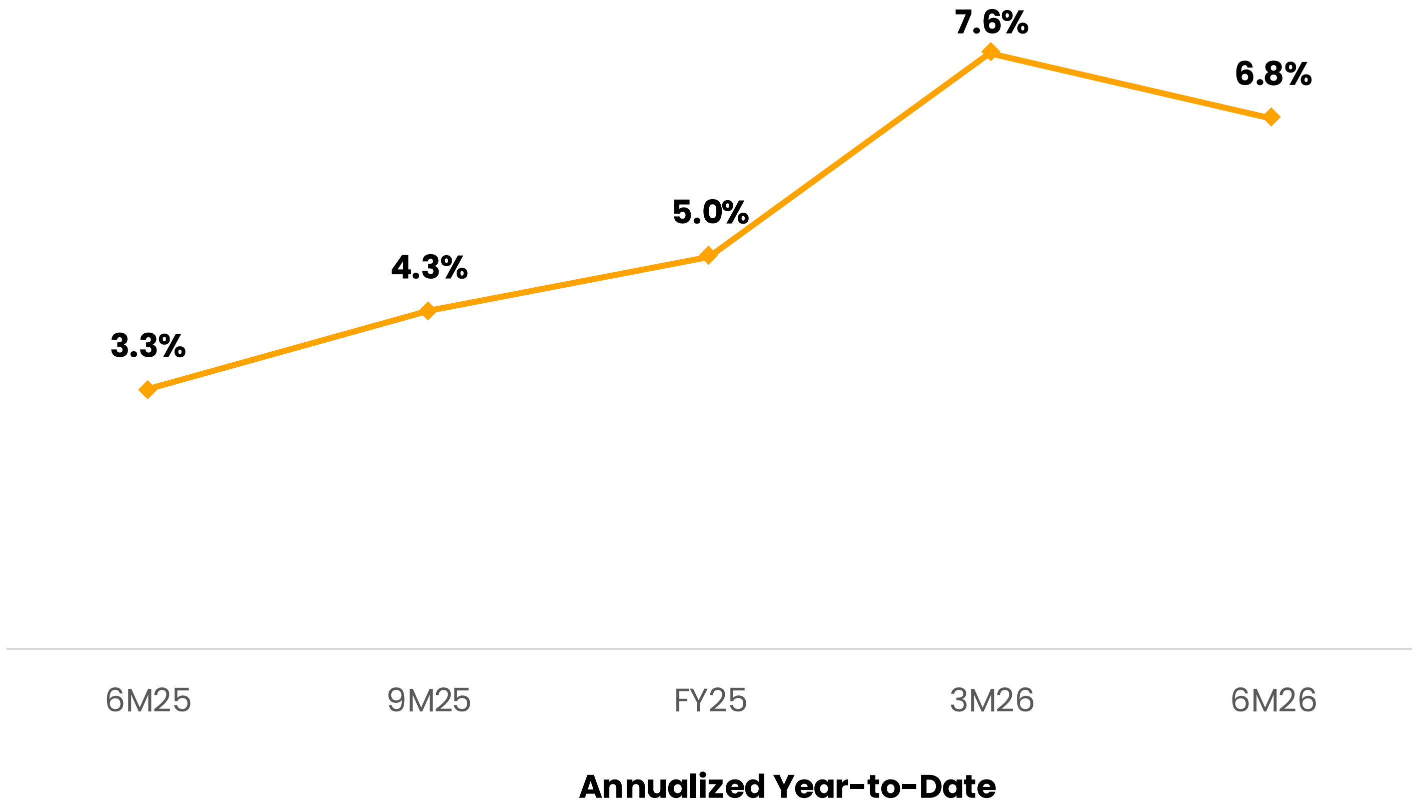
UnionBank 1H26 net income at P6.9 Bn

- First half net income ended at P6.9Bn, up 113% YoY
- Growth was driven by expansion in consumer lending, increase in CASA, and fee income from wealth and bancassurance
- Parent Bank sustained its performance and accounted for 96% of Group profit

Net Income
(in PHP, Bn)

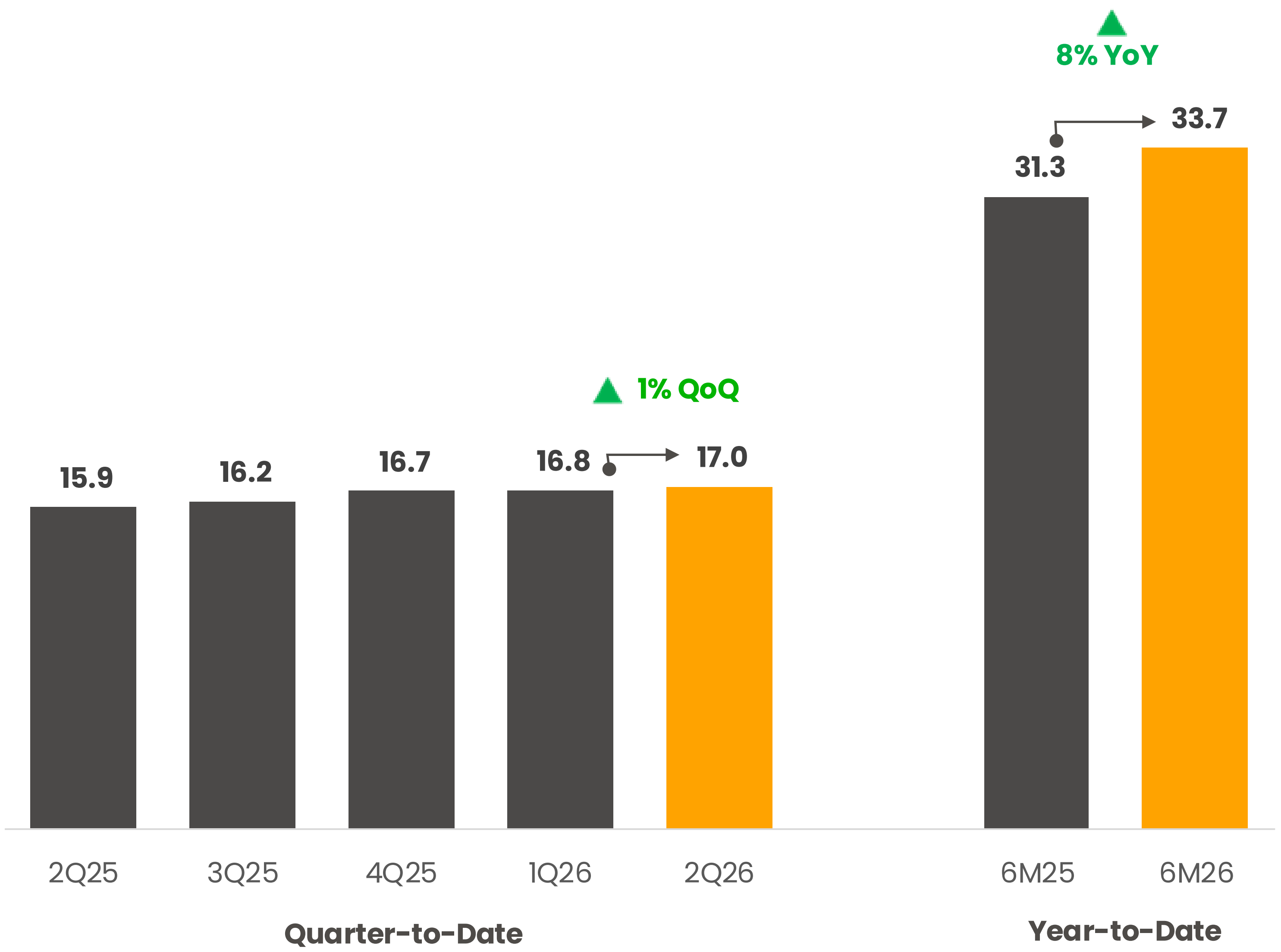


Return on Equity
(Average)

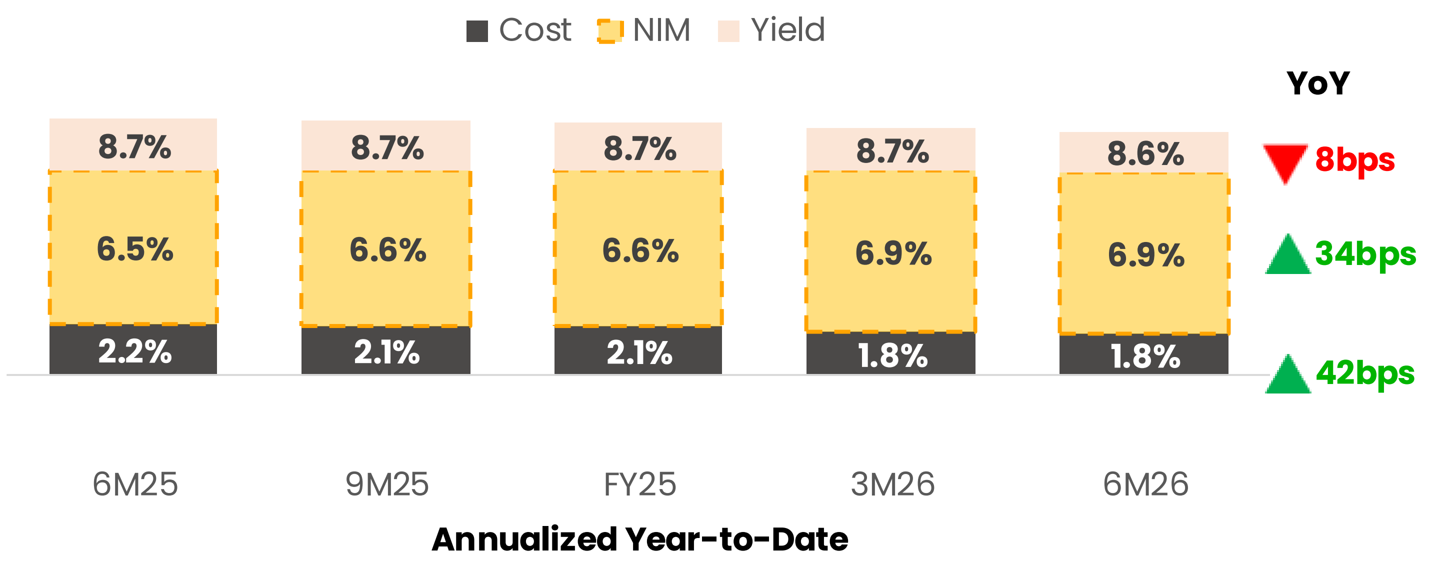


NIM expansion driven by lower funding costs

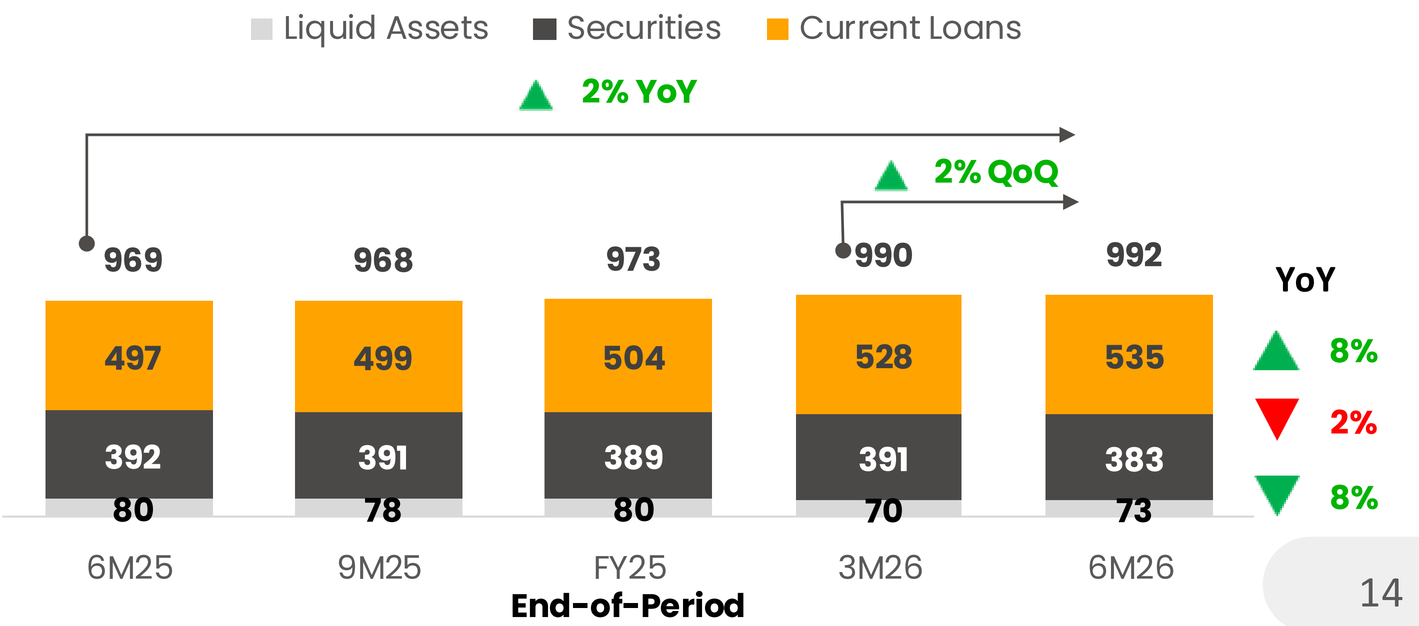
Net Interest Income
(in PHP, Bn)



Net Interest Margin



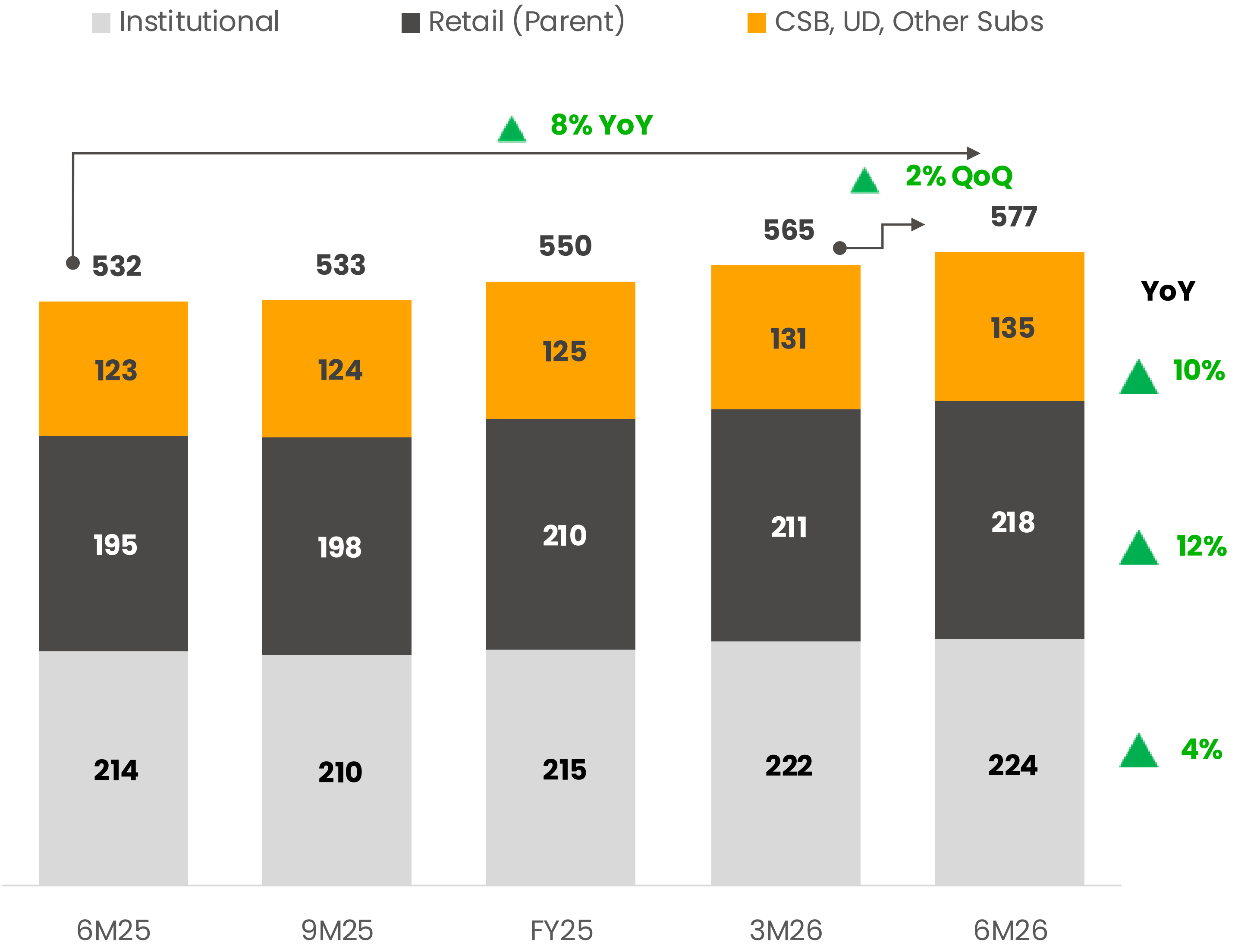
Earning Assets
(ADB in PHP, Bn)



Credit Cards drive loan growth

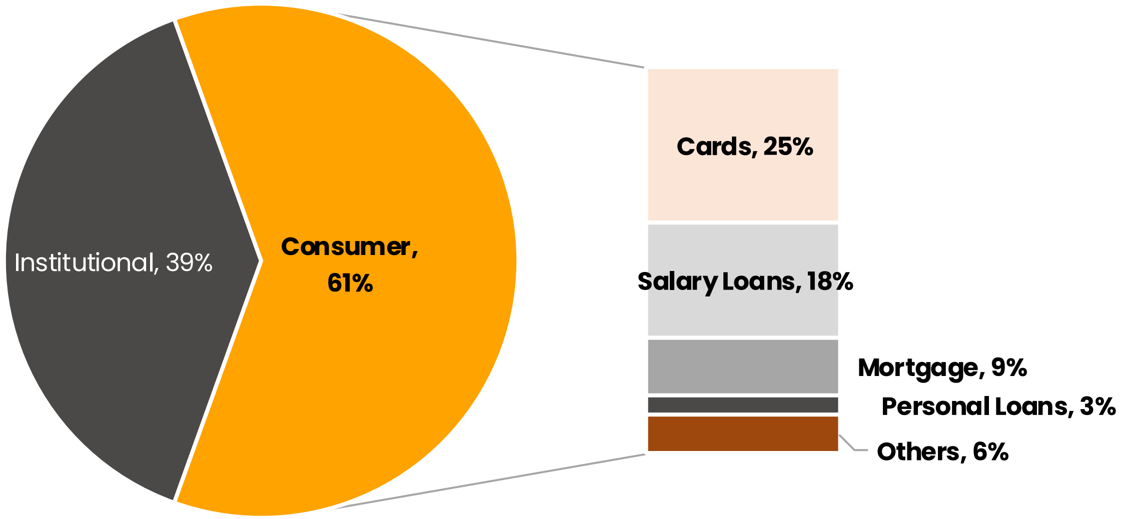
Gross Loans, OSB

(in PHP, Bn)



Loan Mix

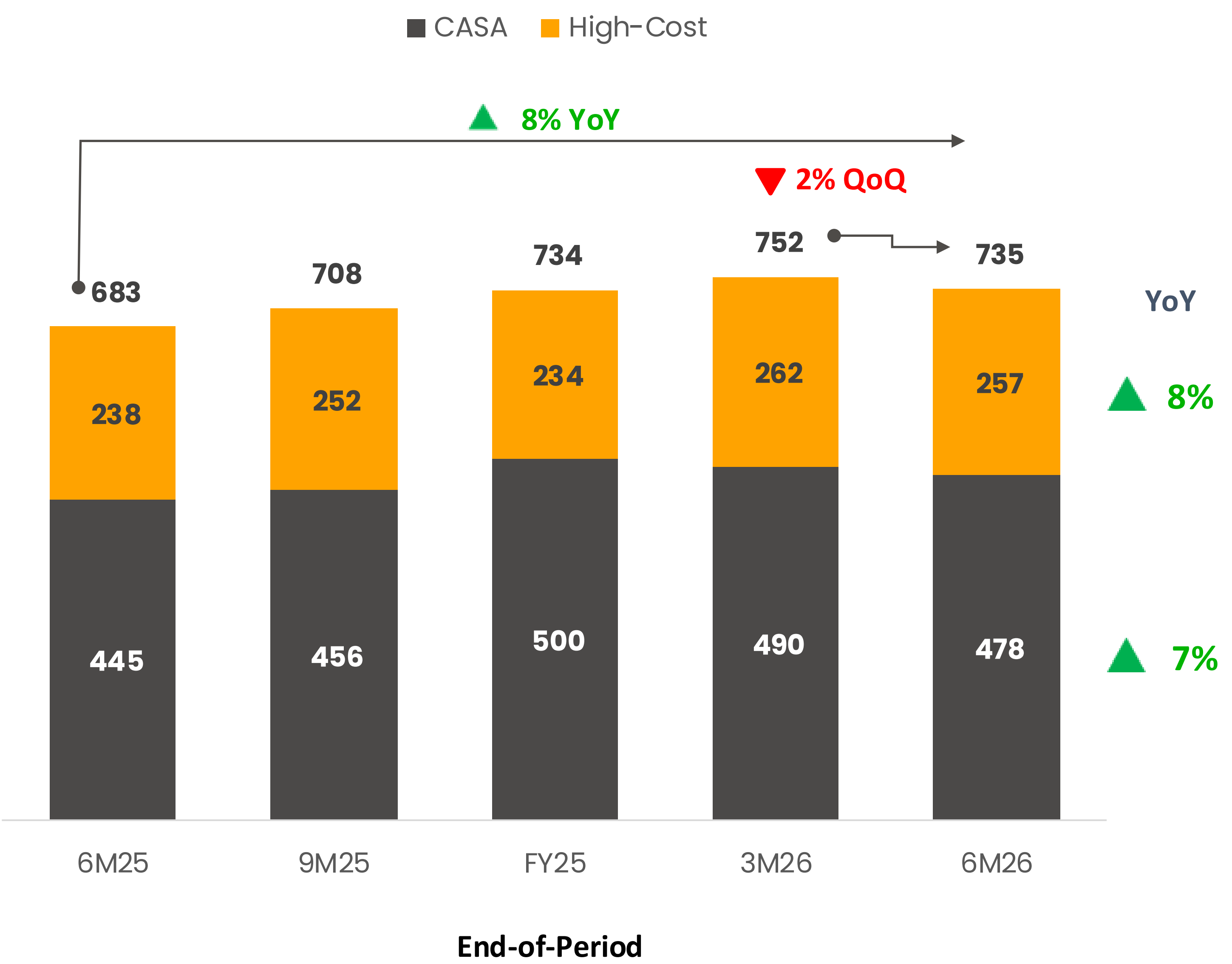
Industry's Consumer Loans ~ 23%
Based on 3M26 BSP Data



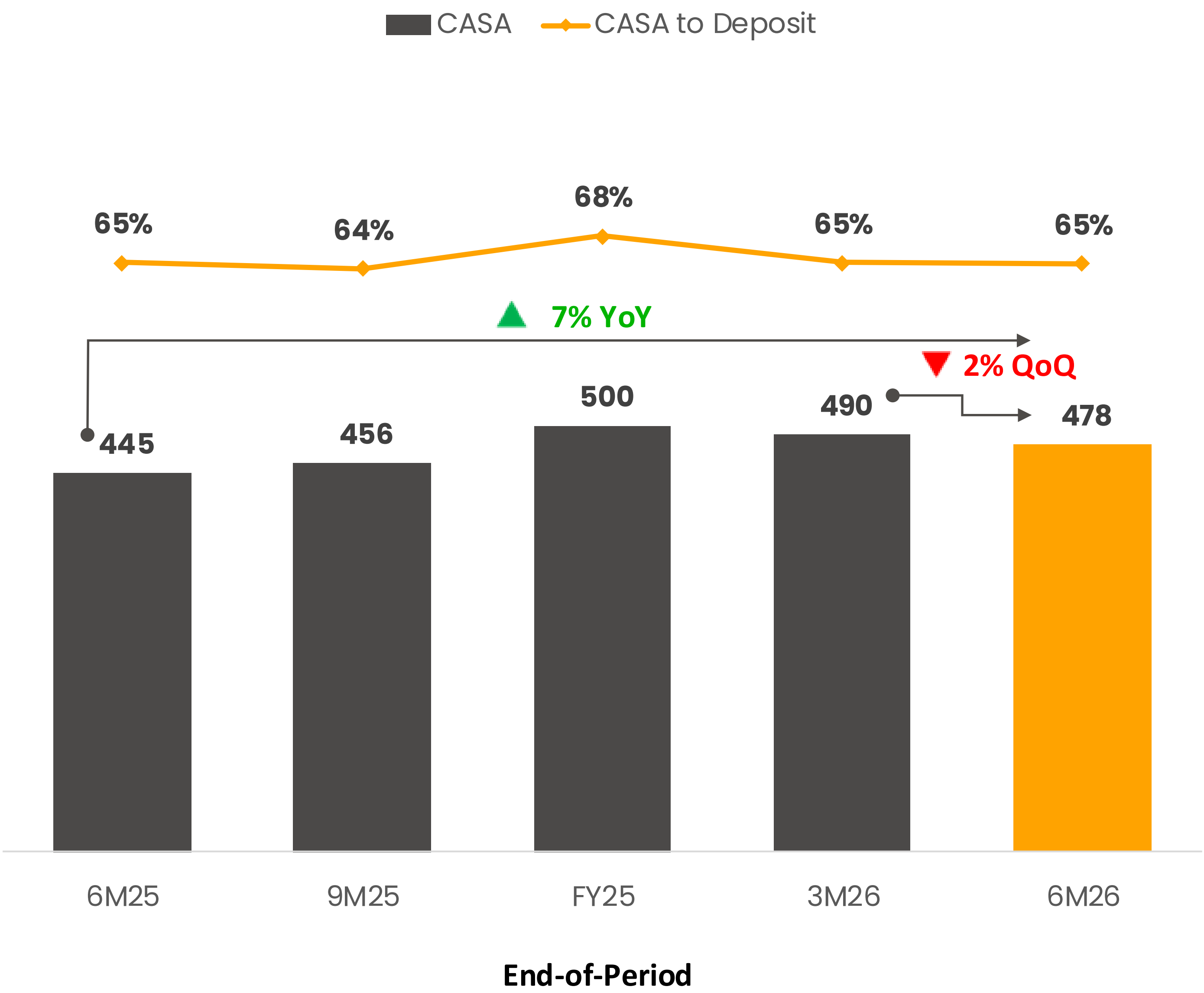
Gross Loans (OSB in PHP Bn)	6M25	6M26	Variance	%
Institutional	**214**	**224**	**9**	**4%**
Consumer	**195**	**218**	**23**	**12%**
Home Loans	55	53	(3)	-5%
Credit Card	115	140	26	22%
Personal Loans	19	18	(1)	-6%
Other Consumer Loans	6	7	1	22%
Total Gross Loans of Parent	**409**	**441**	**32**	**8%**
CitySavings and Subsidiaries	119	132	13	11%
UnionDigital	4	4	(0)	-3%
Total Gross Loans of Subs	**123**	**131**	**13**	**10%**
Total Gross Loans	**532**	**577**	**45**	**8%**
% Consumer Loans	**60%**	**61%**		

Deposit growth sustained year-on-year

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

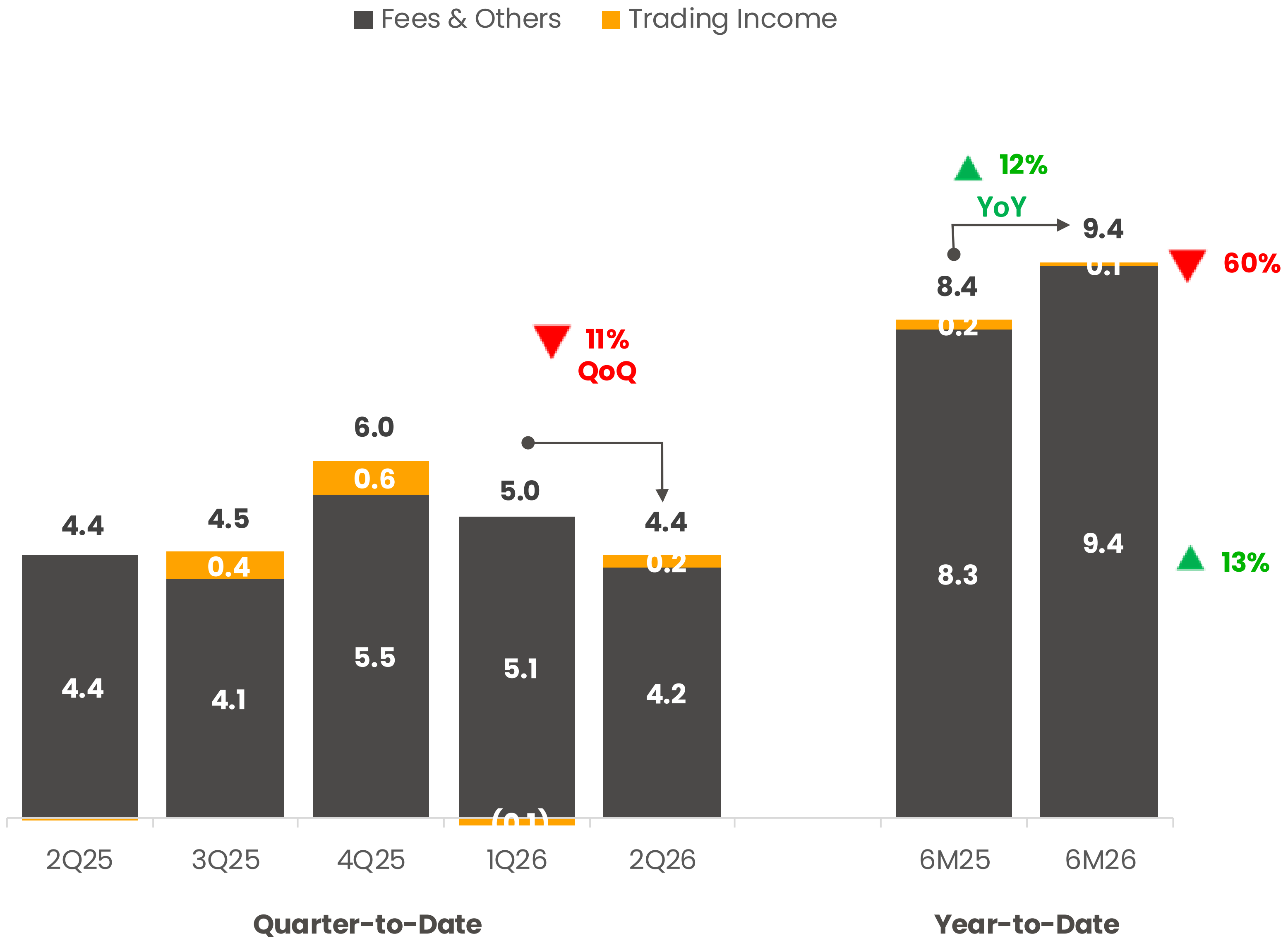


CASA Deposits (Consolidated), OSB
(in PHP, Bn)

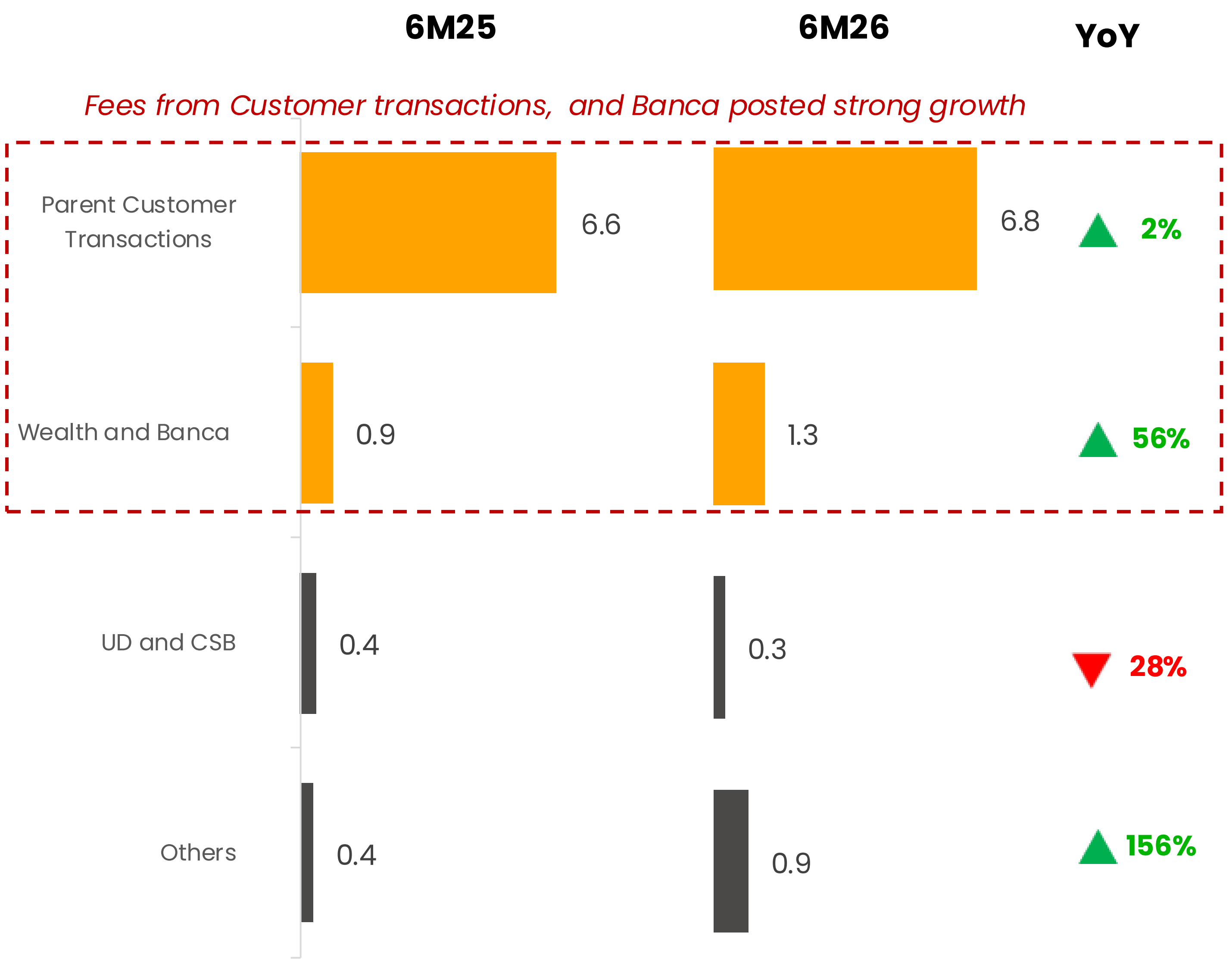


Customer transactions are driving recurring fee income

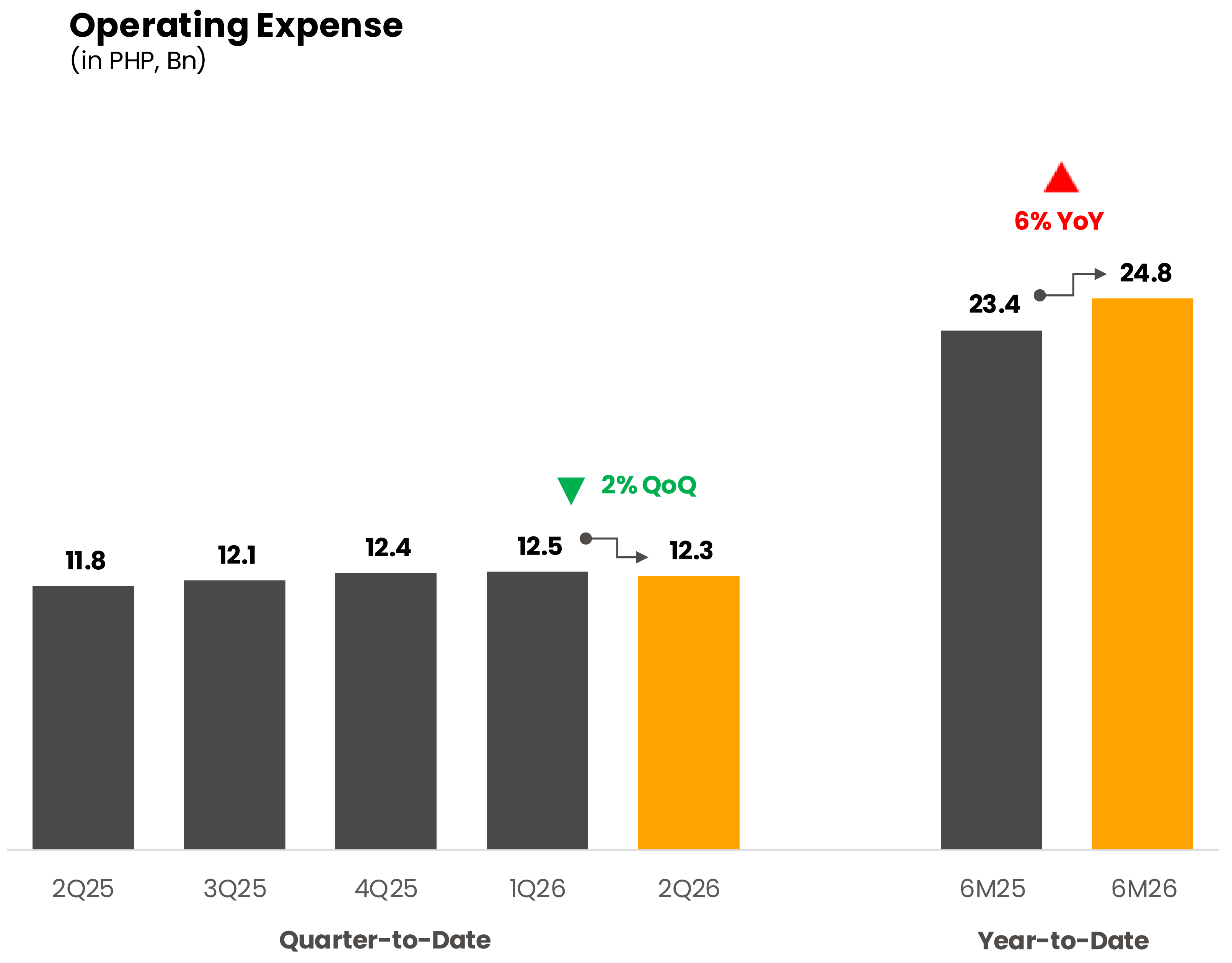
Non-Interest Income
(in PHP, Bn)

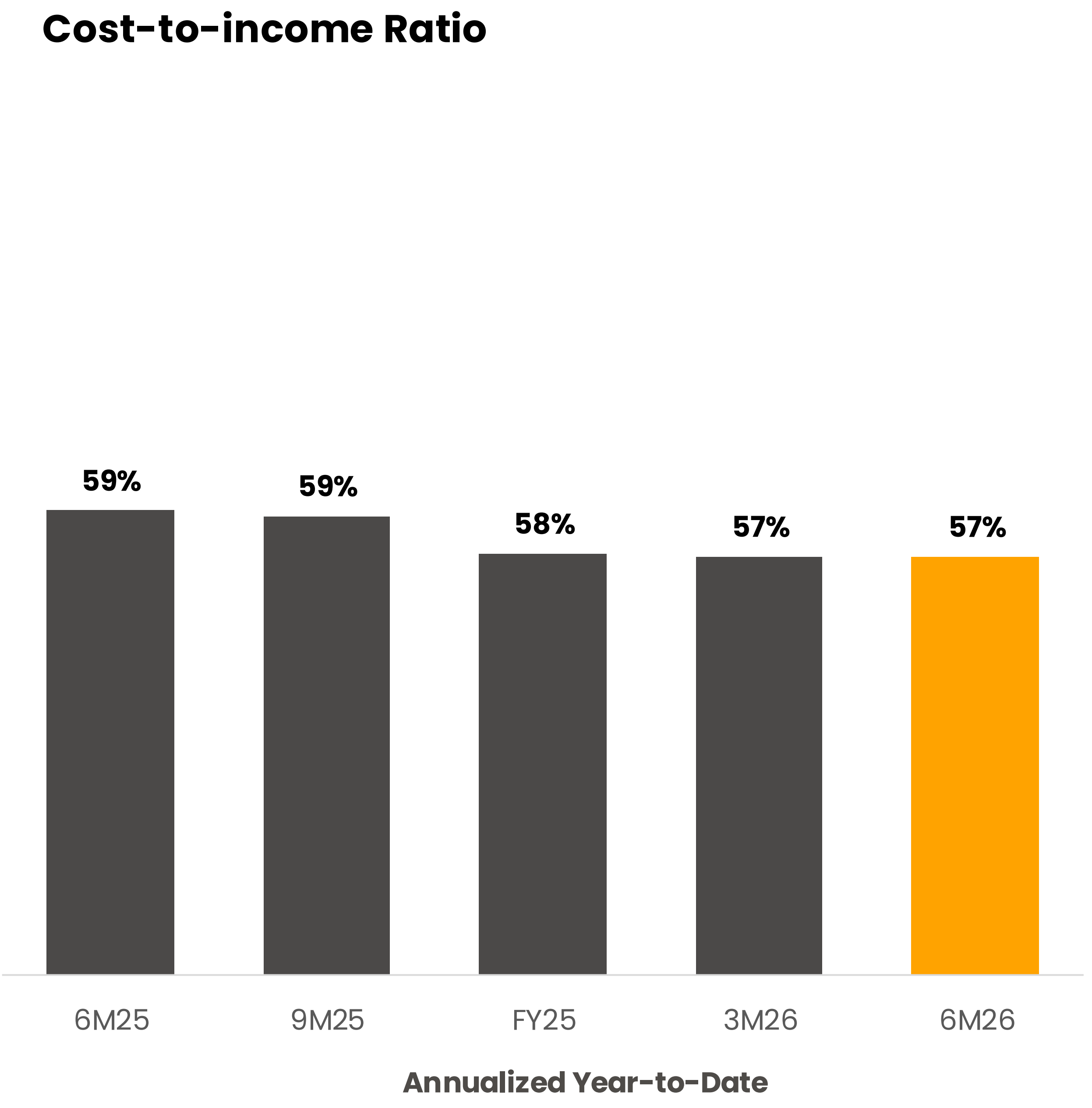


YTD Fees & Others
(in PHP, Bn)



Improving trend in cost to income ratio





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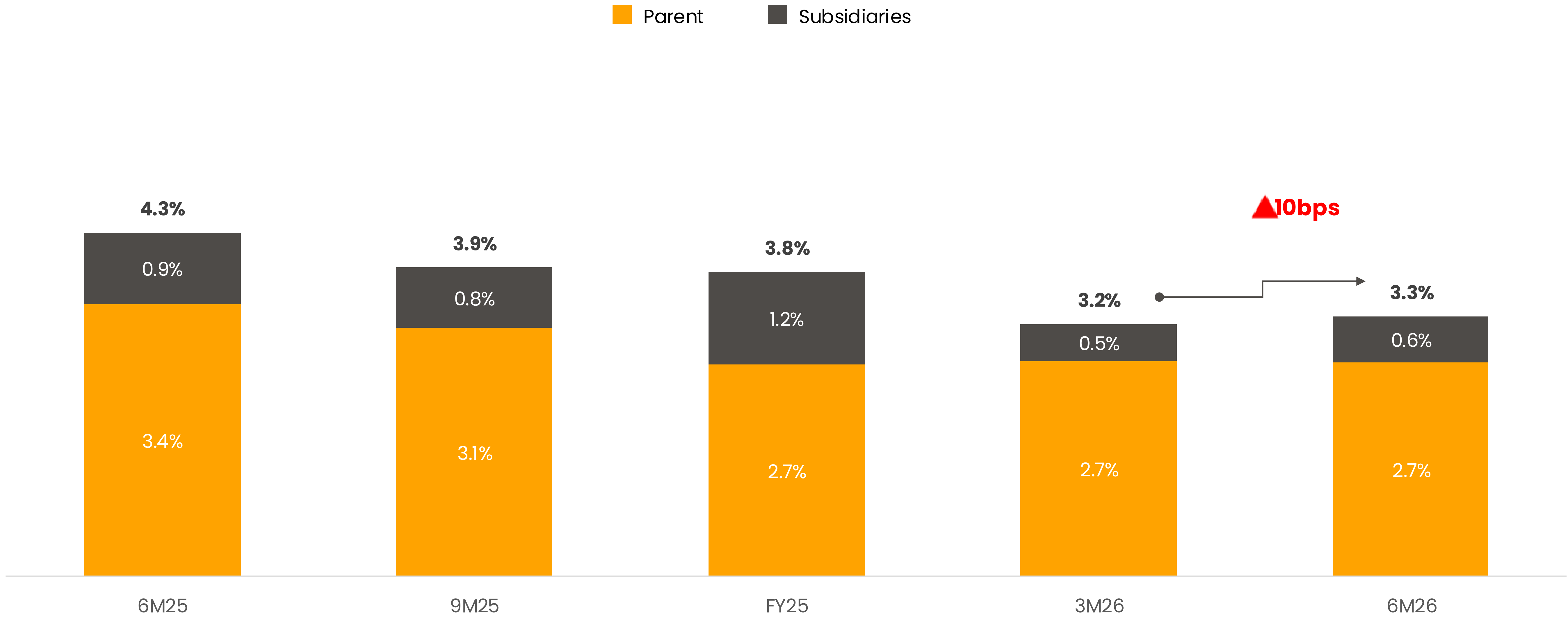
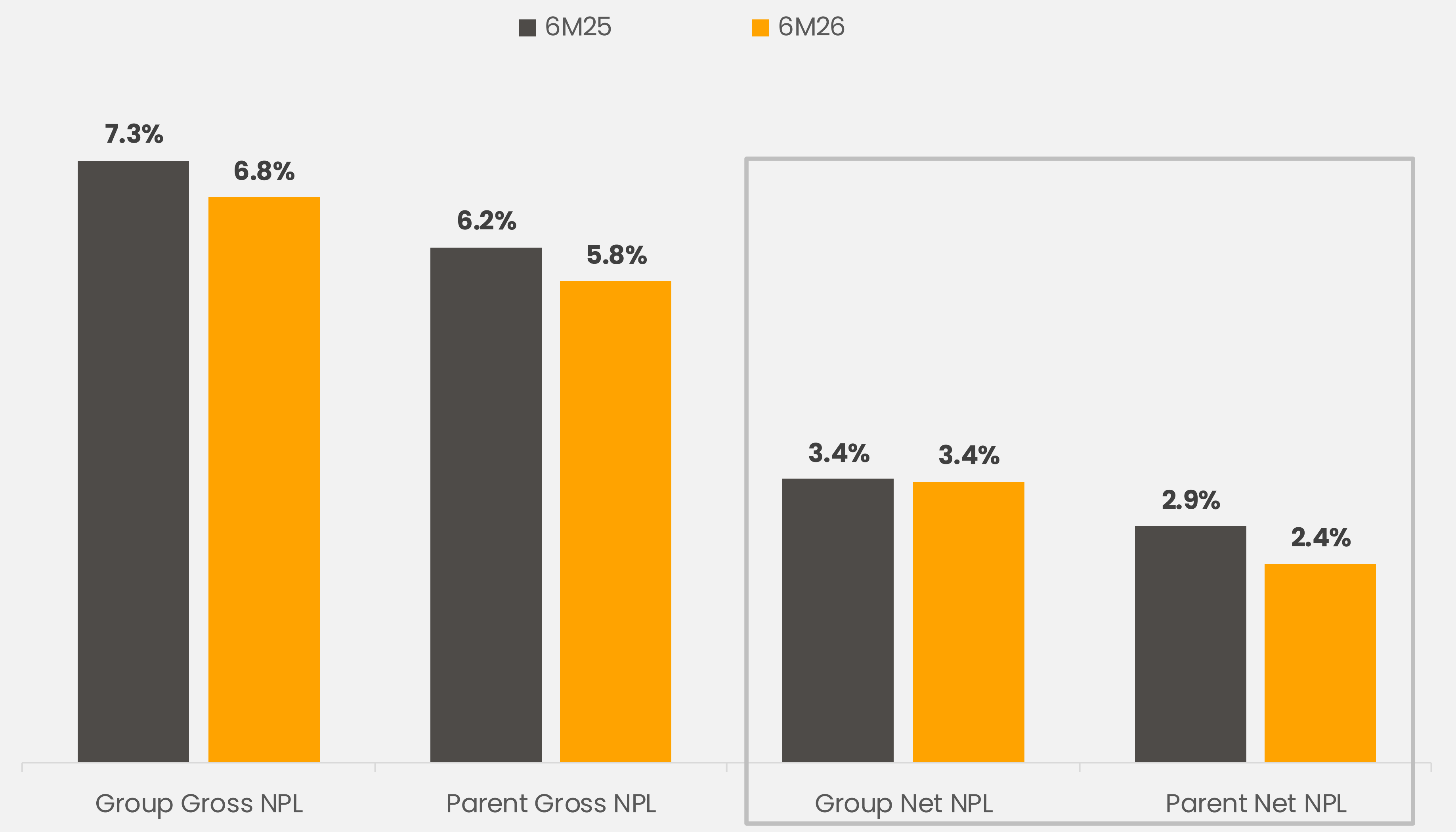
Stable credit costs

Credit Cost – Annualized (Year-to-date)

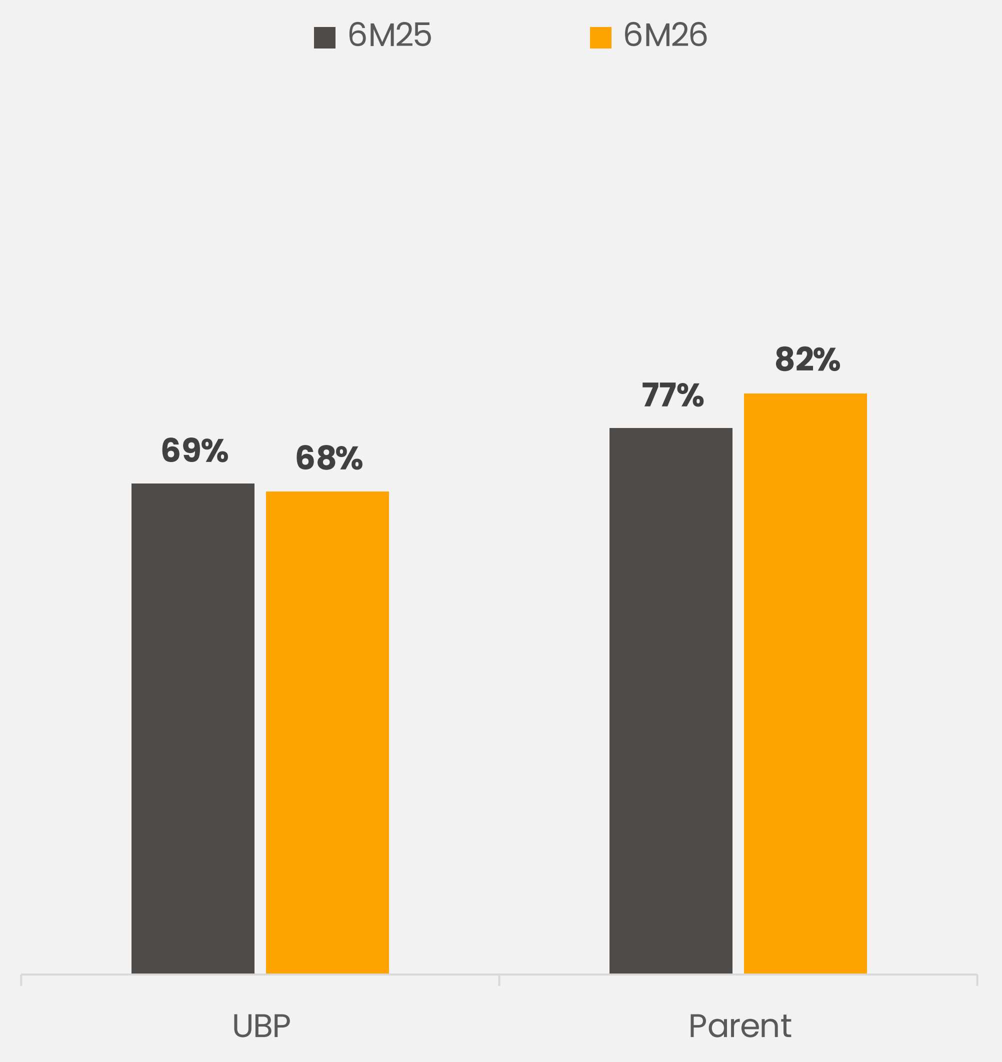


Asset quality and coverage ratios continue to improve

NPL Ratio*



NPL Cover*

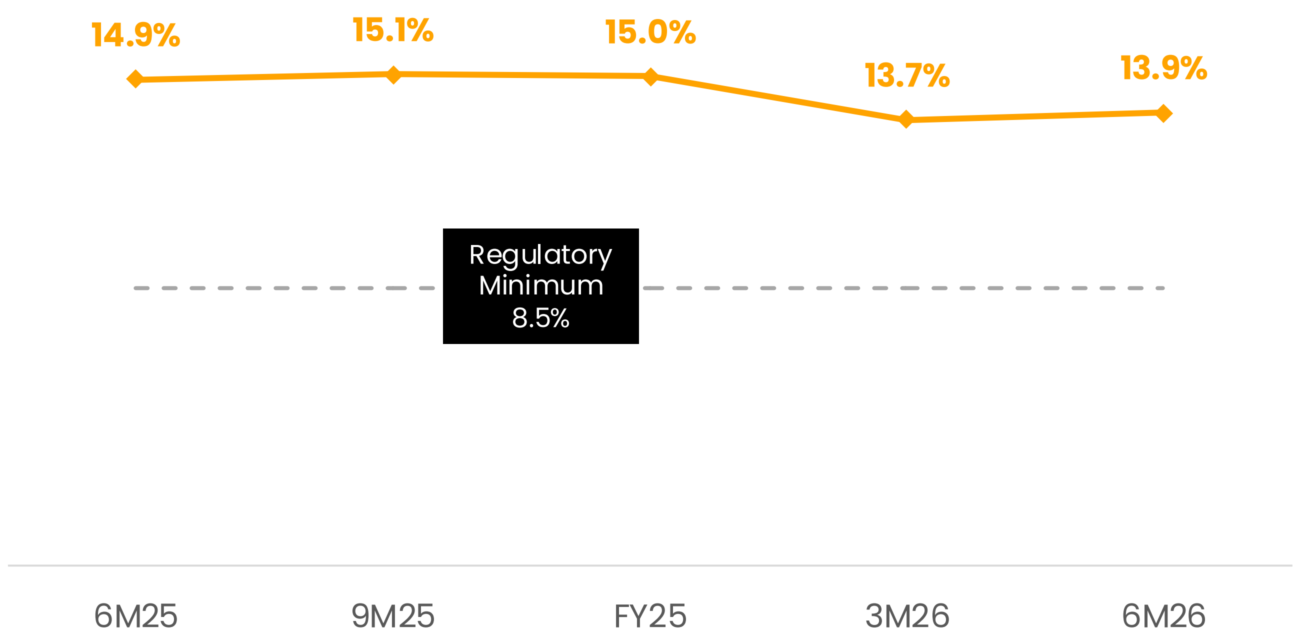


Industry Data
6M25 Gross NPL: 3.3%
6M25 Net NPL: 1.4%
6M25 NPL Cover: 95%

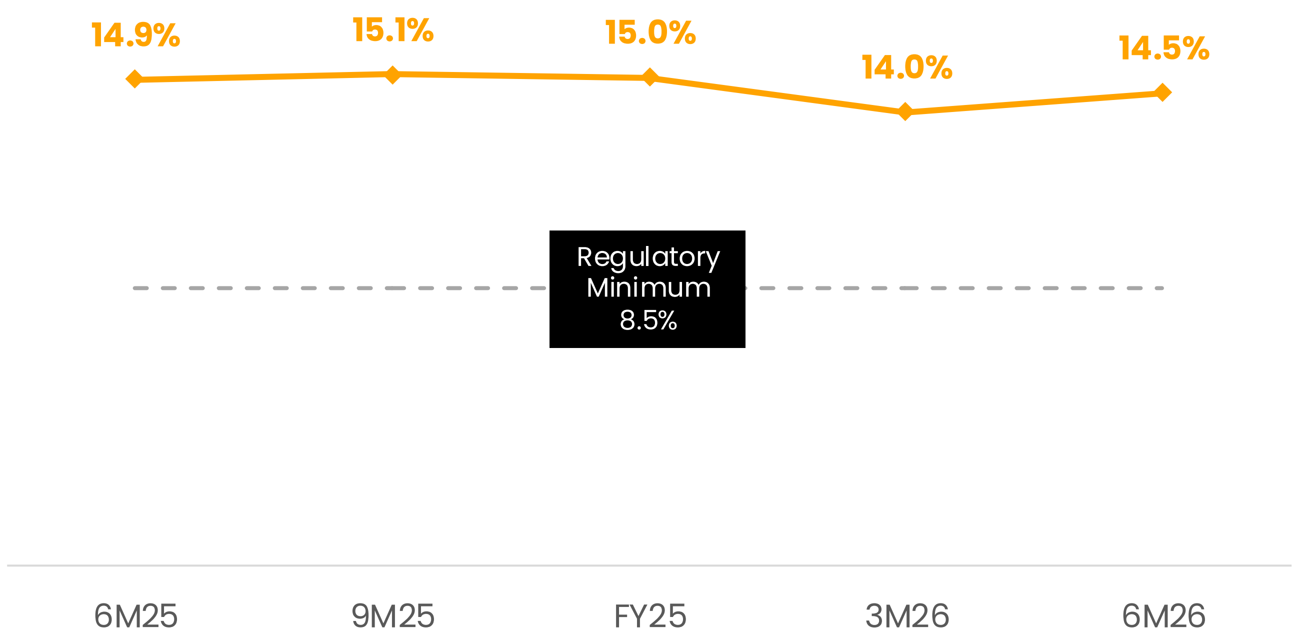
6M26 Gross NPL: 3.3%
6M26 Net NPL: 1.4%
6M26 NPL Cover: 92%

Sufficient capital ratios to support asset growth

Common Equity Tier 1 Capital Ratio Group (CET1)



Common Equity Tier 1 Capital Ratio Parent (CET1)



Key takeaways and outlook

Key takeaways

1. Net income reached P6.9 billion, up 113% year-on-year. Parent Bank contributed 96% of Group profit.
2. Net revenues grew to P43.3 billion, up 9% year-on-year, supported by expansion in loans and CASA, fees and strong margins
3. Credit Costs are down 19% year-on-year. This reflects improved asset quality, even as the Bank builds buffers to strengthen Balance Sheet

Outlook

1. Top-line is expected to grow. This will be supported by recurring income and expansion in consumer and transaction banking
2. Our customer franchise remains strong, asset quality continues to improve, and we are executing decisively on cost reduction initiatives
3. The Bank will continue to enhance its balance sheet and sharpen focus on the businesses that deliver long-term value.
4. We remain mindful of market conditions and tail end implications to credit costs of market uncertainties and the higher interest rate environment

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Thank you!

For comments and queries, contact us via:
investorrelations@unionbankph.com