3Q 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

Interest Rate Swaps reprice policy rate path after jumbo hike

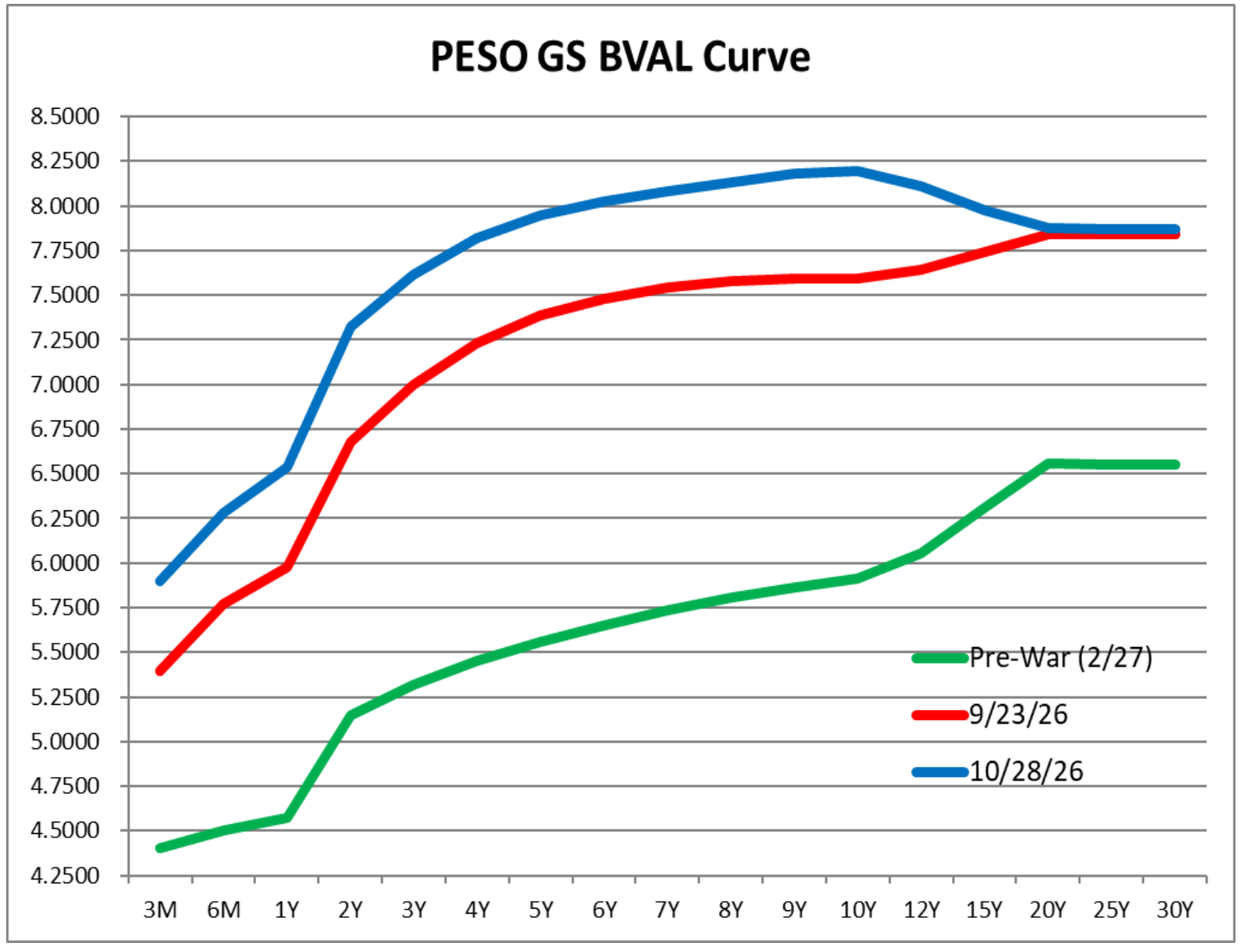
- PHP IRS market remains aggressively hawkish as PHP IRS markets are now pricing in pricing in 77% chance of another jumbo rate hike at the final board Monetary Board meeting for this year
- Current market pricing also implies an additional rate hike within the 1st half of year 2027, reflecting expectations that the BSP will maintain a restrictive policy stance to keep inflation expectations anchored.

2026 BSP Key Dates	# Hike/ Cuts	% Hike / (Cuts)	Imp. Rate Change	Implied ORR Rate
Thursday, December 17, 2026	1.77	177%	0.44	5.94
Thursday, February 11, 2027	1.80	2%	0.01	5.95
Thursday, April 8, 2027	2.52	72%	0.18	6.13
Thursday, June 17, 2027	2.96	44%	0.11	6.24
Thursday, August 26, 2027	3.08	12%	0.03	6.27

** Forecasted MB meeting dates*

GS curve sells off further post jumbo hike

PESO GS BVAL RATES					
Tenor	Pre-War (2/27)	9/23/26	10/28/26	MoM	Pre-War to Current
3M	4.4036	5.3941	5.8970	0.50	1.49
6M	4.5042	5.7692	6.2799	0.51	1.78
1Y	4.5751	5.9736	6.5365	0.56	1.96
2Y	5.1460	6.6758	7.3268	0.65	2.18
3Y	5.3180	6.9957	7.6124	0.62	2.29
4Y	5.4500	7.2327	7.8202	0.59	2.37
5Y	5.5610	7.3847	7.9470	0.56	2.39
6Y	5.6495	7.4806	8.0219	0.54	2.37
7Y	5.7360	7.5446	8.0804	0.54	2.34
8Y	5.8050	7.5816	8.1327	0.55	2.33
9Y	5.8650	7.5930	8.1796	0.59	2.31
10Y	5.9130	7.5962	8.1949	0.60	2.28
12Y	6.0578	7.6451	8.1119	0.47	2.05
15Y	6.3110	7.7453	7.9748	0.23	1.66
20Y	6.5560	7.8389	7.8730	0.03	1.32
25Y	6.5520	7.8385	7.8673	0.03	1.32
30Y	6.5519	7.8379	7.8663	0.03	1.31



- 2.5Y RTB repriced as soon as it traded, currently at 7.20% vs. 6.875% coupon
- Latest auction (post-MB) aw 3y at 7.737% and 10y 8.189%

FOMC hikes in September but holds in October

- **Opts to wait for further developments before hiking again**
  - Says financial conditions have tightened since September hike
  - Plans to reduce number of policy meetings from 8 to 7
- **December hike still priced in; Projected to hike 2 more times in the coming year**
- **Trump warns of possible strikes on Iran after midterm elections (Nov 3)**
  - Energy markets partially pricing this in with Oil at $100+ / bbl

Region: United States »
Target Rate 4.00
Effective Rate 3.88

Instrument: Fed Funds Futures »
Pricing Date 10/29/2026
Cur. Imp. O/N Rate 3.882

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
12/09/2026	+0.806	+80.6%	+0.201	4.084	0.250
01/27/2027	+1.150	+34.4%	+0.288	4.170	0.250
03/17/2027	+1.753	+60.3%	+0.438	4.321	0.250
04/28/2027	+2.080	+32.7%	+0.520	4.403	0.250
06/09/2027	+2.474	+39.4%	+0.618	4.501	0.250
07/28/2027	+2.600	+12.6%	+0.650	4.533	0.250
09/15/2027	+2.720	+12.0%	+0.680	4.563	0.250
10/27/2027	+2.720	+0.0%	+0.680	4.563	0.250
12/08/2027	+2.649	-7.1%	+0.662	4.545	0.250
01/26/2028	+2.600	-4.9%	+0.650	4.533	0.250

USD Rates move higher on rate hike expectations



	Curve Id	1M	3M	2Y	5Y	10Y	20Y	25Y
11)	I25 Last	3.969	4.087	4.669	4.808	4.992	5.365	
12)	I25 01/01/26	3.546	3.633	3.475	3.726	4.169	4.794	
13)	I359 Last			4.894	5.525	6.087	6.508	6.491
14)	I359 01/01/26			4.004	4.154	4.724	5.443	5.516
15)	I25 (Last-01/01/26)	42.4	45.4	119.4	108.2	82.3	57.1	
16)	I359 (Last-01/01/26)			88.9	137.2	136.4	106.5	97.5

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USD/PHP hits new all-time highs

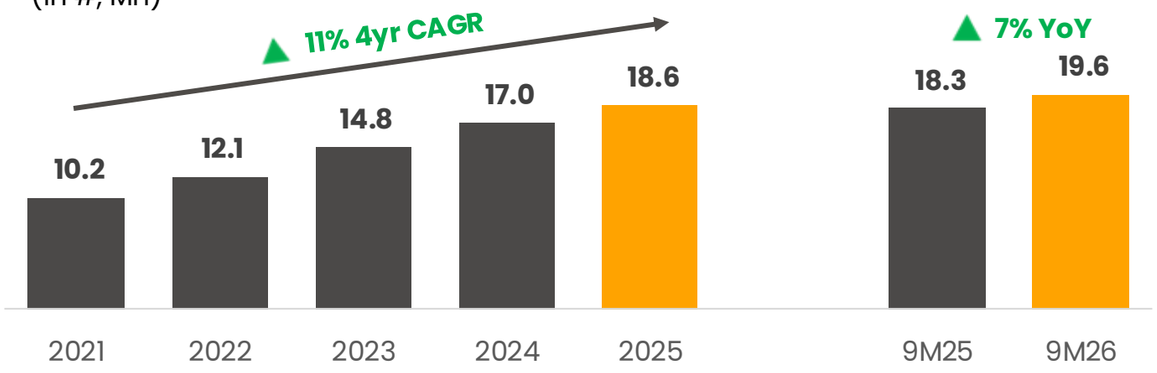


- USD/PHP reached a new all-time high of 64.20 on persistent geopolitical tensions and energy vulnerability
- Gross international reserves hit $100B, from $111B at the start of the year
- Elevated crude prices remain a persistent headwind for USD/PHP, keeping peso recoveries shallow as strong dollar demand pushes the pair above 63.00.
- Risk aversion has kept Philippine bonds and equities under pressure, reinforcing peso weakness amid sustained foreign outflows.

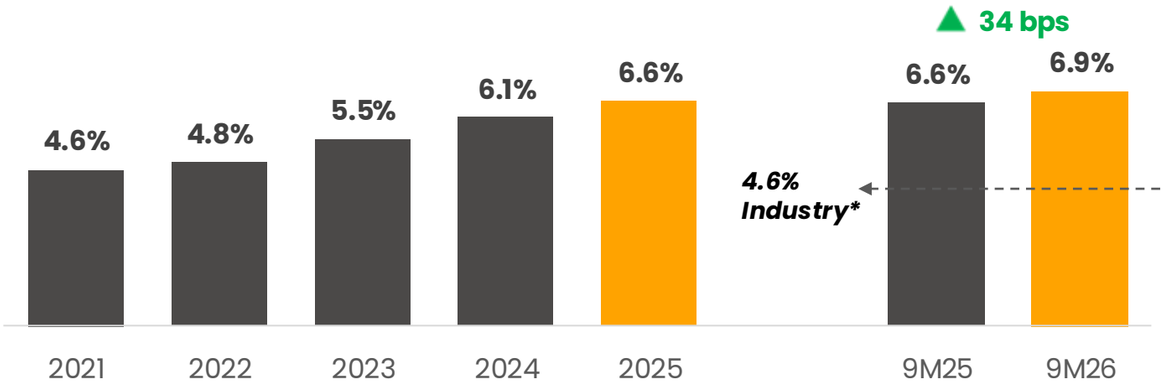
Financial Performance 3Q26

Sustained revenues driven by customer expansion and healthy margins

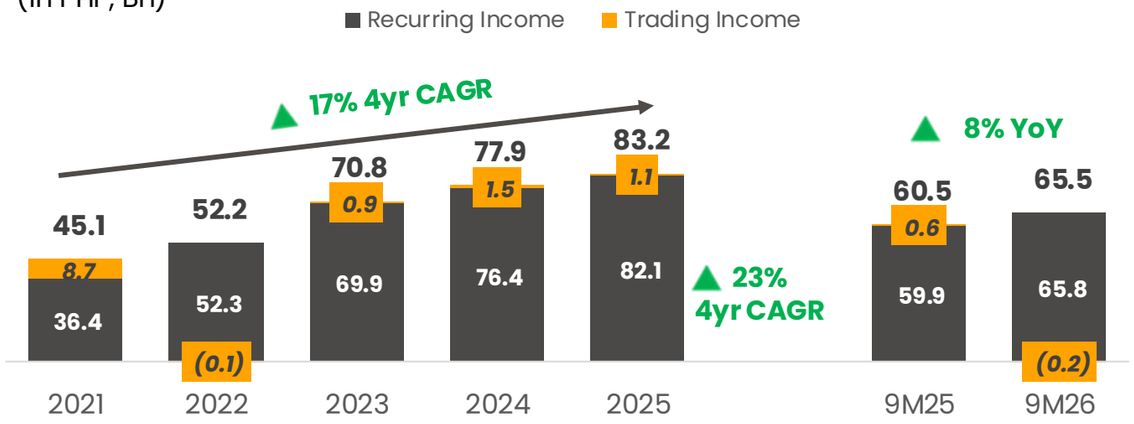
Customer Growth
(in #, Mn)



Net Interest Margin

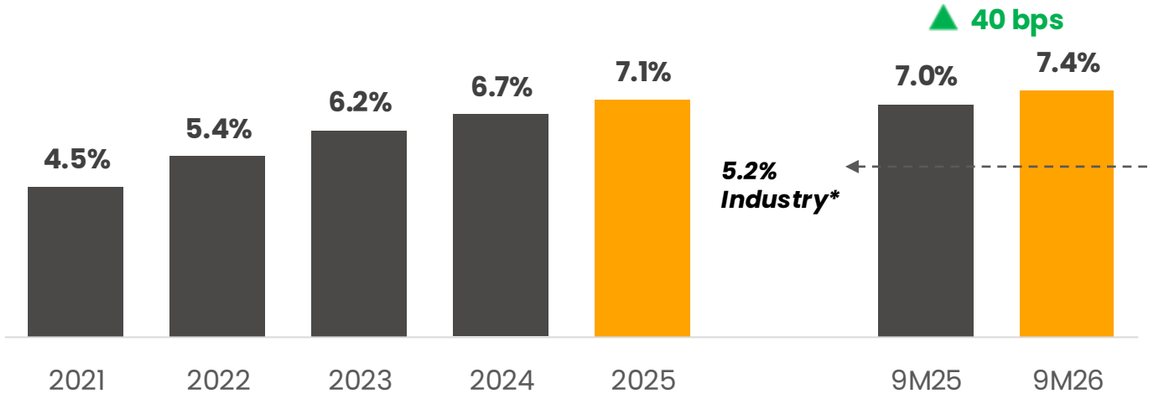


Net Revenues
(in PHP, Bn)



Note: (*) Average Industry data is based on 2Q26 figures

Net Revenues (excluding trading) to Assets

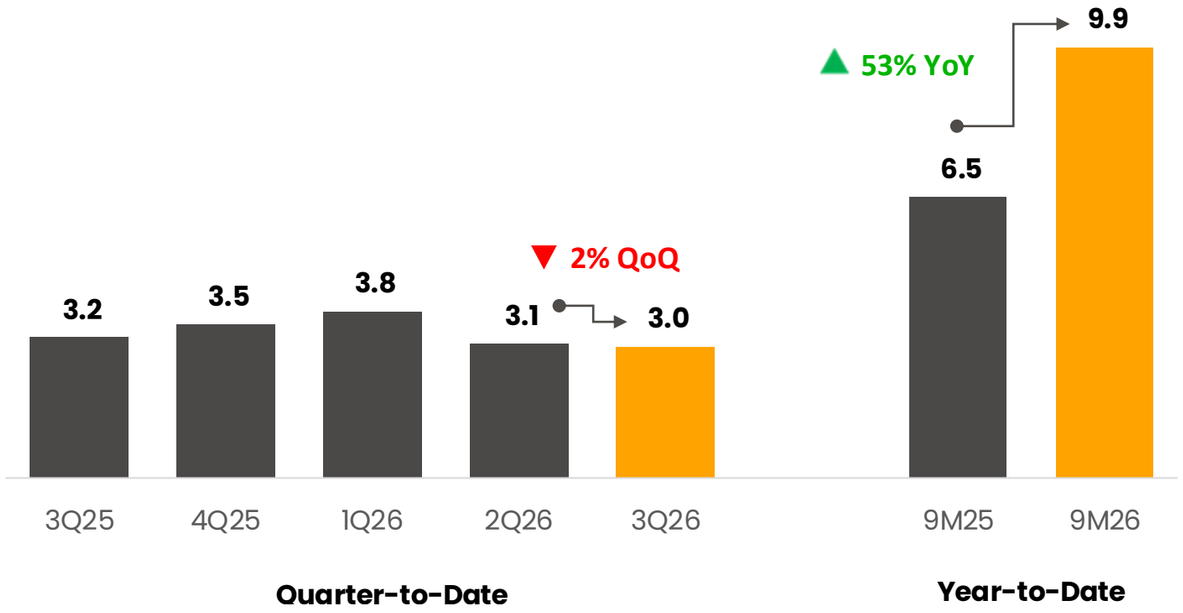


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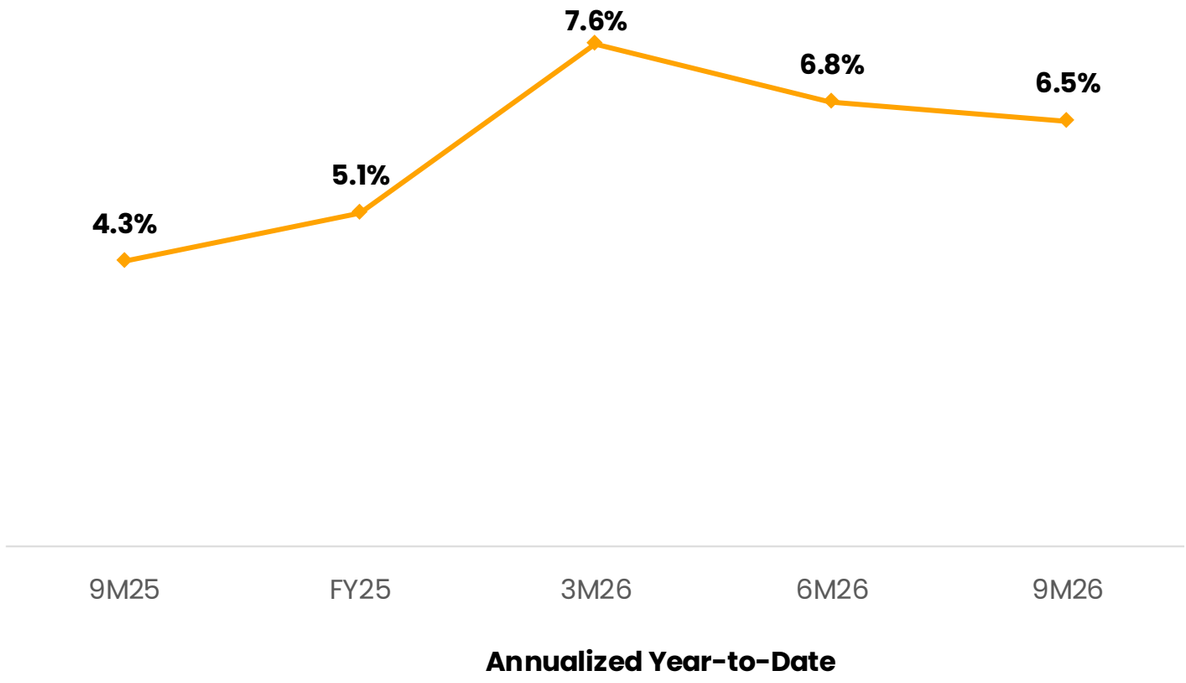
UnionBank posts P9.9 net income in first nine months

- Net income climbs 53% year-on-year, ending at P9.9Bn
- Growth was driven by expansion in consumer business supported by expanding customer base, increasing everyday banking transactions, and continuous CASA growth driven by our transaction banking products
- Group sustained its performance on a quarter-on-quarter basis

Net Income
(in PHP, Bn)



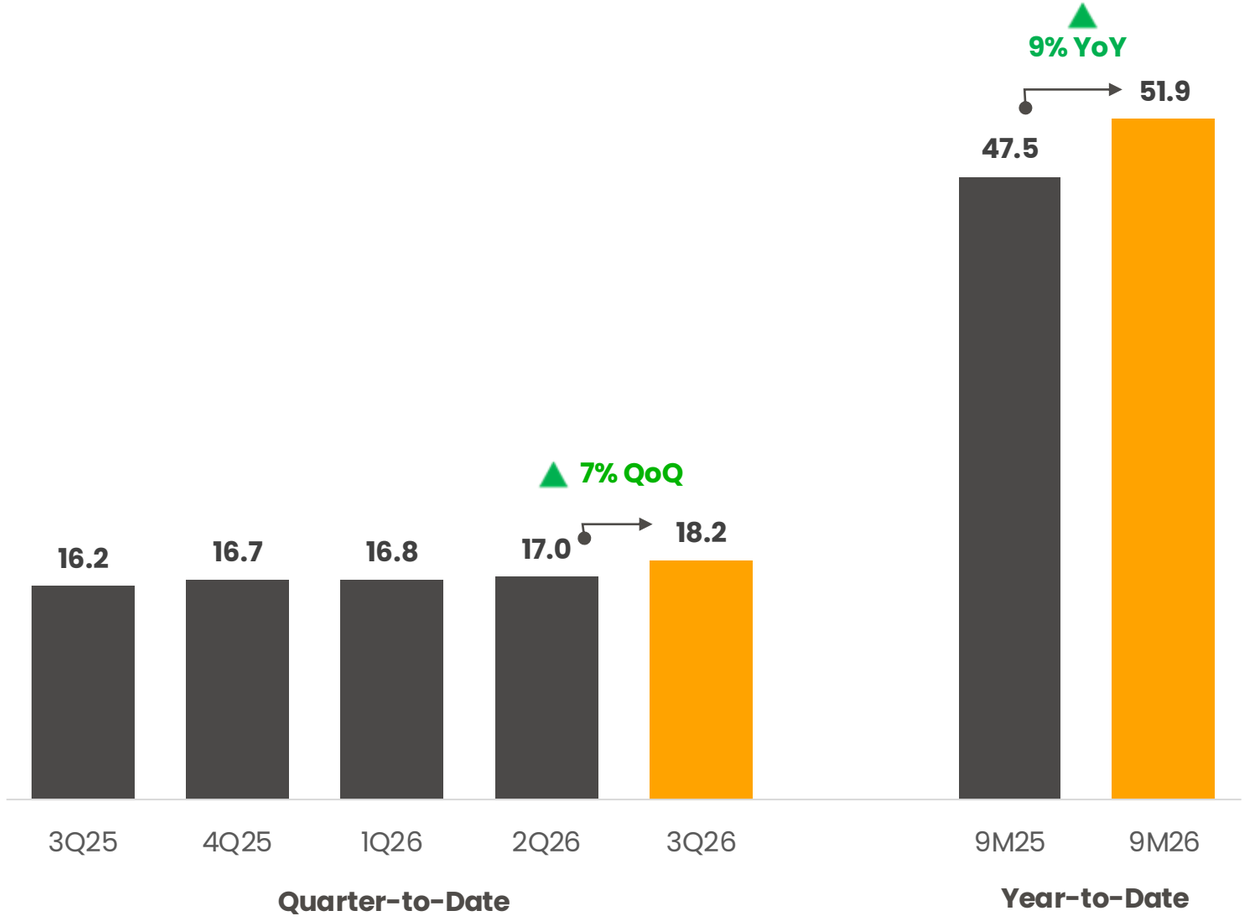
Return on Equity
(Average)



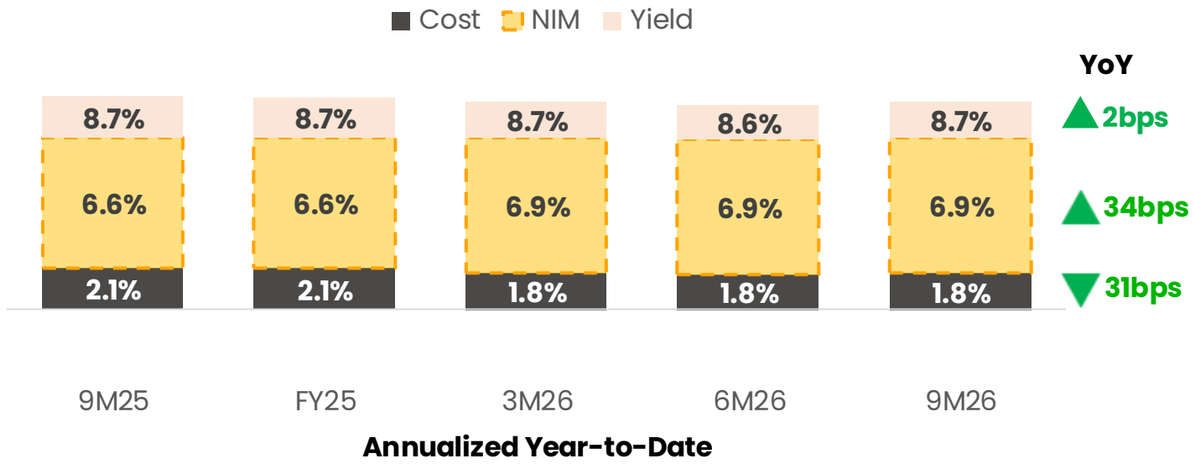
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NIM expansion driven by lower funding costs

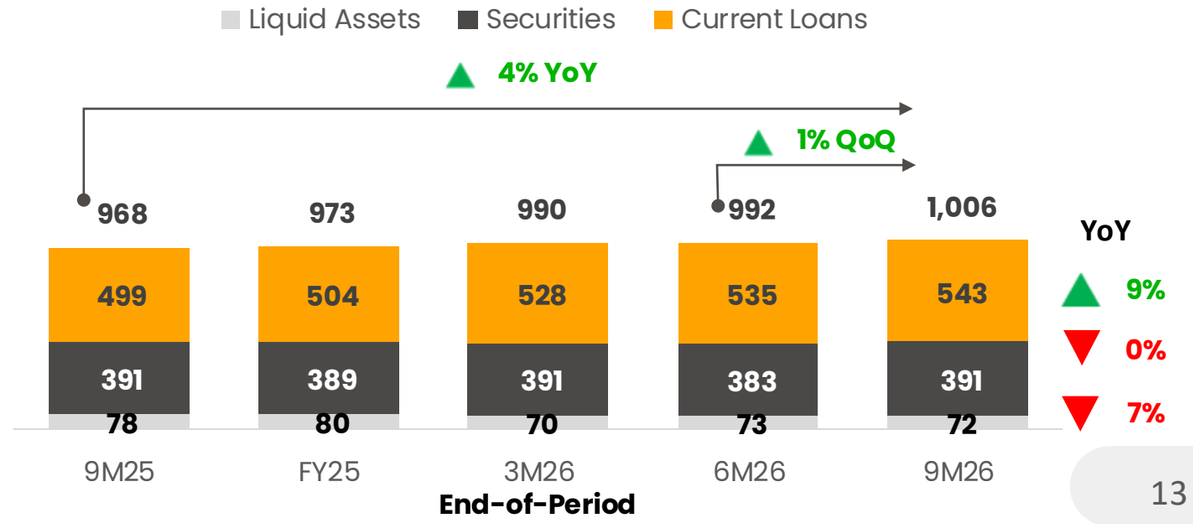
Net Interest Income
(in PHP, Bn)



Net Interest Margin

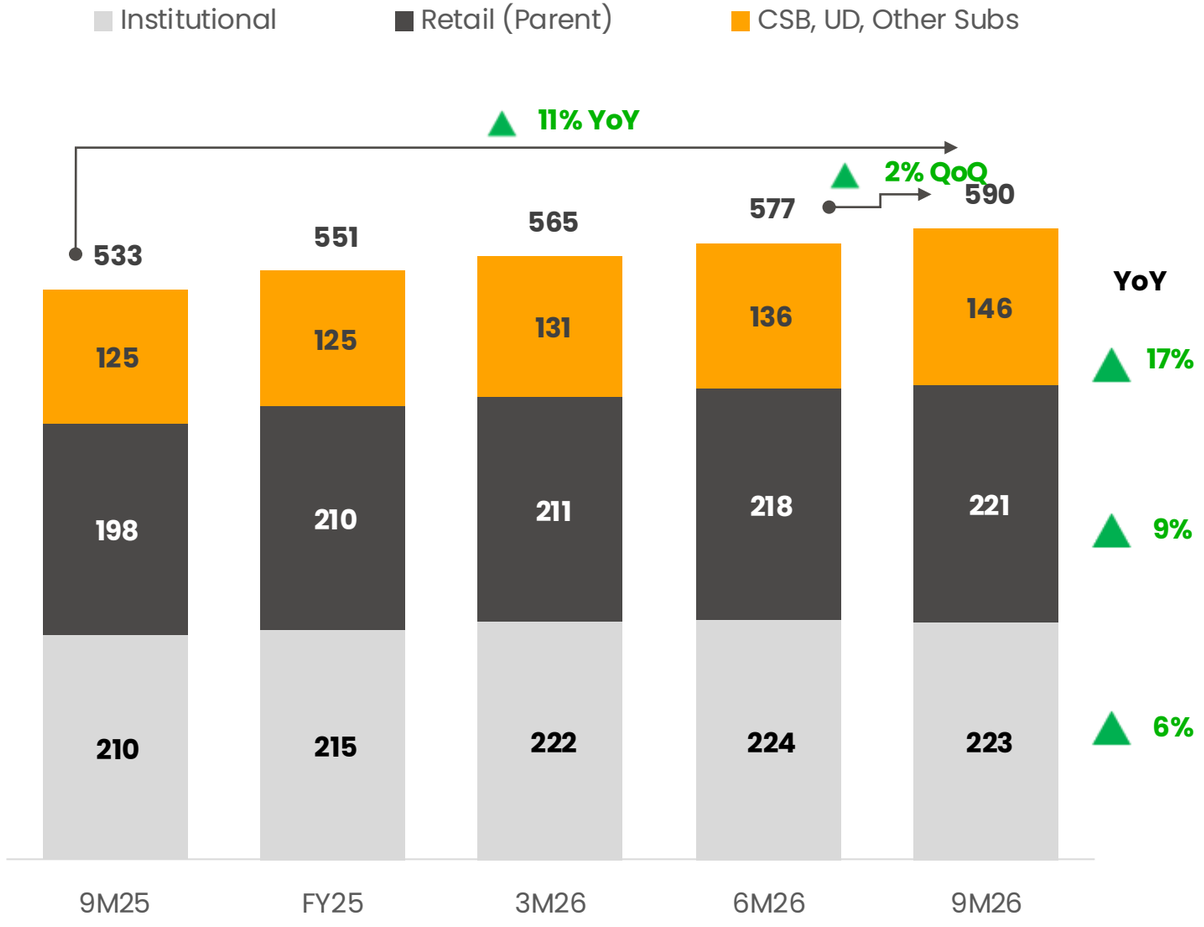


Earning Assets
(ADB in PHP, Bn)



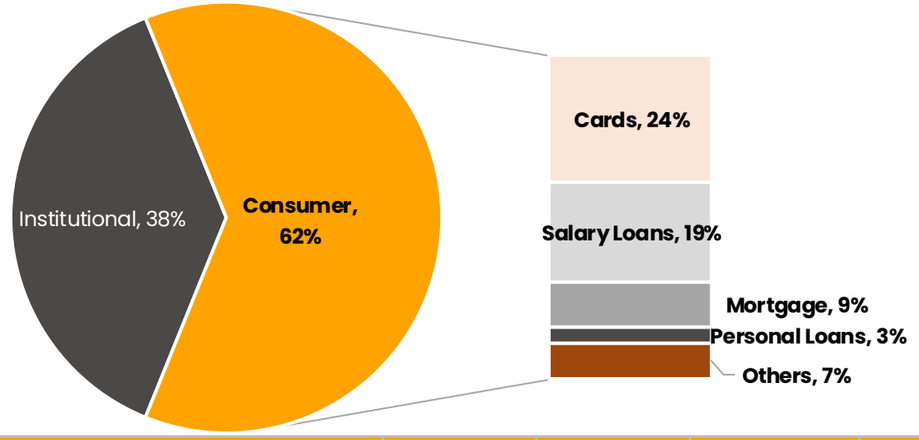
Consumer portfolio continues to drive loan growth

Gross Loans, OSB
(in PHP, Bn)



Loan Mix

Industry's Consumer Loans ~ 23%
Based on 1H26 BSP Data

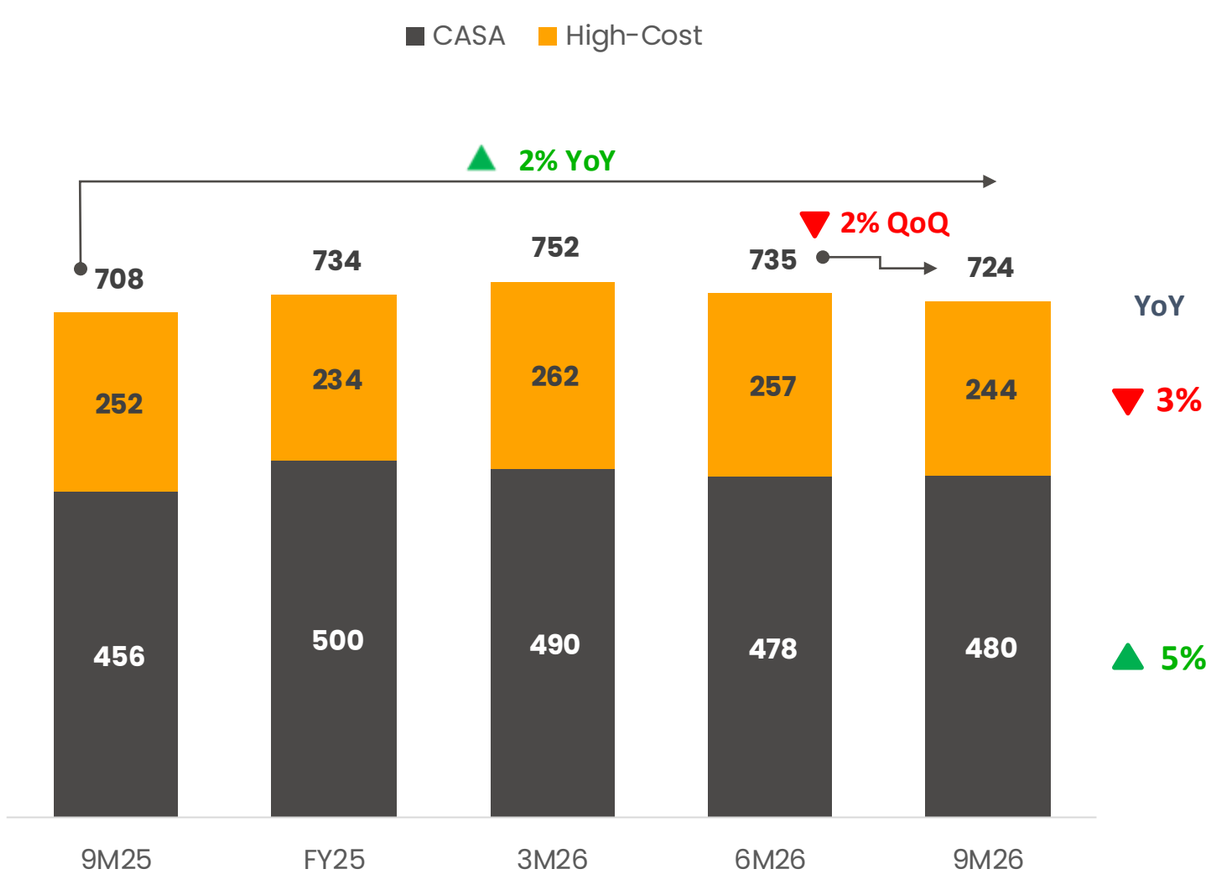


Gross Loans (OSB in PHP Bn)	9M25	9M26	Variance	%
Institutional	**210**	**223**	**12**	**6%**
Consumer	**198**	**221**	**23**	**12%**
Home Loans	55	52	(3)	-6%
Credit Card	119	144	25	21%
Personal Loans	19	17	(2)	-8%
Other Consumer Loans	5	8	3	54%
Total Gross Loans of Parent	**409**	**444**	**35**	**9%**
CitySavings and Subsidiaries	122	142	20	17%
UnionDigital	3	4	1	45%
Total Gross Loans of Subs	**125**	**146**	**21**	**17%**
Total Gross Loans	**533**	**590**	**57**	**11%**
% Consumer Loans	**61%**	**62%**		

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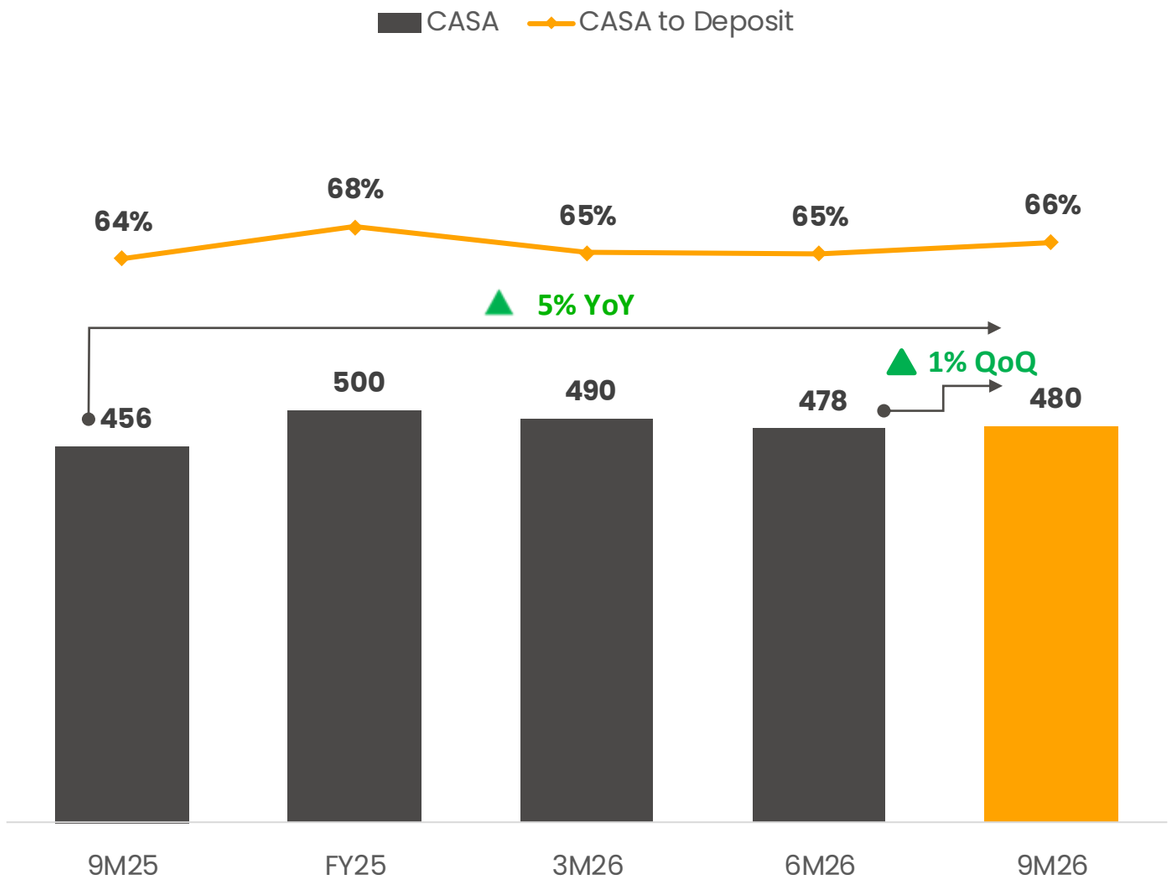
Deposit growth sustained year-on-year

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



End-of-Period

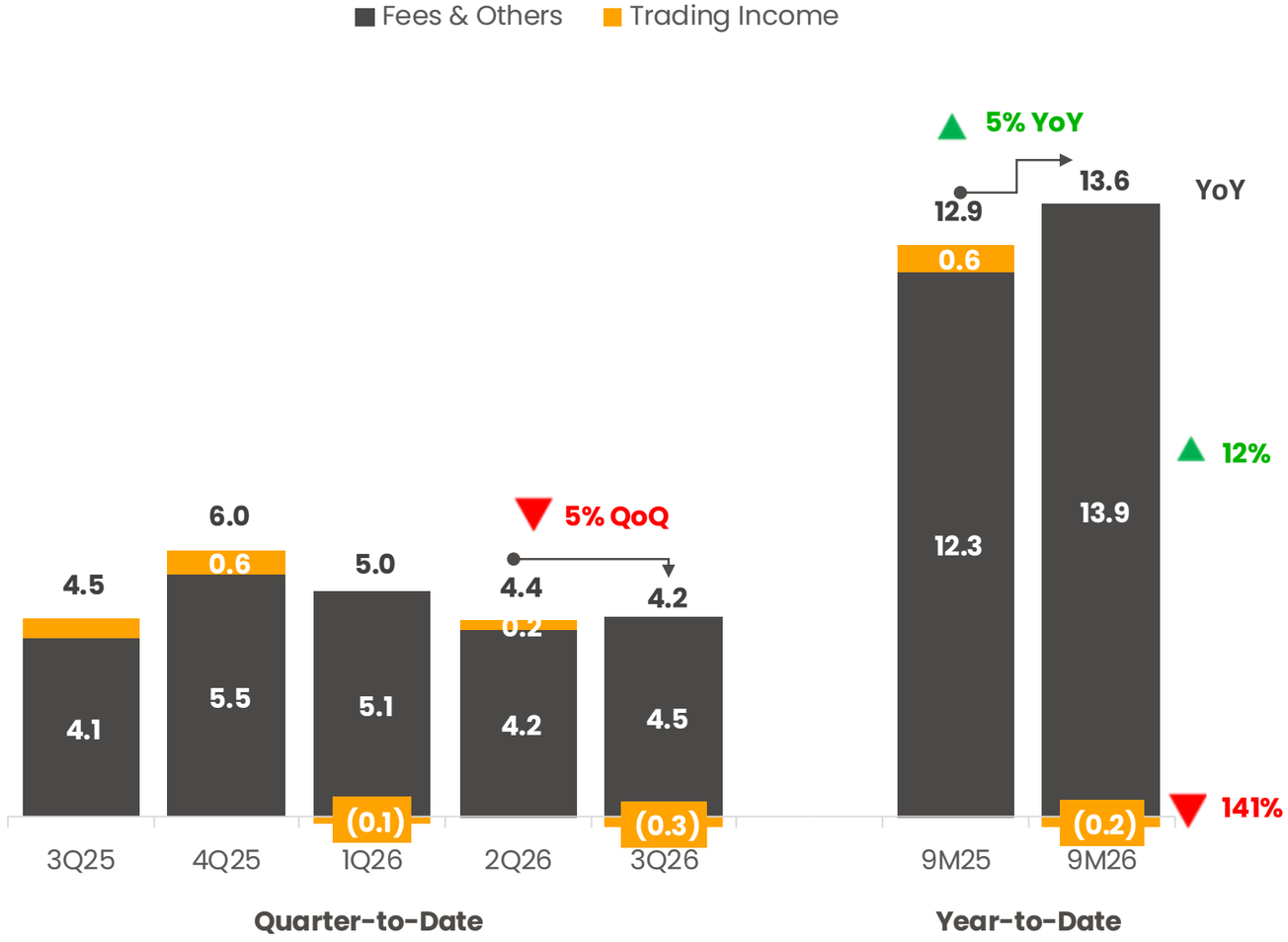
CASA Deposits (Consolidated), OSB
(in PHP, Bn)



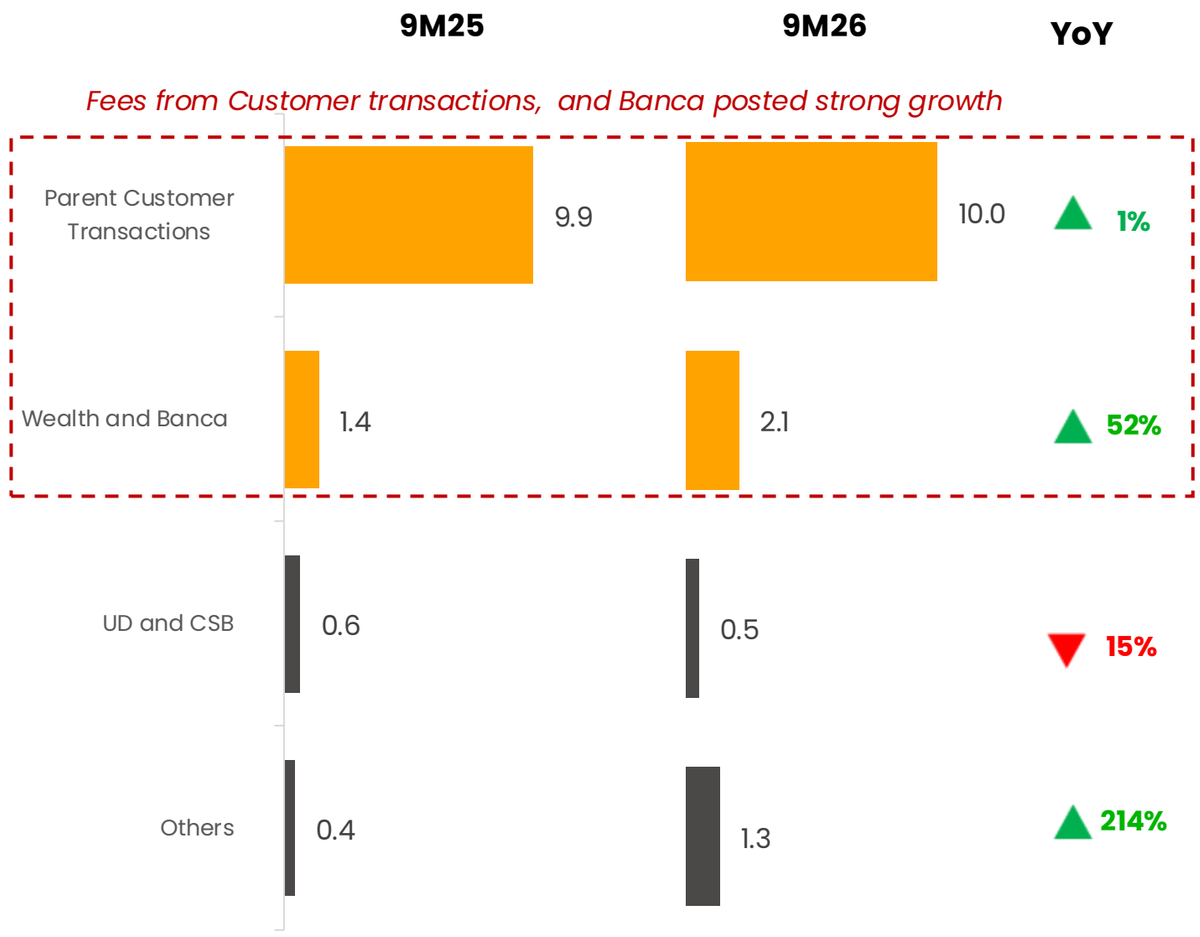
End-of-Period

Wealth and Banca post larger contribution to fee income

Non-Interest Income
(in PHP, Bn)

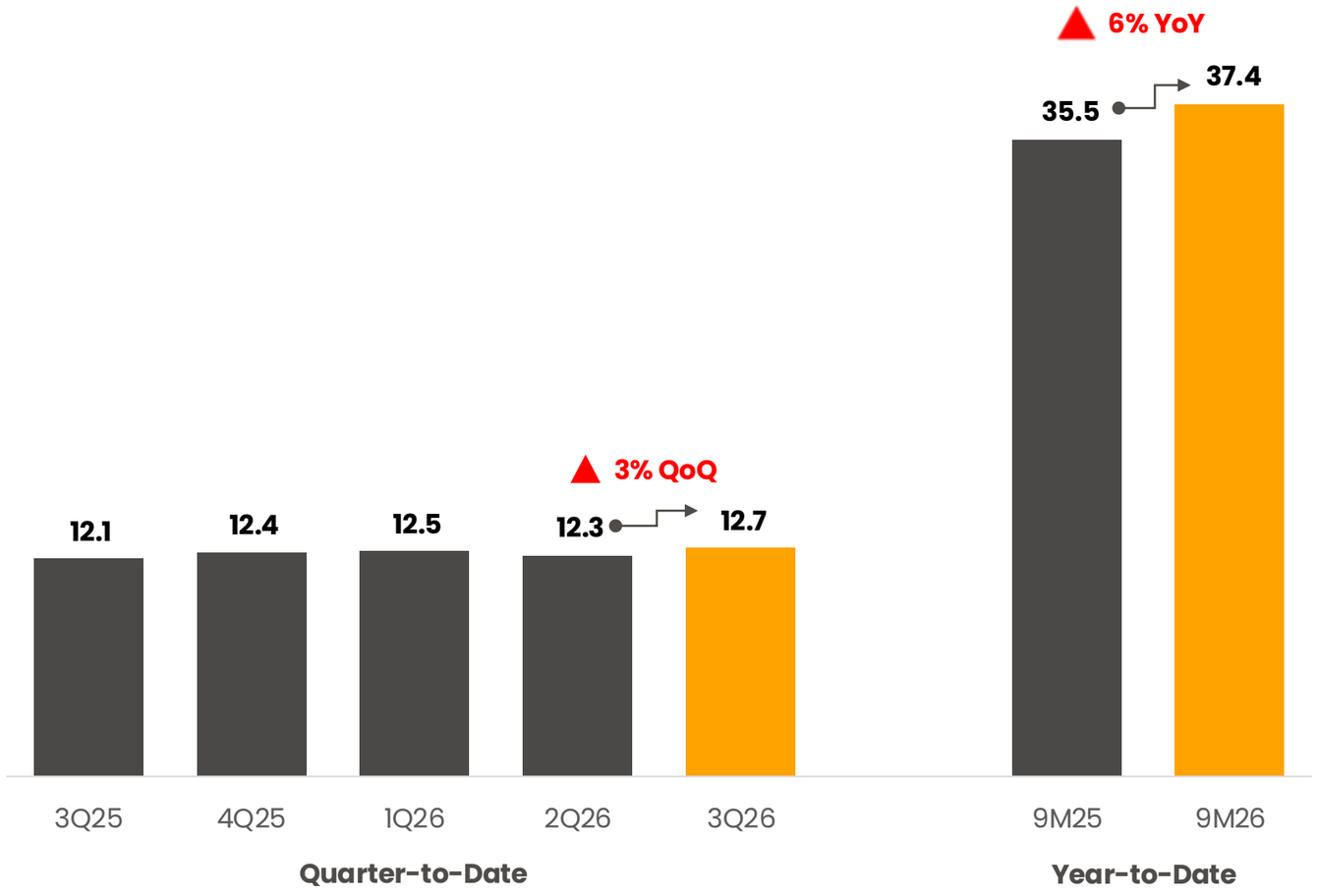


YTD Fees & Others
(in PHP, Bn)

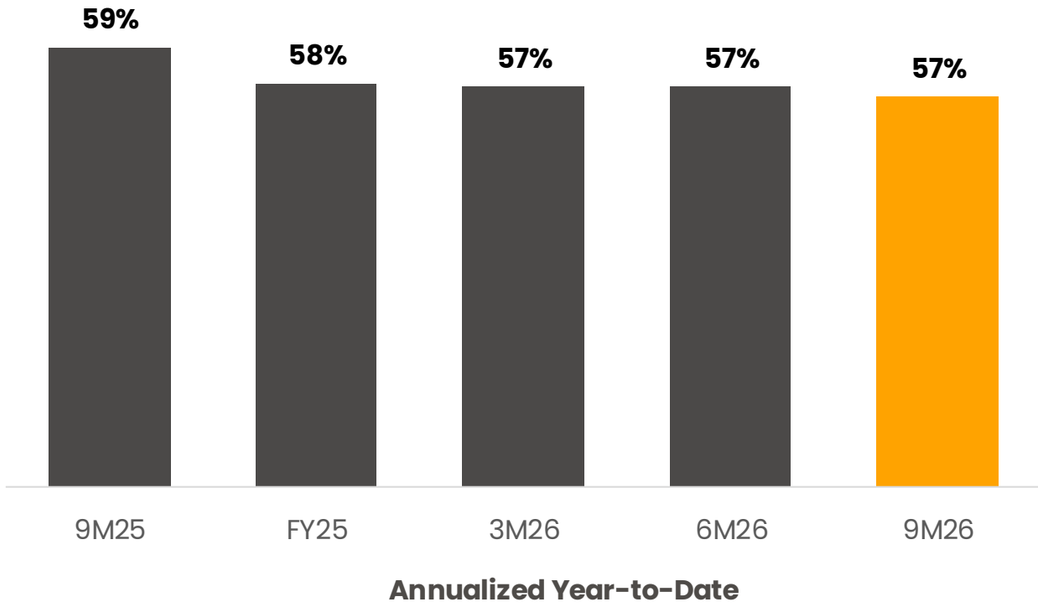


Stabe cost to income ratio

Operating Expense
(in PHP, Bn)

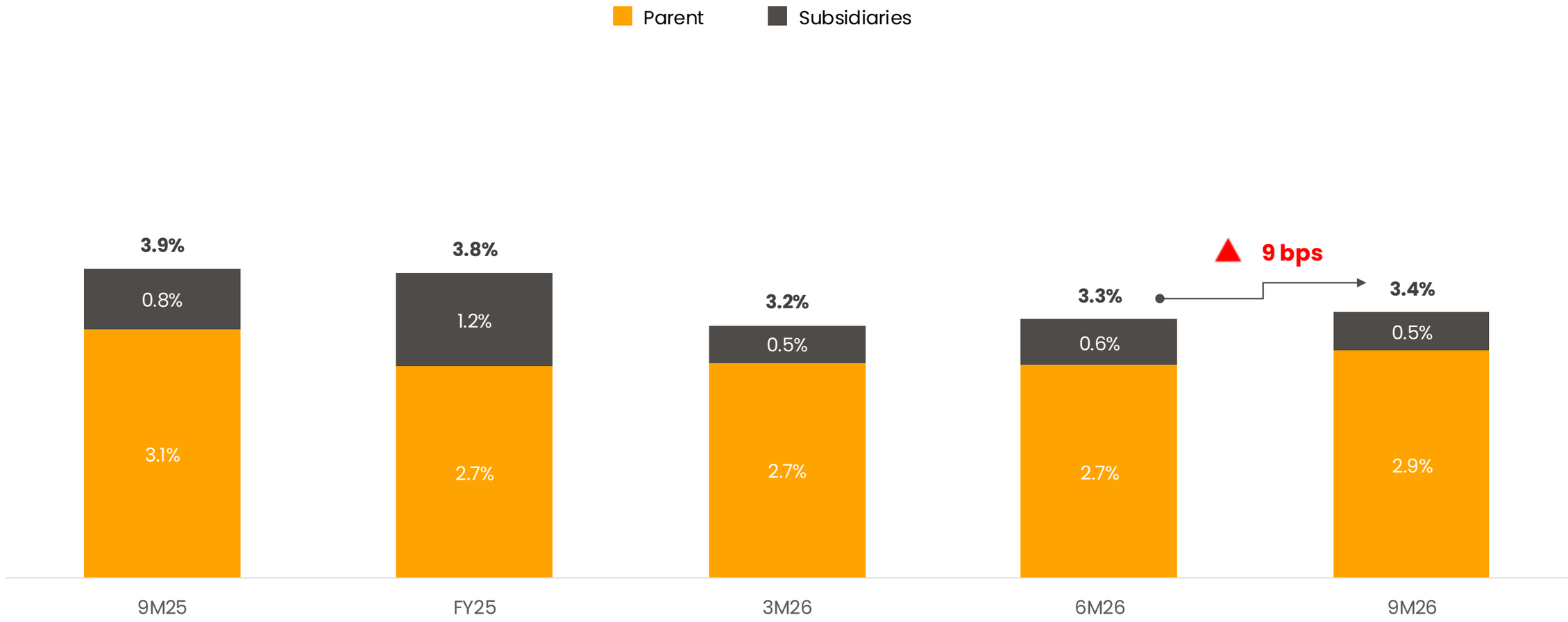


Cost-to-income Ratio



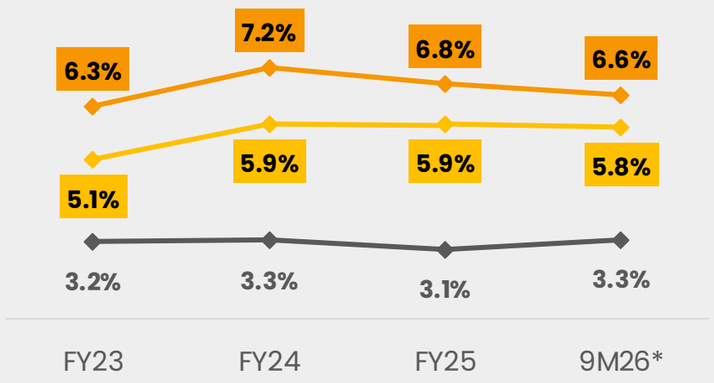
Stable credit costs

Credit Cost – Annualized (Year-to-date)

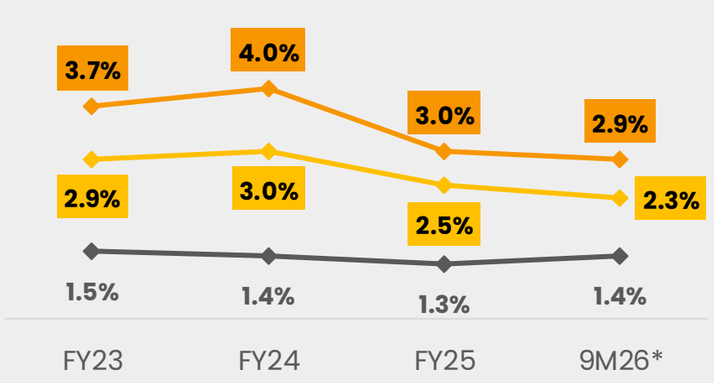


Asset quality and coverage ratios continue to improve

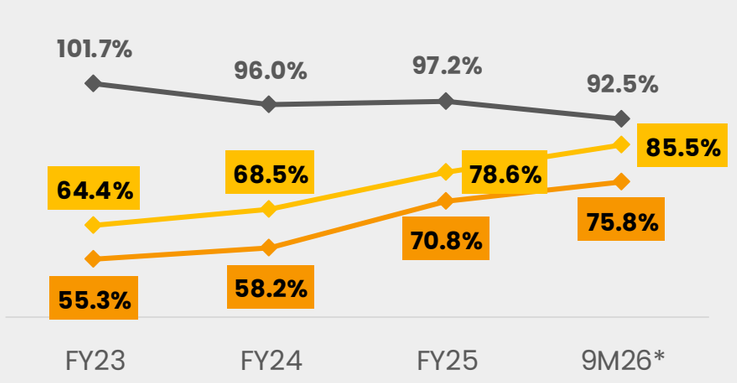
Gross NPL Ratio



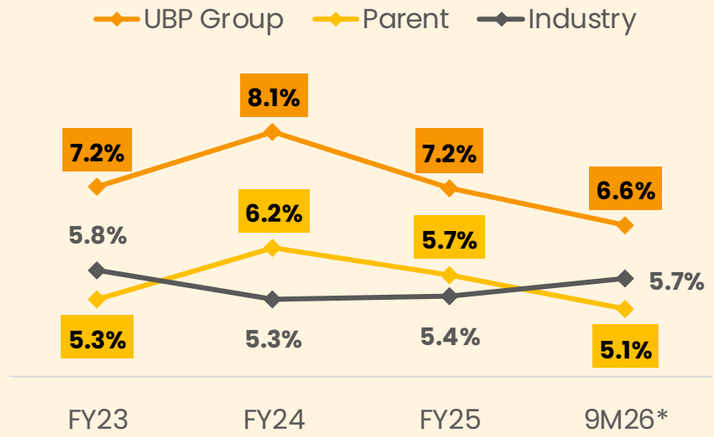
Net NPL Ratio



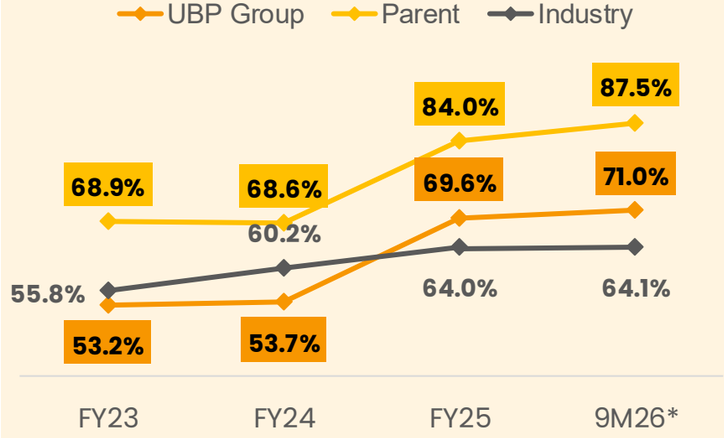
NPL Cover



Gross NPL Ratio (Consumer)



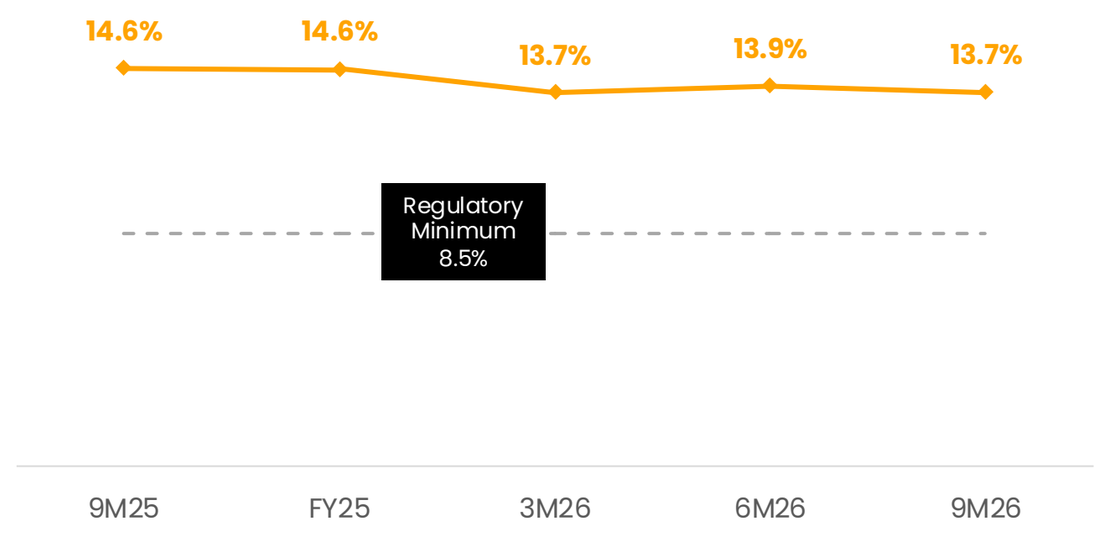
NPL Cover (Consumer)



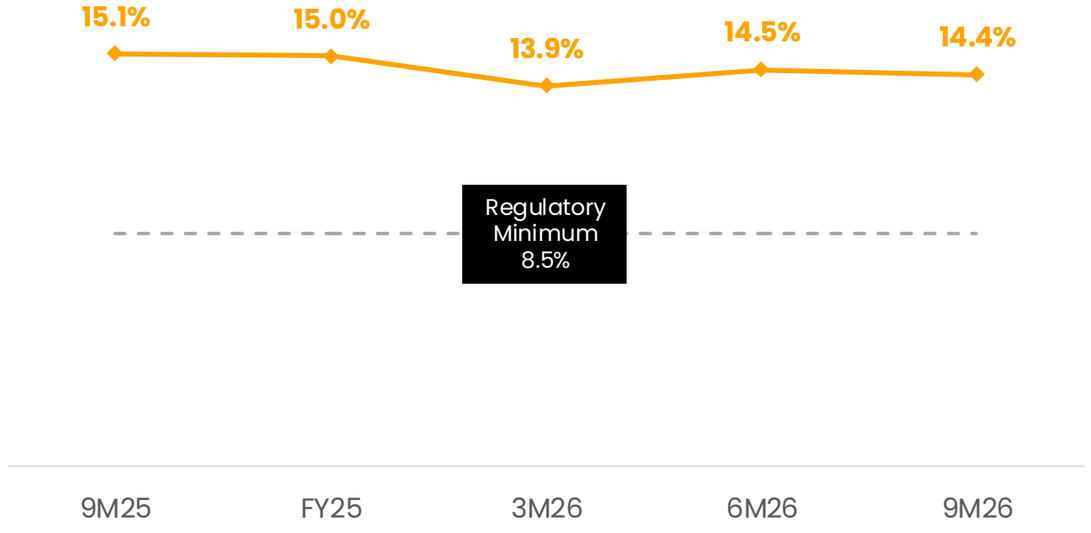
*Latest industry data available: 6M26

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 P9.9 billion, up 53% year-on-year. Group sustained its performance on a quarterly basis
2. Net revenues grew to P65.5 billion, up 8% year-on-year, supported by an expanding customer base
3. Credit Costs are down year-on-year, reflecting improved asset quality despite economic headwinds
4. NPL cover continues to improve as the bank builds buffers to strengthen its balance sheet

Outlook

1. Revenues are expected to remain resilient, supported by customer growth, above-industry NIM, and rising income from wealth and banca
2. Margins should stay healthy as CASA growth keeps funding costs low and consumer lending, led by cards, continues to expand
3. Asset quality has seen continuous improvement, but we remain cautious of the current economic situation

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Thank you!

For comments and queries, contact us via:
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