

UnionBank FY2020 Net Income at P11.6 Bn

The Bank posted a net income of Php11.6 billion in 2020 despite credit reserves growing by 4.7x year-on-year or close to Php7.0 billion more than 2019. Earnings performance translated to a return on equity of 11.9%.

The Bank's digital strategy gained more traction in 2020 as COVID accelerated the shift of customer behavior towards digital. Customers transacting through digital channels breached 2 million with more than 500,000 new accounts opened via the mobile app. UBX, the Bank's technology and innovation firm, signed up more than 140,000 MSMEs across its platforms namely i2i, BUX, Sentro, and SeekCap. CitySavings Bank also continued to deliver efficient services to teachers and motorcycle loan borrowers with the help of its mobile sales app.

The growth in customers and digital transactions resulted to strong operating income for the year. Revenues were at an all-time high of Php42.1 billion driven by the expansion of net interest income by 29% to Php28.7 billion. Net interest income growth was attributed to higher margins, which increased by 76bps to 4.7% due to: 1) robust CASA growth; 2) reduced funding cost given the low interest rate environment; and 3) shift to high-yielding loans (i.e. consumer, SME, and commercial) as demand for corporate loans declined. Strong trading gains amounting to Php8.9 billion also boosted topline revenues.

Growth in operating expenses was kept at a single-digit despite robust business growth due to efficiencies from digitization.

Credit cost booked by the Bank was at Php8.7 billion in 2020 vs. Php1.9 billion in the prior year as NPLs increased from 3.1% to 5.1%.

As of end-December 2020, total assets were at Php774.5 billion. Our strong earnings performance translated to above regulatory capital requirements, with CET1 Ratio at 15.0% and CAR at 17.0%.

"We enter 2021 cautiously optimistic with a strong focus on balance sheet management and credit underwriting. We expect to sustain customer revenue growth as we continue to achieve operating efficiencies," noted Jose Emmanuel U. Hilado, CFO and Treasurer.

"I am pleased with the Bank's 2020 performance despite a challenging year. This was a product of all UnionBankers who continued to push boundaries amidst the crisis. The pandemic became the inflection point that affirmed our digital strategy. As we line up new features in our digital channels and *Tech Up* especially more of our underbanked and unbanked countrymen, we aim to ramp up digital customer engagement to sustain our momentum in 2021," said Edwin R. Bautista, President and CEO.

Union Bank of the Philippines (UnionBank) has always been among the first to embrace technological innovations to empower its customers. It embraces the future of banking and is committed to be the Philippines' leading digital bank to best serve the growing needs of Filipinos everywhere.

It has consistently been recognized as of one of Asia's leading companies, ranking among the country's top universal banks in terms of profitability and efficiency.

Over the years, UnionBank has garnered a record-breaking number of awards and recognition including "Asia's Best Bank Transformation" from Euromoney; "Asia-Pacific Retail Bank of the Year" from Retail Banker International; "Top 2 Most Helpful Banks in Asia Pacific during COVID-19" from BankQuality Customer Survey and Ranking (BankQuality.com); "Asia Pacific Digital Trailblazer" for UnionBank and "DX CEO Asia Pacific" for President and CEO Edwin R. Bautista from IDC Asia Pacific DX Awards; "Best Digital Community Impact Initiative, South East Asia 2020" for UBX from CFI.co; "Fastest Growing Fintech Company, South East Asia 2020" for UBX from Global Brands Magazine; "2020 Digital Banker of the Year in Asia-Pacific" for President and CEO from The Asset; three-time "Best Digital Bank Philippines" from Asiamoney and International Finance Magazine; , three-time "Digital Bank of the Year Philippines" from The Asset Triple A Awards; back-to-back Digital Transformer of the Year Philippines" from IDC DX Awards Philippines; "Best Retail Bank Philippines 2020" from Global Banking and Finance, The Asian Banker and The Digital Banker; "Best in Asia Pacific Social, Sustainable & Responsible Banking" from Efma; "Domestic Retail Bank of the Year Philippines" from Asian Banking & Finance; back-to-back "Best Digital Bank Philippines" & "Most Innovative Cash Management Services Bank Philippines" from Global Banking and Finance; "#1 Best Service Domestic Bank in the Philippines" at the 2020 Asiamoney Cash Management Survey; "Best Bank for SMEs" from Asiamoney; "SME Bank of the Year - Philippines" from Asian Banking and Finance; "Model Bank Award for Financial Inclusion 2020" from Celent Model Bank Awards; Top PESONet Volume Contributor" at the BSP Stakeholders Awards Ceremony 2019; "Employer of the Year" awards from Stevie Awards for Great Employers, Asian Banking and Finance, and HR Asia; and "Top Employer Brand of the Year" from Influential Brands' 2019 Asia CEO Summit.

Determined to be an enabler of the Philippines' bid to be a G20 country by 2050, UnionBank stands firm in its promise to power the future of banking by co-creating innovations for its customers and for a better world.