



October 27, 2018

**THE PHILIPPINE STOCK EXCHANGE, INC.**  
6/F PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City

Attention: **Mr. Jose Valeriano B. Zuño**  
OIC - Head, Disclosure Department

**PHILIPPINE DEALING AND EXCHANGE CORP.**  
37/F, Tower 1, The Enterprise Center  
6766 Ayala Avenue cor. Paseo de Roxas, Makati City

Attention: **Ms. Vina Vanessa S. Salonga**  
Head - Issuer Compliance and Disclosure Department (ICDD)


Ladies and Gentleman:

Please be informed that the Board of Directors of BDO Unibank, Inc. (the "Bank"), at its regular meeting held today, October 27, 2018, approved the Financial Statements of the Bank for the 3rd Quarter of 2018.

The Bank will be releasing to the press the attached statement.

Thank you.

Very truly yours,

  
**MA. CECILIA S. SANTOS**  
First Vice President and Alternate  
Corporate Information Officer

Att.: a/s

BDO Unibank, Inc.  
BDO Corporate Center  
7899 Makati Avenue  
Makati City 0726, Philippines  
Swift Code BNORPHMM  
Tel +63(2) 840 7000

[www.bdo.com.ph](http://www.bdo.com.ph)

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29 October 2018

**BDO 3Q earnings up 18% to ₱8.4 billion**  
***Income for Jan-Sept 2018 up 6% to ₱21.5 billion***

BDO Unibank, Inc. (BDO) delivered an 18 per cent hike in earnings of ₱8.4 billion in 3Q 2018 compared to the same quarter a year-ago, on solid expansion from its core lending and deposit-taking, life insurance and fee-based businesses. The 3Q 2018 net result also represented a 15 per cent rise quarter-on-quarter (QoQ) from the ₱7.3 billion profit recorded in 2Q 2018. This brings the Bank's income for the first nine (9) months of this year to ₱21.5 billion, higher by six (6) per cent from year ago levels. Excluding the results of BDO Life, which was impacted by PFRS9's mark to market (MTM) on its investment portfolio and One Network Bank (ONB) with its ongoing investment in the Micro-SME (MSME) lending business, net income year-to-date (YTD) would have registered a 13 per cent growth.

Lending operations posted a 17 per cent rise in gross customer loans to almost ₱2.0 trillion, led by the middle-market and consumer segments. Asset growth was funded by the 12 per cent increase in total deposits to ₱2.3 trillion, with low-cost CASA ratio steady at 70 per cent. As such, net interest income (NII) expanded by 20 per cent to ₱71.5 billion, with net interest margin (NIM) increasing YoY and QoQ due to upward loan re-pricing, and managed funding costs given a large low-cost CASA base.

Non-interest income rose to ₱35.8 billion on the back of insurance premiums and fee-based income which grew by 21 per cent and seven (7) per cent, respectively. However, these growth numbers were offset by the 71 per cent decline in trading and forex gains due to the continuing volatility in the capital markets. Overall, gross operating income went up by 13 per cent to ₱107.3 billion.

Operating expenses advanced by 13 per cent to ₱71.7 billion, on sustained business and branch expansion as well as higher documentary stamp tax (DST) on Time Deposits owing to the implementation of the government's tax reform program.

Volume-related operating expenses, comprising 41 per cent of total operating expenses, grew by 14 per cent.

The Bank remained prudent as it set aside provisions amounting to ₱5.5 billion even as gross non-performing loan (NPL) ratio trended lower to 1.1 per cent from 1.2 per cent in 2Q 2018 and 1.3 per cent in 3Q 2017, despite a higher interest rate environment. NPL cover likewise increased to 175 per cent from 158 per cent in 2Q 2018 and 136 per cent in 3Q 2017.

Total capital increased to ₱311.8 billion, with both Common Equity Tier 1 (CET1) and Capital Adequacy Ratio (CAR) above regulatory minimum, and remaining steady QoQ at 12.3 per cent and 13.9 per cent respectively.

With the positive performance in the first nine (9) months this year, the Bank believes that the 2018 full-year earnings guidance of ₱31 billion remains within reach given the seasonally stronger fourth quarter, combined with encouraging results from the Bank's strategic initiatives expanding across underserved segments and growth areas.

### **About BDO**

BDO is a full-service universal bank which provides a wide range of corporate and retail banking services. These services include traditional loan and deposit products, as well as treasury, trust and wealth advisory, investment banking, private banking, rural banking, cash management, leasing and finance, remittance, credit card services and insurance and stock brokerage services.

BDO has one of the largest distribution networks, with more than 1,200 operating branches and over 4,000 ATMs nationwide. It also has a full-service branch in Hong Kong as well as 24 overseas remittance and representative offices in Asia, Europe, North America and the Middle East.

BDO ranked as the largest bank in terms of total assets, loans, deposits and trust funds under management based on published statements of condition as of June 30, 2018. For more information, please visit [www.bdo.com.ph](http://www.bdo.com.ph).