



July 27, 2018

THE PHILIPPINE STOCK EXCHANGE, INC.

6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **Ms. Janet A. Encarnacion**
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, July 27, 2018, approved the financial statements of the Bank for the 2nd 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

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BDO earns ₱13.1 Bn in 1H 2018
Core businesses sustain strong growth

BDO Unibank, Inc. (BDO) posted ₱13.1 billion in net income in the first six months of 2018 on the back of solid results across its core lending and deposit-taking businesses, down from the year-ago level of ₱13.3 billion. Excluding the impact of PFRS9, which was implemented early this year on the investment portfolio of BDO Life and the ongoing expansion of One Network Bank (ONB), net income would have increased by 13 per cent.

Net interest income remained the major earnings driver, accelerating by 19 per cent to almost ₱46.0 billion, driven by the hefty 20 per cent jump in customer loans to ₱1.9 trillion on broad-based growth across all market segments. Meanwhile, total deposits expanded by 17 per cent to ₱2.3 trillion, supported by the 14 per cent hike in low-cost CASA deposits, representing more than 70 per cent of total deposits. Additionally, low-cost CASA funding combined with upward loan re-pricing due to rising interest rates resulted in net interest margins improving to 3.50 per cent from 3.43 per cent last year.

Non-interest income amounted to ₱22.8 billion, lower by two per cent year-on-year, as the 23 per cent growth in insurance premiums to ₱5.6 billion and the seven (7) per cent growth in fees and other income to ₱17.2 billion were offset by the unrealized mark-to-market losses on BDO Life's portfolio. Service charges and fees remained strong, but was tempered by weak underwriting and syndication activities in the capital markets. Overall, gross operating income grew by 11 per cent to ₱68.8 billion.

Operating expenses were higher by 12 per cent with the Bank's continued expansion, with 45 new BDO branches opened, as well as higher documentary stamp taxes (DST).

Excluding the impact of higher DST, operating expenses would have risen by only ten (10) per cent.

The Bank remained prudent as it boosted provisions to ₱3.5 billion even as gross non-performing loan (NPL) ratio was lower year-on-year at 1.2 per cent from 1.3 per cent. NPL cover increased year-on-year to 158 per cent from 137.2 per cent.

Total capital grew to ₱303 billion, with Capital Adequacy Ratio (CAR) and Common Equity Tier 1 Ratio at 14 per cent and 12.4 per cent, respectively.

Despite the challenging macro environment, BDO will continue to capitalize on its strong business franchise and extensive distribution network, generate quality earnings driven by recurring income sources, as well as execute its growth strategy to expand into high-growth areas and underserved segments.

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 March 31, 2018. For more information, please visit www.bdo.com.ph.