



May 30, 2020

**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: **Ms. Janet A. Encarnacion**  
Head, Disclosure Department

**PHILIPPINE DEALING AND EXCHANGE CORP.**

29<sup>th</sup> Floor, BDO Equitable Tower  
8751 Paseo de Roxas, Makati City 1226

Attention: **Atty. Marie Rose M. Magallen-Lirio**  
Head, Issuer Compliance and Disclosure Department

Ladies and Gentlemen:

Please be informed that the Board of Directors of BDO Unibank, Inc. (BDO Unibank), at its regular meeting held today, May 30, 2020, approved the declaration of regular cash dividends on common shares of BDO Unibank in the amount of Php0.30 per share for the 2<sup>nd</sup> Quarter of 2020 payable on June 29, 2020 to all stockholders of record as of June 17, 2020.

At the same meeting, the Board noted the retirement of Mr. Edward Garcia Wenceslao, Senior Vice President and Head of Institutional Banking Group - International Desks 2, effective June 1, 2020.

Finally, please be advised that BDO Unibank, Inc. will be releasing to the press the attached statement re: "*BDO Books Pre-emptive Provisioning After Loan Review-Prudent Action Taken in Challenging Environment.*"

Thank you.

Very truly yours,

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

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01 June 2020

## **BDO Books Pre-emptive Provisioning After Loan Review** ***Prudent Action Taken in Challenging Environment***

BDO Unibank, Inc. (BDO) announced that it has set aside an additional ₱20B in upfront provisions, on top of the P2.1 billion set aside in 1Q20, in anticipation of the expected disruptive economic impact of the COVID-19 pandemic and the Enhanced Community Quarantine (ECQ).

The Bank is expecting delinquencies to increase this year with the disruption in business activities, tightness in corporate liquidity, lower consumption levels, and contraction in GDP by as much as 3.4% based on government estimates. As such, the Bank is allocating a total of 170bps in anticipated credit costs for the effects of the pandemic. While the Bank expects an increase in the NPL ratio, actual write-offs or losses are seen to be much less. Despite the additional provisions, the Bank's capital adequacy ratio is expected to remain stable and the Bank intends to continue with its regular dividend declaration.

The move, following a comprehensive review of its loan portfolio, is anticipatory in nature and is meant to safeguard the Bank's balance sheet. The Bank's current NPL coverage ratio is currently one of the highest in the industry. With these additional provisions, BDO expects that its coverage ratio will remain strong and among the highest in the industry. BDO is working with various borrowing clients to provide continuing support and find ways to navigate through this difficult operating environment. These anticipatory provisions are not expected to have an impact on the Bank's ability to service clients.

BDO's balance sheet remains strong, with capital ratios remaining comfortably above regulatory levels despite the higher provisions. The move will not impair the Bank's capital. Coupled with a robust business franchise and a culture of resilience, the Bank believes it will weather the crisis and be in a good position once the economy bounces back.

#### **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 banking, investment banking, private banking, rural banking, cash management, leasing and finance, remittance, insurance, retail cash cards and credit card services.

BDO has the country's largest distribution network, with over 1,400 consolidated operating branches and more than 4,400 ATMs nationwide. It also has 17 overseas remittance and representative offices (including full-service branches in Hong Kong and Singapore) 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, 2020. For more information, please visit [www.bdo.com.ph](http://www.bdo.com.ph).