



October 26, 2019

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.

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: **Atty. Joseph B. Evangelista**
Head, Issuer Compliance and Disclosure Department

Ladies and Gentlemen:

Please be informed that the Board of Directors of BDO Unibank, Inc. (the "Bank"), at its regular meeting held today, October 26, 2019, approved the financial statements of the Bank for the Third Quarter of 2019.

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

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28 October 2019



BDO earns ₱32.1 billion in Jan-Sept 2019

BDO Unibank, Inc. (BDO) delivered ₱32.1 billion in net income for the first nine months of the year compared to ₱21.5 billion a year-ago, largely driven by the expansion in the Bank's recurring core revenues. The 9M19 net income translates to a Return on Common Equity (ROCE) of 12.5 per cent, compared to 9.5 per cent in 9M18.

Customer loans increased by six (6) per cent year-on-year (yoy) to ₱2.1 trillion, led by the sustained growth in the middle-market and consumer segments. Meanwhile, total deposits went up by three (3) per cent yoy to ₱2.4 trillion, with low-cost Current Account/Savings Account (CASA) deposits increasing by six (6) per cent and accounting for 72 per cent of total deposits.

Net Interest Income (NII) increased yoy to ₱88.5 billion, with net interest margins (NIMs) further improving in 3Q19.

Non-interest Income went up yoy to ₱44.1 billion, led by fee-based income and insurance premiums which accelerated by 14 per cent and 23 per cent to ₱25.4 billion and ₱10.8 billion, respectively. Trading and foreign exchange gains in 3Q19 amounted to ₱690 million from ₱1.0 billion year-ago. However, the trading and forex gains of ₱4.3 billion for the nine-month period reflects a normalized level compared to 2018, where a more volatile environment prevailed. As such, gross operating income rose to ₱132.6 billion.

Operating expenses rose by 20 per cent to ₱85.8 billion given the Bank's continuing expansion as well as increased volume-related expenses (e.g., taxes and licenses and policy reserves at BDO Life were up by an aggregate 42 per cent yoy). Excluding volume-related expenses, operating expenses would have risen by 14 per cent.

Provisions amounted to ₱4.2 billion as the Bank maintained its conservative credit and provisioning policies. Gross non-performing loan (NPL) ratio was steady at 1.2 per cent, while NPL cover remained high at 168.2 per cent.

The Bank's capital base increased to ₱364.0 billion, with Common Equity Tier 1 (CET1) and Capital Adequacy Ratio (CAR) improving to 13.1 per cent and 14.6 per cent, and remaining comfortably above the current regulatory minimum under the Basel III framework.

With its focused growth strategy, strong business franchise, solid balance sheet and extensive geographic reach, the Bank remains solidly positioned to capitalize on the country's solid economic pace and growth opportunities in underserved and emerging markets.

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 investments, investment banking, private banking, rural banking, cash management, leasing and finance, remittance, insurance, retail cash cards, credit card services and stock brokerage services.

BDO has one of the largest distribution networks, with more than 1,300 operating branches and over 4,400 ATMs nationwide. It also has full-service branches in Hong Kong and Singapore as well as 21 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, 2019. For more information, please visit www.bdo.com.ph.