



October 24, 2020

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. 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. (the "Bank"), at its regular meeting held today, October 24, 2020, approved the financial statements of the Bank for the Third Quarter of 2020.

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

Thank you.

Very truly yours,



ALVIN C. GO

SVP & Assistant Corporate Secretary and
Alternate Corporate Information Officer

Encl.: a/s

BDO Unibank, Inc.
BDO Corporate Center
7899 Makati Avenue
Makati City 0726
Philippines
Swift Code BNORPHMM
Tel +632 8840-7000

bdo.com.ph

We find ways®



26 October 2020

BDO regains momentum in 3Q 2020

BDO Unibank, Inc. (BDO) posted ₱12.3 billion in net income in the 3Q 2020 despite the continuing impact of the pandemic. This brings earnings for the first nine months of the year to ₱16.6 billion, a decline of 48% from the same period last year, due to the upfront provisions booked in 2Q 2020 in anticipation of potential delinquencies due to the pandemic.

Despite BDO's promising results, the Bank recognizes that the pandemic difficulties still lie ahead. The delinquency problem on loans have not yet peaked, interest rate caps on credit cards will be instituted soon and there are added costs in doing business as a result of necessary precautions inherent in the Bank's operations. All of these and more are seen to put pressure on the Bank's earnings.

Loans rose at a more tempered 6 per cent to ₱2.2 trillion, driven by corporate and consumer accounts. The Bank remained supportive of its borrowing clients, ensuring continued access to their credit facilities to help them manage their funding requirements during these challenging times, notwithstanding loan payment deferments under *Bayanihan I* and *II*.

Asset quality remained stable, with gross non-performing loans (NPL) ratio at 1.97 per cent. Meanwhile, the NPL cover settled at 138 per cent. Total provisions for 9M 2020 amounted to ₱23.8 billion, inclusive of the pre-emptive provisions in 2Q 2020.

Total deposits grew to ₱2.6 trillion, driven by the faster growth in Current Account/Savings Account (CASA) deposits, with almost all of the Bank's branches operational since 2Q 2020. The Bank's CASA ratio climbed to a new high of 79 per cent. Net interest income (NII) went up by 13 per cent year-on-year to ₱99.8 billion.

Non-interest income settled at ₱36.8 billion, led by fee-based income and insurance premiums with ₱20.2 billion and ₱10.9 billion, respectively. Wealth management remained resilient with trust volume and fees sustaining steady growth despite soft market conditions. However, some of the Bank's businesses, specifically those that rely on face-to-face interaction, are still gradually rebuilding their volumes.

Operating expenses declined by 3 per cent to ₱83.6 billion on lower volume-related expenses.

The Bank's balance sheet remains solid with a capital base of ₱378.6 billion. Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) ratio were at 14.3 per cent and 13.2 per cent, respectively, remaining well above regulatory minimum.

BDO believes that its strong business franchise and robust balance sheet place the Bank in a good position to leverage on a post-pandemic economic recovery.

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 16 international 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 June 30, 2020. For more information, please visit www.bdo.com.ph.