



July 25, 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, July 25, 2020, approved the financial statements of the Bank for the Second Quarter of 2020.

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

Thank you.

Very truly yours,

ALVIN C. GO
Senior Vice President and Alternate
Corporate Information Officer

att. a/s

BDO Unibank, Inc.
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bdo.com.ph

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BDO posts ₱4.3 billion in Net Income due to ₱22.4 billion in Upfront Provisions

BDO Unibank, Inc. (BDO) recorded ₱4.3 billion in profits in the 1H 2020 vs. ₱20.1 billion in the comparable period last year, as the Bank booked total provisions of ₱22.4 billion in anticipation of potential delinquencies due to the Covid 19 pandemic. The provisions are anticipatory in nature, and meant to safeguard the balance sheet. By recognizing the provisions upfront, the Bank can now focus on growing its business as restrictions under ECQ/GCQ are gradually relaxed. Core businesses held up well amid the COVID-19 pandemic, with Pre-Provision Operating Income (PPOP) up 17 per cent.

Net Interest Income (NII) likewise went up by 17 per cent. Customer loans rose by 11 per cent to ₱2.3 trillion, while total deposits went up by nine (9) per cent to ₱2.6 trillion, driven by the 19 per cent expansion in Current Account/Savings Account (CASA) deposits which now account for 77 per cent of total deposits. As of end-June 2020, branch operations have been fully restored from only 45 per cent at the start of the ECQ in mid-March 2020. Non-interest income settled at ₱24.8 billion, led by fee-based income with ₱13.4 billion and insurance premiums with ₱7.0 billion.

Operating expenses dipped by one (1) per cent to ₱56.0 billion on lower volume-related expenses, and despite the additional costs and operational adjustments to adapt to the “new normal” to ensure the security, health, and safety of BDO employees and clients.

Gross non-performing loan (NPL) ratio increased to 1.95 per cent while NPL cover settled at 139.4 per cent.

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Total capital base settled at ₱367.5 billion, with Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) ratio at 13.8 per cent and 12.7 per cent, respectively, despite the upfront provisions. These ratios are well above regulatory minimum and deemed sufficient to support the Bank's anticipated asset growth as well as regular quarterly dividends.

Going forward, BDO believes that its solid balance sheet, sustained business growth, and dedicated team effort will allow the Bank to weather the COVID-19 crisis and sustain its long-term performance post-pandemic.

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 March 31, 2020. For more information, please visit www.bdo.com.ph.