

BDO Unibank (BDO PM)

FUNDAMENTAL VIEW ¹

As of 30 Jul 2025

- BDO Unibank (BDO) is the largest bank in the Philippines in terms of assets & market share.
- Given its size and systemic importance, BDO is considered too big to fail and is strongly likely to be supported by its controlling shareholder SM Investments, as well as the Philippine government in times of stress.
- BDO is widely viewed as the soundest bank in the country given its strong fundamentals, well-diversified businesses, and good management.

RISKS & CATALYSTS

As of 30 Jul 2025

- Direct impact from US tariffs is limited given that the Philippines is not a major goods exporter, but there is likely to be some second order effects from a slowdown in regional and global growth.
- Management said that loan growth from corporates has picked up and so healthy broad-based demand has returned across BDO's market segments. It is comfortable with broadly maintaining the current loan mix, after several quarters of shifting towards retail loans.
- We see few asset quality risks for BDO given a comfortable NPL cover (2Q25: 140%) and build up of the CET1 ratio (2Q25: 14.3%), as well as BDO's large corporates book (51% of total loans) and underwriting track record.
- We continue to anticipate a slight NIM squeeze in FY25 along with the declining policy rates. Another 1-2 more 25 bp rate cuts are anticipated from the BSP in 2H25 to support growth.
- Any rating downgrade of the Philippine sovereign would negatively impact BDO.

CREDIT QUALITY SCORE (CQS) ²

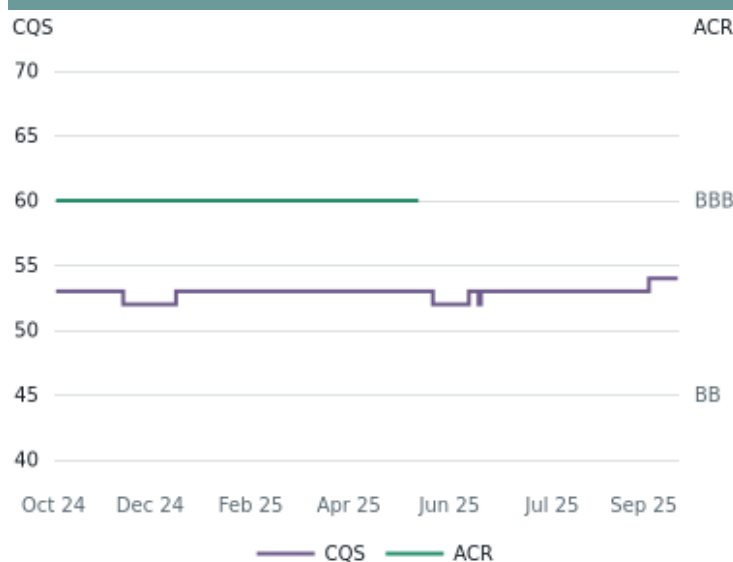
As of 25 Sep 2025

CURRENT CQS

CQS OUTLOOK ³

54 NO OUTLOOK

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) ⁴ VS CQS



KEY METRICS

As of 30 Jul 2025

PHP MN	FY21	FY22	FY23	FY24	1H25
NIM	4.05%	4.14%	4.37%	4.35%	4.30%
Reported ROA (Cumulative)	1.2%	1.5%	1.7%	1.8%	1.6%
Reported ROE (Cumulative)	10.4%	13.0%	15.2%	15.1%	13.9%
Equity/Assets	11.7%	11.3%	11.5%	11.8%	11.9%
CET1 Ratio	13.6%	13.4%	13.8%	14.1%	14.3%
NPL ratio	2.8%	2.0%	1.9%	1.8%	1.8%
Provisions/Loans	0.72%	0.64%	0.59%	0.46%	0.43%
PPP ROA	2.1%	2.3%	2.7%	2.5%	2.3%
Liquidity Coverage Ratio	145%	141%	123%	132%	126%
Net Stable Funding Ratio	124%	124%	124%	122%	n/m

BUSINESS DESCRIPTION

As of 30 Jul 2025

- BDO Unibank was established as Acme Savings Bank in 1968, and was then acquired by SM Investments in 1976. It became a commercial bank in 1994 and a universal bank in 1996.
- BDO was listed in May 2002. SM Investments remains the bank's largest shareholder with a 41% stake.
- BDO has expanded through a series of M&As. Among its key transactions, it merged with Dao Heng Bank Philippines in 2001, Banco Santander Philippines in 2003, UOB Philippines in 2005, Equitable PCI Bank in 2007, GE Money Bank in 2009, Citibank Savings, DB Trust and Real Bank in 2014, One Network Bank in 2015 (the largest rural bank in the Philippines), and RB Pandi's banking business in 2019. It also acquired the insurance business of Generali in the Philippines in 2016.
- BDO has the largest distribution network in the country and is ranked the largest bank in terms of consolidated resources, total assets, loans, deposits and trust funds under management.
- Its loan book is split 51% large corporates, 24% middle market, and 25% consumer at 2Q25. 41% of the consumer book comprises mortgages, 29% are credit cards, 13% are auto loans and the remaining are personal loans (13%) and others (5%).

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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