

PSE SPOTLIGHT

FEATURING:



BDO's strong and diversified business franchise creates long-term sustainability and profitability, making BDO the country's largest bank and the market leader in most of its businesses. The Bank's consistent financial strength and profitable performance have made BDO a top investment choice in the Philippine stock market.

BDO Unibank, Inc.

Stock Code	BDO
Listing Board	Main Board
Sector – Subsector	Financials - Banks
Listing Date	May 21, 2002
Outstanding Shares	5,271,136,841
Free Float Level	44.15%
Market Capitalization	P784,345,161,941
P/E Ratio	10.40x
Dividend Yield	2.18%

As of 19 July 2024
Source: PSE Data

[Company Profile](#)

1. What makes BDO an attractive investment for potential investors?

BDO's effective execution of its business strategy has strengthened its position as the industry leader, with growing market share and expanded market coverage. As of end-2023, BDO led in terms of total assets (18% market share), gross loans (23%), deposits (19%), and trust assets under management (37%), and is a leading player across various business segments including investment banking, private banking, microfinance, remittances, credit cards and insurance brokerage. BDO also has the widest branch network (over 1,700) complemented by over 5,000 teller machines and digital channels, giving the Bank the widest market reach and the lowest cost of deposits among peers.

This has resulted in superior-quality earnings and positioned the Bank for long-term sustainable growth. BDO also continues to enhance shareholder value through book value accretion and increased dividend pay-outs.

2. What challenges has BDO encountered, and what strategy were employed to overcome them effectively?

During the height of the COVID-19 pandemic, BDO kept its branches open and leveraged on technology/digital channels to ensure continued access to banking services while ensuring the safety and well-being of its clients and staff.

Uncertainty in macroeconomic trends remain a challenge with inflation, foreign exchange and interest rate volatility. BDO believes that its established business franchise and strong and conservative balance sheet allows the Bank to overcome near-term risks and capitalize on structural growth opportunities to attain long-term sustainable growth.

Financial inclusion is one of the biggest challenges of the industry, given that 40% of adult Filipinos still do not have a formal account and the country's digital banking penetration is also among the lowest in the region. To address this, BDO's rural banking subsidiary, BDO Network Bank, serves as the vehicle for its expansion in the underserved and unbanked areas. This is supplemented by its agency banking initiative, expanding touchpoints through Cash Agad partners to provide more venues for cash fulfilment and banking transactions.

3. What sustainability initiatives does BDO have in place? How do they align with your long-term goals?

BDO is active in promoting financing instruments in support of sustainability. We were the first bank to issue Green Bonds (US\$150 million) for cleaner energy, and Blue Bonds (US\$100 million) for ocean and water projects. BDO has also issued two tranches of ASEAN Sustainability Bonds (P52.7 million and P63.6 billion) for economic, environmental, and social development, and has just recently concluded the offer period for its third issuance last July 17.

We are increasingly factoring in our business decisions the dependencies and impact on the environment of the organizations we support. The Bank released its Energy Transition Finance Statement (September 2022) declaring its approach to energy transition finance, which include continuing its current practice (in place since 2019) of not lending to new coal-fired power plant capacity and committing to cut coal exposure by 50% by 2033, as well as ensuring that coal exposure does not exceed 2% of total loan portfolio by 2033. The Bank will also continue to expand Sustainable Finance initiatives towards funding new and existing renewable energy projects so as to raise capacity and contribute to avoidance of Greenhouse Gas emissions. As of end-2023, the Bank funded P898 billion worth of sustainable finance projects.

Our products and services also helped enhance financial inclusion and well-being, especially for unbanked and underserved Filipinos. Through our sustainable finance initiatives, we supported businesses that promote environmental protection and conservation. We also pursued projects that provide opportunities for the growth and development of individuals and communities through entrepreneurship or employment.

Remaining true to our sustainable finance framework, we believe that ensuring viability of our business goes hand-in-hand with promoting the well-being of our planet and its people.

4. What are your company's strategic priorities for the next two to three years?

The Bank's medium-term strategic initiatives cover the following:

- Financial Inclusion – strengthen nationwide presence in underserved areas through expanding coverage and improving engagement with MSMEs
- Life Insurance – intensify cross-selling of life insurance with emphasis on traditional protection
- Wealth Management – offer tailored investment solutions to address clients' diverse needs
- Digital Investments – upgrade technology stack, strengthen cybersecurity and enhance operational efficiency to improve the customer experience

These strategic initiatives go hand in hand in terms of strengthening the Bank's competitive and market position.

5. What digital transformation initiatives has the company taken or are currently undertaking? Can you describe how these will be able to contribute to your business and overall competitiveness?

BDO modernized and unified its client front-end digital capabilities (not just payments) in line with the continued migration of applications and systems to hybrid and multi-cloud environments to make the IT platform more agile, scalable, expandable, secure, resilient, better performing and geared for the future. The upgraded apps with enhanced product capabilities also lead to improved user experience/interface and increased operational efficiency and productivity.

Continuous investments in enterprise platforms and infrastructure including cloud-based plug-and-play systems, adept use of AI tools to improve employee productivity, expanded use of data analytics for cross-selling and strategic planning as well as substantial spending on cybersecurity to safeguard the safety and stability of the IT infrastructure, allows BDO to keep its digital edge vs. competition.

PSE Spotlight is a short feature about listed companies that are part of PSE STAR Investor Day. The report, which offers a quick overview of a company, includes a description of its business, stock information, as well as answers to five interview questions provided by the company's management team. The interview questions typically revolve around the company's value proposition, business operations and landscape, challenges and opportunities, and strategic initiatives.

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