



February 7, 2017

**PHILIPPINE STOCK EXCHANGE, INC.**

Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Attention: **Ms. Janet A. Encarnacion**  
*Head, Disclosure Department*

**Ms. Dianne Eileen A. Cenidoza**  
*Analyst, Disclosure Department*

Dear Ladies:

We reply to your request for clarification on the news article entitled "BDO complying with Cebu City requirements" posted in [philstar.com](http://philstar.com) on February 7, 2017, the pertinent portion of which reads:

"MANILA, Philippines - Listed BDO Unibank Inc., the country's largest bank, yesterday said the city government of Cebu has refused to accept the bank's payments for local taxes and fees amid its long standing feud with Mayor Tomas Osmeña.

In a statement, the bank owned by retail and banking magnate Henry Sy said it has complied with all the requirements of the city government.

'We have complied with the requirements but, despite that the city government has refused to accept payments for local taxes and fees, and issue the permits contrary to what they did in the past. We have made the necessary arrangements for the clients to be serviced in alternative locations,' BDO said.

The listed bank apologized to affected clients of the 26 BDO branches in Cebu City.

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Early last month, Osmeña filed a complaint against BDO - Magallanes branch for alleged tax fraud before the Office of the City Prosecutor.

According to Osmeña the gross annual revenue of P400,000 by the BDO - Magallanes branch was not even enough to pay its bank manager. This means, the mayor said, the establishment is only earning around P30,000 per month.

The complaint against the country's largest bank include 'other deceits' and falsification by private individuals' under the Revised Penal Code and violation of the City Tax Ordinance.

BDO said the issue has no bearing on the bank's operations.

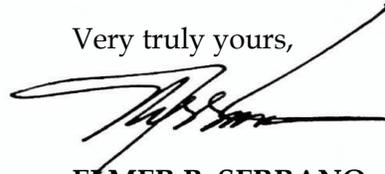
...."

BDO confirms the statement attributed to BDO in the article and that it has complied with the requirements of the Cebu City government.

We trust we have adequately addressed your request for clarification.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', with a long, sweeping flourish extending upwards and to the right.

**ELMER B. SERRANO**  
Corporate Information Officer