



February 24, 2017

PHILIPPINE STOCK EXCHANGE, INC.

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

Attention: **Mr. Jose Valeriano B. Zuño III**
OIC - Head, Disclosure Department

Ms. Dianne Eileen A. Cenidoza
Analyst, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

37th Floor, Tower 1, The Enterprise Center
6766 Ayala Ave., cor. Paseo de Roxas, Makati City

Attention: **Ms. Vina Vanessa S. Salonga**
Head, Issuer Compliance and Disclosure Department (ICDD)

Re: **Press Release - BDO Posts Record ₱26.1 Billion Income in 2016**
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Ladies and Gentlemen:

Please be informed that BDO Unibank, Inc. (BDO) is releasing to the press the attached statement regarding BDO posting a record P26.1 billion income in 2016.

Thank you.

Very truly yours,

ELMER B. SERRANO
Corporate Information Officer



24 February 2017

BDO posts record ₱26.1 billion income in 2016

BDO Unibank, Inc. (BDO) delivered a net income of ₱26.1 billion in 2016 on the back of strong results across its core businesses. This matched the Bank's earnings guidance for last year and is a record net income for the Bank.

Customer loan portfolio increased by 16 per cent to ₱1.5 trillion, while total deposits rose by 15 per cent to ₱1.9 trillion on the sustained growth in the Bank's low-cost CASA deposits. Net interest income went up by 15 per cent to ₱65.6 billion, reflecting the quality growth in the loan portfolio.

Meanwhile, fee-based income grew by 15 per cent to ₱22.2 billion and insurance premium contributed ₱8.0 billion, as the Bank's efforts at diversifying its income stream start to bear fruit. These fee income sources compensated for the decline in trading gains to ₱4.8 billion. Overall, gross operating income settled at ₱107.2 billion.

The Bank's operating expenses advanced by 27 per cent to ₱70.1 billion, primarily reflecting the consolidation of One Network Bank (ONB) and BDO Life Insurance. Excluding these, operating expenses would have risen only by 11 per cent.

The Bank set aside ₱3.8 billion in provisions for the year even as gross non-performing loan (NPL) ratio held steady at 1.3 per cent while NPL cover remained high at 139 per cent.

The Bank's capital base stood at ₱217.5 billion, with Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) ratio at 12.4 per cent and 10.7 per cent, respectively. In January 2017, the Bank successfully completed its rights offer, raising a total of ₱60 billion (USD1.2 billion) in fresh capital and boosting the Bank's consolidated CAR to an estimated 15.7 per cent. This will allow the Bank to support its medium-term targets and provide a comfortable buffer over higher minimum

capital requirements with the staggered implementation of the Domestic Systemically Important Bank (DSIB) surcharge.

With a strengthened capital base, robust business franchise and extensive distribution network, BDO is well-positioned to benefit from the country's growth momentum.

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 one of the largest distribution networks, with more than 1,100 operating branches and over 3,600 ATMs nationwide. It also has 26 overseas remittance and representative offices (including one full-service branch in Hong Kong) 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 December 31, 2016. For more information, please visit www.bdo.com.ph.