



November 2, 2016

THE PHILIPPINE STOCK EXCHANGE

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

PHILIPPINE DEALING & EXCHANGE CORP.

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6766 Ayala Ave., cor. Paseo de Roxas, Makati City

Attention: **MS. VINA VANESSA S. SALONGA**
Head, Issuer Compliance and Disclosure Department (ICDD)

Ladies and Gentleman:

Please be informed that BDO Unibank, Inc. (BDO) is releasing to the press the attached press release re: BDO net income up 10% to P19.3 billion in the first nine months of the year.

Thank you.

Very truly yours,


ALVIN C. GO
Assistant Corporate Secretary

Att: a/s

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2 November 2016

BDO net income up 10% to ₱19.3 billion in 9M 2016

BDO Unibank, Inc. (BDO) posted a 10% year-on-year increase in net income to ₱19.3 billion in the first nine months of the year. The Bank's core lending, deposit-taking and fee-based businesses delivered solid results during the period, offsetting a more normalized contribution from Treasury activities.

Net Interest Income (NII) grew 16 per cent to ₱48.4 billion. Customer loan portfolio expanded by 15 per cent to ₱1.4 trillion on broad-based growth across all market segments. Meanwhile, total deposits rose 14 per cent to ₱1.8 trillion, supported by the 21 per cent increase in low-cost CASA deposits which now comprise 70 per cent of total deposits.

Fee-based income was up 15 per cent to ₱16.0 billion, while trading and foreign exchange income normalized to ₱4.5 billion, or a decline of 29 per cent.

Operating expenses increased by 29 per cent to ₱52.8 billion, which reflects the consolidation of One Network Bank (ONB) and BDO Life Insurance operations. On a comparable basis net of these new businesses, operating expenses would have grown by only 12 per cent in line with the Bank's continued business expansion.

The Bank remained prudent and set aside ₱2.6 billion in provisions even as asset quality held firm. Gross non-performing loan (NPL) ratio was steady at 1.3 per cent, while NPL cover remained high at 143 per cent.

The Bank's capital base stood at ₱215.4 billion, with Common Equity Tier 1 (CET1) and Capital Adequacy Ratio (CAR) both remaining above the current regulatory minimum under the Basel III framework.

The Bank issued last month USD300 million in Fixed Rate Senior Notes at 2.63 per cent, the lowest ever coupon rate for any US Dollar denominated bond for a Philippine issuer.

Further, the Bank recently announced a plan to raise ₱60 billion in additional core capital through a stock rights offer. The fresh capital will support the Bank's medium-term growth objectives amid the country's favorable macroeconomic prospects, and provide a comfortable buffer over higher capital requirements with the forthcoming imposition of the Domestic Systemically Important Bank (DSIB) surcharge.

About BDO

BDO is a full-service universal bank which provides a wide range of corporate, commercial 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 1,000 operating branches and over 3,000 ATMs nationwide. It also has a branch in Hong Kong as well as 25 overseas remittance and representative offices 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 June 30, 2016. For more information, please visit www.bdo.com.ph.