

**PROCEDURES AND IMPLEMENTING GUIDELINES
FOR THE STOCK RIGHTS OFFERING OF
BDO UNIBANK, INC.**

(These Guidelines supplement and do not supersede or revoke, and must be read in conjunction with the Terms and Conditions of the Application to Subscribe, and the Prospectus of BDO Unibank, Inc. prepared in relation to the Stock Rights Offering of Common Shares to be distributed during the Offer. All requirements stated in the Application to Subscribe must be complied with, except when clearly inconsistent herewith. All capitalized terms used have the same meanings ascribed to them in the Prospectus, unless otherwise defined herein.)

BDO Unibank, Inc. (the "Bank" or "BDO") is conducting a rights offer (the "Offer") of a total of 716,402,886 (the "Rights Shares") from 9:00 a.m. on January 16, 2017 to 12:00 p.m. (Manila Time) on January 24, 2017 (the "Offer Period") to existing common shareholders of the Bank as of January 10, 2017, 12:00 p.m. (the "Record Date") who are: (i) located in the Philippines; or (ii) located in jurisdictions outside the Philippines and outside the United States where it is legal to participate in the Offer under the securities laws of such jurisdictions (the "Eligible Shareholders"). **The Offer is not being made to shareholders who are located or resident in the United States.**

Each Eligible Shareholder is entitled to subscribe to **One Rights Share for every 5.095 Common Shares held as of January 10, 2017, 12:00 p.m.** (the "Record Date") at the **offer price of P83.75 per share.** *Note: Offer Price is computed based on the 15-trading day volume-weighted average price ("VWAP") of the Bank's Common Shares on the PSE prior to the Pricing Date on January 3, 2017, subject to a discount of 23.4% (the "Offer Price").*

Each Eligible Shareholder is entitled to subscribe to **One Rights Share for every 5.095 Common Shares** held as of the Record Date (the "Rights Entitlement") at the **offer price of P83.75 per Rights Share.** Fractions of Rights Shares will not be allotted to existing shareholders and fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Such fractions will be aggregated and sold for the benefit of the Bank. Due to the constitutional limit on foreign ownership applicable to the Bank, the foreign shareholdings in the Bank cannot exceed 40% of its issued and outstanding capital stock. The Bank reserves the right to reject/scale down applications by foreign applicants if acceptance of such Applications will result in a violation of the Bank's foreign ownership restrictions.

Subscription to the Rights Shares in certain jurisdictions may be restricted by law. Foreign investors interested in subscribing or purchasing the Rights Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws or regulations affecting them personally. Foreign investors, both corporate and individual, must warrant that their purchase of the Rights Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Rights Shares.

Eligible Shareholders should indicate in their application to subscribe (the "Application") their willingness to subscribe to additional Rights Shares over and above their respective Rights Entitlements and may be allocated such additional Rights Shares on a pro-rata basis.

Should there be any unexercised Rights Entitlements resulting in unsubscribed Rights Shares at the end of the Offer Period, Eligible Shareholders who: (i) fully subscribed to their respective Rights Entitlements; and (ii) indicated in the Application their willingness to subscribe to additional shares over and above their respective Rights Entitlements

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("Additional Subscription") may be allocated such additional Rights Shares subject to the ultimate discretion of the Bank.

If the aggregate number of additional Rights Shares available for subscription equals or exceeds the aggregate number of additional Rights Shares so subscribed for by all Eligible Shareholders, stockholders applying for additional Rights Shares shall be allocated the number of additional Rights Shares indicated in his/her Application, subject to the conditions stipulated herein.

If the aggregate number of additional Rights Shares available for subscription is less than the aggregate number of additional Rights Shares so subscribed for by all Eligible Shareholders, the available additional Rights Shares shall be allocated among all stockholders applying for additional Rights Shares who have applied to subscribe for such. The allocation will be made at the discretion of the Bank primarily based on each stockholder's original shareholdings as of the Record Date relative to the original shareholdings of all other stockholders applying for additional Rights Shares, provided that no stockholders applying for additional Rights Shares shall be allocated additional Rights Shares which are more than the number for which such stockholder has applied.

BDO Capital & Investment Corporation ("BDO Capital" or the "Issue Manager and Domestic Underwriter"), in accordance with a domestic underwriting agreement entered into between the Bank and the Issue Manager and Domestic Underwriter (the "Underwriting Agreement"), shall purchase or procure subscribers to purchase a portion of the unsubscribed Rights Shares that SM Investments Corporation fails to subscribe or procure a related shareholder to subscribe after the mandatory second round of the Offer, to ensure that the Rights Shares covered by the Offer are fully subscribed.

BDO Capital, Credit Suisse (Singapore) Limited ("Credit Suisse"), UBS AG, Hong Kong Branch ("UBS", and together with BDO Capital and Credit Suisse, the "Joint Global Coordinators"), together with Citigroup Global Markets Inc. ("Citigroup"), Goldman Sachs (Singapore) Pte. ("Goldman Sachs") and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch ("HSBC", and together with Citigroup, Goldman Sachs and the Joint Global Coordinators, the "Joint Bookrunners"), have agreed to use reasonable efforts to assist the Bank in soliciting interest from existing shareholders of the Bank (excluding existing shareholders in the United States) in the purchase of the Rights Shares.

100% of the total subscription price for both the Rights Entitlement and Additional Subscription (the "Exercise Price") applied for shall be payable upon submission of the Application.

All Eligible Shareholders as of the Record Date will be notified of the Rights Offering and their respective Rights Entitlements. The Application to Subscribe will be attached to the Notice to Stockholders which subscribers domiciled in the Philippines need to complete and submit to (i) Stock Transfer Service, Inc. (the "Transfer Agent"), located at 34th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, or (ii) the following designated BDO branches:

BDO Unibank, Inc. – Angeles - Balibago Branch
G/F BDO Building, Ramon Tang Avenue
Diamond Subdivision, Brgy. Balibago
Angeles City, Pampanga

BDO Unibank, Inc. – Baguio - Luneta Branch
Luneta Hill corner Governor Pack Road
Session Road, Baguio City

BDO Unibank, Inc. – Cebu-Ayala Business Park Branch
Cebu Tower, Mindanao corner Bohol Avenue
Cebu Business Park, Cebu City

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BDO Unibank, Inc. – Cebu-North Mandaue Branch
National Highway, Mandaue City

BDO Unibank, Inc. – Davao-C.M. Recto Branch
383 Claro M. Recto Street, Davao City

BDO Unibank, Inc. – Iloilo-Central Branch
Iznart Street, Lot 317-B-2-A-1, 5000, Iloilo City

BDO Unibank, Inc. – Bacolod-Araneta Branch
Cineplex Complex, Araneta Street, Bacolod City

BDO Unibank, Inc. – Bacolod-Lacson Branch
Lacson corner Galo St.6100 Bacolod City
Negros Occidental

beginning at 9:00 a.m. on January 16, 2017 and no later than 12:00 p.m. (Manila Time) on January 24, 2017. All Applications shall be paid with: (a) checks drawn against any *Bangko Sentral ng Pilipinas (BSP)* authorized agent bank in Metro Manila or (b) debit to an existing BDO account. **The check must be dated as of the date of submission of the Application, made payable to "BDO Rights Offer" and crossed "Payee's Account Only"**. Check payments for regional clearing will not be accepted.

Eligible Shareholders with certificated BDO shares of stock that are located outside of the Philippines and outside the United States may alternatively submit duly accomplished Applications (together with other required documents) by sending the white copy of the Application to Stock Transfer Service, Inc. by fax to (632) 403 2414 (Attention: Michael Capoy) or by emailing a scanned copy to mccapoy@stocktransfer.com.ph and by sending the payment to the office of Stock Transfer Service, Inc. before the end of the Offer Period at 12:00 p.m. (Manila Time) on January 24, 2017.

Stockholders may also obtain a copy of the Prospectus during the Offer Period by emailing the office of the Transfer Agent or from the BDO website at www.bdo.com.ph. A hyperlink to the Prospectus is also available at the PSE website at <http://edge.pse.com.ph>.

Procedure for the Payment of Subscriptions during the Offer Period

A. For Immobilized Holdings (Lodged Shares)

1. Eligible Shareholders shall advise their Depository Participants ("DP") of their intention to subscribe and DPs shall follow the usual procedure for rights offerings where take-up of rights is done through the Philippine Depository and Trust Corporation ("PDTC") System. Check payments from DPs representing full payment of the total subscription price must be received by the PDTC on or before **5:00 p.m. (Manila Time) on January 19, 2017**.
2. PDTC shall accomplish and submit the Application (one for Filipino and one for non-Filipino subscribers) reflecting all the Rights Shares taken up by the DPs as well as the additional shares requested relative to the Additional Subscription together with the check payment representing full payment of the Exercise Price to the office of the Transfer Agent on or before **12:00 p.m. (Manila Time) on January 24, 2017**. PDTC shall also provide the Transfer Agent with a list of subscribing DPs with the corresponding number of Rights Shares availed and Additional Rights Shares applied for purposes of computing the final allocation for Additional Rights Shares.
3. The Transfer Agent shall release to PDTC a Registry Confirmation Advice for the Rights Shares in favor of PCD Nominee Corporation ("PCD Nominee").

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4. PDTC, upon receipt of the Registry Confirmation Advice from the Transfer Agent, will confirm and credit the Rights Shares to the securities accounts of the DPs on the Listing Date, which is expected to be on January 31, 2017.

B. For Certificated Shareholders

1. Certificated shareholders shall accomplish the Application to the Stock Rights Offering and designate a DP. All shareholders must designate a DP whose depository account will be credited of the subscribers' subscription to the Rights Shares on the Listing Date. Designation of a DP is a requirement to avail of the Rights Offering. The authorized signatory of the designated DP must affix his signature and indicate the DP's broker ID code and the PDTC account number in the Application to signify conformity. Certificated shareholders who do not have an account with a DP may set up a securities account with BDO Securities Corporation, if they wish.
2. The subscriber must then submit his duly accomplished Application to any BDO branch, together with the required supporting documents, his check or account debit instructions in favor of the "BDO Rights Offer" settlement account representing full payment of the total subscription price.

In case of check payment, the check should be made payable to "BDO Rights Offer" covering the full payment of the Exercise Price for all subscriptions being taken up (i.e. Rights Entitlement and Additional Subscription). The said check should also be crossed "Payee's Account Only".

THE APPLICATION TOGETHER WITH THE REQUIRED SUPPORTING DOCUMENTS AND CHECK PAYMENT REPRESENTING FULL TOTAL EXERCISE PRICE MUST BE RECEIVED BY A DESIGNATED BDO BRANCH NOT LATER THAN 12:00 P.M., MANILA TIME ON JANUARY 24, 2017.

THE APPLICATION TO SUBSCRIBE SHALL BE NON-TRANSFERABLE AND NOT ACCEPTABLE FOR TRADING.

The Transfer Agent or designated BDO branch shall provide subscribers a copy of the Application to Subscribe to the Rights Offer and deposit slip covering the payment for the total subscription price.

3. Eligible Shareholders with certificated BDO shares of stock that are located outside of the Philippines and outside the United States may alternatively submit duly accomplished Applications (together with other required documents) by sending the white copy of the Application through to Stock Transfer Service, Inc. by fax at (632) 403 2414 (Attention: Michael Capoy) or by emailing a scanned copy to mccapoy@stocktransfer.com.ph and by sending the payment to the office of Stock Transfer Service, Inc. before the end of the Offer Period at 12:00 p.m. (Manila Time) on January 24, 2017.
4. The Transfer Agent shall verify that the payment and completed Applications have been received and accepted and shall inform the concerned DP via email or telephone. The Transfer Agent shall generate a sales report summarizing the list of applicants who have paid the entire subscription amount, including the corresponding number of Rights Shares subscribed, any Additional Rights Shares, the amount paid and the designated DP. A copy of the sales report (in soft and hard form) shall be furnished to the Bank before the Listing Date. The Transfer Agent will submit a copy of such report to the PSE and the PDTC.
5. The Transfer Agent shall issue and release to the PDTC the corresponding Registry Confirmation Advice for the Rights shares in favor of the PCD Nominee on the Listing Date.

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6. The PDTC, upon receipt of the Registry Confirmation Advice from the Transfer Agent, will confirm and credit the Rights Shares to the securities accounts of the DPs on the Listing Date.

The Bank, through the Transfer Agent, will not accept any subscription from any person, or his agent, who appears to be, or who the Bank or its agents have reason to believe is not an Eligible Shareholder, including any resident of the United States or any other jurisdiction where the securities laws of such jurisdiction make it illegal to participate in the Offer. Applicants to the Offer will be required to represent and warrant that they:

- understand that the Rights Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States or in the territories or possessions thereof except in transactions exempt from the registration requirements of the U.S. Securities Act;
- do not have a registered address in and are not otherwise located in the United States or in the territories or possessions thereof, at the time of subscribing for the Rights Shares;
- are located in jurisdictions where it is legal to participate in the Offer under the securities laws of such jurisdictions; and
- understand that no action has been or will be taken to permit the Offer in any jurisdiction where such action would be required for that purpose, except the Republic of the Philippines.

In the event the Bank rejects the stock rights applied for subscription, or rejects or scales down the Additional Subscription applied for, the Bank, through the Transfer Agent shall refund, without interest, within five (5) banking days from the last day of the Offer Period, all, or a portion of the Exercise Price corresponding to the number of Rights Shares wholly or partially rejected, via a check payable to the relevant applicant. All refund checks shall be made available for pick-up in the office of Stock Transfer Service, Inc. (34th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City).

Any questions related to the Offer or the Implementing Guidelines for the Offer may be directed to representatives of the following:

HELPDESK HOTLINES

BDO Capital & Investment Corporation
MeAnn Garcia or Armene Panganiban
Telephone no. +63 2 878 4549; +63 2 878 4119

Stock Transfer Service, Inc.
Michael Capoy or Bryan Manuel
Telephone no. +63 2 403 3798; +63 2 403 2414

This document and the information contained herein are not an offer of securities for sale in the United States or elsewhere. Securities of BDO Unibank, Inc. may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of BDO Unibank, Inc.'s securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or selling security holder and will contain detailed information about BDO Unibank, Inc and management, as well as financial statements.