



February 26, 2018

**THE PHILIPPINE STOCK EXCHANGE**

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

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

**PHILIPPINE DEALING & EXCHANGE CORP.**

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

Attention: **Ms. Erika Grace C. Alulod**  
Head, Issuer Compliance and Disclosure Department (ICDD)

Ladies and Gentleman:

We wish to advise that BDO Unibank, Inc. will be releasing to the press the attached statement re: BDO earns record ₱28.1 billion in 2017.

Thank you.

Very truly yours,

**MA. CECILIA S. SANTOS**  
FVP & Alternate Corporate Information Officer

Att. a/s

BDO Unibank, Inc.  
BDO Corporate Center  
7899 Makati Avenue  
Makati City 0726, Philippines  
Swift Code BNORPHMM  
Tel +63(2) 840 7000

[www.bdo.com.ph](http://www.bdo.com.ph)

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26 February 2018

## **BDO earns record ₱28.1 billion in 2017**

BDO Unibank, Inc. (BDO) reported an all-time high net income of ₱28.1 billion in 2017 on strong growth across all business segments, matching the Bank's earnings guidance and marking a seven (7) per cent rise year-on-year. Excluding consolidation effects of the life insurance business, however, this represented a strong 15 per cent jump in core earnings on the back of solid growth in loans, low-cost deposits and fee-income.

The sustained expansion in lending, deposit-taking and fee-based businesses drove the Bank's solid performance last year. Customer loans rose by 18 per cent to ₱1.8 trillion on broad-based increases across all loan segments, while total deposits went up by 11 per cent to ₱2.1 trillion, led by the 12 per cent growth in low-cost CASA deposits (comprising 73 per cent of total deposits). As a result, net interest income rose by 25 per cent to ₱81.8 billion.

Non-interest income contributed ₱47.2 billion, higher by 13 per cent, with fee-based income accounting for ₱28.9 billion for a 30 per cent expansion. In addition, insurance premiums went up by 23 per cent to ₱9.9 billion. These compensated for the expected 20 per cent decline in trading and forex gains to ₱3.9 billion given the challenging market conditions. Overall, gross operating income advanced by 20 per cent to ₱129.0 billion.

Meanwhile, operating expenses rose by 21 per cent to ₱84.9 billion. However, excluding extraordinary items, operating expenses would have increased by 15 per cent, reflecting BDO's continuing investments in its branch network and strategic initiatives. BDO added 76 branches, bringing total consolidated branches (including HK branch) to 1,180, in 2017.

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The Bank set aside higher provisions amounting to ₱6.5 billion to cover required provisioning associated with the change in loan loss methodology to Expected Credit Losses (ECL) related to BSP Circular 855 and IFRS9. Gross non-performing loan (NPL) ratio improved to 1.2 per cent from 1.3 per cent as of end-2016. NPL cover improved to 146 per cent from 139 per cent in 2016.

The Bank's capital base stood at ₱298.3 billion, with Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET1) ratio at 14.5 per cent and 12.9 per cent, respectively, both well above regulatory levels. The Bank had raised ₱60 billion in fresh equity via a stock rights offer (SRO) in January 2017.

For 2018, BDO believes that its focused growth strategy, robust business franchise and solid balance sheet and capital base place the Bank well-positioned to tap opportunities in growth sectors benefiting from the country's favorable demographics and the government's infrastructure build-up.

## **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 the country's largest distribution network, with close to 1,200 consolidated operating branches and over 4,000 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, 2017. For more information, please visit [www.bdo.com.ph](http://www.bdo.com.ph).