

COVER SHEET

3 4 0 0 1
S.E.C. Registration Number

B D O U N I B A N K , I N C .

(COMPANY'S FULL NAME)

B D O C O R P O R A T E C E N T E R , 7 8 9 9

M A K A T I A V E N U E , M A K A T I C I T Y

(BUSINESS ADDRESS: NO. STREET CITY/TOWN/PROVINCE)

RUBY A. CRUZ
Contact Person

856-7434/840-7000 loc 4575
Company Telephone Number

0 6 3 0
Month Day

S E C 1 7 - Q
Form Type

Every last Friday of the month of May
Annual Meeting

Secondary License type, if applicable

C F D
Dept. Requiring this Doc.

Amended Articles Number/Section

13,080
Total No.of Stockholders

Total Amount of Borrowings

Domestic Foreign

To be Accomplished by SEC Personnel concerned

File Number LCU

Document I.D. Cashier

Stamps

Remarks: Pls. Use black ink of scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND BRC RULES 17 (2) (b) THEREUNDER

1. For the quarter ended June 30, 2013.
2. Commission identification number 34001 3. BIR Tax Identification No. 000-708-174-000

BDO UNIBANK, INC.

4. Exact name of issuer as specified in its charter

Makati City, Philippines

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code (For SEC Use Only)

BDO Corporate Center, 7899 Makati Avenue, Makati City

7. Address of issuer's principal office Postal Code

856-7434/840-7000 LOC 4575

8. Issuer's Telephone number, including area code

NA

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the Code of Section 4 and 8
of the RSA

Title of each class	Number of shares of common stock outstanding	Amount of Debt Outstanding
Common stock	3,580,875,328	

11. Are any or all of the securities listed on a stock exchange?

Yes ☒ No. ☐

If yes, state the name of such stock exchange and the class/es of securities listed
therein: Philippine Stock Exchange -Common Stock

12. Indicate by check mark whether the registrant:

a. has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17
thereunder or Section 11 of the RSA and RSA 11 (a)-1 thereunder, and Section 26
and 141 of the Corporations Code of the Philippines, during the preceding twelve (12)
months or such shorter period the registrant was required to file such reports.


Yes ☒ No. ☐

b. has been subject to such filing requirements for the last ninety (90) days

Yes ☒ No. ☐

SEC FORM 17-Q

I hereby certify that all the information set forth in the above report are true and correct
of my own knowledge.


LUCY CO DY (EVP Comptroller)
Authorized Signatory
(PRINTED NAME & DESIGNATION)

REPUBLIC OF THE PHILIPPINES }
CITY OF MAKATI } S.S.

SUBSCRIBED AND SWORN TO before me this AUG - 8 2013 day of August,

2013, the above affiant exhibiting to me his/her described Competent Evidence of Identity ("CEI"):

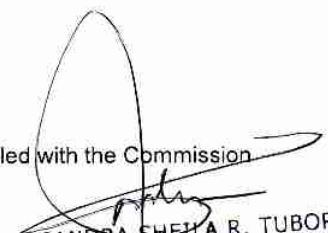
Name	CEI	Date & Place Issued
Lucy Co Dy	Passport - EB1933736 CTC - 10717401	02.17.2011/Manila 02.28.2013/Makati City

Notary Public

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Series of 2013

* To be signed by any of the following officers pursuant to a Board Resolution filed with the Commission

1. Chief Operating Officer
2. Chief Financial Officer
3. Comptroller or Treasurer


Atty. SANDRA SHEILA R. TUBORO
Notary Public for Makati City, Philippines
until 31 December 2013
Appointment No. M-333
19/F BDO North Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
RON No. 54658
IBP Lifetime No. 010488, PPLM
PTR No. 3673329, 1/4/2013, Makati City
MCLE Compliance No. IV 14-0010217, 12/11/2012

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer.....	<u>BDO UNIBANK, INC.</u>
Signature and Title.....	 <u>LUCY CODY</u> <u>EVP/COMPTROLLER</u> 
Date.....	<u>August 8, 2013</u>
Principal Financial /Accounting Officer/Comptroller.....	<u>LUCY CO DY</u>
Signature and Title.....	 <u>EVP/COMPTROLLER</u>
Date.....	<u>August 8, 2013</u>

BDO UNIBANK, INC. & SUBSIDIARIES
BDO Corporate Center, 7899 Makati Avenue, Makati City

CONDENSED STATEMENTS OF FINANCIAL POSITION
(Amounts in Millions of Pesos)

		As of June 30, 2013		Audited As of December 31, 2012
<u>RESOURCES</u>				
CASH AND OTHER CASH ITEMS	P	16,635	P	21,539
DUE FROM BANGKO SENTRAL NG PILIPINAS		210,335		156,591
DUE FROM OTHER BANKS		14,745		12,645
INVESTMENT SECURITIES				
At Fair Value Through Profit or Loss		13,276		9,177
Available-for-Sale – net		213,105		131,154
Held-to-Maturity – net		0		96,963
LOANS AND OTHER RECEIVABLES—net		803,789		760,500
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT – net		16,974		16,390
INVESTMENT PROPERTIES		9,306		9,089
EQUITY INVESTMENTS – net		4,739		4,448
DEFERRED TAX ASSETS		5,049		5,115
OTHER RESOURCES - net		22,572		20,797
		<u> </u>		<u> </u>
TOTAL RESOURCES	P	<u>1,330,525</u>	P	<u>1,244,408</u>
<u>LIABILITIES AND CAPITAL FUNDS</u>				
DEPOSIT LIABILITIES	P		P	
Demand		71,819		48,936
Savings		615,795		543,366
Time		327,837		339,339
Total Deposit Liabilities		<u>1,015,451</u>		<u>931,641</u>
BILLS PAYABLE		73,162		72,179
SUBORDINATED NOTES PAYABLE		18,109		28,180
OTHER LIABILITIES		64,023		55,156
Total Liabilities		<u>1,170,745</u>		<u>1,087,156</u>
<u>EQUITY</u>				
Attributable to Shareholders of the Parent Company		159,131		156,595
Minority Interest		649		657
Total Equity		<u>159,780</u>		<u>157,252</u>
TOTAL LIABILITIES AND EQUITY	P	<u>1,330,525</u>	P	<u>1,244,408</u>
<u>CONTINGENT</u>				
Trust department accounts	P	851,421	P	816,964
Unused commercial letters of credit		31,799		28,528
Outstanding guarantees issued		354		670
Export L/Cs Confirmed		142		121
Bills for collection		9,355		5,378
Late deposits/payment received		2,645		2,451
Spot Exchange Bought		9,640		3,514
Spot Exchange Sold		14,065		4,618
Forward Exchange Bought		208,002		144,125
Forward Exchange Sold		215,922		154,859
Interest Rate Swap Receivable		6,723		8,394
Interest Rate Swap Payable		6,723		8,394
Other Contingent Accounts		125,940		117,478
		<u> </u>		<u> </u>
TOTAL CONTINGENT ACCOUNTS	P	<u>1,482,731</u>	P	<u>1,295,494</u>

Note: This Financial Statement is in accordance with Philippine Financial Reporting Standards(PFRS)

BDO UNIBANK, INC. & SUBSIDIARIES
BDO Corporate Center, 7899 Makati Avenue, Makati City

CONDENSED STATEMENTS OF INCOME
(Amounts in Millions of Pesos Except Per Share Data)

	For the six-month Period ended June 30, 2013	For the six-month Period ended June 30, 2012	For the Quarter ending June 30, 2013	For the Quarter ending June 30, 2012
INTEREST INCOME ON				
Loans and Receivables	P 21,828	P 20,593	P 11,061	P 10,508
Investment Securities	4,714	5,355	2,214	2,762
Due from Other Banks	294	387	177	141
Others	<u>155</u>	<u>146</u>	<u>76</u>	<u>77</u>
Total Interest Income	<u>26,991</u>	<u>26,481</u>	<u>13,528</u>	<u>13,488</u>
INTEREST EXPENSE ON				
Deposit liabilities	5,317	6,749	2,369	3,308
Bills Payable and Others	<u>1,811</u>	<u>2,370</u>	<u>858</u>	<u>1,217</u>
Total Interest Expense	<u>7,128</u>	<u>9,119</u>	<u>3,227</u>	<u>4,525</u>
NET INTEREST INCOME	<u>19,863</u>	<u>17,362</u>	<u>10,301</u>	<u>8,963</u>
IMPAIRMENT LOSSES	<u>4,001</u>	<u>2,522</u>	<u>2,125</u>	<u>1,225</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>15,862</u>	<u>14,840</u>	<u>8,176</u>	<u>7,738</u>
OTHER OPERATING INCOME				
Service Charges, Fees and Commissions	6,382	5,840	3,561	3,085
Trading Gain – net	8,803	3,769	-400	1,413
Trust Fees	1,186	960	629	483
Foreign Exchange Gain/(Loss) – net	2,160	-550	2,167	-265
Miscellaneous – net	<u>1,753</u>	<u>1,167</u>	<u>1,033</u>	<u>678</u>
Total Other Operating Income	<u>20,284</u>	<u>11,186</u>	<u>6,990</u>	<u>5,394</u>
OTHER OPERATING EXPENSES				
Employee Benefits	7,644	7,109	4,495	4,130
Occupancy	2,381	2,191	1,185	1,091
Taxes and licenses	2,298	2,055	1,038	988
Security, Clerical, Messengerial and Janitorial	1,124	1,021	570	513
Insurance	961	903	481	453
Advertising	1,261	1,135	631	594
Litigation/Assets Acquired	367	375	187	193
Miscellaneous	<u>5,053</u>	<u>4,595</u>	<u>1,990</u>	<u>1,775</u>
Total Other Operating Expenses	<u>21,089</u>	<u>19,384</u>	<u>10,577</u>	<u>9,737</u>
INCOME BEFORE TAX	<u>15,057</u>	<u>6,642</u>	<u>4,589</u>	<u>3,395</u>
TAX EXPENSE (INCOME)	<u>885</u>	<u>812</u>	<u>467</u>	<u>389</u>
NET INCOME AFTER TAX	P <u>14,172</u>	P <u>5,830</u>	P <u>4,122</u>	P <u>3,006</u>
ATTRIBUTABLE TO:				
Equity holders of the parent	P 14,148	P 5,800	P 4,113	P 2,990
Minority Interest	<u>24</u>	<u>30</u>	<u>9</u>	<u>16</u>
	P <u>14,172</u>	P <u>5,830</u>	P <u>4,122</u>	P <u>3,006</u>
AVERAGE COMMON STOCK	3,581	2,686	3,581	2,686
INCOME PER SHARE (See annex A)				
Basic	3.86	2.04	1.15	1.11
Diluted	3.86	2.04	1.14	1.10

Note: This Financial Statement is in accordance with Philippine Financial Reporting Standards(PFRS)

BDO UNIBANK, INC. & SUBSIDIARIES
BDO Corporate Center, 7899 Makati Avenue, Makati City

STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Millions of Pesos)

	For the six-month period ending June 30, 2013	For the six-month period ending June 30, 2012
NET PROFIT	<u>14,172</u>	<u>5,830</u>
OTHER COMPREHENSIVE INCOME(LOSS)		
Net unrealized fair value gains(losses) on available-for-sale securities	(4,081)	994
Translation adjustment related to foreign operations	<u>375</u>	<u>(47)</u>
Other Comprehensive Income, net of tax	<u>(3,706)</u>	<u>947</u>
TOTAL COMPREHENSIVE INCOME(LOSS)	<u><u>10,466</u></u>	<u><u>6,777</u></u>
Attributable To:		
Shareholders of the Parent Bank	10,429	6,753
Non-controlling Interest	<u>37</u>	<u>24</u>
	<u><u>10,466</u></u>	<u><u>6,777</u></u>

Note: This Financial Statement is in accordance with Philippine Financial Reporting Standards(PFRS)

BDO UNIBANK, INC. & SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2013 AND 2012
(Amounts in Millions of Pesos)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	15,057	6,642
Adjustments for:		
Interest income	(26,991)	(26,481)
Interest received	28,016	25,986
Interest expense	7,128	9,119
Interest paid	(7,431)	(8,991)
Impairment losses	4,001	2,522
Depreciation and amortization	1,332	1,255
Share in (profit)loss of associates	(405)	(196)
Fair value loss (gain)	537	(372)
Operating loss before changes in operating resources and liabilities	21,244	9,484
Decrease (increase) in financial assets at fair value through profit or loss	(4,649)	(4,281)
Decrease (increase) in loans and other receivables	(38,782)	(54,307)
Decrease (increase) in investment properties	(86)	908
Decrease (increase) in other resources	(2,055)	1,229
Increase (decrease) in deposit liabilities	84,030	9,971
Increase (decrease) in other liabilities	9,235	51,570
Cash generated from (used in) operations	68,937	14,574
Cash paid for income tax	(673)	(537)
Net Cash From (Used in) Operating Activities	<u>68,264</u>	<u>14,037</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net acquisitions of bank premises, furniture, fixtures and equipment	(2,030)	(956)
Net decrease (increase) in held-to-maturity investments	129,364	(767)
Net decrease (increase) in available-for-sale financial assets	(118,941)	(26,111)
Net Cash From (Used in) Investing Activities	<u>8,393</u>	<u>(27,834)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from (payments of) bills payable	(9,005)	6,393
Net effect of percentage ownership over subsidiaries	6	0
Dividends paid	(7,908)	(344)
Net Cash From (Used in) Financing Activities	<u>(16,907)</u>	<u>6,049</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>59,750</u>	<u>(7,748)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	21,539	33,129
Due from Bangko Sentral ng Pilipinas	156,591	124,894
Due from other banks	12,645	24,719
SPURRA	941	4,989
	<u>191,716</u>	<u>187,731</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and other cash items	16,635	14,603
Due from Bangko Sentral ng Pilipinas	210,335	144,422
Due from other banks	14,745	17,657
SPURRA	9,751	3,301
	<u>251,466</u>	<u>179,983</u>

BDO UNIBANK, INC. & SUBSIDIARIES
BDO Corporate Center, 7899 Makati Avenue, Makati City

STATEMENT OF CHANGES IN EQUITY
COMPARATIVE PERIODS ENDED JUNE 30, 2013 AND 2012
(Amounts in Millions of Pesos)

	Common Stock	Preferred Stock	Common Stock Options	Treasury Shares at Cost	Additional Paid-in Capital	Surplus Reserves	Surplus Free	Net Unrealized Fair Value Gain(Losses) on Available-for- sale Securities	Revaluation Increment	Accumulated Translation Adjustment	Total Atributable to Shareholders of the Parent Bank	Non- Controlling Interest	Total Equity
Balance at January, 2013	P35,808	P5,150	P-	P-	P63,908	P2,254	P41,145	P7,641	P1,116	(P427)	P156,595	P657	P157,252
Transactions with owners													
Net effect of percentage ownership over subsidiaries						3	1				4	2	6
Cash Dividend							(7,860)				(7,860)	(48)	(7,908)
Audit Adjustments							(37)				(37)	1	(36)
Total transactions with owners	0	0	0	0	0	3	(7,896)	0	0	0	(7,893)	(45)	(7,938)
Total comprehensive income							14,148	(4,094)		375	10,429	37	10,466
Transfer to/(from) Surplus Free													
Additional appropriation						550	(550)				0		0
Trust reserve						29	(29)				0		0
	0	0	0	0	0	579	(579)	0	0	0	0	0	0
Balance at June 30, 2013	P35,808	P5,150	P-	P-	P63,908	P2,836	P46,818	P3,547	P1,116	(P52)	P159,131	P649	P159,780
Balance at January, 2012	P26,074	P5,000	P-	P-	P25,175	P1,696	P33,271	P4,360	P1,118	(P365)	P96,329	P633	P96,962
Transactions with owners													
Issuance of additional shares	782	150									932		932
Premium on issuance of new shares, net of listing fees					4,592						4,592		4,592
Stock dividend declaration for common & preferred stocks							(5,524)				(5,524)		(5,524)
Cash Dividends							(330)				(330)	(14)	(344)
Audit Adjustments							(3)				(3)	1	(2)
Total transactions with owners	782	150	0	0	4,592	0	(5,857)	0	0	0	(333)	(13)	(346)
Total comprehensive income							5,800	1,000		(47)	6,753	24	6,777
Transfer to/(from) Surplus Free													
Additional appropriation						424	(424)				0		0
Reversal of Unrealized Gain							73	(73)			0		0
	0	0	0	0	0	424	(351)	(73)	0	0	0	0	0
Balance at June 30, 2012	P26,856	P5,150	P-	P-	P29,767	P2,120	P32,863	P5,287	P1,118	(P412)	P102,749	P644	P103,393

BDO UNIBANK, INC. & SUBSIDIARIES
BDO Corporate Center, 7899 Makati Avenue, Makati City

AGING OF LOANS AND ACCOUNTS RECEIVABLE
As of June 30, 2013
(Amounts in Millions of Pesos)

TYPE OF ACCOUNTS	CURRENT	61 – 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	ITEMS IN LITIGATION	TOTAL
A. INTERBANK TERM LOANS RECEIVABLES	P 6,850	P 0	P 0	P 0	P 0	6,850
B. LOANS AND RECEIVABLES	P 802,021	P 4,164	P 2,274	P 12,031	P 3,038	823,528
Loans & Discounts	690,064	2,051	1,149	3,935	2,484	699,683
Agra-Agri Loans	25,771	7	19	2	0	25,799
Bills Purchases	11,656	0	0	25	1	11,682
Customers Liability on draft under LC/TR	29,160	71	27	1,575	225	31,058
Customers Liability for this bank's acceptances	1,639	0	0	0	0	1,639
Credit Card Receivables	27,599	1,864	1,053	3,215	185	33,916
Restructured Loans	23	1	1	2,310	120	2,455
Other Loan & Receivables	5,474	170	25	799	23	6,491
Reverse Repurchase Agreement	9,751	0	0	0	0	9,751
Unquoted Debt Securities Classified as Loans	884	0	0	170	0	1,054
C. ACCOUNTS RECEIVABLE	P 3,724	P 1,397	P 241	P 2,227	P 4	7,593
TOTAL	P 812,595	P 5,561	P 2,515	P 14,258	P 3,042	837,971

BDO UNIBANK, INC. & SUBSIDIARIES
7899, BDO Corporate Center, Makati Avenue, Makati City

COMPUTATION OF WEIGHTED NUMBER OF COMMON SHARES
(Amounts in Millions of Pesos Except Per Share Data)

NO. OF SHARES – COMMON As of June	2013		2012	
	Outstanding Balance of Common Shares	Average Number of Common Shares	Outstanding Balance of Common Shares	Average Number of Common Shares
January	3,581		2,686	
February	3,581		2,686	
March	3,581		2,686	
April	3,581		2,686	
May	3,581		2,686	
June	3,581	3,581	2,686	2,686
Weighted Average		<u>3,581</u>		<u>2,686</u>
Basic Earnings per share				
Net profit attributable to shareholders of the Parent Bank		14,148		5,800
Less: Dividends on preferred shares		<u>340</u>		<u>330</u>
Net profit available to common shares		<u>13,808</u>		<u>5,470</u>
Divided by the weighted average number of outstanding common shares		<u>3,581</u>		<u>2,686</u>
Basic Earnings per share		<u>3.86</u>		<u>2.04</u>
Diluted Earnings Per Share				
Net profit attributable to shareholders of the Parent Bank		13,808		5,470
Divided by the weighted average number of outstanding common shares:				
Weighted Average number of common shares		3,581		2,686
Potential common shares from assumed conversion of preferred shares		0		0
Potential common shares from assumed conversion of stock option plan		<u>0</u>		<u>0</u>
Total weighted average number of common shares after assumed conversion of convertible preferred shares		<u>3,581</u>		<u>2,686</u>
Diluted Earnings Per Share		<u>3.86</u>		<u>2.04</u>

Note:

**Net profit attributable to shareholders of the Parent Bank is reduced by dividends on preferred shares as these were not assumed to be converted. Potential common shares from assumed conversion of these preferred shares are anti-dilutive in 2013 and 2012.*

CHECKLIST OF REQUIRED DISCLOSURES

BANCO DE ORO UNIBANK, INC.

For the six months ended: June 30, 2013

FINANCIAL INFORMATION

6. Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles.

The Bank's interim financial statements are in compliance with Philippine Financial Reporting Standards except for the reclassification of certain financial assets, which was adopted in accordance with the guidelines set in Bangko Sentral ng Pilipinas (BSP) Circular No. 626, Series of 2008. The full details of the reclassification are discussed in Section 4 of this report.

The Bank has also opted not to implement early adoption of PFRS 9 for its 2012 and 2013 financial reporting. An impact evaluation was conducted on the second quarter of 2013 using the audited financial data as of December 31, 2012. The next impact evaluation study will be done this second quarter of 2014 using audited financial data as of December 31, 2013.

The Bank has conducted an evaluation of the impact of the new and amended Philippine Financial Reporting Standards enumerated under SEC Memorandum Circular No. 6 issued on April 23, 2013 based on audited financial figures as of December 31, 2012. The impact of the amendments to PFRS 7, Disclosures - Offsetting Financial Assets and Financial Liabilities, is on the disclosure on offsetting arrangement on IRS and CCS as of December 31, 2012, which are as follows:

Interest Rate Swap:	
Derivatives Assets	191,200,263.09
Derivatives Liabilities	201,893,452.30

Cross Currency Swap:	
Derivatives Assets	417,033,489.77
Derivatives Liabilities	412,054,584.46

The adoption of the other revised/new standards has no material effect on the bank's current financial statements. However, the Bank will continuously assess its impact on its 2013 transactions.

- 7.a A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.

The Bank used the same accounting policies and methods of computation for the interim and latest annual financial statements.

- 7.b Explanatory comments about the seasonality or cyclicity of interim operations.

Remarks: There is no seasonality or cyclicity in the Bank's operations.



- 7.c The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents.

The Bank reclassified its HTM portfolio to Available-for-Sale (AFS) Securities, a portion of which was subsequently sold. Gains from these contributed to the extraordinary trading gains of P 8.8 B for the semester.

- 7.d The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.

Remarks: NONE

- 7.e Issuances, repurchases, and repayments of debt and equity securities.

On March 25, 2013, the Bank issued P5.0 billion of Long-Term Negotiable Certificates of Deposit (LTNCDs) to lengthen the maturity profile of its funding sources and support business expansion plans.

On May 31, 2013, the Bank exercised its early redemption option on its P10.0 billion Series 2 Tier 2 Notes.

- 7.f Dividends paid (aggregate or per share) separately for ordinary shares and other shares

On January 26, 2013, the Board of Directors of BDO approved the declaration of annual dividends on preferred shares at the rate of 6.5% per annum for a total dividend amount of P340 million. BSP approval was obtained on February 20, 2013 and the dividends were paid on April 24, 2013.

On April 19, 2013, the Board of Directors approved the declaration of cash dividends in the amount of P1.20 per common share in respect of the 2012 earnings and a quarterly cash dividend of P0.30 per common share beginning the second quarter of 2013. BSP approval was obtained on May 28, 2013 and the P1.20 and P0.30 (second quarter) cash dividends were paid on July 5, 2013.

- 7.g Segment revenue and segment result for business segments or geographical segments whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements).

The Bank's comparative revenues and expenses by business segment are included as an attachment to this report.

- 7.h Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Remarks: NONE

- 7.i The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.



Remarks: NONE

7.j Changes in contingent liabilities or contingent assets from December 31, 2012.

- Total Contingent Accounts grew 14% to P1.5 trillion owing to the following:
 - Trust Department Accounts rose 4% to P851.4 billion on account of higher levels of managed funds.
 - Unused L/Cs and Export L/Cs Confirmed went up 11% and 18% to P31.8 billion and P142 million, respectively, following a larger volume of trade transactions.
 - Bills for Collection and Late Deposits and Payments Received climbed 74% and 8% to P9.4 billion and P2.6 billion, respectively, on a larger number of outstanding bills, drafts and checks as of June 30, 2013.
 - Increased treasury activities brought about the following:
 - Spot Exchange Bought soared 174% to P9.6 billion
 - Spot Exchange Sold jumped 205% to P14.1 billion
 - Forward Exchange Bought expanded 44% to P208.0 billion
 - Forward Exchange Sold grew by 39% to P215.9 billion
 - Other Contingent Accounts rose 7% to P125.9 billion owing to an 8% increase in Committed Credit Lines.
 - Outstanding Guarantees Issued as well as Interest Rate Swap Receivables and Payables dropped by 47%, 20% and 20%, respectively, following lower outstanding transactions as of the cut-off date.

MANAGEMENT'S DISCUSSION & ANALYSIS

I. Balance Sheet – June 2013 vs. December 2012

- Cash and Other Cash Items declined 23% to P16.6 billion as the year-end 2012 level was particularly high owing to deposits generated during the Christmas season.
- Due from BSP expanded 34% to P210.3 billion owing to an increase in deposit levels as well as placements in Special Deposit Account (SDA) with BSP.
- Due from Other Banks grew 17% to P14.7 billion following higher levels of deposits and working balances with correspondent banks.
- Investment Securities went down by 5% to P226.4 billion as the Bank reclassified its HTM portfolio to Available-for-Sale (AFS) Securities and subsequently sold a portion of it.
- Net Loans and Receivables rose 6% to P803.8 billion due to an expansion in customer loans, Interbank loans, Securities Purchased Under Reverse Repurchase Agreements (SPURRA) and other receivables.
- Equity Investments increased 7% to P4.7 billion owing to earnings from investments in associates engaged in real estate and insurance
- Other Assets grew 9% to P22.6 billion on account of higher levels of prepaid expenses and miscellaneous assets, consistent with growing business volumes.
- Deposit Liabilities went up 9% to P1.0 trillion from a 47% and 13% growth in Demand and Savings Deposits, respectively.
- Subordinated Notes Payable dropped 36% to P18.1 billion due to the early redemption of P10B Series 2 Tier 2 Notes in May 2013.



- Other Liabilities moved up 16% to P64.0 billion primarily from higher levels of derivative liabilities, accrued expenses and dividends payable.

II. Balance Sheet – June 2013 vs. June 2012

- Total Resources climbed 14% to P1.3 trillion on the back of strong customer loan growth funded by low cost deposits.
- Cash and Other Cash Items went up 14% due to an increase in total deposits.
- Due from BSP likewise expanded 46% from deposit growth as well as placements in SDAs.
- Due from Other Banks slid 16%, owing to lower levels of placements and deposits with correspondent banks year-on-year.
- Net Loans and Other Receivables hiked 11% as gross customer receivables and SPURRA jumped 12% and 195%, respectively.
- Bank Premises rose 9% to P17.0 billion on account of enhancements in the Bank's distribution network.
- Equity Investments moved up 11% due to earnings from investments in associates.
- Deferred Tax Assets went down 6% to P5.0 billion owing to write-offs of fully-provided Non-Performing Loans in the second half of 2012.
- Other Resources increased 50% to P22.6 billion from a larger retirement asset account and higher levels of miscellaneous assets.
- Deposit Liabilities surged 17% from aggressive marketing efforts for low cost deposits. Demand and Savings deposits jumped 53% and 23% to P71.8 billion and P615.8 billion, respectively.
- Subordinated Notes Payable fell 53% to P18.1 billion on account of the early redemption of the Series 1 and 2 Subordinated Notes in November 2012 and May 2013, respectively.
- Other Liabilities declined 33% from a year-ago levels, which included subscriptions received for the Bank's Stock Rights offering in July 2012.
- Total Equity soared 55% due to bottomline profits and a P43.5B Stock Rights offering in July 2012.

III. Income Statement – June 2013 vs. June 2012

- Net Income attributable to Equity holders of the Parent Company increased 144% to P14.1 billion for the first semester of 2013, from P5.8 billion for the same period last year.
- Net Interest Income expanded 14% to P19.9 billion from an increase in interest earning assets and a slight improvement in margins.
- The Bank maintained its conservative provisioning with Provision for Impairment Losses for loans, securities, ROPA and other assets at P4.0 billion.
- Other income jumped 81% to P20.3 billion on account of the following:
 - Trading Gain more than doubled to P8.8 billion as the Bank capitalized on market opportunities and recognized extraordinary trading gains.
 - Service Charges and Fees improved by 9% to P6.4 billion on higher recurring fee-based income from the Bank's major business lines.
 - Trust Fees climbed 24% to P1.2 billion owing to a larger portfolio of managed funds.
 - Foreign Exchange (FX) Gain registered at P2.2 billion vis-a-vis a P550 million loss for the same period last year.

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- Miscellaneous Income surged 50% to P1.8 billion on higher earnings from associates as well as dividend and rental income.
- Operating Expenses rose 9% to P21.1 billion due to the following:
 - Employee Benefits increased 8% from annual salary increases as well as a higher manpower count owing to business expansion.
 - Occupancy expenses climbed 9% primarily on higher depreciation and rent expense from expansion and upgrades in the Bank's distribution network.
 - Taxes and Licenses went up 12% primarily owing to gross receipts taxes on higher interest and fee-based income.
 - Insurance expenses moved up 6% from higher deposit levels.
 - Advertising expenses increased 11% on account of continued marketing, promotional and advertising campaigns.
 - Security, Clerical, Messengerial & Janitorial as well as Other Expenses increase by 10% apiece, consistent with higher business volumes.
- Tax Expense rose 9% coming from a higher taxable income.

IV. Comprehensive Income – June 2013 vs. June 2012

- Total Comprehensive Income for the first half of 2013 stood at P10.5 billion, 54% higher than the P6.8 billion for the same period last year. The Bank reported a Net Income of P14.2 billion but also experienced a decline in unrealized gains on AFS securities of P4.1 billion. The Total Comprehensive Income also included a P375 million translation adjustment related to foreign operations.

1. Key Performance Indicators

Indicator	6M 2013	6M 2012	Inc/(Dec)
Return on Average Common Equity (%)	18.31%	11.93%	6.38%
Return on Average Assets(%)	2.20%	1.03%	1.17%
Net Interest Margin	3.37%	3.36%	0.01%
Liquidity Ratio	36.50%	36.09%	0.41%
Debt to Equity	732.72%	1033.23%	-300.51%
Asset to Equity	832.72%	1133.23%	-300.51%
Interest Rate Coverage	311.24%	172.84%	138.40%
Profit Margin	29.98%	15.48%	14.50%
Capital Adequacy Ratio	18.34%	15.34%	3.00%
Basic Earnings per Share	3.86	2.04	1.82

2. Discussion of the company's key performance indicators. It shall include a discussion of the manner by which the company calculates or identifies the indicators presented on a comparable basis.

- Return on Average Common Equity and Return on Average Assets moved up to 18.31% and 2.20%, respectively, due to the increase in bottomline profits.
- Net Interest Margin inched up by 0.01% to 3.37% on the combined effects of the reduction in funding cost, the low interest rate environment, competitive pricing pressures and BSP's new reserve requirement rules starting April 2012.
- Liquidity Ratio slightly rose by 0.41% to 36.50% primarily from SDA placements.

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- Debt to Equity and Assets to Equity fell to 732.72% and 832.72%, respectively, owing to the sizeable increase in Total Equity coming from the Stock Rights offering in July 2012 as well as continued profitable operations.
- Interest Rate Coverage and Profit Margin improved to 311.24% and 29.98%, respectively, after higher revenues for the first half of this year.
- Capital Adequacy Ratio, covering credit, market and operations risk, hiked to 18.34% on account of profitable operations as well as the Stock Rights issuance in July 2012.
- Basic earnings per share climbed to P3.86 from P2.04 for the same period last year, following higher bottomline profits.

- 3.a Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

Remarks: NONE

- 3.b Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Remarks: NONE

- 3.c Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Remarks: NONE

- 3.d Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

Remarks: NONE

- 3.e Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

Remarks: NONE

- 3.f Any significant elements of income or loss that did not arise from the issuer's continuing operations.

Remarks: NONE

- 3.g The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item;

The term "material" in this section shall refer to changes of items amounting to five percent (5%) of the relevant accounts or such lower amount, which the registrant deems material on the basis of other factors.

Vertical Analysis-Material Changes

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I. Balance Sheet – June 2013 vs. December 2012

- AFS Securities as a percentage of Total Assets grew to 16.0% from 10.5% in December 2012, on account of the reclassification of HTM Securities, which previously represented 7.8% of Total Assets.

II. Balance Sheet – June 2013 vs. June 2012

- AFS Securities to Total Assets increased by 6.0% due to the reclassification of HTM Securities, which accounted for 8.1% of Total Assets in June 2012.

III. Income Statement – June 2013 vs. June 2012

- Trading Gain as a percentage of Other Income went up to 43.4%, mainly owing to the extraordinary trading gains.
- FX Gain now represents 10.6% of Other Income, up from a negative 4.9% owing to an FX Loss for the same period last year.
- Service Charges and Fees conversely dropped to 31.5% of Other Income.

3.h Any seasonal aspects that had a material effect on the financial condition or results of operations.

Remarks: NONE

4. The details of reclassification of financial assets adopted in accordance with the guidelines set in Bangko Sentral ng Pilipinas (BSP) Circular No. 626, Series of 2008, are stated below:

a. The financial assets reclassified into and from each category

As of September 30, 2008, the Bank reclassified certain FVTPL, AFS and credit-linked transactions booked in Due from Other Banks to HTM and UDSCL.

b. For each reporting period until derecognition, the carrying amounts and fair values of all financial assets reclassified in the current reporting period and previous reporting periods.

in US\$ mil	Carrying Amount	Fair Value
HTM	168.8	184.5
UDSCL	20.0	20.2
Total	188.8	204.7

c. In the reporting period to which financial assets are reclassified, the fair value of the gains or losses of those assets as recognized either in profit or loss, or in equity (other comprehensive income) in that reporting period and previous reporting periods.



in US\$ mil	P&L Impact	Equity Impact
HTM	2.1	17.2
UDSCL	11.6	27.5
Adjustment of BV	(3.1)	(18.0)
Total	10.6	26.7

- d. For the remainder of the instruments' lives, the gains or losses that would have been recognized in profit or loss, or equity had they not been reclassified, together with the gains, losses, income and expenses now recognized.

in US\$ mil	Impact
HTM	(98.2)
UDSCL	(0.9)
Total	(99.0)

- e. As at that date of reclassification, the effective interest rates and estimated amounts of cash flows the company expects to recover.

The effective interest rates of the reclassified securities range from 3.82% to 12.54%. The Bank expects cashflows amounting to US\$1.5 billion from these financial assets.

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BDO Unibank, Inc. & Subsidiaries
Balances by Segment
As of June 30, 2013
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Others	Total	Eliminations	Group
Statement of Income								
Total Interest Income								
External	25,882	40	419	636	14	26,991	0	26,991
Inter-Segment	140	2	1	0	5	148	(148)	0
	<u>26,022</u>	<u>42</u>	<u>420</u>	<u>636</u>	<u>19</u>	<u>27,139</u>	<u>(148)</u>	<u>26,991</u>
Total Interest Expense								
External	6,961	1	53	113	0	7,128	0	7,128
Inter-Segment	7	21	0	107	13	148	(148)	0
	<u>6,968</u>	<u>22</u>	<u>53</u>	<u>220</u>	<u>13</u>	<u>7,276</u>	<u>(148)</u>	<u>7,128</u>
Net Interest Income	<u>19,054</u>	<u>20</u>	<u>367</u>	<u>416</u>	<u>6</u>	<u>19,863</u>	<u>0</u>	<u>19,863</u>
Other Operating Income								
Investment Banking Fees	0	555	0	0	0	555	0	555
Others	17,694	94	1,040	280	1,096	20,204	(475)	19,729
	<u>17,694</u>	<u>649</u>	<u>1,040</u>	<u>280</u>	<u>1,096</u>	<u>20,759</u>	<u>(475)</u>	<u>20,284</u>
Other Operating Expenses								
Depreciation and Amortization	1,158	1	20	143	10	1,332	0	1,332
Impairment Losses	3,918	0	32	50	1	4,001	0	4,001
Others	18,586	202	423	241	372	19,824	(67)	19,757
	<u>23,662</u>	<u>203</u>	<u>475</u>	<u>434</u>	<u>383</u>	<u>25,157</u>	<u>(67)</u>	<u>25,090</u>
Profit before Tax	<u>13,086</u>	<u>466</u>	<u>932</u>	<u>262</u>	<u>719</u>	<u>15,465</u>	<u>(408)</u>	<u>15,057</u>
Tax Expense	559	138	63	58	67	885	0	885
Net Profit	<u>12,527</u>	<u>328</u>	<u>869</u>	<u>204</u>	<u>652</u>	<u>14,580</u>	<u>(408)</u>	<u>14,172</u>
Statements of Financial Position								
Total Resources								
Segment Assets	1,284,365	5,261	25,725	21,371	10,195	1,346,917	(22,535)	1,324,382
Intangible Assets	993	99	2	0	1	1,095	0	1,095
Deferred Tax Assets	5,096	(53)	49	(15)	(29)	5,048	0	5,048
	<u>1,290,454</u>	<u>5,307</u>	<u>25,776</u>	<u>21,356</u>	<u>10,167</u>	<u>1,353,060</u>	<u>(22,535)</u>	<u>1,330,525</u>
Total Liabilities	<u>1,139,421</u>	<u>2,871</u>	<u>19,880</u>	<u>16,719</u>	<u>2,213</u>	<u>1,181,104</u>	<u>(10,359)</u>	<u>1,170,745</u>
Other Segment Information								
Capital expenditures	1,542	45	7	504	1,201	3,299	0	3,299
Investment in associate under equity method	5,265	33	0	0	0	5,298	0	5,298
Share in the Profit of associates	394	11	0	0	0	405	0	405

BDO Unibank, Inc. & Subsidiaries
Balances by Segment
As of June 30, 2012
(Amounts in Millions of Pesos)

	Commercial Banking	Investment Banking	Private Banking	Leasing & Finance	Others	Total	Eliminations	Group
Statement of Income								
Total Interest Income								
External	25,291	41	512	620	17	26,481	0	26,481
Inter-Segment	59	3	1	0	8	71	(71)	0
	<u>25,350</u>	<u>44</u>	<u>513</u>	<u>620</u>	<u>25</u>	<u>26,552</u>	<u>(71)</u>	<u>26,481</u>
Total Interest Expense								
External	8,780	0	158	181	0	9,119	0	9,119
Inter-Segment	10	21	1	38	0	70	(70)	0
	<u>8,790</u>	<u>21</u>	<u>159</u>	<u>219</u>	<u>0</u>	<u>9,189</u>	<u>(70)</u>	<u>9,119</u>
Net Interest Income	<u>16,560</u>	<u>23</u>	<u>354</u>	<u>401</u>	<u>25</u>	<u>17,363</u>	<u>(1)</u>	<u>17,362</u>
Other Operating Income								
Investment Banking Fees	0	479	0	0	0	479	0	479
Others	9,570	70	279	227	810	10,956	(249)	10,707
	<u>9,570</u>	<u>549</u>	<u>279</u>	<u>227</u>	<u>810</u>	<u>11,435</u>	<u>(249)</u>	<u>11,186</u>
Other Operating Expenses								
Depreciation and Amortization	1,136	2	18	89	10	1,255	0	1,255
Impairment Losses	2,464	0	0	57	1	2,522	0	2,522
Others	17,067	160	350	229	377	18,183	(54)	18,129
	<u>20,667</u>	<u>162</u>	<u>368</u>	<u>375</u>	<u>388</u>	<u>21,960</u>	<u>(54)</u>	<u>21,906</u>
Profit before Tax	<u>5,463</u>	<u>410</u>	<u>265</u>	<u>253</u>	<u>447</u>	<u>6,838</u>	<u>(196)</u>	<u>6,642</u>
Tax Expense	545	113	41	54	59	812	0	812
Net Profit	<u>4,918</u>	<u>297</u>	<u>224</u>	<u>199</u>	<u>388</u>	<u>6,026</u>	<u>(196)</u>	<u>5,830</u>
Statements of Financial Position								
Total Resources								
Segment Assets	1,124,340	49,967	22,757	19,698	7,719	1,224,481	(58,737)	1,165,744
Intangible Assets	521	10	8	0	1	540	0	540
Deferred Tax Assets	5,548	(41)	4	(91)	(27)	5,393	0	5,393
	<u>1,130,409</u>	<u>49,936</u>	<u>22,769</u>	<u>19,607</u>	<u>7,693</u>	<u>1,230,414</u>	<u>(58,737)</u>	<u>1,171,677</u>
Total Liabilities	<u>1,033,639</u>	<u>47,994</u>	<u>17,537</u>	<u>15,236</u>	<u>865</u>	<u>1,115,271</u>	<u>(46,987)</u>	<u>1,068,284</u>
Other Segment Information								
Capital expenditures	816	3	39	144	11	1,013	0	1,013
Investment in associate under equity method	4,823	18	0	0	0	4,841	0	4,841
Share in the Profit of associates	178	18	0	0	0	196	0	196