



---

2014 ANNUAL REPORT

---



## 2014 ANNUAL REPORT

### TABLE OF CONTENTS

2	CORPORATE PROFILE
3	FINANCIAL HIGHLIGHTS
4	MESSAGE FROM THE CHAIRMAN EMERITUS
5	MESSAGE FROM THE CHAIRPERSON
6	MESSAGE FROM THE PRESIDENT & CEO
8	REVIEW OF OPERATIONS: ECONOMIC ENVIRONMENT
9	REVIEW OF OPERATIONS: OPERATIONAL HIGHLIGHTS
24	AWARDS AND CITATIONS
27	CORPORATE SOCIAL RESPONSIBILITY
33	CORPORATE GOVERNANCE
40	BOARD OF DIRECTORS
42	DIRECTORS' PROFILE
48	STATEMENTS OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS
49	STATEMENTS OF FINANCIAL POSITION
50	STATEMENTS OF INCOME
51	MANAGEMENT DIRECTORY
56	PRODUCTS AND SERVICES
58	BDO GROUP OF COMPANIES

# CORPORATE MISSION

*To be the preferred bank in every market we serve.*

## CORPORATE PROFILE

BDO is a full-service universal bank in the Philippines. It has the ability to provide a complete array of industry leading products and services including Lending (corporate, middle market, SME, and consumer), Deposit-taking, Foreign Exchange, Brokering, Trust and Investments, Credit Cards, Corporate Cash Management and Remittances in the Philippines. Through its local subsidiaries, the Bank offers Leasing and Financing, Investment Banking, Private Banking, Bancassurance, Insurance Brokerage and Stock Brokerage services.

BDO's institutional strengths and value-added products and services hold the key to its successful business relationships with customers. Its branches remain at the forefront of setting high standards as a sales and service-oriented, customer-focused force. BDO has one of the largest distribution networks, with more than 875 operating branches and over 2,500 ATMs nationwide as of December 31, 2014.

Through strong organic growth and selective acquisitions, BDO has positioned itself for increased balance sheet strength and continuing expansion into new markets. As of December 31 2014, BDO is the country's largest bank in terms of total resources, capital, customer loans, total deposits, and assets under management.

BDO is a member of the SM Group, the country's largest and most successful conglomerate with businesses spanning between retail, mall operations, property development (residential, commercial, resorts/ hotel), and financial services.

The Board of Directors reviewed and noted the Corporate Mission and Vision at its meeting on May 31, 2014.

## CORE VALUES

### COMMITMENT TO CUSTOMERS.

*We are committed to deliver products and services that surpass customer expectations in value and every aspect of customer service, while remaining to be prudent and trustworthy stewards of their wealth.*

### COMMITMENT TO A DYNAMIC AND EFFICIENT ORGANIZATION.

*We are committed to creating an organization that is flexible, responds to change and encourages innovation and creativity; we are committed to the process of continuous improvements in everything we do.*

### COMMITMENT TO EMPLOYEES.

*We are committed to our employees' growth and development and we will nurture them in an environment where excellence, integrity, teamwork, professionalism and performance are valued above all else.*

### COMMITMENT TO SHAREHOLDERS.

*We are committed to provide our shareholders with superior returns over the long term.*

# FINANCIAL HIGHLIGHTS

FINANCIAL & OPERATING HIGHLIGHTS	2014	2013	Change
<b>BALANCE SHEET</b> (in billion PhP)			
Resources	1,863.6	1,672.8	11.4%
Gross Customer Loans	1,089.4	911.5	19.5%
Trading and Investment Securities	221.5	227.9	-2.8%
Deposits	1,492.3	1,345.3	10.9%
Equity <sup>1/</sup>	179.7	164.4	9.3%
<b>INCOME STATEMENT</b> (in billion PhP)			
Net Interest Income	51.2	43.2	18.7%
Non-Interest Income	29.5	31.8	-7.4%
Gross Operating Income	80.7	75.0	7.6%
Operating Expenses	48.5	43.3	12.2%
Net Profit <sup>2/</sup>	22.8	22.6	0.9%
<b>FINANCIAL PERFORMANCE INDICATORS</b>			
<b>Profitability</b>			
Return on Average Equity	13.4%	14.0%	
Return on Average Common Equity	13.7%	14.3%	
Return on Average Assets	1.3%	1.6%	
<b>Margins and Liquidity</b>			
Net Interest Margin	3.2%	3.3%	
Loans to Deposit Ratio	73.0%	67.8%	
Liquid Assets to Total Assets	38.1%	43.0%	
<b>Cost Efficiency</b>			
Cost to Income Ratio	60.1%	57.7%	
Cost to Assets Ratio	2.6%	2.6%	
<b>Asset Quality</b>			
NPL to Gross Customer Loans	1.3%	1.6%	
NPL Cover	188.4%	170.7%	
<b>Capital and Leverage</b>			
Basel III	12.2%	n.a.	
CET 1 Ratio	12.6%	14.3%	
Tier 1 Ratio	14.4%	15.5%	
Capital Adequacy Ratio	10.4x	10.2x	
<b>DISTRIBUTION NETWORK AND MANPOWER</b>			
Branches	876	815	7.5%
ATMs	2,591	2,263	14.5%
Employees	24,779	23,227	6.7%
<b>SHAREHOLDER INFORMATION</b>			
<b>Market Value</b>			
Share Price (in PhP)	109.80	68.60	60.1%
Market Capitalization (in billion PhP)	393.18	245.65	60.1%
<b>Valuation</b>			
Basic Earnings per Share (in PhP)	6.27	6.22	0.8%
Diluted Earnings per Share (in PhP)	6.27	6.18	1.5%
Book Value per Share (in PhP)	48.56	44.28	9.7%
Price-Earnings Ratio	17.51	11.03	
Price to Book Value	2.3x	1.5x	
<b>Dividends<sup>3/</sup></b>			
Cash Dividends Paid (in billion PhP)	7.52	7.52	
Cash Dividends per Common Share (in PhP)	2.10	2.10	
Dividend Payout Ratio <sup>4/</sup>	33.3%	51.9%	
Dividend Yield <sup>5/</sup>	2.3%	2.6%	
Stock Dividends per share	-	-	

1/ Total capital accounts, inclusive of minority interest and preferred shares

2/ Net Income attributable to shareholders of the parent bank

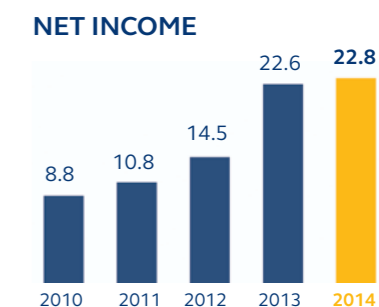
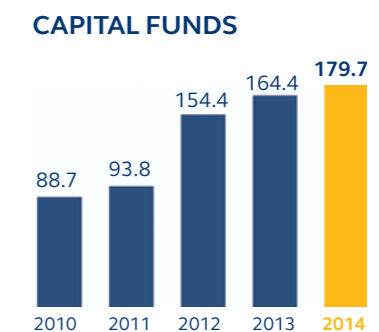
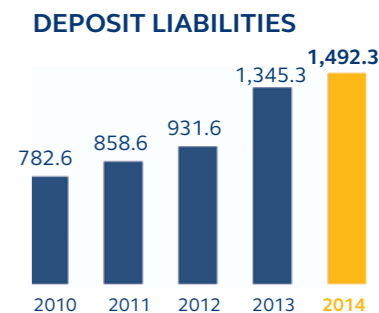
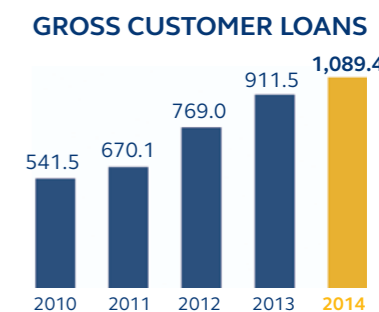
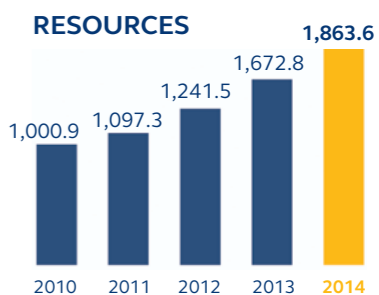
3/ BDO paid-out regular quarterly cash dividends of P0.30 per common share in 2014 on the following dates: March 24, June 27, September 26, and December 29. The Bank also paid-out a special cash dividend of P0.90 per common share (top-up in respect of 2013 earnings) on July 25, 2014.

In 2013, BDO paid-out a special cash dividend of P1.20 per common share (in respect of 2012 earnings) on July 5, and quarterly cash dividends of P0.30 per common share beginning the second quarter which were paid-out on July 5, September 30 and December 27, 2013.

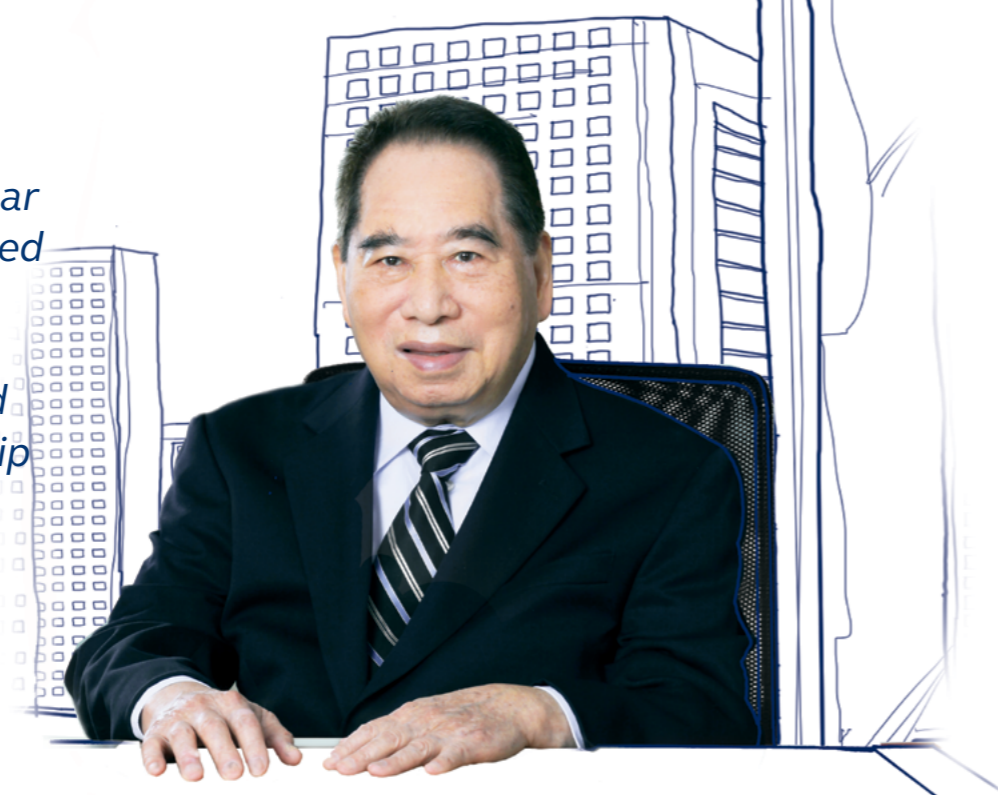
4/ Cash dividends paid during the year divided by net profit of the prior year

5/ Cash dividends per share paid during the year divided by average daily price for the year

## ACCOUNT (IN BILLION PHP)



*The performance of BDO Unibank each year is consistently anchored on these significant pillars – wisdom and guidance of the Board of Directors; leadership of the management; dedication and innovation of the employees; and trust of our valued shareholders.*



## MESSAGE FROM THE CHAIRMAN EMERITUS

To all our shareholders,

The performance of BDO Unibank each year is consistently anchored on these significant pillars – wisdom and guidance of the Board of Directors; leadership of the management; dedication and innovation of the employees; and trust of our valued shareholders.

As the Bank moves forward, I am certain that the abovementioned stalwarts will remain committed in the pursuit of making BDO the most reliable provider of banking products and services, staying at the forefront even amidst the enhanced competition expected from the regional economic integration.

My heartfelt thanks to all of you for your support.

Yours truly,

**Henry Sy, Sr.**  
Chairman Emeritus

*We have been impressed by our team members' dedication in serving our clients, but also by their initiative in assisting the communities where we operate.*



## MESSAGE FROM THE CHAIRPERSON

To all our shareholders,

BDO had another good year in 2014. We achieved good financial targets and maintained leadership position in many business lines. For 2015, our focus will still be on growth—both organic and through acquisitions. Aside from adding new businesses to service our clients better and more efficiently, we will continue looking for new growth platforms and delivery channels to increase our scale especially in underpenetrated business.

We see a continuing growth in business banking from large to small, as well as the growth in consumer banking. We are also looking into producing long-term profitable growth by building our franchise and delivery value to our customers and the communities.

We believe that strong corporate governance is essential to our Organization's ability to achieve sustainable growth. Our management has instilled the principle of good governance into every rank in the Organization.

We have been impressed by our team members' dedication in serving our clients, but also by their initiative in assisting the communities where we operate. Through the BDO Foundation, they provide assistance during disasters, help build community multi-purpose centers, and volunteer in financial literacy education. The Bank also allocates funds yearly to the Foundation to build schools and shelter.

I have confidence that the Bank's management and its team members will continue to deliver good customer service and financial results, and will sustain our leadership position in the future. We thank our board, our management and the rest of our team for their commitment; and we thank our shareholders and our clients for their trust and confidence.

Yours truly,

**Teresita T. Sy**  
Chairperson

*Our mindset  
has always been  
to look past  
the prior years,  
gear up for the  
next year, and  
never rest on our  
laurels.*



## MESSAGE FROM THE PRESIDENT & CEO

To all our  
shareholders,

Over the last few years, we have been making investments in our productive capacity to take advantage of our emerging economy. From our mergers and acquisitions (M&A) activity to our organic branch expansion to major upgrades in our electronic banking services to our regional expansion, we have made great strides in expanding our footprint and our capacity to service our markets better. These investments are now starting to yield dividends.

All these and more have allowed BDO Unibank to end the year with another strong performance. Our net income reached PhP22.8 billion, matching our earnings guidance for 2014 and registering an equivalent 18% growth if we were to exclude the one-off gains booked in 2013.

We continue to post very good numbers in our core businesses. Total customer loans outpaced the industry with a 20% growth to hit a record PhP1.1 trillion on broad-based expansion across key markets. The Bank's total deposits also grew 11% to PhP1.5 trillion on the back of a 24% expansion in CASA deposits. Our net interest income and fee-based income posted double-digit growth while our operating expense was kept at a

manageable level despite sustained business and branch expansion.

At the end of 2014, BDO's capital base at PhP180 billion remains the largest in the industry with a capital ratio of more than 14% comfortably above the regulatory minimum under the Basel III framework.


While the numbers speak for themselves and while we deserve a certain sense of pride and urge to celebrate, our mindset has always been to look past the prior years, gear up for the next year, and never rest on our laurels.

We are soon entering a new era to be ushered in by the ASEAN economic integration. This development, together with the liberalized entry of foreign banks, will result to a more competitive environment. The prevailing liquidity in the system and increased regulatory pressures such as the higher capital requirements are also challenges we have to contend with.

Notwithstanding, we will be prepared to rise above these challenges if we all pull together as one.

Let me end this by expressing my appreciation to all of you - our board of directors, our management and employees, our investors, our clients and our other stakeholders. Thank you for your unwavering confidence and support in the Bank. Each year is an inspiring journey that I am privileged to share with all of you.

Yours truly,

  
Nestor V. Tan  
President & CEO

## REVIEW OF OPERATIONS



## REVIEW OF OPERATIONS ECONOMIC ENVIRONMENT

The Philippine economy staged a strong rally in the last quarter of 2014 to pull up full-year growth to 6.1% and log the second fastest economic expansion in the region after China. The country also capped the year with upgrades from S&P and Moody's, as both rating agencies affirmed the country's solid growth prospects and sound macroeconomic fundamentals. This placed the country at one notch above investment grade.

Consumer spending fueled economic activity in 2014, with households benefiting from the sustained strength in OFW remittances and BPO revenues, as well as improved purchasing power due to declining oil prices and slower inflation in the fourth quarter. Export gains likewise contributed to economic growth, along with the surge in public expenditures in the last three months that offset prior government underspending. On the supply side, the service and industry sectors (specifically transport, real estate, manufacturing and construction) were major beneficiaries from the rise in demand

supported by low interest rates and falling commodity prices.

Despite the increased market volatility stemming from "tapering" or the termination of US quantitative easing and geopolitical risks, the Philippines' underlying resilience and macroeconomic fundamentals remained intact. Last year, net inflows of foreign direct investments (FDIs) hit a record high while the PSE Index climbed 23%, signifying strong investor confidence in the country.

## FACTORS TO WATCH OUT FOR IN 2015

The global economy in 2015 faces modest growth prospects on uneven economic conditions across major economies, diverging global monetary policies among central banks, rekindled Greek debt problems and its ramifications, and continuing geopolitical tensions in the Middle East.

These challenges notwithstanding, the country is seen continuing with its performance and posting sustained growth in 2015 driven by a vibrant consumer base supported by increasing

per capita incomes and favorable demographic trends; a subdued inflation environment helped by lower oil prices; and renewed public expenditure and infrastructure spending.

The Philippines, with a higher and sustainable growth trajectory, is well-placed to again assert its position as one of Asia's standout performers.

## OPERATIONAL HIGHLIGHTS

BDO Unibank posted a record net income of PhP22.8 billion in 2014 championed by the strong expansion of its core businesses. The amount, which matched its profit guidance set for the year, represented an 18% growth in terms of recurring earnings.

**TOTAL LOAN PORTFOLIO**  
**PhP1.1 trillion**

Lending to corporates grew 17%, fueled by acquisition finance, project finance for power generation and select PPP (Public-Private Partnership) projects. Commercial lending likewise posted a solid growth of 26%.

"The commercial lending business which includes SME will continue to work closely with Branch Banking Group (BBG) to support the lending needs of new and existing clients," Wassmer says.

**RECORD NET INCOME**  
**PhP22.8 billion**  
**RECURRING INCOME**  
**18% GROWTH**

The Bank's lending and deposit-taking businesses were the lead performers as they continued to display healthy and robust earnings despite domestic and global economic pressures, specifically the low interest rate environment that prevailed in the year.

Total loan portfolio reached PhP1.1 trillion, up 20% from the previous year and in line with industry growth. Large corporate clients accounted for the biggest component, followed by the middle market and consumer segments.

Senior Executive Vice President and Head of the Institutional Banking Group Walter C. Wassmer observes that business activity and optimism were evident in 2014. There was marked increase in borrowings of local clients to support their operations. Foreign corporations also continued to establish or expand their businesses in the Philippines.

"The performance was notable even with pressure from market liquidity. The growth trajectory experienced during the year will continue in 2015 given the continuous expansion of the economy," he shares.



"The performance was notable even with pressure from market liquidity. The growth trajectory experienced during the year will continue in 2015 given the continuous expansion of the economy."

Walter C. Wassmer  
Institutional Banking Group



"With the GDP growth and higher income, we had more opportunities. People felt more prosperous, and low interest rates made the loans more attractive to them."

*Rolando C. Tanchanco*  
Consumer Lending Group

On the consumer lending side, there was also noticeable and solid demand for auto loans, mortgages and credit cards. BDO leveraged on its expanded geographic reach for wider client coverage and increased capacity to handle greater business volumes.

As a result, consumer loan portfolio rose 18% in 2014, with mortgages registering the highest growth, followed by auto loans and credit cards.

**CONSUMER LOAN  
PORTFOLIO**  
**18% GROWTH**

"With the GDP growth and higher income, we had more opportunities. People felt more prosperous, and low interest rates made the loans more attractive to them," said Rolando C. Tanchanco, Executive Vice President and Head of the Consumer Lending Group (CLG).

For 2015, CLG targets continued growth in its portfolio, increase in market share and improved profitability. CLG is confident it can achieve these by sustaining its competitive advantage through its people, its processes and its customer focus.

BDO Leasing and Finance, Inc. (BDOLF), a subsidiary of the Bank, took advantage of the opportunities for growth by financing the needs of capital intensive industries: transportation (which comprised at least 20% of its portfolio) and logistics, construction, mining, real estate, trading and service-related industries. BDOLF also tapped into new growth markets to complement the business generated from key

industries, further bolstering its loan portfolio. This resulted in a 28% year-on-year growth in its portfolio.

**BDO LEASING  
LOAN PORTFOLIO**  
**28% GROWTH**

BDOLF expanded the coverage of its target market by leveraging on client relationships and the Bank's wide network, allowing it to expand its portfolio and diversify its funding sources. BDOLF increased its portfolio through competitive pricing, stronger manpower complement and improved operational efficiencies.

#### DEPOSIT-TAKING BUSINESS

BDO opened 61 new branches, bringing the total to 875 as of year end. This is consistent with the Bank's objective to reach more markets. Its acquisition of Citibank Savings and the assets and branch network of The Real Bank was aligned with this goal. Identifying the right site is the primary challenge in branch banking. Sites were selected according to their prospective contribution to the Bank's expansion agenda.

Total deposits grew by 11% to PhP1.5 trillion in 2014. However, CASA deposits grew at a much faster pace of 24% and accounted for 64% of the total deposits. This growth reflects strong market intelligence and attention to the needs of the Bank's existing and potential clients. For 2015, BDO aims to open more than 50 new branches.

#### CASA DEPOSITS GROWTH

**24%**

#### BRANCHES IN TOTAL

**875**

#### TOTAL DEPOSITS

**PhP1.5 trillion**

"We will continue to plan for branch openings where we can maximize our market reach with the end view of providing superior banking services and convenience to our customers," according to Jaime C. Yu, Senior Executive Vice-President and Head of Branch Banking Group.

The continued good performance of the Philippine economy coupled with election spending will give rise to increased activity. While competition will be as fierce, the Bank is poised to benefit from the measures it had put in place and the reputation it had built over the years. BDO is confident it will continue to see strength and growth in its core businesses, enough to propel it to achieve its targets and maintain its position as the industry leader.

#### TREASURY

Aside from the on-target performance of its core lending and deposit-taking businesses, BDO's other business units also registered respectable performance despite the challenges in the domestic and international environment.

Challenges to the Bank's performance came not only from within the country but from global pressures as well. Europe and Japan, for instance, embarked on Quantitative Easing to avert a recession. The Bank, anticipating a tightening policy from both the Bangko Sentral ng Pilipinas (BSP) and the US Federal Reserve, kept its duration moderate and its positions relatively flexible. Treasury was able to capitalize on market opportunities that allow them to realize better than expected trading gains despite a more difficult environment.

The Bank took a cautious stance in terms of managing its portfolio as the BSP introduced tightening measures in the second half of the year in line with the US tapering.

"We lightened our overall portfolio including our exposures in emerging markets and shortened its duration," according to Pedro M. Florescio, III, Executive Vice President and Treasurer.

Further, the Bank took advantage of its view of a strong dollar scenario, allowing the Bank to generate trading profits. The Bank expects the US dollar to continue outperforming other currencies in 2015. Thus, its trading and portfolio activities will be aligned with this outlook.

"We expect the US Federal Reserve to hike interest rates in the second half of 2015," says Florescio. "We will also take a cue from the stronger Philippine economy, anchored on OFW remittances and Business Process Outsourcing revenue. Election spending, government infrastructure spending and lower commodity prices will support this scenario."

"We will continue to plan for branch openings where we can maximize our market reach with the end view of providing superior banking services and convenience to our customers."

*Jaime C. Yu*  
Branch Banking Group



"The buoyant economy and generally bullish prospects for Philippine corporates attracted more foreign and local investment houses coming in, expanding their presence and coverage."

*Eduardo V. Francisco*  
BDO Capital & Investment Corp.



## INVESTMENT BANKING

The series of investment upgrades granted by the various credit rating agencies made the Philippines the darling both of investors and investment bankers.

"The buoyant economy and generally bullish prospects for Philippine corporates attracted more foreign and local investment houses coming in, expanding their presence and coverage," says Eduardo V. Francisco, President of BDO Capital and Investment Corp. Capital raising activities in 2014 remained

robust. There was a record amount of peso bonds listed in PDEX with a total volume of PhP191.9 billion vs. 2013's PhP83.5 billion. Significant capital was raised by the Philippine Stock Exchange through IPOs, follow-on offerings and preferred share issues with an aggregate issue size of PhP 66 billion. Loan growth was strong at 20% as more borrowers raised capital to take advantage of low interest rates and excess liquidity in the market.

BDO Capital was at the forefront of these capital raising activities either through equities or fixed income for both the government and private companies. These firms were in a wide array of industries, such as food and beverage, real estate, fossil-based and renewable power, airports, telecommunications, toll roads, banking, and hotel and entertainment.

It posted a 14.4% growth in the number of deals done in 2014 compared to the previous year. These notable deals include the following:

### IPOs:

- Century Pacific Food, Inc.'s PhP3.2 billion IPO (adjudged Best Deal in the Philippines for 2014 by The Asset) as Joint Lead Manager, Joint Lead Underwriter and Joint Bookrunner
- Double Dragon Properties Corp.'s PhP1.2 billion IPO as Joint Lead Underwriter
- Phoenix Semiconductor Philippines Corp.'s PhP1 billion IPO as Sole Issue Manager and Lead Underwriter (first Korean company IPO in the Philippines)

### Debt Issues:

- Pagbilao Energy Corporation's PhP33.3 billion Project Finance Facility (adjudged

Best Project Finance Deal in Southeast Asia by Alpha Southeast Asia Magazine) as Joint Mandated Lead Arranger

- GMR Megawide Cebu Airport Corp.'s PhP23.3 billion Project Finance Facility as Lead Arranger (first PPP airport project for the Philippines)
- Republic of the Philippines' PhP140.4 billion Bond Exchange Program as Joint Deal Manager
- JG Summit Holdings, Inc.'s PhP30 billion Bonds as Joint Lead Manager and Joint Lead Underwriter
- Del Monte Pacific Ltd.'s USD350 million Bridge Loan as Sole Arranger
- Vista Land Corporation's PhP5 billion Bonds and USD 225 million Guaranteed Notes
- Bloomerry Resorts & Hotel Inc.'s PhP11.4 billion Notes as Lead Arranger and Sole Bookrunner
- Philippine Long Distance Telephone Company's PhP15 billion Bonds as Joint Lead Underwriter
- San Miguel Brewery, Inc.'s PhP15 billion Bonds as Joint Lead Manager
- Alternergy Wind One Corporation's USD105 million Multi-Currency Project Finance Facility as Mandated Lead Arranger and Bookrunner

NUMBER OF DEALS  
**14.4% GROWTH**

For 2015, BDO Capital is gearing up for increased advisory and capital raising needs of its clients. It anticipates more foreign investors coming in for the PPP as well as private sector deals. Local groups will also need funding for their various projects.

All these services would need solutions

provided by the various groups of the Bank — from branch banking, trust, corporate banking, treasury and even cash management.

BDO Securities, the Bank's stock brokerage arm, held its own among domestic brokerage houses. It saw a turnover of PhP125.8 billion for 2014, ranking 2nd among local brokers with no foreign tie-up partner and 11th among all the brokers.

Large trading volumes reflected strong appetite from both local and international fund managers.

Given these events and the projections for 2015, BDO Securities intends to roll out its internet trading platform, increase investor awareness on the stock market and encourage more individual participation in the equity market.

## WEALTH MANAGEMENT

The Bank's wealth management and trust businesses performed relatively well in 2014.

The Trust and Investments Group (TIG) posted a year-end assets under management (AUM) of PhP597.5 billion, representing a modest



"We will launch funds with the following themes: global equity, developed markets property, and country-specific equity funds...we will also offer global bonds and preferred shares to investors who want income and capital preservation."

*Ador A. Abrogena*  
Trust and Investments Group

increase of 2.6% from the 2013 level of PhP582 billion.

BDO Private Bank (BDOPB), on the other hand, ended 2014 with a total AUM (composed of trust and deposits) of PhP279 billion.

On a consolidated basis, the Bank accounts for one-third of the country's trust business.

A key highlight was its ability to maintain its leadership in the management of unit investment trust funds (UITFs) despite the prolonged low interest rate environment and volatility due to the global political events. The all-time bestseller was the BDO Peso Money Market Fund. Its low volatility and higher yield offered a good opportunity to start getting into investment funds. This is currently the biggest UITF in the Philippines with net asset value (NAV) of PhP145.9 billion as of year-end. The BDO UITFs, with combined NAV of PhP237.7 billion represent about 40% of the local UITF business.

TIG believes that BDO's industry leadership is attributable to its attentiveness to clients' needs and preferences. It recognizes that most Filipinos are risk-averse, preferring short-term placements.

Through continuing investor education, TIG wants clients to appreciate the fact that going up the risk spectrum enables one to get higher yields, beat inflation and participate in the country's economic development. To this end, the newly launched equity fund, the BDO Sustainable Dividend Fund (SDF), is another good channel for investments – a portfolio of equities with a consistent track record of dividend payments and a high dividend yield. When the market is down, these dividends provide a good cushion for one's investments. As a result, the BDO SDF ended the year with assets of close to PhP2 billion while posting a full year return of 26%, outperforming PSEi's full year return of 22.8%.

The trend towards accounts giving TIG full investment discretion continued during the year with retirement funds, endowment, insurance and pre-need funds growing by PhP37.2 billion and UITFs growing by PhP10.5

billion, indicating that clients see added value in BDO Trust's investment expertise.

TIG makes it a point to ensure that the UITFs are sold correctly, and that clients understand their options completely. Information materials and financial wellness events are key components of the education process.

"For 2015, the Bank intends to diversify its investments and move from purely Philippine assets into global investments. We will launch funds with the following themes: global equity, developed markets property and country-specific equity funds. We will also offer global bonds and preferred shares to investors who want income and capital preservation," says Ador A. Abrogena, Executive Vice President and Head of Trust and Investments Group.

Taking advantage of internet technology, it will also offer online investing and online financial education. Finally, for the convenience of the UITF participants, BDO will extend the dealing cut-off time from 12:00 noon to 2:30 pm for the bond, balanced and equity funds. The Easy Investment Plan, Easy Redemption Plan and the Switching Features will also be incorporated in all BDO UITFs.

For its part, BDOPB, the wholly owned



"Clients are starting to look at foreign currency-based investments, not only from known Philippine corporate names but also from similarly situated corporate names in the Asia-Pacific and North-American regions."

Josefina N. Tan  
BDO Private Bank

subsidiary of BDO that services the high net worth clients through its open architecture platform, also had to operate in an environment of volatility amid mixed global developments.

Despite these conditions, BDOPB increased investments in domestic securities and offshore securities, notably the new issuances of fixed-income investments, equity and unitized funds. BDOPB expanded its products and services and offered more investment alternatives to its clients.

According to BDOPB President Josefina N. Tan, "Clients are starting to look at foreign currency-based investments, not only from known Philippine corporate names but also from similarly situated corporate names in the Asia-Pacific and North-American regions."

In 2014, BDOPB expanded its coverage of international investments including Exchange Traded Funds, to meet the changing needs of its clientele.

Moving forward, BDOPB intends to intensify its investments and move from purely Philippine assets into global equities. It will also move into funds with themes such as global equity, developed markets property, and country-specific equity funds. To investors seeking

income and capital preservation, it intends to offer global bonds and preferred shares.

## PAYMENT & ELECTRONIC SERVICES

The Bank's remittance business, through BDO Remittance, managed to perform better than the industry on the back of the continued strength of OFW remittances, which reached over USD26 billion at the end of 2014.

BDO posted double-digit growth in the number or volume of remittance transactions largely driven by the expanding channels being provided by the Bank to Filipino workers and residents abroad. These channels were a result of the partnerships it entered into with a number of foreign banks.

In 2014, BDO formed alliances with DBS in Singapore and Emirates NBD in United Arab Emirates and with both of them having strong Filipino client base, the partnerships paved the way to a more secure and convenient way of sending remittances using their respective online banking platforms.

"Filipinos who maintain an account with these banks are able to send money with security and ease to the Philippines anytime using online banking. It can be noted also that this sending



"Filipinos who maintain an account with DBS and Emirates NBD are able to send money with security and ease to the Philippines anytime using online banking. It can be noted also that this sending market prefers another convenient way of remitting money."

Geneva T. Gloria  
Remittance Distribution

"Foreign banks have taken notice of the business potential generated from remittances. Given this, they have started to offer their own retail remittance service targeting migrant workers including Filipinos. We also saw an increase in online remittance providers in the industry."

Jonathan C. Diokno  
Remittance Origination

## OFW REMITTANCES USD26 billion

market prefers another convenient way of remitting money,” says Senior Vice President Geneva T. Gloria.

The Bank also strengthened its remittance network in Malaysia via a partnership agreement with its remittance leader CIMB Islamic Bank (CIMB), and forged a tie-up with Eurogiro, a global payments community that facilitates cross border payments among its member-companies composed of postal banks worldwide.

At the local front, BDO embarked on a bank-wide grassroots program to acquire new clients and increase deposits in areas with high concentration of OFWs. Through BDO Remittance, the Bank was able to successfully capture and convert remittance clients to open the BDO Kabayan Savings Account in several key provinces.

These activities done by the Bank helped soften the impact of rising industry competition and implementation of the more stringent rules and regulations in the global financial sector to address specifically the escalating problem on money laundering.

“Foreign banks have taken notice of the business potential generated from remittances. Given this, they have started to offer their own retail remittance service targeting migrant workers including Filipinos. We also saw an increase in online remittance providers in the industry,” states Senior Vice President and Head of Remittance Origination Jonathan C. Diokno.

Competition from non-bank financial institutions was also strong. The pawnshops, for instance, remain aggressive in their expansion by pursuing direct remittance agreements with foreign money transfer companies instead of maintaining a partnership with just one bank that maintains relationships with several remittance tie-ups.

Globally, numerous bank accounts of remittance companies have been closed by foreign banks in response to concerns about the alleged reputational money laundering and terrorism financing risks associated with the financial sector.

Moving forward, BDO will sustain its efforts on forging strategic partnerships with foreign banks and money transfer companies. For the domestic side, the Bank will continue to expand its client base through grassroots retail programs and develop sustainable activities to ensure customer retention.

## FOREIGN REMITTANCE TIE-UPS 335

The Bank now has the largest ATM network in the country, while its electronic channels are steadily gaining ground. Aggressive deployment of offsite ATMs, effective online banking campaigns, and an improved mobile banking platform were key components.

Two factors drove growth in online banking in 2014. First, the ergonomic design of the site provided a seamless and intuitive customer experience. Second, focused marketing campaigns via tri-media and digital media complemented branch-based marketing programs to boost enrollment and usage. One challenge to customers’ adaptation of electronic channels is concern regarding online security. Fully realizing this, the Bank constantly pushed customer awareness of the security risks involved in electronic banking, the countermeasures it is taking, and the ways users can minimize these risks. These efforts have helped lower resistance to usage.

“We are constantly on watch for new trends and leading paradigms, and how we can tap into advances in technology for the benefit of our clients,” says Emmanuel T. Narciso, Senior Vice President and Head of Transaction Banking Group.



“We are constantly on watch for new trends and leading paradigms, and how we can tap into advances in technology for the benefit of our clients.”

Emmanuel T. Narciso  
Transaction Banking Group

To further sustain clients’ confidence in electronic banking, the Bank established a dedicated fraud management team handling end-to-end processing of possible fraudulent transactions—from detection, reporting, investigation, blocking and recovery. It also made investments in protecting ATM terminals. In all, these measures proved so effective that they resulted in halving fraud losses year-on-year, well ahead of overall industry performance.

The bank’s fraud prevention efforts will also get a significant boost with the conversion of BDO ATM Debit Cards to become EMV technology compliant, which was completed this year for ATM Debit Cards of BDO Hongkong Branch, and will commence for local cards in late 2015. In 2014, there was 99% increase in demand for payments and 28% for collections through electronic channels. This demonstrates the momentum building in corporate clients’ preference for faster, more efficient settlements.

In providing solutions to these needs, BDO has proven to be the right partner, enabling corporate clients to put more order and efficiency in their financial affairs. Ultimately, BDO seeks to build payment communities

within the Bank by linking buyers and sellers who have accounts with BDO, and by enabling real-time payments to and from each other to settle commercial transactions.

“In addition to improving service availability, quality, and channel security through the use of new technologies and processes, a big part of our agenda for 2015 is to engineer a significant shift to electronic means of collecting and disbursing funds in place of the traditional means of checks, papers and coins,” explains Narciso.

## INSURANCE

In the past few years, Filipinos have undergone a shift in their concept of insurance, based largely on their personal experiences or their vicarious observations.

According to BDO Insurance Brokers, Inc. (BDOI) Senior Vice President and Group Head, Ma. Theresa L. Tan, people have become more conscious of the impact of calamities on their properties.

“The market has somehow matured and people have realized the importance of insurance in their lives, properties and businesses. There is also an effort on the part of the insurance industry to educate the market,” Tan adds.

This trend has actually been observed for the past five years, with BDO Insurance observing an average of 25% growth in premiums, and 30% in commissions. These rates, being higher than the growth of the insurance industry, make BDOI the number one broker in the country.

In 2014, BDOI hit the PHP5-billion and PHP1-billion premiums and commissions, respectively. This is due to growing business referrals of the Bank and also BDOI’s own effort to grow accounts organically and retain existing business.

Insurance packages for the retail market were improved in terms of benefits and pricing to make them more competitive.

In the corporate sector, BDOI expanded its technical expertise in specialty lines such as



"The market has somehow matured and people have realized the importance of insurance in their lives, properties and businesses. There is also an effort on the part of the insurance industry to educate the market."

*Ma. Theresa L. Tan  
BDO Insurance Brokers*

Product Liability, Marine Hull, Stock Throughput Insurance and Directors and Officers Liability. All these allow BDOI's corporate clients to mitigate risks as they take advantage of the conducive economic climate and expand the reach of their business.

Even small to medium enterprises (SMEs) have changed their perception of insurance. Before, SMEs acquired insurance primarily to comply with bank requirements. "Now they see it as an important and integral part of risk mitigation and business continuity," Tan continues.

Three Rs best summarize the guiding principles of the Bank's non-life insurance brokering unit for 2015: Reach, Relationship and Responsiveness.

With Reach, BDOI will open offices in new markets and reach out to more clients. In pursuit of this, the BDOI Contact Center — a multi-channel hotline where the resolution of customer inquiries can be tracked and audited — was established. With Relationship, BDOI will cultivate partnerships with its clients and grow with them. With Responsiveness, BDOI will put in action what it knows about its clients in a way

that would benefit them. This means being able to swiftly address concerns especially during the claiming stage.

The life insurance unit of the Bank, through Generali Philippines, was able to grow its individual life premiums by 37% in 2014. Total premiums including Group Business increased by 27%.

The unit's strategy, focusing on recurring-premium products, increasing the size of the sales force, using sales and marketing tools to enhance sales productivity, and intensifying product familiarization and training, was crucial in achieving these milestones.

"The overarching goal is to build a robust business model that will enable GP to penetrate the top five category in weighted new business premiums within a three (3) year period," according to Renato A. Vergel De Dios, President and CEO of Generali Philippines.

Despite low interest rates, traditional products continued to provide good profit margins. At the same time, regular pay Variable Life business, which was introduced at the end of 2013, contributed more than 20% of new business in 2014.

Three hundred twenty new financial advisors (FAs) were hired in 2014, representing a 70% increase from the number of FAs hired the previous year. Moreover, Generali was able to increase FA productivity by 7% per advisor per annum even with the larger manpower base. Individual cases sold grew 24%.

Generali also partnered with BDO Private Bank to offer insurance-based tax-funding solutions to its high net-worth clients. This was aimed to provide a needs-based, total solutions approach to those seeking to fortify their estate transfer plans. Generali sees this as a growth area in the effort to highlight life insurance as a top-of-mind solution in crafting the client's wealth management program.

For 2015, Generali plans to increase its sales force and become the preferred provider of employee benefit solutions among its corporate clients, including the SME market.

Finally, the Property Management Group which manages the Bank's property assets available for sale and lease, achieved its target for the year in terms of asset sales and leases. These activities yielded modest results — respectable enough given the reduced portfolio of properties available for sale, and competition from real estate developers.

The sale of commercial, industrial and residential properties remained brisk given the appetite for real estate investments as occasioned by the economic upswing.

BDO acquired One Network Bank, Inc. (ONB) in late 2014 to gain access to high growth areas in Mindanao and Panay, as well as in market segments that are currently underserved by commercial banks. This is also BDO's way of supporting BSP's thrust to promote inclusive banking in the Philippines.



"The overarching goal is to build a robust business model that will enable GP to penetrate the top five category in weighted new business premiums within a three (3) year period."

*Renato A. Vergel De Dios  
Generali Philippines*

## STRONG SUPPORT UNITS

### Information Technology

The Bank's support units, aside from core and other business, contributed significantly to the achievement of targets in 2014.

"Technology is an indispensable tool in achieving the Bank's goals in these dynamic times," according to Ricardo V. Martin, Executive Vice President and Group Head of Information Technology.

The Bank continued to strengthen its existing operations, expanding its reach, and upgrading the security, capacity, technical processes and disaster readiness of the Bank's infrastructure. Sixty-four new branches were opened and 348 ATMs and 47 cash acceptance machines were added to the network.

Continuous enhancements to IT systems include the roll out of a new tellering application, an upgrade of the branch workstation operating system, and an expansion of the data center furnishing additional capacity to support further expansion. Technical upgrades were also made to the voice network and to the operating system of the core banking application. Citibank Savings Bank and The Real Bank were integrated into the BDO network in August and September 2014, respectively. Overseas, the first Korean representative office was opened and the infrastructure standardization of the Taiwan office was made.

Recognizing the need of the times, IT Operations also strengthened disaster readiness through the opening of an additional backup IT operations site in Cebu as well as the periodic execution of contingency exercises for critical systems.

IT Development focused on forward-looking system upgrades, leveraging on new technologies to support business expansion, comply with regulatory requirements and improve customer service.



**Ricardo V. Martin**  
Information Technology

**Myla R. Untalan**  
Digital Infrastructure

### Digital Infrastructure

There was particular attention to the establishment of Big Data infrastructure to systematically provide business units with statistical and demographic data. Foremost among the support activities in 2014 was the creation and management of infrastructure for a strategic and enterprise-wide consolidated customer data platform. This would allow the Bank to develop products and services that are more responsive to customer needs. Similarly, a better fraud-detection system was implemented to enhance the Bank's capability to detect, accurately and expediently, payment card fraud.

For 2015, the Bank will continue to enhance its consolidated customer information repository. It will incorporate tools to enable efficient consumption of data for analytics and electronic channels platforms.

### Risk Management

True to its mandate, the Bank's Risk Management Group (RMG) continuously evaluates its risk management framework to ensure that it meets the challenges and requirements of the markets in which the Bank operates, including regulatory requirements. "This is especially important as the global economy struggles to gain momentum and

persistently low rates impact interest margins," according to Evelyn L. Villanueva, Executive Vice President and Head of Risk Management Group.

In 2014, RMG established the framework for the monitoring of Basel III Liquidity Standards using Basel-prescribed parameters in the interim. This is while the banking industry is awaiting regulatory guidelines from the Bangko Sentral ng Pilipinas (BSP). Such standards validate that BDO has sufficient liquidity under Basel-defined stress scenarios, being well above the minimum requirements.

RMG also completed the development of the calculation engine for probability of default under Basel's Foundation Internal Ratings Based (IRB) approach for the corporate and commercial portfolio and Advanced IRB approach for the consumer portfolio.

IRB refers to a set of credit-risk measurement techniques proposed under Basel II capital adequacy rules for banking institutions. These initiatives will also enable the Bank to be in a position to early adopt Philippine Financial Reporting Standards (PFRS) 9 should it decide to do so.

In the same year, RMG likewise completed the following:

- Validation of the Trans-Union Bureau Score which will assist the Consumer Lending Group (CLG) in streamlining the credit card application and decision-making process. Consumer Collection scorecards, in addition to Application and Behavioral scorecards, are also continually being developed to assist CLG in their collection strategy to further optimize the collection process.
- Continued to perform Rapid Portfolio Reviews (RAPAPAP) and industry studies to identify any vulnerabilities in the credit portfolio. For a more proactive management of credit and market risks, reverse stress testing, to complement the regular stress testing, was institutionalized to determine the level of exposure the Bank can take to still meet regulatory capital requirements.

- Real Estate Stress Test (REST) was also regularly conducted to comply with BSP requirements. REST results as of End-December 2014 show that BDO complies with the minimum Tier 1 ratio and CAR on Consolidated Basis.

The Bank will continue to focus its efforts on proactive risk management, ensuring that all activities are consistent with the Bank's strategies and risk appetite.

### Investor Relations

Through its investor relations unit, the Bank reached out to more investors through increased participation in global and local conferences, non-deal roadshows, investor forums and one-on-one meetings with existing and prospective investors. These efforts have resulted in a broader shareholder base as shown by the increase in the Bank's foreign ownership to 32.4% in 2014 from 30% in 2013.

BDO is seen as a progressive universal bank and the market leader in most business lines, with a solid business franchise, strong capital and balance sheet as well as sound business strategies. Given these, BDO believes that it is in a good position to take advantage of the country's growth prospects. With the Bank's financial results and growth potential, BDO's share price surged 60% in 2014 to PhP109.80 per share, outperforming both the Philippine Stock Exchange index and the financial index which rose by 23% and 19%, respectively.

### Global Operations

The Bank is aggressively expanding its footprint abroad to service the remittance requirements of the OFWs and to present the financial capabilities of BDO to foreign investors who are interested in doing business in the Philippines through its remittance and representative offices respectively. In 2014, BDO obtained additional licenses to operate in Korea, Dubai and Canada. "The Bank continues to look for strategic locations where it can establish its presence. Existing locations are also periodically reviewed and rationalized, as needed," according to Anthony Q. Chua, Executive Vice President and Head of Global Operations.

### Central Operations

The Bank implemented a new phonebanking system and a unified platform solution for its Customer Contact Center to automate front-office and back-office core processes for better management of customer communications. The solution also provided more performance monitoring tools and data analytics for better customer experience management.

BDO also employed technology to improve the BDO Rewards experience, enabling it to do targeted marketing campaigns while at the same time enhancing security features. In terms of Premises Management, aside from multi-storey office buildings put up in Quezon City and Cagayan de Oro City, there were 64 new bank branches and 10 relocated ones, with 51 renovations. The Group was able to



**Anthony Q. Chua**  
Global Operations

**Evelyn L. Villanueva**  
Risk Management

**Luis S. Reyes**  
Investor Relations

complete 98% of all repair requests received.

Outward Fund Transfer System was started in August 2014, and the target completion to cover all branches and head office users is in May 2015. This is a browser-based system replacing the existing Lotus Notes-based systems for a centralized framework and a more secure environment.

#### Compliance and Legal

The Bank completed the updating of the information sharing framework, independent compliance checking framework, and the implementation of the Foreign Account Tax Compliance Act, as well as the SAS Anti-Money Laundering monitoring system. These accomplishments all ensure BDO's compliance with regulatory requirements.

For 2015, the Compliance Unit will tap the support of the Information Technology Group in implementing automation initiatives and support systems.

Through its Legal Services Group, the Bank fast-tracked the resolution of non-loan related cases in favor of the Bank. As a result, the number of cases dropped more than 34% in 2014.

The Group was also able to collect long-outstanding receivables from unreturned security deposits.

In terms of Intellectual Property, the Bank won the 2014 Best Asia Pacific Team of the Year

Award from the World Trademark Review, in recognition of efforts to protect the "BDO" brand.

The thrust of the team for 2015 is to produce simplified but quality documentation and better efficiency at the least possible risk and expense exposure for the Bank.

#### Human Resources

Among other inroads in Human Resources, an integrated Human Resource Information System was implemented to replace multiple stand-alone systems. This ensures one true version of employee information. Academic partnerships were strengthened to provide a steady recruitment source of targeted college and university graduates.

On the employee relations front, the economic provisions of the 2013-2015 Collective Bargaining Agreement (CBA) was implemented. A series of partnership fora with representation from Human Resources, Branch Management, and the Union Stewardship were conducted in regional clusters to promote common understanding and standard appreciation of policies. This tripartite exercise provided an effective channel for resolutions of employee issues and concerns in various geographical areas.

For 2015, the Bank will continue to create new policies and revisit existing ones to ensure relevance with changing business needs and to meet global models in business operation.

#### Comptrollership

Comptrollership, meanwhile, sustained its efforts in supervising the quality of the Bank's accounting, auditing, and financial reporting.

#### Marketing Communications

In 2014, the Bank employed a focused local marketing approach, exploring both the retail and corporate segments as well as the synergies that such combination of efforts might offer. Through these efforts, the Bank focused on provincial markets that offered the most potential, as these are fueled by remittances from foreign workers with beneficiaries in the provinces.

The digital platform and social media were also used as main channels of the Bank's marketing thrust for the past year, recognizing its prevalence and popularity among existing and future customers. "BDO will continue to explore ways to reach out to customers using traditional and non-traditional means," according to Rafael G. Besa, Senior Vice President and Group Head for Marketing Communications. After careful assessment of the market's preferred venue for additional information, BDO launched its official Facebook page in November 2014.

#### EXPECTATIONS IN 2015

The Philippines remains one of the region's top performers in 2015, with growth driven by a resilient consumer sector, rising investment flows, and revived government spending.

The country offers a lot of potential and is an attractive growth market, given its expanding domestic base, young population and rising per capita incomes. Opportunities for large-scale infrastructure projects likewise abound given the country's requirements in the areas of transport, road network, energy/power, utilities and health facilities, among others.

With its strong business franchise, growth strategy and solid capital base, BDO is well-placed to take advantage of market opportunities and take an active part in the country's economic expansion.





# AWARDS AND CITATIONS

## AWARDS AND CITATIONS

### BEST BANK

Best Bank: BDO (5 Consecutive Years), Alpha Southeast Asia  
Best Domestic Bank in the Philippines: BDO Unibank, Asiamoney  
Best Bank in the Philippines (2 Consecutive Years, 2013-2014), Euromoney  
Best Bank in the Philippines (5 Consecutive Years, 2010-2014), FinanceAsia  
Best Bank in the Philippines, Global Finance  
Best Domestic Bank: BDO (2 consecutive years), The Asset

### BEST INVESTMENT BANK

Best Investment Bank: BDO Capital & Investment Corp. (8 Consecutive Years), Alpha Southeast Asia  
Best Investment Bank in the Philippines: BDO Capital & Investment (9 consecutive years, 2006-2014), FinanceAsia  
Best Domestic Investment Bank: BDO Capital & Investment (9 consecutive years), The Asset

### BEST PRIVATE BANK

Best Private Banking Services Overall in the Philippines (2013-2014), Euromoney  
Best Private Wealth Management Bank: BDO Private Bank (7 Consecutive Years), Alpha Southeast Asia  
Best Private Banking Services Overall in the Philippines (2013-2014), Euromoney  
Best Private Bank in the Philippines (7 Consecutive Years, 2008-2014), FinanceAsia  
Best Private Bank - Philippines (2010-2014), The Asset

### INDIVIDUAL AWARDS

Asian Corporate Director of the Year: Teresita Sy-Coson, Corporate Governance Asia  
Asia's Best CEO (Investor Relations): Teresita Sy-Coson, Corporate Governance Asia  
Asia's Best CFO (Investor Relations): Pedro M. Florescio III, Corporate Governance Asia  
Best Investor Relations Professional (Philippines): Luis S. Reyes, Jr., Corporate Governance Asia  
2nd Asian Company Secretary of the Year Award (2 consecutive years): Edmundo L. Tan, Corporate Governance Asia  
One of the most Astute Investors in Philippines Peso Bonds: Ryanna Berza-Talan and Bernard Florencio, The Asset

A photograph of construction workers building a wooden structure, likely a roof or a large frame. One worker in the foreground is wearing a striped shirt, a tool belt, and safety glasses, reaching up to work on a wooden beam. Other workers are visible in the background, also working on the structure. The image is partially covered by a yellow banner with the text 'CORPORATE SOCIAL RESPONSIBILITY'.

# CORPORATE SOCIAL RESPONSIBILITY

## OTHER AWARDS

Syndicated Loan House of the Year: BDO Capital & Investment, Asia Pacific Loan Market Association (APLMA)  
Best Trade Finance Bank, Alpha Southeast Asia  
Best FX Bank for Corporate & Fis, Alpha Southeast Asia  
Most Organised Investor Relations & Best Senior Management IR Support, Alpha Southeast Asia  
Best of the Best Managed Companies 2014 - Best Managed Company for the Philippines, Medium Cap (2005-2006), Asiamoney  
Best Local Cash Management Bank in the Philippines as voted by small-sized corporates, Asiamoney  
Best Local Domestic Cash Management Services in the Philippines as voted by large-sized corporates, Asiamoney  
Best of the Best Banks 2014 - Best Domestic Debt House in the Philippines (2006-2010): BDO Capital & Investment Corporation, Asiamoney  
Best Local Cross-Border Cash Management Services in the Philippines as voted by small-sized corporates, Asiamoney  
Philippine Domestic Project Finance Bank of the Year, Asian Banking & Finance  
Online Banking Initiative of the Year, Philippines, Asian Banking & Finance  
SME Bank of the Year, Philippines, Asian Banking & Finance  
Silver awardee for Corporate Social Responsibility Program of the Year, Asian Banking & Finance  
Top Commercial Bank in Generating Remittances from Overseas Filipinos (for the year 2013), Bangko Sentral ng Pilipinas  
Outstanding PhilPass Participant Servicing Customer e-Payments - Commercial Bank (for the year 2013), Bangko Sentral ng Pilipinas  
Recipient of Corporate Governance Asia Recognition Awards for 10 consecutive years, Corporate Governance Asia  
Recipient of Best CSR, Corporate Governance Asia  
Recipient Best Corporate Communications Team, Corporate Governance Asia  
Recipient Best Investor Relations by Company (Philippines), Corporate Governance Asia  
Best Relationship Management in the Philippines (2012 and 2014), Euromoney  
Best Foreign Exchange Bank in the Philippines, FinanceAsia  
Trade Finance Provider, Philippines, Global Finance  
Best Investment Bank in the Philippines: BDO Capital & Investment, Global Finance  
Trusted Brand Gold Award (2008-2014), Reader's Digest  
Strongest Balance Sheet in the Philippines for 2014, The Asian Banker  
Best Cash Management Bank in the Philippines, The Asian Banker  
One of the Top Investment Houses in the Philippines, The Asset  
One of the Top Investment Houses in the Philippines: BDO Private Bank, The Asset  
Best Deal, Philippines for Century Pacific Food PHP3.2 billion IPO: BDO Capital & Investment, The Asset  
Top Bank in the Philippines in the Top 1000 World Banks Ranking, The Banker  
2014 Asia Excellence Brand Award, Yazhou Zhoukan

## CORPORATE SOCIAL RESPONSIBILITY

*“More than the recognition, however, what drives BDO and its foundation to carry on its projects is the knowledge that these help improve the lives of individuals and families — the less privileged and the vulnerable, those who need help the most.”*

That millions of Filipino communities are vulnerable to the effects of disasters, natural and human-induced, and that there is need to help them rebuild their lives are the focus of the activities of BDO Foundation — the Bank’s corporate social responsibility arm.

“Sometimes, dreams can be challenged especially by external circumstances. We at BDO seek to enable people to dream again. And the first step after relief operations is to rebuild and rehabilitate,” according to Maureen C. Abelardo, BDO Foundation President.

For the year 2014, BDO, through its foundation, pursued its projects on education (school buildings), health (rural health centers), and shelter (resettlement housing) for Filipinos across the country, especially those who had been battered by numerous typhoons and other recent disasters. It also undertook capacity-building activities to enable communities to retool themselves and make them more resilient.

### Relief Operations

Past disasters will not be the last to threaten communities. To respond to this continuing reality, BDOF adopted an integrated approach in its relief operations through the active engagement of BDO volunteers in over 875 branches and satellite offices, and a supply chain of SM stores to pack the goods. BDO’s extensive branch network has been helpful in the conduct of such relief activities.

### School buildings

The shortage of classrooms in Philippine public schools is a lingering problem. Calamities worsen the situation. When these occur, existing classrooms and school buildings are damaged or destroyed altogether, while the remaining ones are used as evacuation centers.

Amid these realities, BDOF recognizes that children need the regularity of daily learning,

whatever the weather and however difficult the situation.


Toward this end, BDOF, again in partnership with SM Foundation, completed and turned over two school buildings in Capiz and Aklan in 2014. These are two-storey buildings with four classrooms each. Three (3) more are under construction in Tacloban City, Negros Occidental and Iloilo, all on the Yolanda corridor.





Together with the Federation of Filipino-Chinese Chambers of Commerce, Inc. (FFCCCII), BDO built ten (10) one-storey school buildings with two classrooms each in Sorsogon, Laguna, Sultan Kudarat, North and South Cotabato, Ilocos Sur, Zamboanga, Leyte and Bohol.

With the Philippine Geothermal Production Company, Inc. (PGPC), BDOF completed and turned over a two-storey, four-classroom building for Baybay Elementary School in Catarman, Samar. Similar projects are under way in Pandan, Antique (in tandem with US-Philippines Society) and San Miguel, Leyte with Injap Investments, Inc.).



**1** TWO-STOREY,  
**4** CLASSROOM  
BUILDING

**10** TWO-STOREY SCHOOL BUILDINGS  
WITH **2** CLASSROOMS EACH

### Shelter

In Mati, Davao Oriental and in Sta. Fe, Leyte, two resettlement sites began construction in 2014. The former, with 69 housing units, is for victims of typhoon Pablo. The latter is for persons with disabilities and the victims of typhoon Yolanda, through the Foundation for These-Abled Persons, Inc (FTI). The Leyte resettlement site will have 100 units, all pre-fab and designed by German technology.



**2** RESETTLEMENT SITES  
WITH **69** HOUSING UNITS

BDOF recognizes that there is not just a need to build houses, but to establish functioning communities. These resettlement sites are not just made up of individual housing units. They come with a multi-purpose hall or community center where residents can hold workshops and other socio-civic, religious and other activities. These community centers are equipped with a kitchenette, comfort rooms and other furnishings and fully funded by BDO employees and officers.

**2015: SCHOOL BUILDINGS, RURAL HEALTH CENTERS, SHELTER SITES**




**45** MOTORIZED FISHING BOATS

### Livelihood

Forty-five motorized boats with fish nets were donated by BDO employees and officers to Project BANGKA (Bigay Agad NG Kabuhayan) of Regina Rica Foundation for the residents of Barangay Santikan, San Dionisio, Iloilo.



### Onward, with passion and commitment

In 2015, BDO through its foundation expects to see the full delivery of projects — school buildings, rural health centers and shelter sites — which commenced the previous year. It will continue to align its activities in the direction of relief, rehabilitation and reconstruction especially along the Yolanda corridor. There will also be an effort to help communities in other areas — equally devastated by disaster but which have not received ample attention and support, thus getting left behind in the long process of healing and rebuilding.

It also recognizes that an important component to delivering on this commitment is forging partnerships with foreign and local companies/agencies that share its values and objectives. For 2015 and the years ahead, BDO with its foundation affirms its leadership and its commitment to initiate and support community-based programs that uplift the lives of marginalized sectors especially those in disaster-affected areas.

This is consistent with “Building dreams for others, rebuilding lives” — the theme of what the Bank, through BDO Foundation, does for communities across the country. The theme also serves as a road map of the Bank’s continued pursuit to make a difference.

### True rewards

Testaments to the Bank’s passion and commitment are the Asia Responsible Entrepreneurship Awards 2014 for Social Empowerment, and the CSR Program of the year (Silver) from the Asian Banking and Finance.

“More than the recognition, however, what drives BDO and its foundation to carry on its projects is the knowledge that these help improve the lives of individuals and families — the less privileged and the vulnerable, those who need help the most,” says Abelardo.



## CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE

*BDO Unibank Inc. is at the forefront in good corporate governance. The Bank upholds the highest standards of ethical behavior and responsible conduct of business: protecting the interests of, and creating value for its shareholders. Anchored on the principles of accountability, fairness, integrity, transparency and performance, BDO's governance philosophy creates a corporate culture that promotes the institution's sustainability.*

## GOVERNANCE STRUCTURE

The effective governance of the Bank is a collective effort of the Bank's directors, officers and staff.

## BOARD OF DIRECTORS

The Board is composed of 11 members, 4 of whom are independent directors and aided by 3 advisers. All are professionals from various fields of expertise with the background, qualifications, skills and competencies to collectively discharge the Board's responsibilities effectively. These fields include banking, accounting, finance, law, merchandise marketing, strategy formulation, bank regulations and risk management.

The Board is elected by the shareholders. It bears the ultimate responsibility for the Bank's governance, strategy, risk management and financial performance. Its primary role is to protect and enhance shareholder value through

supervision and oversight of the Bank and its wholly-owned subsidiaries, and affiliates to the extent possible. It sets the strategic vision, direction and long-term goals of the Bank, approves and monitors financial plans, annual budgets, capital expenditures, major acquisitions and divestments, annual and interim financial statements, enterprise risk strategy, review management performance, develop succession plans for the Board and CEO and fulfills corporate social responsibility to ensure that the Bank is managed in a manner that fulfills stakeholders' expectations.

The Board conducts a yearly self-assessment of its performance.

In the conduct of its affairs, the Board holds regular monthly meetings and special meetings as needed. In 2014, the Board met 13 times to evaluate and approve various matters related to the Bank's operations.

## ATTENDANCE

### Board of Directors Meetings 2014

Directors	No. of Meetings Attended	Total No. of Meetings	Percentage Rating
1. Teresita T. Sy	13	13	100%
2. Jesus A. Jacinto, Jr.	13	13	100%
3. Nestor V. Tan	13	13	100%
4. Josefina N. Tan	13	13	100%
5. Antonio C. Pacis	13	13	100%
6. Jimmy T. Tang	12	13	92%
7. Cheo Chai Hong	11	13	85%
8. Jones M. Castro, Jr.	13	13	100%
9. Jose F. Buenaventura	11	13	85%
10. Christopher A. Bell-Knight	13	13	100%
11. Gilberto C. Teodoro, Jr.*	7	8	87%
12. Henry T. Sy, Jr.**	3	5	60%

\* Elected as Independent Director on April 25, 2014 vice Henry T. Sy, Jr.

\*\* Term ended April 25, 2014

## BOARD COMMITTEES

To assist the Board in discharging its roles and functions effectively, it delegates to nine (9) Committees specific responsibilities based on clearly defined mandates as follows:

### Executive Committee

#### Chairperson:

Teresita T. Sy

#### Members:

Jesus A. Jacinto, Jr., Josefina N. Tan, Nestor V. Tan, Antonio N. Cotoco and Guia C. Lim (commencing April 25, 2014)

The Board has empowered the Executive Committee to act on its behalf as the main approving body for Bank exposures, particularly approval/confirmation of credit proposals, investments, disposal of acquired assets and other projects or initiatives to enhance the Bank's operating and service delivery capabilities.

The Committee met 51 times in 2014 with Ms. Teresita T. Sy attending 42 meetings, Mr. Jesus A. Jacinto, Jr., 47 meetings, Mr. Nestor V. Tan, 36 meetings, Ms. Josefina N. Tan, 50 meetings, Mr. Antonio N. Cotoco, 42 meetings and Ms. Guia C. Lim, 46 of 49 meetings.

### Audit Committee

#### Chairperson:

Jose F. Buenaventura (Independent Director)

#### Members:

Jones M. Castro, Jr. (Independent Director), Jimmy T. Tang (Independent Director), Jesus A. Jacinto, Jr.

#### Advisers:

Shirley M. Sangalang (until April 25, 2014) and Corazon S. de la Paz-Bernardo

The Audit Committee provides oversight of the internal and external audit functions and ensures both the independence from management of internal audit activities. Other responsibilities include:

- Recommending the appointment and removal of external auditors, fixing of audit fee and approval of payment of fees for any other services rendered by the auditors.
- Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, credible, and compliant with regulations governing financial reporting.
- Reviewing, with management, the financial statements before submission to the Board.
- Approving the annual audit plans of the internal and external auditors and reviewing their reports of examination, including that of wholly-owned subsidiaries focusing on significant findings and their resolutions.
- Reviewing and evaluating, together with the external and internal auditors, the system of internal and financial controls, governance processes and risk management policies as designed and implemented by senior management for adequacy, effectiveness and improvements; it has authority to investigate any matter within its Terms of Reference.

In performing its oversight responsibilities, the Audit Committee provides to the Board assurance on the existence of an effective internal control environment that ensures the efficiency and effectiveness of operations, reliability of financial and other management information, adequacy of disclosures and compliance with relevant laws and regulations.

For the 2014 financial year, the Audit Committee has reviewed the audited financial statements with management and external auditors. It believes that the financial statements are fairly presented in conformity with the relevant financial reporting standards in all material aspects. It reported that it has evaluated the effectiveness of the internal controls, risk management systems and governance processes of the Bank based on information obtained from the External Auditor, the assurance provided by the Internal Auditor, and additional reports and information requested from Senior

Management. The Bank's systems are assessed as generally adequate and its operational risk is deemed moderate.

The Committee held 12 meetings, all of which were attended by Ms. Corazon de la Paz-Bernardo. All other members attended 11 times.

### Corporate Governance Committee

#### Chairperson:

Jones M. Castro, Jr. (*Independent Director*)

#### Members:

Jesus A. Jacinto, Jr.,  
Jimmy T. Tang (*Independent Director*),  
Christopher A. Bell-Knight

The Corporate Governance Committee is primarily tasked to assist the Board in formulating the policies and overseeing the implementation of the corporate governance practices of the Bank and its subsidiaries and relevant affiliates. Annually, it conducts the performance of self-evaluation of the Board of Directors, its committees, executive management and peer evaluation of directors to assess the overall effectiveness of the Board. It also oversees the implementation of the Directors Orientation and Continuing Education Program.

In 2014, it undertook the updating and revisions of the Corporate Governance Manual to align with the requirements of SEC and the ASEAN Corporate Governance Scorecard (ACGS), published the Bank's compliance with OECD principles on Corporate Governance and conducted again the annual performance review of the Board, committees, directors and executive management. On continuing education, 3 separate sessions of the Exclusive Corporate Governance Seminar were conducted by accredited training providers of the SEC with a total of 87 attendees from the Board of Directors and Senior Management of the Bank and its subsidiaries.

The Independent Directors and Non-Executive Directors, chaired by lead director Jones M. Castro, Jr., conducted four (4) executive sessions during the year with the External Auditor and Heads of Internal Audit, Risk Management and

Compliance without the presence of senior management to discuss various matters/issues outside of the regular meetings of the Audit and Risk Management Committees. The results of these sessions were discussed with the Bank's Chairperson, President and other Executive Directors.

The Committee also initiated the enhancements of corporate governance policies of the Bank with the approval of the Related Party Transactions Policy, establishment of the Related Party Transactions Committee, adoption of a formal Dividend Policy and revisions of the Term Limit of Independent Directors, Whistle Blower Policy and Code of Conduct and Business Ethics and the creation of the Information Technology Steering Committee.

To ensure full disclosure and transparency, the Committee undertook the submission of Annual Corporate Governance Report to the SEC and updating of the corporate website.

The Committee met six times in 2014 with Messrs. Jones M. Castro, Jr. and Jesus A. Jacinto, Jr. attending all meetings, while Messrs. Jimmy T. Tang and Christopher A. Bell-Knight attended 5 of 6 meetings.

### Trust Committee

#### Chairperson:

Antonio C. Pacis

#### Members:

Gilberto C. Teodoro, Jr.  
(*Independent Director-commencing April 25, 2014*); Cheo Chai Hong; Nestor V. Tan;  
Ador A. Abrogena and  
Henry T. Sy, Jr. (*until April 25, 2014*)

The Trust Committee reviews and approves transactions between trust and/or fiduciary accounts, the investment, reinvestment and disposition of funds or property, offering of new products and services, establishment and renewal of lines and limits with financial institutions, investment outlets and counterparties, accepts and closes trust/other fiduciary accounts. It evaluates trust and other fiduciary accounts at least once a year and reviews the Trust and Investment Group's

over-all performance, profile of funds and accountabilities under its management, industry position, and the risk management reports.

In 2014, the Committee approved the introduction of new business/products to serve client requirements better and enhance existing products to improve service delivery. It undertook revision of market pricing methodology, product manuals and reclassification of IMA/TA accounts to address regulatory concerns. It also established guidelines in the integration and consolidation of Deutsche Bank accounts. It performed self-assessment on Trust risk rating to establish baseline and determine areas for improvement.

The Committee met 13 times with Messrs. Antonio C. Pacis, Nestor V. Tan and Ador A. Abrogena attending all meetings. Mr. Cheo Chai Hong was present in 12 meetings. Mr. Gilberto C. Teodoro, Jr. attended all meetings since his appointment vice Mr. Henry T. Sy, Jr., and Mr. Henry T. Sy, Jr. was present in three meetings held until April 2014.

### Risk Management Committee

#### Chairperson:

Jones M. Castro, Jr. (*Independent Director*)

#### Members:

Nestor V. Tan; Josefina N. Tan;  
Christopher A. Bell-Knight

The Risk Management Committee is responsible for the development of the Bank's risk policies, defines the appropriate strategies for identifying, quantifying, managing and controlling risk exposures including preventing and/or minimizing the impact of losses when they occur. It supports the Board in performing its risk oversight functions and reviews the over-all risk management philosophy, risk strategy and risk tolerance levels, oversees the implementation and review of the risk management plan on an integrated enterprise-wide basis, system of limits of management of discretionary authority delegated by the Board and takes immediate corrective actions when breached. It is also responsible for reassessing the continued relevance, comprehensiveness and effectiveness of the risk management plan, and revises it

when needed. The Committee also reviews risk reports that control and monitor risk exposures and limits.

In 2014, the Committee conducted regular discussions on the Bank's risk exposures and mitigation of these risks, approved the renewal of risk management policies and limits and newly-developed risk management models and reviewed the performance of the existing risk management models. It also reviewed and updated the Terms of Reference in compliance with BSP Circular 749.

The Committee met 12 times in 2014 with Messrs. Jones M. Castro, Jr. and Nestor V. Tan attending all meetings, while Ms. Josefina N. Tan and Mr. Christopher A. Bell-Knight were present in 11 meetings.

### Nominations Committee

#### Chairperson:

Henry T. Sy, Jr. (*until April 25, 2014*),  
Josefina N. Tan (*commencing April 25, 2014*)

#### Members:

Jose F. Buenaventura  
(*Independent Director-commencing April 25, 2014*); and Jimmy T. Tang (*Independent Director*)

The Nominations Committee leads the process of identifying and recommending candidates for appointment as Directors and for other key positions taking into account the experience, expertise, knowledge and skills of the candidates, giving full consideration to succession planning and the leadership needs of the Bank. It recommends the composition and chairmanship of the various committees. It reviews the structure, size and composition of the Board, including the balance of skills, knowledge and experience and the independence of the non-executive Directors, and recommends changes if necessary. It also reviews all nominations for the appointment, re-appointment, election or re-election of Directors of the Bank and members of the various committees considering their performance, commitment and ability to contribute to the Board and makes recommendations to the Board on appointment of new Directors, when necessary.

In 2014, the Committee approved the nominations of the regular directors of the Bank, conducted a search for an independent director and nominated Mr. Gilberto C. Teodoro, Jr.. It evaluated and recommended the appointment of two (2) Executive Vice Presidents and two (2) Senior Vice Presidents. It also revised its Terms of Reference specifically the process of identifying candidates for appointment as Directors.

The Committee met 5 times in 2014 with Ms. Josefina N. Tan and Mr. Jimmy T. Tang attending all meetings, while Mr. Henry T. Sy, Jr. in 2 meetings and Mr. Jose F. Buenaventura in 3 meetings.

### Compensation Committee

**Chairperson:** Jimmy T. Tang (*Independent Director*)

**Members:** Jesus A. Jacinto, Jr.; Josefina N. Tan; and Teresita T. Sy

The Compensation Committee provides oversight on directors' compensation and remuneration of senior management consistent with the Bank's culture, corporate values and strategic objectives, effectively aligned with prudent risk taking and commensurate with corporate and individual performance. It also ensures consistency of the compensation policies and practices as applied across the Group with the objective of attracting, motivating, rewarding and retaining quality personnel and creating incentives for delivering long-term performance within established risk limits.

In 2014, it reviewed the increase in Fringe Benefits Program of officers and staff implemented thru the SM E-card.

The Committee held one (1) meeting in 2014 with all the members in attendance.

### Information Technology Steering Committee

**Chairperson:** Gilberto C. Teodoro, Jr. (*Independent Director*)

**Members:** Nestor V. Tan; Ricardo V. Martin

The Information Technology Steering Committee provides oversight and governance over the Bank's IT functions, including approvals of information technology-related policies and practices of the Bank and applicable guidelines. It informs the Board of both internal and external IT-related developments and activities, potential challenges and risks, progress versus strategic objectives and major IT projects. It approves and endorses to the Board IT-related best practices, strategic plans, policies and procedures.

After it was constituted by the Board of Directors on August 30, 2014, the Committee held two (2) meetings to approve the Bank's Information Technology Model, the IT Table of Organization, IT Group Job Descriptions and Enterprise Technical Contingency Plan of the Bank and endorse these for the approval of the Board of Directors.

Members of the Committee attended all meetings.

### Related Party Transactions Committee

**Chairperson:** Jose F. Buenaventura (*Independent Director*)

**Members:** Christopher A. Bell-Knight; Jimmy T. Tang (*Independent Director*) and Jones M. Castro, Jr. (*Independent Director-Alternate Member*)  
Adviser: Jesus A. Jacinto, Jr.

The Related Party Transactions Committee assists the Board in its oversight of the conduct of all Related Party Transactions (RPTs) to protect the interests of the Bank and its stakeholders. It ensures proper disclosure of all approved RPTs in accordance with applicable legal and regulatory requirements and

confirmation by majority vote on the Annual Stockholders' meeting the Bank's significant transactions with related parties.

The Committee was constituted on December 6, 2014. No meeting was held in 2014. Prior to the establishment of the Committee, the review and approval of Related Party Transactions (RPTs) were done by the full Board of Directors with the Director who is a related party abstaining from the deliberation and voting. In performing their oversight functions, the Related Party Transactions Committee (RPTC) will review all material RPTs and endorse to the Board of Directors for approval, with the Director who is a related party abstaining from the deliberation and voting.

### BEYOND COMPLIANCE

After putting in place the necessary governance mechanisms to promote good governance across the institution, the Bank has continued to reinforce and strengthen its structure, processes and practices of governance through adoption of best practices focused on the following key elements:

1. Composition of the Board – the number of Independent Directors was increased from 3 to 4. Independent Directors and Non-Executive Directors would constitute 63.63% (7 of 11 members) of the Board who are independent of management and could exercise unfettered and independent judgment, free from any business or other relationship that could materially interfere with the exercise of their ability to act in the best interest of the Bank and other stakeholders.
2. Term Limit of Independent Directors – reduced to a total of 9 years of service which is the threshold of foreign jurisdictions in determining that directors are still independent.
3. Selection of Board Members - using an external database to the extent possible and identifying the qualifications of directors aligned with the Bank's strategic directions and promoting diversity of the Board.
4. Executive Sessions of Independent and Non-Executive Directors - chaired by a Lead Director without the presence of senior

management.

5. Creation of the Related Party Transactions Committee - to ensure that RPTs are conducted in manner that prevents the occurrence of improper conflict of interest.
6. Adoption of an expanded Code of Conduct and Business Ethics - that is applicable to Directors, Officers and employees of the Bank. It covers the Bank's commitment to a gender friendly workplace, concern for occupational health, safety and environment, transparency, integrity and accountability, compliance with laws and regulations, standards of behavior and personal conduct and ethics of doing business.
7. Adoption of a formal Dividend Policy - as a way of recognizing the importance of providing a stable and sustainable dividend stream consistent with its commitment to shareholders. The Dividend Policy Statement is published in our corporate website at [www.bdo.com.ph/corporate-governance](http://www.bdo.com.ph/corporate-governance) under Company Policies.
8. Release of audited financial statements not later than 60 days - after the close of the financial year to promote transparency and full disclosure of the results of the operations of the Bank to various stakeholders and the general public.
9. Improvements in stakeholder engagement - through the implementation of various initiatives to recognize their roles, promote equitable treatment and protection of their rights. Additional information could be found in the Definitive Information Statement.

### AWARDS AND RECOGNITION

These awards reflect our deep commitment to the practice of corporate governance to meet stakeholders' expectations, fulfill our fiduciary role, and ensure the sustainability of BDO as an institution.

- Corporate Governance Asia
  - Philippine Stock Exchange
  - Institute of Corporate Directors
- Top 50 Publicly-Listed Companies in the ASEAN Corporate Governance Scorecard**
- Asian Company Secretary of the Years 2013 and 2014

# BOARD OF DIRECTORS

L-R (standing): Atty. Edmundo L. Tan, Cheo Chai Hong, Jimmy T. Tang, Jones M. Castro, Corazon S. De la Paz-Bernardo, Josefina N. Tan, Gilberto C. Teodoro, Jr., Jose F. Buenavventura, Antonio C. Pacis, Jose T. Sio; L-R (seated): Nestor V. Tan, Teresita T. Sy, Christopher A. Bell-Knight, Jesus A. Jacinto, Jr., Washington Z. SyCip



# DIRECTORS' PROFILE



**TERESITA T. SY**  
*Chairperson*

64, Filipino, is the Chairperson of BDO Unibank, Inc. and was first elected to the Board in 1997. Concurrently, she serves as the Chairperson, Vice Chairperson, and/or Director of various subsidiaries and affiliates of BDO such as BDO Private Bank, Inc., BDO Leasing & Finance, Inc., BDO Capital & Investment Corporation, BDO Foundation, Inc., Generali Pilipinas Holding Company, Inc., Generali Pilipinas Life Assurance Company, Inc., and Generali Pilipinas Insurance Co., Inc. She is the Vice Chairperson of SM Investments Corporation and Adviser to the Board of SM Prime Holdings, Inc. She also sits as Chairperson, Vice Chairperson and/or Director of Multi Realty Development Corporation, Belleshare Holdings, Inc. (formerly SM Commercial Properties, Inc.), SM Mart, Inc., SM Retail, Inc., Prime Metroestate Inc. (formerly Pilipinas Makro, Inc.), and First Asia Realty Development Corp. A graduate of Assumption College, she brings to the board her varied expertise in banking and finance, retail merchandising, mall and real estate development.

**NESTOR V. TAN**  
*President & CEO*



57, Filipino, is the President and CEO of BDO. He also concurrently holds vice chairmanships and/or directorships in the following subsidiaries of BDO Unibank, Inc.: BDO Capital & Investment Corporation, BDO Insurance Brokers, Inc., BDO Leasing and Finance, Inc. (PLC), BDO Private Bank, Inc., and BDO Remit (USA), Inc. He is also a Director in Generali Pilipinas Life Assurance Company, Inc., Generali Pilipinas Insurance Co., SM Keppel Land, Inc., Asian School of Business & Technology as well as directorship in the Advisory Board of Mastercard Worldwide. He also concurrently holds chairmanship of BDO Strategic Holdings, Inc. and Megalink, Inc. He is a Trustee of the following: BDO Foundation, Inc., Pinoy Me Foundation, De La Salle University Board of Advisors, Asian Institute of Management and National Industry Academe Council. Mr. Tan's banking career includes 15 years of international experience with the Mellon Bank (now Bank of New York-Mellon) in Pittsburgh, PA, the Bankers Trust Company (now Deutsche Bank) in New York, and the Barclays Group in New York and London. Prior to joining the Bank, he was Chief Operating Officer for the Financial Institutions Services Group of BZW, the investment banking subsidiary of the Barclays Group. He holds a Bachelor's Degree in Commerce from De La Salle University and received his MBA from Wharton School, University of Pennsylvania.

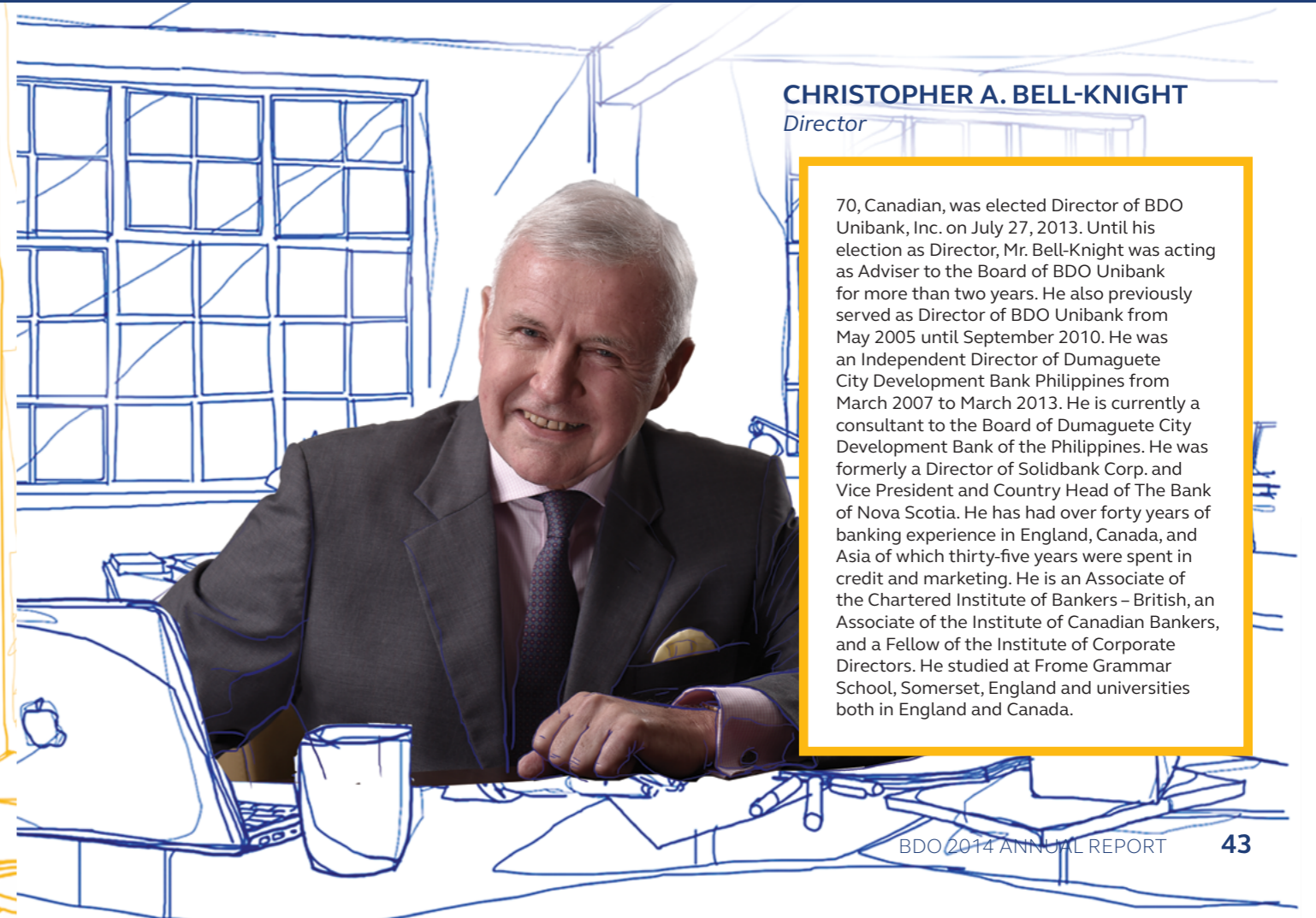
**JESUS A. JACINTO, JR.**  
*Vice Chairman*

67, Filipino, has been elected Vice Chairman of BDO since May 1996, and is concurrently the Chairman and President of BDO Insurance Brokers, Inc. He also heads Jaces Corp. as Chairman and President; and Janil Realty, Inc. and JAJ Holdings, Inc. as President. He is likewise Director of Bayer Phil., Inc. Formerly, he was Director and Executive Vice President of CityTrust Banking Corp.; Director of CityTrust Investments Phil. and CityTrust Finance Corp.; and Vice President and Managing Partner of Citibank N.A. He holds a Bachelor's degree in Business Administration from Fordham University in New York City and MBA (International Business) from Columbia University, New York City.



**CHRISTOPHER A. BELL-KNIGHT**  
*Director*

70, Canadian, was elected Director of BDO Unibank, Inc. on July 27, 2013. Until his election as Director, Mr. Bell-Knight was acting as Adviser to the Board of BDO Unibank for more than two years. He also previously served as Director of BDO Unibank from May 2005 until September 2010. He was an Independent Director of Dumaguete City Development Bank Philippines from March 2007 to March 2013. He is currently a consultant to the Board of Dumaguete City Development Bank of the Philippines. He was formerly a Director of Solidbank Corp. and Vice President and Country Head of The Bank of Nova Scotia. He has had over forty years of banking experience in England, Canada, and Asia of which thirty-five years were spent in credit and marketing. He is an Associate of the Chartered Institute of Bankers – British, an Associate of the Institute of Canadian Bankers, and a Fellow of the Institute of Corporate Directors. He studied at Frome Grammar School, Somerset, England and universities both in England and Canada.



**GILBERTO C. TEODORO, JR.**  
*Independent Director*

50, Filipino, was elected Independent Director of the Bank on April 25, 2014. He was formerly Chairman of Suricon Resources Corporation and PNP Foundation, Inc. He is also a member of the Board of Directors of Philippine Geothermal Production Company, Incorporated, Canlubang Sugar Estate and member of the Board or Advisors of Seawood Resources, Incorporated. He served as Secretary of National Defense from 2007 to 2009 and was a Member of the Philippine House of Representatives from 1998-2007. He trained under former Solicitor General Estelito P. Mendoza Esq. and was involved in a wide range of issues — constitutional, corporate, criminal, civil, and administrative and in pro-bono work to assist various indigent litigants from 1990 to 1997. He holds a Bachelor of Science in Commerce degree majoring in Management of Financial Institutions from the De La Salle University; Bachelor's degree in Law (LLB) from the University of the Philippines; and Masters in Law degree (LLM) from the Harvard Law School, USA. He placed first in the Philippine Bar Examinations of 1989 and was admitted to the State Bar of New York.

**CHEO CHAI HONG**  
*Director*

62, Singaporean, was elected Director of BDO in May 2010. He currently sits as Director of UOB Global Capital Private Limited, United Overseas Bank (Thai) Public Company Limited, UOB International Investment Pte Ltd., UOB Asset Management Ltd. and the Anglo-Chinese Schools Foundation Ltd. He is Managing Director of Group Credit and Head of Corporate Planning and Strategy Department of UOB Singapore. He holds an Honour's Degree in Business Administration from the University of Singapore.

**ANTONIO C. PACIS**  
*Director*

74, Filipino, was elected Director of BDO in June 2004. He currently serves both BDO and BDO Capital & Investment Corporation as a director. He has been in law practice since 1967, counseling bank and corporate clients in the areas of regulatory, business, corporate and trust law, and individuals in the areas of family law and estate plans. In the course of his practice, he has served in various capacities in companies upon invitation of clients. He holds degrees from the Ateneo de Manila University (AB), from the Ateneo School of Law (LLB) and from the Harvard Law School (LLM).

**JOSEFINA N. TAN**  
*Director*

69, Filipino, was elected Director of BDO in July 2007. Concurrently, she serves as President/Director of BDO Private Bank, Inc. She is also Chairman of the Board of Miriam College and a Trustee of Development Center for Finance, Laura Vicuña Foundation and Finex Foundation. She was a Director of Banco de Oro Universal Bank from 2001 to August 2005. She was also Executive Vice President of the former Far East Bank & Trust Co.; Director and President of FEB Leasing & Finance Corp.; Executive Director and Trustee of FEB Foundation, Inc.; and Executive Vice President of FEB Investments, Inc. until 2000. She was a Director of Equitable PCI Bank, Inc. from September 2005 until its merger with BDO in May 2007.

**JONES M. CASTRO, JR.**  
*Independent Director*

66, Filipino and American, was elected Independent Director of the Bank on April 20, 2012. He has forty-two years of banking expertise, with thirty-two years of international banking experience. From 2009 to 2011, Mr. Castro was the Area Head for South and Southeast Asia of the Wells Fargo Bank, San Francisco. As Area Head, he managed twelve countries, eleven overseas offices, one hundred two team members and US 3 Billion dollars in loans. From 2006 to 2009, Mr. Castro was Regional Head for Latin America 1, including the Caribbean, of the Wachovia Bank, Miami, and managed twenty-five countries, three overseas offices, thirty team members and US 1.8 Billion dollars in loans. From 2005 to 2006, he was Executive Vice President and International Banking Group Head of the Union Bank of California, San Francisco. From 1990 to 1994, he was Senior Vice President – Controller of Bank of California, San Francisco, and from 1994 to 1997, he was its Senior Vice President of Strategic Planning in Office of the President. He is currently Executive Vice Chairman and Trustee of the PhilDev USA and PhilDev S & T. Mr. Castro obtained his Bachelor's Degree in Applied Mathematics in Economics, Cum Laude, from Harvard University. He received his Masters in Business Administration, Accounting & Finance, from Stanford University.

**JOSE F. BUENAVENTURA**  
*Independent Director*

80, Filipino, was elected Independent Director of BDO Unibank on April 19, 2013. He is a Senior Partner of the Romulo Mabanta Sayoc & De Los Angeles Law Offices since 1976. He is President and Director of Consolidated Coconut Corporation. He is likewise Director and Corporate Secretary of 2B3C Foundation, Inc. and Peter Paul Philippines Corporation. He is also a Member of the Board of BDO Securities Corporation, Capital Managers & Advisors, Inc., Cebu Air, Inc. (PLC), GROW, Inc., GROW Holdings, Inc., Hicap Properties Corporation, Himap Properties Corporation, La Concha Land Investment Corp., Melco Crown (Philippines) Resorts Corp. (PLC), Philippine First Insurance Co., Inc., Philplans First, Inc., Techzone Philippines, Inc., The Country Club, Inc., Total Consolidated Asset Management, Inc., and Turner Entertainment Manila, Inc. He holds the degrees of Bachelor of Arts and Bachelor of Laws from the Ateneo de Manila University, and Master of Laws from Georgetown University Law Center in Washington, D.C.

**EDMUNDO L. TAN**  
*Corporate Secretary*

68, Filipino, serves as Corporate Secretary of BDO Unibank, Inc. from July 2007 up to the present and BDO Private Bank from February 2012 up to the present. He was formerly a Director of BDO Leasing & Finance, Inc. and now serves as Adviser of the Board. Atty. Tan is a Director and the Corporate Secretary of APC Group, Inc. from 2000 up to the present. He serves as Director and Corporate Secretary of Philippine Global Communications, Inc. from 2000 until his resignation as Corporate Secretary in 2010 and Aragorn Power and Energy Corporation from 2005 until his resignation as Corporate Secretary in 2012. He is currently Director of PRC MAGMA Resources, Inc. (2010 up to the present). He was elected director of OCP Holdings, Inc. in July 2012 and likewise elected as Trustee of Philippine Dispute Resolution Center, Inc. (PDRCI) from 2011 up to the present. Atty. Tan is the Managing Partner of Tan, Acut Lopez & Pison Law Offices (1993 up to present). He was formerly Senior Partner in Ponce Enrile Cayetano Reyes & Manalastas Law Offices, a Partner in Angara Abello Concepcion, Regala & Cruz Law Offices, and an Associate in Cruz Villarin Ongkiko Academia & Durian Law Offices.

**JIMMY T. TANG**  
*Independent Director*

78, Filipino, has been an Independent Director of BDO since July 27, 2002. He served as a regular director of BDO from 1984 until his election as independent director. He is the President and Chairman of the Board of the Avesco Group of Companies. He currently serves as Honorary Adviser of the Federation of Electrical and Electronics Suppliers and Manufacturers of the Philippines, Inc. (PESA) & PESA Foundation; and Honorary President of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. (FFCCCII). He was the 9th President of PESA and the first Chairman of the PESA Foundation, which he served for seven years. He also served two terms as the 11th President of FFCCCII. He holds a Bachelor's Degree in Electrical Engineering from the Mapua Institute of Technology and was awarded the "Top Outstanding Mapuan for Entrepreneurship" in 1987.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

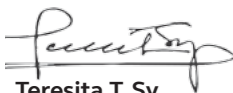
The management of **BDO Unibank, Inc. (the Bank)** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014, 2013 and 2012 in accordance with Philippine Financial Reporting Standards, including the following additional supplemental information filed separately from the basic financial statements:

- Supplementary Schedules required under Annex 68-E of the Securities Regulation Code Rule 68;
- Reconciliation of Retained Earnings Available for Dividend Declaration;
- Schedule of Philippine Financial Reporting Standards and Interpretations adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2014; and,
- Map Showing the Relationship Between and Among the Bank and its Related Entities.

Management responsibility on the financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews the consolidated statements, and the additional supplemental information, and submits the same to the stockholders.


Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the Bank in accordance with Philippine Standards on Auditing and, in its report to the Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

  
Teresita T. Sy

Chairman of the Board

  
Nestor V. Tan

President & CEO

  
Pedro M. Florescio III  
Treasurer

Name	CEI Number	Date & Place Issued
1. Teresita T. Sy	Passport No. – EB0826424 CTC No. – 00352716	08.25.2010/Manila 02.23.2015/Manila
2. Nestor V. Tan	Passport No. – EB7352142 CTC No. – 02254577	02.11.2013/Manila 02.10.2014/Makati
3. Pedro M. Florescio III	Passport No. – EB1502366 CTC No. – 04932863	12.03.2010/Manila 02.16.2015/Makati

WITNESS BY HAND AND SEAL on the day first above-mentioned at Makati City.

Signed this 26<sup>th</sup> day of February 2015

SUBSCRIBED and SWORN to me before this 26<sup>th</sup> day of February, 2015 affiants exhibiting to me their Competent Evidence of Identity (CEI), as follows:

Doc. No. 424  
Page No. 86  
Book No. II  
Series of 2015

(Sgd.) **Atty. EARL CHARLES N. VILLARIN**  
Notary Public for Makati City, Philippines  
until 31 December 2015  
Appointment No. M-326  
14/F North Tower, BDO Corporate Center  
7899 Makati Avenue, Makati City  
IBP Lifetime Member No. 07478, PPLM  
PTR No. 4751246, 1/05/2015, Makati City  
MCLE Compliance No. IV-0017178, 4/16/2013

## STATEMENTS OF FINANCIAL POSITION

### BDO UNIBANK, INC. AND SUBSIDIARIES DECEMBER 31, 2014 AND 2013 (Amounts in Millions of Philippine Pesos)

		BDO Unibank Group		Parent Bank	
	Notes	2014	2013	2014	2013
RESOURCES					
CASH AND OTHER CASH ITEMS	7	P 41,342	P 27,824	P 41,237	P 27,736
DUE FROM BANGKO SENTRAL NG PILIPINAS	7	269,542	408,383	258,416	384,361
DUE FROM OTHER BANKS	8	45,621	26,939	43,165	24,655
TRADING AND INVESTMENT SECURITIES	9	221,510	227,910	195,449	207,747
LOANS AND OTHER RECEIVABLES - Net	10	1,212,930	922,553	1,182,184	907,393
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	11	21,093	17,908	18,917	16,325
INVESTMENT PROPERTIES - Net	12	13,861	10,381	10,858	7,518
OTHER RESOURCES - Net	13	37,750	30,880	42,847	39,046
TOTAL RESOURCES		P 1,863,649	P 1,672,778	P 1,793,073	P 1,614,781
LIABILITIES AND EQUITY					
DEPOSIT LIABILITIES	15	P 1,492,282	P 1,345,333	P 1,464,089	P 1,317,132
BILLS PAYABLE	16	100,361	94,243	85,069	82,827
SUBORDINATED NOTES PAYABLE	17	10,030	3,007	10,030	3,007
OTHER LIABILITIES	18	81,307	65,841	65,358	58,107
Total Liabilities		1,683,980	1,508,424	1,624,546	1,461,073
EQUITY	19				
Attributable to:					
Shareholders of the Parent Bank		179,036	163,711	168,527	153,708
Non-controlling Interests		633	643	-	-
		179,669	164,354	168,527	153,708
TOTAL LIABILITIES AND EQUITY		P 1,863,649	P 1,672,778	P 1,793,073	P 1,614,781

See Notes to Financial Statements.

## STATEMENTS OF INCOME

### BDO UNIBANK, INC. AND SUBSIDIARIES FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012 (Amounts in Millions of Philippine Pesos Except Per Share Data)

	Notes	BDO Unibank Group			Parent Bank		
		2014	2013	2012	2014	2013	2012
INTEREST INCOME	20	P 63,583	P 56,606	P 54,014	P 60,871	P 54,431	P 51,657
INTEREST EXPENSE	21	<u>12,358</u>	<u>13,440</u>	<u>17,893</u>	<u>11,728</u>	<u>13,014</u>	<u>17,245</u>
NET INTEREST INCOME		51,225	43,166	36,121	49,143	41,417	34,412
IMPAIRMENT LOSSES - Net	14	<u>5,114</u>	<u>7,001</u>	<u>4,941</u>	<u>5,014</u>	<u>6,216</u>	<u>4,850</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		46,111	36,165	31,180	44,129	35,201	29,562
OTHER OPERATING INCOME	22	29,487	31,844	24,427	27,026	27,080	21,703
OTHER OPERATING EXPENSES	22	<u>48,530</u>	<u>43,259</u>	<u>39,494</u>	<u>44,836</u>	<u>40,364</u>	<u>37,104</u>
PROFIT BEFORE TAX		27,068	24,750	16,113	26,319	21,917	14,161
TAX EXPENSE	27	<u>4,240</u>	<u>2,104</u>	<u>1,571</u>	<u>3,522</u>	<u>1,418</u>	<u>1,117</u>
NET PROFIT		<u>P 22,828</u>	<u>P 22,646</u>	<u>P 14,542</u>	<u>P 22,797</u>	<u>P 20,499</u>	<u>P 13,044</u>
<b>Attributable To:</b>							
Shareholders of the Parent Bank		P 22,805	P 22,608	P 14,483			
Non-controlling Interests		<u>23</u>	<u>38</u>	<u>59</u>			
		<u>P 22,828</u>	<u>P 22,646</u>	<u>P 14,542</u>			
<b>Earnings Per Share:</b>	28						
Basic		<u>P 6.27</u>	<u>P 6.22</u>	<u>P 4.52</u>	<u>P 6.27</u>	<u>P 5.63</u>	<u>P 4.06</u>
Diluted		<u>P 6.27</u>	<u>P 6.18</u>	<u>P 4.52</u>	<u>P 6.27</u>	<u>P 5.61</u>	<u>P 4.06</u>

See Notes to Financial Statements.

## MANAGEMENT DIRECTORY

### BOARD OF DIRECTORS

#### Chairman Emeritus

Mr. Henry Sy, Sr.

#### Chairperson

Teresita T. Sy

#### Vice Chairman

Jesus A. Jacinto, Jr.

#### Directors

Christopher A. Bell-Knight  
Atty. Jose F. Buenaventura  
Jones M. Castro, Jr.  
Cheo Chai Hong  
Atty. Antonio C. Pacis  
Josefina N. Tan  
Nestor V. Tan  
Jimmy T. Tang  
Atty. Gilberto C. Teodoro, Jr.

#### Advisers

Corazon S. de la Paz - Bernardo  
Jose T. Sio  
Washington Z. SyCip

#### Corporate Secretary

Edmundo L. Tan

### PRINCIPAL OFFICERS

#### President & CEO

Nestor V. Tan

#### Senior Executive Vice President

Antonio N. Cotoco  
Walter C. Wassmer  
Jaime C. Yu

#### Executive Vice President

Ador A. Abrogena  
Stella L. Cabalatungan  
Anthony Q. Chua  
Julie Y. Chua  
Gerard Lee B. Co  
Lucy C. Dy  
Eduardo V. Francisco  
Pedro M. Florescio III

Guia C. Lim  
Ricardo V. Martin  
Edmundo S. Soriano  
Cecilia Luz L. Tan  
Rolando C. Tanchanco  
Dennis B. Velasquez  
Evelyn L. Villanueva

#### Senior Vice President

Ursula A. Alano  
Noel L. Andrada  
Maria Carina S. Antonio  
Rafael G. Ayuste, Jr.  
Melanie S. Belen  
Gamalielh Ariel O. Benavides  
Rafael G. Besa  
Ma. Ophelia L. Camiña  
Marilou L. Cesario  
Arthur Vincent D. Chung  
Angelita O. Cortez  
Jonathan T. Cua  
Ramon S. David  
Ma. Lourdes T. De Vera  
Montiel H. Delos Santos  
Geronimo D. Diaz  
Jonathan C. Diokno  
Noel D. Dizon  
Ismael G. Estela, Jr.  
Belinda C. Fernandez  
Geneva T. Gloria  
Alvin C. Go  
Jonathan C. Bian Go  
Marilyn K. Go  
Sonia Maribel D. Go  
Lazaro Jerome C. Guevarra  
Enrico R. Hernandez  
Eleanor M. Hilado  
Antonio N. Jacinto  
Jeanette S. Javellana  
Roberto E. Lapid  
Gabriel U. Lim  
Mercedes M. Limson  
Manuel Z. Locsin, Jr.  
Manuel Patricio C. Malabanan  
Ma. Corazon A. Mallillin  
Angelita C. Manulat  
Dalmacio D. Martin  
Jose Noel M. Mendoza  
Ramon T. Militar

Aurea Imelda S. Montejo  
Emmanuel T. Narciso  
Jaime M. Nasol  
Annie H. Ngo  
Frederico Rafael D. Ocampo  
Estrellita V. Ong  
Martin B. Ordoñez  
Maria Rhoda B. Orsolino  
Jose Alfredo G. Pascual  
Antonio O. Peña  
Rogel A. Raya  
Maria Nannette R. Regala  
Luis S. Reyes, Jr.  
Susan Audrey P. Rivera  
Evelyn C. Salagubang  
Shirley M. Sangalang  
Gregorio C. Severino  
Ma. Theresa S. Simbul  
Evylen C. Sison  
Noel B. Sugay  
Robert W. Sy  
Edwin R. Tajanlangit  
Arthur L. Tan  
Lorna A. Tan  
Maria Theresa L. Tan  
Federico P. Tancongo  
Reynaldo A. Tanjangco, Jr.  
Ma. Mercedes P. Tioseco  
Rebecca S. Torres  
Rosola A. Vivas  
Edward G. Wenceslao  
Ma. Teresita Susana L. Yap

#### First Vice President

Donabel R. Aala  
Jeffrey R. Abacan  
Jocelyn D. Agas  
Gerard M. Aguirre  
Dulce Amor E. Alimbuyuguen  
Milagros R. Alindogan  
Felina M. Arellano  
Onofre D. Avellanosa  
Maria Cecilia M. Avila  
Janet B. Bagnes  
Pedro C. Bautista, Jr.  
Jose Luis F. Bautista  
Wilma N. Berioso  
Manuel Patricio J. Bondad  
Maria Eleanor B. Briones  
Rolino C. Bucao, Jr.

Amelia Caridad C. Castelo  
Aurora M. Castro  
Regina G. Caynap  
Susie S. Cham  
Joseph C. Chua  
Ruby A. Chua  
Salva Fe S. Cirilos  
Luisa J. Co  
Edna Christine P. Cruz  
Lolita L. Damasco  
Cesario C. Dayego  
Lamberto B. Del Fonso, Jr.  
Ma. Victoria F. Dela Cruz  
Rolando L. Dillague  
Pollyanna B. Diokno  
Ma. Fe H. Dy  
Rolando A. Embrador  
Gwyneth M. Entao  
Bernard M. Florencio  
Expedito G. Garcia, Jr.  
Cheryll B. Gaviño  
Marcelita I. Geollegue  
Florish M. Gianan  
Judy L. Go  
Yolanda M. Go  
Renato S. Gongora  
Myrianne Joan D. Gonzales  
Lily C. Huang  
Lilian T. Khu  
Ma. Cecilia G. Lantin  
Benjamin A. Larin Jr.  
Ma. Remedios B. Lapuz  
Grace G. Lastimosa  
Geraldine C. Liggayu  
Juan Sabino P. Lizares  
Joseph Rhoderick B. Lledo  
Peter S. Lo, Jr.  
Gertrudes J. Lumain  
Maria Pia L. Maceda  
Francis Jay T. Magboo  
Jose Paolo Enrique A. Magpale  
Maria Dolores P. Magsalin  
Roy Allan V. Magturo  
Ronald M. Manalastas  
Jesus A. Mañego, Jr.  
Edgardo R. Marcelo, Jr.  
Thelma D. Mazo  
Abigail P. Melicor  
Proceso Z. Mendoza, Jr.  
Tomas Victor A. Mendoza

Anthony R. Milan  
Edelwina Victoria E. Millan  
Merceditas P. Montesclaros  
Francis Jay F. Nacino  
Ma. Concepcion Q. Narciso  
Armando T. Navarrete  
Sarah Jessica M. Navarro  
Cristina G. Ngo  
Felicitas C. Nonato  
Larry G. Ong  
Alvin Victor D. Ortiz  
Emily T. Oquias  
Ma Bella C. Paguiligan  
Aurora Zita G. Panopio  
Clarissa M. Peñalosa  
Yolanda A. Pilapil  
Rita Y. Poa  
Maria Teresa (Marisa) M. Quiogue  
Eduardo C. Ramos  
Jonathan L. Ravelas  
Lily T. Roxas  
Luisito S. Salazar  
Emily D. Samoy  
Bennett Clarence D. Santiago  
Cervina Elenore A. Santos  
Ma. Cecilia S. Santos  
Joel Jovencio E. Sarreal  
Salvador R. Serrano  
Teresita C. Siy  
Mary Lou D. Son Keng Po  
Virginia N. Sy  
Angelita C. Tad-Y  
Antonio U. Tan  
Divina N. Tan  
Judy C. Tan  
Marites L. Tan  
Richard R. Tan  
Edna R. Tarroza  
Alice O. Teh  
Aniana A. Timbre  
Ma Rosita J. Tinio  
Frederick N. Tiu  
Agnes C. Tuason  
Wendeline Therese M. Tumolva  
Myla R. Untalan  
Arlene Marie H. Uson  
Maria Dolores C. Uyliapco  
Agerico Melecio S. Verzola  
Noemi T. Villanueva  
Francisco B. Vista, Jr.

Dandy T. Yap  
Joy T. Yap  
Margaret L. Yu

#### Vice President

Virginia N. Abad  
Ma. Cecilia T. Abola  
Irma I. Acayan  
Fitzgerald L. Aclan  
Edna C. Agajan  
Sandra C. Agdamag  
Peter Blair S. Agustin  
Nadine Anne R. Alapan  
Melissa A. Alcantara  
Edgardo L. Alcaraz  
Carlos S. Alindogan  
Susan G. Almendral  
Maria Angela D. Almojuela  
Jose Virgilio O. Alvarez  
Patricia Lei D. Alvarillo  
Jose Joel S. Andres  
Leticia L. Ang Ley  
Jeffrey O. Ang  
Ma. Ophelia R. Angeles  
Apolinario E. Aquino  
Maria Agnes R. Aragon  
Lydia S. Arrieta  
Susan Marie J. Atienza  
Manuel E. Aviles  
Ferdinand C. Bacungan  
Olivia A. Barcarse  
Lilli Ann D. Bautista  
Marites A. Bautista  
Rodora V. Bautista  
Joel Z. Belardo  
Jimmy A. Belarmino  
Barbara May M. Billano  
Mary Jean T. Borbe  
Ernesto F. Borlado, Jr.  
Lelisa R. Bouazzi  
Adelo C. Brabante  
Marie Therese D. Brillantes  
Marc Dominique M. Brion  
Ma. Eloisa S. Britanico  
Conrado T. Buenaventura VI  
Benilda G. Cabardo  
Barbara P. Cabo  
Mary Grace R. Caguioa  
Michael R. Cahigas  
Gerardo O. Calvelo

Emmanuel A. Camua  
 Judy Grace D. Capili  
 Jose Rene C. Carlos  
 Rodolfo M. Carlos Jr.  
 Abigail Marie D. Casanova  
 Ma. Fatima C. Catambacan  
 Lucila R. Celestino  
 Edmund S. Chan  
 Robic S. Chavez  
 Ronell C. Chiong  
 Abigail Kathryn L. Chiw  
 Aileen R. Chua  
 Edwin L. Chua  
 Eugenio D. Chua  
 Helen T. Chua  
 Kimberly K. Chua  
 Sue Anne N. Chuongco  
 Sonia C. Co  
 Ma. Cristina Barbara V. Concepcion  
 Maria Cristina P. Cordero  
 Rita V. Coronel  
 Rosario C. Crisostomo  
 Antonio M. Cruz  
 Prescilla J. Cruz  
 Ruby A. Cruz  
 Jerry S. Cureg  
 Loretto C. De Austria  
 Anthony Emmanuel C. De Dios  
 Iris Suzanne F. De Guzman  
 Ma. Rita K. De La Vega  
 Vicente A. De Ocampo III  
 Priscilla R. De Villa  
 Mary Ann G. Dela Cruz  
 Ma. Cecilia B. De Paz  
 Ma. Dina B. Desembrana  
 Jorge E. Dioneda  
 Albert Dizon  
 Ma. Eliza Cristina G. Dolina  
 Cezar G. Domingo  
 George R. Dosado  
 Angela Veronica M. Dulalia  
 Leila D. Dumlao  
 Charlotte U. Dy  
 Armina C. Empeño  
 Rolando C. Eriga  
 Joel M. Escala  
 Maria Socorro Y. Escario  
 Florencia Ma. Carina P. Esguerra  
 Elizabeth G. Estrada  
 Marirose A. Fernando

Florencio Aquillo V. Florendo  
 Perlita S. Flores  
 Patricia L. Forbes  
 Michael J. Francisco  
 Zenaida A. Gambol  
 Jose Ramon C. Garcia  
 Angeline Grace T. Go  
 Genevieve Wan Jun Go  
 Katherine L. Go  
 Maria Carmela M. Guerrero  
 Charles Bryan S. Ho  
 Mary Jean A. Ibuna  
 Marietta M. Jamilla  
 Zerlita Esperanza Z. Jandoc  
 Anabelle F. Kabigting  
 Ma. Karla F. Kallos  
 Rosalisa B. Kapuno  
 Wilfred Kong Chi Man  
 Emma M. Lacsamana  
 Ernesto L. Ladrido IV  
 Charlie Ka Ki Lam  
 Cirila S. Lao  
 Rafael Martin C. Lara  
 Rhoda D. Lazaro  
 Avelino F. Lazona, Jr.  
 Michelelette S. Legaspi  
 Ma. Jeanette H. Leonor  
 Lilian Leslie T. Lim  
 Roderick L. Lim  
 Normita D. Lising  
 Alberto V. Lizares  
 John Emmanuel M. Lizares  
 Margarita Y. Locsin  
 Mary Grace O. Lojo  
 Hannah Regina H. Lopez  
 Ma. Mona Lisa R. Lopez  
 Peter Louie D. Magdame  
 Maria Lourdes S. Maraingan  
 Elena D. Mariano  
 Rosano B. Marpuri  
 Martin Paolo L. Marty  
 Ma. Clotilde G. Medalla  
 Ariel T. Melo  
 Maria Paz D. Mendoza  
 Juan Nemesio V. Miraflor III  
 Dalisay S. Molas  
 Christina T. Nakanishi  
 Cynthia T. Nopia  
 Herman L. Ong  
 Sophia O. Ong

Josefa P. Ortiz  
 Arnaldo Emerito E. Palad  
 Carla Sherrylyn C. Papa  
 Rommel L. Parong  
 Eva M. Paz  
 Juvencio L. Pereche, Jr.  
 Maria Natividad A. Pobre  
 Cyrus M. Polloso  
 Jose Eduardo A. Quimpo II  
 Edlyn L. Quiroz  
 Amaneci Grace V. Ramos  
 Gilbert P. Ramos  
 Charisse B. Recto  
 Paul Richard P. Regondola  
 Ma Elena I. Rigor  
 Raoul L. Reniedo  
 Concepcion G. Reyes  
 Ma. Ana Elena R. Reyes  
 Myra A. Reyes  
 Pamela Ann S. Reyes  
 Ray R. Reyes  
 Albert Henry G. Rios  
 Anthony B. Rivera  
 Joseph Rey M. Rivera  
 Edna T. Rogando  
 Antonio D. Rona  
 Cynthia Sadang  
 Rolando S. San Diego  
 Arsenia S. Santos  
 Bernard Q. Santos  
 Gerard R. Santos  
 Jennifer B. Santos  
 Marie Anne C. Santos  
 Roberto P. Sarile  
 Elaine G. See  
 Rafael O. Simpao III  
 Jennifer F. So  
 Philip L. So  
 Ma. Corazon H. Socorro  
 Changsoo Sohn  
 Ma. Theresa M. Soriano  
 Geraldine I. Suarez  
 Evelyn K. Sy  
 Richard S. Sy  
 Carmelita Teresa D. Tan  
 Catherine C. Tan  
 Grace C. Tan  
 Dennis M. Tangonan  
 Steven C. Te  
 Diosdado R. Teh

Ken Arthur J. Tiambeng  
 Marilyn G. Tin  
 Eric Noel D. Tionguico  
 Robert John R. Tolentino  
 Marissa F. Tomas  
 Ma. Ramona T. Torres  
 Cosme S. Trinidad, Jr.  
 Zenaida A. Triunfante  
 Bernhard Aloysius G. Tsai  
 Rosa Maria G. Tumangday  
 Blandina Uvyhilda B. Vicente  
 Sharon Mae S. Vicente  
 Mary Lou B. Villarba  
 Jaime Claro L. Weber  
 Eleanor D. Wee  
 Richard O. Wenceslao  
 Adora A. Yanga  
 Joel T. Yee  
 Beatriz Y. Zalazar  
 William P. Zulueta

# PRODUCTS AND SERVICES

## PERSONAL BANKING

### BRANCH BANKING

Peso Deposits  
Peso Checking Account  
Peso Savings Account  
Peso Time Deposit  
Foreign Currency  
US\$ Savings Account  
US\$ Time Deposit  
Third Currency Time Deposit  
Safe Deposit Box

### CONSUMER LOANS

Auto Loans  
Home Loans  
Small Business Loans  
Personal Loans  
Credit Cards  
Contract-to-Sell  
Merchant Acquiring

## BUSINESS BANKING

### BDO LEASING AND FINANCE, INC.

Finance Leases  
Operating Leases  
Floor Stock Financing

### CORPORATE LOANS AND OTHER SERVICES

Revolving Credit Line  
Term Loan  
Discounting Facility  
Trade Finance  
Documentary Collection

### TRADE SERVICES

LC Opening  
Trust Receipts  
Imports/Exports  
Collection of Final Tax and Duties  
Shipping Guarantees

## WEALTH MANAGEMENT

### TRUST AND INVESTMENTS

Unit Investment Trust Funds - Peso/Dollar  
Customized Portfolio Management  
Special Trust Agency and Custody Services  
Investment Management Advisory Services  
Easy Investment Plan

### BDO PRIVATE BANK

Wealth Advisory  
Estate Planning  
Trust Agency and Special Trust

## INVESTMENT BANKING

Equity and Quasi-Equity Financing  
Fixed Income Financing  
Financial Advisory Services  
Stock Brokerage

## SERVICES

### INSURANCE

BDO Insurance Brokers Inc.  
Property and Casualty

Generali Philippines  
Life Insurance

### BDO REMIT

OFW Remittances

### PROPERTY MANAGEMENT

Property Leasing  
Property Sales

### TRANSACTION BANKING

Cash Management Services  
Electronic Banking  
Debit Cards

### TREASURY DEALERSHIP AND BROKERING SERVICES

Fixed Income Brokering Services  
Foreign Exchange

# BDO GROUP OF COMPANIES SUBSIDIARIES AND AFFILIATES

## PHILIPPINE SUBSIDIARIES AND AFFILIATES

### ARMSTRONG SECURITIES, INC.

20th Floor, South Tower  
BDO Corporate Center  
7899 Makati Avenue  
Makati City  
840-7000 / 878-4043

### AVERON HOLDINGS CORPORATION

6780 Ayala Avenue  
San Lorenzo Village  
Makati City  
625-0726

### BDO CAPITAL & INVESTMENT CORPORATION

20th Floor, South Tower  
BDO Corporate Center  
7899 Makati Avenue  
Makati City  
840-7000 / 878-4155 / 878-4125

### BDO ELITE SAVINGS BANK, INC.

(formerly GE Money Bank, Inc.)  
14th Floor, Net Cube Center  
30th Street corner 3rd Avenue  
Crescent Park  
West Bonifacio Global City  
840-7000

### BDO INSURANCE BROKERS, INC.

22nd Floor, Pacific Star Building  
Senator Gil Puyat Ave. Corner  
Makati Ave.  
Makati City  
846-7008 / 702-6000

### BDO LEASING AND FINANCE, INC.

BDO Leasing Centre  
Corinthian Gardens  
Ortigas Ave.  
Quezon City  
635-6416 / 840-7000

### BDO PRIVATE BANK, INC.

Mezzanine & 2nd Floor  
BDO Equitable Tower  
8751 Paseo De Roxas  
Makati City 1226  
848-6300

### BDO RENTAL, INC.

2nd Floor, BDO Leasing Centre  
Corinthian Gardens  
Ortigas Ave., Quezon City  
635-6416 / 840-7000

### BDO SECURITIES CORPORATION

20th Floor, South Tower  
BDO Corporate Center  
7899 Makati Avenue, Makati City  
840-7000 loc. 6386, 2104, 6392 / 878-4070

### BDO STRATEGIC HOLDINGS INC.

(formerly EBC Investments, Inc.  
or EBCII)  
BDO Building, Paseo De Roxas  
corner Sen. Gil Puyat Avenues  
Makati City  
840-7000

### BANCO DE ORO SAVINGS BANK, INC.

(formerly Citibank Savings, Inc.)  
16th Floor, North Tower  
BDO Corporate Center  
7899 Makati Avenue, Makati City  
840-7000

### EQUIMARK-NFC DEVELOPMENT CORP.

Rm. 603, EBC Bldg.  
262 Juan Luna St.  
Binondo, Manila  
840-7000

### GENERALI PILIPINAS HOLDINGS COMPANY, INC.

5th Floor, Gercon Plaza Building  
7901 Makati Avenue, Makati City  
Philippines 1227  
885-4100

### MDB LAND, INC.

Units 903 & 904  
139 Corporate Center  
139 Valero Street  
Salcedo Village, Makati City  
840-7000 loc. 31111

### MANILA NORTH TOLLWAYS CORP.

NLEX Compound, Balintawak  
Caloocan City  
479-3000

### NORTHPINE LAND, INC.

Units 1505-1508, 15th Floor  
The Taipan Place, F. Ortigas Jr. Road  
Ortigas Center, Pasig City  
637-1531

### PCI INSURANCE BROKERS, INC.

BDO Corporate Center  
7899 Makati Avenue, Makati City  
840-7000

### PCI REALTY CORPORATION

14th Floor, North Tower  
BDO Corporate Center  
7899 Makati Avenue, Makati City  
840-7000

### PCIB SECURITIES, INC.

20th Floor, South Tower,  
BDO Corporate Center  
7899 Makati Avenue, Makati City  
840-7000 / 878-4560

### PCI TRAVEL CORPORATION

BDO Corporate Center  
7899 Makati Avenue, Makati City  
840-7000

### SM KEPPEL LAND INC.

Penthouse, Benguet Centre Bldg.  
12 ADB Ave. Ortigas Center  
Mandaluyong City  
(temporarily moved to Units 2203-2204  
Raffles Corporate Center  
F. Ortigas Road, Ortigas Center  
Pasig City)  
570-9832

### TAAL LAND, INC.

12th Floor, PSBank Center  
777 Paseo De Roxas Avenue  
Makati City  
898-8890

## FOREIGN SUBSIDIARY / AFFILIATES

### BDORO EUROPE LTD.

5th Floor, 6 St. Andrew Street  
London, EC4A 3AE  
United Kingdom  
(0207) 495-2434

## REMITTANCE SUBSIDIARY / AFFILIATE

### CBN GRUPO INTERNATIONAL HOLDINGS B.V.

Kruisdonk 66 NL-6222PH  
Maastricht, The Netherlands

## COMPANY HEADQUARTERS

### **BDO UNIBANK, INC.**

BDO Corporate Center  
7899 Makati Avenue  
Makati City 0726  
Philippines

## STOCKHOLDER INQUIRIES

BDO Unibank, Inc.'s common stock is listed and traded in the Philippine Stock Exchange under the symbol "BDO".

Inquiries regarding the dividend payments, account status, address changes, stock certificates, and other pertinent matters should be addressed to the company's transfer agent:

### **Stock Transfer Service, Inc.**

34th Floor, Unit D, Rufino Pacific Tower  
6784 Ayala Ave., Makati City, 1200 Philippines  
Tel. (+632) 403-2410 to 12  
Fax (+632) 403-2414

The Bank will provide without a charge a copy of the 2014 Annual Report Financial Statements to its stockholders upon receipt of a written request addressed to the **Corporate Secretary**.

14th Floor, North Tower, BDO Corporate Center  
7899 Makati Avenue, Makati City 0726, Philippines

## INVESTOR INQUIRIES

BDO Unibank, Inc. welcomes inquiries from analysts, investors and the financial community.

Please visit **[www.bdo.com.ph](http://www.bdo.com.ph)** or contact  
**BDO Investor Relations & Corporate Planning**  
4th Floor, South Tower, BDO Corporate Center  
7899 Makati Avenue, Makati City 0726, Philippines  
Tel. (+632) 840-7000 local 6069, 4809 or 4700  
Email: [irandcorplan@bdo.com.ph](mailto:irandcorplan@bdo.com.ph)

For the complete listing of BDO branches and ATM locations, please refer to the Bank's official website, **[www.bdo.com.ph](http://www.bdo.com.ph)**

BDO Corporate Center  
7899 Makati Ave.  
Makati City 0726, Philippines  
+632 840-7000  
[www.bdo.com.ph](http://www.bdo.com.ph)

